

City of Harrisburg
Dauphin County, Pennsylvania



2026 Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

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10 North 2nd Street
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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.

During the final quarter of 2024, the City successfully filled the previously open positions of Business Administrator and Finance Director, and as well the Administrative and Department Director's managerial staff is at full complement for Fiscal Year 2025.

Harrisburg City Council approved the 2025 Annual Budget in December 2024 which was finalized by the Mayor on December 30, 2024. The City's total original 2025 budget was approved with estimated resources of \$142,099,443 and expenditure appropriations of \$139,082,919 (hereafter, the reference will be revenues and expenditures); within this budget the General Fund is included at \$87,094,270 for both original revenues and expenditures.

Under the Mayor's leadership, she has worked with the City Council in the management of approximately \$47.1 million in received American Rescue Plan Act (ARPA) funds. The Mayor and 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 below for a more complete description of the use of these ARPA funds.

The City's cash fund balance as of July 31, 2025 was \$16.5 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 has been planning to present the City of Harrisburg's Intergovernmental Cooperation Authority (ICA) with the 2026 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 \$3,677,477 in additional interest expense.

As part of her long-term plan, the Mayor has hired a financial management advisor, SiteLogiQ Construction Management, to develop a Comprehensive 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 to be further reviewed in relation to the preparation of the capital budget section of the City's proposed 2026 operating budget.

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. From when 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 a positive 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.

Furthermore, as City Council President and now as Mayor, Mayor Williams has overseen approximately \$7.7 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 continues to provide significant internal street paving efforts for ensuring all City Streets are safe for vehicular travel and pedestrian safety. In addition as part of her tenure as City Council President, she presided over the completed South 14th Street sinkhole emergency assistance recovery project at a total cost of \$4,759,895 funded through the City's Federal Grants Fund.

Fortunately, as the Mayor guided the City Council through the City's fiscal recovery process in 2020 and 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 \$25 million (\$18.3 million in EIT and \$6.7 million in LST) for fiscal year 2024. 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 and in relation has created a Task Force for economic development, and actually the City will be developing a new Economic Development Plan. The Interim Director of the Department of Building, Housing, and Development as well plans to further review and provide further input on such new Economic Development Plan. The ICA has assisted the City in partnership with Capital Region Economic Development Corp. (CREDC) in obtaining a State grant to cover the cost of a consultant for further developing the Economic Development Plan.

Many housing and business development projects are currently underway, and they continue to represent efforts for improving the current housing stock, encouraging home ownership, and reducing blight within the City. These projects include the current Affordable Housing Project and the City's Economic Development Study of related projects.

Finally, the Mayor will continue to monitor the financial needs and progress of the two currently ongoing major capital outlay projects, including the FNB Field stadium upgrade through the Harrisburg Senators Fund and the Broad Street Market fire loss restoration mainly through the General Fund.

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 initially sourced 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 \$47.1 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 replacement in applying to 2022 salaries for Public Safety, Engineering, City Parks, and Facilities. Also, designations were made of \$1.1 million for public safety bonuses and \$5.25 million for the repair of the HVAC system located within the public safety building; the HVAC system project has recently been completed. In 2023, the Mayor and City Council passed and signed into law Bill 5-2023 which initially defined \$31.55 million to support multiple community and economic initiatives. Later in 2024, the majority of these initiatives was more specifically defined and allocated via Resolutions for 2024 budgeting purposes at a total of \$26,850,000. This enacted legislation enabled the City to maintain and achieve Federal compliance with the applicable revenue replacement or lost revenue calculations, resulting in \$40.7 being utilized in the General Fund under this classification.

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 in furthering this goal.

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Table 1
Operating Forecasts ¹ 2024-2029

	Actuals 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Revenues	\$104,482,463	\$89,496,884	\$79,776,395	\$76,728,748	\$75,048,851	\$75,516,807
Expenses prior to Capital Expenditures	101,682,923	71,353,679	69,956,007	71,704,193	72,896,763	74,749,573
Capital Expenditures	3,973,556	13,564,747	11,789,379	5,187,640	1,425,828	1,575,000
Total Expenses	105,656,479	84,918,426	81,745,386	76,891,833	74,322,591	76,324,573
Operating Change in Cash Fund Balance	(1,174,016)	4,578,458 ²	(1,968,991)	(163,085)	726,260	(807,766)
Beginning Cash Fund Balance	19,643,269	18,469,253	23,047,711	21,078,720	20,915,635	21,641,895
Ending Cash Fund Balance	\$18,469,253	\$23,047,711	\$21,078,720	\$20,915,635	\$21,641,895	\$20,834,129
Ending Cash Fund Balance % of Total Expenses	17%	27%	26%	27%	29%	27%

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 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 2024 through 2029 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”), continued background

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 May of 2021 and the second tranche in July 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 \$8.9 million in revenue replacement, \$5.25 million for a new HVAC system for the Public Safety Building, and \$1.1 million for a one-time, \$5,000 bonuses 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 5-2023, an Ordinance appropriating the ARPA, identifying the program initiatives for consideration. In 2024, the City Council approved additional Resolutions further defining General Fund budget funding for these initiatives initially sourced by the ARPA funds. Such public health and economic impact program funding allocations are listed on the following page.

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Initiatives	Appropriation
Administrative	\$ 600,000.00
Affordable Housing Program	\$ 7,750,000.00
Governor’s Square Property – receivership	\$ 250,000.00
Tree Removal Program	\$ 500,000.00
Home Repairs Program	\$ 5,000,000.00
Delinquent Refuse/Disposal Bill Assistance	\$ 2,000,000.00
Hall Manor Pool Project	\$ 8,000,000.00
Demolition of Blighted Property	\$ 1,500,000.00
Senior Programming	\$ 250,000.00
Bridge Housing Program	\$ 1,000,000.00
Total	\$ 26,850,000.00

3 Historical Financial Results

This section presents a picture of Harrisburg’s historical financial results 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 Annual Comprehensive 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.

