

City of Harrisburg
Dauphin County, Pennsylvania



2025 Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

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1 Executive Summary

On January 3rd, 2022, Wanda R.D. Williams took office as the 39th Mayor of the City of Harrisburg, Pennsylvania. Mayor Williams is the second African-American and female Mayor of the City. Previously, she served on the City Council for 16 years, including 12 years as its President.

Currently, the Business Administrator position is vacant. Otherwise, the Administrative and Department Director's Staff is at full complement for Fiscal Year 2024. Recently, she hired the City Engineer, Joel Seiders.

Harrisburg City Council approved the 2024 Annual Budget on December 20th, 2023. The General Fund's original 2024 Budget was approved with Resources of \$108,432,700 in 2024 and the Approved Appropriations of \$109,485,200. The 2024 Approved Amended Budget as of 6/30/2024 was approved with Resources of \$118,294,301 and Appropriations of \$118,412,392 (hereafter, the reference will be Revenues and Expenditures). The variance between the two budgets is largely due to the reallocation of Grant Proceeds for the Public Safety Building HVAC improvements and certain PennDOT Funded Highway Projects.

Under the Mayor's leadership, she has worked with the City Council to distribute \$47.3 million in American Rescue Plan Act (ARPA) funds. The Mayor and City Council's primary goal was to improve the overall quality of life for the citizens of Harrisburg through Affordable Housing, Refuse/Disposal Bill Assistance, Home Repairs, Bridge Housing, Tree Removal, Senior Programs, Demolition of Blighted Property, and Hall Manor Swimming Pool Construction and Improvements. Please see a more complete description of the use of these ARPA funds found below.

The City's fund balance as of June 30, 2024, was \$24.05 million. The Mayor continues to prioritize fiscal stability for the City of Harrisburg. She intends to continue coordinating and collaborating with the City's Intergovernmental Cooperation Authority (ICA), the Pennsylvania Department of Community and Economic Development's Act 47 Municipalities Financial Recovery Team, the Dauphin County Board of Commissioners, and the Harrisburg Regional Chamber of Commerce to assure intergovernmental cooperation.

The new Enterprise Resource Planning (ERP) Software, Tyler Technology's MUNIS System, will permit the City to properly track, examine, and manage all financial management transactions. The General Ledger Software Component is nearly complete. This advancement will provide for better financial management practices, more responsible purchasing practices, and better budgetary tracking. Additionally, MUNIS will allow other City functions, such as building permits, taxation, licensing, fixed assets, and inventory, to be managed under one umbrella.

As the Mayor prepared to present the City of Harrisburg's Intergovernmental Cooperation Authority (ICA) with the 2025 Five-Year Financial Plan, her Administration has demonstrated the ability to achieve structurally balanced budgets, maintain sufficient fund balances, and provide a strategy for the long-term financial capital investment and performance management planning for the City.

On March 15, 2023, the Mayor and City Council orchestrated the final payment of \$8.3 million to Ambac Assurance Corporation (AMBAC). By meeting the final terms of the forbearance agreement with AMBAC, the City eliminated the high-interest payments relating to the AMBAC arrangement. The settlement of this forbearance arrangement saved the City \$7,305,789.

As part of her long-term plan, the Mayor has hired a financial management advisor, Reynold's SiteLogIQ, to develop a Five-Year Capital Improvement Plan for the City. The program, which includes ranking facilities and other assets to determine their status from Excellent to Poor, is currently in the advanced completion stage. The data is being used to formulate the Capital Budget segment of the 2025 budget. The Capital Improvement Program Report is expected to be presented to the Mayor and City Council in late October for review and consideration.

The road back to fiscal stability through implementing the Act 47 Strong Plan has involved difficult decisions and managerial discipline. The City has sold assets, properly managed staff, and increased taxes/fees where necessary. The Harrisburg community, City employees, and various stakeholders have successfully evolved from fiscal distress and formed an exemplary path to full fiscal recovery.

The Honorable Wanda R.D. Williams has always been at the forefront of Harrisburg's fiscal revival. Since the Act 47 Strong Plan was implemented in 2012, she has been the only elected official engaged throughout the City's Financial Recovery. Through her leadership and ability to unite the many participants in this effort, the City of Harrisburg has enacted numerous pieces of legislation and started essential partnerships with Commonwealth, County, and City stakeholders, putting the City on the right path.

Most notable is the development, adoption, and implementation of the City's Disparity Study (a collaborative effort between the City, Dauphin County, and Impact Harrisburg). Going back decades to her time as an AFSCME union leader, Mayor Williams's top priorities have been fighting for equity and inclusion. Her leadership in guiding the disparity study will put Harrisburg on the right track for future generations. The Mayor is in the process of developing the implementation of the related strategies defined within the Study.

Furthermore, as City Council President, Mayor Williams oversaw \$22.7 million in funds from the Pennsylvania Department of Transportation for infrastructure improvements of 2nd Street, 3rd Street, and 7th Street. Modernizing these busy thoroughfares with freshly paved streets and ADA-compliant walkways does more than make Harrisburg safe, it helps to connect three of Harrisburg's most dynamic neighborhoods – Downtown, Midtown, and Uptown – and, in doing so, we better connect with the people of Harrisburg. In addition to the PennDOT efforts, the City had begun a major internal street paving effort to ensure all City Streets are safe for vehicular travel and pedestrian safety.

Fortunately, as the Mayor guided the City Council through the City's fiscal recovery in 2021, the Commonwealth permitted the City to maintain the extraordinary taxing power for the Earned Income Tax (EIT) and Local Services Tax (LST). These taxing powers generated approximately \$24.1 million (\$17.5 million in EIT and \$6.6 million in LST) in fiscal year 2023. The expiration of these taxing powers would have resulted in a difficult budgetary cliff that would have required draconian budget cuts, which have now been avoided without any increases in existing tax rates.

The Mayor continues to develop her economic development plan. As she forges ahead with her commitment to shaping a vibrant and resilient future for our City, it would be essential to explore the progress, insights, and impactful strides made in the continuous pursuit of realizing the goals outlined in the City of Harrisburg's Economic Development Plan. The new Interim Director of the Department of Building, Housing, and Development plans to further review the current Economic Development Plan and provide her input. She hopes to have her review completed by mid-September prior to meeting with the ICA Board to discuss the proposed suggestions in the plan.

Many housing and business development projects are currently underway, and they are setting into motion efforts to improve the current housing stock, encourage home ownership, and reduce blight within the City. These projects include the American Rescue Plan's Affordable Housing Project and the City's Economic Development Study's related projects.

1.1 American Rescue Plan Act

Harrisburg’s fiscal recovery was well underway before the passage of the American Rescue Plan Act (“ARPA”) and the associated allocation of stimulus and relief measures. Allocations from ARPA will enable the City to build on its recent fiscal achievements and consider strategic investments to secure its long-term stability. The City’s ARPA allocation is \$47.3 million, representing a unique opportunity to support critical community initiatives.

In fiscal year 2022, the Mayor and City Council designated \$8.9 Million for Revenue Loss that correspondingly covered 2022 salaries for Public Safety, Engineering, City Parks, and Facilities. Also, they designated \$1.1 million for public safety bonuses and \$5.5 million for the repair of the HVAC system located within the public safety building. The HVAC system is currently being installed, and completion of this effort is scheduled for completion in December 2024. In 2023, the Mayor and City Council passed and signed into law Bill 5, which designated \$31.55 Million to support multiple community and economic initiatives. Later, in 2024, this Bill was amended to \$28.04 Million to produce the final planned ARPA expenditures. This bill categorized the dollars committed as Revenue Loss to the City, and therefore, this action permits the City an opportunity to recoup those losses.

The City has made significant strides toward emerging from distressed status, and this plan represents another critical step toward full fiscal recovery. The City looks forward to collaborating with the Intergovernmental Cooperation Authority, State, County, and Local elected leaders, City employees, and other stakeholders to achieve this goal.

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Table 1
Operating Forecasts ¹ 2023-2028

	Actuals 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Revenues ⁴	\$76,846,167	\$104,688,915	\$82,262,172 ⁴	\$78,054,622	\$73,321,442	\$73,488,737
Expenses prior to Capital Expenditures	77,800,991	103,544,934	71,824,945	71,347,064	72,279,442	73,938,499
Capital Expenditures	2,547,411	8,456,870	5,771,442	6,707,558	1,042,000	1,192,000
Total Expenses	80,348,402	112,001,804	77,596,387	78,054,622	73,321,442	75,130,499
Operating Change in Cash Fund Balance ^{2,3}	(3,502,235) ²	(7,312,889) ³	4,665,785	-	-	(1,641,762)
Beginning Cash Fund Balance	23,145,504	19,643,269	12,330,380	16,996,165	16,996,165	16,996,165
Ending Cash Fund Balance	\$19,643,269	\$12,330,380	\$16,996,165	\$16,996,165	\$16,996,165	\$15,354,403
Ending Cash Fund Balance % of Total Expenses	24%	11%	22%	22%	23%	20%

¹ Operating forecast includes General Fund revenue and expenditure activity. For the purposes of these projections, transfers to the Debt Service Fund are reflected as operating expenses.

² The actual fund balance appropriation for 2023 was \$3.5 million, impacted by the final AMBAC forbearance liability payment of \$8.336 million.

³ The projected fund balance appropriation for 2024 is \$7.3 million, including \$5.2 million in funding transfer to the Harrisburg Senators Fund for accommodating the FNB Field stadium upgrade project.

⁴ Includes a reimbursement transfer of \$6,000,000 from the Harrisburg Senators Fund, relative to the FNB Field stadium upgrade project.

The projections show positive Ending Cash Fund Balances from fiscal years 2023 through 2028 and the ability to maintain levels that exceed General Fund balance targets throughout the projection period. After each fiscal year, the City will assess its fund balance relative to target minimum levels and allocate any unspent budget funds to bring them into full compliance, if necessary.

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2 American Rescue Plan Act (“ARPA”)

In March 2021, President Biden signed into law the American Rescue Plan Act (ARPA), a \$1.9 trillion aid package designed to speed the recovery from the economic and health impacts of the COVID-19 crisis. ARPA includes a wide range of stimulus and relief measures, such as direct payments to individuals, a child tax credit, funds for capital projects, homeowner and emergency rental assistance, and small business relief, among other provisions. A major part of the ARPA is a \$350 billion State and Local Fiscal Recovery Fund to provide emergency funding for state, local, territorial, and Tribal governments to address the mismatch between rising costs and declining revenues during the pandemic.

State and local government recipients may designate funds to cover costs by December 31, 2024. The funds were distributed in two tranches, with 50% received in June of 2021 and the second tranche in June of 2022.

The City’s total allocation is \$47.1 million. The City hired NW Financial to assist in appropriately implementing and reporting on the ARPA funds. The City currently provides quarterly ARPA Program Reports to the United States Department of Treasury.

The ARPA funding will be transformative for the City. It represents a unique opportunity to invest in critical infrastructure needs and support other community initiatives.

As noted above, in fiscal year 2022, the City Council approved \$8.8 million in revenue replacement, \$5.5 million for a new HVAC system for the Public Safety Building, and \$1.1 million for a one-time, \$5,000 bonus for police officers and firefighters.

The Mayor and her administration presented her plan to utilize the ARPA funding to the City Council. She held five public meetings to discuss with the Harrisburg Community and related organizations their insights into distributing the funding. The Mayor is pleased that the City’s planned use for ARPA funding is currently in place.

The ARPA funds will impact many aspects of the five-year plan, including unrestricted fund balance levels, available capital program funds, public health, and community and economic development programming. The Mayor and City Council are utilizing these funds to promote and further develop the multi-year financial planning goals and improve its citizens' overall quality of life.

During fiscal year 2023, the City Council conducted its public meetings in the Spring and Summer. After the public meetings, the City Council passed Bill 5, an Ordinance appropriating the America Rescue Plan Act (ARPA), identifying the programmatic items they wish to see executed. In early 2024, the City Council approved the final funding for the ARPA Program. The Public Health and Economic Impact Program funding is located on the adjacent page.

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ARPA Initiatives	Appropriation
Administrative	\$ 800,000.00
Affordable Housing	\$ 8,000,000.00
Tree Removal Program	\$ 500,000.00
Home Repair Program	\$ 5,000,000.00
Delinquent Refuse Bill Assistance	\$ 2,000,000.00
Replace and Repair Hall Manor Pool	\$ 8,000,000.00
Upgrade Fire Radios	\$ 990,000.00
Demolition of Blighted	\$ 1,500,000.00
Senior Programming	\$ 250,000.00
Bridge Housing Program	\$ 1,000,000.00
Total	\$ 28,040,000.00

3 Historical Financial Results

This section presents a picture of Harrisburg’s financial results since 2023 and provides the basis for future revenue and expense growth expectations. Based on historical operating results, trends, and existing contracts, this chapter develops the growth assumptions for revenues and expenses that are the foundation for the five-year financial forecasts.

3.1 Summary of Principal Funds

The City accounts for its primary financial operating activity with two main governmental funds, which reflect the City’s tax-supported activities:

General Fund – Primary operating fund and accounts for all financial resources except those accounted for in another fund.

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.

For the purposes of this plan, transfers to the Debt Service Fund are shown as General Fund expenses.

Basis of Accounting

All City funds are audited in accordance with Government Accounting Standards Board (“GASB”) standards. The Bureau of Financial Management makes annual adjustments for proper financial presentation within the audited Comprehensive Annual Financial Report. However, for budgeting and internal financial management purposes, the City accounts for financial activity on a budgetary basis, including a monthly cash basis reporting of total actual revenue and expenditures to the City Controller’s office and other third-party stakeholders. This monthly reporting also includes open encumbrance balances outstanding as of month-end to reflect the City’s total cash commitment and actual available cash at the end of the period. This approach allows for the transition from cash basis to budgetary basis accounting and an accurate reporting of available fund balance. The budgetary basis of reporting does not include any accruals for receivables or payables or any non-cash expenditures.

So, the financial schedules for budgeting and accounting in this plan use the cash basis of accounting.

