

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing Board

Special Meeting

August 9, 2023

IT Conference Room, Dr. Martin Luther King Jr. Government Center

10 N. Second Street, Harrisburg, Pennsylvania

hbgica.org

Members in Attendance	Ms. Audry Carter Mr. H. Ralph Vartan Mr. Doug Hill Ms. Kathy Speaker MacNett	A Quorum Was Recognized
Ex-Officio Members in Attendance	Mr. Michael Wood, Office of the Budget Ms. Marita Kelley, City of Harrisburg	
In Attendance	Mr. Jeffrey Stonehill Authority Manager	
Meeting Begins		5:15 p.m.
Welcome by Audry Carter, Chair	Ms. Carter opened the meeting and thanked the City of Harrisburg Audit Committee for permitting this joint meeting to occur.	
City of Harrisburg Audit Committee	Alex Reber, Chair, Harrisburg Audit Committee, called the meeting to order.	
Report on the 2021 City of Harrisburg Audit	Mr. Bryan McCutcheon, Accounting Supervisor, and Mr. Matt Wildasin from Boyer and Ritter, the City's independent auditors, reviewed the documents.	
Adjourn meeting at 6:48 p.m.	Motion by Mr. Hill. A second was not required.	Approved 4-0.

Respectfully submitted:



Jeffrey M. Stonehill, Authority Manager





**CITY OF HARRISBURG,  
PENNSYLVANIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**DECEMBER 31, 2021**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED DECEMBER 31, 2021**

**MAYOR**

Wanda R.D. Williams

**CITY COUNCIL**

Danielle Bowers, President  
Ausha Green, Vice President  
Shamaine A. Daniels  
Westburn Majors  
Jocelyn Rawls  
Ralph Rodriguez  
Robert Lawson

**CITY CONTROLLER**

Charles DeBrunner

**CITY TREASURER**

Daniel Miller

**DEPARTMENT OF ADMINISTRATION**

**PREPARED BY:**

Marita Kelley  
Finance Director

Bryan McCutcheon  
Accounting Manager

Alicia Mroczek  
Staff Accountant

**SPECIAL ACKNOWLEDGEMENTS:**

William Leinberger  
Deputy Controller

Hillary Greene  
Procurement Services Manager

Rebecca Vollmer  
Grants Manager

Celia Spicher  
Deputy Treasurer

NOTE: the above information is as of July 2023

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**The City of Harrisburg**

MLK Government Center  
10 N. Second St.  
Harrisburg, PA 17101

August 9, 2023

To The Honorable Wanda R.D. Williams, Mayor,  
Honorable Members of City Council, and  
Citizens of the City of Harrisburg, Pennsylvania

The Annual Comprehensive Financial Report (ACFR) of the City of Harrisburg (City), Pennsylvania, for the year ending December 31, 2021, is submitted here. This report is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

The financial statements herein were prepared by the City's management, which is responsible for both the accuracy of the data presentation and the completeness and fairness of this report taken as a whole. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance the financial statements will be free of material misstatement. The data presented, we believe, is accurate in all material aspects; and all disclosures necessary to enable the reader to acquire the maximum understanding of the City's financial activity have been provided.

The City's financial statements have been audited by Boyer & Ritter, LLC a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance the financial statements of the City for the year ended December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the year ended December 31, 2021 as being fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the initial report of the financial section of the ACFR.

GAAP require management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with that narrative which can be found immediately following the report of the independent auditor.

As recipient of Federal and State financial assistance, the City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards (SEFA), findings and recommendations, and independent auditor's reports on internal control over financial reporting and compliance and other matters in accordance with Government Auditing Standards, and on compliance for each major program, internal control over compliance, and the SEFA for the year ended December 31, 2021, will be included in a separately issued document.

### ***PROFILE OF THE GOVERNMENT***

The City provides a full range of services which include police and fire protection; codes enforcement; trash collection; parks maintenance; streets and infrastructure construction and maintenance; community and economic development programs; and recreational, enrichment activities and cultural events. In addition to general governmental activities, City officials appoint voting board members and have other financial accountability for the Harrisburg Parking Authority (HPA), Harrisburg Downtown Improvement District, Inc., and the Harrisburg Redevelopment Authority (HRA); therefore, these activities are included in the financial reporting entity. However, Capital Region Water (CRW) and the City of Harrisburg Housing Authority have not met the established criteria of GASB Statement No. 14, as amended, for inclusion in the financial reporting entity and accordingly are excluded from this report. Additionally, the City is a participant with other municipalities in a joint venture with the Cumberland-Dauphin-Harrisburg Transit Authority which provides bus services to all its participants.

The City has been the capital of the Commonwealth of Pennsylvania since 1812, as well as the County Seat of Dauphin County since the County's creation in 1785. It is the center of the Harrisburg-Carlisle Metropolitan Statistical Area (MSA), which is comprised of the three Central Pennsylvania counties of Dauphin, Cumberland, and Perry.

The City has been the capital of the Commonwealth of Pennsylvania since 1812, as well as the County Seat of Dauphin County since the County's creation in 1785. It is the center of the Harrisburg-Carlisle Metropolitan Statistical Area (MSA), which is comprised of the three Central Pennsylvania counties of Dauphin, Cumberland, and Perry.

### ***Budgeting Controls***

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund and Debt Service Fund, and the Capital Projects Fund, State Liquid Fuels Tax Fund, and Host Municipality Fees Fund (representing non-major governmental funds), and the Neighborhood Services Fund and Harrisburg Senators Fund (both funds being proprietary funds) are included in the annual appropriated budget. Grant programs, accounted for in the Grant Programs Fund, are administered under project budgets which are determined by contracts with Federal and State grant agencies. Appropriations are authorized by ordinance at the major object or account grouping expenditure levels of personnel, services, supplies, and other including capital outlays which represent the legal levels of budgetary control. Budgetary transfers and supplemental adjustment appropriations occurred during 2021, and such process is described in Note 1 to the financial statements.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Most encumbered amounts lapse at year-end; however, unliquidated committed encumbrance balances can generally be rolled forward and accordingly re-appropriated as part of the subsequent year's budget.

### ***Cash Management***

The City's current investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All cash temporarily idle is invested in interest bearing demand deposits or in a State-wide money market fund, thereby increasing the average yield on idle funds. A portion of the City's cash and investments is maintained in bank trust accounts under the management of trustees. This cash is classified under "Restricted Assets" in the financial statements.

An ordinance of City Council requires all deposits be held in insured, federally regulated banks or financial institutions and all amounts in excess of Federal insurance be fully collateralized in accordance with State statute, which requires banks to pledge a pool of eligible assets against the total of its public funds on deposit. Although such pooled collateral does not constitute a multiple financial institution collateral pool as defined in GASB Statement No. 3, City management believes collateralization in accordance with State statute adequately protects the City's deposits.

### ***Risk Management***

The Business Administrator is responsible for the evaluation and acquisition of appropriate insurance coverage for the City. This process involves the negotiation and procurement of all insurance coverage agreements and third-party insurance adjusters for traditional insurance and self-insurance programs including general liability, public officials liability, workers' compensation, law enforcement liability, employee benefits liability, liquor liability, excess liability, fidelity-crime, cyber risk liability, public entity management liability, public entity employment practices liability, and property liability. All insurance claims are processed and submitted to the appropriate insurance entities for consideration.

## ***Conclusion***

The City constantly puts forth efforts to provide all necessary services for a safe and secure living environment, while continuing to strategize and implement improvements for ongoing financial and operational needs. Significantly notable financial highlights occurring subsequently in fiscal years 2022 and 2023 include the satisfied final maturities of the General Obligation Series of 1997 D Bonds and F Notes, the full defeasance of the HRA Series A-2 of 2005 Guaranteed Revenue Bonds, the strategic various prepayments made resulting in a completed payoff of the bond insurer forbearance liability, the implementation of new financial management software functions as part of a new enterprise resource planning (ERP) system, and the appropriation by City Council of over \$30 million in American Rescue Plan Act funding for various public health and economic impact programs. After years of struggle and uncertainty, including the 2020 year and recent times being affected by economic environment impacts, the City continues to move forward with progress on planning a brighter and more prosperous future for its citizens as well as for the broader Central Pennsylvania community.

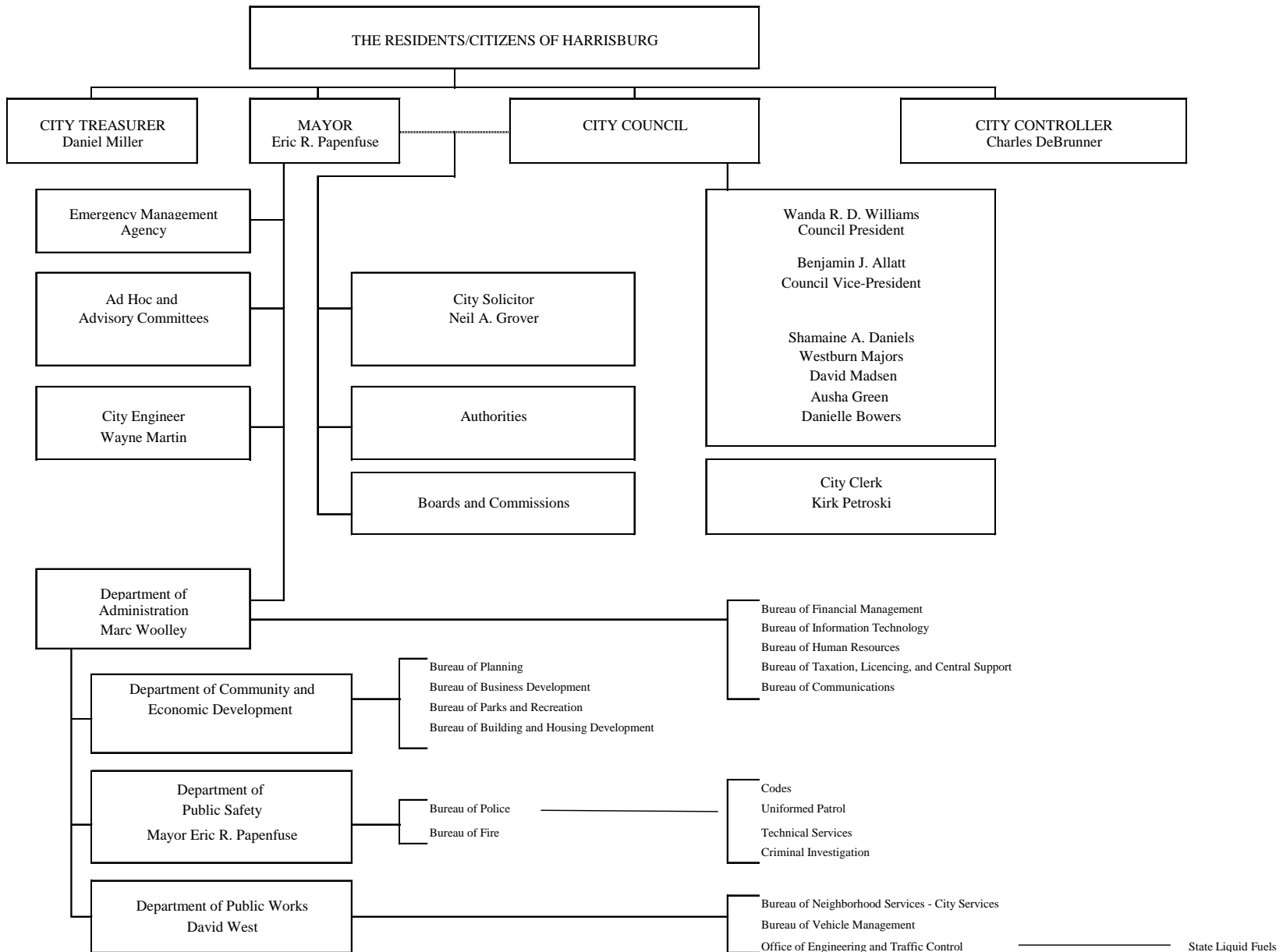
Respectfully submitted,



Bryan McCutcheon

Accounting Manager

**CITY OF HARRISBURG  
2021 ORGANIZATIONAL CHART**



CITY OF HARRISBURG, PENNSYLVANIA

LIST OF ELECTED OFFICIALS

The City is an Optional Third Class City and is governed by a Plan A, Mayor - Council form of government.

The elected officials of the City for the calendar year 2021 are as follows:

	<u>First Sworn In</u>	<u>Term Expires</u>
<u>Mayor</u>		
Eric R. Papenfuse	January 2014	January 2022
<u>City Council Members</u>		
Wanda R. D. Williams, President	January 2006	January 2022
Benjamin J. Allatt, Vice President	January 2014	January 2022
Shamaine A. Daniels	January 2014	January 2022
Westburn Majors	January 2016	January 2024
David Madsen	September 2017	January 2024
Ausha Green	October 2017	January 2022
Danielle Bowers	October 2018	January 2024
<u>City Controller</u>		
Charles DeBrunner	January 2014	January 2022
<u>City Treasurer</u>		
Daniel Miller	July 2016	January 2024

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Wanda R.D. Williams, Mayor,  
Honorable Members of City Council and  
Citizens of the City of Harrisburg, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisburg, Pennsylvania (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Harrisburg Parking Authority, the Harrisburg Downtown Improvement District, Inc., and the Redevelopment Authority of the City of Harrisburg which are the discretely presented component units. We also did not audit the financial statements of the Police Pension Trust Fund, which represents 91%, 90%, and 26% of the assets, fund balances/net position, and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units and Pension Trust Fund, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Harrisburg Parking Authority, the Harrisburg Downtown Improvement District, Inc., the Redevelopment Authority of the City of Harrisburg, and the Police Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.



## **Auditor's Responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinions, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisburg, Pennsylvania, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the employees' retirement plan schedules, and the other post-employment benefits plan schedules on pages 10-20 and 114-125 (collectively referred to as "required supplementary information") be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Matters (Continued)**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is positioned centrally on the page.

Camp Hill, Pennsylvania  
August 9, 2023

**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

This section of the City of Harrisburg's (City) Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis of the City's financial performance during the year ended December 31, 2021. Readers are encouraged to consider the information within the context of the preceding Transmittal Letter and the following financial statements. The discussion also focuses on the **primary government** and unless otherwise noted, component units are not included.

**Financial Highlights**

- As of December 31, 2021, the City's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,514,037 whereas at the end of 2020 total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,532,564. This government-wide increase in net position for 2021 amounts to \$27,981,473, including \$24,946,544 for governmental activities and \$3,034,929 for business-type activities (see the below individual summary explanations highlighting these increases in the City's net position); the three component classifications of net position are summarized as follows:
  - Net investment in capital assets, in the amount of \$115,033,219 and \$104,227,296 as of December 31, 2021 and 2020, respectively, represents all capital assets including infrastructure.
  - Restricted net position with external restrictions imposed by creditors or laws or regulations of other governments amounted to \$49,258,712 and \$41,635,285 as of December 31, 2021 and 2020, respectively.
  - Unrestricted net position, which is net position not restricted for any particular purpose, amounts to \$(121,777,894) and \$(131,330,017) as of December 31, 2021 and 2020, respectively.
- As noted above for governmental activities, net position increased \$24,946,544 during the current year. The overall significant activities comprising this increase include \$50,588,044 in total expenses, \$22,381,690 in total program revenues, and \$53,152,898 in general revenues and other changes in net position.
- As noted above for business-type activities, net position increased \$3,034,929 during the current year. The overall significant activities comprising this increase include \$18,427,528 in total expenses, \$16,307,719 in total program revenues, and \$5,154,738 in general revenues and other changes in net position.

**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Overview of the Financial Statements**

The financial section of the ACFR consists of five parts in the following order: the independent auditor's report on the financial statement audit, Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements can be further classified into the following three types: government-wide financial statements, fund financial statements, and notes to the basic financial statements.

1. **Government-Wide Financial Statements** The government-wide financial statements provide a summary of the City's financial condition in a similar fashion to the private business sector. The focus of these statements is the economic resources measurement and full accrual basis of accounting.

The City's net position is reported as the difference between combined assets and deferred outflows of resources, and combined liabilities and deferred inflows of resources. Increases and decreases in net position serve as a good indicator of the financial condition improving or deteriorating.

The Statement of Activities presents information on how net position changed during the year. All changes are recorded as soon as the change occurs even though cash may not be received yet; cash flow may even occur in a later fiscal year, such as uncollected taxes and vacation leave earned, but not used. The Statement of Net Position and the Statement of Activities distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities are comprised of general government, community and economic development, public safety (police and fire), public works, environment, and interest on long-term debt. The business-type activities of the City are accounted for within the Harrisburg Senators Fund and the Neighborhood Services Fund.

2. **Fund Financial Statements** A fund is a grouping of related accounts used to control resources that are separated by activity. Fund accounting is used by the City to monitor and show compliance with budgetary requirements. Funds are either governmental, proprietary, or fiduciary funds.
  - a. **Governmental Funds** Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented by both in order to better understand the long-term impact of near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliation to facilitate the comparison between governmental funds and governmental activities.

**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

The City reports three major governmental funds: (1) the General Fund, which accounts for all financial resources of the general government except those accounted for in another fund; (2) the Grant Programs Fund, which accounts for the revenues and expenditures of federal, state, and other grant programs including the Community Development Block Grant Entitlement Program; and (3) the Debt Service Fund, which accounts for the accumulation of resources, which are principally transfers from other funds, for the payment of general long-term obligation principal, interest, and related costs. Data from all the other non-major governmental funds are combined into a single aggregated presentation with individual fund data provided in the form of combining statements in supplementary information.

- b. **Proprietary Funds** The City's proprietary funds are all classified as enterprise funds; they are used to account for the operations financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the expenses of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, and/or other purposes.

The City reports two major enterprise funds: (1) the Harrisburg Senators Fund, which accounts for the revenues and expenses associated with the payment of debt on the financing of a new stadium of the Harrisburg Senators, a AA minor league baseball franchise formerly owned by the City; and (2) the Neighborhood Services Fund, which includes the revenues and expenses associated with the provision of refuse collection services to the residents and commercial establishments of the City, the collection and remittance of incinerator/resource recovery disposal fees billed by the City and paid to the Lancaster County Solid Waste Management Authority for its provision of solid waste incineration services to the residents and commercial and industrial establishments of the City, and the fiscal management of the former City services (public works function) expenditures portion of the General Fund relative to serving the public community.

- c. **Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the governmentwide financial statements because the resources of those funds are not available to support the City's own programs. The City's fiduciary funds are all classified as trust and agency funds. Fiduciary fund financial statements report similarly to proprietary funds.
3. **Notes to the Basic Financial Statements** The Notes give additional information that is necessary to understand fully the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.
4. **Other Information** The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund, presented in required supplementary information, to demonstrate compliance with this budget. In addition, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and OPEB to its employees. The combining statements referred to earlier in connection with non-major governmental funds and agency funds are presented immediately following the required supplementary information.

**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Government-wide Financial Analysis**

**CITY OF HARRISBURG  
CONDENSED STATEMENT OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 142,890,042	\$ 114,117,325	\$ 14,055,197	\$ 15,685,721	\$ 156,945,239	\$ 129,803,046
Capital assets, net accum. deprec.	108,102,037	104,245,332	33,973,419	35,677,215	142,075,456	139,922,547
Total assets	<u>250,992,079</u>	<u>218,362,657</u>	<u>48,028,616</u>	<u>51,362,936</u>	<u>299,020,695</u>	<u>269,725,593</u>
Deferred outflows of resources	32,822,288	15,766,556	2,561,442	714,861	35,383,730	16,481,417
Current and other liabilities	39,991,671	34,775,483	1,994,927	3,291,714	41,986,598	38,067,197
Noncurrent liabilities	198,392,878	169,985,387	10,505,316	13,769,163	208,898,194	183,754,550
Total liabilities	<u>238,384,549</u>	<u>204,760,870</u>	<u>12,500,243</u>	<u>17,060,877</u>	<u>250,884,792</u>	<u>221,821,747</u>
Deferred inflows of resources	38,274,742	47,159,811	2,730,854	2,692,888	41,005,596	49,852,699
Net investment in						
capital assets	81,469,945	74,456,806	33,563,274	29,770,490	115,033,219	104,227,296
Restricted	46,838,401	36,892,457	2,420,311	4,742,828	49,258,712	41,635,285
Unrestricted	(121,153,270)	(129,140,731)	(624,624)	(2,189,286)	(121,777,894)	(131,330,017)
Total net position	<u>\$ 7,155,076</u>	<u>\$ (17,791,468)</u>	<u>\$ 35,358,961</u>	<u>\$ 32,324,032</u>	<u>\$ 42,514,037</u>	<u>\$ 14,532,564</u>

Net position and its change generally serve over time as a useful indicator of the government's financial position. The 2021 changes in net position for governmental activities and business-type activities compared with such changes for 2020 decreased \$4,224,590 and increased \$4,138,116, respectively. The decrease for governmental activities is comprised of \$5,719,617 more in program revenues, \$7,515,211 more in expenses, and \$2,428,996 less in general revenues and other changes in net position. The increase for business-type activities is comprised of \$1,789,396 more in program revenues, \$2,172,586 more in expenses, and \$4,521,306 more in general revenues and other changes in net position. Sections appear later in this discussion with more detailed explanations as to these changes in net position for governmental activities and business-type activities. The largest portion of the City's net position is its investment in capital assets (i.e., land, artifacts, building, land and building improvements, equipment and furniture, infrastructure), less any related outstanding debt used to acquire such assets. These capital assets are used by the City to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must come from other sources as these capital assets cannot be used to liquidate such debt obligations.

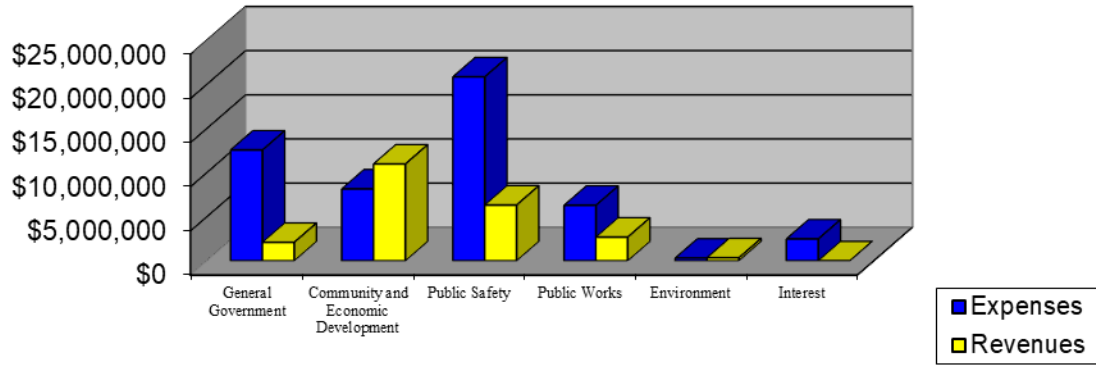
**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**CITY OF HARRISBURG  
CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

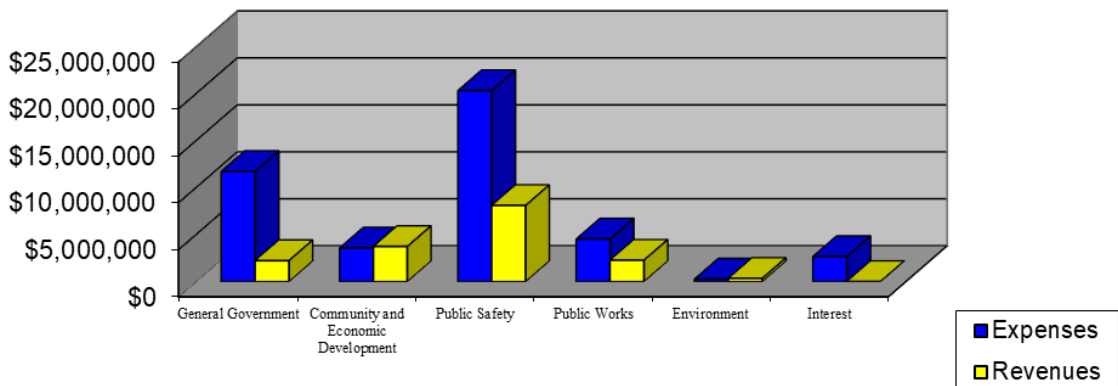
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 8,134,306	\$ 5,887,953	\$ 16,307,719	\$ 14,459,599	\$ 24,442,025	\$ 20,347,552
Operating grants and contributions	13,884,302	9,592,914	-	58,724	13,884,302	9,651,638
Capital grants and contributions	363,082	1,181,206	-	-	363,082	1,181,206
General revenues:						
Taxes	48,056,408	46,255,987	-	-	48,056,408	46,255,987
Grants and contributions not restricted to specific functions	8,049,140	8,450,765	-	-	8,049,140	8,450,765
Other	2,814,284	1,342,997	(612,196)	165,577	2,202,088	1,508,574
<b>Total revenues</b>	<b>81,301,522</b>	<b>72,711,822</b>	<b>15,695,523</b>	<b>14,683,900</b>	<b>96,997,045</b>	<b>87,395,722</b>
<b>Expenses</b>						
General government	12,548,383	11,722,424	-	-	12,548,383	11,722,424
Community/Economic development	8,140,761	3,568,661	-	-	8,140,761	3,568,661
Public safety	20,836,637	20,326,793	-	-	20,836,637	20,326,793
Public works	6,282,940	4,526,427	-	-	6,282,940	4,526,427
Environment	305,565	265,349	-	-	305,565	265,349
Interest on long-term debt	2,473,758	2,663,179	-	-	2,473,758	2,663,179
Neighborhood services	-	-	17,176,614	15,046,089	17,176,614	15,046,089
Harrisburg Senators	-	-	1,250,914	1,208,853	1,250,914	1,208,853
<b>Total expenses</b>	<b>50,588,044</b>	<b>43,072,833</b>	<b>18,427,528</b>	<b>16,254,942</b>	<b>69,015,572</b>	<b>59,327,775</b>
Change in net position before transfers	30,713,478	29,638,989	(2,732,005)	(1,571,042)	27,981,473	28,067,947
Transfers	(5,766,934)	(467,855)	5,766,934	467,855	-	-
Change in net position	24,946,544	29,171,134	3,034,929	(1,103,187)	27,981,473	28,067,947
Net position, January 1	(17,791,468)	(46,962,602)	32,324,032	33,427,219	14,532,564	(13,535,383)
Net position, December 31	\$ 7,155,076	\$ (17,791,468)	\$ 35,358,961	\$ 32,324,032	\$ 42,514,037	\$ 14,532,564

**CITY OF HARRISBURG, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2021**

**Expenses and Program Revenues  
 Governmental Activities - 2021**



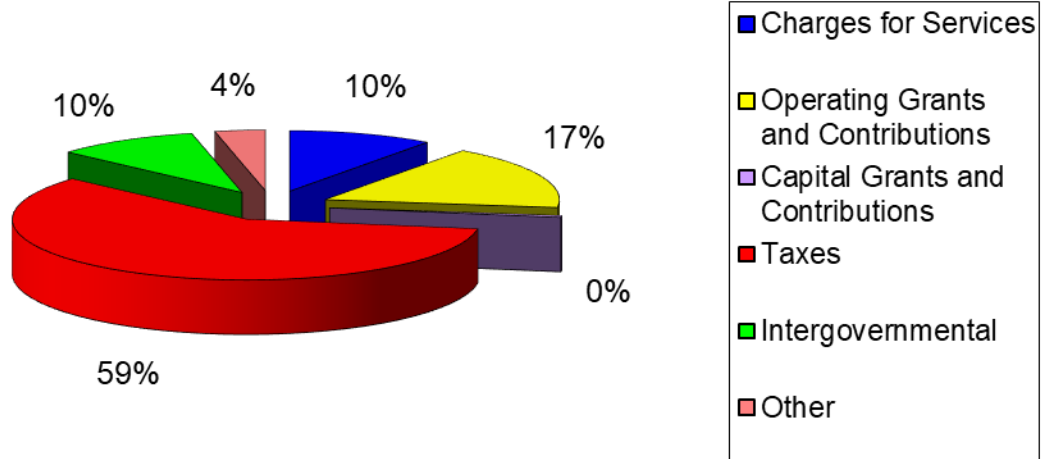
**Expenses and Program Revenues  
 Governmental Activities - 2020**



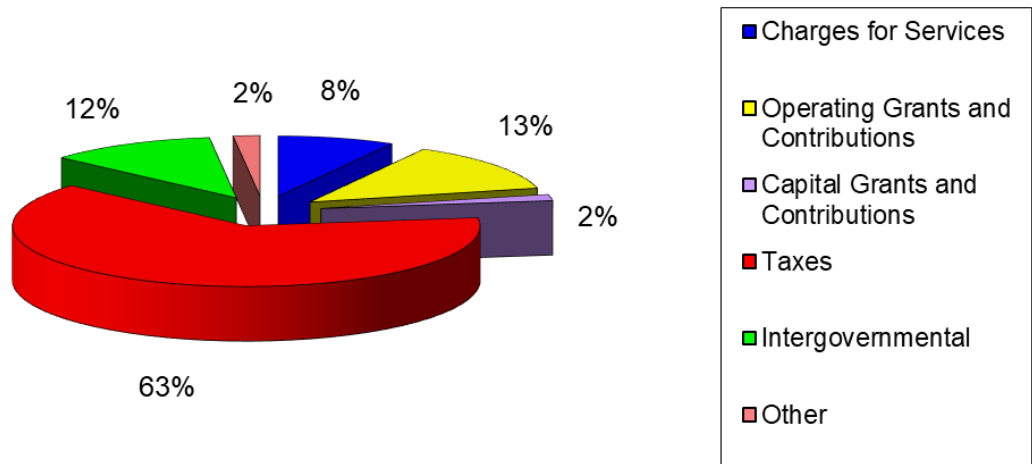


**CITY OF HARRISBURG, PENNSYLVANIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2021**

**Revenues by Source - Governmental Activities  
 2021**



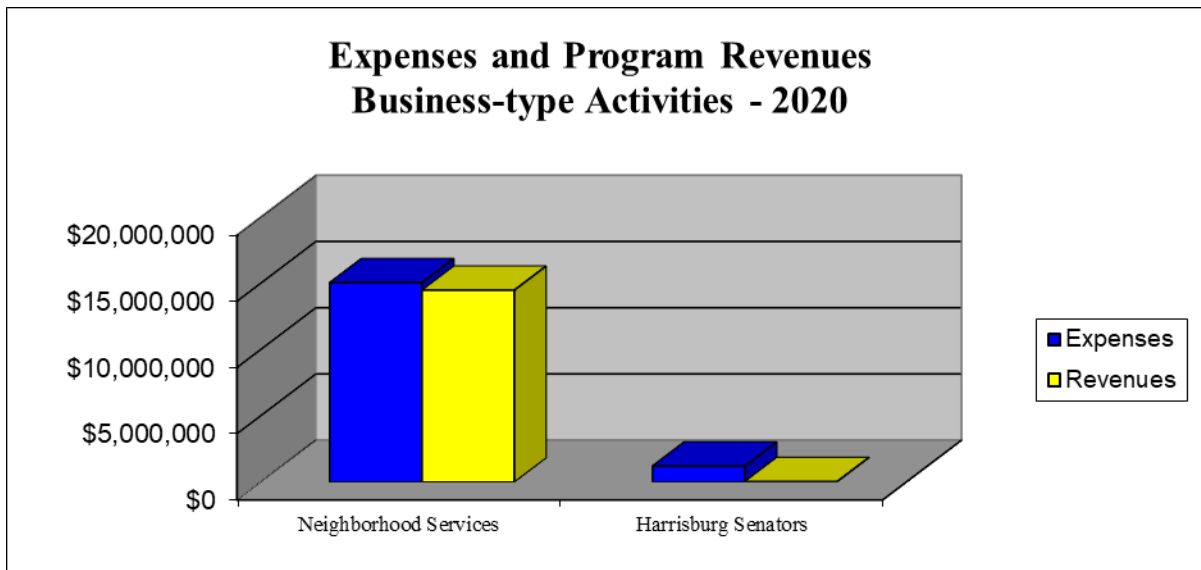
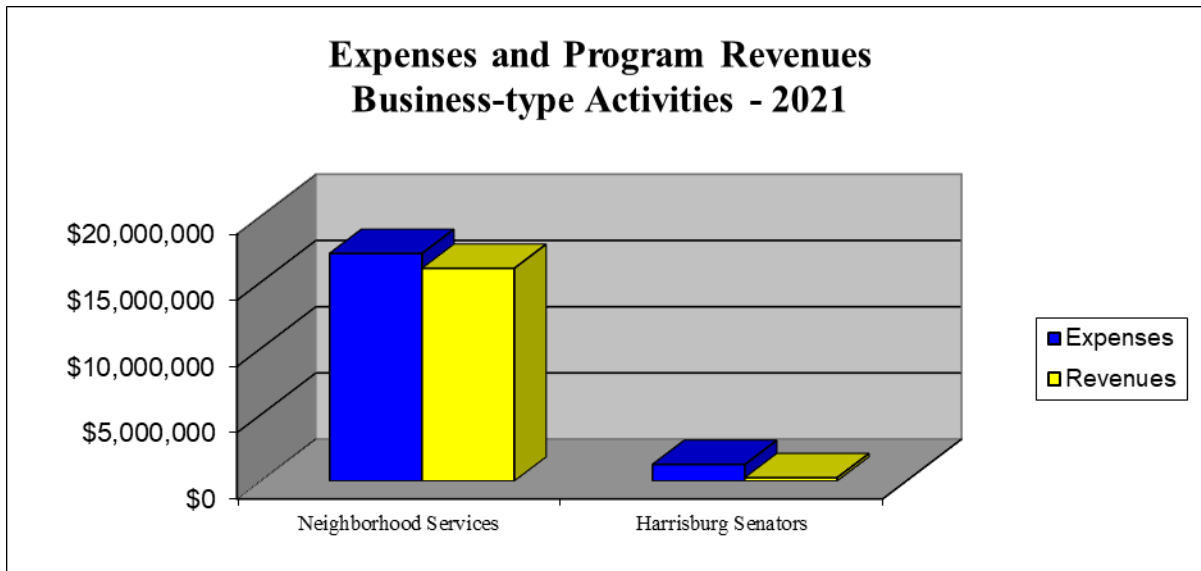
**Revenues by Source - Governmental Activities  
 2020**



**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Governmental Activities:** Change in net position in 2021 for governmental activities amounted to an increase of \$24,946,544 compared with a similar increase change of \$29,171,134 in net position for 2020, resulting in a decrease of \$4,224,590 for these comparative changes in net position. This decrease is attributed to changes over the prior year of \$2.4 million less in combined general revenues and transfers, \$5.7 million more in program revenues, and \$7.5 million more in total expenses.

The above noted decrease in combined general revenues and transfers is mainly attributed to more occurring overall tax revenue, a resulting gain on debt extinguishment from a credit related to the bond insurance forbearance liability, and a significant transfer out to the Harrisburg Senators Fund for the defeasance of involved revenue bonds guaranteed by the City. The above noted increase in program revenues is mainly comprised of a combined increase in Community and Economic Development activity and decrease in Public Safety activity. The above noted increase in total expenses is mostly attributed to individual increases within the functional classifications of General Government, Community and Economic Development, and Public Works.



**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Business-Type Activities:** Change in net position in 2021 for business-type activities amounted to a positive change of \$3,034,929 compared with a negative change in net position of \$1,103,187 for 2020, resulting in an increase of \$4,138,116 for these comparative changes in net position. This increase is attributed to changes over the prior year of \$4.5 million more in combined general revenues and transfers, \$1.8 million more in program revenues, and \$2.2 million more in total expenses.

**Financial Analysis of the City's Funds**

**Governmental Funds** The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements; in particular unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. As of December 31, 2021, the City's governmental funds reported a combined ending fund balance of \$49,034,032 representing a decrease of \$9,003,274 over the prior year mainly attributed to the General Fund's fund balance decreasing by \$7,333,862 and the Capital Projects Fund's fund balance decreasing by \$1,351,122.

The General Fund is the City's primary operating governmental fund and the 2021 change in fund balance noted above compared with the prior year change decreased by approximately \$11 million including total revenues increasing by \$4.1 million, total expenditures increasing by \$4.9 million, and total net other financing uses increasing by \$10.2 million.

The Grant Programs Fund generally does not report a fund balance. In this Fund, revenue is recognized only when allowable expenditures are incurred and the legal and contractual requirements of the individual programs are met. The fund balance of the Other Governmental Funds, including the Debt Service Fund, decreased during 2021 by \$1,669,412 largely due to the above noted decrease in fund balance of the Capital Projects Fund.

**General Fund Budgetary Highlights**

On a budgetary (non-GAAP) basis, the General Fund's actual amounts for 2021 resulted in a negative net change in fund balance of \$4,843,958 resulting in an overall net \$16,912,964 favorable variance when compared to final budget amounts for the fiscal year; this occurring variance is summarized with the following related factors and amounts for revenues, expenditures and net other financing uses:

Actual revenue over budget variances approximating \$3.4 million was largely attributed to overall tax revenue collections being stronger than anticipated in budget for the year.

Actual expenditures under budget variances approximating \$13.2 million included resulting budgetary savings most significantly occurring within the functional classifications of Administration, Community and Economic Development, Public Safety, and Public Works.

Actual net other financing uses compared to budget resulted in a favorable variance of \$333,896 which is considered to be relatively immaterial.

**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Capital Asset and Debt Administration**

1. **Capital assets** The City's capital assets for its governmental activities and business-type activities as of December 31, 2021, amount to \$108,102,037 and \$33,973,419 (net of accumulated depreciation), respectively. This investment in capital assets includes land, artifacts, buildings, land and building improvements, equipment and furniture, and infrastructure.
2. Major capital asset events during 2021 included the following:
  - Governmental activities: Capital additions include approximately \$8.9 million highlighted largely by further cost investment in various construction improvement projects, buildings, and City infrastructure.
  - Business-type activities: Capital additions include approximately \$700,000 mostly comprised of further cost investment in buildings and vehicles and equipment funded by the Neighborhood Services Fund.

Additional information on the City's capital assets can be found at Note 8 to the financial statements of this report.

3. **Long-term debt** During the year ended December 31, 2021, the City did not incur any new debt but its governmental and business-type activities did include the required principal and interest payments under existing debt arrangements, including restructuring activity related to the City's bond insurance forbearance liability which was significantly reduced by City prepayments of \$4 million and \$12 million in 2021 and 2022, respectively, and then ultimately paid off in full with a final prepayment of \$8.336 million in March 2023. The \$4 million prepayment was done in conjunction with the 2021 full defeasance of the Guaranteed Revenue Bonds, Series A-2 of 2005 originally issued by the Harrisburg Redevelopment Authority, with \$4,655,000 in outstanding principal balance at the time of defeasance.

Additional information on the City's long-term debt can be found beginning at Note 9 to the financial statements of this report.

**CITY OF HARRISBURG, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Economic Factors**

Arguably, one of the most significant factors affecting financial position is the City's ongoing efforts to achieve a healthy budget, free from previous burdening, structural deficit conditions as it continues to further manage existing debt service requirements. Additionally, the most significant unfunded mandate affecting the City is the liberal allowance for tax-exemption existing in Pennsylvania. What was already a broadly accommodating state law was further loosened several years ago by additional state legislative action. Today, approximately 49% of all real estate in the City is exempt from paying any type of taxes under state law. The number of properties achieving tax-exemption increases by the year. Some of the tax exempt-properties are among the greatest generators of demand for City services, and what results is a continuing inequitable and unfair burden on the City placing a higher tax rate on those who do pay property taxes. Some of the factors affecting the City's costs are matters over which a local government has little control; other factors are only marginally controllable. The following items represent circumstances which will impact future costs:

- (a) Healthcare costs tend to rise each year and the City does continue to project these costs to remain substantial; however, even with some occurring staff size increases within various City departments in recent years these costs have somewhat stabilized. It is still anticipated that as the City continues to become more fully staffed, there will be a related increase in such costs.
- (b) Salaries and wages for the City's Police (FOP), Firefighter (IAFF), and Non-Uniformed (AFSCME) collective bargaining units include a revised pay scale approved within the 2020-2025 basic labor agreement for FOP, a 2% increase in IAFF compensation for fiscal year 2022, and a 3% increase in AFSCME compensation for each of the fiscal years 2022 and 2023.
- (c) Pension benefits and other post-employment benefits (OPEB) obligations of the primary government are also considered here, as these liabilities have experienced continuous increases in recent years.
- (d) The Harrisburg Strong Plan provides for the City's liability under guarantee and related annual minimum contribution amounts applicable to debt service requirements for the Harrisburg Redevelopment Authority Taxable Guaranteed Revenue Bonds, Series A of 1998. The minimum contribution amounts by the City are to continue during the course of the maturity years which are scheduled through fiscal year 2033.

**Requests for Information**

This financial report is designed for those who have an interest in the City's finances. Questions concerning any of the information provided in this report, requests for additional information, or complete financial statements for the discretely presented component units should be addressed to the City's Bureau of Financial Management, The Rev. Dr. Martin Luther King Jr., City Government Center, 10 North Second Street, Suite 302, Harrisburg, PA 17101. You may also find more information regarding the City at our website [www.harrisburgpa.gov](http://www.harrisburgpa.gov).

CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF NET POSITION  
December 31, 2021

	Primary Government			Component Units	Total
	Governmental Activities	Business-Type Activity	Total		
<b>Assets</b>					
Cash and cash equivalents	\$ 62,541,341	\$ 6,488,613	\$ 69,029,954	\$ 2,047,594	\$ 71,077,548
Receivables, net of allowance for uncollectible accounts					
Taxes	16,163,511	-	16,163,511	-	16,163,511
Accounts	139,608	2,800,778	2,940,386	202,904	3,143,290
Loans	308,414	-	308,414	109,125	417,539
Lease	-	-	-	6,482,772	6,482,772
Notes	10,726,520	-	10,726,520	-	10,726,520
Grants	3,198,307	-	3,198,307	66,930	3,265,237
Other	3,912,407	1,311,912	5,224,319	-	5,224,319
Internal balances	(3,922)	3,922	-	-	-
Other assets	308,336	-	308,336	23,121	331,457
Restricted assets					
Cash and cash equivalents	7,094,246	529,661	7,623,907	-	7,623,907
Investments, at fair value	-	-	-	857,423	857,423
Security deposit	-	500,000	500,000	-	500,000
Net pension asset	38,501,274	2,420,311	40,921,585	-	40,921,585
Capital assets, not being depreciated	33,598,735	2,080,157	35,678,892	30,000	35,708,892
Capital assets, less accumulated depreciation and amortization	74,503,302	31,893,262	106,396,564	40,760,463	147,157,027
<b>Total assets</b>	<b>250,992,079</b>	<b>48,028,616</b>	<b>299,020,695</b>	<b>50,580,332</b>	<b>349,601,027</b>
<b>Deferred Outflows of Resources</b>					
Deferred outflows of resources for other post-employment benefits	26,932,072	1,600,385	28,532,457	-	28,532,457
Deferred outflows of resources for pensions	5,890,216	961,057	6,851,273	-	6,851,273
<b>Total deferred outflows of resources</b>	<b>32,822,288</b>	<b>2,561,442</b>	<b>35,383,730</b>	<b>-</b>	<b>35,383,730</b>

(Continued)

	Primary Government			Component Units	Total
	Governmental Activities	Business-Type Activity	Total		
<b>Liabilities</b>					
Accounts payable and other current liabilities	4,208,879	1,462,884	5,671,763	313,015	5,984,778
Matured bond coupons	-	-	-	-	-
Accrued liabilities	2,883,037	200,327	3,083,364	11,859	3,095,223
Due to primary government	-	-	-	4,420,030	4,420,030
Unearned revenue	27,537,233	-	27,537,233	-	27,537,233
Current portion of total other post-employment benefits	5,362,522	331,716	5,694,238	-	5,694,238
Noncurrent liabilities:					
Due within one year	21,975,514	361,375	22,336,889	2,091,024	24,427,913
Due in more than one year	18,790,132	455,290	19,245,422	18,177,714	37,423,136
Net pension liability	-	-	-	-	-
Total other post-employment benefits	142,089,617	9,688,651	151,778,268	-	151,778,268
Liability under guarantee	15,537,615	-	15,537,615	-	15,537,615
<b>Total liabilities</b>	<b>238,384,549</b>	<b>12,500,243</b>	<b>250,884,792</b>	<b>25,013,642</b>	<b>275,898,434</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources for other post-employment benefits	5,287,355	411,852	5,699,207	-	5,699,207
Deferred inflows of resources for pensions	32,987,387	2,319,002	35,306,389	-	35,306,389
Deferred lease revenue	-	-	-	29,345,602	29,345,602
<b>Total deferred inflows of resources</b>	<b>38,274,742</b>	<b>2,730,854</b>	<b>41,005,596</b>	<b>29,345,602</b>	<b>70,351,198</b>
<b>Net Position</b>					
Net investment in capital assets	81,469,945	33,563,274	115,033,219	(5,741,831)	109,291,388
Restricted for:					
Revolving loan program	11,380	-	11,380	72,686	84,066
Environment	633,442	-	633,442	-	633,442
Public works	3,421,249	-	3,421,249	-	3,421,249
Community and economic development	99,796	-	99,796	-	99,796
Blight remediation	-	-	-	20,774	20,774
Tourism	55,023	-	55,023	-	55,023
Debt service	-	-	-	-	-
Growth funds	3,880,362	-	3,880,362	-	3,880,362
Net pension asset	38,501,274	2,420,311	40,921,585	-	40,921,585
Other	235,875	-	235,875	-	235,875
Insurer agreement	-	-	-	301,783	301,783
Unrestricted	(121,153,270)	(624,624)	(121,777,894)	1,567,676	(120,210,218)
<b>Total net position</b>	<b>\$ 7,155,076</b>	<b>\$ 35,358,961</b>	<b>\$ 42,514,037</b>	<b>\$ (3,778,912)</b>	<b>\$ 38,735,125</b>

See Notes to the Financial Statements.

CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 12,548,383	\$ 1,818,967	\$ -	\$ 268,813
Community and economic development	8,140,761	885,255	10,075,511	-
Public safety	20,836,637	4,061,140	2,156,825	94,269
Public works	6,282,940	1,027,872	1,651,966	-
Environment	305,565	341,072	-	-
Interest on long-term debt	2,473,758	-	-	-
<b>Total governmental activities</b>	<b>50,588,044</b>	<b>8,134,306</b>	<b>13,884,302</b>	<b>363,082</b>
<b>Business-Type Activities</b>				
Harrisburg Senators	1,250,914	256,088	-	-
Neighborhood services	17,176,614	16,051,631	-	-
<b>Total business-type activities</b>	<b>18,427,528</b>	<b>16,307,719</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>69,015,572</b>	<b>24,442,025</b>	<b>13,884,302</b>	<b>363,082</b>
<b>Component Units</b>				
Harrisburg Parking Authority	\$ 376,402	\$ 177,566	\$ -	\$ -
Harrisburg Downtown Improvement District	670,196	648,593	77,073	-
Redevelopment Authority	4,742,716	9,048,179	269,268	33,334
<b>Total component units</b>	<b>\$ 5,789,314</b>	<b>\$ 9,874,338</b>	<b>\$ 346,341</b>	<b>\$ 33,334</b>

**General Revenues**

Property taxes  
Real estate transfer taxes  
Local services taxes  
Earned income taxes  
Business privilege taxes  
Franchise taxes  
Public utility realty taxes  
Payments in lieu of taxes  
Grants and contributions not restricted to specific functions  
Gain (loss) on sale of capital assets  
Other income and expenses  
Unrestricted investment earnings  
Transfers - internal activities

**Total general revenues and transfers**

**Changes in net position**

Net Position - January 1, 2021  
Net Position - December 31, 2021

See Notes to the Financial Statements.



Net (Expense) Revenues and Changes in Net Position				
Primary Government				
Governmental Activities	Business-Type Activity	Total	Component Units	Total
\$ (10,460,603)	\$ -	\$ (10,460,603)	\$ -	\$ (10,460,603)
2,820,005	-	2,820,005	-	2,820,005
(14,524,403)	-	(14,524,403)	-	(14,524,403)
(3,603,102)	-	(3,603,102)	-	(3,603,102)
35,507	-	35,507	-	35,507
(2,473,758)	-	(2,473,758)	-	(2,473,758)
(28,206,354)	-	(28,206,354)	-	(28,206,354)
-	(994,826)	(994,826)	-	(994,826)
-	(1,124,983)	(1,124,983)	-	(1,124,983)
-	(2,119,809)	(2,119,809)	-	(2,119,809)
(28,206,354)	(2,119,809)	(30,326,163)	-	(30,326,163)
\$ -	\$ -	\$ -	\$ (198,836)	\$ (198,836)
-	-	-	55,470	55,470
-	-	-	4,608,065	4,608,065
\$ -	\$ -	\$ -	\$ 4,464,699	\$ 4,464,699
\$ 17,474,635	\$ -	\$ 17,474,635	\$ -	\$ 17,474,635
1,033,820	-	1,033,820	-	1,033,820
6,536,200	-	6,536,200	-	6,536,200
14,186,854	-	14,186,854	-	14,186,854
7,628,430	-	7,628,430	-	7,628,430
502,651	-	502,651	-	502,651
44,741	-	44,741	-	44,741
649,077	-	649,077	-	649,077
8,049,140	-	8,049,140	-	8,049,140
1,500	1,458	2,958	-	2,958
2,032,079	(615,467)	1,416,612	46,183	1,462,795
780,705	1,813	782,518	3,719	786,237
(5,766,934)	5,766,934	-	-	-
53,152,898	5,154,738	58,307,636	49,902	58,357,538
24,946,544	3,034,929	27,981,473	4,514,601	32,496,074
(17,791,468)	32,324,032	14,532,564	(8,293,513)	6,239,051
\$ 7,155,076	\$ 35,358,961	\$ 42,514,037	\$ (3,778,912)	\$ 38,735,125

CITY OF HARRISBURG, PENNSYLVANIA

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2021**

	General	Grant Programs	Debt Service	Non-Major Funds Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 30,223,863	\$ 26,896,025	\$ 496,305	\$ 4,925,148	\$ 62,541,341
Receivables, net of allowance for					
Taxes	16,108,488	-	-	55,023	16,163,511
Loans	11,380	297,034	-	-	308,414
Grants	-	1,564,139	-	1,634,168	3,198,307
Other	3,265,116	-	-	647,291	3,912,407
Due from other funds	1,825,060	731,215	-	325,998	2,882,273
Other assets	447,943	-	-	-	447,943
Restricted assets					
Cash and cash equivalents	4,780,267	-	-	2,313,979	7,094,246
Investments, at fair value	-	-	-	-	-
<b>Total assets</b>	<b>\$ 56,662,117</b>	<b>\$ 29,488,413</b>	<b>\$ 496,305</b>	<b>\$ 9,901,607</b>	<b>\$ 96,548,442</b>

(Continued)

	General	Grant Programs	Debt Service	Non-Major Funds Other Governmental Funds	Total Governmental Funds
<b>Liabilities</b>					
Accounts payable	\$ 2,750,620	\$ 634,407	\$ -	\$ 823,850	\$ 4,208,877
Accrued liabilities	1,341,059	20,778	-	4,682	1,366,519
Compensated absences	51,817	-	-	-	51,817
Due to other funds	1,140,716	1,731,653	-	13,826	2,886,195
Unearned revenue	85,960	27,101,575	-	122,989	27,310,524
<b>Total liabilities</b>	<b>5,370,172</b>	<b>29,488,413</b>	<b>-</b>	<b>965,347</b>	<b>35,823,932</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - taxes	10,951,389	-	-	-	10,951,389
Unavailable revenue - other entities	739,089	-	-	-	739,089
<b>Total deferred inflows of resources</b>	<b>11,690,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,690,478</b>
<b>Fund Balance</b>					
Nonspendable	206,554	-	-	-	206,554
Restricted for					
Revolving loan program	11,380	-	-	-	11,380
Environment	-	-	-	633,442	633,442
Public works	100,000	-	-	3,321,249	3,421,249
Community and economic development	-	-	-	99,796	99,796
Tourism	-	-	-	55,023	55,023
Other	235,875	-	-	-	235,875
Capital projects	-	-	-	4,826,750	4,826,750
Growth funds	3,880,362	-	-	-	3,880,362
Assigned for					
General government	13,835	-	-	-	13,835
Public works	209,817	-	-	-	209,817
Public safety	1,263,557	-	-	-	1,263,557
Community and economic development	612,053	-	-	-	612,053
2022 budget	-	-	460,000	-	460,000
Encumbrances					
Public works	-	-	-	-	-
Community and economic development	493,980	-	-	-	493,980
Unassigned	32,574,054	-	36,305	-	32,610,359
<b>Total fund balance</b>	<b>39,601,467</b>	<b>-</b>	<b>496,305</b>	<b>8,936,260</b>	<b>49,034,032</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 56,662,117</b>	<b>\$ 29,488,413</b>	<b>\$ 496,305</b>	<b>\$ 9,901,607</b>	<b>\$ 96,548,442</b>

See Notes to the Financial Statements.

**CITY OF HARRISBURG, PENNSYLVANIA**

**RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
December 31, 2021**

<b>Fund Balance - total government funds</b>		\$ 49,034,032
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources; therefore, they are not reported as assets in the governmental funds.</p>		
Governmental capital assets	292,799,245	
Less accumulated depreciation	<u>(184,697,208)</u>	108,102,037
Receivables that are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.		22,416,998
Net pension asset, net of related deferred inflows and outflows of resources.		11,404,103
Guarantee fees are reported on the statement of net position for governmental activities and amortized over the life of the guarantee period, but are not available to pay current-period expenditures and, therefore, are not reported in the funds.		(226,709)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Workers' compensation	(3,426,127)	
Bonds payable	(1,586,232)	
Notes payable	(9,309,802)	
Capital leases payable	(652,319)	
Compensated absences	(6,453,542)	
Claims and judgments	(1,253,322)	
Due to bond insurer	(19,285,807)	
Liability under guarantee	(15,537,615)	
Total other post-employment benefits liability, net of deferred outflows and inflows of resources	(125,807,422)	
Accrued interest payable	<u>(263,197)</u>	<u>(183,575,385)</u>
<b>Total net position - governmental activities</b>		<b>\$ 7,155,076</b>

See Notes to Financial Statements.

CITY OF HARRISBURG, PENNSYLVANIA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2021**

	General Fund	Grant Programs	Debt Service	Non-Major Funds Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 47,298,527	\$ -	\$ -	\$ -	\$ 47,298,527
Licenses and permits	671,605	-	-	-	671,605
Intergovernmental revenue	8,093,511	5,592,137	-	6,054,114	19,739,762
Department earnings and program revenue	5,504,565	26,046	-	1,693,604	7,224,215
Fines and forfeits	890,514	-	-	-	890,514
Investment income	155,846	-	175	1,732	157,753
Miscellaneous	2,003,095	154,478	-	-	2,157,573
<b>Total revenues</b>	<b>64,617,663</b>	<b>5,772,661</b>	<b>175</b>	<b>7,749,450</b>	<b>78,139,949</b>
<b>Expenditures</b>					
Current					
General government	10,406,844	-	-	-	10,406,844
Community and economic development	3,891,607	4,550,975	-	-	8,442,582
Public safety	36,743,936	54,479	-	-	36,798,415
Public works	4,000,854	-	-	984,982	4,985,836
Environment	-	-	-	305,565	305,565
Capital outlay	-	-	-	5,891,472	5,891,472
Debt service					
Principal retirements	-	210,000	12,290,948	185,471	12,686,419
Interest and fiscal charges	295	34,031	1,787,690	38,640	1,860,656
<b>Total expenditures</b>	<b>55,043,536</b>	<b>4,849,485</b>	<b>14,078,638</b>	<b>7,406,130</b>	<b>81,377,789</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9,574,127</b>	<b>923,176</b>	<b>(14,078,463)</b>	<b>343,320</b>	<b>(3,237,840)</b>
Other Financing Sources (Uses)					
Transfers in	2,148,491	-	13,628,638	20,000	15,797,129
Transfers out	(19,057,980)	(923,176)	-	(1,582,907)	(21,564,063)
Proceeds from the sale of assets	1,500	-	-	-	1,500
Debt proceeds	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(16,907,989)</b>	<b>(923,176)</b>	<b>13,628,638</b>	<b>(1,562,907)</b>	<b>(5,765,434)</b>
<b>Net change in fund balances</b>	<b>(7,333,862)</b>	<b>-</b>	<b>(449,825)</b>	<b>(1,219,587)</b>	<b>(9,003,274)</b>
Fund Balances - January 1, 2021	46,935,329	-	946,130	10,155,847	58,037,306
Fund Balances - December 31, 2021	\$ 39,601,467	\$ -	\$ 496,305	\$ 8,936,260	\$ 49,034,032

See Notes to the Financial Statements.

CITY OF HARRISBURG, PENNSYLVANIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2021**

Amounts reported for governmental activities in the Statement of  
Activities are different because:

<b>Net changes in fund balances - governmental funds</b>		\$ (9,003,274)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays	8,903,313	
Depreciation expense	<u>(5,046,608)</u>	3,856,705
<p>When recognizing the sale of capital assets, the governmental funds report the proceeds from the sale. Only the gain or loss on the sale is reported in the governmental activities.</p>		
		-
<p>The net pension asset (liability) is recorded as an asset (liability) in the government-wide financial statements, but not in the fund financial statements. This amount represents the change in the net pension asset (liability), net of deferred inflows and outflows of resources.</p>		
		7,890,999
<p>The total other post-employment benefits liability is recorded as a liability in the government-wide financial statements, but not in the fund financial statements. This amount represents the change in the total other post-employment benefits liability, net of deferred inflows and outflows of resources.</p>		
		7,307,256
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
		831,999
<p>Governmental funds report guarantee fees as revenues when received. However, in the Statement of Activities, the fees are amortized over the guarantee period and reported as investment income.</p>		
Amortization		88,491
<p>The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Gains on debt restructuring agreements	2,466,979	
Principal repayments	<u>12,706,162</u>	<u>15,173,141</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accounts payable	(159,673)	
Workers' compensation	876,439	
Vested compensated absences	(293,283)	
Accrued interest	(187,805)	
Amortization of liability under guarantee	(554,512)	
Amortization of bond discounts	<u>(879,939)</u>	<u>(1,198,773)</u>
<b>Changes in net position of governmental activities</b>		<u>\$ 24,946,544</u>

See Notes to Financial Statements.

CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
December 31, 2021

	Harrisburg Senators Fund	Neighborhood Services Fund	Total Proprietary Funds
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ -	\$ 6,488,613	\$ 6,488,613
Receivables, net of allowance for uncollectible accounts			
Accounts	-	2,800,778	2,800,778
Other	-	1,311,912	1,311,912
Due from other funds	78,386	693,836	772,222
Prepaid expenses and other assets	-	-	-
Total current assets	<u>78,386</u>	<u>11,295,139</u>	<u>11,373,525</u>
Long-term Assets			
Restricted assets			
Cash and cash equivalents	244,935	284,726	529,661
Investments, at fair value	-	-	-
Security deposit	-	500,000	500,000
Net pension asset	-	2,420,311	2,420,311
Capital assets, not being depreciated	-	2,080,157	2,080,157
Capital assets, less accumulated depreciation and amortization	26,314,500	5,578,762	31,893,262
Total long-term assets	<u>26,559,435</u>	<u>10,863,956</u>	<u>37,423,391</u>
<b>Total assets</b>	<u>26,637,821</u>	<u>22,159,095</u>	<u>48,796,916</u>
<b>Deferred Outflow of Resources</b>			
Deferred outflows of resources for other post-employment benefits	-	1,600,385	1,600,385
Deferred outflows of resources for pension	-	961,057	961,057
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>2,561,442</u>	<u>2,561,442</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	-	1,462,884	1,462,884
Accrued liabilities	-	200,327	200,327
Due to other funds	-	768,300	768,300
Current portion of workers' compensation	-	1,103	1,103
Current portion of capitalized lease obligations	-	329,216	329,216
Current portion of vested compensated absences	-	31,056	31,056
Current portion of other post-employment benefits	-	331,716	331,716
Total current liabilities	<u>-</u>	<u>3,124,602</u>	<u>3,124,602</u>
Long-term Liabilities			
Workers' compensation	-	2,263	2,263
Capitalized lease obligations	-	84,397	84,397
Vested compensated absences	-	368,630	368,630
Total other post-employment benefits	-	9,688,651	9,688,651
Total long-term liabilities	<u>-</u>	<u>10,143,941</u>	<u>10,143,941</u>
<b>Total liabilities</b>	<u>-</u>	<u>13,268,543</u>	<u>13,268,543</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources for other post-employment benefits	-	411,852	411,852
Deferred inflows of resources for pension	-	2,319,002	2,319,002
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>2,730,854</u>	<u>2,730,854</u>
<b>Net Position</b>			
Net investment in capital assets	26,314,500	7,248,774	33,563,274
Restricted			
Debt service	-	-	-
Net pension asset	-	2,420,311	2,420,311
Unrestricted	323,321	(947,945)	(624,624)
<b>Total net position</b>	<u>\$ 26,637,821</u>	<u>\$ 8,721,140</u>	<u>\$ 35,358,961</u>

See Notes to Financial Statements.

**CITY OF HARRISBURG, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
PRORIETARY FUNDS**

**Year Ended December 31, 2021**

	Harrisburg Senators Fund	Neighborhood Services Fund	Total Proprietary Funds
<b>Operating Revenues</b>			
Charges for services	\$ 256,088	\$ 16,051,631	\$ 16,307,719
<b>Operating Expenses</b>			
Salaries and wages	-	3,945,264	3,945,264
Fringe benefits	-	2,247,765	2,247,765
Communications	-	68,259	68,259
Professional fees	-	70,317	70,317
Utilities	-	355,662	355,662
Insurance	-	71,224	71,224
Maintenance and repairs	-	228,122	228,122
Contracted services	-	7,778,470	7,778,470
Property taxes	-	1,295	1,295
Rent	-	98,332	98,332
Supplies	-	783,397	783,397
Depreciation	928,600	1,506,752	2,435,352
<b>Total operating expenses</b>	<b>928,600</b>	<b>17,154,859</b>	<b>18,083,459</b>
<b>Operating loss</b>	<b>(672,512)</b>	<b>(1,103,228)</b>	<b>(1,775,740)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Loss on debt refunding	(876,001)	-	(876,001)
Investment income	-	1,813	1,813
Miscellaneous income	-	260,534	260,534
Interest expense	(295,216)	(21,755)	(316,971)
Amortization of bond issue costs	(27,098)	-	(27,098)
Gain on sale of capital assets	-	1,458	1,458
<b>Total nonoperating revenues (expenses)</b>	<b>(1,198,315)</b>	<b>242,050</b>	<b>(956,265)</b>
Income (Loss) Before Transfers	(1,870,827)	(861,178)	(2,732,005)
Transfers In - Net	5,581,342	185,592	5,766,934
<b>Change in net position</b>	<b>3,710,515</b>	<b>(675,586)</b>	<b>3,034,929</b>
Net Position:			
Net Position - January 1, 2021	22,927,306	9,396,726	32,324,032
Net Position - December 31, 2021	\$ 26,637,821	\$ 8,721,140	\$ 35,358,961

See Notes to the Financial Statements.



CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2021

	Harrisburg Senators Fund	Neighborhood Services Fund	Total Proprietary Funds
<b>Cash Flows From Operating Activities</b>			
Received from user charges	\$ 256,088	\$ 15,350,602	\$ 15,606,690
Payments to employees for services	-	(4,148,178)	(4,148,178)
Payments for fringe benefits	-	(499,985)	(499,985)
Payments to suppliers for goods and services	-	(10,057,897)	(10,057,897)
<b>Net cash provided by operating activities</b>	<b>256,088</b>	<b>644,542</b>	<b>900,630</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Miscellaneous income	-	260,534	260,534
Transfers in	5,581,342	185,592	5,766,934
<b>Net cash provided by noncapital financing activities</b>	<b>5,581,342</b>	<b>446,126</b>	<b>6,027,468</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(50,000)	(705,099)	(755,099)
Proceeds from disposition of capital assets	-	25,000	25,000
Interest and refunding escrow deposits paid	(1,189,699)	(21,755)	(1,211,454)
Lease, bond and note payments	(5,050,000)	(578,555)	(5,628,555)
<b>Net cash used in capital and related financing activities</b>	<b>(6,289,699)</b>	<b>(1,280,409)</b>	<b>(7,570,108)</b>
<b>Cash Flows From Investing Activities</b>			
Reclassification of investments to cash and cash equivalents	658,260	5,232,693	5,890,953
Investment income	20	1,813	1,833
<b>Net cash provided by investing activities</b>	<b>658,280</b>	<b>5,234,506</b>	<b>5,892,786</b>
<b>Net increase in cash and cash equivalents</b>	<b>206,011</b>	<b>5,044,765</b>	<b>5,250,776</b>
Cash and cash equivalents (including restricted cash) - January 1, 2021	38,924	1,728,574	1,767,498
Cash and cash equivalents (including restricted cash) - December 31, 2021	\$ 244,935	\$ 6,773,339	\$ 7,018,274

(Continued)

CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)  
Year Ended December 31, 2021

	Harrisburg Senators Fund	Neighborhood Services Fund	Total Proprietary Funds
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (672,512)	\$ (1,103,228)	\$ (1,775,740)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	928,600	1,506,752	2,435,352
Amortization of deferred outflows and inflows of resources	-	-	-
Provision for uncollectible accounts	-	(1,113,277)	(1,113,277)
Changes in assets and liabilities			
Accounts receivable	-	960,654	960,654
Deferred outflows of resources for pension	-	(778,048)	(778,048)
Deferred outflows of resources for other post-employment benefits	-	(1,068,533)	(1,068,533)
Due from/to other funds	-	(548,406)	(548,406)
Net pension asset	-	1,664,260	1,664,260
Total other post-employment benefit liability	-	1,892,135	1,892,135
Accounts payable and other accrued costs	-	(501)	(501)
Workers' compensation	-	(602,318)	(602,318)
Vested compensated absences	-	(202,914)	(202,914)
Deferred inflows and outflows of resources for pension	-	353,391	353,391
Deferred inflows and outflows of resources for other post-employment benefits	-	(315,425)	(315,425)
<b>Net cash provided by operating activities</b>	<b>\$ 256,088</b>	<b>\$ 644,542</b>	<b>\$ 900,630</b>
Noncash Investing, Capital and Financing Activities			
Amortization of bond discount	\$ 27,098	\$ -	\$ 27,098

See Notes to the Financial Statements.

CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2021

	Police Pension Trust Fund	Custodial Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 981,366
Investments		
Money market funds	2,323,964	-
Mutual funds		
Equity	88,643,313	-
Fixed income	22,637,135	-
Partnership	1,477,509	-
Total Investments	115,081,921	-
Accrued interest and dividends receivable	18,295	-
<b>Total assets</b>	<b>115,100,216</b>	<b>981,366</b>
<b>Liabilities</b>		
Due to other governments	-	316,623
<b>Total liabilities</b>	<b>-</b>	<b>316,623</b>
<b>Net Position</b>		
Restricted for:		
Pensions	115,100,216	-
Individuals, organizations and other governments	-	664,743
	<b>\$ 115,100,216</b>	<b>\$ 664,743</b>

See Notes to the Financial Statements.

**CITY OF HARRISBURG, PENNSYLVANIA**

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
Year Ended December 31, 2021**

	Police Pension Trust Fund	Custodial Funds
<b>Additions</b>		
Contributions		
Plan member	\$ 472,594	\$ -
Employer	3,697,903	-
Total contributions	<u>4,170,497</u>	<u>-</u>
Investment Income		
Interest and dividend income	3,739,587	2,761
Net appreciation in fair value of investments	10,766,555	-
Total investment income	<u>14,506,142</u>	<u>2,761</u>
Less investment expense	<u>(225,734)</u>	<u>-</u>
Net investment income	<u>14,280,408</u>	<u>2,761</u>
Other governments		
Taxes and related collections	-	43,394,007
Escrow	-	196,876
<b>Total additions</b>	<u>18,450,905</u>	<u>43,593,644</u>
<b>Deductions</b>		
Pension benefits	6,840,847	-
Administrative expenses	63,608	-
Other governments		
Taxes and related collections	-	43,394,007
Escrow	-	168,412
<b>Total deductions</b>	<u>6,904,455</u>	<u>43,562,419</u>
<b>Change in net position</b>	<u>11,546,450</u>	<u>31,225</u>
Net Position - January 1, 2021 - as originally stated	103,553,766	633,518
Restatement under GASB 84	-	-
Net Position - January 1, 2021 - as restated	<u>103,553,766</u>	<u>633,518</u>
Net Position - December 31, 2021	<u>\$ 115,100,216</u>	<u>\$ 664,743</u>

See Notes to the Financial Statements.

## **CITY OF HARRISBURG, PENNSYLVANIA**

### **DESCRIPTION OF COMPONENT UNITS YEAR ENDED DECEMBER 31, 2021**

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#### **Harrisburg Parking Authority**

The Harrisburg Parking Authority (HPA) was incorporated in 1972 under the Pennsylvania Parking Authority Law of 1947. HPA is an agency of the Commonwealth of Pennsylvania, which owns and operates parking facilities in the City of Harrisburg (City).

#### **Harrisburg Downtown Improvement District, Inc.**

The Harrisburg Downtown Improvement District, Inc. Component Unit, a Pennsylvania non-profit corporation, was formed on April 22, 2004, under provisions of the Neighborhood Improvement District Act, as of December 20, 2000, to provide neighborhood improvement district management association services, overseeing a neighborhood improvement district located in the Downtown Business District of Harrisburg, Pennsylvania. Such services shall include services which improve the ability of commercial establishments to service its consumers, transportation, public relations programs, advertising, district maintenance, security services, and services which improve the ability of property owners to enjoy a safer and more attractive neighborhood.

#### **Redevelopment Authority of the City of Harrisburg**

The Redevelopment Authority of the City of Harrisburg Component Unit is incorporated under the provisions of the Commonwealth of Pennsylvania Urban Development Act Number 385 of May 24, 1945, as amended, for the purpose of providing redevelopment and other related activities within the City.

CITY OF HARRISBURG, PENNSYLVANIA

STATEMENT OF NET POSITION - COMPONENT UNITS  
December 31, 2021

	Harrisburg Parking Authority	Harrisburg Downtown Improvement District	Redevelopment Authority	Total Component Units
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,338,290	\$ 439,494	\$ 269,810	\$ 2,047,594
Receivables, net of allowance for uncollectible accounts				
Accounts	39,602	32,299	131,003	202,904
Grants	-	-	66,930	66,930
Loans	-	-	25,996	25,996
Lease	-	-	885,197	885,197
Prepaid expenses and other assets	12,585	10,536	-	23,121
<b>Total current assets</b>	<b>1,390,477</b>	<b>482,329</b>	<b>1,378,936</b>	<b>3,251,742</b>
<b>Restricted Assets</b>				
Investments, at fair value	-	-	857,423	857,423
<b>Total restricted assets</b>	<b>-</b>	<b>-</b>	<b>857,423</b>	<b>857,423</b>
Loans receivable	-	-	83,129	83,129
Lease receivable	-	-	5,597,575	5,597,575
Capital assets, not being depreciated	-	-	30,000	30,000
Capital assets, less accumulated depreciation	3,249,372	-	37,504,140	40,753,512
Project costs, less accumulated amortization	-	6,951	-	6,951
<b>Total assets</b>	<b>4,639,849</b>	<b>489,280</b>	<b>45,451,203</b>	<b>50,580,332</b>

See Notes to Financial Statements.

	Harrisburg Parking Authority	Harrisburg Downtown Improvement District	Redevelopment Authority	Total Component Units
<b>Liabilities</b>				
Current Liabilities (payable from current assets)				
Accounts payable and accrued liabilities	139,829	33,097	140,089	313,015
Due to primary government	-	-	4,420,030	4,420,030
Total current liabilities (payable from current assets)	139,829	33,097	4,560,119	4,733,045
Current Liabilities (payable from restricted assets)				
Current portion of revenue bonds payable	-	-	2,010,000	2,010,000
Current portion of revenue notes payable	-	-	73,134	73,134
Current portion of capitalized lease obligation	-	-	7,890	7,890
Total current liabilities (payable from restricted assets)	-	-	2,091,024	2,091,024
Noncurrent Liabilities				
Compensated absences	-	-	11,859	11,859
Revenue bonds payable, net of discount	-	-	17,686,617	17,686,617
Revenue notes payable, net of discount	-	-	317,651	317,651
Capitalized lease obligation	-	-	2,614	2,614
Due to other governments	-	-	170,832	170,832
Deferred income	-	-	-	-
<b>Total liabilities</b>	139,829	33,097	24,840,716	25,013,642
<b>Deferred Inflow of Resources</b>				
Deferred lease revenue	-	-	29,345,602	29,345,602
<b>Net Position</b>				
Net position				
Net investment in capital assets	3,249,372	-	(8,991,203)	(5,741,831)
Restricted				
Revolving loan program	-	-	72,686	72,686
Insurer agreement	301,783	-	-	301,783
Blight remediation	-	-	20,774	20,774
Unrestricted	948,865	456,183	162,628	1,567,676
<b>Total net position</b>	<b>\$ 4,500,020</b>	<b>\$ 456,183</b>	<b>\$ (8,735,115)</b>	<b>\$ (3,778,912)</b>

**CITY OF HARRISBURG, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES - COMPONENT UNITS**

**Year Ended December 31, 2021**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Harrisburg Parking Authority	\$ 376,402	\$ 177,566	\$ -	\$ -
Harrisburg Downtown Improvement District	670,196	648,593	77,073	-
Redevelopment Authority	4,742,716	9,048,179	269,268	33,334
<b>Total component units</b>	<b>\$ 5,789,314</b>	<b>\$ 9,874,338</b>	<b>\$ 346,341</b>	<b>\$ 33,334</b>

**General Revenues**

Miscellaneous income

Unrestricted investment earnings

**Total general revenues**

**Changes in net position**

Net Position - January 1, 2021

Net Position - December 31, 2021

See Notes to the Financial Statements.



Net (Expense) Revenues and  
Changes in Net Position

Harrisburg Parking Authority	Harrisburg Downtown Improvement District	Redevelopment Authority	Total
\$ (198,836)	\$ -	\$ -	\$ (198,836)
-	55,470	-	55,470
-	-	4,608,065	4,608,065
<u>\$ (198,836)</u>	<u>\$ 55,470</u>	<u>\$ 4,608,065</u>	<u>\$ 4,464,699</u>
-	-	46,183	46,183
-	446	3,273	3,719
-	446	49,456	49,902
(198,836)	55,916	4,657,521	4,514,601
4,698,856	400,267	(13,392,636)	(8,293,513)
<u>\$ 4,500,020</u>	<u>\$ 456,183</u>	<u>\$ (8,735,115)</u>	<u>\$ (3,778,912)</u>

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

The City of Harrisburg, Pennsylvania (City) was founded by John Harris II in 1785, established as a borough in 1791, and incorporated as a City on March 19, 1860. The City operates as a Mayor-Council form of government and provides all municipal services to its residents.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

#### A. Reporting Entity

The City used guidance contained in governmental accounting standards to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity. The criteria used by the City for inclusion are financial accountability and the nature and significance of the relationships. In determining financial accountability in a given case, the City reviews the applicability of the following criteria. The City is financially accountable for:

- Organizations that make up the legal City entity.
- Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City, as defined below:
  - **Impose its Will** - If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - **Financial Benefit or Burden** - Exists if the City (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
- Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the City.

Based on the foregoing criteria, the reporting entity has been defined to include all the entities for which the City is financially accountable or for which there is another significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the City's financial statements are provided in the following paragraphs. Separately published audit reports of the component units and joint venture are available for public inspection in the City's Finance Office.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### A. Reporting Entity (Continued)

##### *Blended Component Units*

Some component units, despite being legally separate from the primary government (City), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The component unit reported in this way is the City of Harrisburg Leasing Authority.

##### City of Harrisburg Leasing Authority

The City of Harrisburg Leasing Authority was formed pursuant to the Municipality Authorities Act in 1986 for the purpose of acquiring and leasing facilities and equipment to the City. The five-member Board of Directors is appointed by the Mayor. The City of Harrisburg Leasing Authority's only financial transaction is the financing of City projects. There was no activity during the year ended December 31, 2020.

##### *Discretely Presented Component Units*

Component units which are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component units presented in this way are the following:

- Harrisburg Parking Authority
- Harrisburg Downtown Improvement District, Inc.
- Redevelopment Authority of the City of Harrisburg

##### Harrisburg Parking Authority

The Harrisburg Parking Authority (Authority) was incorporated in 1972 under the Pennsylvania Parking Authority Law of 1947. The Authority is an agency of the Commonwealth of Pennsylvania, which owns and operates parking facilities in the City.

The five-member Board of Directors is appointed by the Mayor and members can be removed from the Board at will.

On December 23, 2013, the Authority entered into an Asset Transfer Agreement for the City of Harrisburg Parking System (Agreement) dated December 1, 2013, with Pennsylvania Economic Development Financing Authority (PEDFA). Under the Agreement, the Authority agreed to lease, for a period of approximately forty years, certain parking facilities, meters, and lots for an upfront acquisition price of approximately \$267 million, plus four notes receivable, with a present value of approximately \$12 million. At closing on December 23, 2013, at request of the City, the Authority assigned the notes receivable to the City, Dauphin County (County), and the bond insurer. Any surplus revenues (as defined in the Agreement), are to be paid on the notes receivable, with 75% going to the bond insurer and the County and 25% going to the City, until such time as the bond insurer and the County are made whole and then all amounts going to the City.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### A. Reporting Entity (Continued)

##### *Discretely Presented Component Units (Continued)*

##### Harrisburg Parking Authority (Continued)

Because the lease qualified as a capital lease, all associated capital assets were removed from the Authority's financial statements as of the closing date. At the end of forty years, all associated capital assets are to be returned to the Authority (or the City if the Authority is not in existence) along with any capital reserve monies (funded by PEDFA through an extensive formula in the PEDFA indenture) for deferred maintenance. In accordance with an agreement with the bond insurer, any amounts received after the transfer of assets by the Authority in respect of its ownership of the parking assets transferred, in excess of reserves agreed upon by the Authority and the bond insurer, are to be promptly paid to the bond insurer. Within 30 days following June 30, 2015, any surplus amount held and received by the Authority after closing of the transfer of assets was to be promptly paid to the bond insurer. As of December 31, 2021, such transfer has not taken place, as HPA and the bond insurer are currently in the settlement process.

##### Harrisburg Downtown Improvement District, Inc.

The Harrisburg Downtown Improvement District, Inc., a Pennsylvania non-profit corporation, (Corporation) was formed on April 22, 2004, under the provisions of the Neighborhood Improvement District Act, as of December 20, 2000, to provide neighborhood improvement district management association services, overseeing a neighborhood improvement district located in the downtown business district of Harrisburg, Pennsylvania.

On September 12, 2017, the Corporation was re-authorized by the Council of the City of Harrisburg to administer services and expand the boundaries for a five-year term beginning January 1, 2018 and ending December 31, 2022.

##### Redevelopment Authority of the City of Harrisburg

The Redevelopment Authority of the City of Harrisburg (Redevelopment Authority) was established in 1949 pursuant to the Urban Redevelopment Act of 1945 (Public Law - 991). The Redevelopment Authority is administered by a five-member Board of Directors, all of whom are appointed by the Mayor. The Redevelopment Authority provides a broad range of urban renewal and maintenance programs within the City. The Redevelopment Authority also coordinates efforts to improve the economic vitality, the housing stock, and overall living conditions within the City. The City guarantees certain debt of the Redevelopment Authority projects.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (Continued)

##### *Discretely Presented Component Units (Continued)*

###### *Redevelopment Authority of the City of Harrisburg (Continued)*

The Harrisburg Land Bank (Land Bank) is a blended component unit presented in the Redevelopment Authority's financial statements. The Land Bank is governed by seven board members, five of which serve as members of the Redevelopment Authority and two appointed by the Mayor. The Land Bank was created under the Pennsylvania Land Bank Act and its purpose is to deter blight and return vacant property to productive status, thereby enabling the transformation of vacant, blighted, abandoned, and tax-delinquent spaces into vibrant City places.

##### *Potential Component Units Excluded*

###### *Capital Region Water*

Capital Region Water (CRW) was incorporated in 1957 under the provisions of the Municipality Authorities Act. CRW is administered by a five-member Board of Directors, all of whom are appointed by the Mayor and confirmed by City Council. The purpose of CRW is, among other things, to engage in public works projects relating to the ownership and operation of the water system and wastewater treatment and conveyance systems. The City has no financial accountability over CRW's operations. CRW operates and reports on a calendar year.

###### *City of Harrisburg Housing Authority*

The City of Harrisburg Housing Authority (Housing Authority) was established in 1937 pursuant to the Housing Authorities Law to promote the availability of safe and sanitary dwelling accommodations at affordable rents to families of low income. The Housing Authority is administered by a five-member Board of Directors, all of whom are appointed by the Mayor.

The Housing Authority operates low-rent subsidized housing projects established within the City. The Housing Authority manages the acquisition of federal and state funds for the construction of and/or improvements to low income properties and reviews programs with the landlords to ensure compliance with various rules and regulations. The City has no financial accountability over the Housing Authority's operations. The Housing Authority operates and reports on a calendar year.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (Continued)

##### *Joint Venture*

The City is a participant with other municipalities in a joint venture that provides services to the constituents of all the participants. The City has no financial or equity interest in the joint venture.

Name of Organization	Cumberland-Dauphin-Harrisburg Transit Authority
Services Provided	Bus Service
City Board representation	Two of seven members
Fiscal year	June 30
Current assets	\$ 12,167,356
Capital assets, Net	\$ 29,591,269
Total assets and deferred outflows of resources	\$ 43,666,663
Net position	\$ 26,343,811
Operating revenue	\$ 4,248,222
Operating loss	\$ (19,512,278)
Change in net position	\$ 6,899,260
City contribution to operations	\$ 368,724

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (Continued)

##### *Related Organizations*

The City Council and Mayor are also responsible for appointing the members of several boards, but the City's accountability for these organizations does not extend beyond making appointments. These boards include:

Broad Street Market Authority	Harrisburg Human Relations Commission
Planning Commission	License and Tax Appeals
Private Industry Council	Electrical Code Advisory and Licensing
Tri-County Regional Planning Commission	Building Code Board of Appeals
Emergency Planning Committee	Housing Code Board of Appeals
Board of Health	Civil Service Board
Historical and Architectural Review Board	Zoning Hearing Board
Plumbing Board	Revolving Loan Review Committee
Susquehanna Area Regional Airport Authority	

The amounts the City appropriated to these organizations during the year ended December 31, 2021, were immaterial to the basic financial statements.

The City owns the building occupied by the National Civil War Museum (Museum) and the related artifacts (collectively, the facilities). In April 2001, the City entered into a lease, license, and operating agreement with the Museum to lease the facilities for \$1 per year, to operate and manage the museum, and to license elements of the museum. The term of the agreement continues through January 1, 2031. After the first five years, the City can notify the Museum that it would like to renegotiate the rent payment based on the organization's ability to pay. In October 2009, the agreement was amended to extend the term for lease, license, and operations to January 31, 2039, and to provide the Museum with the right of first refusal option to purchase any or all of the artifacts.

In November 2017, the City and the Museum entered into a second amendment to the lease, license, and operating agreement. The second amendment grants the Museum the option to purchase the artifacts for \$5,250,000. The Museum may exercise this purchase option by written notice to the City on or before December 31, 2022, and the City agrees not to sell the artifacts prior to that date. Closing must be held within 90 days after exercise of the option. The City also agrees to create a \$1 million reserve fund from the proceeds of the sale of the artifacts which will be used to pay for capital improvements to the building. Any remaining proceeds in excess of the reserve balance will be used for improvements and maintenance of Reservoir Park. Should the Museum not exercise the purchase option by December 31, 2022, the Museum's right of first refusal and the City's limitation on sale of the artifacts remain in force provided that, during the five-year period beginning January 1, 2023, the City will have the right to sell up to 20% of the value of the artifacts. After the five-year period, the limitation applicable to each successive five-year period will be reduced to ten percent. As of the date of the financial statements, neither the Museum or the City have not exercised the purchase or sale options.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (Continued)

##### *Related Organizations (Continued)*

In addition, the second amendment to the lease, license, and operating agreement revised the rental agreement for the use of the building. Annual rental income would be as follows: 1) July 1, 2017 to June 30, 2020 - \$45,000; 2) July 1, 2020 to June 30, 2023 - \$60,000; 3) July 1, 2023 to June 30, 2026 - \$75,000; 4) July 1, 2026 to June 30, 2029 - \$85,000; and 5) July 1, 2029 to December 31, 2039 - \$100,000. During the first five years, the rent would offset approximately \$288,000 owed to the Museum by the City for reimbursement of capital improvements to the building. The Museum has the option to extend the term of the lease at a continued rate of \$100,000 per year for a term from January 1, 2040, to a date no later than the December 31 immediately preceding the 30th anniversary of the closing date on the purchase of the artifacts. Finally, at closing on the purchase of the artifacts, the Museum will make a payment on its outstanding debt obligation sufficient to reduce the unpaid balance to \$250,000 and notify CRW to release the \$250,000 certificate of deposit held as collateral by the bank for satisfaction of the debt.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges to external parties for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Benefits and refunds of the City of Harrisburg Police Pension Plan are recognized when due and payable in accordance with the terms of the plan.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Real estate, earned income, local services, mercantile, franchise, hotel taxes, intergovernmental revenue, departmental earnings, and investment income are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other governmental fund revenues are recorded as cash is received because they are generally not measurable until actually received. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term obligations are recognized when due. Prepaid items and inventory purchases are reported as expenditures in the year when the items are purchased. Expenditures for claims, judgments, compensated absences, contingent liabilities, and employer pension and other post-employment benefit contributions are reported to the extent that they mature each period.

The City reports unavailable revenue on its governmental fund balance sheet. Unavailable revenues arise when a potential revenue does not meet the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow of resources for unavailable revenue and the liability for unearned revenue is removed from the governmental fund balance sheet and revenue is recognized.

The City reports the following major governmental funds:

**General Fund** - Accounts for all financial resources except those accounted for in another fund. The General Fund is the general operating fund of the City.

**Grant Programs Fund** - Accounts for the revenues and expenditures of federal, state, and other grant programs including the Community Development Block Grant Entitlement Program.

**Debt Service Fund** - Accounts for the accumulation of resources, which are principally transfers from other funds, for the payment of general long-term obligation principal, interest, and related costs.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major proprietary funds (Continued):

**Harrisburg Senators Fund** - Accounts for the revenues and expenses associated with the payment of debt on the financing of a new stadium of the Harrisburg Senators, a minor league franchise formerly owned by the City.

**Neighborhood Services Fund** - Accounts for the revenues and expenses associated with the provision of refuse collection and disposal services to residential, commercial, and industrial establishments of the City, as well as Parks and Recreation maintenance services and road repair services, as those are related to the facilitation of refuse collection and disposal services, broadly defined.

The City reports the following fiduciary fund types:

**Pension Trust Fund** - Accounts for the accumulation of resources for pension benefit payments and the withdrawals of qualified distributions of police personnel.

**Custodial Funds** - Account for situations where the City's role is purely custodial in nature. The City's custodial funds include the school tax collection fund, which is used to account for the collection and payment to the school district of property taxes billed and collected on its behalf, and fire insurance escrow fund, which is used to account for the collection and payment of fire insurance escrow liabilities.

The City reports component units as follows:

The discretely presented component units are accounted for as enterprise funds. As such, they account for the activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Services from such activities are provided to outside parties.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City and its component units' practice to use restricted resources first, then unrestricted resources as they are needed.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Cash and Cash Equivalents

For the purpose of the statement of cash flows, highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

#### E. Investments

The City and its component units' investment in external investment pools are valued at amortized cost, which approximates fair value. All other City and component unit investments are stated at fair value. The City and its component units categorize fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

#### F. Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is based upon historical ratios established according to experience and other factors which, in the judgment of City officials, deserve recognition in estimating possible losses. Management believes that they have adequately provided for future probable losses.

#### G. Loans Receivable

The City has loans receivable issued from the City's Department of Building and Housing Development (DBHD) in the amount of \$994,051 and the Mayor's Office of Equal Economic Opportunity (MOEEO) in the amount of \$1,261,267, net of allowances for uncollectible accounts of \$729,333 and \$1,249,887, respectively. The balance of loans receivable that is reported in the General Fund, net of allowance for uncollectible accounts, is presented as restricted fund balance. The balance of the loans receivable that is reported in the Grant Programs Fund, net of allowance for uncollectible accounts, is presented as unearned revenue. Write-offs are determined based on events of loan default, bankruptcy, or negotiated settlement with the City.

The Redevelopment Authority's loans receivable consists of loans made to various entities for redevelopment projects within the City. The loans vary in term and require full payment of principal and interest at the end of the loan term. As of December 31, 2021, there was \$109,125 of loans receivable.