Accordingly, 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's 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) meets with a MUNIS Steering Committee made up of members from the Mayor's Administration and City Council President to ensure the City stays on track with new software modules to be implemented for full benefit utilization of the software purchased by the City.

The MUNIS Steering Committee reviews the project plan, project budget, and project hours by City staff on a periodic ongoing basis. The steering committee meetings will allow those in attendance to provide input, request additional staff training, and monitor the progress of this project.

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4 Revenues

The table below presents a five-year history of Harrisburg’s revenues by significant category from 2020 to 2024.

Historically, real estate taxes have been one of the City’s most primary revenue sources representing a ratio of 23.05% of all revenues for 2024. The City’s three consistently most active highest revenue sources, real estate, earned income, and mercantile business privilege taxes combined, comprise a total 2024 portion of 59.01% of Harrisburg’s operating revenues.

Table 2
Key Operating Revenues 2020-2024

	2020	2021	2022	2023	2024	2024 Revenue %
Real Estate Tax	\$16,879,690	\$17,981,088	\$16,725,918	\$17,028,267	\$17,286,753	23.05%
Real Estate Transfer Tax	\$843,880	\$868,476	\$1,430,158	\$990,262	\$1,118,001	1.49%
Hotel Tax	\$900,000	\$1,000,000	\$700,000	\$714,000	\$1,000,000	1.33%
Local Service Tax	\$6,488,369	\$6,533,431	\$6,706,205	\$6,638,483	\$6,748,815	9.00%
Earned Income Tax	\$12,739,112	\$13,546,945	\$15,833,448	\$17,521,542	\$18,288,690	24.39%
Mercantile/Business Privilege Tax	\$7,391,790	\$7,771,048	\$8,131,977	\$8,369,638	\$8,677,371	11.57%
Department of Administration	\$317,413	\$351,853	\$308,574	\$419,016	\$429,295	0.57%
Department of Building & Housing	\$1,591,344	\$2,206,809	\$2,067,704	\$2,084,111	\$1,992,638	2.66%
Department of Public Safety	\$2,168,055	\$2,331,297	\$2,171,083	\$1,785,059	\$2,259,067	3.01%
Department of Public Works	\$616,658	\$939,491	\$322,306	\$246,069	\$53,743	0.07%
Department of Parks & Recreation	\$265	\$2,706	\$9,870	\$8,620	\$16,785	0.02%
Fines & Forfeits	\$541,528	\$889,062	\$719,628	\$803,072	\$803,980	1.07%
Licenses & Permits	\$546,713	\$516,702	\$499,166	\$431,117	\$383,019	0.51%
Interest Income	\$342,007	\$21,150	\$355,171	\$964,631	\$1,115,079	1.49%
Rental Revenue	\$35,283	\$105,835	\$90,130	\$625,938	\$84,634	0.11%
Miscellaneous Revenue	\$2,198,490	\$2,681,432	\$2,626,772	\$8,028,622	\$4,028,077	5.37%
Other Financing Sources	\$27,246	\$1,500	\$41,020	\$173,204	\$94,260	0.13%
Intergovernmental Revenue	\$8,728,062	\$8,093,511	\$8,424,522	\$8,768,538	\$9,433,324	12.58%
Interfund Transfers	\$2,856,613	\$2,966,174	\$9,958,311	\$1,245,978	\$30,668,932	N/A *
Fund Balance Appropriation	-	\$5,056,803	\$1,080,711	\$3,502,235	\$1,174,016	1.58%
Total General Fund Revenue/Resources	\$65,212,518	\$73,865,313	\$78,202,674	\$80,348,402	\$105,656,479	100.00%

* \$30,668,932 in interfund transfer of ARPA funds from the Federal Grants Fund are factored out here due to being an atypical transfer to the General Fund and otherwise having a material skewing effect on all the presented revenue percentages.

4.1 Revenue Forecasts

Below is the multi-year revenue forecast based on historical growth trends, planned initiatives, and other available data. The 2025 projected revenues will fluctuate from the actual activity through year-end; however, based on review of actual revenue activity thus far, these revenue estimates will provide a reasonable projection.

**Table 3
Operating Revenue Forecasts
2025-2029**

	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Real Estate Tax	\$16,691,216	\$16,250,000	\$16,250,000	\$16,250,000	\$16,250,000
Real Estate Transfer Tax	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Hotel Tax	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Local Service Tax	\$6,834,000	\$6,868,170	\$6,902,511	\$6,937,023	\$6,971,709
Earned Income Tax	\$18,843,750	\$18,937,969	\$19,032,659	\$19,127,822	\$19,223,461
Mercantile Business Privilege Tax	\$8,675,000	\$8,700,000	\$8,743,500	\$8,787,218	\$8,831,154
Department of Administration	\$460,669	\$469,882	\$479,280	\$488,866	\$498,643
Department of Building & Housing	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
Department of Public Safety	\$1,999,997	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Department of Public Works	\$649,677	\$662,671	\$675,924	\$689,442	\$703,231
Department of Parks & Recreation	\$18,025	\$18,566	\$19,123	\$19,696	\$20,287
Fines & Forfeits	\$841,499	\$858,329	\$875,496	\$893,005	\$910,866
Licenses & Permits	\$400,000	\$408,000	\$416,160	\$424,483	\$432,973
Interest Income	\$750,000	\$650,000	\$575,000	\$525,000	\$450,000
Rental Income	\$92,700	\$95,481	\$98,345	\$101,296	\$104,335
Miscellaneous Revenue	\$5,804,947	\$5,886,816	\$4,185,580	\$3,004,999	\$3,345,149
Other Financing Sources	\$50,000	\$75,000	\$50,000	\$75,000	\$75,000
Intergovernmental Revenue	\$11,174,793	\$11,170,000	\$11,200,000	\$11,250,000	\$11,300,000
Interfund Transfers	\$12,310,611	\$2,825,512	\$1,325,171	\$575,000	\$500,000
Fund Balance Appropriation	-	\$1,968,991	\$163,085	-	\$807,766
Total General Fund Revenue/Resources	\$89,496,884	\$81,745,386	\$76,891,833	\$75,048,851	\$76,324,573

The following describes major operating revenue sources and provides an annual growth assumption for the multi-year financial forecasts:

Real Estate Taxes – The 2025 forecasted projections for the City's Real Tax Revenue is \$16.69 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 11.117 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 approximate 50% tax-exempt, with state property representing approximately 60% of that total.