The City will work with the ICA to ensure compliance with Act 124 regarding generating modified accrual-based financial reports in accordance with GASB standards. The City will also work with the ICA to establish a reasonable timeframe and criteria to meet compliance with this requirement. The City has consulted with its independent auditor on this issue, and they are willing to speak with the ICA about potential solutions. Until it can produce a budget based on the modified accrual accounting, the City will identify and note differences between its budget document's modified accrual basis of accounting and the budgetary basis of accounting.

The City has begun implementing Tyler Technologies' MUNIS software, and this financial management system will more appropriately facilitate improved GASB compliance. The City Financial Management Staff completed training with the new system, and the General Ledger training segment continues to be active as new employees are required to learn the new system.

Every other week, the Director of Information Technology (IT), Steve Bortner, meets with a MUNIS Steering Committee made up of members from the Mayor's Administration and City Council President, the Honorable Danielle Bowers, to ensure the City stays on track with new software modules that will be added and that the full benefit of the software purchased by the City will be fully utilized.

These modules are scheduled in phases: Phase 1- Financial Management and Capital Planning was completed on December 31, 2024, Phase 2 – Human Capital Management – is scheduled to be completed on January 1, 2025, Phase 3 – Tax Billing and Collections – December 31, 2024, Phase 4 – Licenses and Permits – December 31, 2024, Phase 5 – Codes Enforcement – December 31, 2024, and Phase 6 – Asset Maintenance Full Implementation including an inventory system– was completed on January 2024.

The MUNIS Steering Committee reviews the Project Plan, Project Budget, and Project Time Commitment weekly. This meeting will allow those in attendance to provide input, request additional staff training, and ensure this vital effort remains on track.

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4 Revenues

The table below presents a five-year history of Harrisburg’s revenues by significant category from 2019 to 2023.

Historically, real estate taxes have been the city’s primary revenue source, representing an average of 23.43% of all revenues. The City’s three highest revenue sources, Real Estate, Earned Income, and Mercantile Business Privilege taxes, combined comprise an average of 54% of Harrisburg’s operating revenues. Please remember the 2023 information provided is not the 2023 audited figures, as the annual financial audit has not yet been completed.

Table 2
Key Operating Revenues 2019-2023

	2019	2020	2021	2022	2023	% of Avg. Rev
Real Estate Tax	\$17,240,236	\$16,879,690	\$17,981,088	\$16,725,918	\$17,028,267	23.43%
Real Estate Transfer Tax	\$1,026,697	\$843,880	\$868,476	\$1,430,158	\$990,262	1.41%
Hotel Tax	\$900,000	\$900,000	\$1,000,000	\$700,000	\$714,000 ¹	1.15%
Local Service Tax	\$6,824,394	\$6,488,369	\$6,533,431	\$6,706,205	\$6,638,483	9.06%
Earned Income Tax	\$12,761,772	\$12,739,112	\$13,546,945	\$15,833,448	\$17,521,542	19.76%
Mercantile/Business Privilege Tax	\$8,200,696	\$7,391,790	\$7,771,048	\$8,131,977	\$8,369,638	10.88%
Department of Administration	\$1,151,510	\$317,413	\$351,853	\$308,574	\$419,016	0.70%
Department of Building & Housing	\$1,561,585	\$1,591,344	\$2,206,809	\$2,067,704	\$2,084,111	2.60%
Department of Public Safety	\$1,949,364	\$2,168,055	\$2,331,297	\$2,171,083	\$1,785,059	2.84%
Department of Public Works	610,176	\$616,658	\$939,491	\$322,306	\$246,069	0.75%
Department of Parks & Recreation	\$13,801	\$265	\$2,706	\$9,870	\$8,620	0.01%
Fines & Forfeits	\$745,232	\$541,528	\$889,062	\$719,628	\$803,072	1.01%
Licenses & Permits	\$570,074	\$546,713	\$516,702	\$499,166	\$431,117	0.70%
Interest Income	\$531,381	\$342,007	\$21,150	\$355,171	\$964,631	0.60%
Rental Revenue	\$68,231	\$35,283	\$105,835	\$90,130	\$625,938	0.25%
Miscellaneous Revenue	\$2,551,693	\$2,198,490	\$2,681,432	\$2,626,772	\$8,028,622	4.94%
Other Financing Sources	\$61,875	\$27,246	\$1,500	\$41,020	\$173,204	0.08%
Intergovernmental Revenue	\$12,030,302	\$8,728,062	\$8,093,511	\$8,424,522	\$8,768,538	12.57%
Interfund Transfers	-	\$2,856,613	\$2,966,174	\$9,958,311	\$1,245,978	4.65%
Fund Balance Appropriation	-	-	\$5,056,803	\$1,080,711	\$3,502,235	2.63%
Total General Fund Revenue/Sources	\$68,799,019	\$65,212,518	\$73,865,313	\$78,202,674	\$80,348,402	100.00%

¹ Hotel tax was still slow to recover in 2023; however, with more planned conferences in 2024 to 2028 and an overall uptick of concerts and concert activity most performers want to use the Harrisburg Hilton as their preferred hotel. In general, travel and overnight stays are projected to have a steady increase.

4.1 Revenue Forecasts

Below is the multi-year revenue forecast based on historical growth trends, planned initiatives, and other available data. The 2024 Proposed Revenues will fluctuate from the actual activity through year-end; however, based on the first six months of revenue activity, this revenue estimate will provide a good projection.

Table 3
Operating Revenue Forecasts
2024-2028

	2024	2025	2026	2027	2028
	Forecast	Forecast	Forecast	Forecast	Forecast
Real Estate Tax	\$16,946,784	\$16,523,114	\$16,002,636	\$15,922,623	\$15,843,010
Real Estate Transfer Tax	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Hotel Tax ¹	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Local Service Tax	\$6,800,000	\$6,834,000	\$6,868,170	\$6,902,511	\$6,937,023
Earned Income Tax	\$18,750,000	\$18,843,750	\$18,937,969	\$19,032,659	\$19,127,822
Mercantile Business Privilege Tax	\$8,322,019	\$8,405,239	\$8,489,292	\$8,574,184	\$8,659,926
Department of Administration	\$451,634	\$460,667	\$469,880	\$479,278	\$488,863
Department of Building & Housing	\$2,100,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
Department of Public Safety	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Department of Public Works	\$630,755	\$649,677	\$669,168	\$689,243	\$709,920
Department of Parks & Recreation	\$17,500	\$18,025	\$18,566	\$19,123	\$19,696
Fines & Forfeits	\$825,000	\$841,500	\$858,330	\$875,497	\$893,007
Licenses & Permits	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094
Interest Income	\$900,000	\$750,000	\$650,000	\$550,000	\$500,000
Rental Income	\$90,000	\$92,700	\$95,481	\$98,345	\$101,296
Miscellaneous Revenue	\$3,400,000	\$7,590,000	\$7,651,800	\$3,214,836	\$3,311,281
Other Financing Sources	\$100,000	\$50,000	\$75,000	\$50,000	\$75,000
Intergovernmental Revenue	\$8,770,000	\$8,844,500	\$8,920,490	\$8,998,000	\$9,077,060
Interfund Transfers	\$32,135,224 ¹	\$6,000,000	\$1,979,661	\$1,537,601	\$1,357,738
Fund Balance Appropriation	\$7,312,889	-	-	-	\$1,641,762
Total General Fund Revenue/Sources	\$112,001,804	\$82,262,172	\$78,054,622	\$73,321,442	\$75,130,499

¹ This Interfund transfer is from the federal grants fund to cover the costs of ARPA related expenditures and other transfers.

The following describes each major operating revenue source and provides an annual growth assumption for the multi-year financial forecast.

Real Estate Taxes – The 2024 forecasted projections for the City's Real Tax Revenue is \$16.95 million. The City has numerous real estate tax challenges with the Tax Assessor, which may reduce this revenue in the coming years.

The City's Real Estate tax millage is split into the assessed value of the land (30.97 mills) and the value of improvements or structures (5.16 mills). The blended land and improvement components result in an effective millage rate of 10.955 mills.

As the Capital City of the Commonwealth of Pennsylvania, the City is home to many governmental entities and non-profits; thus, tax-exempt properties represent a large portion of Harrisburg's real estate value. Total combined land and value components are almost 50% tax-exempt, with state property representing approximately 60% of that total.

Projection - Current Real Estate collections are projected to decrease by 2% from 2024 to 2028, reflecting decreased assessed values and a constant collection rate.

Real Estate Transfer Tax – This is a 1% tax on real estate transactions within the City. The City and the School District split the proceeds from this tax.

Projection – This revenue source will average \$1,000,000 annually over the next five years. Based on year-to-date collections, the City collected \$990,262 for 2023. Given the current economic trends, the City projects this tax to remain flat from 2024 to 2028.

Local Services Tax – The Local Services Tax is an annual \$52 tax (or \$1 per week) charged to every person working in the City who does not qualify for the low-income exemption (annual income below \$24,000). The LST is imposed on individuals who work within a municipality as compensation for the services the municipality provides, irrespective of the person's residency.

Among other amendments to Act 47, enacted in late 2014, was the ability of Act 47 communities to increase the LST from \$52 to \$156 per year. The City first implemented the increased LST in 2016. Similar to the EIT, this special taxing power was scheduled to expire with the termination date of the ICA at the end of the calendar year 2024. However, the change in the fiscal code extends these full special taxing powers for ten years and then extends 50% of the special taxing authority for another five years. The current LST is not expected to decrease until 2030.

Harrisburg's LST collections were approximately \$6.63M in 2023.

Projection – LST projections from 2024 through 2028 are based on improved employment level assumptions. This tax is expected to decrease 0.50% from 2024 to 2028.

Earned Income Tax – The City imposes an Earned Income Tax on residents and non-residents. Under the Local Tax Enabling Act (Act 511), the EIT is capped at 1% and split equally with the School District, effectively limiting the tax to 0.5% for residents. The non-resident EIT is also capped at 1%.

Under Act 47 provisions and as recommended in its previous recovery plans, the City imposed an additional 1% EIT on its residents. However, as noted above, the recent change to the state fiscal code extends the EIT taxing power indefinitely.

The City collected \$17.5 million in 2023; the increase in Earned Income Tax is mainly due to the increase in blue-collar wages for warehouse work and other technically skilled jobs.

Projection –As the national and regional economies recover, the City continues to realize improved revenue increases from Earned Income Tax, as witnessed above. The five-year projections assume less than one

percent growth in Earned Income Tax from 2024 through 2028.

Mercantile Business Privilege Tax—The Mercantile Business Privilege Tax (“BPT”) is a tax on gross receipts from business activity conducted in the city.

Projection—The City collected a \$4.6 million in Mercantile Business Privilege Tax in 2023. The projections also assume a gradual, continual recovery growth of 1.00% for the remaining years of 2024, 2025, 2026, 2027, and 2028.

Parking Tax – The City imposes a 20% tax on all revenues from off-street parking lots and garages (not meters). In 2023, the City realized \$3.8 million in Parking Tax revenues. The City expects parking in the immediate Central Business District to continue to improve (along with other parking tax revenue), and the Capital Area Complex parking will improve as more State employees return to the Capital Complex regularly. An example of other parking tax revenue is the reserve parking fee for the Hilton Hotel for celebrity guests who require multiple buses to be parked on City streets.

Important note: **The Parking Tax Revenue is recorded by the City Administration within the Mercantile and Business Privilege Taxes Category.**

Projection—This plan projects Parking Tax revenues to continue rebounding in 2024 through 2028. The predictions assume 1.00% annual growth in 2024 through 2028. The Parking Tax Revenue is the only parking revenue received as the Commonwealth Debt Service Commitments for the Parking Garages are the first priority, limiting the Commonwealth’s ability to pay the other parking revenues to the City since 2020.

The Departmental Income – For the Department of Public Safety Budget, the Commonwealth of Pennsylvania provides a \$5 million annual payment to the City to defray the costs of Police and Fire services. These funds are no longer tracked as Department income; rather, it is tracked within the Intergovernmental Revenue category to recognize the revenue source more appropriately.

Projection—The projection assumes the \$5 million payment from the Commonwealth will remain constant for the Department of Public Safety. As for the other Department Revenue accounts only, a slight increase in revenue is expected for Fiscal Years 2024 to 2028.

Fines and Forfeits – This revenue source represents the various fines and forfeits the City incurs.

Projection—Revenue increased by 1.0% from the fiscal year 2024 to the fiscal year 2028; however, after the fiscal year 2024, the payment is expected to grow.

Licenses and Permits – The City collects licenses, fees, and permit revenue for various functions. Building permits, rental inspections, and street-cutting inspections are the primary categories for this revenue source.

Projection – These revenues are projected to increase by 3.0% annually from 2024 to 2028.

Interest Income – The City receives interest on its cash investments monthly. The interest rates on investments increased significantly from 2021 \$21,150 to 2022 interest revenue of \$355,171.

Projection—Interest revenue has increased significantly due to the Federal Reserve raising the interest rate for borrowers, which subsequently impacts investors' interest rates. The future interest rate on investments is expected to stabilize and decrease through fiscal year 2028.

Rental Income—**Rental income increased in 2023 due to a PennDOT Interstate 83 project.** The project will continue through 2027, increasing revenue by 3.0%. Once the project is completed, Rental Income is expected to normalize.

Miscellaneous Revenue – Various sources of revenue are included in this category.

Projection: In fiscal years 2025 and 2026, include the fire insurance payment distributions of \$4.5 million in

each year from the City's insurer. After that period, these revenue sources will slowly decline.

Other Financing Sources – This category includes other financing sources for the City.

Projection – These revenues are projected to be stable from 2024 through 2028.

Intergovernmental Revenue – This revenue source largely comprises the \$5 million that the City receives from the Commonwealth for Public Safety Services. Also, the Auditor General's Municipal Pension Contribution and the Public Utility Realty Transfer Act (PERTA) funding are recorded here.

Projection – These revenues are projected to increase by 1.0 % annually from 2024 through 2028.

Interfund Transfers are transfers from Other Funds to reimburse the General Fund.