The Redevelopment Authority also received two Up-Front Grants in the amount of \$10.6 million from the United States Department of Housing and Urban Development for a redevelopment project within the City. The grant funds were loaned to developers for use in connection with a low-income housing project. The loans vary in term and require full payment of principal and interest at the end of the loan term. By their nature, the likelihood that these loans will be collected is remote and, as a result, the loans are completely offset with an allowance for doubtful accounts at December 31, 2021.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### H. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/from other funds” on the balance sheet or statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

#### I. Security Deposit

At December 31, 2021, the Neighborhood Services Fund has presented a security deposit in the amount of \$500,000. This amount represents the amount set aside to secure the City’s obligations to the owner of the resource recovery facility under the Municipal Waste Disposal Agreement. The amount has been deposited pursuant to the Second Addendum to Assignment, Amendment, and Restatement of the Disposal Agreement.

#### J. Capital Assets

##### *Primary Government*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, dams, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Assets acquired prior to 1982 have been valued by applying an inflation index to current replacement cost to determine estimated historical costs. The cost of such assets amounted to \$2,447,811 at December 31, 2021. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the City would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized.

Artifacts, totaling \$18,474,000, have been recorded at cost in the governmental activities column of the government-wide financial statements and are not being depreciated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### J. Capital Assets (Continued)

##### *Primary Government (Continued)*

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 100 years
Equipment and furniture	5 to 20 years
Infrastructure	50 to 150 years

##### *Component Units*

##### Harrisburg Parking Authority

The Authority's capital assets in service and construction in progress are stated on the basis of cost. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the Authority would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined by the Authority as assets with an initial, individual cost of \$10,000 for land, buildings, and related improvements, or \$1,000 for furniture and equipment purposes, and an estimated useful life in excess of three years. Maintenance and repairs, which do not significantly extend the value or life of capital assets, are expensed as incurred.

The Authority's depreciation expense is computed using the straight-line method over the estimated useful asset life of thirty years. Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest costs incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

##### Harrisburg Downtown Improvement District, Inc.

Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the useful lives of the assets. Management has set a policy using a dollar amount to capitalize expenditures of \$5,000. Leasehold improvements pertain to the design and construction of certain improvements within the Corporation's leased space, which are stated at cost and depreciated over the lease term using the straight-line method of depreciation.

##### Redevelopment Authority of the City of Harrisburg

All capital assets are capitalized at historical cost at the acquisition date. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that the Redevelopment Authority would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The Redevelopment Authority maintains a capitalization threshold of \$5,000 for vehicles, equipment, furniture and fixtures. Leasehold improvements, land improvements, buildings, and building improvements have a capitalization threshold of \$25,000. All capital assets are depreciated, except for land, land improvements (excavation, fill, grading, landscaping), construction in progress, easements, and rights of way.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### J. Capital Assets (Continued)

##### *Component Units (Continued)*

Depreciation is computed using the straight-line method over the following useful lives:

Building and building improvements	30 to 40 years
Land improvements	20 years
Furnitures and fixtures	10 years
Leasehold improvements	7 to 10 years
Vehicles	7 to 10 years
Equipment	5 years

#### K. Vested Compensated Absences

##### *Primary Government*

Vested compensated absences represent vested portions of accumulated unpaid vacation, sick pay, and other employee benefit amounts. It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick pay, and other employee benefit amounts, which will be paid to employees upon separation from City service. All vested compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### *Component Unit*

##### Redevelopment Authority of the City of Harrisburg

The Redevelopment Authority's employees are granted vacation benefits in varying amounts depending on the number of years of service. Employees may accumulate up to 37.5 hours of vacation leave, which may be carried over to subsequent years. Sick leave benefits accrue up to a maximum of 675 hours but can only be used as sick time and not taken in pay. Sick leave accumulated in excess of 675 hours may be converted, at the discretion of the Executive Director, to vacation time. The conversion of sick leave to vacation leave will occur on the ratio of three (3) hours excess sick leave to one (1) hour vacation leave. The vacation leave accrued in this manner may be carried over to the new calendar year in addition to the maximum vacation leave carryover otherwise permitted. The liability related to compensated absences is reported in the statement of net position.

#### L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are amortized over the life of the related obligation using the effective interest method. Debt is reported net of the applicable bond premium or discount.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### L. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### M. Deferred Inflows and Outflows of Resources for Pensions and Other Post-Employment Benefits (OPEB)

In conjunction with pension and OPEB accounting requirements, the effect of the differences in the City's expected and actual experience, changes of assumptions, the City's contributions subsequent to the measurement date, and the difference between projected and actual earnings on pension plan investments are recorded as deferred inflows or outflows of resources related to pension and OPEB on the government-wide and proprietary fund financial statements. These amounts are determined based on the actuarial valuations performed for the pension and OPEB plans.

#### N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental and proprietary fund types. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payment are incurred. Encumbrances outstanding at year-end for unfilled obligations of the current year budget are re-appropriated in the succeeding year. The City reports encumbrances in its governmental funds as assigned fund balance, if the individual fund's fund balance is not presented as restricted. The General Fund had encumbrances of \$493,980 relating to capital construction and other projects. Encumbrance accounting is used in proprietary fund types as a tool for budgetary control but is not reported on the statement of net position. There are no encumbrances for the proprietary funds at December 31, 2021.

#### O. Fund Equity and Net Position

In the government-wide financial statements and the proprietary and pension trust fund types in the fund financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category.

**Restricted Net Position** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** - This category represents the net position of the City, that is not restricted for any project or other purpose.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### O. Fund Equity and Net Position (Continued)

Sometimes the City and its component units will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's and its component units' policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraints placed upon the funds. The levels are as follows:

***Nonspendable*** - This category represents funds that are not in spendable form and includes such items as prepaid expenditures.

***Restricted*** - This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.

***Assigned*** - This category represents the intentions of the City to use funds for specific purposes.

***Unassigned*** - This category represents all other funds not otherwise defined.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, assigned fund balance is applied first. Unassigned fund balance is applied last.



## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### P. Minimum Fund Balance Policy

The City of Harrisburg's fund balance policy includes the following:

1. The Bureau of Financial Management will measure the budgetary fund balance on a calendar year using the cash basis of accounting and report this amount to City Council by January 31st of the subsequent year.
2. The target size of budgetary fund balance will be set at a level equal to 5% of the General Fund adopted expenditure budget beginning as of January 1st of any fiscal year.
3. The Administration will attempt to maintain the budgetary fund balance by transferring each year's annual surplus into a segregated cash account on the City's ledger.
4. Should the budgetary fund balance drop below 5% of the same year's General Fund budget, notification will be given to the Budget and Finance Committee. While identified uses of the fund balance may be proposed that could continue the trend below 5%, such uses will be disclosed and approved by City Council. Draws for operational (recurring) purposes will be only to cover extraordinary circumstances.
5. Permanent draws would be for investment or capital purposes or to provide funding for capital-related debt service.
6. Some resources may be committed to cover pension fund shortfalls in annual funding that are determined on a calendar year accounting period.

##### Q. Pensions

All full-time employees of the City, with the exception of police officers, are covered by an agent-multiple employer public employee retirement system, the Pennsylvania Municipal Retirement System (PMRS). Police officers are covered by the City of Harrisburg Police Pension Plan, a single-employer pension plan. Contributions to the plans are made in amounts sufficient to fund current service costs and to fund prior and past service costs over a forty-year period. Member employees contribute amounts to the plans based on a percentage of salary. The City funds its pension plans on the basis of normal cost plus the amortization of prior service cost over thirty years in accordance with Act 205 -1984 of the Pennsylvania legislature. Pension expense is based upon normal cost plus the equivalent to interest on the unfunded prior service costs.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

R. Risk Management

*Primary Government*

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss including workers' compensation excess coverage for those risks related to injuries of employees. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City is self-insured for workers' compensation. As a self-insurer, the City is required to fund an already established trust fund, dollar for dollar, once the City has passed a total liability threshold as established by the Commonwealth of Pennsylvania. Accordingly, the City has established a trust fund for workers' compensation claims. The City provides coverage for up to a maximum of \$1,000,000 for any covered paid or volunteer firefighter, \$800,000 for any covered paid or volunteer police officer, and \$650,000 for each non-uniformed workers' compensation claim, and has purchased commercial coverage for claims in excess of coverage.

In the government-wide financial statements and proprietary fund types in the fund financial statements, the liability for outstanding claims is reported in the applicable statement of net position. A liability for these amounts is reported in governmental funds only if they have matured. The accrued cost for unpaid claims was \$3,426,127 and \$3,366 in the governmental activities and business-type activities, respectively, at December 31, 2021. These claims liabilities are discounted to present value at a discount rate of 5% and are based on the requirements of governmental accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Change in the claims' liability amounts were as follows:

	Governmental Activities	Business-Type Activities	2021	2020
Beginning - January 1	\$ 4,302,566	\$ 605,684	\$ 4,908,250	\$ 4,445,486
Current year claims and changes in estimates	163,327	(551,718)	(388,391)	934,932
Claim payments	(1,039,766)	(50,600)	(1,090,366)	(472,168)
Ending - December 31	<u>\$ 3,426,127</u>	<u>\$ 3,366</u>	<u>\$ 3,429,493</u>	<u>\$ 4,908,250</u>

*Component Units*

The City's discretely presented component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages in 2021. Settlement amounts have not exceeded insurance coverages for the current year or three prior years.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### S. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General Fund (which includes the Neighborhood Mitigation Fund, Special Events Fund, Fire Protection Fund, Police Protection Fund, Parks and Recreation Fund, WHBG-TV Fund, and Events Fund), Debt Service Fund, State Liquid Fuels Tax Fund and Host Municipal Fees Fund (both non-major governmental funds), and Neighborhood Services Fund (a proprietary fund). Annual fund budgets are adopted by specific ordinance passed by City Council. The City has established the following procedures relating to the preparation and adoption of the annual budget.

1. During August, the Office of Budget and Analysis allows office/department heads and bureau chiefs, and/or their own budget staff, to enter their subsequent year requested operating and revenue budgets (requests) into the Pentamation (eFinance) Account System Budget Module (system), including notes.
2. During this process, the Office of Budget and Analysis works on all personnel projections for the subsequent year, and confirms these amounts with office/department heads.
3. After the office/department heads and bureau chiefs have entered their requests into the system, the Mayor shall, not later than the month of November, require all office/department heads and bureau chiefs to submit requests for appropriations for the ensuing budget year, and to appear before the Mayor or the Business Administrator or other officer at public hearings, which shall be held during that month, on the various requests.
4. After the public hearings, the budget staff reviews the office/department heads'/bureau chiefs' expenditure projects and submits a first draft to the Business Administrator. Subsequent to the Business Administrator's review, the draft and recommendations are forwarded to the Mayor.
5. Mayoral hearings are then held with each office/department/bureau to discuss their budgets as submitted and allow them to substantiate projected expenditures. During this time, the Mayor will make cuts to the budget as deemed necessary.
6. A second draft is then given to the Mayor with the results of the meeting held between the Mayor, office/department heads/bureau chiefs, and budget staff. The Mayor reviews the budget, with budget staff, and makes additional cuts and revenue enhancements. This process is repeated until a balanced budget is achieved.
7. On the fourth Tuesday of November, the final Mayoral recommended budget is presented to City Council.
8. Council holds Budget and Finance Committee meetings with office/department heads and bureau chiefs present to substantiate the proposed budget and arrive at any amendments to the budget.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### S. Budgets and Budgetary Accounting (Continued)

9. By December 31, the budget, as amended by Council, is legally enacted through the passage of an ordinance. During the month of January following a municipal election, however, City Council may amend the Budget with proper notice for public inspection of the proposed budget amendment. Any amended budget ordinance must be adopted by City Council before the 16th of February. Within 15 days after the adoption of the budget ordinance, a copy of same must be filed with the Commonwealth of Pennsylvania, Department of Community and Economic Development.

Appropriations are authorized by ordinance at the fund level with the exception of the General Fund, which is appropriated at the functional office or department level except for the Office of Administration, which has separate budgets for administration and general expenditures. Appropriations are further defined through the establishment and review of more detailed line items underlying the involved major object levels of personnel, services, supplies, and other. These specifics represent the legal levels of budgetary control.

The administration may authorize transfers up to \$20,000 among major object levels within a department or office. However, no transfers shall be permitted into or within any personnel line-items to augment any individual wage or salary allocation previously established by City Council for any position without City Council approval, except to accommodate payments to employees as required under applicable laws or collective bargaining agreements. City Council approval is required for transfers in excess of \$20,000 among the aforementioned major object levels. In the absence of budgeted financing, City Council may approve a supplemental appropriation from unappropriated fund balances; or from a new, unanticipated, and unbudgeted revenue source(s) received during the course of the budget year. Therefore, the legal level of control is the line item budget. Supplemental appropriations (or reallocations) were enacted during 2021.

Budget to actual comparison by department for the City's General Fund is included in required supplementary information.

#### T. Use of Estimates

Management of the City and its discretely presented component units have made a number of estimates and assumptions relating to the reporting of amounts and disclosures to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

#### U. Non-Recourse Debt Issue

The Redevelopment Authority participates in various bond issues for which it has limited liability. Acting solely in an agency capacity, the Redevelopment Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together to do business. Although the Redevelopment Authority is a party to the trust indentures with the trustees, the agreements are structured such that there is no recourse against the Redevelopment Authority in the case of default. As such, the corresponding debt is not reflected on the statement of net position of the Redevelopment Authority. As of December 31, 2021, the Redevelopment Authority has no non-recourse debt on behalf of the City.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### V. Adoption of Governmental Accounting Standards Board (GASB) Statement

On January 1, 2021, the City adopted the provisions of the following GASB Statements:

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 is effective for periods beginning after December 15, 2020.

##### W. Pending Changes in Accounting Principles

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 is effective for periods beginning after June 15, 2021.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 90 is effective for periods beginning after December 15, 2021.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 92 is effective for periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of LIBOR. GASB Statement No. 93 is effective for periods beginning after June 15, 2021.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### W. Pending Changes in Accounting Principles (Continued)

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements. GASB Statement No. 94 is effective for periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for the subscription-based information technology arrangements for government end users. GASB Statement No. 96 is effective for periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 96 is effective for periods beginning after June 15, 2021.

The effect of implementation of these Statements has not yet been determined.

##### X. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through August 9, 2023, the date the financial statements were available to be issued. See Note 21.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 2. Deposits and Investments**

##### *Primary Government*

The deposit and investment policy of the City adheres to state statutes and prudent business practices. City deposits must be held in insured, federally regulated banks or financial institutions and must be fully collateralized in accordance with state statutes. Permissible investments include direct obligations of the U.S. Treasury and U.S. Governmental agencies; certificates of deposit issued by insured banks, bank and trust companies, and savings and loan associations; short-term commercial paper issued by a public corporation; banker's acceptance; repurchase agreements not to exceed 30 days, secured by U.S. Government obligations with collateral to be delivered to a third-party custodian; shares of registered investment companies whose portfolios consist solely of government securities; general obligation bonds of any state, Pennsylvania subdivisions, or any of its agencies or instrumentalities backed by the full faith and credit of the issuing entity and having the highest rating of a recognized bond rating agency; and pooled funds of public agencies of the Commonwealth of Pennsylvania. Any investment authorized by 20 Pa. C.S. Ch. 73 (relating to fiduciary investments) is an authorized investment for any pension or retirement fund. This policy is in accordance with applicable Pennsylvania statutes. There were no deposit or investment transactions that were in violation of either state statutes or the policy of the City at December 31, 2021, nor during the year then ended.

Proceeds from debt and other funds, which are held in bank trust accounts in the City's name and administered by trustees for payment of revenue bonds and the enterprise fund portion of general long-term debt, are classified as restricted assets since their use is limited by applicable bond indentures.

During the year ended December 31, 2018, the City received approximately \$1.5 million in proceeds related to capital leases. Unspent lease proceeds of \$3,468 at December 31, 2021, are maintained in a segregated bank account and are classified as restricted assets since their use is limited by the provisions of the capital leases.

During the year ended December 31, 2013, the City received proceeds from the leasing of certain of the Authority's assets. Certain proceeds are maintained in a segregated bank account, classified as restricted assets, consisting of \$3.6 million to fund a yet to be established other post-employment benefit trust fund.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Deposits and Investments (Continued)**

*Cash and Cash Equivalents* - Amounts reported as cash and cash equivalents include, as applicable, cash on hand, demand deposits, savings accounts, and certificates of deposit or short-term investments with maturities of three months or less from the date of acquisition. At December 31, 2021, cash and cash equivalents of the City, including component units, were as follows:

	Unrestricted	Restricted	Total
Cash & cash equivalents			
Governmental activities	\$ 62,541,341	\$ 7,094,246	\$ 69,635,587
Business-type activities	6,488,613	529,661	7,018,274
Fiduciary funds - agency fund	981,366	-	981,366
Total primary government			<u>\$ 77,635,227</u>
Financial Institution Deposits			\$ 8,273,567
Investments classified as cash equivalents			69,361,660
Total primary government			<u>\$ 77,635,227</u>
Component units	2,047,594	-	<u>\$ 2,047,594</u>

**Deposits**

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no policy, other than as presented above, that further limits its custodial credit deposit risk. Bank balances in excess of Federal Depository Insurance are collateralized under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly (Act), in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits. A summary of the City's deposits at December 31, 2021 is presented below:

	Carrying Amount	Bank Balance	Financial Institution
Insured FDIC	\$ 250,000	\$ 250,000	Citizens Bank
Insured FDIC	250,000	250,000	FNB
Insured FDIC	83,144	83,144	M&T Bank
Insured FDIC	250,000	250,000	Mid Penn Bank
Insured FDIC	3,468	3,468	KS StateBank
Uninsured, collateralized in accordance with Act 72	2,141,021	4,837,137	Citizens Bank
Uninsured, collateralized in accordance with Act 72	3,630,362	3,630,362	FNB
Uninsured, collateralized in accordance with Act 72	1,665,572	1,691,284	Mid Penn Bank
	<u>\$ 8,273,567</u>	<u>\$ 10,995,395</u>	



**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Deposits and Investments (Continued)**

**Investments**

At December 31, 2021, the investments of the City were as follows:

	Total	Fair Value Measurements	
		Level 1	Level 3
Primary Government			
Unrestricted investments			
External investment pool	\$ 69,361,660	\$ 69,361,660	\$ -
Total unrestricted investments	<u>69,361,660</u>	<u>69,361,660</u>	<u>-</u>
Fiduciary funds			
Money market funds	2,323,964	2,323,964	-
Mutual funds			
Equity - domestic	55,201,842	55,201,842	-
Equity - international	28,347,801	28,347,801	-
Equity - other	3,271,875	3,271,875	-
Equity - real return	1,821,795	1,821,795	-
Fixed income	22,637,135	22,637,135	-
Partnership	1,477,509	-	1,477,509
Total fiduciary funds	<u>115,081,921</u>	<u>113,604,412</u>	<u>1,477,509</u>
Total primary government	<u>\$ 184,443,581</u>	<u>\$ 182,966,072</u>	<u>\$ 1,477,509</u>
Component units			
Restricted investments			
Money market funds			\$ 857,423
Total component units			<u>\$ 857,423</u>

*Primary Government*

External Investment Pools - The City is invested in PLGIT-Class Shares and PA Invest.

PLGIT-Class shares requires no minimum balance, no minimum initial investment, and have a one-day minimum investment period. \$28,418 was invested in the external investment pool at December 31, 2021. The City uses PLGIT to ensure safety and maximize efficiency, liquidity, and yield for City funds. PLGIT was created to meet the investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth of Pennsylvania. PLGIT’s investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity. PLGIT issues separately audited financial statements that are available to the public. Further information regarding PLGIT and its investment strategies can be found at [www.plgit.com](http://www.plgit.com). The fair value of the City’s position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. At December 31, 2021, PLGIT carried a rating of “AAA” and had an average weighted maturity of less than one year.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments (Continued)

##### Investments (Continued)

PA INVEST Daily Pool is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. There are no restrictions on the City's investments in the PA INVEST Daily Pool, which allows for same-day deposits and redemptions and have no minimum deposit period. The City has no regulatory oversight for the pool, which is governed by the Commonwealth of Pennsylvania Treasury Department's Chief Executive Officer with the assistance of the department's staff and contracted service providers based on principles of prudent investment and applicable Pennsylvania law. The pool is audited, as part of the audit of the Commonwealth of Pennsylvania, annually by CliftonLarsonAllen, LLP, an independently elected public official.

**Partnership (Equus Investment Partnership X, L.P.)** - At December 31, 2021, the City, through its Police Pension plan, has \$1,477,509 invested in Equus Investment Partnership X, L.P. (Partnership). The Partnership invests in and acquires, holds, operates, and disposes of operational real estate through equity interests. The valuation of the Partnership is determined in good faith from information provided by the General Partner of the limited partnership. The fair value of the Partnership is based on valuation methods including, but not limited to, the following: (1) forecast of future net cash flows based on the General Partner's analysis of future earnings from the investment plus anticipated net proceeds from the sale, deposition or resolution of the investment, discounted at a risk-adjusted rate; (2) prevailing market capitalization rates or earnings multiples applied to stabilized income or adjusted earnings from the investment; (3) recent sales of comparable investments; (4) independent third-party appraisals; and (5) sale negotiations and bona fide purchase offers received from independent parties. The discounted cash flow technique is the primary method employed by the General Partner supplemented by one or more of the other valuation techniques described above, as applicable. Two significant unobservable inputs used in the discounted cash flow technique are discount rate and terminal capitalization rate. These unobservable inputs are inter-related. A significant increase in the discount or terminal capitalization rate in isolation would result in a significantly lower fair value measurement. The estimated fair values do not necessarily represent the prices at which the real estate investments would sell, since market prices can only be determined by negotiation between a willing buyer and a willing seller. This investment can never be redeemed within the fund. Distributions from the fund will be received as the underlying investments of the fund are liquidated. It is expected that the underlying assets of the fund will be liquidated over five to seven years after the end of the investment period. The unfunded commitment for this investment at December 31, 2021 is \$161,464. This investment is classified within Level 3 of the valuation hierarchy.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Deposits and Investments (Continued)

**Custodial Credit Risk** - Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The City has no policy, other than as presented above, that further limits its custodial credit investment risk. Of the City's total investments of \$184,443,581, \$112,757,957 was held by the broker or dealer or by its trust department or agent, in the name of the City of Harrisburg Police Pension Plan, and \$71,685,624 was held by the counterparty's trust department or agent not in the City's name.

The City uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for the City's funds. These funds are invested in the Pennsylvania Treasurer's INVEST. The City's investment in INVEST is valued at amortized cost, which approximates fair value. At December 31, 2021, INVEST carried a AAA rating and had an average maturity of less than one year.

**Credit Risk** - The City's Police Pension Plan's The Plan's investment policy limits the overall rating of the money market funds and fixed income investments, as calculated by the investment advisor, to investment grade, based on the rating of one nationally recognized statistical rating organization. Other than as noted above, the City does not have a formal policy relating to credit risk of investments. The City's investments had the following level of exposure to credit risk as of December 31, 2021:

	Fair Value	Rating
Money market funds	\$ 2,323,964	AAA
External investment pool	69,274,689	AAA
Mutual funds - fixed income	6,687,944	*AA
Mutual funds - fixed income	12,340,361	*A
Mutual funds - fixed income	1,110,987	*BB
Mutual funds - fixed income	2,497,843	Unrated
Partnership	1,477,509	Unrated

\* This is the weighted-average quality rating for a mutual fund made up of fixed income securities

**Concentration of Credit Risk** - The City's Police Pension Plan's investment policy places the following limits on the amount the Plan may invest in any one issuer: 1) Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation; 2) Not more than 40% of the total stock portfolio valued at market may be held in any one industry sector; 3) Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio; and 4) Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940. Other than as noted above, the City has no other limit on the amount the City may invest in any one issuer. At December 31, 2021, there were no investments that represent more than five percent of the Pension's total investments. However, the investments with PA Invest equaled 38% of the City's total investments.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Deposits and Investments (Continued)**

*Primary Government (Continued)*

**Interest Rate Risk** - The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the City’s money market, external investment pool, and fixed income investments and their related average maturities:

Investment Type	Fair Value	Investment Maturities		
		2021	2026-2030	2031-2035
Money market funds	\$ 2,323,964	\$ 2,323,964	\$ -	\$ -
External investment pool	69,274,689	69,274,689	-	-
Mutual funds - fixed income	22,637,135	2,497,843	7,798,931	12,340,361
Total	\$ 94,235,788	\$ 74,096,496	\$ 7,798,931	\$ 12,340,361

**Workers’ Compensation** - In accordance with the provisions of the Pennsylvania Workers’ Compensation Act, the City has secured an exemption from the necessity of insuring its workers’ compensation liability and has elected to maintain a separate bank account to provide a reserve for claimants entitled to benefits. At December 31, 2021, the City total assets held as reserves of \$1,181,163, of which \$166,209 is included in the General Fund, \$733,696 is included in the General Fund as due to CRW, and \$281,258 is included in the Neighborhood Services Fund.

*Component Units*

Harrisburg Parking Authority

The Parking Authority Law limits the Authority to the type of deposits it may make. Authorized types of investments include U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker’s acceptances, insured or collateralized time deposits, and certificates of deposit.

The Authority uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for Authority funds. These funds are invested in the Pennsylvania Treasurer’s INVEST Program (INVEST), which separately issues audited financial statements that are available to the public. The fair value of the Authority’s position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool. The Authority is invested in INVEST -Daily Pool, which requires no minimum balance, no minimum initial investments, and has no required investment period.

*Custodial Credit Risk* - At December 31, 2021, the Authority’s deposits have a book and bank balance of \$1,338,290 and \$1,355,314 respectively. Of the bank balance, \$35,547 was covered by federal depository insurance. The remaining \$1,319,767 was invested in INVEST. At December 31, 2021, INVEST carried a AAA rating and had an average weighted maturity of less than one year.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Deposits and Investments (Continued)**

*Component Unit (Continued)*

Harrisburg Downtown Improvement District, Inc.

*Concentrations of Credit Risk* - Credit risk is limited to assessments receivable, investments, and cash balances. As of December 31, 2021, the Corporation had \$200,601 and \$206,557 on deposit in 2 money market accounts.

Redevelopment Authority of the City of Harrisburg

*Deposit Custodial Credit Risk* - The Redevelopment Authority does not have a deposit policy for custodial credit risk. As of December 31, 2021, the Redevelopment Authority’s book balance was \$269,810 and the bank balance was \$294,261. The bank balance of 294,261 was covered by federal depository insurance.

Restricted investments represent resources set aside for liquidation of specific obligations.

The fair value and ratings of the investments of the Redevelopment Authority at December 31, 2021, were as follows:

	Fair Value	Rating
Money market funds	\$ 857,423	AAA

The Redevelopment Authority uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield. These funds are invested in the Pennsylvania Treasurer’s INVEST. The money market funds are valued using quoted market prices (Level 1 inputs).

*Investment Custodial Credit Risk* - The Redevelopment Authority does not have an investment policy for custodial credit risk. At December 31, 2021, the Redevelopment Authority’s money market funds were not exposed to custodial credit risk, because those investments are not evidenced by securities in book entry or paper form.

*Concentration of Credit Risk* - The Redevelopment Authority places no limit on the amount the Redevelopment Authority may invest in any one issuer. At December 31, 2021, there were no issuers who held more than 5% of the Redevelopment Authority’s investments.

*Credit Risk* - The Redevelopment Authority does not have a formal policy that would limit its investment choices with regard to credit risk.

*Interest Rate Risk* - The Redevelopment Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Redevelopment Authority’s money market funds and external investment pool have a related average maturity of less than one year as of December 31, 2021.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Taxes

#### *Primary Government*

Based upon assessed valuations provided by the County, the City bills and collects its own property taxes. Delinquent accounts are turned over to the County, which collects the taxes on behalf of the City. The schedule for property taxes levied for 2021 is as follows:

January 1, 2021	- lien date
January 31, 2021	- original levy date
January 31 - March 31, 2021	- 2% discount period
April 1 - May 31, 2021	- face payment period
June 1 - December 31, 2021	- 10% penalty period **
January 1, 2022	- turned over to County for collection

The City is permitted by the Third-Class City Code to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general City purposes. However, under an order of court dated December 20, 1982, the City was authorized to exceed the statutory general millage rate, up to a maximum of 30 mills.

The real property tax imposed by the City in 2021 was 5.16 mills on improvements and 30.97 mills on land. Both land and improvements are assessed at 100% of market value, with an effective combined equivalent single millage rate of 10.836 mills.

Property taxes are recorded as of the date levied. Amounts not collected within sixty days after the end of the year are reported as unavailable in the governmental funds.

In addition, City taxes may be paid in four installments due on or before January 31, March 31, May 31, and July 31 of the tax year with no discount period allowed. Any delinquent installment is subject to a penalty of 10%.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Rent Receivable

#### *Primary Government*

In accordance with the PEDFA Agreement described in the Harrisburg Parking Authority disclosures in Note 1, the City receives monthly rent payments from PEDFA based upon the flow of funds. As a result of this, governmental activities investment earnings for the year ended December 31, 2021 include rent revenue in the amount of \$0.

Contingent upon the available funds in accordance with the Agreement, as disclosed in Note 1, the following amounts are to be received by the City in future years:

<u>Period ending December 31,</u>	<u>Amount</u>
2022	\$ 1,086,345
2023	1,101,546
2024	1,117,204
2025	1,133,331
2026	1,149,941
2025-2029	6,016,843
2030-2034	6,513,563
2035-2039	7,089,402
2040-2044	7,756,952
2045-2049	8,530,828
2050-2053	3,655,998
Total	<u><u>\$ 45,151,953</u></u>

#### *Component Unit*

#### Harrisburg Parking Authority

In accordance with the PEDFA Agreement, as disclosed in Note 1, the Authority receives monthly rent payments from PEDFA based upon the flow of funds. During the year ended December 31, 2013, the Authority entered into the 2013 Harrisburg Downtown Parking Cooperation Agreement with the City and the Harristown Development Corporation (HDC), of which the Authority directs these monthly rent payments received from PEDFA directly to the City. The Authority reports the rent revenue in the year provided for under the Agreement. As a result of this, rent revenue and corresponding transfer to the City for the year ended December 31, 2021, amounted to \$0.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Rent Receivable (Continued)

##### *Component Unit (Continued)*

Contingent upon the available funds in accordance with the Agreement, as disclosed in Note 1, the following amounts are to be received by the Authority and then disbursed to the City in future years:

<u>Period ending December 31,</u>	<u>Amount</u>
2022	\$ 1,393,447
2023	1,435,251
2024	1,478,308
2025	1,522,657
2026	1,568,337
2027-2031	8,576,309
2032-2036	9,942,293
2037-2041	11,525,843
2042-2046	13,361,610
2047-2051	15,489,769
2052-2053	6,865,992
Total	<u>\$ 73,159,816</u>

During the year ended December 31, 2018, PEDFA, Dauphin County, Assured Guaranty Municipal Corporation, the City, and the Authority signed the Settlement Agreement and Release relating to a dispute over past due rents. In the agreement, the Authority agreed to release any claims on past due rents and that any rent amounts unpaid at the end of an operating year is deemed cancelable and will not be payable on any future date.

#### Note 5. Notes Receivable

On December 23, 2013, the Authority entered into an Agreement dated December 1, 2013, with PEDFA. Under the Agreement, the Authority agreed to lease, for a period of approximately forty years, certain parking facilities, meters, and lots for an upfront acquisition price of approximately \$267 million, plus four notes receivable, with a present value of approximately \$12 million. At closing on December 23, 2013, at the request of the City, the Authority assigned the notes receivable to the City, County, and Bond Insurer. Any surplus revenues (as defined in the Agreement), are to be paid on the notes receivable, with 75% going to the Bond Insurer and the County and 25% going to the City, until such time as the Bond Insurer and the County are made whole and then all amounts going to the City. The present value of the City's notes, discounted at 7.0% over forty years, in the amount of approximately \$10.7 million, is presented as notes receivable on the Governmental Activities Statement of Net Position.



**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6. Interfund Balances and Transfers**

The composition of interfund balances at December 31, 2021, is as follows:

	Due from Other Funds	Due to Other Funds
<b>Primary Government</b>		
General Fund	\$ 1,825,060	\$ 1,140,716
Grant Programs Fund	731,215	1,731,653
Nonmajor Governmental Funds	325,998	13,826
Total Governmental Funds	<u>2,882,273</u>	<u>2,886,195</u>
Harrisburg Senators Fund	78,386	-
Neighborhood Services Fund	693,836	768,300
Total Proprietary Funds	<u>772,222</u>	<u>768,300</u>
Total Primary Government	<u>\$ 3,654,495</u>	<u>\$ 3,654,495</u>

These amounts represent short-term receivables and payables for unsettled transactions and short-term borrowings between funds for the purposes of cash flow.

The composition of interfund transfers for the year ended December 31, 2021, is as follows:

	Transfers In	Transfers Out
<b>Primary Government</b>		
General Fund	\$ 2,148,491	\$ 19,057,980
Grant Programs Fund	-	923,176
Debt Service Fund	13,628,638	-
Nonmajor Governmental Funds	20,000	1,582,907
Total Governmental Funds	<u>15,797,129</u>	<u>21,564,063</u>
Harrisburg Senators Fund	5,581,342	-
Neighborhood Services Fund	347,727	162,135
Total Proprietary Funds	<u>5,929,069</u>	<u>162,135</u>
Total Primary Government	<u>\$ 21,726,198</u>	<u>\$ 21,726,198</u>

Interfund transfers were made primarily to fund debt service, to move excess cash per budgeted transfers, to provide for capital project fund expenditures, and to reimburse for other funds for grant related expenditures.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 7. Intergovernmental Revenue**

The General Fund intergovernmental revenue for the year ended December 31, 2021, is as follows:

	Amount
Commonwealth of Pennsylvania, Pension System Aid	\$ 3,033,990
Commonwealth of Pennsylvania, general appropriation	5,000,000
Utilities payments in lieu of taxes from other governments	44,741
Miscellaneous grants	14,780
	<u>\$ 8,093,511</u>

The City also participates in a number of state and federal grant programs. Revenues from these programs are as follows:

	Amount
Grant Programs Fund	
Community Development Block Grant	\$ 2,789,401
US Department of Health and Human Services - FDA	39,441
Lead Based Paint Grant	1,160,452
HOME Program	11,836
Emergency Solutions Grant	517,617
State projects	734,737
Public Safety Partnership and Community Policing grants	94,621
	<u>\$ 5,348,105</u>

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Capital Assets**

Capital asset activity for the year ended December 31, 2021, is as follows:

*Primary Government*

	Beginning of Year	Additions	Retirements and Dispositions	End of Year
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 7,144,863	\$ -	\$ -	\$ 7,144,863
Construction-in-progress	2,035,117	6,201,662	(256,907)	7,979,872
Artifacts	18,474,000	-	-	18,474,000
Total capital assets, not being depreciated	27,653,980	6,201,662	(256,907)	33,598,735
Capital assets, being depreciated				
Buildings	69,102,011	1,228,049	-	70,330,060
Improvements	30,681,277	512,299	-	31,193,576
Equipment and furniture	39,732,142	622,703	(15,686)	40,339,159
Infrastructure	116,742,208	595,507	-	117,337,715
Total capital assets, being depreciated	256,257,638	2,958,558	(15,686)	259,200,510
Less accumulated depreciation for				
Buildings	(46,672,376)	(1,541,118)	-	(48,213,494)
Improvements	(10,860,046)	(651,173)	-	(11,511,219)
Equipment and furniture	(34,452,156)	(1,050,020)	15,686	(35,486,490)
Infrastructure	(87,681,708)	(1,804,297)	-	(89,486,005)
Total accumulated depreciation	(179,666,286)	(5,046,608)	15,686	(184,697,208)
Total capital assets, being depreciated, net	76,591,352	(2,088,050)	-	74,503,302
Governmental activities, capital assets, net	\$ 104,245,332	\$ 4,113,612	\$ (256,907)	\$ 108,102,037
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,050,352	\$ -	\$ -	\$ 2,050,352
Construction-in-progress	144,805	-	(115,000)	29,805
Total capital assets, not being depreciated	2,195,157	-	(115,000)	2,080,157
Capital assets, being depreciated				
Buildings	38,245,671	347,526	-	38,593,197
Equipment and furniture	11,897,676	522,573	(56,500)	12,363,749
Total capital assets, being depreciated	50,143,347	870,099	(56,500)	50,956,946
Less accumulated depreciation for				
Buildings	(10,558,363)	(992,143)	-	(11,550,506)
Equipment and furniture	(6,102,926)	(1,443,209)	32,957	(7,513,178)
Total accumulated depreciation	(16,661,289)	(2,435,352)	32,957	(19,063,684)
Total capital assets, being depreciated, net	33,482,058	(1,565,253)	(23,543)	31,893,262
Business-type activities, capital assets, net	\$ 35,677,215	\$ (1,565,253)	\$ (138,543)	\$ 33,973,419

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Capital Assets (Continued)**

*Primary Government (Continued)*

Depreciation and amortization expense was charged to functions/programs as follows:

	Amount
<hr/>	
Governmental activities:	
General government	\$ 1,600,664
Community and economic development	851,089
Public safety	1,009,902
Public works	1,584,953
Total depreciation expense - governmental activities	<u>\$ 5,046,608</u>
Business-type activities:	
Harrisburg Senators	\$ 928,600
Neighborhood Services	1,506,752
Total depreciation expense - business-type activities	<u>\$ 2,435,352</u>

*Component Units*

	Beginning of Year	Additions	Retirements and Dispositions	End of Year
<hr/>				
<i>Harrisburg Parking Authority</i>				
Buildings and improvements	\$ 7,999,997	\$ -	\$ -	\$ 7,999,997
Less accumulated depreciation	(4,542,213)	(208,412)	-	(4,750,625)
Harrisburg Parking Authority, capital assets, net	<u>\$ 3,457,784</u>	<u>\$ (208,412)</u>	<u>\$ -</u>	<u>\$ 3,249,372</u>

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Capital Assets (Continued)**

*Component Units (Continued)*

	Beginning of Year	Additions	Retirements and Dispositions	End of Year
<i>Harrisburg Downtown Improvement District, Inc.</i>				
Capital assets, being depreciated				
Leasehold improvements	\$ 30,000	\$ -	\$ -	\$ 30,000
Visitor information center equipment	6,897	-	-	6,897
Marketing and office equipment	57,335	-	-	57,335
Total capital assets, being depreciated	94,232	-	-	94,232
Less accumulated depreciation for				
Equipment and leasehold improvements	(94,232)	-	-	(94,232)
Total accumulated depreciation	(94,232)	-	-	(94,232)
Total capital assets, being depreciated, net	-	-	-	-
Project costs, being amortized				
Plaza improvement project costs	39,908	-	-	39,908
DID territory improvement project costs	44,687	-	-	44,687
Total project costs, being amortized	84,595	-	-	84,595
Less accumulated amortization for				
Project costs	(74,665)	(2,979)	-	(77,644)
Total accumulated amortization	(74,665)	(2,979)	-	(77,644)
Total project costs, being amortized, net	9,930	(2,979)	-	6,951
Harrisburg Downtown Improvement District, Inc. capital assets and project costs, net	\$ 9,930	\$ (2,979)	\$ -	\$ 6,951
	Beginning of Year	Additions	Retirements and Dispositions	End of Year
<i>Redevelopment Authority of the City of Harrisburg</i>				
Capital assets, not being depreciated				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Total capital assets, not being depreciated	30,000	-	-	30,000
Capital assets, being depreciated				
Buildings	2,093,040	-	-	2,093,040
Buildings - leased	38,847,761	-	-	38,847,761
Vehicles	36,905	-	-	36,905
Leasehold improvements	6,861,227	-	-	6,861,227
Total capital assets, being depreciated	47,838,933	-	-	47,838,933
Less accumulated depreciation for				
Buildings	(601,749)	(52,326)	-	(654,075)
Buildings - leased	(6,258,804)	(1,294,925)	-	(7,553,729)
Vehicles	(10,150)	(3,691)	-	(13,841)
Leasehold improvements	(1,941,617)	(171,531)	-	(2,113,148)
Total accumulated depreciation	(8,812,320)	(1,522,473)	-	(10,334,793)
Total capital assets, being depreciated, net	39,026,613	(1,522,473)	-	37,504,140
Redevelopment Authority of the City of Harrisburg, capital assets, net	\$ 39,056,613	\$ (1,522,473)	\$ -	\$ 37,534,140

CITY OF HARRISBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

**Note 9. Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2021, is as follows:

*Primary Government*

	Beginning of Year	Additions	Accretion	Retirements/ Settlements	End of Year	Current Portion
<b>Governmental activities:</b>						
Workers' compensation claims	\$ 4,302,566	\$ 163,327	\$ -	\$ (1,039,766)	\$ 3,426,127	\$ 1,122,399
Bonds payable (Note 10)	2,993,698	-	167,534	(1,575,000)	1,586,232	1,586,232
Notes payable (Note 11)	16,072,869	-	712,405	(7,475,472)	9,309,802	7,011,297
Capital lease obligations (Note 13)	1,027,051	-	-	(374,732)	652,319	367,793
Vested compensated absences	6,164,020	4,421,809	-	(4,080,470)	6,505,359	414,643
Due to bond insurer (Note 12)	14,781,977	6,834,789	-	(2,330,959)	19,285,807	11,473,150
<b>Governmental activities long-term liabilities</b>	<b>\$ 45,342,181</b>	<b>\$ 11,419,925</b>	<b>\$ 879,939</b>	<b>\$ (16,876,399)</b>	<b>\$ 40,765,646</b>	<b>\$ 21,975,514</b>
<b>Business-type activities:</b>						
Workers' compensation claims	\$ 605,684	\$ -	\$ -	\$ (602,318)	\$ 3,366	\$ 1,103
Bonds payable (Note 10)	5,035,334	-	14,666	(5,050,000)	-	-
Capital lease obligations (Note 13)	992,168	-	-	(578,555)	413,613	329,216
Vested compensated absences	602,600	42,935	-	(245,849)	399,686	31,056
<b>Business-type activities long-term liabilities</b>	<b>\$ 7,235,786</b>	<b>\$ 42,935</b>	<b>\$ 14,666</b>	<b>\$ (6,476,722)</b>	<b>\$ 816,665</b>	<b>\$ 361,375</b>

Workers' compensation claims and compensated absences typically have been liquidated by the General Fund and the enterprise funds.

*Component Unit*

	Beginning of Year	Additions	Amortization	Retirements/ Settlements	End of Year	Current Portion
<b>Redevelopment Authority of the City of Harrisburg</b>						
<b>Direct Placement:</b>						
1998 Series A Guaranteed Revenue Bonds	\$ 33,070,000	\$ -	\$ -	\$ (1,990,000)	\$ 31,080,000	\$ 2,010,000
Less: Unamortized discount	(12,752,483)	1,369,100	-	-	(11,383,383)	-
	20,317,517	1,369,100	-	(1,990,000)	19,696,617	2,010,000
<b>Direct Placement:</b>						
Note payable - FHLB/Citizens	116,670	-	-	(33,334)	83,336	33,334
Note payable - First National Bank	344,213	-	-	(36,764)	307,449	39,800
Capital lease Ally Bank (Note 13)	17,896	-	-	(7,392)	10,504	7,890
Due to other governments (Note 12)	170,832	-	-	-	170,832	-
<b>Total long-term liabilities</b>	<b>\$ 20,967,128</b>	<b>\$ 1,369,100</b>	<b>\$ -</b>	<b>\$ (2,067,490)</b>	<b>\$ 20,268,738</b>	<b>\$ 2,091,024</b>

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Bonds Payable**

Bonds payable at December 31, 2021, are as follows:

*Primary Government*

		Governmental Activities	Business-type Activities	Total Primary Government
<b>General Obligation Bonds</b>				
General Obligation Bonds Series D of 1997	(A)	\$ 1,586,232	\$ -	\$ 1,586,232
<b>Total general obligation bonds</b>		<b>1,586,232</b>	<b>-</b>	<b>1,586,232</b>
<b>Revenue Bonds</b>				
Senators Revenue Bonds Series A-2 of 2005	(B)	-	-	-
<b>Total revenue bonds</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total bonds payable</b>		<b>\$ 1,586,232</b>	<b>\$ -</b>	<b>\$ 1,586,232</b>

(A) General Obligation Refunding Bonds, Series D of 1997, dated December 30, 1997, principal payable in semi-annual installments of \$1,406,574 to \$1,422,558 through September 15, 2022, to be serviced through general revenues of the City, issued to advance refund the City's General Obligation Bonds, Series B-1 of 1997, which was originally issued to fund certain capital projects of the City. Bears interest at 5.50%-5.52%.

