



The Intergovernmental Cooperation Authority
for Harrisburg
922 N 3rd Street
Harrisburg, PA 17102

December 18, 2023

The Honorable Wanda R.D. Williams
Mayor, City of Harrisburg
Dr. Martin Luther King, Jr., Government Center
10 N. Second Street
Harrisburg, PA 17101

Dear Mayor Williams:

Pursuant to the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (Act 124 of 2018), the Intergovernmental Cooperation Authority for Harrisburg (the “Authority”) is tasked to review and make recommendations concerning the budgetary and fiscal affairs of the City of Harrisburg.

The Authority received and reviewed the proposed 2024 budget and additional information provided by the City for conformance with the criteria set forth in Act 124. Additionally we have observed the City Council’s budget hearings and workshops. Three broad observations follow:

- The proposed 2024 budget includes notable revenue increases above those provided in the City’s Five-Year Financial Plan, as approved by the Authority October 25, 2023. Please note that pursuant to Act 124, after the budget is adopted, the City should submit the enacted budget to the Authority as a proposed revision to the Plan.
- The Controller for the City of Harrisburg rendered an opinion by letter on September 18th on the proposed Five-Year Financial Plan in which he observed the City’s assumptions and projections were too optimistic and if not scaled back, the numbers should be monitored very closely. Given these current revenue projections are even more optimistic, we encourage you to work to defer expenses as much as possible in 2024.
- The proposed 2024 budget includes a fund balance transfer from the General Fund leaving it at a precariously low 7% at the end of 2024. Because the use of the transfer is to cover capital improvements it is acceptable relative to our focus on avoiding true deficit budgets.

- The Neighborhood Services Fund also draws on the fund balance again though with the increase in fees, it should be mitigated in future years. The financial viability of the Neighborhood Services fund remains a major concern for the Authority.

As we move forward into 2024 and in summary:

- The Authority remains worried about the City's use of fund balance in both the General Fund and the Neighborhood Services fund. We acknowledge that the City supports and maintains a Fund Balance Policy and we urge the City to continue to take steps to maintain a structurally balanced budget across all funds at all times.
- In your narrative, you share that the Budget staff has incorporated policy objectives and performance measurements into the budget document to analyze the effectiveness and efficiency of service delivery. We believe implementing a system of performance measurement will enhance the management and fiscal performance of the City.
- As previously stated, the Authority is interested in your approach to a comprehensive Community and Economic Development Plan, which we understand, is nearly complete. We look forward to working with members of your administration to get this finalized as soon as possible.

As a whole, the City's proposed 2024 budget meets the Authority's expectations for the proper financial management of the City of Harrisburg. We congratulate you and your Finance Department team on your efforts to build a foundation of stability for the City's financial future.

We look forward to working with you as we move forward in collaboration for the benefit of the citizens of Harrisburg.

Sincerely,



Audry Carter
Chair

cc: Authority Members
Honorable Danielle Bowers
Honorable Ausha Green
Honorable Charles DeBrunner
Honorable Dan Miller