Projection—The Interfund Transfer for Fiscal Year 2024 represents the \$30.08 million being transferred from the Federal Grants Fund for the American Rescue Plan Act (ARPA) funded activities. Also, \$1.2 M in prior-year hotel tax from the Capital Projects Fund.

For 2025, the Interfund Transfers will be \$6 from the Senator's Fund to fund FNB Stadium as part of the RACP match reimbursement.

Fund Balance Appropriations are not technically a new revenue source; they are adjustments to the Unassigned Fund Balance, which is actually a Balance Sheet activity.

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4.2 New Policy Initiatives

Financial Management Initiatives

1.) Redirect Park Permit Revenues to improve the FNB Baseball Field on City Island.

In 2004, the City issued a Park Permit to use the minor league baseball stadium facilities to lure the Baltimore Orioles to relocate their AA Affiliate and play its home games at the improved stadium facility. Revenues paid pursuant to the Park Permit from the Orioles affiliate were pledged to pay debt service on the Harrisburg Redevelopment Authority, Series 2005A-2 Bonds. The Park Permit agreement was superseded by a new agreement executed in 2007 and continued affiliation with the Washington Nationals. Under the existing Park Permit, the minor league baseball affiliate pays annual rent that is now about \$375,000 with annual consumer price index (CPI) inflation, and \$1.00 of all ticket sales in excess of \$450,000, 30% of the stadium naming rights, and 50% of parking revenues net of taxes and operating expenses.

The City will assign Park Permit revenues to pay for necessary upgrades to the Senator's stadium. These funds will be used to contribute towards the match for the Redevelopment Assistance Capital Program (RACP) to improve the FNB Field. The goal is to meet the MLB Facility Standards Compliance; the City hired a Construction Manager, Alexander Construction. They are currently on-site and have commenced work. The City is currently scheduled to commence the formal construction improvements to the Stadium at the close of the Senator's Baseball 2024 season.

The RACP was awarded to the City in December 2022. The Business Plan has been accepted by the Pennsylvania Budget Office, who has assigned Tetra Tech as the engineering consultant to advise the City on ongoing construction management activities and compliance. The anticipated construction cost is \$12 million, which ensures that the Commonwealth of Pennsylvania RACP funding of \$6 million will be available for the project, and the City will match \$6 million as required in terms of the contract.

2.) Capital Improvement Program development

The City has awarded the Financial Management Professional services contract to Reynold's SiteLogIQ to develop a Five-Year Capital Improvement Plan (CIP). The goal primarily is to create and manage the multi-million-dollar pool of fixed asset infrastructure that the City currently owns or will own. This plan will be completed and approved by October 31, 2024. It will replace the rudimentary system of simply listing the Capital Projects as Priority One and Two. The hope is that future CIP planning will be a much more professional process for managing the City's Capital Assets.

The City's Capital Improvement Program will be strategically planned to prioritize and organize capital facilities and projects over five years. This process will require an assessment of the current infrastructure, an analysis of the future needs of new infrastructure, including rolling stock, and an alignment with the community's essential requirements for City services. The City is on a strict pay-as-you-go payment system for Capital Assets since it cannot borrow or enter the bond market.

Financial stability and long-term planning ensure capital resources are appropriately monitored, managed, and executed. The timed capital facilities infrastructure projects will provide the necessary roadmap for future project implementation. Assessing the City's current and future capital needs involves a thorough needs assessment, an alignment with the financial resources to ensure efficient and effective development of a capital plan for the City's principal public facilities, and long-term capital asset management.

One enormous benefit of the new Capital Improvement Study is the ability to predict the 2025 and later Capital Improvement requests now that we have statistical data to support future requests.

Harrisburg, Pennsylvania, is the Capital City of the fifth-largest State in the Union. Therefore, it is imperative that the City strategically and fiscally plan for its long-term capital assets. GFOA of the United States and

Canada's Community Development and Capital Investment Committee has several best management practices available for use as a guide to examine and manage fixed assets for Cities.

3.) Continue to Pursue Increased Payment In lieu of Tax (PILOT) Agreements.

Approximately 60% of the assessed value in Harrisburg is non-tax revenue-generating because its use is for tax-exempt purposes. The City will endeavor to enhance existing PILOT agreements and seek new ones, with the proceeds dedicated to supporting capital improvements. The City has collected approximately \$703,440 of PILOT income for Fiscal Year 2023. The goal for Fiscal Year 2024 will be \$710,474, with a 1% increase each year after that. This revenue source is recorded under Miscellaneous Revenue.

The Office Business Administrator (BA) will be working with the non-profits throughout the City to seek additional funding commitments. Also, the BA's staff will send additional letters and continue working through existing PILOT agreements to renegotiate increased PILOT contributions. The City is initially focusing on those entities that have recently completed new construction projects and expanded their footprint in Harrisburg, as well as potential increases in the property's assessed value in Dauphin County.

4.) Improve Collection Rates in the Neighborhood Services Fund

The Mayor and her staff have recommended, and the City Council has approved a program to offer \$2.0 million through ARPA funding payment assistance for low-income and elderly homeowners to catch up on their trash bills and help them become current with those bills. This will provide an immediate benefit to low-income and elderly homeowners and a secondary benefit to the City by helping to reduce the backlog of delinquent trash collections. The goal is to encourage those who will be assisted with this unique program to remain current with future trash bills, and the hope is that the customer will stay consistently on time after that.

The benefit of this initiative is helping those individuals impacted by COVID and allowing the City to bring more customers current with their trash bill payments.

The City's Administration will oversee activities related to improving Neighborhood Services Fund collection rates. The Finance Team will review progress on implementing this initiative and ensure the team works collaboratively where appropriate. The City is also in discussions to develop an annual billing program to address these issues, with a legislative package being developed by the City Solicitor's Office.

The City will monitor the quarterly NSF budget versus actual and year-over-year fee collection reports. The City's Administration is exploring other reporting options to include subsets of the fee collection data, including commercial, residential, new current, new delinquent, and different categories of customer accounts. As the City continues implementing the MUNIS system, more appropriate reports will likely be available for review and input.

5.) Review Service Delivery Alternatives

The City has an established track record of collaborating with other governmental and non-governmental entities to deliver services economically and more efficiently. Examples of such arrangements include:

- 1.) A transfer of the Communications Center for emergency calls to Dauphin County.
- 2.) A transfer of the operation of the Harrisburg Resource Recovery Center from The Harrisburg Authority (now Capitol Regional Water "CRW") to the Lancaster County Solid Waste Management Authority.
- 3.) The transfer of the partial City ownership and operation of water and sewer services exclusively to CRW.
- 4.) The long-term lease and operation of the City's parking garages and on-street metered parking system to the Pennsylvania Economic Development Financing Authority ("PEDFA") and the Pennsylvania Department of General Services ("DGS").

Police Services

The City is interested in exploring possibilities of intergovernmental agreements with surrounding municipalities for police services to determine if shared services would mutually benefit the City and neighboring municipalities in both police service and the cost of policing. In the past, the City participated in a countywide study of regionalizing policing services that ultimately showed the number of police calls in the City far exceeded the calls elsewhere in Dauphin County. Those facts make shared policing with other municipalities a difficult operational change for other municipal police departments, as their additional availability on City calls would predictably outpace the City's ability to respond to calls in neighboring townships and boroughs.

Fire Services

The City participates in mutual aid agreements for fire protection services and provides fire protection services to the Commonwealth for structures in and outside the City. The Fire Bureau is exploring the potential for regionalized fire protective services, as there is a nationwide crisis in volunteer firefighting. Professional fire services can offer better protection to more people and property in the areas surrounding the City and assist with cost-sharing of equipment and operations.

Procurement

The City joined the Capital Area Procurement Council of Government ("CAPCOG"), which provides advantages in particular (but far from all) purchasing categories. Also, the City frequently participates in the COSTARS Program, which is operated by the PA Department of General Services, for more efficient purchasing. The City also uses PennBid to seek bidders for competitive bidding. Similarly, the City engages in electrical purchases on a brokered platform provided by the Commonwealth.

Information Technology

The City has worked with a series of Information Technology professionals through teams at Harrisburg University to explore stabilizing, operating, and modernizing essential governmental computer services. The City shares some technologies regarding policing, utilizes County web-based information for aspects of property and tax data, and routinely accesses the data of other governmental entities to improve efficiencies. The City Public Safety Parking System will be integrated into the new MUNIS system. It will reduce duplicity of data entry and ensure on-time record-keeping for the City's customers.

Waste Removal

The City upgraded its solid waste and recycling services to satisfy public health needs through its Neighborhood Service Fund and thereby tackled significant blight and trash issues. The City has entered into a successful partnership with Steelton, Penbrook, and Paxtang Boroughs, whereby Borough residents pay Harrisburg for trash and recycling services. The three Boroughs now have separate budgets for each, so we can more closely monitor the fiscal activity related to the Boroughs. This action permits us an option to assign related expenses more appropriately to the account for each Borough.

5 Expenses

The table below presents a five-year history of the City’s expenses by major category. Personnel and Medical expenses are the main cost drivers, representing 62.6% of 2023 actual operating expenses. In 2023, personnel costs, medical expenses, and debt service comprised 74.9% of total actual operating expenses, significantly limiting budget flexibility.

Table 4
Key Operating Expenses 2019-2023

	2019	2020	2021	2022	2023	Pct. of 2023 Total
Personnel, net of Medical	\$30,447,220	\$31,457,827	\$33,311,449	\$33,443,622	\$37,212,169	46.3%
Medical	10,107,540	9,387,608	9,764,674	11,755,194	13,124,343	16.3%
Services	5,919,138	5,587,092	5,972,562	7,214,154	10,631,125	13.2%
Supplies	2,137,803	2,061,570	2,148,222	2,454,068	3,288,521	4.1%
Debt Service	11,175,422	10,541,493	19,209,980	22,073,638	9,875,573	12.3%
Other Operating	434,473	1,073,165	785,734	577,666	869,260	1.1%
Transfers	3,055,241	324,432	285,822	0	2,800,000	3.5%
Tot Exps (Pre-Capital)	63,276,837	60,433,187	71,478,443	77,518,342	77,800,991	
Capital Expenditures	4,423,164	1,055,384	2,386,870	684,332	2,547,411	3.2%
Total Expenses	\$67,700,001	\$61,488,571	\$73,865,313	\$78,202,674	\$80,348,402	100%

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Workforce

Like most local governments, personnel costs are the main expense driver in Harrisburg’s operating budget. The majority of Harrisburg employees are represented by one of three unions: the Fraternal Order of Police Capital City Lodge No. 12 (“FOP”), the American Federation of State County and Municipal Employees District Council 90, Local 521 (“AFSCME”), and the International Association of Firefighters, Local No. 428 (“IAFF”).

Headcount

The following table shows the number of budgeted full-time employees by employee group:

**Table 5
Employee Summary by Employee Group, 2024**

Employee Group	Covered Positions	2024 Total FTEs as of	Contract Expiration
Non-represented	Executive, management, confidential	120.5	N/A
FOP	All sworn police officers	162	December 31, 2025
AFSCME	All non-executive, non-management, non-confidential employees are not otherwise covered in FOP or IAFF.	147	December 31, 2026
IAFF	All firefighters, lieutenants, captains, and battalion chiefs.	99	December 31, 2022, Pending 2023 Arbitration
Total		528.5	

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The following table shows the budgeted full-time equivalents by department since 2018. The projects staffing levels to remain relatively constant with 2024 budgeted levels through 2028. There is actually a slight decrease in budgeted positions in 2024.

Table 6
Historical Employee Budgeted Headcount by Bureau 2019-2024

Bureau	2019	2020	2021	2022	2023	2024
City Council	9.00	9.00	9.00	9.00	10.00	10.00
Office of Mayor	4.00	4.00	4.00	4.00	6.00	6.00
Office of Controller	3.00	3.00	3.00	3.00	3.00	3.00
Office of Treasurer	6.75	6.75	6.75	6.75	6.75	6.00
Office of Solicitor	6.00	6.00	6.00	8.00	9.00	9.00
Office of the Business Administrator	3.00	2.00	3.00	2.00	2.00	2.00
Financial Management	8.00	7.00	7.00	7.00	8.00	8.00
Bureau of Licensing, Taxation, & Support	5.00	6.00	6.00	7.00	7.00	5.00
Grants Office	0.00	1.00	1.00	1.00	1.00	2.00
Communication	5.00	5.00	4.00	5.00	5.00	6.00
Office of Social Equity	1.00	1.00	1.00	1.00	1.00	0.00
Information Technology	8.00	8.00	7.00	7.00	7.00	7.00
Human Resources	4.00	6.00	6.00	6.00	7.00	7.00
Planning	3.40	3.40	4.00	4.00	4.00	4.00
Inspections and Code Enforcement	16.94	16.94	16.94	17.00	15.00	18.00
Office of Business Development	1.95	1.00	1.00	2.00	2.00	1.00
Office of Police	165.00	165.00	170.00	188.00	190.00	182.00
Facilities	7.00	14.50	15.75	16.25	25.25	15.00
Special Events	0.05	0.00	0.00	0.00	3.00	3.00
Bureau of Vehicle Management	12.15	10.15	10.15	10.15	10.15	11.00
Traffic and Engineering	15.65	13.00	13.00	14.00	14.00	12.15
Host Fee	3.80	3.60	3.00	3.00	3.50	3.50
Bureau of Fire	86.00	86.00	90.00	90.00	100.00	104.00
Neighborhood Services	75.25	78.45	80.85	87.35	96.60	102.85
Blight Remediation	0.00	0.00	0.00	1.00	1.00	1.00
Total	449.94	456.79	468.44	499.50	541.25	528.5¹

¹ Although we have noted increases in complement this is expected to stabilize in the next few years.

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Salaries and Wages

Salaries and wages are the most significant component of personnel costs, representing a major component of expenses.

In 2022, the City and the FOP ratified a new collective bargaining agreement that runs through 2025 and includes regular salary increases based on a fixed pay scale determined by years of service and job classification.

The final 2023 IAFF Arbitration Award provided for the following wage increases for IAFF union members include 3.5% for 2024, 4.0% for 2025, and 4.0 % for 2026.