(B) Senators Revenue Bonds, Series A-2 of 2005, dated January 2005 Series A-2 matures at various amounts from 2006 through 2030, issued to renovate the baseball stadium. Bears interest at 5.08%-5.29%. As described in Note 12, these bonds were defeased in 2021.

*Component Unit - Redevelopment Authority of City of Harrisburg*

		Amount
<b>Revenue Bonds</b>		
Guaranteed Revenue Bonds, Series A of 1998	(C)	\$ 31,080,000
Less: Unamortized discount		(11,383,383)
<b>Total Bonds Payable</b>		<b>\$ 19,696,617</b>

(C) Guaranteed Revenue Bonds, Series A of 1998, dated December 19, 1998, consisting of term bonds maturing from 2020 to 2033 in annual installments of various amounts.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 10. Bond Payable (Continued)**

##### *Component Unit - Redevelopment Authority of City of Harrisburg (Continued)*

A settlement agreement was entered into on January 30, 2015, between the City, Assured Guaranty Municipal Corporation (AGM), and the Redevelopment Authority related to certain portions of the Strawberry Square Site located in the City (Verizon Building) and subject to the Federally Taxable Guaranteed Revenue Bonds, Series A of 1998. If sufficient revenues are not generated to pay the debt service on the Federally Taxable Guaranteed Revenue Bonds, Series A of 1998, any shortfalls in funds will be paid for by the City. In accordance with the Reimbursement Agreement between the City and the Redevelopment Authority, the Redevelopment Authority is required to reimburse the City for amounts paid by the City under the guarantee.

Interest will accrue on amounts owed by the Redevelopment Authority at a rate of 8% annually. During 2021, \$950,000 was paid by the City to the Redevelopment Authority under the guarantee. As of December 31, 2021, interest of \$669,777 was accrued by the Redevelopment Authority on the amounts paid by the City. The City considers the \$4,420,030 due from the Redevelopment Authority to be 100% uncollectible and, therefore, no receivable has been recorded. Based on anticipated deficits of future cash flows, the City has accrued the present value of future anticipated payments under the guarantee in the amount of approximately \$15.5 million at December 31, 2021.

Under the terms of its respective debt agreements, the City is required to maintain certain balances in restricted trust accounts, to make timely payments to the trustee or to a sinking fund for principal and interest, and to insure and maintain assets acquired with the proceeds of the debt.



**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Bond Payable (Continued)**

Debt Service Requirements

The annual requirements to amortize all bonds outstanding as of December 31, 2021, are as follows:

	General Obligation		Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Primary Government						
2022	\$ 1,586,232	\$ 88,768	\$ -	\$ -	\$ 1,586,232	\$ 88,768
	1,586,232	88,768	-	-	1,586,232	88,768
Less: Unamortized discount	-	-	-	-	-	-
Primary government, net	\$ 1,586,232	\$ 88,768	\$ -	\$ -	\$ 1,586,232	\$ 88,768

	General Obligation		Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Redevelopment Authority of the City of Harrisburg						
2022	\$ -	\$ -	\$ 2,010,000	\$ -	\$ 2,010,000	\$ -
2023	-	-	2,040,000	-	2,040,000	-
2024	-	-	2,070,000	-	2,070,000	-
2025	-	-	2,090,000	-	2,090,000	-
2026-2030	-	-	10,900,000	-	10,900,000	-
2031-2033	-	-	11,970,000	-	11,970,000	-
	-	-	31,080,000	-	31,080,000	-
Less: Unamortized discount	-	-	(11,383,383)	-	(11,383,383)	-
Redevelopment Authority of the City of Harrisburg, net	-	-	19,696,617	-	19,696,617	-
Total	\$ 1,586,232	\$ 88,768	\$ 19,696,617	\$ -	\$ 21,282,849	\$ 88,768

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Notes Payable and Other Long-Term Obligations

Notes payable at December 31, 2021, are as follows:

#### *Primary Government*

		Interest Rate	Amount
HUD Promissory notes - Section 108	(A)	2.54% - 2.86%	\$ 1,065,000
General Obligation Refunding Notes, Series F of 1997	(B)	5.50% - 5.52%	6,611,885
Pennsylvania Infrastructure Bank loan	(C)	2.125%	1,632,917
			<u>\$ 9,309,802</u>

- (A) Variable interest rate, Section 108 Note, dated September 14, 2006, interest payable quarterly and principal payable in annual installments of \$210,000 to \$225,000, through August 1, 2026, to be serviced through general revenues of the City. The City entered into various promissory notes under Section 108 of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended. The proceeds from the notes were to administer acquisition, relocation, clearance, rehabilitation and disposal of City properties. These notes do not have continuing compliance requirements.

As collateral, the City pledged all grants approved or for which the City may become eligible under Title I of the Housing and Community Development Act of 1974, as amended, and program income derived from disposition by sale or lease of any real property to the extent acquired or rehabilitated with the guaranteed loan funds, including any interest earned on such disposition proceeds.

- (B) General Obligation Refunding Notes, Series F of 1997, dated December 31, 1997, principal payable in annual installments of \$5,929,644 to \$6,814,568 beginning September 15, 1999 through September 15, 2022, to be serviced through general revenues of the City, issued to currently refund the City's General Obligation Bonds, Series of 1995, which was originally issued to pay for certain capital projects of the City.
- (C) In April 2018, the City entered into a \$2 million loan agreement with the Commonwealth of Pennsylvania Department of Transportation Infrastructure Bank for the purpose of restoring, repairing, and improving City streets. The loan requires annual payments of principal and interest through May 1, 2029, and bears interest at 2.125%. The proceeds from this loan were received by the City in April of 2019.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11. Notes Payable and Other Long-Term Obligations (Continued)**

*Primary Government (Continued)*

The annual requirements to amortize all notes payable outstanding as of December 31, 2021, using interest rates in effect at December 31, 2021, for variable rate issues, are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
Primary Government		
2022	\$ 7,011,297	\$ 426,449
2023	403,437	53,960
2024	407,548	44,352
2025	411,746	34,551
2026-2029	1,075,774	52,106
	<u>\$ 9,309,802</u>	<u>\$ 611,418</u>

*Component Unit - Redevelopment Authority of City of Harrisburg*

		Interest Rate	Amount
FHLB/Citizens	(A)	-	\$ 83,336
First National Bank	(B)	3.25%	307,449
Notes Payable			390,785
Due to other government	(C)	-	170,832
			<u>\$ 561,617</u>

- (A) On November 10, 2008, the Authority entered into a loan agreement with Citizens Bank in the amount of \$500,000. The proceeds of the loan were used to finance the construction of Susquehanna Harbor Safe Haven (SHSH). The loan was facilitated through a Direct Subsidy agreement. Under this agreement, the loan balance is to be forgiven over a fifteen-year period, given that certain compliance requirements are met.
- (B) On November 10, 2008, the Authority entered into a loan agreement with First National Bank, formerly Metro Bank of Harrisburg, in the amount of \$650,000. The proceeds from the loan were used for construction of the SHSH project. The loan bears interest of 4.83% for the first three years and followed by prime thereafter until maturity in 2026. The interest rate at December 31, 2021, was 3.25%.
- (C) Included in the Authority's long-term debt is \$170,832 due to another government. This amount relates to the closeout of a Weatherization project funded by the Commonwealth of Pennsylvania. At the time of closeout, it was determined that this balance was owed to the grantor; however, no request has been made for payment by the grantor. Additionally, the Authority has requested that the grantor waive the remaining obligation.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Notes Payable and Other Long-Term Obligations (Continued)

#### *Component Unit - Redevelopment Authority of City of Harrisburg (Continued)*

The Redevelopment Authority's annual requirements to amortize all notes payable and due to other governments outstanding as of December 31, 2021, using interest rates in effect at December 31, 2021, for variable rate issues, are as follows:

Year Ending December 31,	Principal	Interest
2022	\$ 81,024	\$ 9,856
2023	77,061	8,258
2024	59,138	6,734
2025	43,871	5,332
2026-2030	129,691	3,885
2031-2035	170,832	4,451
	<u>\$ 561,617</u>	<u>\$ 38,516</u>

### Note 12. Due to Bond Insurer

At times during 2013, the City's bond insurer made payments to bondholders on behalf of the City. These amounts and the accrued interest were reported as due to the bond insurer in the City's General Fund because they were due and payable. During the year ended December 31, 2013, the City and the bond insurer entered into an agreement to restructure the amounts due to the bond insurer. Under the agreement, the City's was obligated to reimburse the bond insurer for payments made pursuant to the insurance policy at an interest rate of 6.10% per annum. In return, the bond insurer agreed to forebear from exercising its rights and remedies under the Bonds, the Ordinance and other applicable law.

In May 2021, the City, through Resolution 29 of 2021, approved and authorized the Third Amended and Restated Settlement Agreement between the City and the bond insurer which 1) modified and further resolved the City obligations related to the 2012 and 2013 defaults on the 1997 Series D and F Bonds and 2) provided for the City to facilitate a defeasance of the 2005 Bonds for the Stadium project. Under the agreement, the Insurer agreed to enhanced reductions of the liability based on the defeasance of the 2005 Bonds and prepayments of amounts due to the Bond insurer. In November 2021, the City defeased the 2005 Bonds that had an outstanding balance of \$4,655,000 and also made a prepayment to the bond insurer in the amount of \$4,000,000. The City recognized \$2.4M of gains in its governmental activities related to the enhanced debt reductions.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 12. Due to Bond Insurer (Continued)**

The balance due to bond insurer at December 31, 2021, was \$19,285,807. The amount due bears interest through November 2024 of 5% and 6.75% thereafter through payoff in 2029. Amounts payable under the agreement are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ -	\$ 87,498	\$ 87,498
2023	2,226,697	1,662,208	3,888,905
2024	3,073,899	815,006	3,888,905
2025	3,042,388	846,517	3,888,905
2026	3,203,425	685,480	3,888,905
2027-2032	7,739,398	718,426	8,457,824
	<u>19,285,807</u>	<u>4,815,135</u>	<u>24,100,942</u>

**Note 13. Leases**

Capitalized Lease Obligations

*Primary Government*

The City leased certain equipment under long-term lease agreements which were classified as capital leases. of December 31, 2021, the governmental activities and business-type activities included equipment and furniture under capital leases with a net book value of \$2,193,876 and \$696,743, respectively.

The future minimum payments under capital leases and the minimum lease payments at December 31, 2021, are as follows:

Lease year ending December 31,	Governmental Activities	Busines-type Activities	Total
2022	386,140	341,004	727,144
2023	289,605	85,250	374,855
Total commitment under capital lease	<u>675,745</u>	<u>426,254</u>	<u>1,101,999</u>
Less amount representing interest	<u>(23,426)</u>	<u>(12,641)</u>	<u>(36,067)</u>
Present value of future minimum lease payments	<u>\$ 652,319</u>	<u>\$ 413,613</u>	<u>\$ 1,065,932</u>

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 13. Leases (Continued)

#### *Component Units*

#### Equipment Lease

In 2018, the Redevelopment Authority leased a vehicle under a long-term lease agreement which is classified as a capital lease. As of December 31, 2021, the vehicle under capital lease had a net book value of \$23,064.

Minimum rentals on noncancelable leases through 2023, are as follows:

<u>Lease year ending December 31,</u>	<u>Amount</u>
2022	\$ 7,890
2023	2,614
Total minimum lease payments	<u>\$ 10,504</u>

#### Transportation Center Lease Income

The Redevelopment Authority leases space and parking to a commercial rail company and other tenants with lease ending dates varying through 2025. Of the space and parking that is leased, only certain space leases are considered to be noncancellable leases.

The Redevelopment Authority has receivables and deferred inflows of resources associated with these noncancellable leases that will be recognized as revenue over the lease terms. As of December 31, 2021, the Authority's receivables and deferred inflows of resources for lease payments was \$317,808. The Redevelopment Authority recognized \$108,069 in lease revenue during the year ended December 31, 2021 relating to these noncancellable leases.

Minimum rentals on noncancelable leases through 2025, are as follows:

<u>Lease year ending December 31,</u>	<u>Amount</u>
2022	\$ 131,683
2023	86,627
2024	75,450
2025	24,048
Total minimum lease payments	<u>\$ 317,808</u>

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 13. Leases (Continued)

#### *Component Units (Continued)*

##### Strawberry Square Lease

The Redevelopment Authority received ownership of the Verizon Building after expiration of the lease with Verizon, which terminated on February 29, 2016. Upon expiration of the lease with Verizon, the Harrisburg Development Corporation (HDC) leased the Verizon Building from the Redevelopment Authority pursuant to a lease agreement entered into on January 30, 2015. HDC also entered into another agreement with the Department of General Services of the Commonwealth of Pennsylvania (DGS) to sublease the Verizon Building (DGS lease).

The term of the DGS lease, associated with the SO3 Tower of Strawberry Square, commenced March 1, 2016, the day after the expiration of the Verizon Lease, and expires by its terms on February 28, 2033. For the period from March 1, 2016 to March 31, 2025, monthly installments are due to the Redevelopment Authority in the amount of \$50,000 per month. For the period April 1, 2025 to February 28, 2033, monthly installments are due to the Redevelopment Authority in the amount of \$62,500 per month. These rentals obtained from the DGS lease and paid by HDC to the Redevelopment Authority are expected to pay a portion of the payments due on the Federally Taxable Guaranteed Revenue Bonds, Series A of 1998.

The term of the DGS lease, associated with the SO1 and SO2 Towers of Strawberry Square, commenced March 1, 2016, the day after the expiration of the Verizon Lease, and expires by its terms on April 1, 2025. The rentals, obtained from the DGS lease and paid by HDC to the Redevelopment Authority, were expected to pay a portion of the payments due on the Federally Taxable Guaranteed Revenue Bonds, Series B of 1998. However, the lease rentals were paid up-front through the Commonwealth of Pennsylvania's issuance of the Certificates of Participation, Series 2016 on December 15, 2016.

The deferred lease revenue in the amount of \$28,234,651 at December 31, 2021, will be reduced annually by the amount of rental income revenue recognized over the term of the lease. During the year ended December 31, 2021, the Redevelopment Authority recognized \$7,923,044 of rental income.

The present value of the future minimum lease payments at December 31, 2021, is as follows:

<u>Lease year ending December 31,</u>	<u>Amount</u>
2022	\$ 577,260
2023	539,840
2024	504,410
2025	539,813
2026	549,700
2027-2031	2,243,226
2032-2033	417,572
Total minimum lease payments	<u>\$ 5,371,821</u>

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Pension Plans**

##### *Primary Government*

##### Plan Description and Administration

The City has four defined benefit pension plans. Two of the plans, Non-uniformed Employees' Plans A and B, are controlled by provisions of Ordinance-Bill No. 49-1984, adopted pursuant to Act 15. On January 2, 2002, the assets of Plans A and B were combined, but the requirements for eligibility and benefits remain separate. The Combined Firefighters' Plan is controlled by provisions of Ordinance-Bill No. 44-2002. For these plans, the City contributes to the PMRS. The remaining plan, the City of Harrisburg Police Pension Plan (Police Pension Plan), was established January 1, 1999, under Ordinance-Ordinance No. 21 of 1998 and is controlled by the provisions of Ordinance No. 5 of 2001, as amended. This ordinance withdrew the Police Officers' Plan A and Police Officers' Plan B from PMRS and established an amended and restated pension plan for police officers of the City. The Police Pension Plan is a single-employer pension plan and is controlled by a separate independent board of trustees.

The plans have been established to cover substantially all full-time employees. Employees become eligible for participation in a plan immediately upon employment and become fully vested after 20 years of service for Non-uniformed Employees' A Plan, 10 years for Non-uniformed Employees' B and Combined Firefighters' Plans, and 20 years for the Police Pension Plan. The plans have been established by City ordinance in accordance with the authority for municipal contributions required by Act 205-1984 (Act 205) of the Pennsylvania legislature, as amended by Act 189-1990. The plans require covered employees to contribute a percentage of total compensation.

PMRS issues a separate Comprehensive Annual Financial Report (CAFR), which may be obtained by writing to the Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968.



## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Pension Plans (Continued)**

##### *Primary Government (Continued)*

##### Plan Description and Administration (Continued)

In addition, the City of Harrisburg Police Pension Board issues a separate publicly available financial report that includes financial statements and required supplementary information for the Police Pension Fund. That report may be obtained by writing to the City of Harrisburg Police Pension Board, The Reverend Dr. Martin Luther King, Jr. City Government Center, 10 North Second Street, Harrisburg PA 17101 or by calling 717-255-6507.

The Police Pension Plan is governed by the City of Harrisburg Police Pension Board, which consists of three persons appointed by the City, three persons appointed by the representatives of the Members' collective bargaining unit, and a neutral person appointed by a majority of the first six representatives. The City of Harrisburg Police Pension Board is responsible for the management of the Police Pension Plan assets, appointment of the Police Pension Plan trustee or custodian, and selection of investment advisors and managers.

Administrative costs, including the investment manager, custodial trustee, and actuarial services, are charged to the Police Pension Plan and funded through investment earnings.

##### Benefit Provisions

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act (Act 205), grants the authority to establish and amend the benefit terms of the Non-uniformed Employees' Plan A and B and Combined Firefighters' Plan to City Council. As outlined in Ordinance No. 21 of 1998, as amended by Ordinance No. 5 of 2001, the authority to establish and amend benefit provisions of the Police Pension plan rests with the participants' collective bargaining unit and the City's administration. It then must be approved by the Board of the Police Pension Plan and ratified and enacted by City Council.

The benefits provided by the plans differ by employment group and are based upon average compensation and length of service. Normal benefits are calculated at 2.5% per year of credited service multiplied by the final average annual salary for the Non-uniformed Employees' A and Combined Firefighters' plan. In no case may the benefit exceed 50% of the final average annual salary. The benefits provided by the Non-uniformed Employees' B plan are calculated at 2.0% per year of credited service multiplied by the final average annual salary. In no case may the benefit exceed 75% of the final average annual salary. For participants of the Police Pension Plan, participants are eligible for normal retirement after attainment of age 50. For participants of the Police Pension Plan hired after September 2013, participants are eligible for normal retirement after attainment of age 50 and completion of 20 years of service. The benefits provided by the Police Pension Plan are calculated at 50% of the participant's average monthly compensation, plus an incremental pension equal to 2.5% of the average monthly compensation for each complete year of service in excess of 20 years, up to a maximum of 65% of average monthly compensation for participants who complete 26 years of service. An additional 5% of average monthly compensation is added to participants who complete 27 years of service, up to a maximum monthly pension of 70% of average monthly compensation.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 14. Pension Plans (Continued)**

##### *Primary Government (Continued)*

##### Benefit Provisions (Continued)

Effective September 2013, the benefit provisions of the Police Pension Plan for new hires were changed to decrease the maximum monthly pension to 50% of average monthly compensation plus an incremental pension equal to 1/40th of the pension for each complete year of service in excess of 20 years and before age 65, up to a maximum of \$100 per additional month. The Police Pension Plan defines average monthly compensation as the final annualized basic compensation rate, including longevity payments, or the average monthly compensation, including longevity payments, received during the last five years of employment, if higher.

The plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plans.

In addition, Non-uniformed Employees' Plan A is closed to new entrants.

##### Contributions

Act 205 requires that annual contributions be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's bi-annual actuarial valuation. Contributions by the City are determined under the entry age normal method. Unfunded past service liability is amortized over the average future service of active participants.

Employee contributions to the plan are based on a percentage of compensation. There are no active employees of the Non-uniformed plan A at December 31, 2020. Non-uniformed employees are required to contribute 5% of annual compensation for plan B, currently reduced to 4%. Fire and police employees contribute 5% of annual compensation plus \$1 per month. An interest rate of 5.25% is applied to the non-uniformed and fire employees' accounts. Employees' accumulated contributions plus interest (if applicable) will be returned upon termination or death if no other benefits are payable under the plan. As outlined in Ordinance No. 21 of 1998, as amended, the authority to make amendments to the contribution rate of the Police Pension Plan participants rests with the participants' collective bargaining unit and the City's administration. It then must be approved by the Board of the Police Pension Plan and ratified and enacted by City Council. The plans are also eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the City in accordance with Act 205.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Pension Plans (Continued)**

*Primary Government (Continued)*

Contributions (Continued)

The Commonwealth of Pennsylvania allocates foreign fire and casualty insurance premium collections to aid individual municipalities. The monies received must be contributed to the pension plans or used to pay debt service on unfunded pension liability bonds. Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the annually required contribution. During the year ended December 31, 2021, the City made the minimum municipal obligation contribution of \$942,365 to the Combined Firefighters' Pension Plan \$3,697,903 to the Police Pension Plan. During the year ended December 31, 2020, the City made the minimum municipal obligation contribution of \$442,406 to the Combined Firefighters' Pension Plan and \$3,718,465 to the Police Pension Plan.

Contributions are recognized when due as required by Act 205.

Plan Membership

Membership related to the Non-uniform Employees' and Combined Firefighters' Plans at December 31, 2021, and membership related to the Police Plan at December 31, 2021, consisted of the following:

	Non-Uniformed Employees'	Combined Firefighters'	Combined Police
Active members	205	87	134
Inactive members or beneficiaries			
currently receiving benefits	226	125	211
Inactive members entitled to but not yet receiving benefits	25	1	5
	<u>456</u>	<u>213</u>	<u>350</u>

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 14. Pension Plans (Continued)**

**Changes in the Net Pension Liability (Asset)**

The changes in the net pension liability (asset) of the City for the year ended December 31, 2021, were as follows:

*Non-uniformed Employees' Pension Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020 (based on the measurement date of January 1, 2021)	\$ 66,164,875	\$ 83,078,211	\$ (16,913,336)
Changes for the year:			
Service cost	1,041,386	-	1,041,386
Interest	3,401,805	-	3,401,805
Changes of benefits	6,670,519	-	6,670,519
Changes of assumptions	3,257,806	-	3,257,806
Differences between expected and actual experience	2,376,955	-	2,376,955
Contributions - member	-	508,353	(508,353)
Investment income	-	11,107,757	(11,107,757)
Transfers	13,724	13,724	-
Benefit payments, including refunds	(4,896,111)	(4,896,111)	-
Administrative expenses	-	(183,898)	183,898
<b>Net changes</b>	<b>11,866,084</b>	<b>6,549,825</b>	<b>5,316,259</b>
Balances at December 31, 2021 (based on the measurement date of January 1, 2021)	<b>\$ 78,030,959</b>	<b>\$ 89,628,036</b>	<b>\$ (11,597,077)</b>

Plan fiduciary net position as a percentage of the total pension liability

114.86%

The net pension asset of the Non-uniformed Employees' Pension Plan is allocated between the governmental activities and the business-type activities in the amounts of \$9,176,767 and \$2,420,310, respectively, at December 31, 2021.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 14. Pension Plans (Continued)**

**Changes in the Net Pension Liability (Asset) (Continued)**

*Combined Firefighters' Pension Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020 (based on the measurement date of January 1, 2021)	\$ 74,797,781	\$ 85,314,171	\$ (10,516,390)
Changes for the year:			
Service cost	1,583,008	-	1,583,008
Interest	3,908,769	-	3,908,769
Changes of assumptions	1,579,534	-	1,579,534
Differences between expected and actual experience	(1,702,093)	-	(1,702,093)
Contributions - employer	-	442,406	(442,406)
Contributions - member	-	291,123	(291,123)
Investment income	-	8,940,192	(8,940,192)
Transfers	-	-	-
Benefit payments, including refunds	(3,906,073)	(3,906,073)	-
Administrative expenses	-	(183,520)	183,520
<b>Net changes</b>	<b>1,463,145</b>	<b>5,584,128</b>	<b>(4,120,983)</b>
Balances at December 31, 2021 (based on the measurement date of January 1, 2021)	\$ 76,260,926	\$ 90,898,299	\$ (14,637,373)
Plan fiduciary net position as a percentage of the total pension liability			<u>119.19%</u>

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 14. Pension Plans (Continued)**

**Changes in the Net Pension Liability (Asset) (Continued)**

*Police Pension Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2020	\$ 100,476,452	\$ 103,553,766	\$ (3,077,314)
Changes for the year:			
Service cost	1,502,842	-	1,502,842
Interest	7,691,371	-	7,691,371
Differences between expected and actual experience	(2,416,737)	-	(2,416,737)
Contributions - employer	-	3,697,903	(3,697,903)
Contributions - member	-	472,594	(472,594)
Investment income	-	14,280,408	(14,280,408)
Benefit payments, including refunds	(6,840,847)	(6,840,847)	-
Administrative expenses	-	(63,608)	63,608
Net changes	(63,371)	11,546,450	(11,609,821)
Balances at December 31, 2021	<u>\$ 100,413,081</u>	<u>\$ 115,100,216</u>	<u>\$ (14,687,135)</u>

Plan fiduciary net position as a percentage of the  
total pension liability

114.63%

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 14. Pension Plans (Continued)

##### Actuarial Assumptions

The total pension liability for the Non-uniformed Employees' Pension Plan and the Combined Firefighters' Pension Plan was determined by an actuarial valuation performed on January 1, 2019, with liabilities calculated as of December 31, 2021, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions:

Investment rate of return	5.25%
Project salary increases	2.8% - 7.05%
Post-retirement cost-of-living adjustments	2.2% subject to plan limitations

Actuarial assumptions based on PMRS Experience Study for the period January 1, 2014 to December 31, 2018:

Pre-retirement mortality:

Males: RP 2000 Male Non-Annuitant table projected 15 years with Scale AA

Females: RP 2000 Female Non-Annuitant table projected 15 years with Scale AA and then set back 5 years

Post-retirement mortality:

Males: RP 2000 Male Annuitant table projected 5 years with Scale AA

Females: RP 2000 Female Annuitant table projected 10 years with Scale AA

For the Police Pension Plan, the total pension liability was measured as of December 31, 2020, and was determined by rolling forward the liabilities from the January 1, 2019 actuarial valuation. No significant events or changes occurred between the valuation date and the fiscal year-end.

The January 1, 2019 actuarial valuation for the Police Pension Plan used the entry age normal actuarial cost method and IRS 2017 Static Combined Table for Small Plans mortality table. The actuarial assumptions include: a) 8.00% investment rate of return, b) a projected salary increase of 5.00%, c) 3.00% inflation rate, d) level dollar closed amortization method, and e) 6-year remaining amortization period.

*Investment Policy* - The Police Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of the Police Pension Plan. The Board of the Police Pension Plan seeks to achieve long-term growth of the Police Pension Plan's assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the Police Pension Plan's current and long-term pension obligations.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Pension Plans (Continued)**

**Actuarial Assumptions (Continued)**

*Long-Term Expected Rate of Return* - The PMRS System’s (System) long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole, and at different levels of probability or confidence. There are four steps to this method used by the System and an in-depth description of the process, including the anticipated rate of return by asset class, can be found at [www.pMrs.state.pa.us](http://www.pMrs.state.pa.us). Based on the four-part analysis, the PMRS Board established the System’s long-term expected rate of return at 7.0%. The rationale for the difference between the System’s long-term expected rate of return and the discount rate can be found at [www.pMrs.state.pa.us](http://www.pMrs.state.pa.us).

The long-term expected rate of return on the Police Pension Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for the Police Pension Plan as of December 31, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	46.0%	5.5% - 7.5%
International equity	25.0%	4.5% - 6.5%
Fixed income	25.0%	1.0% - 3.0%
Limited partnerships	3.0%	5.5% - 7.5%
Cash	1.0%	0.0% - 1.0%
	<u>100.0%</u>	

*Rate of Return* - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2021, the annual money-weighted rate of return on Police Pension Plan investments, net of investment expense, was 13.78%.



**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 14. Pension Plans (Continued)**

**Actuarial Assumptions (Continued)**

*Discount Rate* - The discount rate adopted by the PMRS Board and used to measure the individual participating municipalities' total pension liability as of December 31, 2021, was 5.25%. The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the discount rate was required, used the following assumptions: 1) member contributions will be made at the current contribution rate, 2) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3) the System's long-term expected rate of return will be used in the depletion testing of the projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The discount rate used to measure the total pension liability as of December 31, 2021, was 8.00% for the Police Pension Plan. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability (Asset) Changes in the Discount Rate* - The following presents the net pension liability (asset) of the Plans, calculated using the discount rate described above, as well as what the Plan's net pension liability (asset) would be if they were calculated using a discount rate that is one-percentage-point lower or higher than the current rates:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Non-uniformed Employees'	\$ (2,718,027)	\$ (11,597,077)	\$ (19,088,925)
Combined Firefighters'	\$ (4,512,854)	\$ (14,637,373)	\$ (22,988,759)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Police	\$ (4,325,632)	\$ (14,687,135)	\$ (23,472,178)

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 14. Pension Plans (Continued)**

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the City recognized pension expense of \$(7,890,999) in the governmental activities and \$ (1,239,603) in the business-type activities.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities
<b>Deferred Outflows of Resources:</b>		
City contributions subsequent to measurement date	\$ 942,365	\$ -
Change of assumptions	3,118,076	509,928
Net difference between projected and actual earnings on pension plan investments	1,829,775	451,129
Total deferred outflows of resources	\$ 5,890,216	\$ 961,057
<b>Deferred Inflows of Resources:</b>		
Differences between expected and actual experience	\$ 4,379,342	\$ -
Net difference between projected and actual earnings on pension plan investments	28,608,046	2,319,001
Total deferred inflows of resources	\$ 32,987,388	\$ 2,319,001

The differences in the City’s expected and actual experience and changes of assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between the projected and actual earnings on the pension plan investments is recognized over five years. City contributions subsequent to the measurement date will be recorded as a reduction to the pension liability during the year ending December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Governmental Activities	Business-type Activities
2022	\$ (8,376,118)	\$ (439,575)
2023	(8,025,636)	(172,619)
2024	(7,839,970)	(448,459)
2025	(3,797,813)	(297,291)
	\$ (28,039,537)	\$ (1,357,944)

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Total Other Post-Employment Benefits Liability

##### Plan Descriptions

In addition to the pension benefits described in Notes 14 and 15, the City provides certain post-employment healthcare benefits to its retirees through one single-employer, defined benefit OPEB plan. However, within this one plan, there are four groups of employees with different types of benefits. A separate financial statement is not issued for the plan.

##### Police

Section 9 of the Basic Labor Agreement between the City of Harrisburg and the Fraternal Order of Police, Capital City Lodge No. 12, effective January 1, 2004, establishes retiree's eligibility for post-retirement life insurance and medical benefits.

##### *Retire prior to December 31, 1991:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The City would pay the cost of coverage for the retiree, including spouse and dependents, from retirement until the retiree's Medicare eligibility. Upon reaching Medicare age, retiree must pay the full premium to continue coverage. If retiree dies, coverage for spouse and dependents continues until the spouse reaches Medicare eligibility. Currently, two retirees have been "grandfathered" and the City continues to pay for coverage after Medicare age.

##### *Retire between January 1, 1992 and September 18, 2013:*

Eligibility: Any officer that is eligible for the Police Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision, and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. The City would pay the cost of coverage for medical, prescription drug, dental, and vision for the retiree, including spouse and dependents.

##### *Retire after September 19, 2013, and hired prior to September 18, 2013:*

Eligibility: Any officer that is eligible for the Police Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision (under the same plans as active employees which may be modified to the extent that coverage is modified for active employees), and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. Retirees and their dependents shall not be eligible for post-retirement health care if the retiree or dependent has available health care coverage elsewhere at a reasonably comparable benefit level and at the same or lower cost. The City would pay the cost of coverage for medical, prescription drug, dental, and vision for the retiree less a percentage of the retiree's pension ranging from 2% to 5% until the retiree reaches Medicare age. Upon reaching Medicare age, the City will reimburse a maximum monthly amount ranging from \$280 to \$350 for a Medicare Supplement Plan.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Total Other Post-Employment Benefits Liability (Continued)

##### Plan Descriptions (Continued)

###### Police (Continued)

*Hired after September 18, 2013:* Not eligible for post-retirement health benefits.

All police officers hired prior to January 1, 1987, and retiring subsequent to January 1, 1987, who have completed twenty (20) years of actual service may continue to participate in the City's group health insurance (including family coverage) in effect at the time of retirement as noted above provided that the retired employee or his/her spouse does not have alternative health care coverage in the following six areas: (a) physician services, (b) hospital services, (c) major medical, (d) dental, (e) vision, (f) prescription. In those areas where alternative health care coverage is available, the City is not required to provide coverage in that area.

###### Firefighters

Article 14, Section 2a and 2b and Article 15 of the Collective Bargaining Agreement between Local Union No. 428 of the International Association of Firefighters (AFL-CIO), effective January 1, 2006, establishes retiree's eligible for post-retirement medical and life insurance benefits, respectively.

*Retire prior to December 31, 1986:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The retiree would pay the cost of coverage for the retiree and his or her spouse. If the retiree dies, the spouse may continue coverage. In such case, the spouse would pay for the full cost of coverage.

*Retire between January 1, 1987 and December 31, 1992:*

Eligibility: Any firefighter that is eligible for the Combined Firefighters' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The City would pay the cost of coverage for the retiree. The retiree must pay for any additional coverage for his or her spouse and dependents. Upon reaching age 65, the City will provide supplemental coverage, major medical, and prescription unless prescription is provided by another agency. This benefit is for the retired firefighter only. If the retiree dies, the spouse may continue coverage, in which case the spouse would pay for the full cost of coverage.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 15. Total Other Post-Employment Benefits Liability (Continued)**

**Plan Descriptions (Continued)**

Firefighters (Continued)

*Retire between January 1, 1993 and April 22, 2014:*

Eligibility: Any firefighter that is eligible for the Combined Firefighters' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. The City would pay the cost of coverage for medical, prescription drug, dental, and vision for the retiree, including spouse through Medicare eligibility. Once Medicare eligible, the City will reimburse the retiree for the Medicare Part B premium. If the retiree dies, the City continues full coverage for the spouse and eligible dependents. If the firefighter dies in the line of duty, the City continues full coverage for the spouse and eligible dependents.

*Retire after April 23, 2014, and hired prior to April 22, 2014:*

Eligibility: Any firefighter that is eligible for the Combined Firefighters' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision (under the same plans as active employees which may be modified to the extent that coverage is modified for active employees) and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. Retirees and their dependents shall not be eligible for post-retirement health care if the retiree or dependent has available health care coverage elsewhere at a reasonably comparable benefit level and at the same or lower cost. The City would pay the cost of coverage for medical, prescription drug, dental, and vision for the retiree less a percentage of the retiree's pension ranging from 2% to 5% until the retiree reaches Medicare age with certain exceptions. Upon reaching Medicare age, the City will reimburse a maximum monthly amount ranging from \$280 to \$350 for a Medicare Supplement Plan. If the retiree dies, the City continues full coverage for the spouse and eligible dependents. If the firefighter dies in the line of duty, the City continues full coverage for the spouse and eligible dependents. Currently, four retirees have been "grandfathered" and the City continues to pay for coverage.

*Hired after April 23, 2014:* Not eligible for post-retirement health benefits.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Total Other Post-Employment Benefits Liability (Continued)

##### Plan Descriptions (Continued)

###### Non-uniformed management employees

An inter-office memo, distributed by the Mayor to City management employees, establishes retirees' eligibility for post-employment medical benefits.

###### *Retire prior to August 4, 2002:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The retiree would pay the full cost of coverage for the retiree and his or her spouse. If the retiree dies, the spouse may continue coverage. In such case, the spouse and any eligible dependents would pay for the full cost of coverage. Currently, one retiree has been "grandfathered" and the City continues to pay the cost of full coverage.

###### *Retire after August 5, 2002 and hired prior to January 31, 2008:*

Eligibility: Any non-uniformed management employee who is eligible for the Non-uniformed Employees' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. The City would pay the cost of coverage for medical and prescription drug for the retiree and spouse. The retiree would pay for any additional coverage for eligible dependents. Retiree would pay for dental and vision coverage. If retiree dies, full coverage for spouse and eligible dependents continues. In such case, the City would pay the full medical and prescription drug premium for the spouse and the spouse would pay for coverage for any eligible dependents. Currently, there are two retirees and one active employee that are covered under the Police contract.

###### *Retire after August 5, 2002, and hired after February 1, 2008:*

Eligibility: Any non-uniformed management employee who is eligible for the Non-uniformed Employees' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. The City would pay the cost of coverage for medical coverage for the retiree. The retiree would pay for any additional coverage for spouse and any eligible dependents. Retiree would pay for prescription drug, dental, and vision coverage. If retiree dies, full coverage for spouse and eligible dependents continues. In such case, the spouse and eligible dependents would pay the full cost of coverage.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Total Other Post-Employment Benefits Liability (Continued)**

##### **Plan Descriptions (Continued)**

###### Non-uniformed union employees (Continued)

Articles X, XI and XII of the Collective Bargaining Agreement between the City and the Local 521 American Federation of State, County, and Municipal Employees District Council 90, effective January 1, 2007, establish retirees' eligibility for post-retirement life insurance and medical benefits.

###### *Retire prior to December 31, 1996:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The retiree would pay the cost of coverage for the retiree and his or her spouse and eligible dependents. If the retiree dies, the spouse may continue coverage. In such case, the spouse and any eligible dependents would pay for the full cost of coverage.

###### *Retire between January 1, 1997 and December 31, 2001:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The City would pay fifty percent of the medical premium for single coverage. The retiree would pay the remaining fifty percent of the premium for single coverage. For any coverage other than single coverage, the retiree would pay the difference. Retiree would pay full premiums for prescription drug, dental, and vision. If retiree dies, full coverage for spouse and eligible dependents continues. In such case, the spouse and eligible dependents would pay for the full cost of coverage.

###### *Retire between January 1, 2002 and May 30, 2007, except between January 1, 2004 and April 30, 2004:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The City would pay sixty percent of the medical premium for single coverage. The retiree would pay the remaining forty percent of the premium for single coverage. For any coverage other than single coverage, the retiree would pay the difference. Retiree would pay full premiums for prescription drug, dental, and vision. If retiree dies, full coverage for spouse and eligible dependents continues. In such case, the spouse and eligible dependents would pay for the full cost of coverage.

CITY OF HARRISBURG, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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**Note 15. Total Other Post-Employment Benefits Liability (Continued)**

**Plan Descriptions (Continued)**

Non-uniformed union employees (Continued)

*Retire between January 1, 2004 and April 30, 2004:*

Benefits: The health care coverage currently includes medical, prescription drugs, dental and vision. The City would pay the cost of the medical coverage for the retiree. Retiree would pay for additional premiums for coverage for his or her spouse and eligible dependents. The City would pay for seventy-five percent of the coverage for prescription drug for the retiree. Retiree would pay for the remaining twenty-five percent of the coverage for prescription drug and for any additional coverage for his or her spouse and any eligible dependents. Retiree must pay for full coverage for dental and vision coverage. If retiree dies, full coverage for spouse and eligible dependents continues. In such case, the spouse and eligible dependents would pay for the full cost of coverage.

*Retire between June 1, 2007 and September 18, 2013:*

Eligibility: Non-uniformed union employee must be eligible for the Non-uniformed Employees' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. If the retiree has attained age 60 and completed 20 years of service, the City pays 100% of medical premium for single coverage. The City would pay the full cost single coverage for medical or a percentage thereof based on the retiree's age and years of service. If retiree is disabled after completion of 20 years of service, attained age 55 and completed 20 years of service, or attained age 65 and completed 15 years of service, the City would pay 60% of premium for single coverage. Otherwise, retiree would pay for full cost of coverage. For any coverage other than single, the retiree would pay the difference in the premiums. Retirees would pay for prescription drug, dental, and vision coverage. If retiree dies, full coverage for spouse and eligible dependents continues. In such case, the spouse and eligible dependents would pay for the full cost of coverage.



## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Total Other Post-Employment Benefits Liability (Continued)**

##### **Plan Descriptions (Continued)**

##### Non-uniformed union employees (Continued)

*Retire between September 19, 2013 and December 31, 2014:*

Eligibility: Non-uniformed union employee must be eligible for the Non-uniformed Employees' Pension Plan benefits and satisfy the Rule of 85 Window requirements as of December 31, 2013.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision (under the same plans as active employees which may be modified to the extent that coverage is modified for active employees) and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. If the retiree has attained age 55 as of December 31, 2013, the City pays full medical premiums for single coverage until the retiree reaches Medicare age. If the retiree has not attained age 55 as of December 31, 2013, the City pays 60% of the medical premium for single coverage until the retiree reaches Medicare age. For any coverage other than single, the retiree must pay any difference between the premiums. The retiree must pay the full premium of prescription drug, dental, and vision coverage. Upon reaching Medicare age, the City will reimburse a maximum monthly amount ranging from \$290 to \$350 for a Medicare Supplement Plan.

*Retire after September 19, 2013, and hired prior to September 18, 2013 (not under the Rule of 85 Window):*

Eligibility: Non-uniformed union employee must be eligible for the Non-uniformed Employees' Pension Plan benefits.

Benefits: The health care coverage currently includes medical, prescription drugs, dental, vision (under the same plans as active employees which may be modified to the extent that coverage is modified for active employees) and life insurance. The City would pay the full premium for paid-up life insurance in the amount of \$5,000 for the retiree only. If retiree has attained age 60 and completed 20 years of service, the retiree shall pay an amount equal to the amount which the employee would pay for individual coverage as of the date of retirement. The City pays 60% of the cost of health insurance for employees retiring on or after January 1, 2002 with 20 or more years of service or at least 15 years of service at age 65. Upon reaching Medicare eligibility, the retiree shall be eligible only for Medicare supplement reimbursement schedule. Otherwise, the retiree would pay 100% of the medical premium for single coverage. For any coverage other than single, the retiree must pay any difference between the premiums. Retirees must pay full premium for prescription drug, dental, and vision coverage. Upon reaching Medicare age, the City will reimburse a maximum monthly amount ranging from \$290 to \$350 for a Medicare Supplement Plan. Retirees and their dependents shall not be eligible for post-retirement health care if the retiree or dependent has available health care coverage elsewhere at a reasonably comparable benefit level and at the same or lower cost.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 15. Total Other Post-Employment Benefits Liability (Continued)**

##### **Plan Descriptions (Continued)**

##### Non-uniformed union employees (Continued)

*Hired after September 18, 2013:* Not eligible for post-retirement health benefits.

Effective for the period beginning January 1, 2017 and through December 31, 2020, any AFSCME or Management employee who would meet a Rule of 80 (combination of employee's age and years of service totaling 80) by no later than December 31, 2020, shall be eligible for normal retirement without applying an early retirement reduction. Those employees retiring under this early retirement window and the Rule of 80 will not receive post-retirement healthcare unless they qualify under the existing post-retirement healthcare provisions as found in the current collective bargaining agreement.

##### **Funding Policy and Annual OPEB Costs**

The City's contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2021, the City contributed \$5,694,238 to the OPEB Plan.

The City has opted to not fully fund the OPEB contributions and will continue to fund the annual OPEB costs on a pay-as-you-go basis.

The City pays the cost of coverage for the police, fire, non-uniform management and non-uniform union retirees (including dependents) based on the various criteria described above.

# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### Note 15. Total Other Post-Employment Benefits Liability (Continued)

#### Plan Membership

At January 1, 2020, the latest actuarial valuation, the OPEB plan membership was as follows:

Active plan members	312
Inactive plan members or beneficiaries currently receiving benefits	402
Inactive plan members entitled to, but not yet receiving benefits	39
Total	<u>753</u>

#### Changes in Total OPEB Liability

The changes in total OPEB liability of the City for the year ended December 31, 2021, were as follows:

	Total OPEB Liability
Service cost	\$ 2,131,581
Interest	4,306,715
Changes of assumptions	23,603,934
Benefit payments, including refunds	<u>(5,328,744)</u>
Net changes	24,713,486
OPEB Liability at December 31, 2020 (based on the measurement date January 1, 2018)	<u>132,759,020</u>
OPEB Liability at December 31, 2021 (based on the measurement date of January 1, 2020)	<u>\$ 157,472,506</u>

The total OPEB liability is allocated between governmental and business-type activities in the amounts of \$147,452,139 and \$10,020,367, respectively, at December 31, 2021.

During the year ended December 31, 2013, sewer operations were transferred to CRW and the sewer fund was eliminated. While the City still retains the OPEB liability for sewer retirees, through the shared services agreement, CRW has agreed to reimburse the City for these costs. Therefore, the OPEB liability for sewer retirees has been transferred to governmental activities, with a related amount due from CRW.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### Note 15. Total Other Post-Employment Benefits Liability (Continued)

##### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculation.