Projection - Current Real Estate collections are projected to decrease by 2.64% from 2025 to 2026, 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 \$1,118,001 for 2024. Given the current economic trends, the City projects this tax to remain flat from 2025 to 2029.

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 beginning with fiscal year 2031.

Harrisburg's LST collections were approximately \$6.75 million in 2024.

Projection – LST projections from 2025 through 2029 are based on improved employment level assumptions. Gradual increases are anticipated for this tax as projected for 2025 to 2029.

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 \$18.3 million in 2024; 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. Gradual increases are anticipated for this tax as projected for 2025 to

2029.

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 \$4.743 million in Mercantile Business Privilege Tax in 2024. The projections also assume a gradual, continued growth for the projected years of 2025 to 2029.

Parking Tax – The City imposes a 20% tax on all revenues from off-street parking lots and garages (not meters). In 2024 the City realized \$3.934 million in parking tax revenue. 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.**

This plan projects parking tax revenue to continue rebounding with gradual modest increases for 2025 to 2029. Parking tax revenue continues to be the only significant portion of overall parking system revenue for the City as the Commonwealth’s related debt service commitments for the parking garages are the first priority, and thus relating to the lack of other significant parking system revenue occurring for the City over recent years beginning with 2020.

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 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. The City is currently giving consideration to this state appropriation allocation potentially being increased to \$7 million annually beginning in 2025.

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

Projection - This revenue is being projected to increase by 2% annually over years 2026 to 2029.

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 – This revenue is being projected to increase by 2% annually over years 2026 to 2029.

Interest Income – The City receives interest on its cash investments monthly. The interest rates on investments increased significantly in recent times along with heightened available balances; however, it is believed the increased rates and earning potential will soon be entering phases of related decreases.

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 based on anticipated interest rate reductions reflecting conservatism.

Miscellaneous Revenue – Various sources of revenue are included in this category, including significant anticipated recovery insurance proceeds applicable to the fire loss of the Broad Street Market location which is currently undergoing a reconstruction project.

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

Projection – This revenue is projected to be stable from 2025 to 2029.

Intergovernmental Revenue – This revenue source largely comprises the \$5 million the City receives

from the Commonwealth for Public Safety Services (see further above comment under Departmental Income for noted potential increase in this allocation amount). 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 remain fairly flat annually from 2025 to 2029.

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

Projection - Interfund transfers for fiscal year 2024 were unusually large at \$30.669 million comprised of American Rescue Plan Act (ARPA) funds from the Federal Grants Fund, related to the City being able to utilize the available revenue replacement classification of such funding.

For 2025 interfund transfers are to include \$6 million from the Harrisburg Senators Fund to fund the FNB Field stadium upgrade project as part of the involved RACP match reimbursement.

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4.2 Update on New Policy Initiatives

Commitment to Community and Economic Development

The key to securing Harrisburg's long-term financial health is expanding its Economic base and the growth of its own local tax revenues.

The new Interim Director hired in June 2024, made a commitment to the Mayor and City Council that an Economic Development Advisory Committee would be established in the fiscal year 2025. As promised, members, from all levels of leadership committed to assisting the city in building a stronger and more stable economic development culture, will convene on April 29, 2025 to begin their work on developing a concrete plan. We are anxious for the opportunity to report progress in the future on a community and economic development strategy for Harrisburg. The Interim Director of Economic Development and Building and Housing will provide status up-dates on completing an Economic Development Plan for the City of Harrisburg to the Authority. It is the goal to have a Comprehensive Economic Plan completed prior to the end of fiscal year 2025.

Status of Implementation of the New ERP Software System

The City's financial management staff continues to utilize and navigate the newer MUNIS ERP system on a daily basis. Administered by the City's Director of Information Technology, the MUNIS steering committee convenes on a periodic ongoing basis including members and/or participants from the Mayor's administration, City Treasurer's office, City Controller's office, and the City Council President for ensuring update status continues to be maintained on progress for the several involved phases and/or modules of this overall project.

Phase 1 – Financial Management: Completed.

Phase 2 – Human Capital Management: After a more thorough review of the complexity of the City's multiple Human Resources and Payroll-related functions, all of which have been accomplished to date with proprietary software applications written and updated in-house specifically and uniquely for use on the City's mainframe computer which has already reached end-of-life status, we have suspended attempts to integrate them into the Munis application. Even if possible, because MUNIS does not support the export of a payroll file to a Third-Party Payroll Service Provider such as Paychex, this integration would require the City to run its own Payroll including tax filings, garnishment processing, and W-2 distribution, and add 1 or 2 Payroll Tax Specialist employees to the City's Payroll; thus Phase 2 will not be implemented.

Phase 3 – Tax Billing and Collections: Anticipate initial implementation within Q2 of 2025.

Phase 4 – Licenses, Permits, and Codes Enforcement: Anticipate initial implementation within Q3 of 2025.

Phase 5 – Utility Billing and Collections: Anticipate initial implementation within Q3 of 2025.

Phase 6 – Capital Asset Maintenance: As previously reported, the migration of fixed assets to the new capital assets module from the sourced financial system (Pentamation or eFinance) has occurred including values of 12/31/2021 updated with calculated 2022 depreciation; additions and retirements for 2022 still need to be effectuated within Munis along with subsequent audited annual activity but eFinance still serves as an available back-up system. The capital assets within MUNIS can be easily searched via the asset inquiry option accessing individual profile records for each asset; over 2,300 records are currently available. An expanded asset maintenance menu option and then navigating to the "assets" and "asset registry" selections provide further detailed information on capital assets and also on various infrastructure classified items sourced from the City's GIS mapping database. The inventory management module system includes currently utilized activity for traffic and engineering, Public Works highway related, Public Works vehicle management center, and the mailroom/office supplies center located within the Public Safety Building.