The City and AFSCME have agreed to a 3% salary increase for 2022-2025. Similarly, salary increases for non-represented (management) employees will average 2% for 2024 and are projected to increase 2% annually through 2028. Each AFSCME Bargaining Unit employee will receive a \$3,000 lump sum per employee for 2022, a \$1,500 lump sum per employee for 2023, and a \$1,000 lump sum per employee for 2024, and 2025.

In addition to salaries, overall compensation includes a variety of components, such as overtime, longevity pay, shift pay, particular assignment pays, other cash premiums and bonuses, employer portion of applicable payroll taxes, vacation, holidays, paid leave, active employee life insurance, and other miscellaneous fringe benefits.

As a result of the 2013 contract amendments, all full-time employees (represented and non-represented) were moved to the Basic Health Plan that previously had only been mandatory for non-represented City employees. In addition, all unions agreed their members would contribute towards the cost of health care premiums, as set forth below:

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Table 7
Employee Contributions Towards Health Care Premiums, 2024

Deduction for FOP is a percentage, but it's based on a 5-year Patrol Officer's salary – so it's also a set dollar amount.

FOP	
Tier of Coverage	Percent of base salary 2023 - 2028
Single coverage	2.5%: \$69.68
2-person coverage	4.0%: \$125.43
3-person coverage	5.0%: \$153.30
4 or more-person coverage	6.0%: \$181.17

AFSCME	
Tier of Coverage	Percent of base salary 2024
Single coverage	2.0%
2-person coverage	4.0%
3-person coverage	5.0%
4 or more-person coverage	6.0%

IAFF employees contribute towards their health insurance coverage at the rate of \$40 per biweekly pay for single coverage and \$90 per biweekly pay for two-or-more person coverage.

The City self-insures for health insurance coverage, meaning it does not use a third-party provider. The coverage includes a stop-loss policy, which protects the City from extraordinary claims. The City's current stop-loss policy with its service provider covers specific stop-loss, meaning catastrophic claimants whose medical and prescription claims exceed \$275,000 in a given policy year. The reinsurer covers the excess claims and reimburses the City for claims paid over \$275,000 per claimant. The City is responsible for the first \$275,000 per claimant.

The City currently has only specific stop-loss coverage rather than aggregate stop-loss coverage. Aggregate stop-loss covers claims for the aggregate population in excess of a certain percentage of expected claims or aggregate attachment factors set by the reinsurer/stop-loss carrier. When a plan has both aggregate and specific stop-loss, the particular claims are "netted out" from the aggregate so that the reinsurer is not double paying for losses.

The City also provides certain Other Post-Employment (Health) Benefits (OPEB) for retirees for its represented employees. In recent contract negotiations, the bargaining units have agreed to change retirement benefits with respect to active employees and future (yet-to-be-hired) employees. All units agreed that prospective employees would not be entitled to receive post-retirement health care at the City's cost.

Projection

- 1.1 The City, which self-insures, estimates \$13.73 million for medical expenses in 2024. Medical expenses are potentially volatile expenditures that the City monitors closely. These expenses are projected to level off annually from 2025 to 2028, aligning with the City's experience and the actuarial assumptions used to calculate the City's Other Post- Employment Benefits liability. The City has worked with its insurance consultant to stabilize its annual health insurance/prescription drug savings.

Services

The City will contract for various services such as legal, auditing, building maintenance, information technology support, insurance, utilities, fuel, traffic control, and heavy equipment repairs. Almost all of the City's contracted services are non-discretionary and fill an essential government need.

Projection - These costs are projected to increase by 3% annually.

Long-Term Debt

General Obligation Debt

Series 1997D&F General Obligation Bonds and Notes, respectively:

In 1997, the City issued its Series D&F Bonds and Notes to advance refund its Series 1997 B-1 Bonds and currently refund its Series 1995 Bonds. The Series 1997D&F Bonds and Notes are capital appreciation in nature and not subject to redemption prior to maturity. Credit enhancement on the bonds and notes was provided by Financial Guaranty Insurance, which is now Ambac Assurance Corporation ("AMBAC"). The final maturities of these Bonds and Notes were recently fully satisfied by the City in September 2022.

Referencing past history in 2012, facing severe financial distress, the City defaulted on these Bonds and Notes, and the insurer agreed to make scheduled principal and interest payments to the bondholders and noteholders. The City and AMBAC entered into an amended settlement agreement in April 2013, under which the City's forbearance liability accrues interest and is scheduled to be repaid over a ten-year period from 2023 to 2032.

In recent years the City continued to work with AMBAC to significantly reduce and ultimately pay off, the bond insurance forbearance liability. In late 2021, in conjunction with the defeasance of the HRA Guaranteed Revenue Bonds (stadium improvement bonds), Series A-2 of 2005, the City made an initial prepayment of \$4 million to begin meaningfully reducing this debt and the related interest expense burden. With the new Mayor furthering this goal of ultimate debt reduction, the City made an additional prepayment of \$12 million in December 2022, again aimed at significantly reducing the continued build-up of accrued interest expense. In March 2023, the City achieved the goal of a full payoff of this forbearance liability with an \$8.3 million final payment to AMBAC.

Table 8
Series 1997D&F General Obligation Bond

Issue	Amount Outstanding/ Accreted Value ¹	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
Series 1997D (Capital Appreciation Bonds)	\$ -0-	Advance refunding	Non-callable	2022	Zero Coupon	AMBAC
Series 1997F (Capital Appreciation Notes)	\$ -0-	Current refunding	Non-callable	2022	Zero Coupon	AMBAC
Series 1997D&F Forbearance Liability	\$ -0-	Repay draws on enhancement facility	Any time	Originally 2032	Originally 6.75%	NA

¹ As of March 15, 2023

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon Bonds)

The City guaranteed a loan issued by the Harrisburg Redevelopment Authority (“HRA”) and insured by Financial Security Assurance, now Assured Guaranty Municipal Corp (“AGM”), that was used to acquire a site now known as the Commonwealth (Verizon) Tower. Anticipating the need to rely on the City’s guarantee for debt service payments scheduled to begin in 2016, in 2015, the City, the HRA, and AGM entered into a settlement agreement. The settlement agreement outlined terms for annual debt service payments that provided liquidity to the City, which was under Act 47, Municipalities Financial Recovery Program for fiscally distressed municipalities, and the City could not afford to make the full scheduled debt service payments. Under the settlement agreement, the City is required to make minimum contributions between \$500,000 and \$1.5 million annually through 2032. The minimum contributions were partly based on lease payment projections from Verizon Tower tenants that offset the annual debt service requirement. To the extent that the annual lease payments do not materialize as projected, the City’s debt service requirement would increase over the minimum. The City’s obligations would increase if it borrows under the settlement; however, the combination of improving economics on the building and higher anticipated rental income allowed the City to avoid draws and save on interest expense.

Fortunately, the Commonwealth of Pennsylvania Department of Human Services, at the same time, needed to relocate, and the Department of General Services agreed to a contract with the City for more than 800 employees of the Department of Human Services to move into the Verizon Tower, now Commonwealth Tower, in Fiscal Year 2017. The Commonwealth employees also were able to utilize the City's parking garages, creating a win-win for the Commonwealth of Pennsylvania and the City of Harrisburg. Further, the Commonwealth employees also had a daycare facility in the same building. Please see Table 9 below for more information.

Table 9
HRA Series 1998A (Verizon Bonds)

Issue	Amount Outstanding/ Accreted Value	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
HRA Series 1998A (Verizon Bonds)	\$18,277,416 estimated value as of 12/31/23	Acquire Strawberry Square site	Non- callable	2033	Zero Coupon (Taxable)	AGM

Table 10
Annual Debt Service Summary 2024-2028

	2024	2025	2026	2027	2028
Series 1997D&F	0	0	0	0	0
Series 1997D&F Ambac Repayment	0	0	0	0	0
HRA Series 1998A (Verizon Bonds)	1,250,000	1,250,000	1,430,000	1,445,000	1,450,000
Bank Loan - Energy Savings Contract	0	0	0	0	0
Total ¹	\$1,250,000	\$1,250,000	\$1,430,000	\$1,445,000	1,450,000

¹ Represents the minimum annual debt service due from the City during 2024 to 2028.

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Pension

The City has three single-employer, defined-benefit pension plans: the Police Pension Fund, the Firefighters Fund, and the Non-Uniformed Pension Plan. These plans cover all full-time employees substantially. Commonwealth law requires all municipalities, including Harrisburg, to make annual contributions to the pension funds based on a calculation of the minimum municipal obligation (“MMO”). The MMO is based on an annual actuarial valuation that considers annual pension costs, employee contributions, pension asset valuations, investment rate and salary increase projections, and amortization assumptions. The City’s MMO is projected to continue to increase at a rate slightly above that of salaries and wages. The table below shows the critical statistics for the Police, Firefighters, and Non-Uniformed pension funds in recent years. As of December 31, 2021, all three pension plan funds are comprised of plan fiduciary net positions exceeding total pension liabilities, which thus results in net pension asset positions; declines in such net position values as a percentage of the total pension liabilities as of December 31, 2022 are also noted below for all three plans ranging from 18% to 22%.

Table 11
Pension Summary

	Police Summary	Firefighters Summary	Non-Uniformed Summary
Participants	12/31/2022	12/31/2022	12/31/2022
Active Employees	133	94	234
Vested Former	6	2	56
<u>Receiving Benefits</u>	<u>210</u>	<u>116</u>	<u>225</u>
Total Participants	349	212	515

	12/31/2021	¹ 12/31/2022	12/31/2021	¹ 12/31/2022	12/31/2021	¹ 12/31/2022
Total Pension Liability	\$100,413,081	\$102,958,326	\$77,952,133	\$80,309,551	\$78,868,424	\$79,137,161
Plan Fiduciary Net Position	\$115,100,216	\$92,011,338	\$100,375,609	\$85,085,090	\$96,929,217	\$78,668,545
Net Pension Liability (Asset)	(\$14,687,135)	\$10,946,988	(\$22,423,476)	(\$4,755,539)	(\$18,060,793)	\$468,616
Plan Fiduciary Net Position as % of Total Pension Liability	114.63%	89.37%	128.76%	105.95%	122.90%	99.41%

¹ Reflective of a measurement date of December 31st, 2022 based on and rolled forward from an actuarial valuation date of January 1st, 2021.

Projection – MMOs are projected to increase by 2% annually, which is generally consistent with wage increases for each City Employee group.

Other Post-Employment Benefit Summary

Other Post-Employee Benefits (“OPEB”) are benefits other than the pension that is provided to retirees, including medical, prescription drug, dental, vision, hearing, life insurance, long-term disability, long-term care, death benefits, and any payments made to the retiree that are to be used for such coverage.

GASB rules require the use of accrual-based accounting methods to disclose the liabilities related to OPEB costs. The accrual-based accounting recognizes costs when benefits are earned, not when the benefit is actually paid.

Like most other governments, Harrisburg uses a “Pay-as-you-go” approach to fund OPEB costs. The City will plan to continue this approach for payments. Currently, there are no immediate plans to establish a trust for OPEB in Fiscal Year 2024. Per the most recent actuarial valuations dated January 1, 2022, Harrisburg’s ending total OPEB liability for fiscal year 2023 was \$138.4 million, compared with \$177.0 million for fiscal year 2022. There does appear to be a slight decline in the liability balance for OPEB.

Table 12
Other Post-Employment Benefit Summary
January 1, 2022, Actuarial Valuation for Fiscal Year
Ended December 31, 2023

Demographic Information	Police	Firefighters	Non-Uniformed	Total
Active Participants	134	58	104	296
Vested Former Participants	2	0	32	34
Retired Participants	180	103	135	418
Total	316	161	271	748

Financial Information	Police	Firefighters	Non-Uniformed	Total
Total OPEB Liability	\$68,920,904	\$43,694,480	\$25,768,546	\$138,383,930
Plan Fiduciary Net Position	0	0	0	0
Net OPEB Liability	\$68,920,904	\$43,694,480	\$25,768,546	\$138,383,930
Plan Fiduciary Net Position as a % of Total OPEB Liability	0%	0%	0%	0%
Net OPEB Liability as a % of Covered Employee- Payroll	710.03%	1,057.78%	445.48%	705.25%
OPEB Expense	\$3,667,822	\$2,369,478	\$1,768,582	\$7,805,882 ^{1,2}

¹ Based on actuarial valuation date of January 1st, 2022 with an applicable measurement date of January 1st, 2023.

² The OPEB actuarial valuation date occurs every two years with periodic annual rollforward updates.

The City has begun to address this liability with provisions in its collective bargaining agreements eliminating post-retirement benefits for new hires. In addition, following the monetization of the parking system, the Commonwealth deposited \$3.7 million in a bank account established for an OPEB fund, which has a December 31, 2023, year-end value of \$4.06 million. Such funds will be transferred into the City’s OPEB Trust Fund, authorized by the City Council on March 23, 2021, as required by Act 124. The OPEB Trust for the City is not currently in place, and there are no immediate plans to move this effort forward.

Table 13
Expense Growth Assumptions
2025 - 2028

	2025 ¹	2026 ¹	2027 ¹	2028 ¹
Personnel & Benefits (Net of Medical)	2.2%	2.8%	2.6%	2.6%
Medical ²	(7.5%)	(3.9%)	(3.7%)	2.1%
Services	2%	2%	2%	2%
Supplies	2%	2%	2%	2%

¹ Debt Services, Capital, & Transfers activities are subject to variation due to the ongoing FNB Field, Broadstreet Market, and Public Safety Building project construction.

² The City anticipates that the catastrophic losses will decline based on historic evidence that is presented.

5.1 Expense Initiatives

1.) Implement Steps to Reduce Health Insurance Costs

The City is exploring ways to reduce health insurance costs, including working with a broker to lower prescription drug costs, instituting a wellness program, and considering changing the structure of its self-insurance model.

2.) Final Payment of the Series 1997D&F Forbearance Liability

The City completely paid off the AMBAC Forbearance Liability in March 2023.