The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The total OPEB liability was determined by an actuarial valuation performed on January 1, 2020, and measured at December 31, 2020, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method	Entry age normal
Actuarial assumptions	
Interest rate	1.93%
Salary increases	5.00%
Amortization period	30 year open period
Healthcare cost trend rate	5.5% in 2021 5.5% in 2020 through 2023, rates gradually decrease from 5.4% in 2024 to 4.0% in 2075
Mortality	IRS 2017 Static Combined Mortality Table for Small Plans
Actuarial value of assets	Not applicable

##### Change in Actuarial Assumptions

The interest rate changed from 3.64% in the January 1, 2019 actuarial valuation to 3.26% in the January 1, 2020 actuarial valuation. In addition, the healthcare cost trends and mortality tables were updated.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 15. Total Other Post-Employment Benefits Liability (Continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.26%. The discount rate was based on the index rate for the 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher. Since the OPEB plan has insufficient assets to meet projected benefit payments, the municipal bond rate was applied to all periods of the projected benefit payments to determine the total OPEB liability. The projection of cash flows used to determine the single discount rate for each measurement period assumed that employer contributions will be made based on the current funding policy for future years.

**Sensitivity of the Total OPEB Liability Changes in the Discount Rate**

The following presents the total OPEB liability of the City calculated using the discount rate described above, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or higher than the current rate:

	1% Decrease (.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total OPEB liability	\$ 179,933,735	\$ 157,472,506	\$ 139,177,304

**Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City calculated using the healthcare cost trend rates as described above, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or higher than the current rate:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ 138,094,609	\$ 157,472,506	\$ 181,036,652

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS**

**Note 15. Total Other Post-Employment Benefits Liability (Continued)**

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2021, the governmental activities and business-type activities recognized OPEB expense of (\$1,944,707) and \$839,893, respectively.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflow of resources related to the OPEB plan from the following sources:

	Governmental Activities	Business-type Activities
<b>Deferred Outflows of Resources:</b>		
City contributions subsequent to measurement date	\$ 5,362,522	\$ 331,716
Change of assumptions	21,569,550	1,268,669
Total deferred outflows of resources	<u>\$ 26,932,072</u>	<u>\$ 1,600,385</u>
<b>Deferred Inflows of Resources:</b>		
Differences between expected and actual experience	\$ 3,336,602	\$ 369,233
Changes of assumptions	1,950,753	42,619
Total deferred inflows of resources	<u>\$ 5,287,355</u>	<u>\$ 411,852</u>

The differences in the City's expected and actual experience and changes of assumptions is recognized over the average expected remaining service lives of active and inactive members. Contributions subsequent to the measurement will be recorded as a reduction to the OPEB liability during the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-type Activities
<b>Year Ending December 31,</b>		
2022	\$ 2,669,970	\$ 140,502
2023	4,563,717	240,156
2024	4,563,717	240,156
2025	4,484,791	236,003
	<u>\$ 16,282,195</u>	<u>\$ 856,817</u>

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 16. Accumulated Deficits**

##### *Component Unit*

##### Redevelopment Authority of the City of Harrisburg

The Redevelopment Authority's net position at December 31, 2021, is related to the Federally Taxable Guaranteed Revenue Bonds, Series A of 1998 bond issuance and the deferred lease revenue. The deferred lease revenue will be reduced annually by the amount of rental income revenue recognized over the term of the lease. The City guarantees the payment of the bond issuance.

#### **Note 17. Financial Recovery Plan**

The City has been subject to the designation of "distressed municipality" for 11 years, under the Municipalities Financial Recovery Act, known as Act 47. The City remains subject to long-term agreements that were part of a fundamental restructuring and shifting of financial obligations, entered under a judicially approved Recovery Plan. The Recovery Plan has been subject to amendment from time to time, and certain terms thereof are anticipated to survive after a formal termination of the "distressed municipality" status. The City is in the midst of a multi-step process to provide for the orderly exit from operating under the requirements of Act 47.

In November 2020, the Pennsylvania legislature passed a fiscal code bill, referencing 2020 Act 114, enabling the extension of the City's currently enhanced taxing authority for both the earned income tax (EIT), extended permanently, and the local services tax (LST), extended fifteen years, through a stepped-down approach. In relation, the Intergovernmental Cooperation Authority (ICA) for the City expressed its support for such legislation which also enables and authorizes the City to continue to move forward with the current exit strategy of leaving its Act 47 financially distressed municipality status.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 18. Commitments and Contingencies**

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services.

##### *Primary Government*

##### Federal and State

Under the terms of federal and state grants, periodic audits and compliance reviews are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits and compliance reviews could lead to reimbursement to the grantor agencies.

##### Construction Commitments

At December 31, 2021, the City has a contractual commitment for projects of approximately \$7.0 million.



# CITY OF HARRISBURG, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

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### **Note 18. Commitments and Contingencies (Continued)**

#### *Primary Government (Continued)*

#### Transfer and Transition Agreement and Shared Services Agreement

In November 2013, the City and CRW entered into a transfer agreement related to the Sewer Collection System (transfer agreement) and a transition agreement related to the Water, Wastewater, and Stormwater Systems (transition agreement). In conjunction with the transfer and transition agreements, the City and CRW entered into a shared services agreement whereby the City agreed to perform certain services with respect to and for the benefit of the water system and combined sewer system and CRW agreed to perform certain services with respect to and for the benefit of the City's Neighborhood Services Fund, Green Infrastructure Projects, and other initiatives. The services performed by the City under the shared services agreement relate to payment processing services, information technology services, operations and revenue services, and public works services. The services performed by CRW under the shared services agreement include revenue billing and collection functions for the City's Neighborhood Services Fund including the implementation of a lockbox system. As of April 2015, CRW opened their own office for billing and collections and no longer used any of the City's information technology services or operations and revenue services. Each of these services, including the term of the services, is detailed in a shared services schedule incorporated into the shared services agreement.

The City and CRW, in advance of performing the services, are to prepare a budget for the total cost of the services and the total cost is to be agreed upon by both parties.

Within 60 days after the end of the term of each shared service, the City and CRW are to reconcile the actual costs of providing the services to the budgeted costs. Payments due to either the City or CRW are payable within 30 days of the finalization of the reconciliation. During the year ended December 31, 2021, the City and CRW were billed based on pay-as-you-go expenditures incurred for OPEB costs related to water and sewer retirees and certain receivables and payables have been recorded based on these amounts. A reconciliation based on actual cost incurred from the date of transfer through December 31, 2021, is still being negotiated and any changes will be made prospectively.

#### *Component Unit*

#### Harrisburg Downtown Improvement District, Inc.

A contract effective January 1, 2011, was entered into with ABM Janitorial Services to provide all services and labor necessary to commence and complete a cleaning program with the Corporation. The vendor will be compensated on a cost-plus basis not to exceed \$302,512 annually. Hourly wage rates, supplies, equipment expenses, and other costs are detailed in the proposal. Yearly 12-month extensions since the end date have been agreed upon. A 12-month extension was agreed upon in December 2021 to continue through December 2022 with subsequent 12-month extensions.

#### Guarantees

The City is contingently liable under various agreements which guarantee debt of entities not included in the primary government's financial statements aggregating \$19,696,617 at December 31, 2021, all of which is for guarantees of component unit debt, and maturing at various dates through 2033. Information regarding the component unit debt guarantees is discussed in Note 10.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 19. Compliance**

##### *Primary Government*

The Management of the City believes that the City has complied, in all material respects, with all applicable finance related legal and contractual provisions including applicable covenants of bond indentures.

#### **Note 20. Litigation**

The City and its component units are involved in various claims and lawsuits. The management of each entity, after consultation with legal counsel, believes that none of the litigation outstanding against the City or its component units will have a material adverse effect on the financial position of the City or its component units at December 31, 2021. The City has accrued for such cases that it believes are estimable and probable.

#### **Note 21. Subsequent Events**

Under the approved Third Amended and Restated Settlement Agreement between the City and the Bond Insurer, in November 2021 the City achieved both the defeasance of the Harrisburg Redevelopment Authority Guaranteed Revenue Bonds, Series A-2 of 2005 and a \$4 million prepayment of the bond insurance forbearance liability associated with the City's General Obligation Refunding Bonds and Notes, Series D of 1997 and Series F of 1997, respectively; in this process the City also benefited from an additional credit of approximately \$3.3 million afforded by the Bond Insurer further reducing this forbearance liability. Subsequently, the City has made additional prepayments including \$12 million in December 2022 and then a final full payoff amount of \$8.336 million in March 2023.

In reference to recent developments arising from economic effects of the COVID-19 health pandemic, the City continues to manage operating expenses under the constraints of an ongoing lack of significant monthly parking system revenues including the involved priority payment and ground lease payment. In relation to the American Rescue Plan Act funds of approximately \$47 million from the U.S. Treasury, with half of such total received in each of fiscal years 2021 and 2022, the City has acted upon these funds during 2022 by drawing in \$8.863 million to the General Fund as lost revenue replacement, authorizing over \$5 million for funding the emergency replacement of the HVAC system at the Public Safety Building, disbursing over \$1.1 million in one-time bonus expense amounts to eligible uniformed personnel within the City's Bureaus of Police and Fire, and as well further appropriating over \$30 million during 2023 for various public health and economic impact programs.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF HARRISBURG, PENNSYLVANIA

**BUDGETARY COMPARISON SCHEDULE  
BUDGETARY (NON-GAAP) BASIS - GENERAL FUND  
Year Ended December 31, 2021  
REQUIRED SUPPLEMENTARY INFORMATION**

	Budget		Variance of Original with Final Budget Positive (Negative)	Actual Amounts	Variance of Actual with Final Budget Positive (Negative)
	Original Amounts	Final Amounts			
<b>Revenues</b>					
Taxes	\$ 44,419,408	\$ 44,919,408	\$ 500,000	\$ 47,700,987	\$ 2,781,579
Licenses and permits	815,750	815,750	-	632,958	(182,792)
Intergovernmental revenue	3,535,617	3,685,617	150,000	3,093,511	(592,106)
Departmental earnings	9,685,677	10,004,472	318,795	11,430,108	1,425,636
Fines and forfeits	840,102	840,102	-	889,062	48,960
Investment income	304,523	304,523	-	168,661	(135,862)
Miscellaneous	2,638,879	2,744,629	105,750	2,786,578	41,949
Total revenues	62,239,956	63,314,501	1,074,545	66,701,865	3,387,364
<b>Expenditures</b>					
General government					
Elected and appointed offices					
City Council	438,956	438,956	-	339,461	99,495
Mayor	286,956	285,136	1,820	218,357	66,779
City Controller	176,532	176,532	-	162,274	14,258
City Treasurer	522,983	522,983	-	344,396	178,587
City Solicitor	858,950	1,075,657	(216,707)	698,253	377,404
Total elected and appointed offices	2,284,377	2,499,264	(214,887)	1,762,741	736,523
Office of administration					
Administration	4,871,930	5,223,090	(351,160)	3,235,277	1,987,813
General expenditures	13,373,648	14,151,667	(778,019)	13,558,866	592,801
Total general government	20,529,955	21,874,021	(1,344,066)	18,556,884	3,317,137
Community and economic development	4,909,531	6,666,111	(1,756,580)	3,285,486	3,380,625
Public safety	32,974,551	34,157,210	(1,182,659)	29,106,527	5,050,683
Public works	4,542,381	5,511,967	(969,586)	4,068,798	1,443,169
Total expenditures	62,956,418	68,209,309	(5,252,891)	55,017,695	13,191,614
<b>Excess of revenues over expenditures before other financing sources (uses)</b>	(716,462)	(4,894,808)	(4,178,346)	11,684,170	16,578,978
<b>Other Financing Sources (Uses)</b>					
Sale of Assets	-	-	-	1,500	1,500
Transfers in	2,719,934	3,023,756	303,822	2,986,174	(37,582)
Transfers out	(17,388,638)	(19,885,870)	(2,497,232)	(19,515,802)	370,068
Total other financing sources (uses)	(14,668,704)	(16,862,114)	(2,193,410)	(16,528,128)	333,986
<b>Net change in fund balance</b>	(15,385,166)	(21,756,922)	(6,371,756)	(4,843,958)	16,912,964
Fund balance, beginning of year, budgetary basis	15,456,202	21,827,958	6,371,756	39,848,086	18,020,128
Fund balance, end of year, budgetary basis	\$ 71,036	\$ 71,036	\$ -	\$ 35,004,128	\$ 34,933,092

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE**

**Note 1. Budgetary Data**

Annual budgets have been legally adopted for the General Fund (which includes the Neighborhood Mitigation Fund, Special Events Fund, Fire Protection Fund, Police Protection Fund, Parks and Recreation Fund, WHBG-TV Fund, and Events Fund), Debt Service Fund, Neighborhood Services Fund, Harrisburg Senators Fund, and the following nonmajor governmental funds: Capital Projects Fund, State Liquid Fuels Tax Fund, Host Municipality Fees Fund, Blight Remediation Fund, Special Events/Projects Fund, Fire Protection Fund, Police Protection Fund, Parks and Recreation Fund, WHBG-TV Fund, and Events Fund. Budgets for governmental funds are prepared on the cash basis with respect to both revenues and expenditures. Specific funds subject to exemption from legally adopted budgetary requirements include:

- Grant Programs Fund
- Capital Projects Fund
- Parks and Property Improvement Fund (nonmajor governmental fund)

Several different grant programs, which are accounted for in the Grant Programs Fund, are administered under project budgets determined by contracts with state and federal grantor agencies. Effective expenditure control is achieved in the Capital Projects Fund through debt provisions and, as necessary, supplemental appropriations by City Council. Controls over spending in the Parks and Property Improvement Fund is achieved through use of internal spending limits.

The actual results of operations, presented in accordance with accounting principles generally accepted in the United States of America, differ from the basis used in preparation of the 2021 budget for governmental funds. The budget for the General Fund was prepared on the cash basis with respect to both revenues and expenditures. For the purpose of preparing the Budgetary Comparison Schedule - Cash (Non-GAAP) Basis - General Fund, the actual results of operations have been presented on a financial basis consistent with the City's budgeted revenues and expenditures.

A reconciliation of the differences between the budgetary basis and GAAP basis financial statements of the General Fund is as follows:

	Fund Balance, Beginning of Year	Revenues	Expenditures	Financing Sources (Uses) and Special Items	Fund Balance, End of Year
Budgetary basis	\$ 39,848,086	\$ 66,701,865	\$ (55,017,695)	\$ (16,528,128)	\$ 35,004,128
Taxes receivable	15,509,307	599,181	-	-	16,108,488
Other assets	7,674,553	35,627	87,909	(2,248,590)	5,549,499
Accounts payable	(2,274,892)	(5,418)	(470,307)	-	(2,750,617)
Accrued liabilities	(1,028,407)	-	(364,468)	-	(1,392,875)
Advances and amounts due to other funds	(1,125,760)	(316,451)	301,493	-	(1,140,718)
Unearned and unavailable revenue	-	-	-	-	-
	(11,667,558)	(47,570)	(61,310)	-	(11,776,438)
Reclassifications	-	(2,349,571)	480,842	1,868,729	-
GAAP basis	<u>\$ 46,935,329</u>	<u>\$ 64,617,663</u>	<u>\$ (55,043,536)</u>	<u>\$ (16,907,989)</u>	<u>\$ 39,601,467</u>

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON  
SCHEDULE**

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**Note 2. Compliance**

Because the legal level of budgetary control is so detailed that it is not practical to demonstrate compliance within this document, the City has prepared a separate budgetary report to demonstrate compliance at the line-item level. However, there were sixteen instances where the City exceeded the budgeted expenditure amount on a line-item level. Funds sufficient to provide for the excess expenditures were made available from other line items.

**CITY OF HARRISBURG, PENNSYLVANIA  
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND  
RELATED RATIOS - NON-UNIFORMED EMPLOYEES' PENSION PLAN  
YEAR ENDED DECEMBER 31, \*  
REQUIRED SUPPLEMENTARY INFORMATION**

<b>Total Pension Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Service cost	\$ 1,041,386	\$ 957,027	\$ 933,836	\$ 861,534	\$ 724,376	\$ 737,701	\$ 1,126,817
Interest	3,401,805	3,423,020	3,149,188	3,151,434	3,252,606	3,244,391	2,971,992
Change of benefits	6,670,519						
Changes of assumptions	3,257,806	-	4,191,668	-	1,595,806	335,514	-
Benefit payments, including refunds	(4,896,111)	(4,870,394)	(4,346,861)	(4,016,561)	(4,065,011)	(4,242,451)	(4,075,097)
Differences between expected and actual experience	2,376,955	-	1,515,600	-	(828,876)	-	6,989,303
Transfers	13,724	15,456	-	101,807	-	-	(3,135,289)
<b>Net Change in Total Pension Liability</b>	<b>11,866,084</b>	<b>(474,891)</b>	<b>5,443,431</b>	<b>98,214</b>	<b>678,901</b>	<b>75,155</b>	<b>3,877,726</b>
<b>Total pension liability - beginning</b>	<b>66,164,875</b>	<b>66,639,766</b>	<b>61,196,335</b>	<b>61,098,121</b>	<b>60,419,220</b>	<b>60,344,065</b>	<b>56,466,339</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 78,030,959</b>	<b>\$ 66,164,875</b>	<b>\$ 66,639,766</b>	<b>\$ 61,196,335</b>	<b>\$ 61,098,121</b>	<b>\$ 60,419,220</b>	<b>\$ 60,344,065</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ -	\$ (9,460)	\$ -	\$ -	\$ 144	\$ -	\$ 14,004
Contributions - plan member	508,353	557,682	488,334	502,387	332,840	388,780	199,463
Investment income (loss)	11,107,757	14,620,653	(2,760,419)	12,151,883	5,307,177	(414,677)	3,833,485
Benefit payments, including refunds	(4,896,111)	(4,870,394)	(4,346,861)	(4,016,561)	(4,065,011)	(4,242,451)	(4,075,097)
Administrative expense	(183,898)	(147,107)	(180,825)	(186,115)	(205,486)	(176,532)	(155,705)
Transfers	13,724	15,456	-	101,807	-	-	(3,135,317)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>6,549,825</b>	<b>10,166,830</b>	<b>(6,799,771)</b>	<b>8,553,401</b>	<b>1,369,664</b>	<b>(4,444,880)</b>	<b>(3,319,167)</b>
<b>Plan fiduciary net position - beginning</b>	<b>83,078,211</b>	<b>72,911,381</b>	<b>79,711,152</b>	<b>71,157,751</b>	<b>69,788,087</b>	<b>74,232,967</b>	<b>77,552,134</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 89,628,036</b>	<b>\$ 83,078,211</b>	<b>\$ 72,911,381</b>	<b>\$ 79,711,152</b>	<b>\$ 71,157,751</b>	<b>\$ 69,788,087</b>	<b>\$ 74,232,967</b>
<b>Net pension asset - ending (a)-(b)</b>	<b>\$ (11,597,077)</b>	<b>\$ (16,913,336)</b>	<b>\$ (6,271,615)</b>	<b>\$ (18,514,817)</b>	<b>\$ (10,059,630)</b>	<b>\$ (9,368,867)</b>	<b>\$ (13,888,902)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>114.86%</b>	<b>125.56%</b>	<b>109.41%</b>	<b>130.25%</b>	<b>116.46%</b>	<b>115.51%</b>	<b>123.02%</b>
<b>Covered Payroll</b>	<b>\$ 10,806,795</b>	<b>\$ 9,931,375</b>	<b>\$ 9,908,848</b>	<b>\$ 9,141,659</b>	<b>\$ 8,413,551</b>	<b>\$ 7,259,478</b>	<b>\$ 6,497,415</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>-107.31%</b>	<b>-170.30%</b>	<b>-63.29%</b>	<b>-202.53%</b>	<b>-119.56%</b>	<b>-129.06%</b>	<b>-213.76%</b>

The amounts presented for each fiscal year were determined as of the measurement date, which is December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those year only for which information is available.

See accompanying note to required supplementary information - pension information.

**CITY OF HARRISBURG, PENNSYLVANIA  
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND  
RELATED RATIOS - COMBINED FIREFIGHTERS' PENSION PLAN  
YEAR ENDED DECEMBER 31, \*  
REQUIRED SUPPLEMENTARY INFORMATION**

<b>Total Pension Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Service cost	\$ 1,583,008	\$ 1,515,674	\$ 1,327,699	\$ 1,249,662	\$ 1,093,507	\$ 1,253,437	\$ 1,325,049
Interest	3,908,769	3,829,791	3,701,026	3,638,609	3,660,185	3,611,615	3,536,047
Changes of assumptions	1,579,534	-	585,378	-	1,972,328	(60,658)	-
Benefit payments, including refunds	(3,906,073)	(3,910,803)	(3,830,633)	(3,809,526)	(3,823,520)	(3,700,881)	(3,614,868)
Differences between expected and actual experience	(1,702,093)	-	477,158	-	(306,406)	-	241,776
Transfers	-	-	86,177	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>1,463,145</b>	<b>1,434,662</b>	<b>2,346,805</b>	<b>1,078,745</b>	<b>2,596,094</b>	<b>1,103,513</b>	<b>1,488,004</b>
<b>Total pension liability - beginning</b>	<b>74,797,781</b>	<b>73,363,119</b>	<b>71,016,314</b>	<b>69,937,569</b>	<b>67,341,475</b>	<b>66,237,962</b>	<b>64,749,958</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 76,260,926</b>	<b>\$ 74,797,781</b>	<b>\$ 73,363,119</b>	<b>\$ 71,016,314</b>	<b>\$ 69,937,569</b>	<b>\$ 67,341,475</b>	<b>\$ 66,237,962</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	442,406	491,413	535,723	327,146	280,858	\$ 358,000	\$ 22,130
Contributions - plan member	291,123	285,340	268,012	252,162	262,850	250,526	226,360
Investment income (loss)	8,940,192	13,820,392	(3,318,576)	12,418,192	6,428,418	(595,792)	4,191,372
Benefit payments, including refunds	(3,906,073)	(3,910,803)	(3,830,633)	(3,809,526)	(3,823,520)	(3,700,881)	(3,614,868)
Administrative expense	(183,520)	(147,103)	(179,768)	(182,639)	(199,487)	(169,934)	(154,993)
Transfers	-	-	86,177	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>5,584,128</b>	<b>10,539,239</b>	<b>(6,439,065)</b>	<b>9,005,335</b>	<b>2,949,119</b>	<b>(3,858,081)</b>	<b>670,001</b>
<b>Plan fiduciary net position - beginning</b>	<b>85,314,171</b>	<b>74,774,932</b>	<b>81,213,997</b>	<b>72,208,662</b>	<b>69,259,543</b>	<b>73,117,624</b>	<b>72,447,623</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 90,898,299</b>	<b>\$ 85,314,171</b>	<b>\$ 74,774,932</b>	<b>\$ 81,213,997</b>	<b>\$ 72,208,662</b>	<b>\$ 69,259,543</b>	<b>\$ 73,117,624</b>
<b>Net pension asset - ending (a)-(b)</b>	<b>\$ (14,637,373)</b>	<b>\$ (10,516,390)</b>	<b>\$ (1,411,813)</b>	<b>\$ (10,197,683)</b>	<b>\$ (2,271,093)</b>	<b>\$ (1,918,068)</b>	<b>\$ (6,879,662)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>119.19%</b>	<b>114.06%</b>	<b>101.92%</b>	<b>114.36%</b>	<b>103.25%</b>	<b>102.85%</b>	<b>110.39%</b>
<b>Covered Payroll</b>	<b>\$ 5,850,686</b>	<b>\$ 5,601,826</b>	<b>\$ 5,348,126</b>	<b>\$ 5,033,786</b>	<b>\$ 4,716,216</b>	<b>\$ 4,886,967</b>	<b>\$ 5,001,992</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>-250.18%</b>	<b>-187.73%</b>	<b>-26.40%</b>	<b>-202.58%</b>	<b>-48.15%</b>	<b>-39.25%</b>	<b>-137.54%</b>

The amounts presented for each fiscal year were determined as of the measurement date, which is December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those year only for which information is available.

See accompanying note to required supplementary information - pension information.



**CITY OF HARRISBURG, PENNSYLVANIA  
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND  
RELATED RATIOS - COMBINED POLICE PENSION PLAN  
YEAR ENDED DECEMBER 31, \*  
REQUIRED SUPPLEMENTARY INFORMATION**

<b>Total Pension Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service cost	\$ 1,502,842	\$ 1,577,553	\$ 1,502,431	\$ 1,579,365	\$ 1,504,157	\$ 1,564,700	\$ 1,490,190	\$ 1,542,107
Interest	7,691,371	7,687,002	7,484,253	7,513,232	7,309,215	7,106,970	6,895,688	6,403,162
Changes of assumptions	-	-	-	-	2,659,196	-	4,507,561	-
Benefit payments, including refunds	(6,840,847)	(6,596,154)	(6,458,735)	(6,450,151)	(6,226,579)	(6,008,655)	(5,630,072)	(5,351,314)
Differences between expected and actual experience	(2,416,737)	-	(2,923,458)	-	(2,624,640)	-	(753,653)	-
<b>Net Change in Total Pension Liability</b>	<b>(63,371)</b>	<b>2,668,401</b>	<b>(395,509)</b>	<b>2,642,446</b>	<b>2,621,349</b>	<b>2,663,015</b>	<b>6,509,714</b>	<b>2,593,955</b>
<b>Total pension liability - beginning</b>	<b>100,476,452</b>	<b>97,808,051</b>	<b>98,203,560</b>	<b>95,561,114</b>	<b>92,939,765</b>	<b>90,276,750</b>	<b>83,767,036</b>	<b>81,173,081</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 100,413,081</b>	<b>\$ 100,476,452</b>	<b>\$ 97,808,051</b>	<b>\$ 98,203,560</b>	<b>\$ 95,561,114</b>	<b>\$ 92,939,765</b>	<b>\$ 90,276,750</b>	<b>\$ 83,767,036</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 3,697,903	\$ 3,718,465	\$ 3,714,804	\$ 3,400,136	\$ 3,319,118	\$ 2,906,315	\$ 2,972,450	\$ 2,424,298
Contributions - plan member	472,594	483,619	475,531	458,735	542,472	479,598	462,539	478,549
Investment income (loss)	14,280,408	14,707,604	16,556,793	(4,609,656)	11,643,216	4,175,445	586,944	4,082,703
Benefit payments, including refunds	(6,840,847)	(6,596,154)	(6,458,735)	(6,450,151)	(6,226,579)	(6,008,655)	(5,630,072)	(5,351,314)
Administrative expense	(63,608)	(51,229)	(51,011)	(51,959)	(50,943)	(53,331)	(48,790)	(58,924)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>11,546,450</b>	<b>12,262,305</b>	<b>14,237,382</b>	<b>(7,252,895)</b>	<b>9,227,284</b>	<b>1,499,372</b>	<b>(1,656,929)</b>	<b>1,575,312</b>
<b>Plan fiduciary net position - beginning</b>	<b>103,553,766</b>	<b>91,291,461</b>	<b>77,054,079</b>	<b>84,306,974</b>	<b>75,079,690</b>	<b>73,580,318</b>	<b>75,237,247</b>	<b>73,661,935</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 115,100,216</b>	<b>\$ 103,553,766</b>	<b>\$ 91,291,461</b>	<b>\$ 77,054,079</b>	<b>\$ 84,306,974</b>	<b>\$ 75,079,690</b>	<b>\$ 73,580,318</b>	<b>\$ 75,237,247</b>
<b>Net pension asset - ending (a)-(b)</b>	<b>\$ (14,687,135)</b>	<b>\$ (3,077,314)</b>	<b>\$ 6,516,590</b>	<b>\$ 21,149,481</b>	<b>\$ 11,254,140</b>	<b>\$ 17,860,075</b>	<b>\$ 16,696,432</b>	<b>\$ 8,529,789</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>114.63%</b>	<b>103.06%</b>	<b>93.34%</b>	<b>78.46%</b>	<b>88.22%</b>	<b>80.78%</b>	<b>81.51%</b>	<b>89.82%</b>
<b>Covered Payroll</b>	<b>\$ 9,706,719</b>	<b>\$ 9,288,071</b>	<b>\$ 9,219,226</b>	<b>\$ 8,885,970</b>	<b>\$ 8,689,052</b>	<b>\$ 8,628,184</b>	<b>\$ 8,887,141</b>	<b>\$ 9,363,263</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>-151.31%</b>	<b>-33.13%</b>	<b>70.68%</b>	<b>238.01%</b>	<b>129.52%</b>	<b>207.00%</b>	<b>187.87%</b>	<b>91.10%</b>

This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those year only for which information is available.

See accompanying note to required supplementary information - pension information

**CITY OF HARRISBURG, PENNSYLVANIA  
SCHEDULE OF CITY CONTRIBUTIONS  
NON-UNIFORMED EMPLOYEES' AND COMBINED FIREFIGHTERS' PENSION PLANS  
YEAR ENDED DECEMBER 31, \*  
REQUIRED SUPPLEMENTARY INFORMATION**

**Non-Uniformed Employees' Pension Plan:**

<b>Schedule of City Contributions</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution under Act 205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	760	920	20	-	144	(60)	14,004	-	-	-	-
Contribution deficiency (excess)	\$ (760)	\$ (920)	\$ (20)	\$ -	\$ (144)	\$ 60	\$ (14,004)	\$ -	\$ -	\$ -	\$ -
Covered payroll	<u>\$ 10,806,795</u>	<u>\$ 9,931,375</u>	<u>\$ 9,908,848</u>	<u>\$ 9,141,659</u>	<u>\$ 8,413,551</u>	<u>\$ 7,569,451</u>	<u>\$ 6,497,415</u>				
Contribution as a percentage of covered payroll	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.22%				

**Combined Firefighters' Pension Plan:**

<b>Schedule of City Contributions</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution under Act 205	\$ 442,406	\$ 495,733	\$ 535,723	\$ 327,146	\$ 280,858	\$ 358,000	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	442,606	495,733	535,723	327,146	280,858	358,000	22,130	-	-	-	-
Contribution deficiency (excess)	\$ (200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,130)	\$ -	\$ -	\$ -	\$ -
Covered payroll	<u>\$ 5,850,686</u>	<u>\$ 5,601,826</u>	<u>\$ 5,348,126</u>	<u>\$ 5,033,786</u>	<u>\$ 4,716,216</u>	<u>\$ 4,886,967</u>	<u>\$ 5,001,992</u>				
Contribution as a percentage of covered payroll	<u>7.57%</u>	<u>8.85%</u>	<u>10.02%</u>	<u>6.50%</u>	<u>5.96%</u>	<u>7.33%</u>	<u>0.44%</u>				

See accompanying note to required supplementary information - pension information.

**CITY OF HARRISBURG, PENNSYLVANIA  
SCHEDULE OF CITY CONTRIBUTIONS  
COMBINED POLICE PENSION PLAN  
YEAR ENDED DECEMBER 31, \*  
REQUIRED SUPPLEMENTARY INFORMATION**

<b>Combined Police Pension Plan: Schedule of City Contributions</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Actuarially determined contribution under Act 205	\$ 3,697,903	\$ 3,718,465	\$ 3,714,804	\$ 3,400,136	\$ 3,319,118	\$ 2,906,315	\$ 2,972,450	\$ 2,034,070	\$ 2,146,827	\$ 1,517,751
Contributions in relation to the actuarially determined contribution	<u>3,697,903</u>	<u>3,718,465</u>	<u>3,714,804</u>	<u>3,400,136</u>	<u>3,319,118</u>	<u>2,906,315</u>	<u>2,972,450</u>	<u>2,424,298</u>	<u>2,594,752</u>	<u>2,524,734</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (390,228)</u>	<u>\$ (447,925)</u>	<u>\$ (1,006,983)</u>
Covered payroll	<u>\$ 9,706,719</u>	<u>\$ 9,288,071</u>	<u>\$ 9,219,226</u>	<u>\$ 8,885,970</u>	<u>\$ 8,689,052</u>	<u>\$ 8,628,184</u>	<u>\$ 8,887,141</u>	<u>\$ 9,363,263</u>	<u>\$ 10,240,017</u>	<u>\$ 10,358,429</u>
Contribution as a percentage of covered payroll	<u>38.10%</u>	<u>40.03%</u>	<u>40.29%</u>	<u>38.26%</u>	<u>38.20%</u>	<u>33.68%</u>	<u>33.45%</u>	<u>25.89%</u>	<u>25.34%</u>	<u>24.37%</u>
<b>Investment Returns</b>										
Annual money-weighted rate of return, net of investments expense	<u>13.78%</u>	<u>16.85%</u>	<u>21.86%</u>	<u>-5.40%</u>	<u>16.01%</u>	<u>6.08%</u>	<u>1.01%</u>	<u>6.05%</u>	<u>15.30%</u>	

See accompanying note to required supplementary information - pension information.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION INFORMATION**

**Note 1. Actuarial Methods and Assumptions**

Methods and assumptions used to determine the contribution rates required under Act 205 for the year ended December 31, 2021 (presented as the subsequent year on the preceding schedules) are as follows:

	<u>Non-uniformed Employees' and Combined Firefighters'</u>
Actuarial valuation date	1/1/2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization method	Based on period in Act 205
Asset valuation method	Based on municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.8%
Post-retirement cost-of-living adjustment increase	2.8%, subject to plan limitations
Pre-retirement mortality:	
Males: RP 2000 with 1 year set back	
Females: RP 2000 with 5 year set back	
Pre-retirement mortality:	
Males and females: Sex distinct RP 2000 Combined Health Mortality	

**Change in Actuarial Assumptions**

December 31, 2015 - Assumptions were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013, issued by the actuary in July 2015 first effective.

December 31, 2016 - Investment return assumption for municipal assets decreased from 5.50% to 5.25%.

**CITY OF HARRISBURG, PENNSYLVANIA**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION INFORMATION**

**Note 1. Actuarial Methods and Assumptions (Continued)**

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates required under Act 205 for the year ended December 31, 2021 are as follows:

<b>Police Pension</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
Actuarial valuation date	1/1/2019	1/1/2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar closed	Level dollar closed
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Remaining amortization method	6 years	8 years
Actuarial assumptions:		
Investment rate of return	8%	8%
Projected salary increases	5%	5%
Underlying inflation rate	3%	3%
Post-retirement mortality table	IRS 2017 Static Combined Table for Small Plans	IRS 2017 Static Combined Table for Small Plans

**Change in Actuarial Assumptions**

In the January 1, 2017 actuarial valuation, the mortality table was updated from the RP-2000 Table for Males and Females to the IRS 2017 Static Combined Table for Small Plans and the remaining amortization period was updated from 10 years to 11 years.

In the January 1, 2015 actuarial valuation, the mortality table was updated from the UP 1984 Table to the RP-2000 Table for Males and Females and the remaining amortization period was updated from 11 years to 10 years.

**CITY OF HARRISBURG, PENNSYLVANIA**

**SCHEDULES OF CHANGES IN OPEB LIABILITY  
YEAR ENDED DECEMBER 31, \*  
REQUIRED SUPPLEMENTARY INFORMATION**

Total OPEB Liability:	2021*	2020	2019	2018
Service cost	\$ 2,131,581	\$ 2,013,964	\$ 2,236,277	\$ 2,546,831
Interest	4,306,715	4,732,304	4,314,547	6,486,188
Changes in benefit terms	-	13,656	-	-
Differences between expected and actual experience	-	(6,176,391)	-	(57,048,787)
Changes of assumptions	23,603,934	6,591,786	(7,973,593)	15,634,469
Benefit payments, including refunds	(5,328,744)	(5,045,303)	(4,792,283)	(6,396,300)
<b>Net Changes in Total OPEB Liability</b>	<b>24,713,486</b>	<b>2,130,016</b>	<b>(6,215,052)</b>	<b>(38,777,599)</b>
<b>Total OPEB Liability - Beginning</b>	<b>132,759,020</b>	<b>130,629,004</b>	<b>136,844,056</b>	<b>175,621,655</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 157,472,506</b>	<b>\$ 132,759,020</b>	<b>\$ 130,629,004</b>	<b>\$ 136,844,056</b>

\*The amounts presented for each fiscal year were determined as of the measurement date, which is December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those year only for which information is available.

See accompanying notes to required supplementary information - OPEB information.

## CITY OF HARRISBURG, PENNSYLVANIA

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB INFORMATION

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#### **Note 1. Actuarial Methods and Assumptions**

##### Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation, using the following actuarial assumptions, applied to all periods in the measurement:

Valuation date	1/1/2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Interest rate	1.93%
Salary increases	5.00%
Healthcare cost trend rate	5.5% in 2020 5.5% in 2020 through 2023, rates gradually decrease from 5.4% in 2024 to 4.0% in 2075
Mortality	IRS 2017 Static Combined Mortality Table for Small Plans

##### Factors and Trends Used in the Actuarial Valuation for the Other Post-Employment Benefit Plan

The City has not accumulated assets for the OPEB plan. Benefits are paid on a pay-as-you-go basis.

##### Benefit Changes

None.

##### Changes in Actuarial Assumptions

The interest rate changed from 3.26% in the January 1, 2018 actuarial valuation to 1.93% in the January 1, 2020 actuarial valuation (based on S & P Municipal Bond 20-year High Grade Index). In addition, the healthcare cost trend rates and mortality tables were updated.

**SUPPLEMENTARY INFORMATION  
COMBINING AND INDIVIDUAL NONMAJOR FUND  
FINANCIAL STATEMENTS AND SCHEDULES**



## **CITY OF HARRISBURG, PENNSYLVANIA**

### **DESCRIPTION OF FUNDS - NONMAJOR GOVERNMENTAL FUNDS**

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#### **State Liquid Fuels Tax Fund**

The State Liquid Fuels Tax Fund is used to account for state aid revenue used primarily for building and improving City roads and bridges in accordance with policies and procedures of the County Liquid Fuels Tax Act of 1981 and Liquid Fuels Act 655.

#### **Host Municipality Fees Fund**

The Host Municipality Fees Fund is used to account for \$1 per ton of municipal waste processed inside the host municipality limits. The fee is restricted for environmental related purposes.

#### **Parks and Property Improvement Fund**

The Parks and Property Improvement Fund is used to account for contributions that have been restricted for improvements to specific parks and properties in the City.

#### **Capital Projects Fund**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities (other than those financed by proprietary funds).

CITY OF HARRISBURG, PENNSYLVANIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2021

	Special Revenue				Total Nonmajor Governmental Funds
	State Liquid Fuels Tax Fund	Host Municipality Fees Fund	Parks and Property Improvement Fund	Capital Projects	
<b>Assets</b>					
Cash and cash equivalents	\$ 3,607,512	\$ 532,251	\$ 113,622	\$ 671,763	\$ 4,925,148
Receivables, net of allowance for uncollectible accounts					
Taxes	-	-	-	55,023	55,023
Grants	-	-	-	1,634,168	1,634,168
Other	-	86,885	-	560,406	647,291
Due from other funds	-	20,000	-	305,998	325,998
Restricted Assets					
Cash and cash equivalents	-	-	-	2,313,979	2,313,979
<b>Total assets</b>	<b>\$ 3,607,512</b>	<b>\$ 639,136</b>	<b>\$ 113,622</b>	<b>\$ 5,541,337</b>	<b>\$ 9,901,607</b>
<b>Liabilities and Fund Balance</b>					
Liabilities					
Accounts payable	\$ 286,263	\$ 1,012	\$ -	\$ 536,575	\$ 823,850
Accrued liabilities	-	4,682	-	-	4,682
Due to other funds	-	-	13,826	-	13,826
Unearned revenue				122,989	122,989
<b>Total liabilities</b>	<b>286,263</b>	<b>5,694</b>	<b>13,826</b>	<b>659,564</b>	<b>965,347</b>
Fund Balance					
Restricted for:					
Environment	-	633,442	-	-	633,442
Public works	3,321,249	-	-	-	3,321,249
Community and economic development	-	-	99,796	-	99,796
Tourism	-	-	-	55,023	55,023
Capital projects	-	-	-	4,826,750	4,826,750
Total fund balance	<b>3,321,249</b>	<b>633,442</b>	<b>99,796</b>	<b>4,881,773</b>	<b>8,936,260</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,607,512</b>	<b>\$ 639,136</b>	<b>\$ 113,622</b>	<b>\$ 5,541,337</b>	<b>\$ 9,901,607</b>

CITY OF HARRISBURG, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2021

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	State Liquid Fuels Tax Fund	Host Municipality Fees Fund	Parks and Property Improvement Fund		
<b>Revenues</b>					
Intergovernmental revenue	\$ 1,284,241	\$ 341,072	\$ -	\$ 4,428,801	\$ 6,054,114
Department earnings and program revenue	-	-	-	1,693,604	1,693,604
Investment income	769	111	-	852	1,732
<b>Total revenues</b>	<b>1,285,010</b>	<b>341,183</b>	<b>-</b>	<b>6,123,257</b>	<b>7,749,450</b>
<b>Expenditures</b>					
Current					
Public works	984,982	-	-	-	984,982
Environment	-	305,565	-	-	305,565
Capital outlay	-	-	-	5,891,472	5,891,472
Debt service					
Principal retirements	185,471	-	-	-	185,471
Interest and fiscal charges	38,640	-	-	-	38,640
<b>Total expenditures</b>	<b>1,209,093</b>	<b>305,565</b>	<b>-</b>	<b>5,891,472</b>	<b>7,406,130</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>75,917</b>	<b>35,618</b>	<b>-</b>	<b>231,785</b>	<b>343,320</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	20,000	-	-	20,000
Transfers out	-	-	-	(1,582,907)	(1,582,907)
<b>Total other financing sources</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>(1,582,907)</b>	<b>(1,562,907)</b>
<b>Net changes in fund balances</b>	<b>75,917</b>	<b>55,618</b>	<b>-</b>	<b>(1,351,122)</b>	<b>(1,219,587)</b>
Fund Balances - January 1, 2021	3,245,332	577,824	99,796	6,232,895	10,155,847
Fund Balances - December 31, 2021	<b>\$ 3,321,249</b>	<b>\$ 633,442</b>	<b>\$ 99,796</b>	<b>\$ 4,881,773</b>	<b>\$ 8,936,260</b>

## **CITY OF HARRISBURG, PENNSYLVANIA**

### **DESCRIPTION OF FUNDS - CUSTODIAL FUNDS**

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#### **Custodial Funds**

The School Tax Collection Fund is used to account for the collection and payment to the school district of property taxes billed and collected on its behalf.

The Fire Insurance Escrow Fund is used to account for the collection and payment of fire insurance escrows.

**CITY OF HARRISBURG, PENNSYLVANIA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS**

**December 31, 2021**

	School Tax Collection	Fire Insurance Escrow	Total Custodial Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 316,623	\$ 664,743	\$ 981,366
<b>Total assets</b>	<b>316,623</b>	<b>664,743</b>	<b>981,366</b>
<b>Liabilities</b>			
Due to other governments	316,623	-	316,623
<b>Total liabilities</b>	<b>316,623</b>	<b>-</b>	<b>316,623</b>
<b>Net Position</b>			
Restricted for:			
Individuals, organizations and other governments	-	664,743	664,743
	<b>\$ -</b>	<b>\$ 664,743</b>	<b>\$ 664,743</b>

CITY OF HARRISBURG, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CUSTODIAL FUNDS  
Year Ended December 31, 2021

	School Tax Collection	Fire Insurance Escrow	Total Custodial Funds
<b>Additions</b>			
Other governments			
Taxes and related collections	\$ 43,394,007	\$ -	\$ 43,394,007
Escrow	-	196,876	196,876
Interest income	-	2,761	2,761
<b>Total additions</b>	<u>43,394,007</u>	<u>199,637</u>	<u>43,593,644</u>
<b>Deductions</b>			
Other governments			
Taxes and related collections	43,394,007	-	43,394,007
Escrow	-	168,412	168,412
<b>Total deductions</b>	<u>43,394,007</u>	<u>168,412</u>	<u>43,562,419</u>
<b>Change in net position</b>	-	31,225	31,225
Net Position - beginning of year	-	633,518	633,518
Net Position - end of year	<u>\$ -</u>	<u>\$ 664,743</u>	<u>\$ 664,743</u>

See Notes to the Financial Statements.