Performance Measures

The 2026 Payroll Budget preparation will include updated Position Descriptions and individual employee Performance Evaluations, which would be further reviewed by the Mayor for final conclusion of any changes in compensation. As part of this process, the City is considering the development of relative statistics to cite or

compare on an individual staff basis for further documentation of job performance.

Union Labor Negotiations

Initial meeting with the Fraternal Order of Police was scheduled for April 22, 2025; next meeting(s) have been scheduled going forward. Initial meeting with the American Federation of State, County and Municipal Employees was scheduled for May 15, 2025; the negotiation process has been recently completed. The City's collective bargaining agreement with International Association of Firefighters expires December 31, 2026.

Department of Budget and Finance Complement

The City recently at the very end of 2024 secured the filling of the vacant Finance Director position occurring earlier in 2024, via an individual with more of a corporate for-profit background and who is also a CPA. Other staff positions within this Department continue to remain intact including experienced Accounting Manager, Procurement Services Manager, Grants Director, Budget Manager, and Staff Accountant/Financial Analyst, and as well recently growing support staff including Assistant Grants Director, Auditor II (bargaining unit position), and Assistant to Finance Director; the City is as well seeking to fill a currently open Financial Analyst position.

Status of Annual 2022 Financial Audit

The City has now completed its 2022 annual financial audit with the related audit report and financial statements being issued at the end of January 2025; the City has also recently completed the related and expanded audited annual comprehensive financial report for 2022 which includes all audited information plus the historic detailed statistical section. The Accounting Manager is moving forward in the very near short-term to continue the progression of the previously started audit preparation work for the 2023 annual financial audit.

American Rescue Plan Act Funding

The City has continued and completed the required quarterly compliance reporting process at the Federal Treasury reporting portal site for its State and Local Fiscal Recovery Funds (SLFRF) provided through the American Rescue Plan Act (ARPA). Specifically, the City timely submitted in January 2025 the project and expenditure report for the quarter ended 12/31/2024 and as well subsequently the project and expenditure reports for the quarters ended 3/31/2025 and 6/30/2025. With the submittal of the quarterly report for the 4th quarter of 2024, it is noted the City has achieved the satisfaction of compliance requirements for both full obligation and expenditure of the total received ARPA funds amounting to \$47,073,625; accordingly, no new further financial activity was included in the recently submitted quarterly report for the 1st quarter of 2025. The City is now in the position to await additional instructional guidance from the Treasury portal relative to preparing and submitting an applicable final or close-out report.

Review of Capital Improvement Plan

To date, the City of Harrisburg has made tremendous efforts in the development of a long-term Capital Improvement Plan. Recent efforts include the use of the new ERP system's Capital Assets Management Module to track inventory of equipment and vehicles purchased by the City. Another effort, as previously mentioned, is the services provided by SitelogIQ. SitelogIQ has worked diligently to assess our current infrastructure to organize, monitor, and prepare recommendations for future infrastructure needs. This now allows the City to go to one place to find out anything we need about one of the assessed assets. In regards to the City's streets and roads infrastructure, much of it is tracked and monitored through the ERP's General Ledger by project strings that organizes all phrases and materials to a specific project. Public Works management, in conjunction with the Finance department, develops the plan that will be presented and approved by the Mayor. The City additionally recognizes tracking and monitoring capital assets and/or projects solely through the general ledger financial system can be challenging, thus emerging technologies are being considered to further improve this process.

Continuation of Local Economic Revitalization Tax Assistance (LERTA)

In December 2024 City Council did pass Bill 9 of 2024 going to the extension of the termination date to December 31, 2025 for continuation of real estate tax abatement and exemptions of the current LERTA program. As current fiscal year 2025 approaches year end, the City anticipates seeking approval from City Council to accept a revised LERTA program extending such program.

CARES Act Federal Recreational Related Funding – Multi-Parks/Playgrounds Improvement Project

This project comprised of \$13 million in awarded Federal funding through PA DCED continues to be ongoing including the original sites of 7th and Radnor Sportsfield/Gorgas Playground, Jackson Lick Pool, Reservoir Park – Spray Alley, and the Wilson Playground. Recently reviewed, overall project expenditures including still encumbered amounts total to \$3.3 million or 25% of the project's total budget. Also subsequently to the originally intended project plan, the City's Bureau of Parks, Recreation and Enrichment determined the continuation of the Jackson Lick Pool sub-project is not feasible, and thus the remaining project budget of approximately \$4.98 million will be reallocated among the other involved sub-projects.

Harrisburg Strong Plan Related – Parking System Revenue

The City continues to manage operating expenses under the constraints of an ongoing lack of significant monthly parking system revenues as originally envisioned by the Harrisburg Strong Plan. With the effects of the occurring health pandemic in 2020 and related shifts in employment performance being drawn to remote efforts outside of the City's control, the leased parking system of the City from the Harrisburg Parking Authority (HPA) to the Pennsylvania Economic Development Financing Authority (PEDFA) has essentially generated from that time to date no intergovernmental rent payments from either PEDFA (priority parking payment) or HPA (ground lease payment). The City's parking tax revenue streams from garages and parking lots though continue to show recent signs of growth with a resulting \$3.8 million actual in 2023, over \$3.9 million actual in 2024, and a pacing thus far in 2025 indicative of again well exceeding \$3.9 million in total.

Municipal Trash Collection Contractual Agreements

The City continues to provide municipal solid waste refuse collection and disposal services and recycling collection to the residents of the Boroughs of Steelton, Penbrook, and Paxtang. Such services are governed by intergovernmental cooperation agreements between the City and each Borough, and these agreements have been recently extended among the parties including various billing rate increases over defined periods in effect for Steelton Borough through June 30, 2029, Penbrook Borough through December 31, 2025, and Paxtang Borough through December 31, 2025.