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5.2 Expense Forecasts

Below is the multi-year expense forecast based on historical growth trends, planned initiatives, and other available data. The data includes fiscal forecasts from FY 2024 through FY 2028.

As for the Personnel costs, these costs are anticipated to increase by 2.3% in 2025, 2.8% the following year, and then stagnate at increases of 2.6% thereafter. Medical expenses will increase by 7.5% initially, but lessen significantly in the following years. Services and Supplies expenses are anticipated to increase by 3% and 2%, respectively. It is expected that the price increase will be in line with the current CPI. Other Operating Expenses and Transfers are contingent on budgetary activity. Debt Service costs will significantly be reduced as the Ambac Forbearance payments are eliminated, and this event reduces debt to a pre-distressed level. Capital costs are contingent on the necessary capital needs of each City Department.

Table 14
Operating Expense Forecast

	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028
Personnel (less Medical)	\$39,189,036	\$40,068,446	\$41,186,335	\$42,239,098	\$43,322,249
Medical Claim Expenses	13,725,000	12,700,000	12,200,000	11,750,000	12,000,000
Services	11,365,184	11,592,488	11,824,337	12,060,824	12,302,040
Supplies	3,754,702	3,829,796	3,906,392	3,984,520	4,064,210
Other Operating	977,513	650,000	400,000	400,000	400,000
Transfers	33,283,499 ¹	1,734,215	400,000	400,000	400,000
Total Expenses (Pre-Debt Service)	102,294,934	70,574,945	69,917,064	70,834,442	72,488,499
Debt Service	1,250,000	1,250,000	1,430,000	1,445,000	1,450,000
Total Expenses (Pre-Capital)	103,544,934	71,824,945	71,347,064	72,279,442	73,938,499
Capital Expenditures	8,456,870	5,771,442	6,707,558	1,042,000	1,192,000
Total Expenses	\$112,001,804	\$77,596,387	\$78,054,622	\$73,321,442	\$75,130,499

¹ The Transfer includes the transfer from federal grant fund for the ARPA funding. Also, a portion of the funding is for FNB Stadium. The last segment is a transfer for Debt Service Payments.

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6 Other Initiatives

The City is committed to providing essential services to the community while securing its long-term fiscal stability. Below is a summary of the progress in implementing initiatives not already covered in the previous sections and additional actions the City is taking to achieve its goals:

1.) Reestablish access to the debt markets and restore credit rating to the City, and prepare the City for borrowing as it plans for Capital Improvements in the future.

The goal is for the City to commence borrowing and seek financial management advice regarding credit rating once the Department of Community and Economic Development signs an order to Exit Act 47 the Municipalities Financial Recovery Program. The Department must permit the Exit to occur before we can move forward.

2) Establish an OPEB Trust.

On March 23, 2021, the City Council approved ordinance no. 2-2021 authorizing and directing the creation of an irrevocable special trust to be designated as the “OPEB Trust.” Any deposits and segregating funds are to be restricted for other post-employment obligations of the City and related administrative costs of the Trust, providing for the appointment of a Board of Trustees to oversee and manage the Trust Fund in accordance with Act 47 Recovery Plan and any amendments. The Board of Trustees are to contract for services of a trusted professional; authorizing the execution of a Trust Agreement and related documents; authorizing the acceptance and deposit of designated funds provided through certain asset transfers under the Harrisburg Strong Plan; and adopt a Charter and Bylaws of the OPEB Board of Trustees to operate in accordance with the recommendations of GASB Statement No. 74 and GASB Statement No. 75.

The ordinance provides for the establishment of a Board of Trustees consisting of nine members, with one member each to be appointed by the City’s three local unions; two individuals appointed by the City Council, two to be appointed by the Mayor; and two members to be appointed by the Recovery Coordinator of the City. The Board of Trustees will be responsible for establishing how the Trust will operate, including the terms under which the Trust’s investment policy will access the funds, among other operating issues. The formation of this Board has not yet occurred mainly with the challenge of the actuarial liability, \$138.4 million as of December 31, 2023, being so daunting in comparison with the available related trust funds on deposit initially received at \$3.7 in proceeds and with a stated value of \$4.06 million as of December 31, 2023; however, though this intended Trust and acting Board have not been formally established, which is not viewed as a deterrent to the City’s plan for exiting municipal distressed status under Act 47, the City does understand the importance of ultimately achieving the full creation of the OPEB Trust.

As determined from an updated actuarial valuation as of January 1, 2020, the City’s estimated OPEB liability as of December 31, 2021, was \$157.6 million. Similar to other municipalities, Harrisburg does not prefund its OPEB liabilities. During 2022, the City paid \$5.3 million in “pay-as-you-go” retirement benefit costs and also accrued an additional \$2.1 million in service costs for future participant benefits.

If the City were to continue to pay the pay-as-you-go obligation and contribute an annual amount equal to the Service Cost, the City would fund the plan at a pace to eliminate the unfunded accrued liability in approximately 60 years, assuming no changes in actuarial assumptions. However, contributing an amount equal to the Service Cost and the pay-as-you-go should benefit the City.

The Fiscal Obligation is unrealistic for the City, meaning the liability will unlikely be eliminated in the 60-year timeframe.

The Trust will be funded initially with approximately \$3.3 million in funds generated by asset transfers that were executed as a result of the implementation of the Harrisburg Strong Plan. Once the appointed Board of Trustees establishes the terms of the Trust, the City will consider a funding policy that will begin to address

the significant liability and is also manageable within existing General Fund constraints.

The City understands the relationship between controlling the OPEB liability and long-term fiscal stability. The City also appreciates the potential negative implications for its credit rating if a strategy for addressing the OPEB liability is not identified. However, other municipalities that do not prefund the liability can still achieve a strong credit rating. Since the City cannot feasibly prefund the OPEB liability at a level to cover its Service Cost plus interest, annual OPEB costs will continue to grow, likely higher than other General Fund expenses. The growth, volatility, and size of these annual costs relative to the budget are of particular concern to the credit rating agencies.

While the City acknowledges that its OPEB liability will not be 100% funded for the foreseeable future, its past and planned actions signal its commitment to addressing this issue:

- Implemented employee benefit changes that eliminate post-retirement benefits for new employees, which will reduce and eventually eliminate the liability over time;
- Once terms of the Trust are adopted, consider a recurring OPEB Trust funding strategy, which will help address volatility inherent in this expenditure item;
- Order its actuary to prepare an actuarial valuation at least biennially, in accordance with generally accepted actuarial principles. Each valuation will include a gain/loss analysis that identifies the magnitude of recent gains and losses based on variations between actual and assumed experience for each major assumption.

The City will review OPEB Trust funding options every two years and, with the assistance of its actuary, determine the funding levels required for a fully funded plan within 10, 20, and 30 years. The City will adjust its funding strategy as necessary to meet its OPEB Trust funding goals.

1 Implement a Workforce Stabilization Program

In late 2021, the City and AFSCME agreed on a new contract that addresses pay and retention issues. Early in 2022, the City and FOP reopened the contract and ratified a new contract. The FOP contract addresses many pay equity issues.

In November 2023, the City and IAFF received the Interest Arbitration Award outlining the agreed-upon terms of the award.

The City is also mindful of strategies to recruit and retain qualified non-represented management employees. Currently, the City is interviewing applicants for the Business Administrator position. The hope is that a candidate will be selected soon.

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2 Promote Economic Development

The key to securing the City’s long-term health is expanding its economic base and increasing its local tax revenues. Even after confirming its extraordinary taxing powers, the City’s capacity to deliver essential services to its residents depends on a strong local tax base. The City’s Economic Development efforts focus on growing the City’s economy in a diverse, equitable, and inclusive manner by retaining, expanding, and attracting businesses, promoting investments, and increasing career opportunities for residents. The City will accomplish these goals by providing a holistic approach, including innovation and equity, place and infrastructure, and governance and financial stewardship.

The new Interim Director of the Department of Building, Housing, and Development plans to further review the current Economic Development Plan and provide her input. She hopes to have her review completed by mid-September prior to meeting with the ICA Board to discuss the proposed suggestions in the plan.

3 Improve Information Technology Capabilities

The City is implementing several initiatives to improve its information technology capabilities and infrastructure, as outlined below:

- The City has recently purchased and has begun to implement the replacement of the current disparate systems, including mainframe systems (City, Revenue, and Personnel), finance system (Central Square), and payroll system (Paychex) with the MUNIS ERP system from Tyler Technologies. The General Ledger component of this system is complete; however, training for this system will continue as new employees become engaged. The modules are scheduled in phases: Phase 1- Financial Management and Capital Planning was completed on December 31, 2024, Phase 2 – Human Capital Management – is scheduled to be completed on January 1, 2025, Phase 3 – Tax Billing and Collections – December 31, 2024, Phase 4 – Licenses and Permits – December 31, 2024, Phase 5 – Codes Enforcement – December 31, 2024, and Phase 6 – Asset Maintenance Full Implementation including an inventory system– was completed on January 2024.
- To obtain upgrades to the Office 365 Licenses to support our Microsoft suite of tools: Outlook (Email), Word, Excel, PowerPoint, etc.
- Replacement of the Data Center core switch, which controls the critical infrastructure for all deployed technology.
- Replace the aging fleet of City-wide printers with new machines.
- Replace the security camera system at Reservoir Park, which is unreliable and not integrated with our other camera systems.
- Continue to implement a Laserfiche public portal that would allow citizens to access city-related documents from a single point.
- Continue replacing the equipment (servers and Storage Area Network (SAN)) in the Data Center and Co-location site as it reaches the end of its useful life.

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7 Capital Improvement Plan

The City has a backlog of deferred maintenance and unfunded capital needs, which far exceed funding capacity. Most critically important capital needs will remain unfunded unless operating projections outperform expectations or new funding sources are identified.

The tables below show the **baseline** capital projects the City plans to fund with General Fund transfers and other sources. The baseline projections are consistent with those presented in the 2023 Five-Year Plan. The Projections and Forecasts for capital improvement projects for 2024- 2028 are included below.

Table 15
Baseline Capital Improvement Expenditures - General Fund

Project Name	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Total
Bureau of Information Technology						
DCIT & DREV System Replacement	\$791,626	\$125,000	\$125,000	\$90,000	\$90,000	\$1,221,626
Bureau of Police						
Police Patrol Vehicles	-	200,000	250,000	175,000	175,000	800,000
Other Police Vehicles	-	-	-	-	-	-
Radios	-	2,000	2,000	2,000	2,000	8,000
Surveillance Cameras	-	-	-	-	-	-
Other	225,000	25,000	25,000	25,000	25,000	325,000
Bureau of Fire						
Apparatus Replacement	-	150,000	825,000	-	200,000	1,175,000
Radios	990,000	-	-	-	-	990,000
Fire House Repair/Replace	100,000	100,000	75,000	50,000	75,000	400,000
Other	110,000	-	-	-	-	110,000
Vehicle Management Center						
Vehicle Leasing Program ¹	-	-	-	-	-	-
Other	125,000	150,000	175,000	125,000	100,000	675,000
Office of Engineering						
Lease Purchase	-	-	-	-	-	-
Building	150,000	125,000	175,000	150,000	150,000	750,000
Facilities and Special Projects						
Other Facilities	5,929,516	4,819,442	4,980,558	350,000	300,000	16,379,516
Parks, Recreation and Enrichment						
Other	35,728	75,000	75,000	75,000	75,000	335,728
Subtotal	\$8,456,870	\$5,771,442	\$6,707,558	\$1,042,000	\$1,192,000	\$23,169,870

¹ The Vehicle Purchase Program has been moved to lease purchase, which will be included in Debt Service.

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The capital project funding sources and uses may change depending on the permitted use of these funds and the outcomes of the City’s planning process.

Note: Projected 2024 amounts may differ from the budget due to a reclassification of some capital expenditures.

Table 16
Capital Improvement Projects - Neighborhood Services Fund

	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Total
Equipment Leasing	\$400,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,600,000
Building Improvements	100,000	110,000	110,000	110,000	110,000	540,000
Equipment - Other	300,000	300,000	300,000	300,000	300,000	1,500,000
Subtotal	\$800,000	\$710,000	\$710,000	\$710,000	\$710,000	\$3,640,000

Table 17
Baseline Capital Improvement Projects - Capital Projects Fund ¹

Project Name	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Total
MulDer Square	\$178,564	\$50,000	-	-	-	\$228,564
Capitol Gateway	1,279,327	250,000	-	-	-	1,529,327
East-West Multimodal	275,000	600,000	-	-	-	875,000
City Bridges	3,988,000	555,000	600,000	500,000	500,000	6,143,000
Herr Street	37,500	945,000	-	-	-	982,500
Division Street	-	1,250,000	-	-	-	1,250,000
Walnut Street	-	300,000	-	-	-	300,000
6 th Street	-	450,000	-	-	-	450,000
2 nd Street	-	550,000	-	-	-	550,000
17 th Street	-	350,000	-	-	-	350,000
City paving needs	-	-	250,000	250,000	250,000	750,000
Subtotal	\$5,758,391	\$5,300,000	\$850,000	\$750,000	\$750,000	\$13,408,391

¹ Other funding sources besides the Capital Projects Fund balance include grant funds and Liquid Fuels Funds.

Table 18
Summary by Fund

Fund	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Total
General Fund (Baseline)	\$8,456,870	\$6,238,000	\$6,657,000	\$1,482,000	\$1,652,000	\$24,485,870
Neighborhood Services Fund	800,000	710,000	710,000	710,000	710,000	3,640,000
Capital Projects Fund (Baseline)	5,758,391	5,300,000	850,000	750,000	750,000	13,408,391
Total	\$15,015,261	\$12,248,000	\$8,217,000	\$2,942,000	\$3,112,000	\$41,534,261

Funded and Unfunded Capital Improvement Projects Anticipated

Please note that these tables are only updated through 2027 because this data will be replaced by a full Capital Improvement Program (CIP) Report that will properly rank facilities and other assets from Excellent to Poor Status.

This will provide a much more thorough analysis of the City’s multiple fixed assets.