## Statistical Section

This section of the City of Harrisburg's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	132 - 151
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant revenue sources.	152 - 159
<b>Debt Capacity</b>	
The schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the its ability to issue additional debt in the future.	160 - 164
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	165 - 166
<b>Operating Information</b>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services it provides and the activities it performs.	167 - 170

**CITY OF HARRISBURG, PENNSYLVANIA**  
**NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year				Fiscal Year					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 34,549,918	\$ 24,665,069	\$ 26,922,301	\$ 27,613,046	\$ 31,676,658 <sup>(8)</sup>	\$ 38,466,843 <sup>(12)</sup>	\$ 48,253,700 <sup>(16)</sup>	\$ 66,854,157 <sup>(20)</sup>	\$ 74,456,806 <sup>(25)</sup>	\$ 81,469,945 <sup>(25)</sup>
Restricted	2,582,918	13,102,159	13,174,481	33,087,175 <sup>(6)</sup>	24,561,407 <sup>(9)</sup>	22,966,422 <sup>(13)</sup>	34,180,924 <sup>(17)</sup>	16,744,489 <sup>(21)</sup>	36,892,457 <sup>(26)</sup>	46,838,401 <sup>(26)</sup>
Unrestricted	(392,900,721) <sup>(1)</sup>	(59,250,223) <sup>(2)</sup>	(71,664,488) <sup>(4)</sup>	(80,162,410) <sup>(6)</sup>	(66,879,017) <sup>(10)</sup>	(66,849,307)	(157,257,855) <sup>(19)</sup>	(130,561,248) <sup>(22)</sup>	(129,140,731)	(121,153,270) <sup>(28)</sup>
Total governmental activities net position	\$ (355,767,885)	\$ (21,482,995)	\$ (31,567,706)	\$ (19,462,189)	\$ (10,640,952)	\$ (5,416,042)	\$ (74,823,231)	\$ (46,962,602)	\$ (17,791,468)	\$ 7,155,076
<b>Business-type activities</b>										
Net investment in capital assets	\$ 68,909,584	\$ 26,230,948 <sup>(3)</sup>	\$ 25,835,917	\$ 25,436,201	\$ 26,112,503	\$ 27,010,165 <sup>(14)</sup>	\$ 27,693,334	\$ 29,671,730 <sup>(24)</sup>	\$ 29,770,490	\$ 33,563,274 <sup>(25)</sup>
Restricted	658,262	658,241	658,241	2,283,243 <sup>(6)</sup>	1,785,316	2,989,557 <sup>(15)</sup>	5,177,620 <sup>(18)</sup>	2,307,138 <sup>(21)</sup>	4,742,828 <sup>(26)</sup>	2,420,311 <sup>(21)</sup>
Unrestricted	8,938,205	4,922,700	9,476,502 <sup>(5)</sup>	11,563,772 <sup>(7)</sup>	7,072,504 <sup>(11)</sup>	6,737,173	171,457 <sup>(19)</sup>	1,448,351 <sup>(23)</sup>	(2,189,286) <sup>(27)</sup>	(624,624) <sup>(28)</sup>
Total business-type activities net position	\$ 78,506,051	\$ 31,811,889	\$ 35,970,660	\$ 39,283,216	\$ 34,970,323	\$ 36,736,895	\$ 33,042,411	\$ 33,427,219	\$ 32,324,032	\$ 35,358,961
<b>Primary government</b>										
Net investment in capital assets	\$ 103,459,502	\$ 50,896,017	\$ 52,758,218	\$ 53,049,247	\$ 57,789,161	\$ 65,477,008	\$ 75,947,034	\$ 96,525,887	\$ 104,227,296	\$ 115,033,219
Restricted	3,241,180	13,760,400	13,832,722	35,370,418	26,346,723	25,955,979	39,358,544	19,051,627	41,635,285	49,258,712
Unrestricted	(383,962,516)	(54,327,523)	(62,187,986)	(68,598,638)	(59,806,513)	(60,112,134)	(157,086,398)	(129,112,897)	(131,330,017)	(121,777,894)
Total primary government net position	\$ (277,261,834)	\$ 10,328,894	\$ 4,402,954	\$ 19,821,027	\$ 24,329,371	\$ 31,320,853	\$ (41,780,820)	\$ (13,535,383)	\$ 14,532,564	\$ 42,514,037



# CITY OF HARRISBURG, PENNSYLVANIA

## NET POSITION BY COMPONENT (Continued)

- (1) Implemented GASB Statement No. 45, which required the City to record approximately \$12.7 million of post-employment benefits annually. For 2012, the City recorded liabilities of \$11.2 million due to the suburban municipalities for overcharging of sewer rates.
- (2) Increase is attributed to the \$184 million contribution from the Harrisburg Parking Authority applicable to the parking facility lease and elimination of the \$164 million debt guaranty/insurance involving Capital Region Water and Dauphin County.
- (3) Decrease is primarily due to the \$48.9 million transfer of Sewer Fund operations and ownership to Capital Region Water in November, 2013.
- (4) Significant decrease is attributed to the City adopting the provisions of GASB Statement No. 70 resulting in a \$13.3 million restatement of beginning net position, so as to properly reflect the recording of a financial guarantee liability associated with the Series A of 1998 Revenue Bonds issued by the Harrisburg Redevelopment Authority (see Note 10).
- (5) Significant increase is mostly attributed to the overall positive change in net position occurring for the City's Incinerator (Disposal) Fund; this change approximated \$4.1 million in 2014.
- (6) The overall increase in restricted and unrestricted net position for governmental activities, and increase in restricted net position for business-type activities, are attributed to the City adopting GASB Statement Nos. 68 and 71 relative to pension plan reporting and pension contributions occurring subsequent to measurement. This implementation has resulted in a \$13.4 million restatement of beginning net position for governmental activities and a \$2.5 million restatement of beginning net position for business-type activities (specifically, the City's Sanitation Fund).
- (7) Noted increase in unrestricted net position is attributed to the City's Incinerator (Disposal) Fund producing \$1.9 million in net operating revenue for 2015.
- (8) Change is attributed to a \$4.2 million net increase including a \$1 million decrease in net capital assets, a \$1.2 million decrease in fund balance for the Capital Projects Fund, and a \$6.4 million decrease in related long-term debt (bonds and notes payable).
- (9) Decrease in the restricted position was impacted by the approximate \$9 million decrease in net pension asset involving related adjustments for Fire and Non-Uniform pension activity.
- (10) This significant change was most affected by over \$4 million in tax revenue increase resulting from the increased local services tax, the below noted \$4.2 million related to liabilities transferred from governmental activities to the business-type activity, Neighborhood Services, and \$3.2 million less in City services (public works function) expenses occurring as a result of creation of the business-type activity, Neighborhood Services, for accommodating such former governmental activity expenses.
- (11) Decrease is attributed to \$4.2 million in recorded transfer from governmental activities to the new business-type activity, reflecting the need to establish liability balances in this new activity involving a capital lease, OPEB, workers' compensation, and compensated absences formerly recognized in prior years in the governmental activities which then accounted for such public works/City services activity.
- (12) Increase in net investment in capital assets is mostly comprised of a \$6.6 million net decrease in related General Obligation bonds and notes payable.
- (13) Decrease in restricted of approximately \$1.6 million reflects the 2017 release of Harrisburg Strong Plan growth funds for settlement distributions to Assured Guaranty Municipal Corp. (\$1,356,799) and the County of Dauphin (\$339,200).
- (14) Increase in 2017 reflects the City's significant additions to its proprietary capital assets through the Neighborhood Services Fund and also the occurring business-type debt reduction of all outstanding lease rental bonds and capitalized lease obligations related to proprietary capital assets.
- (15) Increase in restricted of approximately \$1.2 million is attributed to the increase in net position for the net pension asset.
- (16) Increase in net investment in capital assets is attributed to both net capital assets increasing by \$3.1 million and related General Obligation bonds and notes decreasing by \$6.7 million.
- (17) Overall net increase in restricted net position is mostly comprised of the Harrisburg Strong Plan growth funds decreasing by \$4.5 million, the net pension asset increasing by \$14.2 million, an additional \$930,000 in hotel tax revenue being generated within the Capital Projects Fund, and the 2018 result of \$611,000 in occurring excess of revenues over expenditures for the State Liquid Fuels Tax Fund.
- (18) Increase in restricted net position is mainly comprised of the net pension asset increasing by approximately \$2.2 million.
- (19) Significant decrease in unrestricted net position is mostly attributed to such beginning net position being reduced \$78,396,165 for governmental activities and \$5,562,849 for business-type activities, via restatement to reflect the implementation of GASB Statement No. 75 related to the accounting and reporting for other post-employment benefits (OPEB) (see 2018 Note 1). For governmental activities, additional 2018 changes resulting in the further net decrease of unrestricted net position include increased deferred outflows of resources for OPEB and pensions, increased net pension liability, decreased OPEB liability, and increased deferred inflows of resources for OPEB and pensions. For business-type activities, additional 2018 changes resulting in the further net decrease of unrestricted net position include decreased deferred outflows of resources for OPEB and pensions, decreased OPEB liability, and increased deferred inflows of resources for OPEB and pensions.
- (20) Increase is reflective of net capital assets significantly increasing due to completion of the 15th Street Police precinct substation, land improvements related to the South 14th Street sinkhole project, improved infrastructure from the Riverwalk access project, and various construction in progress projects of a streets and roads nature and also due to the net decrease in related dated comprised of the General Obligation bonds and notes payable and the new infrastructure bank loan.
- (21) Decrease is largely attributed to occurring decrease in the net pension asset.
- (22) Increase in unrestricted is mostly attributed to occurring decrease in deferred outflows of resources, decrease in the net pension liability, decrease in the OPEB liability, and decrease in deferred inflows of resources.
- (23) Increase in unrestricted is attributed to occurring increase in deferred outflows of resources, decrease in the OPEB liability, decrease in deferred inflows of resources, and the occurring decrease of \$873,339 in beginning net position due to restatement effect as described in Note 1 to the 2019 basis financial statements.
- (24) Increase is mostly comprised of the land acquisition and applicable building property in the related full purchase of the City's public works facility.
- (25) Increase is attributed to the combination of the change in net capital assets and the reduction in related debt obligations, including bonds and notes payable.
- (26) Significant increase is largely attributed to occurring increase in the net pension asset.
- (27) Increase in deferred inflows of resources by over \$2.2 million reflects a notable decrease in unrestricted net position.
- (28) Increases in total program revenues over the prior year amounted to \$5.7 million and \$1.8 million for governmental and business-type activities, respectively.

Source: City's audited basic financial statements; footnote explanations continue to following pages

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**CITY OF HARRISBURG, PENNSYLVANIA**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year						Fiscal Year			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 10,819,415	\$ 10,163,508	\$ 8,962,050 <sup>(19)</sup>	\$ 9,490,724	\$ 10,194,954	\$ 12,283,431 <sup>(48)</sup>	\$ 17,686,320 <sup>(54)</sup>	\$ 12,002,965 <sup>(60)</sup>	\$ 11,722,424	\$ 12,548,383
Community and economic development	4,235,693	5,191,903	6,906,424 <sup>(27)</sup>	6,229,752	5,509,957	6,921,061 <sup>(49)</sup>	6,575,855	5,672,354	3,568,661 <sup>(67)</sup>	8,140,761 <sup>(72)</sup>
Public safety	40,859,175	38,100,377	34,720,194 <sup>(20)</sup>	36,322,347 <sup>(28)</sup>	37,862,228 <sup>(38)</sup>	37,246,320	29,787,288 <sup>(55)</sup>	25,346,717 <sup>(61)</sup>	20,326,793 <sup>(68)</sup>	20,836,637
Public works	10,947,141 <sup>(2)</sup>	9,882,691	9,593,222	10,229,336 <sup>(29)</sup>	7,558,344 <sup>(39)</sup>	9,023,397 <sup>(50)</sup>	7,512,443 <sup>(56)</sup>	6,506,712	4,526,427	6,282,940
Parks and recreation	1,338,934 <sup>(2)</sup>	1,410,958	- <sup>(27)</sup>	-	-	-	-	-	-	-
Incinerator	10,367,451 <sup>(1)</sup>	- <sup>(11)</sup>	157,733	-	-	-	-	-	-	-
Tourism, environment	71	3,256	159,205	249,209	250,661	262,425	402,972	363,660	265,349	305,565
Interest on long-term debt	4,510,977	4,937,270	4,217,747	3,814,480	3,852,512	3,509,356	3,184,717	3,352,356	2,663,179	2,473,758
Total governmental activities expenses	<u>83,078,857</u>	<u>69,689,963</u>	<u>64,716,575</u>	<u>66,335,848</u>	<u>65,228,656</u>	<u>69,245,990</u>	<u>65,149,595</u>	<u>53,244,764</u>	<u>43,072,833</u>	<u>50,588,044</u>
<b>Business-Type Activities</b>										
Sewer	9,863,885 <sup>(3)</sup>	8,745,389	- <sup>(21)</sup>	-	-	-	-	-	-	-
Neighborhood services	-	-	-	-	13,317,968 <sup>(40)</sup>	12,317,774 <sup>(51)</sup>	12,801,500	15,412,499 <sup>(62)</sup>	15,046,089	17,176,614 <sup>(73)</sup>
Sanitation	2,711,335	3,169,601	1,916,478 <sup>(22)</sup>	2,612,193 <sup>(30)</sup>	- <sup>(40)</sup>	-	-	-	-	-
Harrisburg Senators	1,396,634	1,365,436	1,309,197	1,294,895	1,279,652	1,288,460	1,271,324	1,255,260	1,208,853	1,250,914
Incinerator	5,809,063	5,820,527	5,677,460	6,861,088 <sup>(31)</sup>	- <sup>(40)</sup>	-	-	-	-	-
Total business-type activities expenses	<u>19,780,917</u>	<u>19,100,953</u>	<u>8,903,135</u>	<u>10,768,176</u>	<u>14,597,620</u>	<u>13,606,234</u>	<u>14,072,824</u>	<u>16,667,759</u>	<u>16,254,942</u>	<u>18,427,528</u>
Total primary government expenses	<u>\$ 102,859,774</u>	<u>\$ 88,790,916</u>	<u>\$ 73,619,710</u>	<u>\$ 77,104,024</u>	<u>\$ 79,826,276</u>	<u>\$ 82,852,224</u>	<u>\$ 79,222,419</u>	<u>\$ 69,912,523</u>	<u>\$ 59,327,775</u>	<u>\$ 69,015,572</u>

CITY OF HARRISBURG, PENNSYLVANIA

CHANGES IN NET POSITION, LAST TEN FISCAL YEARS (Continued)

(accrual basis of accounting)

	Fiscal Year						Fiscal Year			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 4,201,175 <sup>(3)</sup>	\$ 7,274,749 <sup>(7)</sup>	\$ 2,436,259 <sup>(23)</sup>	\$ 3,241,988	\$ 2,791,311	\$ 3,173,538	\$ 1,884,241 <sup>(57)</sup>	\$ 2,535,300	\$ 1,169,309	\$ 1,818,967
Community and economic development	979,188	1,186,535	492,080 <sup>(27)</sup>	1,514,166 <sup>(32)</sup>	451,678 <sup>(41)</sup>	482,700	578,442	1,048,473	570,111	885,255
Public safety	5,057,422 <sup>(4)</sup>	3,361,590 <sup>(8)</sup>	3,729,313	3,046,433	3,413,670	3,806,802	3,438,940	3,039,640	2,968,109	4,061,140
Public works	1,951,430	1,842,993	2,871,146	844,318 <sup>(33)</sup>	1,191,418	763,992	423,853	453,781	838,298	1,027,872
Environment	-	295,700	285,393	299,278	315,986	325,233	322,917	346,558	342,126	341,072
Parks and recreation	129,749	147,003	- <sup>(27)</sup>	-	-	-	-	-	-	-
Operating grants and contributions	9,476,900 <sup>(5)</sup>	12,092,005 <sup>(9)</sup>	13,214,573	10,997,750 <sup>(34)</sup>	7,706,809 <sup>(42)</sup>	9,155,652 <sup>(52)</sup>	11,092,658 <sup>(58)</sup>	10,934,149	9,592,914 <sup>(69)</sup>	13,884,302 <sup>(74)</sup>
Capital grants and contributions	5,819,787 <sup>(6)</sup>	2,912,221	347,311 <sup>(24)</sup>	736,564	761,975	125,973	244,826	2,246,546 <sup>(63)</sup>	1,181,206	363,082
Total governmental activities program revenue	<u>27,615,651</u>	<u>29,112,796</u>	<u>23,376,075</u>	<u>20,680,497</u>	<u>16,632,847</u>	<u>17,833,890</u>	<u>17,985,877</u>	<u>20,604,447</u>	<u>16,662,073</u>	<u>22,381,690</u>
Business-type activities:										
Charges for services:										
Sewer	12,255,817	9,137,190 <sup>(10)</sup>	- <sup>(21)</sup>	-	-	-	-	-	-	-
Neighborhood services	-	-	-	-	13,277,415 <sup>(40)</sup>	14,495,451 <sup>(53)</sup>	14,847,851	16,898,209 <sup>(64)</sup>	14,420,675 <sup>(70)</sup>	16,051,631 <sup>(75)</sup>
Sanitation	4,281,800	4,163,737	4,035,097	3,883,460	- <sup>(40)</sup>	-	-	-	-	-
Harrisburg Senators	437,464	503,650	345,558	379,738	397,595	488,384	441,753	467,529	38,924	256,088
Incinerator	6,608,376	7,672,805	9,789,279	8,772,452 <sup>(35)</sup>	- <sup>(40)</sup>	-	-	-	-	-
Operating grants and contributions	51,853	106,051	-	46,609	41,765	51,817	58,282	66,497	58,724	-
Capital grants and contributions	1,049,542	315,242	-	-	-	-	-	-	-	-
Total business-type activities program revenue	<u>24,684,852</u>	<u>21,898,675</u>	<u>14,169,934</u>	<u>13,082,259</u>	<u>13,716,775</u>	<u>15,035,652</u>	<u>15,347,886</u>	<u>17,432,235</u>	<u>14,518,323</u>	<u>16,307,719</u>
Total primary government program revenues	<u>\$ 52,300,503</u>	<u>\$ 51,011,471</u>	<u>\$ 37,546,009</u>	<u>\$ 33,762,756</u>	<u>\$ 30,349,622</u>	<u>\$ 32,869,542</u>	<u>\$ 33,333,763</u>	<u>\$ 38,036,682</u>	<u>\$ 31,180,396</u>	<u>\$ 38,689,409</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (55,463,206)	\$ (40,577,167)	\$ (41,340,500)	\$ (45,655,351)	\$ (48,595,809)	\$ (51,412,100)	\$ (47,163,718)	\$ (32,640,317)	\$ (26,410,760)	\$ (28,206,354)
Business-Type Activities	4,903,935	2,797,722	5,266,799	2,314,083	(880,845)	1,429,418	1,275,062	764,476	(1,736,619)	(2,119,809)
Total primary government net expense	<u>\$ (50,559,271)</u>	<u>\$ (37,779,445)</u>	<u>\$ (36,073,701)</u>	<u>\$ (43,341,268)</u>	<u>\$ (49,476,654)</u>	<u>\$ (49,982,682)</u>	<u>\$ (45,888,656)</u>	<u>\$ (31,875,841)</u>	<u>\$ (28,147,379)</u>	<u>\$ (30,326,163)</u>

**CITY OF HARRISBURG, PENNSYLVANIA**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS (Continued)**

(accrual basis of accounting)

	Fiscal Year						Fiscal Year			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 17,777,740 <sup>(12)</sup>	\$ 17,496,972	\$ 17,879,236	\$ 16,728,825 <sup>(36)</sup>	\$ 17,358,638 <sup>(42)</sup>	\$ 17,676,374	\$ 17,359,738	\$ 17,431,882	\$ 17,611,548	\$ 17,474,635
Real estate transfer taxes	451,528	321,959	842,215	821,880	506,260	636,111	1,087,443	1,016,740	814,788	1,033,820
Local service taxes	2,088,885	2,095,891	2,101,956	2,202,865	6,294,598 <sup>(43)</sup>	6,565,218	6,775,962	6,819,064	6,525,039	6,536,200
Occupational privilege taxes	-	-	-	-	-	-	-	-	-	-
Earned income taxes	3,934,680	9,883,939 <sup>(16)</sup>	9,950,837	10,693,585	11,236,882 <sup>(43)</sup>	11,558,850	12,063,687 <sup>(59)</sup>	12,810,047	13,058,819	14,186,854
Business privilege taxes	5,089,375 <sup>(13)</sup>	4,473,456	6,088,309 <sup>(25)</sup>	6,316,908	6,537,626	7,854,818 <sup>(46)</sup>	7,430,806	7,902,364	6,947,426	7,628,430
Franchise taxes	542,255	546,156	549,778	560,101	588,505	604,679	559,868	531,669	523,508	502,651
Public utility realty taxes	35,704	36,557	39,469	45,699	41,845	42,611	46,660	42,523	45,966	44,741
Payments in lieu of taxes	360,226	428,299	1,011,832	171,068 <sup>(37)</sup>	728,031	542,364	809,462	654,938	728,893	649,077
Grants and contributions	2,793,634 <sup>(14)</sup>	2,609,214	3,538,398 <sup>(26)</sup>	3,358,159	8,216,905 <sup>(44)</sup>	8,863,715	8,459,420	9,586,096 <sup>(65)</sup>	8,450,765	8,049,140
Litigation settlement	-	-	-	-	-	-	-	-	-	-
Other income and gain on sale of assets	-	526,866	26,104	73,532	10,000	27,412	20,068	47,455	21,646	2,033,579 <sup>(76)</sup>
Unrestricted investment earnings	593,588	489,288	1,441,824	1,894,824	2,438,766	2,562,523	2,058,962	3,914,945 <sup>(66)</sup>	1,321,351 <sup>(71)</sup>	780,705
Transfers - internal activities	1,469,598	559,694	1,111,837	1,472,238	3,458,990 <sup>(45)</sup>	(297,665) <sup>(47)</sup>	(519,382)	(256,778)	(467,855)	(5,766,934) <sup>(77)</sup>
Special Item	(11,225,000) <sup>(15)</sup>	335,393,766 <sup>(17)</sup>	-	-	-	-	-	-	-	-
Total governmental activities	<u>23,912,213</u>	<u>374,862,057</u>	<u>44,581,795</u>	<u>44,339,684</u>	<u>57,417,046</u>	<u>56,637,010</u>	<u>56,152,694</u>	<u>60,500,945</u>	<u>55,581,894</u>	<u>53,152,898</u>
Business-type activities										
Investment earnings and other income (expense)	24,614	20,213	3,809	2,038	26,942	39,489	11,128	98,057	109,608	(614,009)
Unrestricted investment earnings	-	-	-	-	-	-	62,793	138,836	55,969	1,813
Transfers - internal activities	(1,469,598)	(559,694)	(1,111,837)	(1,472,238)	(3,458,990) <sup>(45)</sup>	297,665 <sup>(47)</sup>	519,382	256,778	467,855	5,766,934 <sup>(77)</sup>
Special Item	-	(48,840,470) <sup>(18)</sup>	-	-	-	-	-	-	-	-
Total business-type activities	<u>(1,444,984)</u>	<u>(49,379,951)</u>	<u>(1,108,028)</u>	<u>(1,470,200)</u>	<u>(3,432,048)</u>	<u>337,154</u>	<u>593,303</u>	<u>493,671</u>	<u>633,432</u>	<u>5,154,738</u>
Total primary government general revenues	<u>\$ 22,467,229</u>	<u>\$ 325,482,106</u>	<u>\$ 43,473,767</u>	<u>\$ 42,869,484</u>	<u>\$ 53,984,998</u>	<u>\$ 56,974,164</u>	<u>\$ 56,745,997</u>	<u>\$ 60,994,616</u>	<u>\$ 56,215,326</u>	<u>\$ 58,307,636</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (31,550,993)	\$ 334,284,890	\$ 3,241,295	\$ (1,315,667)	\$ 8,821,237	\$ 5,224,910	\$ 8,988,976	\$ 27,860,628	\$ 29,171,134	\$ 24,946,544
Business-type activities	3,458,951	(46,582,229)	4,158,771	843,883	(4,312,893)	1,766,572	1,868,365	1,258,147	(1,103,187)	3,034,929
Total primary government change in net position	<u>\$ (28,092,042)</u>	<u>\$ 287,702,661</u>	<u>\$ 7,400,066</u>	<u>\$ (471,784)</u>	<u>\$ 4,508,344</u>	<u>\$ 6,991,482</u>	<u>\$ 10,857,341</u>	<u>\$ 29,118,775</u>	<u>\$ 28,067,947</u>	<u>\$ 27,981,473</u>

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN NET POSITION (Continued)

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- (1) This amount represents the City's portion of Capital Region Water Resource Recovery Facility debt guarantee obligations paid or accrued during the year.
- (2) In 2012, Parks Maintenance was moved from Parks and Recreation to Public Works. In addition, the entire Park Ranger Corp was eliminated.
- (3) Attributed to decreased administrative service charges of \$0.6 million and \$6.4 million from the Water and Sewer Funds, respectively, in accordance with the Receiver's directive.
- (4) Commonwealth of Pennsylvania increased capital fire protection payment to the City by \$2.004 million in 2012.
- (5) In 2012, the City received a Community Conservation and Employment Program grant from PA DCED in the amount of \$2.0 million, of which \$1.75 million was expended on public safety. Further, the City realized approximately \$600,000 in emergency management assistance for damage done by Tropical Storm Lee.
- (6) Attributed to increased revenue of about \$4 million for the Federal funded 7th Street Widening project and a Community Development Block grant of \$0.7 million.
- (7) Attributed to recognition of various debt guaranty fees for debt that was defeased, and to noted increase in Express Scripts rebate revenue.
- (8) Attributed to Capital Fire Protection proceeds from Commonwealth of Pennsylvania decreased from \$2.5 million to \$496,000.
- (9) Attributed to PA DCED grant for public safety (operating costs) increased from \$1,950,000 to \$4,504,000.
- (10) Attributed to the transition of the Sewer Fund's operating activity in November, 2013 to Capital Region Water.
- (11) Decrease is attributed to defeasance of all Resource Recovery Facility debt, resulting from the sale of this facility and proceeds received from the monetization of certain City parking system facilities.
- (12) Includes a 0.8 mill real estate tax increase.
- (13) Includes an increase in Parking Tax rate from 15% to 20%.
- (14) State Pension System Aid decreased by about \$2 million in 2012, whereas it had increased by about the same amount in 2011.
- (15) The City recorded \$11.2 million due to the suburban municipalities for overcharging of sewer rates.
- (16) Due to 1% increase in the Earned Income Tax effective January 1, 2013
- (17) Increase primarily due to \$184 million contribution from the Harrisburg Parking Authority because of parking facility lease, and elimination of debt guaranty/insurance of \$164 million involving Capital Region Water and Dauphin County.
- (18) Decreased primarily due to \$48.9 million transfer of operations of the sewer segment to Capital Region Water in November, 2013.
- (19) Decrease relates to total City salaries decreasing by about 9% in 2014 due to several retirements occurring in 2013 and to noted decrease in applicable legal expenses by over \$400,000.
- (20) Significant portion of decrease is attributable to the 2014 public safety other post-employment benefits liability adjustment being approximately \$5 million less compared with the same adjustment for 2013.
- (21) No noted sewer business-type activities for 2014 pertain to the prior year transfer of Sewer Fund operations and ownership to Capital Region Water.
- (22) Decrease is attributed to approximately \$900,000 less in general administrative charges distributed to the General Fund, resulting from concerns over conserving cash for the Sanitation Fund.
- (23) Decreased is comprised of several factors including \$2.6 million less in amortized debt guarantee fees resulting from prior year extinguishment of the involved debt associated with Capital Region Water and the Harrisburg Parking Authority, and approximately \$1.7 million less in administrative service charges revenue from the Water and Sewer Funds as a result of the prior year transition and transfer of the water and wastewater collection and conveyance systems from the City to Capital Region Water.
- (24) Decrease is related to substantial completion occurring in 2013 for the Federal funded Seventh Street widening project.
- (25) The City is no longer remitting 50% of its parking tax collections to the Harrisburg Parking Authority.
- (26) Approximately \$1 million was realized related to the new parking system ground lease created from the late prior year monetization of City parking system assets.

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN NET POSITION (Continued)

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- (27) Beginning in 2014 and due to a change in City budget unit classification, the formerly described Building and housing development line item now includes the Parks and recreation line item and has been collectively renamed as Community and economic development; also in 2014, activity associated with the City's Bureau of Codes Enforcement has been reclassified from aforementioned Building and housing development to the Public safety line item.
- (28) Increase from the prior year is mainly attributed to the effects of implementing GASB Statement No. 68 relative to pension plan reporting, with resulting pension expense amounting to \$1.2 million for the Bureau of Police and \$500,000 for the Bureau of Fire.
- (29) Increase from the prior year is attributed to \$575,000 in pension expense resulting from the implementation of GASB Statement No. 68 relative to pension plan reporting.
- (30) Increase from the prior year is related to more utilization of available budgeted amount for general administrative charges benefiting the General Fund.
- (31) Increase of \$1.2 million over the prior year resulted from the significant purchase of various trash and recycling containers, in support of the City's strong efforts for reducing abandoned trash problems and promoting the related recycling initiative.
- (32) Revenue increase from the prior year is attributed to previously deferred revenue being properly recognized as program income in 2015 for both the HOME Investment Partnership Program (HOME) and the Community Development Block Grant (CDBG).
- (33) Decrease in the public works line item is mostly impacted by \$1,476,772 less in reimbursement for shared services with Capital Region Water occurring due to the reconciliation of involved over-billings, and \$365,911 less in other public works revenue resulting from primarily the City receiving agreed-to funds in 2014 to help offset the cost of relocating its public works complex.
- (34) Operating grant revenue decreased significantly in 2015 including \$136,603 less in disaster grants funding due to less involved projects, \$546,766 less in Lead-Based Paint Hazard Control revenue due to this grant program reaching its near conclusion in 2015, over \$800,000 less in Staffing for Adequate Fire and Emergency Response revenue due to this grant program being substantially completed in 2014, and approximately \$1 million less in needed and combined CDBG and HOME entitlement funds due to previously deferred program income being utilized.
- (35) Decrease in ready-to-dispose charge revenue is related to a \$1.2 million warranted adjustment for increasing the receivable allowance on certain significantly large utility billing accounts.
- (36) Decrease in property tax revenue is related to a noted decrease in the change of current year collections of prior years' tax levies. Specifically, such collections in 2014 increased by \$641,000 over prior year 2013 whereas for 2015 these collections decreased by \$457,000 from prior year 2014, resulting in an overall comparative year-to-year negative change of approximately \$1.1 million.
- (37) Significant decrease from the prior year is attributed to a related payment of \$600,000 applicable to two fiscal years being received and fully recognized as revenue within 2014; as a result, the combination of an additional \$300,000 being received in 2014 and \$300,000 less being recognized in 2015 accounts for the majority of this noted revenue decrease.
- (38) Increase in public safety expenses can be attributed to noted increases in pension expense for both Police - \$847,605, and Fire - \$927,741.
- (39) The majority of the noted decrease here is a combination of \$1.2 million more in engineering and traffic expenses related to traffic control devices, streetlighting system upgrades, streets and roads resurfacing, and bridge improvements, and \$3.2 million less in City services (public works function) expenses as a result of creation of the new business-type activity for accommodating such former governmental activity expenses as well as costs previously segregated in prior years within the former business-type activities.
- (40) As part of preliminary budget planning/preparation work for the General Fund, the City advanced the idea of combining the Sanitation and Incinerator (Disposal) Funds, along with the City Services (public works function) portion of the General Fund, into a newly appropriated proprietary fund with the purpose of serving the public community (or neighborhood); thus the creation of the Neighborhood Services Fund for 2016, primarily funded with operating refuse and disposal collections and also relieving a significant budget pressure from the General Fund as to the fiscal management of costs related to City services/public works and, thus, shifting costs from governmental activities to business-type activities.
- (41) Decrease here is primarily attributed to approximately \$900,000 less in program income being utilized within the Community Development Block Grant program, as more of such revenue occurred in the prior year further offsetting the need to draw additional entitlement funds relative to the payment of program expenses.
- (42) Decrease in operating grants and contributions would include \$4,504,000 less in state grant funding from PA DCED, \$181,652 more in annual funds allocation for the State Liquid Fuels Tax Fund, \$500,495 in new Federally awarded disaster assistance grant funding from FEMA associated with an extreme 2016 winter storm event, \$188,303 in additional state funding from PA DEP in the form of a Section 902 municipal recycling grant, and \$303,817 more in Federal Lead Hazard Control funds as a new lead program achieved stronger effect in 2016 involving lead abatement inspection, assessment, and technical assistance.

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN NET POSITION (Continued)

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- (43) See "Tax Revenues by Source" schedule within this statistical section for individual detailed explanation specific to the noted increase in this tax revenue.
- (44) Increase from the prior year is attributed to intergovernmental revenue classification for the \$4,504,000 received in 2016 as a direct appropriation from the state, plus \$775,043 more in realized parking system ground lease revenue the Harrisburg Parking Authority.
- (45) Increase in internal transfers in between governmental and business-type activities includes \$4.2 million reflecting the need to establish liability balances in the new business-type activity for a capital lease, OPEB, workers' compensation, and compensated absences, \$355,613 from the Federal Grants Fund to the Neighborhood Services Fund related to newly awarded disaster assistance grant funding from FEMA, and \$1,749,261 less in interfund support to the governmental activities from the business-type activities compared with that in prior year 2015.
- (46) Increase from the prior year is attributed to the year-to-year change effect on mercantile business privilege (mbp) taxes revenue related to the involved year-end receivable adjustment, and also due to an approximate increase of \$150,000 in parking tax revenue resulting from Standard Parking implementing a monthly rate increase on specific parking spaces applicable to the Commonwealth of Pennsylvania. The aforementioned year-to-year change effect from the mbp tax receivable/revenue adjustment amounts to \$1,111,887, wherein such revenue decreased by \$408,595 from 2015 to 2016 but then it increased by \$703,292 from 2016 to 2017; a large part of this revenue increase in 2017 occurred from the City allowing for improved revenue recognition of such current year taxes collected in the subsequent year.
- (47) The large change in interfund transfers is mostly related to the prior year \$4.2 million in internal transfers between governmental and business-type activities which reflected the need to establish liability balances in the then new business-type activity, i.e., Neighborhood Services Fund, for a capital lease, OPEB, workers' compensation, and compensated absences. The 2017 year-end amount of \$297,665 mostly represents the supporting subsidy portion the General Fund provides as funding to assist in paying the annual debt service requirements on the Harrisburg Senators Revenue Bonds, Series A-2 of 2005.
- (48) Increase in expenses is mostly attributed to an increase of \$353,400 in related pension expense and the occurring release of \$1,695,999 in Harrisburg Strong Plan growth funds for applicable settlement distributions.
- (49) Increase in expenses is mostly comprised of an increase of \$570,864 in Community Development grants expense mainly due to expansion of activity for the Lead-Based Paint Hazard Control program, and an increase of \$851,186 in the expense associated with adjusting the City's liability under guarantee applicable to the Revenue Bonds, Series A of 1998 issued by the Harrisburg Redevelopment Authority.
- (50) Increase in expenses is mostly related to pension expense within Public Works governmental activities increasing by \$1,416,221 over the prior year.
- (51) Change is attributable to several material expense decreases including \$120,438 less in the severance pay line due to a larger occurring effect in 2016 of the involved transfer of accrued leave liability from governmental activities to business-type activities, \$284,098 less in workers' compensation expense as a result of the calculated reserve for incurred losses being significantly reduced due to eliminating applicable reserve amounts for years with no open claims, \$377,565 less in miscellaneous contracted services which relates to the very significant emergency snow removal services provided by various contractors arising out of the extreme winter storm event in January, 2016, and \$206,234 less in property taxes on the public works complex facility located on Paxton Street with 2016 including multiple years of such taxes and related interest and 2017 reflecting only a single year's worth of such taxes.
- (52) Overall increase is best explained from changes occurring in various grant funding including \$1,088,178 in new Federal pre-disaster mitigation/disaster recovery grants applicable to the South 14th Street sinkhole project, \$500,495 less in Federal disaster assistance from FEMA associated with an extreme 2016 winter storm event, an increase of \$566,422 in revenue applicable to the Lead-Based Paint Hazard Control grant due to expanded program activities, and an increase of \$264,198 in support from the PA Department of Transportation's Multimodal Transportation Fund specific to the City's Third Street infrastructure project.
- (53) Increase in revenue over the prior year is mostly related to the occurring increases in the refuse and disposal utility billing revenue lines for the Neighborhood Services Fund; more specifically for 2017, both of these revenue lines each experienced an approximate 8% increase due to the City realizing a full year's benefit from acquiring several new commercial billing accounts from private waste haulers.
- (54) Increase in expenses of approximately \$5.4 million includes noted significant changes comprised of \$849,344 less in pension expense, \$259,624 more in OPEB expense, \$2,718,273 more in expense related to the increased workers' compensation liability, \$2,919,265 more in occurring Harrisburg Strong Plan related settlement distributions, and collectively \$264,047 more in personnel costs applicable to the Offices of the City Treasurer and City Solicitor and the Bureaus of Information Technology and Human Resources.



## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN NET POSITION (Continued)

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- (55) Decrease in expenses of approximately \$7.4 million includes noted significant changes comprised of \$119,709 more in combined Police and Fire pension expense, \$8,415,816 less in combined OPEB expense, \$157,076 more in Police extra duty costs, \$208,577 more in calculated minimum municipal obligation related to the Fire pension plan, \$149,961 more in Police regular salaries and wages, and \$170,013 more in Fire regular salaries and wages.
- (56) Decrease in expenses of approximately \$1.5 million includes noted significant changes comprised of \$2,043,724 less in pension expense, \$91,700 more in OPEB expense, \$696,768 more in other professional fees related to various traffic and engineering initiatives, and \$247,601 less in related expenses applicable to the City's Vehicle Maintenance Center.
- (57) \$1.3 million decrease in general government program revenues is attributed to several decreases including \$217,542 less in receipt of prior year revenue related to the one-time resolving in 2017 of older excess funds previously transferred to the payroll account, \$495,591 less in insurance reimbursement proceeds realized on prior losses related to a historic Civil War Museum collectable theft and occurring liability insurance claims exceeding the City's self-insured retention level, \$261,144 less in resulting prescription drugs rebate revenue related to the City's change in its prescription benefit facilitator from Express Scripts to BeneCard, \$173,628 less in received electricity rebate revenue payments with additional time paasing from the completion of the City's efforts in improving the energy efficiency of its operating streetlight system, and \$167,444 less in refunds of prior year expenditures with 2017 representing a fiscal year of such activity being unusually significant.
- (58) \$1.9 million increase in operating grants and contributions under program revenues is mostly comprised of individual increases including \$586,849 more in supporting grant revenue for the Third Street resurfacing project, approximately \$700,000 more in disaster assisatnce grant funding for the South 14th Street sinkhole project, approximately \$300,000 more in utilized available funds applicable to the Lead Hazard Reduction Demonstration Grant program, and \$166,941 more in occurring Police extra duty revenue resulting from a related increase in the requested need for such City services by various entities.
- (59) Increase in earned income tax revenue reflects in general the economy improving during 2018 and the City's recent years' efforts of promoting its appeal for enhanced, available economic opportunities within City limits; such factors have resulted in the favorable impact of affectively increasing employment within the City.
- (60) Decrease in expenses is attributed to final Harrisburg Strong Plan related settlement distributions occurring in 2018 and OPEB expense being much greater in 2018 due to restatement effect then of implementing GASB Statement No. 75.
- (61) Decrease in public safety expenses is mostly due to OPEB expense being greater in 2018.
- (62) Increase is expenses is attributed to noted increases of \$1.2 million and \$1.3 million in pension expense and OPEB expense, respectively.
- (63) Revenue increase is mostly attributed to awarded Federal transportation grant funding for the completed Riverwalk access project.

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN NET POSITION (Continued)

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- <sup>(64)</sup> Increase in revenue is largely due to occurring settlement payments resolving previously filed utility revenue related municipal liens associated with various properties, and also to additional refuse and disposal charges revenue being realized with the new intergovernmental cooperation agreement between the City and the Borough of Steelton.
- <sup>(65)</sup> Increase is comprised of a combination of prior year parking system revenue receivable being eliminated in 2018 via a related settlement agreement and an occurring increase in pension system State aid for 2019.
- <sup>(66)</sup> Significant increase in interest and dividend earnings is reflective of City Treasury's management of funds placement into an improved investment income yielding position.
- <sup>(67)</sup> Decrease from the prior year is mostly attributed to resulting adjustments related to both pension and OPEB expenses.
- <sup>(68)</sup> Decrease from the prior year is mostly attributed to resulting adjustments related to a noted decrease in pension expense.
- <sup>(69)</sup> Decrease would be largely attributed to no occurring grant revenue funding in 2020 for the South 14th Street sinkhole project, as such project was completed by the end of prior year 2019.
- <sup>(70)</sup> Operating revenue, including charges for refuse and disposal services, decreased during 2020 for the Neighborhood Services Fund, as the City opted to not charge applicable penalty amounts on customer billing accounts due to giving consideration to economic impact effects from the occurring health pandemic.
- <sup>(71)</sup> Decrease is mostly attributed to reduced applicable revenue from parking system activity related to the economic impacts from the occurring health pandemic in 2020.
- <sup>(72)</sup> Increase is attributed to expanded budget within the Parks, Recreation, and Facilities department of the General Fund, and increased expenditure activity for both the Lead Hazard Grant and Community Development Block Grant programs.
- <sup>(73)</sup> Increase includes pension expense increasing by over \$1.4 million and new expenses associated with the City implementing trash collection services for the Boroughs of Penbrook and Paxtang.
- <sup>(74)</sup> Increase in such grant revenue is largely reflective of the Building and Housing Development Department's increased activity for its Lead Hazard, Emergency Solutions, and CDBG programs.

**CITY OF HARRISBURG, PENNSYLVANIA**

**CHANGES IN NET POSITION (Continued)**

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- <sup>(75)</sup> Increased revenue includes over \$400,000 from implemented trash collection services for the Boroughs of Penbrook and Paxtang and approximately \$880,000 more in realized trash disposal revenue on City billing accounts.
- <sup>(76)</sup> Increase represents gain on extinguishment of debt associated with the City's \$4 million prepayment of the bond insurer forbearance liability, which also included a related enhanced reduction of this liability by the bond insurer under a third amended and restated settlement agreement.
- <sup>(77)</sup> Significant increase largely resulted from General Fund funding moved to the Harrisburg Senators Fund for the full defeasance of the Guaranteed Revenue Bonds, Series A-2 of 2005 originally issued by the Harrisburg Redevelopment Authority.