Pension Plans Summary

The City has three single-employer, defined-benefit pension plan funds for accommodating Police, Firefighters, and Non-Uniform personnel substantially covering all full-time employees. Commonwealth of PA law requires all municipalities to make annual contributions to pension funds based on calculation of each plan's individual minimum municipal obligation (MMO). Each MMO is based on several factors including actuarial valuation of pension cost data, employee contributions, projected salaries and wages gross payroll, and other related assumptions. The City timely calculated each of its Plans' MMOs in September 2024 and has accordingly budgeted such amounts for payment in 2025. Based on recent actuarial report data as of December 31, 2023 under GASB Statement Nos. 67 and 68, all three of the City's plans are comprised of improved fiduciary net position as a percentage of the total pension liability including 99.17% for Police, 111.01% for Fire, and 103.46% for Non-Uniform.

Revenues to Improve the FNB Field Baseball Stadium 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 2005 A-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 approximately \$380,000 subject to 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, and on-site work is still currently ongoing though the project appears to be approaching its conclusion later in the Fall of current year 2025.

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.

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 collected \$604,632 in PILOT revenue for fiscal year 2024, and is looking to an increase in this revenue resulting in an improved total of \$675,000 for fiscal year 2025. This revenue source is included within the Miscellaneous Revenue category.

The Office of the 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.

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 for the customers to develop consistent and timely future payments.

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 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.

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”).

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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 69.05% of 2024 actual operating expenses having a significant grappling effect on flexibility of budget planning.

Table 4
Key Operating Expenses 2020-2024

	2020	2021	2022	2023	2024	Pct. of 2024 Total
Personnel, net of Medical	\$31,457,827	\$33,311,449	\$33,443,622	\$37,212,169	\$39,515,348	49.76%
Medical	9,387,608	9,764,674	11,755,194	13,124,343	15,318,149	19.29%
Services	5,587,092	5,972,562	7,214,154	10,631,125	9,156,068	11.53%
Supplies	2,061,570	2,148,222	2,454,068	3,288,521	3,483,335	4.39%
Debt Service	10,541,493	19,209,980	22,073,638	9,875,573	1,250,000	1.57%
Other Operating	1,073,165	785,734	577,666	869,260	967,553	1.22%
Transfers	324,432	285,822	0	2,800,000	31,992,470	7.23% *
Tot Exps (Pre-Capital)	60,433,187	71,478,443	77,518,342	77,800,991	101,682,923	
Capital Expenditures	1,055,384	2,386,870	684,332	2,547,411	3,973,556	5.01%
Total Expenses	\$61,488,571	\$73,865,313	\$78,202,674	\$80,348,402	105,656,479	100.00%

* Interfund transfers are reduced by \$26,250,000 so as to factor out such transfers to the State Grants Fund for funding of projects, initiatives, or activities not typically funded by the General Fund on an annual basis; this adjustment prevents a material skewing effect on the presented expense percentages.

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Workforce

Like most local governments, personnel costs are a significant expense driver within 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 - 2025**

Employee Group	Covered Positions	2025 Total FTEs	Contract Expiration
Non-represented	Executive, management, confidential	127	N/A
FOP	All sworn police officers	138	December 31, 2025
AFSCME	All non-executive, non-management, non-confidential employees are not otherwise covered in FOP or IAFF	161	December 31, 2025
IAFF	All firefighters, lieutenants, captains, and battalion chiefs	89	December 31, 2026
Total		515	

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The following table shows the budgeted full-time equivalents by department going back to 2020. These counts reflect staffing levels which should remain relatively constant with budgetary positions for 2026 through 2029. Modifications to the below table were done for 2025 classifying staff working with Federal grants and adjusting out part-time employees.

Table 6
Historical Employee Budgeted Headcount by Bureau 2020 - 2025

Bureau	2020	2021	2022	2023	2024	2025
City Council	9.00	9.00	9.00	10.00	10.00	3.00
Office of Mayor	4.00	4.00	4.00	6.00	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	6.00	8.00
Office of Solicitor	6.00	6.00	8.00	9.00	9.00	9.00
Office of the Business Administrator	2.00	3.00	2.00	2.00	2.00	2.00
Financial Management	7.00	7.00	7.00	8.00	8.00	8.00
Bureau of Licensing, Taxation, & Support	6.00	6.00	7.00	7.00	5.00	7.00
Grants Office	1.00	1.00	1.00	1.00	2.00	2.00
Communications	5.00	4.00	5.00	5.00	6.00	6.00
Office of Social Equity	1.00	1.00	1.00	1.00	0.00	0.00
Information Technology	8.00	7.00	7.00	7.00	7.00	7.00
Human Resources	6.00	6.00	6.00	7.00	7.00	7.00
Planning	3.40	4.00	4.00	4.00	4.00	2.00
Inspections and Code Enforcement	16.94	16.94	17.00	15.00	18.00	18.00
Office of Business Development	1.00	1.00	2.00	2.00	1.00	3.00
Bureau of Police	165.00	170.00	188.00	190.00	182.00	176.00
Facilities Maintenance	14.50	15.75	16.25	25.25	15.00	17.00
Parks and Recreation	0.00	0.00	0.00	3.00	3.00	10.00
Bureau of Vehicle Management	10.15	10.15	10.15	10.15	11.00	8.00
Traffic and Engineering	13.00	13.00	14.00	14.00	12.15	14.00
Host Municipality Fees Fund	3.60	3.00	3.00	3.50	3.50	3.00
Bureau of Fire	86.00	90.00	90.00	100.00	104.00	94.00
Neighborhood Services Fund	78.45	80.85	87.35	96.60	102.85	92.00
Federal Grants including CDBG	0.00	0.00	1.00	1.00	1.00	10.00
Total	456.79	468.44	499.50	541.25	528.5	515.00

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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, 3.75% 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 – 2025**

Deduction for FOP is a percentage, but actually based on a 5-year Patrol Officer’s salary reflecting a set dollar amount.