The final CIP Report will be submitted to the Mayor and City Council by October 31, 2024, and a copy will be provided to the ICA for inclusion in the April 2025 report to the Governor and the General Assembly.

The City has prioritized its capital needs as Priority One and Priority Two level projects.

The City has 47 funded Priority One projects with costs up to \$32.4 million through 2027. The City has 75 Priority Two projects with a cumulative estimated total cost of \$37.5 million, including \$4.2 million funded and \$33.3 million unfunded. The table below summarizes the annual costs of the Priority One and Priority Two Projects. A project listing is included in the Appendix.

Table 19
Priority Capital Improvement Projects

Level	Number of Projects	2023	2024	2025	2026	2027	Total
Priority One Funded	47	666,682	916,250	11,285,500	9,426,500	10,065,750	32,360,682
Priority Two Funded	27	0	2,070,700	1,070,836	529,088	540,000	4,210,624
Priority Two Unfunded	48	672,500	2,080,000	4,404,700	10,176,725	15,975,000	33,308,925
Totals	122	\$1,339,182	\$5,066,950	\$16,761,036	\$20,132,313	\$26,580,750	\$69,880,231

The total cost of the unfunded projects identified above is \$33.3 million. Priority Three projects are not included in this listing, which is even farther beyond the City’s current funding capacity.

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8 Financial Forecasts

The City will set a minimum General Fund Balance level target amount equal to two months of annual operating expenses (approximately 15%). The funding target aligns with the Government Finance Officer Association's minimum recommendation for all municipalities. The GFOA recommends that cities with a history of fiscal distress or budgetary volatility maintain a fund balance level higher than the 15% minimum. This fund balance level would also be viewed favorably by rating agencies that strongly emphasize operating flexibility and accessible fund balance, especially for municipalities like Harrisburg, trying to demonstrate its commitment to fiscal recovery and stability. The City has already managed its fund balance above this level for several years.

The operating forecasts, which assume the full implementation of the initiatives described above, demonstrate the ability to maintain essential City services and address other priorities. In addition to the initiatives outlined in this plan, the City relies on its significant unreserved General Fund balance to fund capital needs and, under certain circumstances, cover the gap between annual revenues and expenses.

The City will continue to manage the tax burden on its residents. Moreover, raising tax rates is counterproductive to Harrisburg's efforts to attract private investment and expand the tax base, especially during this challenging period for the local economy. Notably, fiscal year 2024 shows a 7% fund balance in the General Fund. The RACP grant for the FNB field is anticipated to be repaid in fiscal year 2025, therefore restoring the fund balance to a normal level.

The Financial Forecast indicated in Table 1 indicates that a negative fund balance is expected for the fiscal year 2023, which is largely created by the payment to AMBAC to finalize the forbearance liability payment (thereby significantly reducing the City's debt overall); the negative fund balance in 2024 is largely created by the \$5.2 M to the Harrisburg Senator's MLB FNB Stadium to cover the costs of requirement improvements (this also will be part of the match for the RACP Grant). In 2025, the General Fund will realize a surplus. In the remaining three Fiscal Years, 2026, 2027, and 2028, we project that the General Fund will have a small fund balance commitment.

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9 Principal Proprietary Funds

The City maintains two main proprietary funds, which account for activities that involve business-like transactions: the Neighborhood Services Fund and the Harrisburg Senators Fund.

9.1 Neighborhood Services Fund

Created in 2016, the Neighborhood Services Fund (“NSF”) 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.

Table 20
Neighborhood Services Fund-Actuals
2019-2023

	2019	2020	2021	2022 ¹	2023
Department of Public Works	13,986	1,747	22,315	0	18,955
Collection and Disposal Fees	18,137,116	15,336,996	16,112,684	16,207,892	16,592,807
Miscellaneous	313,878	460,390	228,288	524,903	507,900
Intergovernmental	66,497	58,724	0	49,354	59,120
Transfers	720,000	0	0	0	0
Total Revenue	\$19,251,477	\$15,857,857	\$16,363,287	\$16,782,149	17,178,782
Personnel	4,662,136	5,269,184	5,541,753	5,509,391	6,373,848
Services	8,236,775	8,548,808	8,839,004	8,987,077	9,969,986
Supplies	514,404	898,240	591,118	481,064	568,438
Other - Capital	4,030,760	1,983,192	1,411,580	1,190,212	1,010,139
Other – Transfers	0	0	0	0	55,978
Prior Year Encumbrances	0	0	162,133	0	0
Total Expenditures	\$17,444,075	\$16,699,424	\$16,545,588	\$16,631,735	\$17,978,389
Change in Cash Fund Balance	1,807,402	(841,567)	(182,301)	150,414	(799,607)
Cash - Beginning of Year	6,021,488	7,828,890	6,987,323	6,805,022	6,955,436
Cash - End of Year	\$7,828,890	\$6,987,323	\$6,805,022	\$6,955,436	\$6,155,829

¹The 2023 Neighborhood Services Fund budget was balanced by applying the existing fund balance as “Cash Carryover” to avoid a deficit in 2023. The Cash Carryover is shown in the “Change in Fund Balance” line for presentation purposes in this table.

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Table 21
Neighborhood Services Fund Forecasts
2024-2028

	2024	2025	2026	2027	2028
	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Works	20,000	20,600	21,218	21,855	22,510
Collection and Disposal Fees ¹	17,317,021	17,490,191	17,752,544	17,930,070	18,199,021
Miscellaneous	490,000	504,700	519,841	535,436	551,499
Intergovernmental	60,000	60,000	60,000	60,000	60,000
Transfers	3,425,893	300,000	300,000	300,000	300,000
Total Revenue	\$21,312,914	\$18,375,491	\$18,653,603	\$18,847,360	\$19,133,030
Personnel	6,635,245	6,779,209	6,973,585	7,173,793	7,380,007
Services	10,300,000	10,609,000	10,927,270	11,255,088	11,592,741
Supplies	600,000	612,000	624,240	636,725	649,459
Other - Capital ²	800,000	710,000	710,000	710,000	710,000
Other - Transfers	0	0	0	0	0
Total Expenditures	\$18,335,245	\$18,710,209	\$19,235,095	\$19,775,605	\$20,332,207
Change in Cash Fund Balance ³	2,977,669	(334,718)	(581,492)	(928,245)	(1,199,177)
Cash - Beginning of Year	6,155,829	9,133,498	8,798,780	8,217,288	7,289,043
Cash - End of Year	\$9,133,498	\$8,798,780	\$8,217,288	\$7,289,043	\$6,089,866

¹ With the new attorney overseeing delinquent collections and a new lien specialist filing liens with both commercial and residential properties we do expect a decline in delinquent trash payments.

² The City was able to procure 902 DEP \$575,000 funding to cover the costs of two recycling trucks which would otherwise be paid by the City. As an Act 47 Community we are not expected to provide a match.

³ The changes in cash fund balance simply represent the sum of the resulting revenues and expenditures put forth in each of the 5 years of projection.

The NSF's primary revenue sources are garbage collection and disposal fees. For fiscal year 2023, the City budgets \$16.6 million in garbage collection and disposal fees. The City projects the need for fee increases in the coming years to address rising capital costs.

The figures above anticipate a fee increase. In addition, the Finance team will suggest further fee increases for Capital in the forecast years, so as to meet the future needs for new trash trucks and other necessary sanitation-related capital items. The Grants Manager will also continue to seek available funding through available grant sources. The City will set the goal of increasing the collection rate to 91% beginning in 2023.

Also, the City has reached a contract agreement to continue Sanitation Services with the Borough of Steelton. The City is also in negotiations with Penbrook and Paxtang Boroughs. Further, though fully contained within the Neighborhood Services Fund, the City continues to account for the transaction activity of these municipal Boroughs individually via the utilization of three separate identifiable budget units comprising both revenues and expenses within this Fund.

The primary NSF expense is contracted service for garbage disposal of approximately \$6.3 million. The costs will increase by 2.0% annually through 2027. This fund also accounts for the contracted payment to the Lancaster County Solid Waste Authority. The tipping fee is \$230.84 per ton, and this will be adjusted on January 1 of each calendar year by the Consumer Price Index, which is assumed to be 2.0% in these projections.

Approximately 99.6 employee salaries are paid out of the NSF. Projected personnel cost increases mirror those in the General Fund, with 3.5% annual salary increases and 5% annual medical insurance increases.

The City will manage its Neighborhood Services Fund to balance revenues and expenses long-term. The City will also target a fund balance equal to two months of annual operating expenses. While the GFOA recommends a fund balance target equal to 45 days of annual operating expenses for Proprietary Funds, the City has set its fund balance target at a level it feels is responsible and fair to fee payers.

Maintaining this level of fund balance will ensure that service/operation disruptions will be avoided, the NSF will not burden the General fund, and the fund will not maintain unnecessary balances that can otherwise be deployed to provide services to customers.

The City is also mindful of identifying funding sources for future capital and vehicle improvement needs. The City plans on utilizing grant funds to defray the costs of these expenditures; however, if grant funding cannot be secured, the City will apply fund balance as a substitute.

The City continues to aggressively seek recovery of outstanding trash bill balances. A new attorney was hired in 2023 to file liens related to unpaid trash bills. He will also assist in implementing the \$2.0 M in ARPA funds to forgive outstanding balances of low-income residents. These two factors will address the outstanding balances and reduce it overall.

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9.2 Harrisburg Senators Fund

The Harrisburg Senators Fund accounts for the revenues and expenses associated with the debt payment financing the Harrisburg Senators' new stadium. In recent years, the Fund has been subsidized by annual transfers from the City's general operations. With the 2021 defeasance of the stadium improvement bonds, the Harrisburg Senators Fund can better handle future costs associated with keeping the stadium up to Major and Minor League Baseball standards.

Table 22
Harrisburg Senators Fund – Actuals and Forecasts
2019 - 2028

	2019	2020	2021	2022	2023
Department of Parks and Recreation	87,792	20,795	56,642	41,744	43,820
Rental Income	379,738	18,129	199,362	379,738	379,738
Transfers	256,778	467,856	5,581,342	0	2,800,000
Total Revenue	\$724,308	\$506,780	\$5,837,346	\$421,482	\$3,223,558
Services	25,000	0	0	0	0
Other – Debt	642,043	646,553	5,581,342	0	0
Other – Capital	0	0	50,000	0	0
Total Expenses	\$667,043	\$646,553	\$5,631,342	\$0	\$0
Change in Cash Fund Balance	57,265	(139,773)	206,004	421,482	3,223,558
Cash Fund Balance - Beginning of Year	121,433	178,698	38,925	244,929	666,411
Cash Fund Balance - End of Year	\$178,698	\$38,925	\$244,929	\$666,411	\$3,889,969

	2024	2025	2026	2027	2028
	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Parks and Recreation	52,714	52,714	52,714	52,714	52,714
Rental Income	379,738	379,738	379,738	379,738	379,738
Grant Proceeds	0	6,000,000	0	0	0
Transfers	5,210,912	1,334,215	0	0	0
Total Revenue	\$5,643,364 ¹	\$7,766,667	\$432,452	\$432,452	\$432,452
Services	0	0	0	0	0
Other – Debt	0	0	0	0	0
Other – Capital ³	9,533,333	1,766,667	0	0	0
Transfers	0	6,000,000 ²	425,000	425,000	425,000
Total Expenses	\$9,533,333	\$7,766,667	\$425,000	\$425,000	\$425,000
Change in Cash Fund Balance	(3,889,969)	0	7,452	7,452	7,452
Cash Fund Balance - Beginning of Year	3,889,969	0	0	7,452	14,904
Cash Fund Balance - End of Year	\$0	\$0	\$7,452	\$14,904	\$22,356

¹ This transfer to the General Fund is for the initial costs of the FNB Stadium Improvements. MLB is requiring these improvements to meet the new baseball team requirements.

² The \$6,000,000 transfer will cover the final costs of the stadium. At this time, we plan to submit to State Office of Budget in very early 2024 with the anticipation of reimbursement payment in late 2025.

³ The city has made a determination to work with MLB to improve the stadium to assist in retaining the Senators at FNB field.

Appendix A

Baseline Financial Forecast by City Function

The 2024 forecasts in the tables below include references made to the 2024 Approved Budget, initially adopted by City Council on December 21st, 2023, as well as occurring subsequent approved budget reallocation adjustments made during the first six months of 2024.