Source: City's audited basic financial statements

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**CITY OF HARRISBURG, PENNSYLVANIA**

**FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Nonspendable	\$ 490,332	\$ 594,786	\$ 329,649	\$ 119,732	\$ 12,854	\$ 269,768	\$ 115,603	\$ 240,395	\$ 301,809	\$ 206,554
Restricted	2,107,755	11,572,226 <sup>(2)</sup>	11,011,089	10,557,940	10,415,991	8,679,872 <sup>(10)</sup>	4,099,346 <sup>(13)</sup>	4,329,781	4,344,153	4,227,617
Assigned	-	739,319	773,176	1,674,539 <sup>(5)</sup>	5,009,968 <sup>(7)</sup>	11,229,303 <sup>(11)</sup>	10,903,883	10,473,337	17,776,631 <sup>(19)</sup>	2,593,242 <sup>(19)</sup>
Unassigned	(80,393,973) <sup>(1)</sup>	9,753,859 <sup>(3)</sup>	14,648,078 <sup>(4)</sup>	14,761,238	21,172,840 <sup>(8)</sup>	21,082,334	25,429,442 <sup>(14)</sup>	28,218,057 <sup>(16)</sup>	24,512,736	32,574,054 <sup>(20)</sup>
<b>Total General Fund</b>	<b>\$ (77,795,886)</b>	<b>\$ 22,660,190</b>	<b>\$ 26,761,992</b>	<b>\$ 27,113,449</b>	<b>\$ 36,611,653</b>	<b>\$ 41,261,277</b>	<b>\$ 40,548,274</b>	<b>\$ 43,261,570</b>	<b>\$ 46,935,329</b>	<b>\$ 39,601,467</b>
<b>Other Governmental Funds</b>										
Restricted	\$ 933,180	\$ 2,076,026	\$ 2,867,253	\$ 6,247,482 <sup>(6)</sup>	\$ 5,573,138 <sup>(9)</sup>	\$ 6,041,916	\$ 7,032,820 <sup>(15)</sup>	\$ 10,105,608 <sup>(17)</sup>	\$ 10,155,847	\$ 8,936,260 <sup>(21)</sup>
Assigned	-	276,965	108,426	32,398	20,352	500,000 <sup>(12)</sup>	700,000	-	-	460,000
Unassigned	447,938	-	-	-	-	(14,274)	(12,839)	917,273 <sup>(18)</sup>	946,130	36,305
<b>Total Other Governmental Funds</b>	<b>1,381,118</b>	<b>2,352,991</b>	<b>2,975,679</b>	<b>6,279,880</b>	<b>5,593,490</b>	<b>6,527,642</b>	<b>7,719,981</b>	<b>11,022,881</b>	<b>11,101,977</b>	<b>9,432,565</b>
<b>Total Governmental Funds</b>	<b>\$ (76,414,768)</b>	<b>\$ 25,013,181</b>	<b>\$ 29,737,671</b>	<b>\$ 33,393,329</b>	<b>\$ 42,205,143</b>	<b>\$ 47,788,919</b>	<b>\$ 48,268,255</b>	<b>\$ 54,284,451</b>	<b>\$ 58,037,306</b>	<b>\$ 49,034,032</b>

## CITY OF HARRISBURG, PENNSYLVANIA

### FUND BALANCE, GOVERNMENTAL FUNDS (Continued)

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- (1) Accrual of approximately \$44.6 million, \$10.4 million, and \$13.4 million in 2010, 2011, and 2012, respectively, for reimbursements due to Capital Region Water's bond insurer and Dauphin County, pursuant to the City's guarantee obligations under the Capital Region Water Resource Recovery Facility debt. For 2012, an additional \$8.98 million is accrued for City related General Obligation Bonds and Notes, Series D and F, due to the bond insurer for payments the bond insurer made on the City's behalf.
- (2) With the proceeds from the parking lease transaction, \$6.7 million is to fund a City Growth fund and \$3.7 million is to fund a yet to be established other post-employment benefit trust fund.
- (3) Due to the defeasance and restructuring of debt, and received proceeds from the parking lease transaction occurring in December, 2013.
- (4) Increase is attributed in large part to realized increases in collected property taxes due to improved economic stability, in real estate transfer taxes due to some larger properties being sold, and in parking tax collections due to the City no longer remitting 50% of such collections to the Harrisburg Parking Authority.
- (5) Increase in assigned fund balance is noted to be attributed to significantly larger encumbrance commitments still in effect at year-end compared with the prior year; such amounts in particular for the general government and public safety functions increased by over a combined \$750,000.
- (6) Increase in restricted fund balance from the prior year is mostly attributed to approximately \$2.1 million in remaining proceeds of a \$3 million lease/purchase agreement within the Capital Projects Fund for financing costs associated with the City's streetlight LED conversion/upgrade project.
- (7) Increase in assigned fund balance is attributed to a combination of utilizing \$3,842,908 for the funding of subsequent year 2017's operating budget and \$507,479 less occurring in existing encumbrance commitments still in effect at year-end compared to the prior year.
- (8) The increase in net change in overall General Fund fund balance amounts to \$9.5 million including the net increase of \$3.3 million noted at (8) above, resulting in approximately \$6 million of this total increase being applicable to unassigned fund balance. For the noted \$9.5 million, it is comprised of the following: \$6,124,750 increase in tax revenue, \$5,265,424 increase in intergovernmental revenue, \$1,373,521 increase in investment income, \$716,594 increase in departmental earnings, \$2,035,613 less in public works expenditures, and \$6,732,993 less in transfers in, an other financing source.
- (9) Decrease in restricted fund balance includes a \$405,643 increase in fund balance for the State Liquid Fuels Tax Fund resulting from the impact of a larger funds allocation from Pennsylvania Department of Transportation, and due to a \$1.2 million decrease in fund balance for the Capital Projects Fund resulting from the impact of continued infrastructure outlays for the City's further investment in its streetlight LED conversion/upgrade project.
- (10) Decrease in restricted portion is comprised of the 2017 release of Harrisburg Strong Plan growth funds for settlement distributions to Assured Guaranty Municipal Corp. (\$1,356,799) and the County of Dauphin (\$339,200).

## CITY OF HARRISBURG, PENNSYLVANIA

### FUND BALANCE, GOVERNMENTAL FUNDS (Continued)

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- (11) Increase in assigned fund balance is attributed to a combination of change increases in both the available funding for the subsequent year's operating budget (\$4.9 million increase) and the resulting reclassification effect of previously reported special revenue funds now recognized as being part of the General Fund (\$1.2 million increase).
- (12) Increase in assigned portion involves the Capital Projects Fund which received \$500,000 in interfund support from the General Fund enabling the availability of additional financial resources for the City's ongoing street and road improvement projects.
- (13) Decrease in restricted portion is comprised of the 2018 release of Harrisburg Strong Plan growth funds for final settlement distributions to Assured Guaranty Municipal Corp. (\$3,693,531) and the County of Dauphin (\$923,383).
- (14) Significant increase in unassigned portion includes, most materially, the 2018 activity of \$65.5 million in revenues, approximately \$52.1 million in expenditures net of Harrisburg Strong Plan settlement distributions noted at (14) above, approximately \$1 million in transfers in from other City Funds, and \$9.9 million in transfers out to the Debt Service Fund for funding applicable principal and interest requirements.
- (15) Increase of approximately \$1 million in restricted portion is mainly attributed to 2018 hotel tax revenue generated within the Capital Projects Fund but not transferred to the General Fund during the current fiscal year.
- (16) Noted increase in unassigned fund balance includes total revenues increasing by \$1.9 million over the prior year and \$.8 million less in principal debt retirements related to the final payment in 2019 for the suburban municipalities settlement.
- (17) Increase in restricted portion pertains to additional interfund funding support for ongoing street and road improvement projects, provided by the General Capital Projects Fund.
- (18) Increase in unassigned portion reflects General Fund transfers, to the Debt Service Fund, of realized 2019 personnel budget savings for making available to debt service requirements applicable to the Harrisburg Redevelopment Authority Guaranteed Revenue Bonds, Series A of 1998.
- (20) Increase is comprised of the effect of approximately \$15.5 million less in assigned fund balance need for funding subsequent year 2022's operating budget, and the offsetting actual 2021 negative net change of approximately \$7.3 million in fund balance.
- (21) Decrease reflects the total \$1.35 million negative net change in fund balance for the Capital Projects Fund.

Source: City's audited basic financial statements

**CITY OF HARRISBURG, PENNSYLVANIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 28,175,334 <sup>(2)</sup>	\$ 33,800,797 <sup>(7)</sup>	\$ 37,111,849 <sup>(13)</sup>	\$ 36,941,877	\$ 43,066,627 <sup>(24)</sup>	\$ 44,093,231 <sup>(24)</sup>	\$ 45,626,743 <sup>(38)</sup>	\$ 46,035,513	\$ 44,078,310	\$ 47,298,527 <sup>(53)</sup>
Licenses and permits	570,995	576,806	587,194	594,605	617,899	707,027	673,308	742,511	587,178	671,605
Intergovernmental revenues	18,163,947 <sup>(3)</sup>	15,660,815 <sup>(8)</sup>	15,710,743	12,855,157 <sup>(19)</sup>	14,777,727 <sup>(25)</sup>	16,111,749 <sup>(32)</sup>	18,192,161 <sup>(39)</sup>	20,531,406 <sup>(43)</sup>	16,353,400 <sup>(49)</sup>	19,739,762 <sup>(54)</sup>
Department earnings and program revenue	8,514,496 <sup>(4)</sup>	8,962,351	8,268,902	6,960,035 <sup>(20)</sup>	6,816,040	6,864,044	6,502,447	6,857,521	6,002,838	7,224,215
Fines and forfeits	1,642,640	1,389,577	862,340	867,340	816,614	865,222	874,079	745,632	541,969	890,514
Investment income	650,718	539,569	1,002,329	660,548	2,048,335 <sup>(26)</sup>	1,904,929	2,476,960	3,359,302 <sup>(44)</sup>	669,504 <sup>(50)</sup>	157,753
Miscellaneous	917,194	2,216,712	2,617,911	2,385,392	2,474,978	2,695,568	1,718,202 <sup>(40)</sup>	1,945,773	1,539,887	2,157,573
Total revenues	\$ 58,635,324	\$ 63,146,627	\$ 66,161,268	\$ 61,264,954	\$ 70,618,220	\$ 73,241,770	\$ 76,063,900	\$ 80,217,658	\$ 69,773,086	\$ 78,139,949



**CITY OF HARRISBURG, PENNSYLVANIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS (Continued)**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures										
Current										
General government	\$ 12,691,299 <sup>(5)</sup>	\$ 8,667,837	\$ 7,763,945	\$ 7,870,905	\$ 7,287,778	\$ 10,080,794 <sup>(33)</sup>	\$ 12,962,366 <sup>(41)</sup>	\$ 9,255,161 <sup>(45)</sup>	\$ 10,226,543	\$ 10,406,844
Community/Economic development	3,934,643	4,678,380	5,104,315 <sup>(18)</sup>	4,211,729 <sup>(21)</sup>	4,129,228	5,357,690 <sup>(34)</sup>	6,099,091	4,654,640 <sup>(46)</sup>	4,485,408	8,442,582 <sup>(55)</sup>
Public safety	31,512,809	29,252,036	31,182,115	31,336,833	30,531,518	33,238,177 <sup>(35)</sup>	36,561,028 <sup>(42)</sup>	37,291,276	34,405,951 <sup>(51)</sup>	36,798,415
Public works	8,289,312 <sup>(5)</sup>	8,648,063	7,476,953	7,453,238	5,716,254 <sup>(27)</sup>	7,052,214 <sup>(36)</sup>	6,547,156	6,033,333	4,144,055	4,985,836
Environment	-	-	-	-	-	-	351,712	363,661	265,349	305,565
Parks and recreation	425,549 <sup>(5)</sup>	458,622	- <sup>(18)</sup>	-	-	-	-	-	-	-
Incinerator	13,933,799 <sup>(1)</sup>	15,402,608 <sup>(1)</sup>	- <sup>(14)</sup>	-	-	-	-	-	-	-
Tourism, environment	71	3,256	159,205	243,713	377,323	260,458	-	-	-	-
Capital outlay										
Infrastructure	310,876	30,006	-	1,113,208 <sup>(22)</sup>	2,026,008 <sup>(28)</sup>	-	1,219,230 <sup>(43)</sup>	7,525,518 <sup>(47)</sup>	1,446,412 <sup>(52)</sup>	5,891,472 <sup>(56)</sup>
Other	-	-	-	-	-	124,950	-	-	-	-
Debt service										
Principal retirements	11,598,481	22,851,839 <sup>(9)</sup>	11,662,174 <sup>(15)</sup>	11,096,626	11,819,843	11,368,447	11,360,512	10,745,816	10,458,529	12,686,419 <sup>(57)</sup>
Interest and fiscal charges	829,314	658,165	226,012	222,250	307,451	201,461	136,580	122,734	141,775	1,860,656 <sup>(57)</sup>
Total expenditures	<u>\$ 83,526,153</u>	<u>\$ 90,650,812</u>	<u>\$ 63,574,719</u>	<u>\$ 63,548,502</u>	<u>\$ 62,195,403</u>	<u>\$ 67,684,191</u>	<u>\$ 75,237,675</u>	<u>\$ 75,992,139</u>	<u>\$ 65,574,022</u>	<u>\$ 81,377,789</u>
Excess of revenues over (under) expenditures	<u>\$ (24,890,829)</u>	<u>\$ (27,504,185)</u>	<u>\$ 2,586,549</u>	<u>\$ (2,283,548)</u>	<u>\$ 8,422,817</u>	<u>\$ 5,557,579</u>	<u>\$ 826,225</u>	<u>\$ 4,225,519</u>	<u>\$ 4,199,064</u>	<u>\$ (3,237,840)</u>
Other financing sources (uses)										
Debt issuance and capital lease	\$ -	\$ 3,865,000 <sup>(10)</sup>	\$ 1,000,000 <sup>(16)</sup>	\$ 4,254,033 <sup>(23)</sup>	\$ 1,000,000 <sup>(29)</sup>	\$ 296,450 <sup>(37)</sup>	\$ 172,493	\$ 2,000,000 <sup>(48)</sup>	\$ - <sup>(53)</sup>	\$ -
Sale of general capital assets	-	2,606,115 <sup>(11)</sup>	26,104 <sup>(17)</sup>	212,935	-	27,412	-	47,455	21,646	1,500
Transfers in	16,005,057	16,336,704	17,224,004	17,636,919	12,344,626 <sup>(30)</sup>	11,581,331	11,201,043	16,894,646	14,842,832	15,797,129
Transfers out	<u>(14,535,459)</u>	<u>(15,777,010)</u>	<u>(16,112,167)</u>	<u>(16,164,681)</u>	<u>(12,955,629)</u> <sup>(31)</sup>	<u>(11,878,996)</u>	<u>(11,720,425)</u>	<u>(17,151,424)</u>	<u>(15,310,687)</u>	<u>(21,564,063)</u> <sup>(58)</sup>
Total other financing sources (uses)	<u>\$ 1,469,598</u>	<u>\$ 7,030,809</u>	<u>\$ 2,137,941</u>	<u>\$ 5,939,206</u>	<u>\$ 388,997</u>	<u>\$ 26,197</u>	<u>\$ (346,889)</u>	<u>\$ 1,790,677</u>	<u>\$ (446,209)</u>	<u>\$ (5,765,434)</u>
Special items	<u>\$ -</u>	<u>\$ 121,901,325</u> <sup>(12)</sup>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u><u>\$ (23,421,231)</u></u>	<u><u>\$ 101,427,949</u></u>	<u><u>\$ 4,724,490</u></u>	<u><u>\$ 3,655,658</u></u>	<u><u>\$ 8,811,814</u></u>	<u><u>\$ 5,583,776</u></u>	<u><u>\$ 479,336</u></u>	<u><u>\$ 6,016,196</u></u>	<u><u>\$ 3,752,855</u></u>	<u><u>\$ (9,003,274)</u></u>
Debt service % of noncapital expenditures	14.9%	25.9%	18.7%	18.1%	20.2%	17.1%	15.5%	15.9%	16.5%	19.3%

**CITY OF HARRISBURG, PENNSYLVANIA**

**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS (Continued)**

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- (1) This amount shows the City's portion of Capital Region Water Resource Recovery Facility guarantees paid or accrued during the year.
- (2) Increased due to .8 mill real estate tax increase and increased Parking Tax rate from 15% to 20% effective January 1, 2012.
- (3) Attributed to increased revenue of about \$4 million for the Federal funded 7th Street Widening project and receipt of a \$2 million PA DCED grant.
- (4) Attributed to decreased administrative service charges of \$0.6 million and \$6.0 million from the Water and Sewer Funds in accordance with the Receiver's instruction.
- (5) This increase is primarily due to higher health benefit costs in 2012 of \$1.5 million over 2011 levels.
- (6) In 2012, Parks Maintenance was moved from Parks and Recreation to Public Works. In addition, the entire Park Ranger Corp was eliminated.
- (7) Attributed to \$6.7 million increase in Earned Income Tax due to the EIT rate increased 1% effective January 1, 2013.
- (8) Attributed to Capital Fire Protection proceeds from Commonwealth of Pennsylvania decreased from \$2.5 million to \$496,000.
- (9) Debt service principal retirements occurred of \$4.5 million in suburban municipalities settlement and \$6 million in bond insurer reimbursement.
- (10) \$3.865 million was recognized in debt issuance due to applicable amounts advanced by the City's bond insurer relative to the bondholders of the 1997 Series General Obligation Refunding Bonds and Notes.
- (11) The City collected \$2.6 million proceeds from the sale of historic artifacts.
- (12) Attributed to \$170 million proceeds from the Harrisburg Parking Authority, net of \$50 million paid to Capital Region Water for defeasing the Resource Recovery Facility debt.
- (13) Attributed to several factors including the returning confidence in the City's financial stability prompting stronger taxpayer motivation for the remittance of prior years' property tax amounts, occurrence of some significantly larger properties being sold increasing real estate transfer tax revenue, and resulting increase in parking tax revenue related to the City no longer remitting 50% of such collections to the Harrisburg Parking Authority.
- (14) Relates to the prior year \$15.4 million representing a finalized receivable write-off for debt guarantee payments associated with Capital Region Water.

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS (Continued)

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- (15) Primarily attributable to bond insurer reimbursements and the suburban municipalities settlement payment being less in amount for 2014, (approximately \$6 million less and \$3 million less, respectively).
- (16) With some return of financial stability occurring for the City in 2014, less in debt issuance was required for involved amounts advanced by the City's bond insurer relative to the bondholders of the 1997 Series General Obligation Refunding Bonds and Notes.
- (17) Relates to the majority of auction proceeds from the sale of the City's historic artifacts collection being received in 2013.
- (18) Beginning in 2014 and due to a change in City budget unit classification, the formerly described Building and housing development line item now includes the Parks and recreation line item and has been collectively renamed as Community and economic development; also in 2014, activity associated with the City's Bureau of Codes Enforcement has been reclassified from aforementioned Building and housing development to the Public safety line item.
- (19) Noted decrease of approximately \$2.9 million is comprised of various factors related to general revenue and grant programs revenue. For general, parking system ground lease revenue decreased by \$645,500 from the prior year due to an adjustment related to this revenue not being received within sixty days of year-end; for grant programs, noted significant decreases included approximately \$1 million less in needed and combined Community Development Block Grant and HOME Investment Partnership Program entitlement funding due to previously deferred program income being utilized, \$546,766 less in Lead-Based Paint Hazard Control revenue due to this grant program reaching its near conclusion in 2015, and over \$800,000 less in Staffing for Adequate Fire and Emergency Response revenue due to this grant program being substantially completed in 2014.
- (20) Overall decrease of \$1.3 million is mainly attributed to \$1,476,772 less in reimbursement for shared services with Capital Region Water due to the reconciliation of involved over-billings.
- (21) Overall decrease of \$900,000 is related to contracted home improvement services being less in 2015 by approximately \$400,000 due to smaller available project budget occurring through the HOME Investment Partnership Program, and also to \$546,766 less in Lead-Based Paint Hazard Control expenditures due to this grant program reaching its near conclusion in 2015.
- (22) Increase here reflects the City's further investment in its streetlights infrastructure costs via the current ongoing streetlight LED conversion/upgrade project.
- (23) Noted increase is attributed to approximately \$3 million in lease/purchase proceeds occurring within the Capital Projects Funds for financing costs associated with the City's streetlight LED conversion/upgrade project.
- (24) See "Tax Revenues by Source" schedule within this statistical section for individual detailed explanations comprising this overall increase in tax revenue.
- (25) Increase in intergovernmental revenue would include \$775,043 more in realized parking system ground lease revenue from Harrisburg Parking Authority, \$257,532 more in grant revenue from PA Energy Development Authority in support of the streetlight LED upgrade project, \$500,495 in new Federally awarded disaster assistance grant funding from FEMA associated with an extreme 2016 winter storm event, and \$188,303 in additional state funding from PA Department of Environmental Protection in the form of a Section 902 municipal recycling grant.
- (26) Increase in investment income is comprised of \$1,344,197 more in realized parking system priority payment revenue from PA Economic Development Financing Authority.
- (27) Decrease of approximately \$2 million here is a combination of \$1.2 million more in engineering and traffic expenditures related to traffic control devices, streetlighting system upgrades, streets and roads resurfacing, and bridge improvements, and \$3.2 million less in City services (public works function) expenditures as a result of creation of the new proprietary Neighborhood Services Fund for accommodating such former General Fund expenditures as well as costs previously segregated in prior years within the former Sanitation and Incinerator Funds.
- (28) The \$2,026,008 represents continuation of the City's further investment in its streetlight LED conversion/upgrade project, with these particular costs being accounted for within the Capital Projects Fund.
- (29) Decrease from the prior year is attributed to the approximate \$3 million in lease/purchase proceeds referenced above at (27) fully occurring in 2015.

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS (Continued)

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- <sup>(30)</sup> Decrease here relates to General Fund transfers wherein \$4,504,000 less in state grant funding from PA DCED transferred from the State Grants Fund, \$1,749,261 less in interfund support transferred from the proprietary utility fund, and \$858,976 more in debt service funding transferred into the Debt Service Fund. The \$4,504,000 support for public safety expenditures was received in 2016 into the General Fund as intergovernmental revenue directly appropriated from the State's approved budget; the prior year appropriation of \$1,749,261 from the former Sanitation Fund was not similarly budgeted in 2016 for the new Neighborhood Services Fund; and the \$858,976 additional amount of debt service funding for 2016 is applicable to the debt financing associated with the streetlight LED conversion/upgrade project.
- <sup>(31)</sup> Transfers out decreased due to \$4,504,000 less being transferred from the State Grants Fund (see (34) above for comments), \$858,976 more for debt service being transferred from the General Fund (see (34) above for comments), and \$188,303 more in state grant funding from PA DEP being transferred from the State Grants Fund to the General Fund.
- <sup>(32)</sup> Increase is attributed to changes occurring in various grant funding including \$1,088,178 in new Federal pre-disaster mitigation/disaster recovery grants applicable to the South 14th Street sinkhole project, \$500,495 less in Federal disaster assistance from FEMA associated with an extreme 2016 winter storm event, an increase of \$566,422 in revenue applicable to the Lead-Based Paint Hazard Control grant, and an increase of \$264,198 in support from the PA Department of Transportation's Multimodal Transportation Fund specific to the City's Third Street infrastructure project.
- <sup>(33)</sup> Change is attributable to several material expenditure increases including \$426,476 in consulting and capital for advancing capabilities of the Bureau of Information Technology, \$130,390 in staff expansion and capital office equipment for the Office of Tax Enforcement, \$175,400 in awarded "signing" bonus amounts for current City employees of the non-uniformed collective bargaining unit, \$102,617 more occurring in legal liability settlement claims, and the occurring release of \$1,695,999 in Harrisburg Strong Plan growth funds for applicable settlement distributions.
- <sup>(34)</sup> Increase is comprised of \$570,864 more in expenditures within the Federal Grants Fund mostly due to expansion of activity for the Lead-Based Paint Hazard Control program, \$246,547 in new consulting and capital expenditures within the State Grants Fund related to improvements for the City's parks and playgrounds, and \$367,304 more in expenditures within the General Fund's budget unit for Parks and Recreation mostly related to such staff expansion and additional consulting and capital for the City's parks, pools, and playgrounds.
- <sup>(35)</sup> Increase is comprised of \$1,088,178 in new Federal grant expenditures of pre-disaster mitigation/disaster recovery funding applicable to the South 14th Street sinkhole project, \$860,715 more in expenditures within the Bureau of Police due to increases in both new uniformed personnel and the City's related pension minimum municipal obligation for 2017, \$516,156 more in expenditures within the Bureau of Fire due to the hiring of new uniformed personnel for 2017, and \$149,111 more in expenditures within the Bureau of Codes Enforcement mostly attributable to an increase in personnel via the hiring of new codes enforcement officers.
- <sup>(36)</sup> In 2017 the City made significant capital expenditures through its Bureau of Traffic and Engineering related to improvement needs for traffic and lighting infrastructure and for the City Government Center building; the resulting increase in these expenditures is mostly comprised of \$446,139 in traffic control equipment and devices, \$30,436 in State Street promenade lighting, and \$792,512 in combined costs for upgraded HVAC controls/ equipment and new roof replacement at the City Government Center.
- <sup>(37)</sup> Decrease is mostly attributed to the City only taking \$250,000 in bond insurance advances related to the deficiency payments for the March, 2017 maturities of its General Obligation Refunding Bonds (Series D of 1997) and Notes (Series F of 1997); such bond insurance advances totaled to \$1 million in 2016.
- <sup>(38)</sup> See "Tax Revenues by Source" schedule within this statistical section for individual detailed explanations comprising most of this increase, specifically for the indicated revenues of property taxes, real estate transfer taxes, and earned income taxes.
- <sup>(39)</sup> Overall increase in intergovernmental revenues includes increases of \$255,174 in the general municipal allocation of pension system state aid, \$233,856 in parking system ground lease payments from the Harrisburg Parking Authority, \$586,849 in supporting grant revenue for the Third Street resurfacing project, approximately \$700,000 in disaster assistance grant funding for the South 14th Street sinkhole project, and approximately \$300,000 in utilized available funds applicable to the Lead Hazard Reduction Demonstration Grant program.
- <sup>(40)</sup> Decrease in miscellaneous income is mainly comprised of \$217,542 less in receipt of prior year revenue related to the one-time resolving in 2017 of older excess funds previously transferred to the payroll account, \$495,591 less in insurance reimbursement proceeds realized on prior losses related to a historic Civil War Museum collectable theft and occurring liability insurance claims exceeding the City's self-insured retention level, and \$261,144 less in resulting prescription drugs rebate revenue related to the City's change in its prescription benefit facilitator from Express Scripts to BeneCard.
- <sup>(41)</sup> Increase of approximately \$3 million is related to the 2018 release of Harrisburg Strong Plan growth funds for final settlement distributions to Assured Guaranty Municipal Corp. and the County of Dauphin, \$4,616,914 in total for 2018 compared with \$1,695,999 in total for 2017.
- <sup>(42)</sup> Increase in expenditures of approximately \$3.3 million includes \$157,076 more in Police extra duty costs, \$208,577 more in calculated minimum municipal obligation related to the Fire pension plan, \$149,961 more in Police regular salaries and wages, \$170,013 more in Fire regular salaries and wages, \$1,359,418 more in Police capital expenditures (new roof for the Public Safety Building, upgraded portable/mobile radios, and 15th Street Police precinct substation construction), \$673,612 more in Fire capital expenditures (roof replacements for the City's three fire stations), and approximately \$700,000 more in expenditures applicable to the South 14th Street sinkhole project.
- <sup>(43)</sup> Increase is mostly attributed to a \$1.7 million increase in grant proceeds within the Capital Projects Fund for a streets and roads project and a \$.4 million increase in received system State aid within the General Fund.

## CITY OF HARRISBURG, PENNSYLVANIA

### CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS (Continued)

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- (44) Increase is due to City Treasury's management of funds placement into an improved investment income yielding position.
- (45) The most significant factor creating the noted decrease in expenditures would be the final Harrisburg Strong Plan related settlement distributions of over \$4 million occurring in 2018.
- (46) Decrease is mostly attributed to the result of the older multi-year lead hazard reduction demonstration grant program being substantially completed by the end of 2018.
- (47) Significant increase in infrastructure expenditures is comprised of the completed Riverwalk access project and various streets and roads construction in progress projects.
- (48) \$2 million in proceeds from debt issuance represents a Pennsylvania Infrastructure Bank loan for a significant streets and roads paving project.
- (49) Decrease is mostly attributed to decline in grant funding for various streets and roads projects and reduced applicable revenue from parking system activity, both related to economic impact effects from the occurring health pandemic in 2020.
- (50) Decrease is mostly attributed to reduced applicable revenue from parking system activity related to the economic impacts from the occurring health pandemic in 2020.
- (51) Decrease would be largely attributed to the completion of the South 14th Street sinkhole project occurring by the end of 2019, i.e., no such expenditures for 2020.
- (52) The City's various infrastructure projects within the Capital Projects Fund continued to be in effect from the end of 2019 but were slowed by the economic impact effects of the health pandemic in 2020.
- (53) Increase in tax revenue is mainly comprised of positive economic effects occurring for real estate taxes and earned income taxes.
- (54) Increase is attributed to the Capital Projects Fund benefiting from significant grant funding for streets and roads construction improvement projects.
- (55) Large increase is mostly comprised of more capital expenditures within the Parks, Recreation, and Facilities budget unit of the General Fund, and increased program expenditure both the U.S. Dept. of HUD funded Lead Hazard Grant and Community Development Block Grant.
- (56) Various streets and roads construction improvement projects experienced increased expenditure activity during 2021 within the Capital Projects Fund.
- (57) Collective increase in Debt Service Fund expenditures for both principal and interest is due to the City's occurring \$4 million prepayment of its bond insurer forbearance liability.
- (58) Increased interfund transfers out resulted primarily from General Fund funding moved to the Debt Service Fund and Harrisburg Senators Fund, for the related significant of the bond insurer forbearance liability and full defeasance of the Guranteed Revenue Bonds, Series A-2 of 2005 originally issued by the Harrisburg Redevelopment Authority,

Source: City's audited basic financial statements; footnote explanations continue to following pages

**CITY OF HARRISBURG, PENNSYLVANIA**

**TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)*

Fiscal Year	Property (Real Estate) <sup>(1)</sup>	Real Estate Transfer <sup>(2)</sup>	Local Services/ Occupational Privilege <sup>(3)</sup>	Earned Income <sup>(4)</sup>	Business Privilege/ Mercantile <sup>(5)</sup>	Total
2012	\$ 16,820,831 <sup>(7)</sup>	\$ 451,528	\$ 1,768,175	\$ 3,997,191	\$ 5,137,609 <sup>(8)</sup>	\$ 28,175,334
2013	16,957,734	321,959	2,382,812 <sup>(6)</sup>	9,354,884 <sup>(4)</sup>	4,783,408	33,800,797
2014	17,715,941 <sup>(11)</sup>	842,215 <sup>(9)</sup>	1,995,814	10,080,370	6,477,509 <sup>(10)</sup>	37,111,849
2015	16,836,917 <sup>(12)</sup>	821,880	2,219,720	10,455,466	6,607,894	36,941,877
2016	17,370,946 <sup>(13)</sup>	506,260 <sup>(14)</sup>	6,376,249 <sup>(15)</sup>	11,397,276 <sup>(16)</sup>	7,415,896 <sup>(17)</sup>	43,066,627
2017	17,564,616	636,111	6,647,473	11,556,629	7,688,402 <sup>(18)</sup>	44,093,231
2018	17,930,214 <sup>(19)</sup>	1,087,443 <sup>(22)</sup>	6,799,149	12,055,643 <sup>(21)</sup>	7,754,294	45,626,743
2019	17,190,610	1,016,740	6,792,278	12,840,072 <sup>(22)</sup>	8,195,813 <sup>(22)</sup>	46,035,513
2020	17,032,102	814,788 <sup>(23)</sup>	6,445,089 <sup>(23)</sup>	12,455,559 <sup>(23)</sup>	7,330,772 <sup>(23)</sup>	44,078,310
2021	17,779,107 <sup>(24)</sup>	1,033,820	6,572,970	14,156,573 <sup>(25)</sup>	7,756,057	47,298,527
Change 2012-2021	5.7%	129.0%	271.7%	254.2%	51.0%	67.9%

## CITY OF HARRISBURG, PENNSYLVANIA

### TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS (Continued)

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- (1) The Dauphin County Board of Assessments performs property assessments. The City levies the tax on 100% of the value assigned by the County. The tax within the City is levied as two rates (termed "Two-Rate Property Tax"), one on land and one on buildings.
- (2) The City imposes a Real Estate Transfer Tax of 1% of the selling price or market value of real estate transferred within the City. This tax is collected by the County for which the County is paid a 2% commission on transfer taxes collected. The City shares this tax equally with the School District.
- (3) For the years 1999 through 2004, the City levied an Occupational Privilege Tax of \$10.00 per person for anyone working within the City. This tax was withheld by the employer and allocated equally between the City and School District. Beginning in 2005, the City started receiving the new Emergency and Municipal Service Tax (EMS). This tax was created by the Pennsylvania Legislature in November 2004 and replaced the Occupational Privilege Tax. This tax enabled Pennsylvania municipalities to increase their previous levy of the tax from \$10.00 to \$52.00 per year on a similar tax base. The School District continues to receive \$5.00 of the levy.
- (4) Prior to 2013, City residents were subject to an Earned Income Tax (EIT) of 1%, which was shared equally with the School District; effective January 1, 2013, the EIT rate was increased to 2% with the City's portion becoming 1.50% (a resulting increase by a factor of 3) and the School District's portion being maintained at .50%. The beginning effects of the new rate are noted here in the significant increase in this revenue for 2013. Non-residents who work within the City and who do not pay an Earned Income Tax to the municipality of their residence also pay the 1% EIT. This tax is administered by the Keystone Collections Group (KCG) for which KCG is paid a 2.5% commission on the EIT collected. Because the EIT is withheld by the employer, a high level of compliance exists.
- (5) The City levies a Business Privilege and Mercantile Tax on gross receipts. The City shares equally the Mercantile portion of this tax with the School District. Additionally, there are taxes and fees levied on mechanical devices (pinball, billiard tables, video games, etc.). Also, a 10% Amusement Tax is levied on admission prices to places of amusement, entertainment or recreation within the City. The City shares this tax equally with the School District. A parking tax rate, increased in 2012 from 15% to 20%, is also levied on the consideration paid by patrons of the City parking garages and lots.
- (6) Noted increase in local service/occupational privilege taxes can be attributed to more stabilized national economic factors occurring in general resulting in 2013 revenue being much more comparable to recent prior years of 2009 through 2011.
- (7) Includes a .8 mill, or \$1.2 million, real estate tax increase.
- (8) Includes a \$1.3 million increase in parking tax revenue resulting from two related rate changes: parking tax rate increasing from 15% to 20% and the other being the change in the City's applicable remittance rate from two-thirds to 50% to the Harrisburg Parking Authority.
- (9) Attributed to the occurrence of some significantly larger properties being sold during 2014.
- (10) Related to the effect of the new parking management agreement, being fully in effect at the beginning of 2014 and resulting in the City no longer remitting 50% of its parking tax collections to the Harrisburg Parking Authority.

## CITY OF HARRISBURG, PENNSYLVANIA

### TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS (Continued)

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- (11) Attributed to returning confidence in the City's financial stability prompting stronger taxpayer motivation for the remittance of prior years' tax amounts.
- (12) Decrease in property tax revenue is related to a noted decrease in the change of current year collections of prior years' tax levies.
- (13) Increase in property tax revenue is related to noted increase in the change of current year collections of prior years' tax levies; specifically, such collections in 2015 decreased by \$456,900 from prior year 2014 whereas for 2016 these collections increased by \$79,700 over prior year 2015, resulting in an overall comparative year-to-year positive change of \$536,600.
- (14) Transfer taxes for 2016 have decreased to a total more comparable to years recently prior to 2014, whereas for both 2014 and 2015 there were more occurrences of significantly larger properties being sold.
- (15) The noted significant increase in Local Services Tax reflects the City's implementation in 2016 via ordinance of an increase in this tax levy, which triples the annual amount from \$52 to \$156 for all individuals engaged in occupation within the City's corporate limits.
- (16) From the inception of the Earned Income Tax increase effective in 2013 (see footnote (4) here), this revenue has been steadily increasing over the recent years which reflects ongoing productive efforts by Keystone Collections Group in coordinating collections from employers and remittances to the City. Further, a recent stabilization in fluctuation is noted here as the \$11.4 million total for 2016 compares reasonably well with City collections amounting to \$11.5 million for the twelve months ended June 30, 2017.
- (17) Increase in mercantile business privilege taxes for 2016 is attributed to over \$600,000 more from local businesses reflecting an economic market upturn occurring from 2015 to 2016, as compared with an occurring downturn from 2014 to 2015, and to over \$400,000 more in parking taxes revenue resulting from Standard Parking increasing parking garage rates at the beginning of 2016.
- (18) A significant portion of the 2017 increase in mercantile business privilege taxes is attributed to additional parking tax revenue occurring from a monthly rate increase charged by Standard Parking (SP) to the Commonwealth of Pennsylvania, on applicable parking spaces specific to the State and its master lease agreement with SP.
- (19) Increase in property tax revenue for 2018 includes over \$300,000 received from Dauphin County in surplus funds materializing from resulting tax sales on multiple properties located within the City's taxing authority; such revenue at this level does not routinely occur on an annual basis.
- (20) The significant increase in real estate transfer tax revenue is attributed to over \$400,000 received on the occurring sale of an involved property with a very large assessment value and related ownership being applicable to a distribution type operating entity.
- (21) Increase in earned income tax revenue reflects in general the economy improving during 2018 and the City's recent years' efforts of promoting its appeal for enhanced, available economic opportunities. Such factors have resulted in the favorable impact of affectively increasing employment within the City.
- (22) Stronger economic activity in general occurred during 2019 benefiting revenue for both earned income taxes and mercantile business privilege taxes.



**CITY OF HARRISBURG, PENNSYLVANIA**

**TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS (Continued)**

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- <sup>(23)</sup> Decrease in such tax revenue from the prior year can be attributed to the economic impacts from the occurring health pandemic in 2020.
- <sup>(24)</sup> Increase attributed to notable increases in collections of prior years' taxes for 2020, 2019, and 2018.
- <sup>(25)</sup> Significant increase in EIT revenue can be attributed to reversing economic effects from ongoing recovery efforts on the health pandemic.

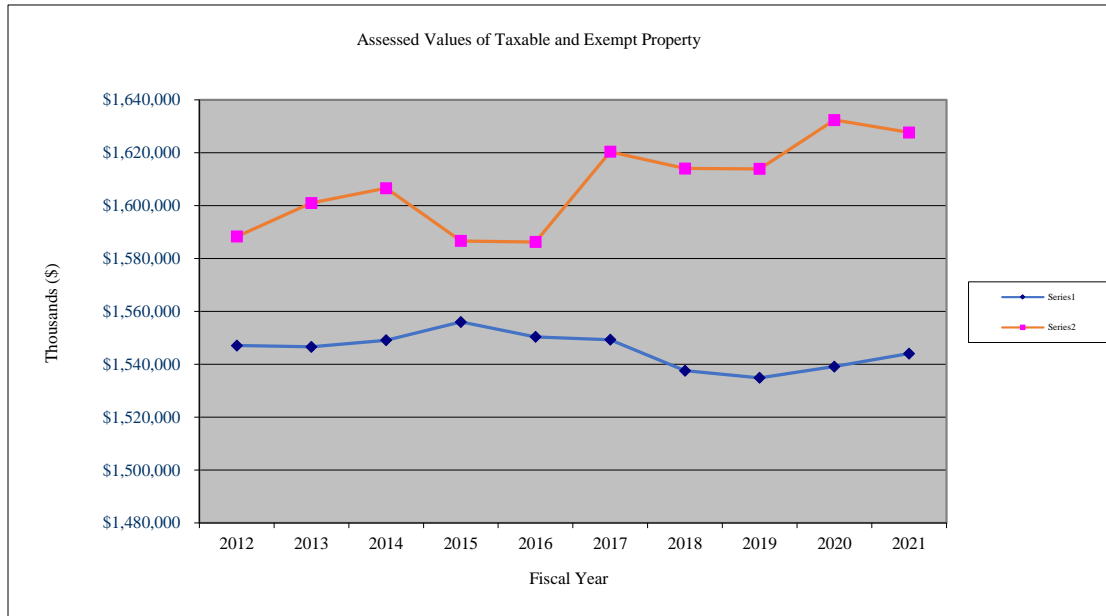
**City of Harrisburg, Pennsylvania**

**Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years**

*(in thousands of dollars)*

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agriculture/Land/Lots	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2012	\$ 648,788	\$ 836,013	\$ 95,839	\$ 7,657	\$ 1,547,066	\$ 1,588,297	10.90 <sup>(1)</sup>	\$ 2,000,942
2013	741,200	754,166	91,175	14,481	1,546,591	1,601,022	10.98	1,996,897
2014	747,412	764,682	86,690	7,811	1,549,077	1,606,595	10.96	2,022,608
2015	763,086	728,719	87,076	7,739	1,555,990	1,586,620	10.96	1,993,566
2016	764,404	727,292	86,912	7,620	1,550,386	1,586,228	10.85	2,017,424
2017	745,388	780,559	86,805	7,616	1,549,281	1,620,368	10.90	2,062,026
2018	742,090	777,314	86,817	7,837	1,537,579	1,614,058	10.96	2,088,747
2019	740,097	781,480	84,573	7,760	1,534,883	1,613,910	10.83	2,087,947
2020	740,974	785,090	99,073	7,234	1,539,145	1,632,371	10.85	2,211,890
2021	739,082	783,637	97,835	7,106	1,544,057	1,627,660	10.81	2,204,517

<sup>(1)</sup> Includes a .8 mill real estate tax increase.

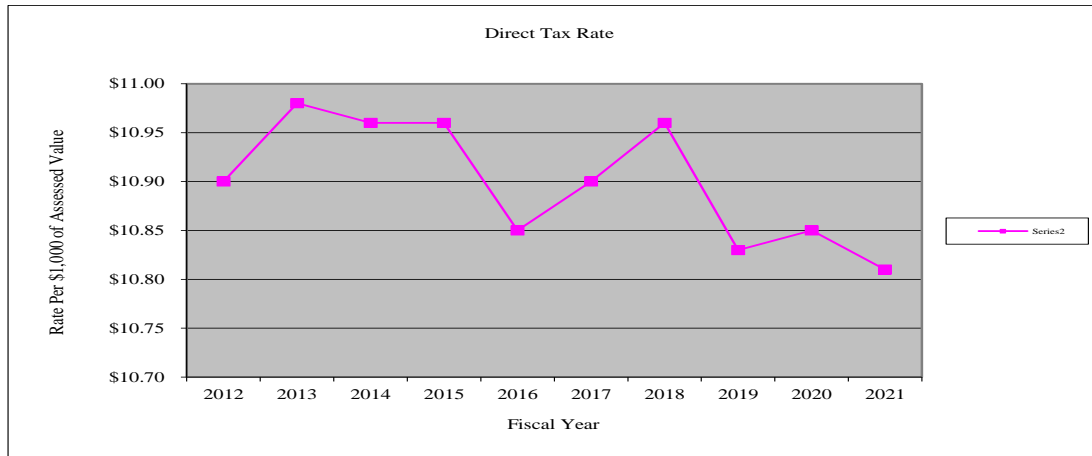


Source: Commonwealth of Pennsylvania's State Tax Equalization Board data

**City of Harrisburg, Pennsylvania**  
**Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed value)*

Fiscal Year	City Direct Rates <sup>(1)</sup>					Overlapping Rates <sup>(1)</sup>	
	Basic Rate	General Obligation Debt Service	Dauphin County Library	Recreation Purposes	Total Direct Rate <sup>(2)(3)</sup>	Harrisburg School District	Dauphin County
2012	\$ 3.69	\$ 6.85	\$ -	\$ 0.36	\$ 10.90 <sup>(4)</sup>	\$ 26.96	\$ 7.23
2013	3.85	6.87	-	0.26	10.98	26.96	7.23
2014	5.11	5.59	-	0.26	10.96	27.92	7.23
2015	5.11	5.59	-	0.26	10.96	27.92	7.23
2016	4.93	5.45	-	0.47	10.85	27.92	7.23
2017	5.30	5.02	-	0.58	10.90	27.80	7.23
2018	3.63	6.28	-	1.05	10.96	28.80	7.23
2019	3.11	6.34	-	1.38	10.83	29.78	7.23
2020	2.98	6.35	-	1.52	10.85	29.78	7.23
2021	2.73	5.94	-	2.14	10.81	29.78	7.23

- <sup>(1)</sup> The City's direct property tax rate may be increased only by a majority vote of City Council. Overlapping rates are those of other tax levying entities that apply to property owners within the City of Harrisburg.
- <sup>(2)</sup> This amount represents an equivalent single tax rate. The City actually utilizes a split-rate, or two-rate, tax system whereby land is currently taxed at a rate six times greater than the tax rate on buildings and improvements.
- <sup>(3)</sup> The City is permitted by the Third Class City Code to levy real estate taxes up to 25 mills on every dollar of assessed valuation for general
- <sup>(4)</sup> Includes a .8 mill real estate tax increase.