FOP	
Tier of Coverage	Percent of base salary 2020 - 2025
Single coverage	2.5%: \$72.12
2-person coverage	4.5%: \$129.82
3-person coverage	5.5%: \$158.66
4 or more-person coverage	6.5%: \$187.51

AFSCME	
Tier of Coverage	Percent of base salary 2022 – 2025
Single coverage	2.0%
2-person coverage	4.0%
3-person coverage	5.0%
4 or more-person coverage	6.0%

The above coverage chart and percentage rates for AFSCME employees also applies to all Management level employees. 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 on a per claimant per year basis.

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 million for medical claim expenses in 2025. Medical expenses are potentially volatile expenditures that the City monitors closely. These expenses are projected to maintain at the \$13 million level with modest annual increases for 2026 to 2029, so as to not discount ongoing healthcare cost and 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 in attempting to stabilize its annual medical healthcare and prescription drug costs.

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 2% annually.

Long-Term Debt

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon Tower 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 Commonwealth Tower tenants offsetting 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 8
HRA Series 1998A (Verizon/Commonwealth Tower Bonds)

Issue	Liability Under Guarantee	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
HRA Series 1998A (Verizon Bonds)	\$14,032,964 as of 12/31/24 (estimate)	Acquire Strawberry Square site	Non-callable	2033	Zero Coupon (Taxable)	AGM

Table 9
Annual Debt Service Summary 2025 - 2029

	2025	2026	2027	2028	2029
HRA Series 1998A (Verizon Tower Bonds)	1,250,000	1,430,000	1,445,000	1,450,000	1,500,000
Total ¹	\$1,250,000	\$1,430,000	\$1,445,000	\$1,450,000	1,500,000

¹ Represents the minimum annual debt service due from the City during 2025 to 2029.

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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, 2023, all three pension plan funds have experienced notable increases in net position resulting in very favorable funding percentages in relation to the noted pension liabilities.

Table 10
Pension Summary

	Police Summary	Firefighters Summary	Non-Uniformed Summary
Participants	12/31/2023	12/31/2023	12/31/2023
Active Employees	138	94	234
Vested Former	6	2	56
<u>Receiving Benefits</u>	<u>209</u>	<u>116</u>	<u>225</u>
Total Participants	353	212	515

	12/31/2022	¹ 12/31/2023	12/31/2022	¹ 12/31/2023	12/31/2022	¹ 12/31/2023
Total Pension Liability	\$102,958,326	\$102,791,174	\$80,309,551	\$82,517,783	\$79,137,161	\$80,693,047
Plan Fiduciary Net Position	\$92,011,338	\$101,936,855	\$85,085,090	\$91,603,135	\$78,668,545	\$83,481,830
Net Pension Liability (Asset)	\$10,946,988	\$854,319	(\$4,755,539)	(\$9,085,352)	\$468,616	(\$2,788,783)
Plan Fiduciary Net Position as % of Total Pension Liability	89.37%	99.17%	105.95%	111.01%	99.41%	103.46%

¹ Reflective of a measurement date of December 31st, 2023 based on a rolled forward actuarial valuation date of January 1st, 2023.

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 2025. Per the most recent actuarial valuation dated January 1, 2024, Harrisburg’s ending total OPEB liability for fiscal year 2024 was \$144.9 million, compared with \$138.4 million for fiscal year 2023.

Table 11
Other Post-Employment Benefit Summary
January 1, 2024 Actuarial Valuation for Fiscal Year
Ended December 31, 2024

Demographic Information	Police	Firefighters	Non-Uniformed	Total
Active Participants	138	56	28	222
Vested Former Participants	11	5	53	69
Retired Participants	182	101	118	401
Total	331	162	199	692

Financial Information	Police	Firefighters	Non-Uniformed	Total
Total OPEB Liability	\$74,478,473	\$43,907,599	\$26,564,965	\$144,951,037
Plan Fiduciary Net Position	0	0	0	0
Net OPEB Liability	\$74,478,473	\$43,907,599	\$26,564,965	\$144,951,037
Plan Fiduciary Net Position as a % of Total OPEB Liability	0%	0%	0%	0%
Net OPEB Liability as a % of Covered Employee- Payroll	696.08%	996.45%	1,542.04%	861.32%
OPEB Expense	\$6,159,126	\$2,700,968	\$2,091,156	\$10,951,250 ^{1,2}

¹ Based on actuarial valuation date of January 1st, 2024 with an applicable measurement date of January 1st, 2024.

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, 2024 year-end value of \$4.225 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 still not currently in place; see additional related narrative comments beginning on Page 31.

Table 12
Expense Growth Assumptions
2026 - 2029

	2026	2027	2028	2029
Personnel & Benefits (Net of Medical)	2.625%	2.625%	2.625%	2.625%
Medical ¹	.75%	.75%	.75%	.75%
Services	2%	2%	2%	2%
Supplies	2%	2%	2%	2%

¹ The City anticipates significant catastrophic losses will decline based on review of historic trends.

5.1 Expense Initiatives

1.) Implement Steps to Reduce Health Insurance Costs

The City is exploring considerations 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.

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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 2025 through FY 2029.

Table 13
Operating Expense Forecast

	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
Personnel (less Medical)	\$40,081,371	\$41,133,507	\$42,213,262	\$43,321,360	\$44,458,545
Medical Claim Expenses	13,000,000	13,097,500	13,195,731	13,294,699	13,394,409
Services	9,500,000	9,690,000	9,883,800	10,081,476	10,283,106
Supplies	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513
Other Operating	965,789	975,000	975,000	975,000	975,000
Transfers	3,056,519	60,000	350,000	60,000	350,000
Debt Service	1,250,000	1,430,000	1,445,000	1,450,000	1,500,000
Total Expenses (Pre-Capital)	71,353,679	69,956,007	71,704,193	72,896,763	74,749,573
Capital Expenditures	13,564,747	11,789,379	5,187,640	1,425,828	1,575,000
Total Expenses	\$84,918,426	\$81,745,386	\$76,891,833	\$74,322,591	\$76,324,573

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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, \$144.9 million as of December 31, 2024, being so daunting in comparison with the available related trust funds on deposit initially received at \$3.7 million in proceeds and with a stated value of \$4.225 million as of December 31, 2024; however, though this intended Trust and acting Board have not been formally established, which is not viewed as an insurmountable deterrent to the City’s plan for exiting municipal distressed status under Act 47, the City does understand the importance of ultimately achieving a creation of an OPEB Trust.