	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
General Government						
Personnel	1,907,801	2,123,773	2,176,867	2,231,289	2,287,071	2,344,248
Services	314,994	478,448	488,017	497,777	507,733	517,888
Supplies	54,975	99,690	101,684	103,717	105,792	107,908
Other-Debt	0	0	0	0	0	0
Other-Capital	0	0	0	0	0	0
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total General Government Function	\$2,277,770	\$2,701,911	\$2,766,568	\$2,832,784	\$2,900,596	\$2,970,043

	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Administration						
Personnel (net of Medical)	4,310,092	4,439,204	4,437,411	4,528,347	4,621,555	4,717,094
Medical	13,124,343	13,725,000	12,700,000	12,200,000	11,750,000	12,000,000
Services	6,085,888	5,861,241	5,978,466	6,098,035	6,219,996	6,344,396
Supplies	393,021	606,022	618,142	630,505	643,115	655,978
Other-Debt	9,875,573	1,250,000	1,250,000	1,430,000	1,445,000	1,450,000
Other-Capital	1,074,568	791,626	125,000	125,000	90,000	90,000
Other-Transfers	2,800,000	33,283,499	1,734,215	400,000	400,000	400,000
Other-Operating	869,260	977,513	650,000	400,000	400,000	400,000
Total Administration Function	\$38,532,745	\$60,934,105	\$27,493,234	\$25,811,887	\$25,569,666	\$26,057,467

	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Building and Housing						
Personnel	242,051	411,437	421,723	432,266	443,073	454,149
Services	106,322	95,000	96,900	98,838	100,815	102,831
Supplies	235	5,500	5,610	5,722	5,837	5,953
Other-Debt	0	0	0	0	0	0
Other-Capital	0	0	0	0	0	0
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Building and Housing Function	\$348,608	\$511,937	\$524,233	\$536,826	\$549,724	\$562,934

	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Public Safety						
Personnel	28,112,236	29,194,119	29,936,429	30,821,017	31,634,648	32,472,687
Services	1,362,986	1,908,611	1,946,783	1,985,719	2,025,433	2,065,942
Supplies	696,667	545,000	555,900	567,018	578,358	589,926
Other-Debt	0	0	0	0	0	0
Other-Capital	798,530	1,425,000	477,000	1,177,000	252,000	477,000
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Public Safety Function	\$30,970,419	\$33,072,730	\$32,916,112	\$34,550,754	\$34,490,440	\$35,605,554

	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Public Works						
Personnel	1,098,277	2,137,608	2,191,048	2,245,824	2,301,970	2,359,519
Services	1,969,816	2,733,547	2,788,218	2,843,982	2,900,862	2,958,879
Supplies	1,810,093	2,361,702	2,408,936	2,457,115	2,506,257	2,556,382
Other-Debt	0	0	0	0	0	0
Other-Capital	136,727	6,204,516	5,094,442	5,330,558	625,000	550,000
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Public Works Function	\$5,014,913	\$13,437,373	\$12,482,644	\$12,877,479	\$8,334,089	\$8,424,781

	2023	2024	2025	2026	2027	2028
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Parks and Recreation						
Personnel	1,541,712	882,895	904,967	927,592	950,781	974,551
Services	791,119	288,337	294,104	299,986	305,986	312,105
Supplies	333,530	136,788	139,524	142,314	145,161	148,064
Other-Debt	0	0	0	0	0	0
Other-Capital	537,586	35,728	75,000	75,000	75,000	75,000
Other-Transfers	0	0	0	0	0	0
Other-Operating	0	0	0	0	0	0
Total Parks and Recreation Function	\$3,203,947	\$1,343,748	\$1,413,595	\$1,444,892	\$1,476,927	\$1,509,720
Total General Fund Expenditures	\$80,348,402	\$112,001,804	\$77,596,387	\$78,054,622	\$73,321,442	\$75,130,499

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Appendix B

Financial History and Forecast – Non-Major/Special Revenue Funds

The City maintains several non-major and special funds that account for financial activity for various purposes. The following are projections for those funds. The 2023 actual results reflect bottom-line revenues and expenses. Allocations between revenue and expense categories are likely to change. The 2024 Projection reflects the 2024 budget amendment and rollover expenses.

Capital Projects Fund– This fund accounts for revenues and expenses connected with the City’s capital projects.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Department of Public Works	1,344,058	1,283,578	1,656,746	1,495,258	1,625,018	1,375,000	1,402,500	1,430,550	1,459,161	1,488,344
Intergovernmental	1,387,078	1,880,709	3,030,703	2,092,211	512,820	6,532,981	4,546,978	480,000	400,000	400,000
Other Financing Sources	2,000,000	-	-	-	83,144	-	-	-	-	-
Miscellaneous	122,143	50,146	1,146	28,896	27,473	30,000	7,500	7,500	15,000	20,000
Transfers	3,807,755	324,432	1,165,902	-	-	-	400,000	400,000	400,000	400,000
Total Revenue	8,661,034	3,538,865	5,854,497	3,616,365	2,248,455	7,937,981	6,356,978	2,318,050	2,274,161	2,308,344
Other - Capital	7,884,745	2,460,649	5,930,588	4,750,338	1,630,946	5,758,391	5,300,000	850,000	750,000	750,000
Other - Transfers	1,150,000	1,150,000	1,582,907	700,000	914,000	2,575,000	1,402,500	1,430,550	1,459,161	1,488,344
Total Expenditures	9,034,745	3,610,649	7,513,495	5,450,338	2,544,946	8,333,391	6,702,500	2,280,550	2,209,161	2,238,344
Change in Cash Fund Balance	(373,711)	(71,784)	(1,658,998)	(1,833,973)	(296,491)	(395,410)	(345,522)	37,500	65,000	70,000
Cash - Beginning of Year	5,007,068	4,633,357	4,561,573	2,902,575	1,068,602	772,111	376,701	31,179	68,679	133,679
Cash - End of Year	4,633,357	4,561,573	2,902,575	1,068,602	772,111	376,701	31,179	68,679	133,679	203,679

State Liquid Fuels Tax Fund– Funded by an annual Commonwealth of Pennsylvania State Liquid Fuels Tax allocation. The fund is used to account for state aid revenue expended primarily for streets and traffic lighting, traffic controls, and maintaining City roads and bridges in accordance with policies and procedures of the County Liquid Fuels Tax Act of 1931 and the Liquid Fuels Tax Act 655 of 1956 of the Commonwealth of Pennsylvania.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Department of Public Works	1,492,007	1,422,384	1,285,187	1,310,719	1,425,411	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000
Total Revenue	1,492,007	1,422,384	1,285,187	1,310,719	1,425,411	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000
Personnel	-	-	-	-	-	-	-	-	-	-
Services	265,283	308,196	325,976	290,705	360,518	413,198	413,198	413,198	413,198	413,198
Supplies	135,170	103,879	265,221	115,955	158,905	267,719	267,719	267,719	267,719	267,719
Other - Debt	-	226,355	224,112	224,111	224,112	224,112	224,112	224,112	224,112	224,112
Other - Capital	162,273	589,294	213,994	35,762	795,687	400,000	-	-	-	-
Total Expenditures	562,726	1,227,724	1,029,303	666,533	1,539,222	1,305,029	905,029	905,029	905,029	905,029
Change in Cash Fund Balance	929,281	194,660	255,884	644,186	(113,811)	124,971	524,971	524,971	524,971	524,971
Cash - Beginning of Year	2,227,656	3,156,937	3,351,597	3,607,481	4,251,667	4,137,856	4,262,827	4,787,798	5,312,769	5,837,740
Cash - End of Year	3,156,937	3,351,597	3,607,481	4,251,667	4,137,856	4,262,827	4,787,798	5,312,769	5,837,740	6,362,711

Host Municipalities Fees Fund – Funded quarterly amounts of host municipality benefit fees from the incinerator for waste tonnage received and disposed of at the Harrisburg Resource Recovery Facility. Proceeds are made available as a funding source for critical environmental projects.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Dept. of Community/Economic Developmt (Environmental)	357,628	350,854	344,725	367,288	403,848	360,844	360,844	360,844	360,844	360,844
Total Revenue	357,628	350,854	344,725	367,288	403,848	360,844	360,844	360,844	360,844	360,844
Personnel	136,910	131,557	138,871	68,733	133,758	141,401	144,229	144,229	144,229	144,229
Services	58,620	57,949	82,311	69,738	88,052	95,350	95,350	95,350	95,350	95,350
Supplies	21,562	10,117	6,002	7,936	7,934	18,750	18,750	18,750	18,750	18,750
Other - Grant Distributions	158,482	22,832	56,144	40,000	40,000	30,000	30,000	30,000	30,000	30,000
Other - Capital	-	45,324	24,600	-	-	-	-	-	-	-
Total Expenditures	375,574	267,779	307,928	186,407	269,744	285,501	288,329	288,329	288,329	288,329
Change in Cash Fund Balance	(17,946)	83,075	36,797	180,881	134,104	75,343	72,515	72,515	72,515	72,515
Cash - Beginning of Year	430,321	412,375	495,450	532,247	713,128	847,232	922,575	995,090	1,067,605	1,140,120
Cash - End of Year	412,375	495,450	532,247	713,128	847,232	922,575	995,090	1,067,605	1,140,120	1,212,635

Blight Remediation Fund (Special Fund)– Accounts for fee revenues and expenses related to the City as they pertain to the enforcement of ordinances regulating blight and local health, housing, and safety codes and regulations.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Dept. of Community/Economic Developmt (Bldg and Housing)	68,825	63,848	52,037	39,923	40,643	48,000	48,000	48,000	48,000	48,000
Total Revenue	68,825	63,848	52,037	39,923	40,643	48,000	48,000	48,000	48,000	48,000
Personnel	-	7,809	9,654	-	-	-	-	-	-	-
Services	50,669	23,094	31,258	21,155	17,739	46,618	46,618	46,618	46,618	46,618
Supplies	1,933	-	1,181	-	-	20,152	20,152	20,152	20,152	20,152
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	52,602	30,903	42,093	21,155	17,739	66,770	66,770	66,770	66,770	66,770
Change in Cash Fund Balance	16,223	32,945	9,944	18,768	22,904	(18,770)	(18,770)	(18,770)	(18,770)	(18,770)
Cash - Beginning of Year	325,354	341,577	374,522	384,466	403,234	426,138	407,368	388,598	369,828	351,058
Cash - End of Year	341,577	374,522	384,466	403,234	426,138	407,368	388,598	369,828	351,058	332,288

Special Events/Project Reimbursement Fund (Special Fund) - Repository for funds generated from contributions from citizens interested in supporting the functions of the Department and revenue from the sale of recyclable materials collected by the Department. The fund is used for maintaining and supporting the various endeavors of the Department of Public Works.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Department of Public Works	19,428	13,655	74,141	65,207	14,218	21,300	21,300	21,300	21,300	21,300
Total Revenue	19,428	13,655	74,141	65,207	14,218	21,300	21,300	21,300	21,300	21,300
Personnel	-	-	-	-	-	-	-	-	-	-
Services	5,250	-	-	-	-	1,000	1,000	1,000	1,000	1,000
Supplies	-	5,250	5,250	-	-	19,000	19,000	19,000	19,000	19,000
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	5,250	5,250	5,250	-	-	20,000	20,000	20,000	20,000	20,000
Change in Cash Fund Balance	14,178	8,405	68,891	65,207	14,218	1,300	1,300	1,300	1,300	1,300
Cash - Beginning of Year	123,592	137,770	146,175	215,066	280,273	294,491	295,791	297,091	298,391	299,691
Cash - End of Year	137,770	146,175	215,066	280,273	294,491	295,791	297,091	298,391	299,691	300,991

Fire Protection Fund (Special Fund) – Accounts for revenues and expenses supporting Fire department activities.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Department of Public Safety	28,055	29,862	16,439	14,152	19,775	12,800	12,800	12,800	12,800	12,800
Total Revenue	28,055	29,862	16,439	14,152	19,775	12,800	12,800	12,800	12,800	12,800
Personnel	-	-	-	-	-	-	-	-	-	-
Services	3,249	4,122	-	-	626	-	-	-	-	-
Supplies	-	990	-	-	-	17,412	17,412	17,412	17,412	17,412
Other	11,058	-	15,000	-	192,844	-	-	-	-	-
Total Expenditures	14,307	5,112	15,000	-	193,470	17,412	17,412	17,412	17,412	17,412
Change in Cash Fund Balance	13,748	24,750	1,439	14,152	(173,695)	(4,612)	(4,612)	(4,612)	(4,612)	(4,612)
Cash - Beginning of Year	232,627	246,375	271,125	272,564	286,716	113,021	108,409	103,797	99,185	94,573
Cash - End of Year	246,375	271,125	272,564	286,716	113,021	108,409	103,797	99,185	94,573	89,961

Police Protection Fund (Special Fund) - Accounts for revenues and expenses supporting Police department activities.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Department of Public Safety	122,168	207,989	118,865	101,144	283,497	89,000	89,000	89,000	89,000	89,000
Total Revenue	122,168	207,989	118,865	101,144	283,497	89,000	89,000	89,000	89,000	89,000
Personnel	-	-	-	-	-	-	-	-	-	-
Services	68,385	42,970	71,543	52,027	61,235	105,000	105,000	105,000	105,000	105,000
Supplies	1,851	-	8,350	3,250	-	48,900	48,900	48,900	48,900	48,900
Other	39,559	-	-	-	2,789	-	-	-	-	-
Total Expenditures	109,795	42,970	79,893	55,277	64,023	153,900	153,900	153,900	153,900	153,900
Change in Cash Fund Balance	12,373	165,019	38,972	45,867	219,474	(64,900)	(64,900)	(64,900)	(64,900)	(64,900)
Cash - Beginning of Year	400,252	412,625	577,644	616,616	662,483	881,957	817,057	752,157	687,257	622,357
Cash - End of Year	412,625	577,644	616,616	662,483	881,957	817,057	752,157	687,257	622,357	557,457

WHBG-TV Fund (Special Fund) – Accounts for financial activity related to the City’s government access cable television channel, station facilities, and programming management.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Department of Administration	1,511	1,042	29	126	659	9,500	9,500	9,500	9,500	9,500
Total Revenue	1,511	1,042	29	126	659	9,500	9,500	9,500	9,500	9,500
Personnel	-	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	3,000	3,000	3,000	3,000	3,000
Supplies	-	-	-	-	-	2,000	2,000	2,000	2,000	2,000
Other	-	21,010	-	-	-	-	-	-	-	-
Total Expenditures	-	21,010	-	-	-	5,000	5,000	5,000	5,000	5,000
Change in Cash Fund Balance	1,511	(19,968)	29	126	659	4,500	4,500	4,500	4,500	4,500
Cash - Beginning of Year	32,263	33,774	13,806	13,835	13,961	14,620	19,120	23,620	28,120	32,620
Cash - End of Year	33,774	13,806	13,835	13,961	14,620	19,120	23,620	28,120	32,620	37,120

Events Fund (Special Fund) – Accounts for all revenue raised supporting the City’s events, including Arts Fest, the July 4th Celebration, Kipona, the Holiday Parade, and New Year’s Eve. This fund also accounts for related expenses and is overseen by the Director of Business Development and the Events and Marketing Manager.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Dept. of Community/Economic Developmt (Parks/Recreation)										
Total Revenue	148,710	83,517	190,053	234,923	376,578	321,200	321,200	321,200	321,200	321,200
Personnel	-	-	-	-	-	-	-	-	-	-
Services	115,971	62,598	130,768	192,779	296,761	321,000	321,000	321,000	321,000	321,000
Supplies	20	-	-	25	12,554	1,100	1,100	1,100	1,100	1,100
Other	-	-	-	-	-	-	-	-	-	-
Total Expenditures	115,991	62,598	130,768	192,804	309,315	322,100	322,100	322,100	322,100	322,100
Change in Cash Fund Balance	32,719	20,919	59,285	42,119	67,262	(900)	(900)	(900)	(900)	(900)
Cash - Beginning of Year	85,532	118,251	139,170	198,455	240,574	307,836	306,936	306,036	305,136	304,236
Cash - End of Year	118,251	139,170	198,455	240,574	307,836	306,936	306,036	305,136	304,236	303,336

Parks and Recreation Fund (Special Fund) - Accounts for revenues and expenses supporting the maintenance and betterment of the City’s Parks and Recreation bureau, activities, and programming.