Source: City Council's approved ordinance documentation for the 2020 property tax levies and distribution

**City of Harrisburg, Pennsylvania**  
**Principal Property Taxpayers, Current Year and Prior Nine Years**  
*(in thousands of dollars)*

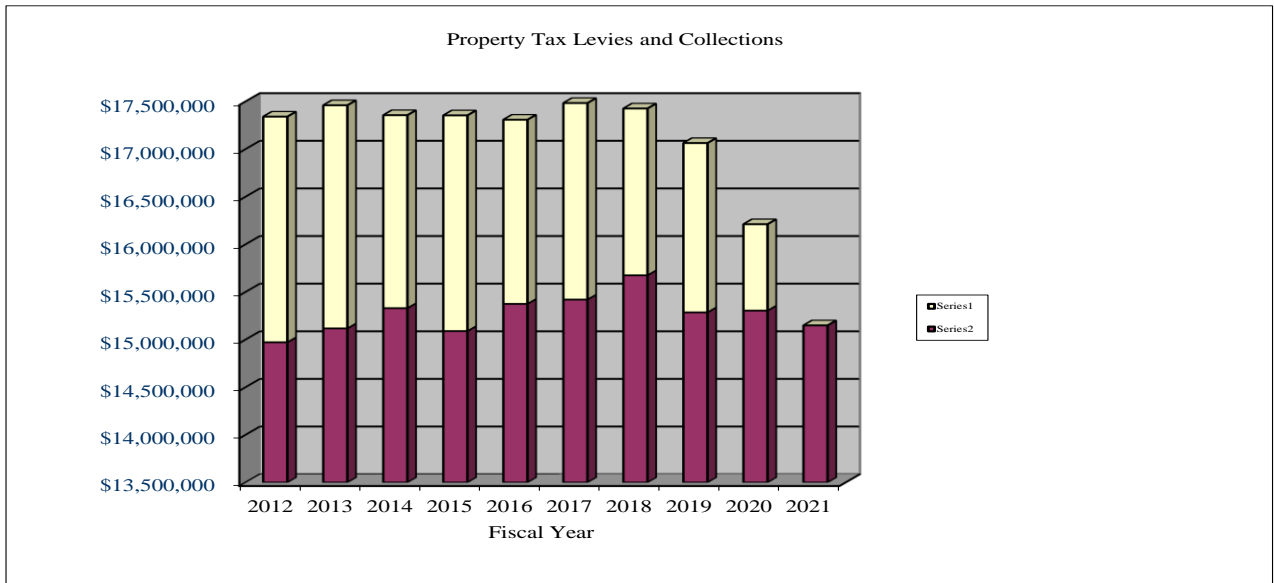
<u><b>Taxpayer</b></u>	<u><b>2021</b></u>			<u><b>2012</b></u>		
	<u><b>Taxable Assessed Value <sup>(1)</sup></b></u>	<u><b>Rank</b></u>	<u><b>Percentage Rate of Total City Taxable Assessed Value</b></u>	<u><b>Taxable Assessed Value <sup>(1)</sup></b></u>	<u><b>Rank</b></u>	<u><b>Percentage Rate of Total City Taxable Assessed Value</b></u>
Harrisburg Redevelopment Authority	\$ 88,031	1	5.41	\$ 98,097	1	6.08
ESL, Inc./Penn National Realty Trust	29,100	2	1.79	29,685	2	1.84
CF Grocery Distribution Property Co.	29,030	3	1.78	-		
M&T Bank (formerly Allfirst Bank)	18,912	4	1.16	20,024	3	1.24
Sage Market Square Plaza, LP	18,200	5	1.12	-		
2012 Harrisburg Investment (Hilton Hotel)	16,066	6	0.99	15,718	4	0.97
Norfolk Southern Corp.	13,377	7	0.82	-		
Pinnacle Health System	12,278	8	0.75	7,757	9	0.48
Icon Owner Pool 4 Northwest/MI	12,248	9	0.75	-		
Harrisburg Investors Group, LLC	11,201	10	0.69	-		
KTR Harrisburg, LLC				13,737	5	0.85
Keystone Central Storage				12,247	6	0.76
Strawberry Square Associates				9,341	7	0.58
365-369 Ocean Avenue, LLC				8,984	8	0.56
M and B Holdings, LLC				7,265	10	0.45
<b>Total</b>	<u><u>\$ 248,443</u></u>		<u><u>15.26</u></u>	<u><u>\$ 222,855</u></u>		<u><u>13.81</u></u>

<sup>(1)</sup> This table reflects the City's top principal taxpayers based on the highest appraisal value amounts. This presentation may not positively correlate to the assessed value because the City utilizes a split-rate, or two-rate, tax system whereby land is currently taxed at a rate six times greater than the tax rate on buildings and improvements.

**City of Harrisburg, Pennsylvania**  
**Property Tax Levies and Collections, Last Ten Fiscal Years**

Year	Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Years Subsequent to Levy Year	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012	\$ 17,530,589 <sup>(1)</sup>	\$ 14,972,310 <sup>(1)</sup>	85.41%	\$ 2,368,970	\$ 17,341,280	98.92%
2013	17,654,979	15,117,935	85.63%	2,342,571	17,460,506	98.90%
2014	17,556,354	15,330,754	87.32%	2,025,896	17,356,650	98.86%
2015	17,558,378	15,089,913	85.94%	2,264,489	17,354,402	98.84%
2016	17,515,445	15,375,462	87.78%	1,933,363	17,308,825	98.82%
2017	17,695,459	15,420,839	87.15%	2,062,930	17,483,769	98.80%
2018	17,646,397	15,675,674	88.83%	1,750,880	17,426,554	98.75%
2019	17,628,899	15,286,323	86.71%	1,777,422	17,063,745	96.79%
2020	17,645,375	15,304,905	86.74%	906,824	16,211,729	91.88%
2021	17,616,794	15,149,264	85.99%	-	15,149,264	85.99%

<sup>(1)</sup> Real Estate Tax billing increased \$1.2 million due to a .8 mill tax rate increase.



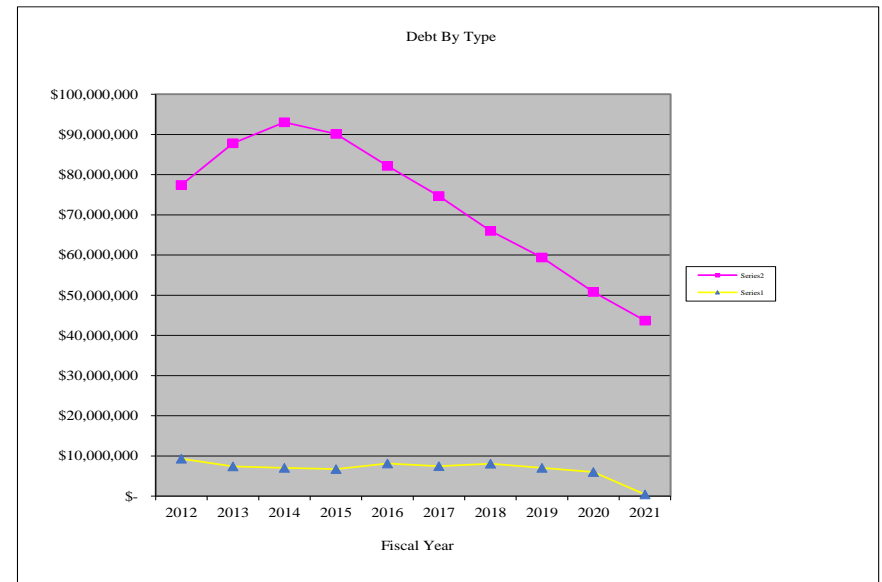
Source: City's Bureau of Information Technology and Dauphin County Tax Claims Bureau

**City of Harrisburg, Pennsylvania**  
**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						Business-type Activities						
	General Obligation Bonds	Lease Revenue Bonds	Other (Reimbursement Settlements)	General Obligation Notes	Capital Leases	Liability under Guarantee	Lease Rental	Revenue Bonds	Unamortized Discount	Capital Leases	Total Primary Government	% of Personal Income <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2012	\$ 28,810,787	\$ 2,431,148	\$ -	\$ 43,752,312	\$ 2,430,303	\$ -	\$ 1,597,167	\$ 7,605,000	\$ (41,704)	\$ 150,447	\$ 86,735,460	4.02%	\$ 1,760
2013	25,828,776	92,449 <sup>(3)</sup>	18,460,000 <sup>(5)</sup>	41,120,600	2,308,342	-	- <sup>(4)</sup>	7,335,000	(37,800)	89,476	95,196,843	4.37%	\$ 1,927
2014	22,691,899	- <sup>(3)</sup>	17,949,370 <sup>(5)</sup>	37,740,413	331,891 <sup>(6)</sup>	14,316,584 <sup>(9)</sup>	-	7,055,000	(34,028)	23,288 <sup>(6)</sup>	100,074,417	4.46%	\$ 2,039
2015	19,384,564	-	17,421,609 <sup>(5)</sup>	34,580,572	3,420,351 <sup>(7)</sup>	15,311,538 <sup>(9)</sup>	-	6,760,000	(30,396)	11,209	96,859,447	4.09%	\$ 1,940
2016	15,895,938	-	16,903,747 <sup>(5)</sup>	31,262,954	2,391,882	15,726,811 <sup>(9)</sup>	-	6,450,000	(26,913)	1,691,710 <sup>(8)</sup>	90,296,129	3.86%	\$ 1,846
2017	12,226,042	-	16,137,139 <sup>(5)</sup>	27,793,667	2,036,439	16,493,270 <sup>(9)</sup>	-	6,125,000	(23,589)	1,336,974	82,124,942	3.38%	\$ 1,669
2018	8,338,777	-	15,121,161 <sup>(5)</sup>	24,131,385	1,835,345	16,568,730 <sup>(9)</sup>	-	5,785,000	(20,433)	2,302,061 <sup>(10)</sup>	74,062,026	2.93%	\$ 1,504
2019	4,241,617	-	14,837,355 <sup>(5)</sup>	22,592,241	1,438,589	16,275,274 <sup>(9)</sup>	-	5,425,000	(17,455)	1,641,364	66,433,985	2.51%	\$ 1,348
2020	2,993,698	-	14,781,977 <sup>(5)</sup>	16,072,869	1,027,051	15,933,103 <sup>(9)</sup>	-	5,050,000	(14,666)	992,168	56,836,200	1.99%	\$ 1,148
2021	1,586,232	-	19,285,807 <sup>(5)</sup>	6,611,885	652,319	15,537,615 <sup>(9)</sup>	-	- <sup>(11)</sup>	- <sup>(11)</sup>	413,613	44,087,471	1.45%	\$ 879

- <sup>(1)</sup> Personal income information is estimated based on the Harrisburg-Carlisle, Pennsylvania Metropolitan Statistical Area.
- <sup>(2)</sup> Population information is based on various on-line research information for population history and per capita personal income.
- <sup>(3)</sup> This revenue bond debt was fully satisfied in 2014 via the completion of received proceeds from the sale of historic artifacts.
- <sup>(4)</sup> Elimination of lease rental debt relates to the transitioning of Sewer Fund ownership and operation to Capital Region Water.
- <sup>(5)</sup> Amount is comprised of remaining settlement payments due to several suburban municipalities in accordance with a negotiated compromise of the involved claim, and reimbursement due to the City's bond insurer for advances made on the City's behalf involving the 1997 Series General Obligation Refunding Bonds and Notes (see below Note); the City completed the final installment payment in April 2019 for fully satisfying the suburban municipalities settlement. In November 2021, the City achieved a restructuring of the bond insurer forbearance liability including a significant prepayment by the City and an enhanced reduction of this liability by the bond insurer under a third amended and restated settlement agreement. A resulting promissory note was issued including remaining accrued interest at that time amounting to approximately \$8.3 million (see Note 12).
- <sup>(6)</sup> As a result of the effects from the culmination of the Harrisburg Strong Plan in late 2013, the City was financially enabled in 2014 to significantly pay-down much of its debt obligations associated with various assets under capital lease.
- <sup>(7)</sup> Increase is due to securing \$3,069,144 in lease/purchase proceeds for financing costs associated with the City's streetlight LED conversion/upgrade project.
- <sup>(8)</sup> Increase is mostly attributed to securing \$1,647,151 in lease/purchase proceeds for financing the acquisition of 7 new rear-loading refuse trucks.
- <sup>(9)</sup> In the event of insufficient supporting lease revenues occurring, the City is to guarantee the related debt service on the Federally Taxable Guaranteed Revenue Bonds, Series A of 1998 issued by the Harrisburg Redevelopment Authority. This liability reflects the present value of future anticipated payments under this guarantee.
- <sup>(10)</sup> Increase is applicable to the related lease/purchase financing for the acquisition of multiple upgraded heavy-duty front-end loaders and dump trucks.
- <sup>(11)</sup> In November 2021, the City defeased the Guaranteed Revenue Bonds, Series A-2 of 2005 originally issued by the Harrisburg Redevelopment Authority.

Note: For both years ended December 31, 2012 and 2013, the City was unable to make the required debt service payments for its General Obligation Refunding Bonds - Series D of 1997, \$4,500,000 in 2012 and \$4,500,000 in 2013, and for its General Obligation Refunding Notes - Series F of 1997, \$4,165,000 in 2012 and \$4,170,000 in 2013. Similarly in years 2014 through 2017, the City was unable to pay certain portions of the required total debt service payments for this General Obligation debt, specifically \$518,445 in 2014, \$518,328 in 2015, \$518,417 in 2016, and \$129,705 in 2017 on the Series D Bonds and \$481,555 in 2014, \$481,672 in 2015, \$481,583 in 2016, and \$120,295 in 2017 on the Series F Notes. Accordingly, the City's bond insurer was required to make these payments on behalf of the City under an insurance policy agreement.



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**City of Harrisburg, Pennsylvania**

**Ratio of Net General Bonded Debt To Assessed Value, Last Ten Fiscal Years**

*(in thousands of dollars, except Net General Bonded Debt Per Capita)*

Year	Population <sup>(1)</sup>	Taxable Assessed Value	General Bonded Debt <sup>(2)</sup>	Less Debt Service Fund	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2012	49,279	\$ 1,588,297	\$ 297,789	\$ 1	\$ 297,788	18.75	\$ 6,042.90
2013	49,401	1,601,022	80,904	<sup>(3)</sup> 277	80,627	5.04	1,632.09
2014	49,082	1,606,595	88,658	108	88,550	5.51	1,804.12
2015	49,919	1,586,620	83,138	32	83,106	5.24	1,664.82
2016	48,904	1,586,229	76,724	20	76,704	4.84	1,568.46
2017	49,192	1,620,368	70,095	(14)	70,109	4.33	1,425.21
2018	49,229	1,614,059	62,130	(13)	62,143	3.85	1,262.33
2019	49,271	1,613,910	56,461	917	55,544	3.44	1,127.32
2020	49,528	1,632,371	48,507	946	47,561	2.91	960.29
2021	50,135	1,627,660	44,654	496	44,158	2.71	880.78

<sup>(1)</sup> Source: per various on-line research information for Harrisburg, PA population history

<sup>(2)</sup> General Bonded Debt includes general obligation bonds and notes payable of the primary government, as well as debt of other entities guaranteed by the primary government. Amounts do not include Section 108 promissory notes and debt which is credited or excluded pursuant to the PA Local Government Unit Debt Act.

<sup>(3)</sup> Significant reduction in bonded debt from the prior year is attributed to the culmination of the Harrisburg Strong Plan near the end of 2013, with resulting effects from the elimination of various component unit debt previously guaranteed by the City for Capital Region Water and the Harrisburg Parking Authority.

Source: City's audited basic financial statements, and Commonwealth of Pennsylvania's State Tax Equalization Board data



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**City of Harrisburg, Pennsylvania**  
**Direct and Overlapping Bonded Debt**  
**As of December 31, 2021**

<u>Direct Bonded Debt</u>	<u>Gross Bonded Debt Outstanding <sup>(1)</sup></u>	<u>Credits/ Exclusions <sup>(2)</sup></u>	<u>Net Bonded Debt Outstanding</u>
<u>Primary Government:</u>			
General Obligation Refunding Bonds, Series D of 1997	\$ 1,586,232	\$ -	\$ 1,586,232
General Obligation Refunding Notes, Series F of 1997	6,611,885	-	6,611,885
Pennsylvania Infrastructure Bank Note	1,632,917	-	1,632,917
Reimbursement Amounts due to Bond Insurer	19,285,807	-	19,285,807
Senators Revenue Bonds, Series A-2 of 2005 ^	-	-	-
Total Primary Government	<u>\$ 29,116,841</u>	<u>\$ -</u>	<u>\$ 29,116,841</u>
<u>Component Units:</u>			
<u>Harrisburg Redevelopment Authority:</u>			
Guaranteed Revenue Bonds, Series A of 1998	\$ 31,080,000	\$ 31,080,000	\$ -
Less: Unamortized Discount	(11,383,383)	(11,383,383)	-
Liability under Guarantee (Revenue Bonds, Series A of 1998)	-	(15,537,615)	15,537,615
2000 Infrastructure Bank Loan	170,832	170,832	-
2008 Loan: Susquehanna Harbor Safe Haven	307,449	307,449	-
Total Harrisburg Redevelopment Authority	<u>\$ 20,174,898</u>	<u>\$ 4,637,283</u>	<u>\$ 15,537,615</u>
Total Component Units	<u>\$ 20,174,898</u>	<u>\$ 4,637,283</u>	<u>\$ 15,537,615</u>
Total Direct Bonded Debt	<u>\$ 49,291,739</u>	<u>\$ 4,637,283</u>	<u>\$ 44,654,456</u>

(Continued)

**City of Harrisburg, Pennsylvania**  
**Direct and Overlapping Bonded Debt (Continued)**  
**As of December 31, 2021**

<u>Overlapping Bonded Debt</u>	<u>Gross Bonded Debt Outstanding <sup>(1)</sup></u>	<u>Credits/ Exclusions <sup>(2)</sup></u>	<u>Net Bonded Debt Outstanding</u>
Dauphin County Bonds and Notes <sup>(3)</sup>	\$ 39,471,971	\$ 16,026,963	\$ 23,445,008
Harrisburg School District General Obligation Bonds and Notes <sup>(4)</sup>	204,435,875	27,832,432	176,603,443
	<u>\$ 243,907,846</u>	<u>\$ 43,859,395</u>	<u>\$ 200,048,451</u>
Total Direct and Overlapping Bonded Debt	<u>\$ 293,199,585</u>	<u>\$ 48,496,678</u>	<u>\$ 244,702,907</u>

Source Calculations for the above:

	<u>Gross Bonded Debt</u>	<u>Exclusion</u>	<u>Net Bonded Debt</u>
	\$ 379,587,660 *	\$ 154,125,503 *	\$ 225,462,157
	10.40%	10.40%	10.40%
	<u>\$ 39,471,971</u>	<u>\$ 16,026,963</u>	<u>\$ 23,445,008</u>
Assessed Value City of Harrisburg	<u>\$ 1,627,659,812</u>		
Assessed Value Dauphin County	<u>\$ 15,652,615,342</u>		
Pro-Rata Share Harrisburg/County	<u>10.40%</u>		

<sup>(1)</sup> Gross Bonded Debt Outstanding does not include \$1,065,000 in a Section 108 promissory note.

<sup>(2)</sup> Credits/Exclusions represent all bonds which are not general obligation bonds of the City and are self-liquidating under the PA Local Government Unit Debt Act.

<sup>(3)</sup> Pro Rata 10.40% based on assessed value of share of: Non-electoral Debt in the amount of \$147,017,579; Lease Rental Debt in the amount of \$232,570,081; and exclusions from Lease Rental Debt in the amount of \$154,125,503.

<sup>(4)</sup> 100% based on repayment by City residents through school tax.

\* Obtained information from review of Dauphin County's 2021 Annual Comprehensive Financial Report.

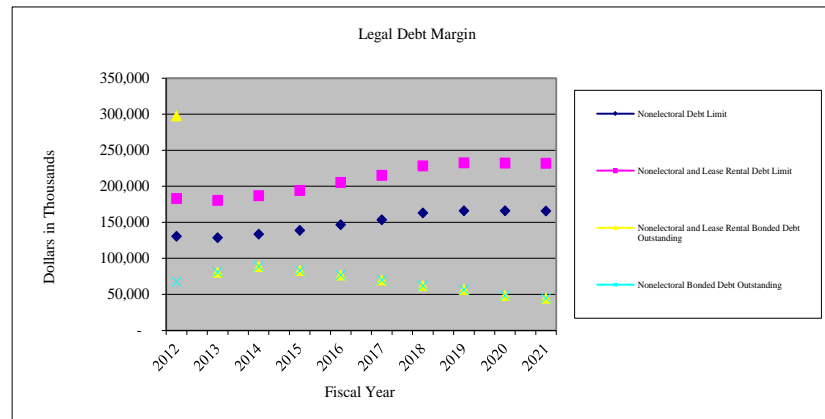
Sources: City's audited basic financial statements and applicable debt detailed documentation for Dauphin County and Harrisburg School District

**City of Harrisburg, Pennsylvania**  
**Legal Debt Margin, Last Ten Fiscal Years**  
*(dollars in thousands)*

	Fiscal Year				Fiscal Year					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Revenues-Past Three Years <sup>(1)</sup>	\$ 169,554	\$ 167,331	\$ 165,854	\$ 172,772	\$ 181,040	\$ 187,780	\$ 196,449	\$ 200,582	\$ 199,802	\$ 200,141
Exclusions-Past Three Years <sup>(2)</sup>	(12,778)	(12,777)	(5,468)	(6,264)	(5,098)	(3,323)	(791)	(1,191)	(635)	(1,388)
Net Revenue-Past Three Years	156,776	154,554	160,386	166,508	175,942	184,457	195,658	199,391	199,167	198,753
Annual Arithmetic Average (Borrowing Base)	52,259	51,518	53,462	55,503	58,647	61,486	65,219	66,464	66,389	66,251
Net Nonelectoral Debt Limit (250% of Borrowing Base)	130,647	128,795	133,655	138,757	146,618	153,714	163,048	166,159	165,973	165,628
Net Nonelectoral and Lease Rental Debt Limit (350% of Borrowing Base)	182,905	180,313	187,117	194,259	205,266	215,200	228,268	232,623	232,362	231,879
Net Bonded Debt Outstanding-Nonelectoral <sup>(3)</sup>	67,608	80,904	88,658	83,138	76,724	70,095	62,130	56,461	48,507	44,654
Net Bonded Debt Outstanding-Nonelectoral and Lease Rental <sup>(5)</sup>	297,789	80,904 <sup>(6)</sup>	88,658 <sup>(6)</sup>	83,138	76,724	70,095	62,130	56,461	48,507	44,654
Remaining Borrowing Capacity (Debt Margin):										
Nonelectoral <sup>(4)</sup>	\$ 63,039	\$ 47,891	\$ 44,997	\$ 55,619	\$ 69,894	\$ 83,619	\$ 100,918	\$ 109,698	\$ 117,466	\$ 120,974
As A Percentage of Debt Limit	48.3%	37.2%	33.7%	40.1%	47.7%	54.4%	61.9%	66.0%	70.8%	73.0%
Nonelectoral & Lease Rental <sup>(5)</sup>	\$ (114,884)	\$ 99,409	\$ 98,459	\$ 111,121	\$ 128,542	\$ 145,105	\$ 166,138	\$ 176,162	\$ 183,855	\$ 187,225
As A Percentage of Debt Limit	-62.8%	55.1%	52.6%	57.2%	62.6%	67.4%	72.8%	75.7%	79.1%	80.7%

Note: The statutory borrowing limit of the City under the Commonwealth's Local Government Unit Debt Act is computed as a percentage of the City's "Borrowing Base", calculated as the annual arithmetic average of total "Revenues" (as defined by the Debt Act) for the three full fiscal years ended next preceding the date of incurring debt.

- <sup>(1)</sup> General Fund total revenues, plus other financing sources.
- <sup>(2)</sup> Exclusions represent non-recurring or subsidized receipts.
- <sup>(3)</sup> See direct and overlapping bonded debt particulars on previous pages of this statistical section.
- <sup>(4)</sup> Under the Debt Act, new nonelectoral debt may not be incurred if the net amount of such new nonelectoral debt plus all outstanding net nonelectoral debt would cause total net nonelectoral debt to exceed 250 % of the Borrowing Base.
- <sup>(5)</sup> Under the Debt Act, new lease rental debt or new nonelectoral debt may not be incurred if the net amount of such new debt plus all outstanding net nonelectoral debt and net lease rental debt would cause the total net nonelectoral plus net lease rental debt to exceed 350 % of the Borrowing Base.
- <sup>(6)</sup> Decrease here is attributed to the defeasance of previously existing Resource Recovery Facility debt.



Source: City's audited basic financial statements and annual debt statement filings with the Commonwealth; exclusion information obtained by the City's Bureau of Financial Management

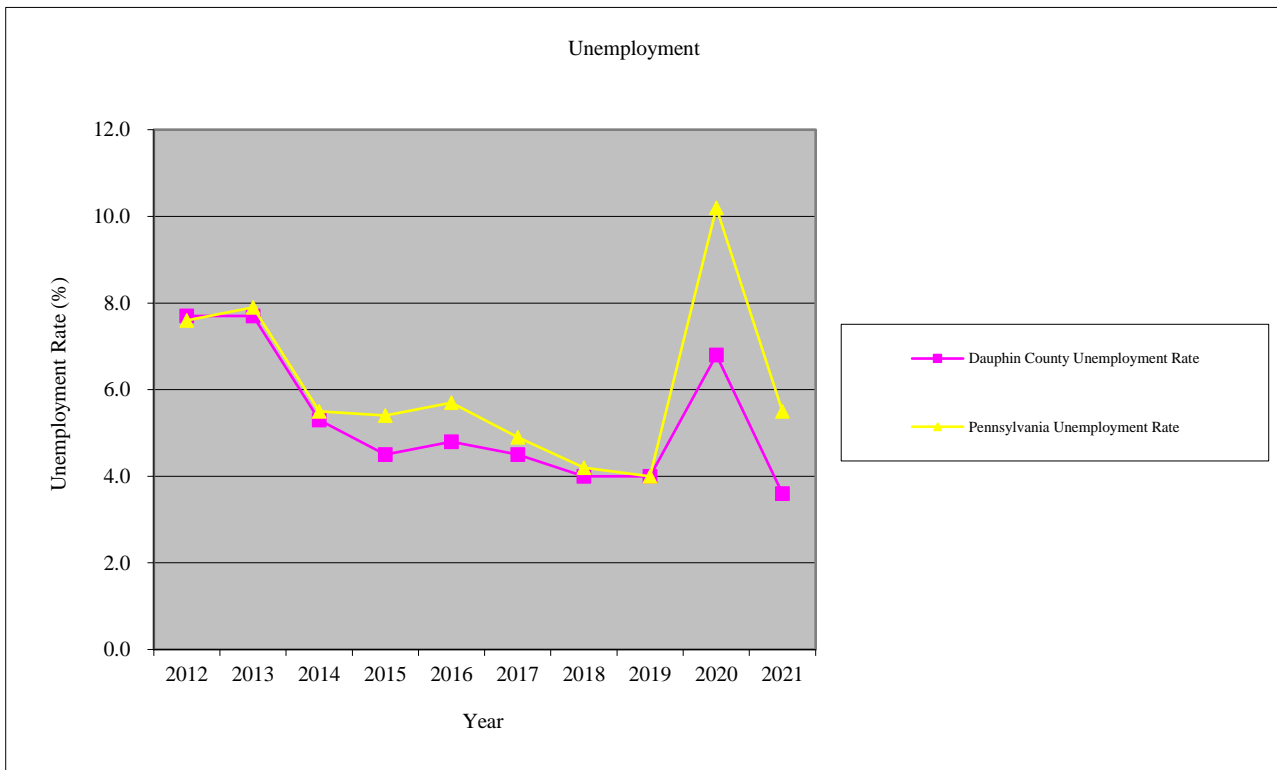
**City of Harrisburg**  
**Demographic and Economic Statistics, Last Ten Calendar Years**

*(all figures in thousands except population and per capita personal income)*

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income <sup>(1)</sup></b>	<b>Per Capita Personal Income</b>	<b>Dauphin County Civilian Labor Force</b>	<b>Dauphin County Unemployment Rate %</b>	<b>Pennsylvania Civilian Labor Force</b>	<b>Pennsylvania Unemployment Rate %</b>
2012	49,279	2,157,878	43,789	139.7	7.7	6,351.0	7.6
2013	49,401	2,178,386	44,096	141.3	7.7	6,478.0	7.9
2014	49,082	2,242,655	45,692	139.1	5.3	6,363.0	5.5
2015	49,919	2,367,009	47,417	141.0	4.5	6,415.0	5.4
2016	48,904	2,337,758	47,803	142.5	4.8	6,515.0	5.7
2017	49,192	2,426,789	49,333	141.7	4.5	6,429.0	4.9
2018	49,229	2,529,435	51,381	142.4	4.0	6,419.0	4.2
2019	49,271	2,643,143	53,645	144.8	4.0	6,492.0	4.0
2020	49,528	2,854,794	57,640	144.1	6.8 <sup>(2)</sup>	6,252.0	10.2 <sup>(2)</sup>
2021	50,135	3,034,020	60,517	144.9	3.6 <sup>(2)</sup>	6,367.0	5.5 <sup>(2)</sup>

<sup>(1)</sup> Personal income estimated based on personal income figures for the Harrisburg-Carlisle, Pennsylvania Metropolitan Statistical Area which includes the combined counties of Cumberland, Dauphin, and Perry.

<sup>(2)</sup> Fluctuations are indicative of rising and falling economic impact effects of the health pandemic originating in 2020.



Source: various on-line research utilized in the obtaining of data for population, civilian labor forces, and unemployment rates

**City of Harrisburg, Pennsylvania**  
**Principal Employers, Current Year and Prior Nine Years**

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<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Harrisburg-Carlisle MSA Labor Force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Harrisburg-Carlisle MSA Labor Force</u>
Commonwealth of Pennsylvania	21,885	1	7.23	18,782	1	6.45
U.S. Federal Government	18,000	2	5.95	17,500	2	6.01
Giant Food Stores	8,902	3	2.94	8,902	3	3.06
Hershey Medical Center/College of Medicine	8,849	4	2.92			
Hershey Entertainment & Resorts Co.	7,500	5	2.48	7,500	5	2.58
The Hershey Company	6,500	6	2.15			
Wal-Mart Stores, Inc.	6,090	7	2.01			
Highmark Blue Shield	5,200	8	1.72			
TE Connectivity, Ltd.	4,700	9	1.55	3,900	9	1.34
UPMC Pinnacle Health System	3,997	10	1.32	3,167	10	1.09
Wellspan Health			-	8,704	4	2.99
Lancaster General Health			-	7,009	6	2.41
JFC Staffing Companies			-	6,529	7	2.24
Weis Markets, Inc.				4,500	8	1.55
<b>Total</b>	<b>91,623</b>		<b>30.28</b>	<b>86,493</b>		<b>29.72</b>

Note: The Harrisburg-Carlisle, Pennsylvania Metropolitan Statistical Area (MSA) is comprised of Cumberland, Dauphin, and Perry Counties.

Source: review of estimated data including available information from the Region Economic Development Corporation

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## City of Harrisburg, Pennsylvania

### Full-time Equivalent City Government Employees by Department - Office/Bureau, Last Ten Fiscal Years

Department - Office/Bureau	Full-time Equivalent Employees as of December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
City Council	8	8	9	9	9	9	9	9	9	9
Office of Mayor	3	3	4	4	3	4	4	5	3	3
Office of City Controller	3	3	2	3	3	3	3	3	3	3
Office of City Treasurer	7	6	5	5	5	7	7	7	5	6
Office of City Solicitor	4	4	5	4	7	5	6	5	6	5
Human Relations Commission	-	-	-	-	-	-	-	-	-	-
Office of City Engineer	-	-	-	-	-	-	-	-	-	-
Mayor's Office of Economic Development/Sepcial Proj.	-	-	-	-	-	-	-	-	-	-
Administration:										
Office of the Director	2	2	1	1	1	1	1	2	3	-
Insurance and Risk Mgmt.	-	-	-	1	1	1	1	-	1	-
Financial Management	7	4	5	6	6	7	7	6	4	5
Information Technology	9	5	4	7	6	5	7	6	6	7
Human Resources	6	5	4	4	4	4	5	6	5	5
Communications	-	-	-	2	6	6	6	4	4	4
O&R/Tax Enforcement	8	4	3	4	5	5	4	4	6	6
Community and Economic Development										
Director - Parks/Recreation	1	1	2	4	7	9	9	8	7	14
Planning	1	1	2	2	2	1	2	2	3	3
Codes Enforcement	12	12	-	-	-	-	-	-	-	-
Economic Development	1	1	1	-	-	-	-	-	1	-
Neighborhood Development	11	10	10	12	12	11	12	9	11	9
Public Safety										
Parking Enforcement Unit	-	-	-	-	-	-	-	-	-	-
Office of Police Chief	163	145	150	147	142	143	146	151	147	160
Police Operations Division	-	-	-	-	-	-	-	-	-	-
Police Service Division	-	-	-	-	-	-	-	-	-	-
Criminal Investigation Div.	-	-	-	-	-	-	-	-	-	-
Codes Enforcement	-	-	12	12	12	14	17	17	17	16
Fire	71	65	76	76	73	80	84	81	88	90
Public Works										
Office of Director	8	10	9	11	- <sup>(3)</sup>	-	-	-	-	-
Office of Traffic & Engineering	-	-	-	-	14 <sup>(3)</sup>	16	15	14	12	10
Neighborhood Services, Parks	31	31	28	31	63 <sup>(3)</sup>	68	67	78	78	77
Sanitation	20	19	20	23	- <sup>(3)</sup>	-	-	-	-	-
Vehicle Management	10	9	9	9	11	9	6	7	6	5
Building Maintenance	-	-	-	-	-	-	-	-	-	-
Water	27	- <sup>(1)</sup>	-	-	-	-	-	-	-	-
Sewer	32	- <sup>(1)</sup>	-	-	-	-	-	-	-	-
Parks and Recreation										
Office of Director	4	4	- <sup>(2)</sup>	-	-	-	-	-	-	-
Recreation	-	-	- <sup>(2)</sup>	-	-	-	-	-	-	-
Parks Maintenance	-	-	- <sup>(2)</sup>	-	-	-	-	-	-	-
<b>Total Employees</b>	<b>449</b>	<b>352</b>	<b>361</b>	<b>377</b>	<b>392</b>	<b>408</b>	<b>418</b>	<b>424</b>	<b>425</b>	<b>437</b>

(1) Water and Sewer Fund employees were transferred to Capital Region Water effective November 4, 2013.

(2) Beginning in 2014 and due to changes in City budget unit classification, Parks and Recreation activity became classified under the expanded Community and Economic Development function.

(3) Resulting from creation in 2016 of the Neighborhood Services Fund, which now includes the former Sanitation Fund, Incinerator Fund, and Bureau of City Services, several Public Works departments have been reclassified including a new Bureau of Traffic and Engineering within the General Fund.



**City of Harrisburg, Pennsylvania**  
**Operating Indicators by Department/Function, Last Ten Fiscal Years**

Department/Function	Fiscal Year									
	2012	2013 (1)	2014	2015	2016	2017	2018	2019	2020	2021
Community and Economic Development										
Vacant Structure Rehabilitation Program (HOP)	-	-	-	Not Available	-	-	-	-	-	-
HOP Units Sold	-	-	12	-	-	-	-	-	-	-
Home Improvement Program	16	20	14	21	4	7	8	3	-	-
Lead Based Paint Clearances	9	71	53	Not Available	14	66	90	28	21	39
New Construction-Single Family Residential	-	-	-	-	-	-	-	-	-	-
Rental Rehabilitation Program	-	-	-	Not Available	-	-	-	-	-	-
Acquisition (Includes HOP Units Sold)	-	-	12	-	-	-	-	-	-	-
Disposition (Excludes Rehabbed Units Sold)	-	-	-	-	-	-	-	-	-	-
Neighborhood Facility/Community Center										
Improvements	6	1	2	3	-	Not Available	Not Available	Not Available	Not Available	Not Available
Adopt-A-Block and Adopt-A-Lot	23	22	4	7	7	10	21	12	20	Not Applicable
Housing Rehabilitation Program	-	-	-	36	15	8	-	17	4	4
Parks and Recreation:										
People Attending Special Events	160,248	Not Available	Not Available	Not Available	Not Available	100,000	120,000	125,000	179,385	210,000
Parks Permits Issued	194	153	65	121	181	225	293	298	150	307
Sponsor Dollars Raised	\$ 317,405	Not Available	Not Available	Not Available	\$ 350,000	\$ 218,735	\$ 295,000	\$ 198,000	\$ 121,000	\$ 160,000
Recreational Attendance - Parks (Year-Round)	13,176	Not Available	Not Available	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Calls For Tree Work	63	100	Not Available	85	200	150	200	300	350	400
Tree Removal Notices Sent	-	51	-	25	8	18	73	121	220	300
Public Safety										
Police:										
Homicide	7	17	17	17	16	13	16	14	18	14
Rape	50	46	38	21	72	52	72	36	37	30
Robbery	360	340	270	199	177	178	190	160	109	76
Assault	1,350	225	215	229	1,176	765	633	542	671	814
Burglary	645	644	489	418	428	349	259	229	178	155
Theft	1,640	1,287	1,236	839	854	963	806	729	630	569
Motor Vehicle Theft	210	136	141	109	143	183	187	112	111	118
Non-Traffic Citations Issued	Not Available	Not Available	2,508	2,170	2,000	1,143	1,186	971	503	639
Parking Tickets Issued	Not Available	Not Available	29,964	21,226	20,043	20,156	18,842	16,357	10,064	23,525
Arson	12	17	24	19	30	15	22	13	26	13
Police Calls For Service	105,500	Not Available	84,186	83,689	80,480	77,445	78,058	80,395	73,161	76,417
Fire:										
Fire, Explosion	374	312	387	377	361	386	327	470	472	307
Over Pressure Rupture	113	94	103	134	143	148	125	133	134	341
Rescue Call	625	668	650	724	774	767	754	748	754	897
Hazardous Condition, Standby	198	195	220	231	246	243	247	226	228	284
Service Calls	197	216	254	254	211	171	222	194	197	176
Good Intent Calls	243	248	370	320	361	324	377	390	393	330
False Calls	647	665	775	694	590	651	719	630	634	783
Other	5	5	3	2	8	2	5	2	2	30
Codes (permits issued):										
Construction-Residential	20	-	11	9	-	29	30	37	23	35
Construction-Commercial	16	6	8	6	8	11	14	15	15	28
Construction-Industrial	-	-	-	-	-	1	1	1	2	3
Repairs/Alterations/Additions-Residential	822	784	756	620	659	738	905	1,017	889	1,200
Repairs/Alterations/Additions-Commercial	218	252	176	168	188	217	229	198	177	239
Repairs/Alterations/Additions-Industrial	-	-	-	-	-	10	7	11	7	9
Demolition Permits	35	37	34	14	25	23	58	83	32	36

(Continued)

**City of Harrisburg, Pennsylvania**  
**Operating Indicators by Department/Function, Last Ten Fiscal Years**

Department/Function	Fiscal Year									
	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017	2018	2019	2020	2021
Public Works										
Vehicle Management:										
Trucks Repaired	654	683	627	636	694	927	967	735	1,192	966
Passenger Vehicles Repaired	515	522	439	481	345	485	531	423	327	542
Heavy Equipment Repaired	88	100	70	72	76	145	127	60	84	68
Miscellaneous Equipment Repaired	24	29	35	33	63	233	195	148	118	6
Preventive Maintenance Performed	609	602	345	455	406	499	385	420	386	465
Gasoline Dispensed (Gallons)	175,910	151,869	137,343	97,724	97,804	102,003	119,052	100,059	90,530	98,346
Diesel Dispensed (Gallons)	176,979	90,610	87,839	66,813	86,557	86,904	71,518	83,680	86,585	90,581
Sewerage:										
Kilowatt Hours Produced	2,220,000	1,511,100 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Process & Septic Waste Gallons Received	19,712,000	9,343,950 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Tons of Sludge Disposed	13,118	10,247 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Incident Reports Requiring Parts & Labor	261	370 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Volume in Millions of Gallons Received	8,200	6,566 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Regulating Chambers Cleaned	58	58 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Flood Chambers Cleaned	46	44 <sup>(2)</sup>	- <sup>(3)</sup>	-	-	-	-	-	-	-
Sanitation:										
Number of Trash Collection/Recycling Routes	12	11	11	12	13	13	15	13	13	15 <sup>(5)</sup>
Tons of Refuse Collected	27,607	26,559	26,151	26,439	29,451	29,170	38,315	38,880	37,046	40,220
Tons of Recyclables Collected	1,300	1,382	1,977	1,276	2,120	2,446	2,882	3,019	6,083 <sup>(4)</sup>	7,556 <sup>(4)</sup>

<sup>(1)</sup> Most of this information was gathered by new members of departments, and so the manner in which this information was obtained could have an impact on the figures.

<sup>(2)</sup> Represents information through November 3, 2013 due to the transfer of sewer operations to Capital Region Water.

<sup>(3)</sup> Sewerage activity is eliminated due to the transfer of the sewer segment to Capital Region Water in November, 2013.

<sup>(4)</sup> Is comprised of both residential and commercial tonnage.

<sup>(5)</sup> Includes the intergovernmental Borough municipalities of Steelton, Penbrook, and Paxtang.

**City of Harrisburg, Pennsylvania**  
**Capital Asset Statistics by Department/Function, Last Ten Fiscal Years**

	<u>Source: various City Departments</u>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Community and Economic Development										
Parks and Recreation:										
Vehicles	30	22	26	6 <sup>(3)</sup>	6	6	10	7	8	5
Number of Parks	7	7	7	7	7	7	7	7	7	7
Acreage of Park Land	450	450	450	450	450	450	450	450	450	450
Number of Playgrounds	16	16	16	19	19	19	19	19	19	19
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Ball Fields, with City Island soccer	2	2	2	3	3	3	3	3	3	3
Public Safety										
Police:										
Vehicles	119	115	122	132	108	124	118	97	108	93
Motorcycles	3	3	3	3	3	3	7	7	7	7
Trailers	-	-	-	-	-	-	-	1	1	-
Patrol Motorcycles										
Fire:										
Fire Stations	4	4	3	3	3	3	3	3	3	3
Fire Engines	4	4	4	4	4	7	6	6	6	6
Ladder Trucks	7	7	7	5	5	3	3	3	3	3
Vehicles	21	10	7	7	5	6	6	6	9	7
Trailers	-	-	-	-	-	10 <sup>(3)</sup>	11	11	12	12
PA Task Force One:										
Tractor Trailers	3	1	1	1	1	1	1	1	1	1
Box Trucks	-	-	-	-	-	-	-	1	1	1
Vehicles	5	2	2	2	2	2	2	1	1	1
Public Works										
Highway:										
Vehicles	-	-	-	27 <sup>(3)</sup>	25	27	25	17	20	24
Heavy Equipment	-	-	-	17 <sup>(3)</sup>	20	20	24	31	25	17
Street Sweepers	-	-	-	4 <sup>(3)</sup>	4	5	5	5	2	2
Trailers	-	-	-	2 <sup>(3)</sup>	2	10	10	10	9	3
Engineering:										
Vehicles	-	-	-	-	-	2 <sup>(3)</sup>	3	2	3	1
Traffic:										
Vehicles	-	-	-	8 <sup>(3)</sup>	8	9	8	5	4	4
Heavy Equipment	-	-	-	3 <sup>(3)</sup>	6	2	3	3	3	3
Trailers	-	-	-	4 <sup>(3)</sup>	1	9	12	12	11	8
Vehicle Maintenance Center:										
Vehicles	-	-	-	7 <sup>(3)</sup>	4	5	4	3	3	4
Facilities Maintenance:										
Vehicles	-	-	-	-	-	-	- <sup>(3)</sup>	-	3	1
Parks Maintenance:										
Vehicles	-	-	-	20 <sup>(3)</sup>	20	21	19	19	23	24
Heavy Equipment	-	-	-	16 <sup>(3)</sup>	13	13	15	14	15	14
Trash Packers	-	-	-	2 <sup>(3)</sup>	2	1	1	1	1	3
Trailers	-	-	-	14 <sup>(3)</sup>	12	16	17	12	12	11
Municipal Streets (miles)	203.6	203.6	165.0	165.0	165.0	158.0 <sup>(4)</sup>	158.0	158.0	158.0	158.0
State Streets (miles)	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4
Traffic Signals	99	99	99	100	100	100	100	100	100	100
Streetlights	5,098	5,098	6,154	6,154	6,154	6,154	6,154	6,154	6,154	6,154
<sup>(1)</sup> Bridges	19	19	19	18	18	18	18	18	18	18
Dams and Flood Control	5	5	1	1	1	1	1	1	1	1
Sanitation:										
Sanitation Packers/Vehicles	14	14	14	17	20	31	31	23	25	24
Sewer:										
Sanitary Sewers (feet)	250,756	250,756	- <sup>(2)</sup>	-	-	-	-	-	-	-
Stormwater Sewers (feet)	151,808	151,808	- <sup>(2)</sup>	-	-	-	-	-	-	-
Sanitary and Stormwater (feet)	457,320	457,320	- <sup>(2)</sup>	-	-	-	-	-	-	-

Notes:

- <sup>(1)</sup> Includes three partially owned bridges which, due to shared ownership, the City is only responsible for maintenance of sidewalks, parapet walls, and lighting.
- <sup>(2)</sup> Attributed to the transfer of sewer operations to Capital Region Water in November 2013.
- <sup>(3)</sup> New categorizations added as provided by the City's Vehicle Maintenance Center for various vehicles and related equipment.
- <sup>(4)</sup> The City's Engineering Dept. obtained a recent and more accurate measurement of City streets/roadways, reflected here for 2017 as compared with prior years.