As determined from an updated actuarial valuation as of January 1, 2024, the City’s estimated OPEB liability as of December 31, 2024, was \$144.9 million. Similar to other municipalities, Harrisburg does not prefund its OPEB liabilities. During 2024 the City’s actuarial OPEB expense amounted to \$10.9 million and also \$1.975 million is noted in service cost 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 over extended decades, assuming no changes in actuarial assumptions. However, contributing an amount equal to the service cost and the pay-as-you-go obligation should benefit the City.

The fiscal obligation is unrealistic for the City, meaning the liability will unlikely be eliminated over extended near future periods.

The Trust would be funded initially with the above referenced deposit funds resulting from 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 which 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 which do not prefund the liability can still achieve a strong credit rating. With the City not being able to feasibly prefund the OPEB liability at a level to cover its Service Cost plus interest, annual OPEB costs will continue to occur at a level 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 near future, its past and planned actions signal its commitment to address 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 which identifies the magnitude of recent gains and losses based on variations between actual and assumed experience for each major assumption.

The City also recognizes though the strong challenge of being able to achieve the formation of an appointed Board of Trustees for OPEB, as essentially the members would be accepting fiduciary positions for a trust which is effectively and legally bankrupt when evaluating the available deposit funds against the overwhelming actuarial liability. The current design of expectations for the creation of the OPEB Trust is not feasible, and the City recognizes the need then to petition the Commonwealth Court to change or modify the structure or definition of the required Trust. Such a request to the Court would be comprised of a direct proposal from the City for finally exiting the Act 47 recovery plan and status including the citing of any outstanding issues under this plan.

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7 Capital Improvement Related Expenditures

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 expenditure needs the City plans to fund with the General Fund and other sources. These baseline projections below for capital improvement needs and projects for 2025 - 2029 are given consideration and approach consistent with prior year developed five-year financial plans.

Table 14
Capital Improvement Expenditures - General Fund

Project Name	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Total
Bureau of Information Technology						
IT Equipment – Data Processing	\$663,315	\$497,486	\$331,657	\$165,828	\$125,000	\$1,783,286
Bureau of Human Resources						
Human Resource Management System	-	50,000	-	-	-	50,000
Bureau of Police						
Police Patrol Vehicles	-	291,000	-	175,000	175,000	641,000
Other Police Vehicles	308,471	40,000	-	-	-	348,471
Building Renovations	-	80,000	-	-	-	80,000
Other Police Equipment	34,017	-	25,000	40,000	50,000	149,017
Bureau of Fire						
Apparatus Replacement	-	675,000	-	400,000	400,000	1,475,000
Fire House Upgrades	-	-	50,000	75,000	75,000	200,000
Other Operations Equipment	31,144	140,000	-	50,000	50,000	271,144
Vehicle Management Center						
Vehicles	80,072	-	75,000	-	-	155,072
Building Improvements	27,797	550,000	-	-	-	577,797
Office of Engineering						
Traffic Bucket Truck	53,550	-	-	-	-	53,550
Operations Equipment	153,415	-	175,000	-	175,000	503,415
Facilities Maintenance and Special Projects						
Broad Street Market Project	10,533,451	8,636,893	2,878,965	-	-	22,049,309
Various - Other	1,679,515	744,000	1,652,018	445,000	525,000	5,045,533
Parks, Recreation and Enrichment						
Other	-	85,000	-	75,000	-	160,000
Subtotal	\$13,564,747	\$11,789,379	\$5,187,640	\$1,425,828	\$1,575,000	\$33,542,594

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

Table 15
Capital Expenditure Needs - Neighborhood Services Fund

	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Total
Building Improvements	-	-	\$253,000	-	\$250,000	\$503,000
Pub Works Related Vehicles	564,397	770,714	300,000	300,000	200,000	2,135,111
Equipment - Other	89,809	-	300,000	300,000	350,000	1,039,809
Subtotal	\$654,206	\$770,714	\$853,000	\$600,000	\$800,000	\$3,677,920

Table 16
Capital Improvement Projects - Capital Projects Fund ¹

Project Name	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Total
Capitol Gateway	\$979,291	\$734,832	-	-	-	\$1,714,123
State Street	172,957	-	-	-	-	172,957
East-West Multimodal	160,944	107,296	-	-	-	268,240
Herr Street	191,212	127,474	-	-	-	318,686
Downtown signals	218,351	145,568	-	-	-	363,919
Walnut Street	181,821	121,214	-	-	-	303,035
Sycamore Street	108,584	72,390	-	-	-	180,974
Berryhill Street	163,103	108,735	-	-	-	271,838
Courthouse Connection	71,987	47,991	-	-	-	119,978
Other infrastructure	-	-	400,000	500,000	600,000	1,500,000
City bridges	34,104	426,980	-	-	-	461,084
City milling/paving needs	51,750	34,500	100,000	125,000	150,000	461,250
Subtotal	\$2,334,104	\$1,926,980	\$500,000	\$625,000	\$750,000	\$6,136,084

¹ Project funding includes various grant funds and other related streets and roads allocations made to the State Liquid Fuels Tax Fund.