	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Dept. of Community/Economic Developmt (Parks/Recreation)										
Total Revenue	203,646	95,603	95,917	130,594	192,854	202,500	202,500	202,500	202,500	202,500
Personnel	38,272	14,284	4,862	22,401	23,088	45,131	45,131	45,131	45,131	45,131
Services	45,156	15,792	36,079	24,831	19,355	92,241	92,241	92,241	92,241	92,241
Supplies	24,919	4,525	19,499	3,576	1,412	40,105	40,105	40,105	40,105	40,105
Other	20,000	20,000	20,000	-	-	26,250	26,250	26,250	26,250	26,250
Total Expenditures	128,347	54,601	80,440	50,808	43,854	203,727	203,727	203,727	203,727	203,727
Change in Cash Fund Balance	75,299	41,002	15,477	79,786	149,000	(1,227)	(1,227)	(1,227)	(1,227)	(1,227)
Cash - Beginning of Year	290,111	365,410	406,412	421,889	501,675	650,675	649,448	648,221	646,994	645,767
Cash - End of Year	365,410	406,412	421,889	501,675	650,675	649,448	648,221	646,994	645,767	644,540

Appendix C

Funded Priority One Capital Improvement Projects

Please note that these tables are only updated through 2027 because this data will be replaced by a full Capital Improvement Program (CIP) Report that will properly rank facilities and other assets from Excellent to Poor Status.

This will provide a much more thorough analysis of the City’s multiple fixed assets.

The final CIP Report will be submitted to the Mayor and City Council by October 31, 2024, and a copy will be provided to the ICA for inclusion in the April report to the Governor and the General Assembly.

Department	Project Name	2024	2025	2026	2027	Total
Parks/Facilities	Italian Lake/Riverfront Geese Management	30,000	30,000	30,000		90,000
Parks/Facilities	Additional video surveillance for highly trafficked park areas	250,000				250,000
Parks/Facilities	Italian Lake Dredging	45,000				45,000
Parks/Facilities	Public Safety Building - Windows	71,250	71,250	71,250		213,750
Parks/Facilities	Public Safety Building – Hot water storage tank		20,000			20,000
Parks/Facilities	Public Safety Building – Replace switchgear.			200,000		200,000
Parks/Facilities	PSB - Non-Working Valve in Mechanical Room					
Parks/Facilities	MLK – Repair brick walkway				55,000	55,000
Parks/Facilities	MLK – Complete Remodel		2,700,000	2,700,000	2,700,000	8,100,000
Parks/Facilities	1820 Paxton St – Building Automation System			27,000		27,000
Parks/Facilities	City Island - Deck		100,000			100,000
Parks/Facilities	PSB – Basement garage ceiling	250,000				250,000
Parks/Facilities	PSB – Replace windows					
Parks/Facilities	Civil War Museum – Rotunda Improvement				250,000	250,000
Parks/Facilities	Reservoir Park – Mansion Lighting		160,000			160,000
Parks/Facilities	Reservoir Park – Brownstone Roof replacement			72,000		72,000
Parks/Facilities	Reservoir Park – Electrical Infrastructure renovations		500,000	500,000	500,000	1,500,000
Parks/Facilities	Riverfront Park - Electrical Infrastructure renovations		450,000			450,000
Parks/Facilities	1820 Paxton St – Replacement Generator		165,000			165,000
Parks/Facilities	Public Safety Building – Bathroom Upgrades		56,250	56,250	56,250	168,750
Parks/Facilities	Public Safety Building – New elevator cars				241,500	241,500
Parks/Facilities	Strawberry Alley – Bollards				28,000	28,000
Parks/Facilities	1820 Paxton St – Emergency Crct Expansion		150,000			150,000

Department	Project Name	2024	2025	2026	2027	Total
Parks/Facilities	Stadium Lights		945,000			945,000
Parks/Facilities	Shipoke Playground	150,000				150,000
Parks/Facilities	Pleasant View Park				300,000	300,000
Parks/Facilities	City-wide water fountains			250,000		250,000
Parks/Facilities	Argyle Park			25,000		25,000
Parks/Facilities	Reservoir Park – Phases 4 & 5 of the Master plan			1,700,000		1,700,000
Parks/Facilities	14 th & Shoop (fencing) and Braxton		150,000			150,000
Parks/Facilities	City Island (Skyline field & Press Box area)		5,100,000			5,100,000
Parks/Facilities	Morrison Park renovation project			2,500,000		2,500,000
Parks/Facilities	Penn & Dauphin equipment and fencing		400,000			400,000
Parks/Facilities	4 th and Emerald – Renovations				600,000	600,000
Parks/Facilities	Reservoir Park – Phase 2, 6 & 7				2,500,000	2,500,000
Parks/Facilities	Reservoir Park – Phase 1 & 3				1,685,000	1,685,000
Parks/Facilities	Argyle Street				350,000	350,000
Parks/Facilities	Vernon Street Playground Equipment				800,000	800,000
Parks/Facilities	4 th & Dauphin playground			285,000		285,000
Parks/Facilities	Reservoir Park Brownstone – Replace roof		67,000			67,000
Parks/Facilities	MLK Building – Exterior brick pavers and lighted bollards		66,000			66,000
Parks/Facilities	1820 Paxton St – Replace roof at VMC			500,000		500,000
Parks/Facilities	MLK – Elevator mechanical modernization			160,000		160,000
Parks/Facilities	MLK – Replace switchgear			350,000		350,000
Parks/Facilities	Paxtang Park		75,000			75,000
Parks/Facilities	Lottsville Playground		80,000			80,000
Parks/Facilities	Braxton Playground	120,000				120,000
	Total	916,250	11,285,500	9,426,500	10,065,750	31,694,000

Priority Two Capital Improvement Projects

Department	Project Name	2023	2024	2025	2026	2027	Total
Parks/Facilities	Park Maintenance – 6100m Motrim			160,000			160,000
Parks/Facilities	Park Maintenance – Small 8yrd sanitation packer		110,000				110,000
Parks/Facilities	Park Maintenance – 1-ton dump with brine system		105,000	105,000			210,000
Parks/Facilities	Park Maintenance – 72” Z turn mowers		37,000			37,000	74,000
Parks/Facilities	Park Maintenance – Walk-behind mowers		6,000	6,000	6,000	6,000	24,000
Parks/Facilities	Park Maintenance Building – Update restrooms in both shops			6,200			6,200
Parks/Facilities	Park Maintenance – Repair flat roof at the upper shop				7,000		7,000
Parks/Facilities	Park Maintenance – 8ft slit seeder				9,000		9,000
Parks/Facilities	Park Maintenance – 5-ton dump		155,000	155,000			310,000
Parks/Facilities	Park Maintenance – Backhoe			75,000			75,000
Parks/Facilities	Park Maintenance – Tractor				50,838		50,838
Parks/Facilities	Park Maintenance – Trackless Unit			149,886			149,886
Parks/Facilities	Park Maintenance – 2 bucket trucks				150,000	150,000	300,000
Parks/Facilities	Parks Maintenance Building – Rebuild front steps - masonry			115,000			115,000
Parks/Facilities	Public Safety Building - Basement ceiling-garage		30,000				30,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - expansion joint		100,000				100,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - new roof		22,000				22,000
Parks/Facilities	MLK - Non-Working Valves in Mechanical Room (GESA)		13,000				13,000
Parks/Facilities	Civil War Museum - Rotunda improvement				250,000		250,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) – Changing Rooms		250,000				250,000
Parks/Facilities	1820 Paxton St – Replacement Generator			165,000			165,000
Parks/Facilities	Public Safety Building – Bathroom Upgrades		56,250	56,250	56,250	56,250	225,000

Department	Project Name	2023	2024	2025	2026	2026	Total
Parks/Facilities	Public Safety Building – New elevator cars		241,450				241,450
Parks/Facilities	Reservoir Park Mansion – New roof			43,000			43,000
Parks/Facilities	Strawberry Alley – Bollards			28,000			28,000
Parks/Facilities	Public Safety Building – Expansion tank			6,500			6,500
Parks/Facilities	Stadium Lights		945,000				945,000
Parks/Facilities	Radnor Basketball Court			470,000			470,000
Parks/Facilities	Shipoke Playground		90,000				90,000
Parks/Facilities	Mansion and Brownstone		100,000				100,000
Parks/Facilities	Radnor Ballfield and Bleachers			350,000			350,000
Parks/Facilities	Hall Manor Pool – Spray park renovations		2,100,000				2,100,000
Parks/Facilities	Pleasant View Park				45,000		45,000
Parks/Facilities	City-wide water fountains			250,000			250,000
Parks/Facilities	Riverfront Park – Electric		350,000				350,000
Parks/Facilities	City Island (Consultant)			100,000			100,000
Parks/Facilities	Morrison Park (Consultant)		65,000				65,000
Parks/Facilities	Argyle Park			25,000			25,000
Parks/Facilities	Reservoir Park – Phases 4 & 5 of the Master plan				1,700,00		1,700,000
Parks/Facilities	City Island Design – Phase 16				500,000		500,000
Parks/Facilities	14 th & Shoop (fencing) and Braxton			150,000			150,000
Parks/Facilities	City Island (Skyline field & Press Box area)				5,100,000		5,100,000
Parks/Facilities	Morrison Park renovation project				800,000		800,000
Parks/Facilities	Penn & Dauphin equipment and fencing				400,000		400,000
Parks/Facilities	4 th and Emerald – Walkways/Fencing					50,000	50,000
Parks/Facilities	Jackson Lick Pool – new location	N/A	N/A	N/A	N/A	N/A	11,000,000
Parks/Facilities	Reservoir Park – Phase 2, 6 & 7					2,500,000	2,500,000
Parks/Facilities	Reservoir Park – Phase 1 & 3					1,685,000	1,685,000
Parks/Facilities	Argyle Street					350,000	350,000
Parks/Facilities	Vernon Street Playground Equipment					180,000	180,000
Parks/Facilities	Stage					120,000	120,000
Parks/Facilities	Decking					90,000	90,000

Department	Project Name	2024	2023	2026	2025	2027	Total
Parks/Facilities	4 th & Dauphin playground	285,000					285,000
Parks/Facilities	Reservoir Park Chutes & Ladders	250,000		800,000			1,050,000
Parks/Facilities	Wilson Park (Consultant)	50,000					50,000
Parks/Facilities	Park Amenities (P&R)	30,000					30,000
Parks/Facilities	Radnor (Consultant)	30,000					30,000
Parks/Facilities	Small Projects	27,500					27,500
Parks/Facilities	Reservoir Park – Phasing		960,000				960,000
Parks/Facilities	Wilson Park Renovations		475,000				475,000
Parks/Facilities	City Island/Riverfront (Consultant)		30,000				30,000
Parks/Facilities	Public Safety Bldg. – Janitor Closets		10,000	10,000			20,000
Parks/Facilities	MLK – Janitor Closets			10,000	10,000		20,000
Parks/Facilities	Reservoir Park Brownstone – Replace roof			67,000			67,000
Parks/Facilities	Reservoir Park Brownstone – Exterior paint			6,700			6,700
Parks/Facilities	MLK Building – Exterior brick pavers and lighted bollards			66,000			66,000
Parks/Facilities	1820 Paxton St – Replace roof at VMC				500,000		500,000
Parks/Facilities	MLK – Elevator mechanical modernization				160,000		160,000
Parks/Facilities	MLK – Replace switchgear				350,000		350,000
Parks/Facilities	Public Safety Building – Hot water storage tank				20,000		20,000
Parks/Facilities	Public Safety Building – Replace switchgear.				200,000		200,000
Parks/Facilities	Reservoir Park Brownstone– Bathroom remodel				5,725		5,725
Parks/Facilities	Broad Street Market – Replace roof				325,000		325,000
Parks/Facilities	1820 Paxton St – Building Automation System				27,000		27,000
Parks/Facilities	Reservoir Park Mansion – Exterior paint				34,000		34,000
	Total	\$672,500	\$4,150,700	\$5,475,336	\$10,705,813	\$16,224,250	\$37,228,849



Appendix D

Progress In Resolving Audit Findings

Initially, from a historical perspective, the City’s 2018 independent Single Audit identified 12 findings, or areas of weakness, in its financial statements or processes. Progress in resolving such is noted as the number of findings diminished to nine as reported within the 2019 single audit and was further reduced to four findings as contained in the more recent 2020 single audit report. The City is mindful of continuing to address the four remaining 2020 audit findings as they were, and are still affected, to various degrees, by currently available staff and recent turnovers in key management positions; these four findings are summarized in the table below includes the City’s 2021 Single Audit report with related findings.

The progress toward resolving weaknesses should preclude negative implications for the City’s credit rating related to the audit findings. The City will continue to update its auditor on the status of prior findings and will also work to limit the occurrences of new findings.

Description	Finding #		Finding #	Status
Financial Reporting	2020-001		2021-001 2021-006	Ongoing Resolution
Segregation of Duties	2020-002		2021-002	* Pending Resolution
Reconciling Bank Accounts	2020-003		2021-003	Ongoing Resolution
Equipment & Real Property Management	2020-004		2021-004	* Pending Resolution
Federal Financial Reporting			2021-005	Pending Resolution

* Pending resolution is noted here based on the resolving of such to an extent being assisted by the City’s 2022 audit preparation and/or 2023 implementation of a new all-inclusive ERP software system; the City is currently in the process of completing the 2022 financial audit prior to the end of the third quarter of 2024.