Table 17
Summary by Fund

Fund	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Total
General Fund	\$13,564,747	\$11,789,379	\$5,187,640	\$1,425,828	\$1,575,000	\$33,542,594
Neighborhood Services Fund	654,206	770,714	853,000	600,000	800,000	3,677,920
Capital Projects Fund (infrastructure)	2,334,104	1,926,980	500,000	625,000	750,000	6,136,084
Total	\$16,553,057	\$14,487,073	\$6,540,640	\$2,650,828	\$3,125,000	\$43,356,598

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. Of significance to note and applicable to current fiscal year 2025, the RACP grant of \$6 million for the FNB Field stadium upgrade project is still anticipated for receipt to occur by year-end and is included in General Fund's projected year-end cash fund balance of \$23 million.

The financial forecast indicated in Table 1 indicates a stabilization trend over years 2026 through 2029 with an ending cash fund balance to be consistently hovering around a \$21 million balance mark, but with some noted utilizations of such fund balances which appear reasonable.

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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 18
Neighborhood Services Fund-Actuals
2020-2024

	2020	2021	2022	2023	2024
Department of Public Works	1,747	22,315	0	18,955	0
Collection and Disposal Fees	15,336,996	16,112,684	16,207,892	16,592,807	17,444,964
Miscellaneous	460,390	228,288	524,903	507,900	460,241
Intergovernmental	58,724	0	49,354	59,120	0
Transfers	0	0	0	0	540,452
Total Revenue	\$15,857,857	\$16,363,287	\$16,782,149	17,178,782	18,445,657
Personnel	5,269,184	5,541,753	5,509,391	6,373,848	6,378,606
Services	8,548,808	8,839,004	8,987,077	9,969,986	11,339,460
Supplies	898,240	591,118	481,064	568,438	506,734
Other - Capital	1,983,192	1,411,580	1,190,212	1,010,139	757,661
Other – Transfers	0	0	0	55,978	0
Prior Year Encumbrances	0	162,133	0	0	0
Total Expenditures	\$16,699,424	\$16,545,588	\$16,631,735	\$17,978,389	\$18,982,461
Change in Cash Fund Balance	(841,567)	(182,301)	150,414	(799,607)	(536,804)
Cash FB - Beginning of Year	7,828,890	6,987,323	6,805,022	6,955,436	6,155,829
Cash FB - End of Year	\$6,987,323	\$6,805,022	\$6,955,436	\$6,155,829	\$5,619,025

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Table 19
Neighborhood Services Fund Forecasts
2025 - 2029

	2025	2026	2027	2028	2029
	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Public Works	20,000	20,000	20,000	20,000	20,000
Collection and Disposal Fees ¹	17,819,950	18,498,849	19,191,955	19,931,527	20,673,966
Miscellaneous	436,500	427,700	424,100	415,600	412,300
Intergovernmental	60,000	0	60,000	0	60,000
Transfers	4,285,441	410,000	350,000	410,000	350,000
Total Revenue	\$22,621,891	\$19,356,549	\$20,046,055	\$20,777,127	\$21,516,266
Personnel	7,100,073	7,286,450	7,477,719	7,674,009	7,875,452
Services	12,917,871	11,220,000	11,444,400	11,673,288	11,906,754
Supplies	600,000	612,000	624,240	636,725	649,459
Other - Capital	654,206	770,714	853,000	600,000	800,000
Total Expenditures	\$21,272,150	\$19,889,164	\$20,399,359	\$20,584,022	\$21,231,665
Change in Cash Fund Balance	1,349,741	(532,615)	(353,304)	193,105	284,601
Cash FB - Beginning of Year	5,619,025	6,968,766	6,436,150	6,082,846	6,275,951
Cash FB - End of Year	\$6,968,766	\$6,436,150	\$6,082,846	\$6,275,951	\$6,560,552

¹ The City's Law Bureau is more involved with reviewing delinquent collections and readily enabling related lien filings for both commercial and residential properties, with the intended goal of assisting the decline in delinquent trash billing payments.

The NSF's primary revenue sources are garbage collection and disposal fees. For fiscal year 2025, the City is projecting such revenue to amount to \$17.8 million compared with the prior year 2024 actual total of \$17.4 million. Increases are noted here for future years giving some consideration to potential fee increases in billing rates, but these year to year increases in revenue are more focused on the City's efforts to improve collectability of current monthly and quarterly billings as well as focusing on the potential of realizing some portion of the existing past due balances still receivable.

Also, the City has reached a contract agreement to continue sanitation services with the Borough of Steelton through June 30, 2029. The City will as well soon be looking to negotiations with the other involved Boroughs of Penbrook and Paxtang as the applicable similar contracts were also recently extended but only through December 31, 2025. 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 tonnage disposal of approximately \$8.5 million for 2025 paid to Lancaster County Solid Waste Management Authority (LCSWMA). The applicable tipping fee rate for 2025 City tonnage disposal is currently \$244.51 per ton to be adjusted annually in conformity with the calculation involving the occurring change in the Consumer Price Index.

Approximately 92 employee salaries are paid out of the NSF. Projected personnel cost increases approximate those contained within the General Fund including annual increases for salaries and wages and estimates for shared allocations of medical claim related expenditures.

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 grant 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.

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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 20
Harrisburg Senators Fund – Actuals and Forecasts
2020 - 2029

	2020 - Actual	2021 - Actual	2022 - Actual	2023 - Actual	2024 - Actual
Department of Parks and Recreation	20,795	56,642	41,744	43,820	39,561
Rental Income	18,129	199,362	379,738	379,738	379,738
Transfers	467,856	5,581,342	0	2,800,000 ¹	5,202,018 ¹
Total Revenue	\$506,780	\$5,837,346	\$421,482	\$3,223,558	\$5,621,317
Services	0	0	0	0	0
Other – Debt	646,553	5,581,342	0	0	0
Other – Capital	0	50,000	0	0	1,074,421
Total Expenses	\$646,553	\$5,631,342	\$0	\$0	\$1,074,421
Change in Cash Fund Balance	(139,773)	206,004	421,482	3,223,558	4,546,896
Cash Fund Balance - Beginning of Year	178,698	38,925	244,929	666,411	3,889,969
Cash Fund Balance - End of Year	\$38,925	\$244,929	\$666,411	\$3,889,969	\$8,436,865

	2025	2026	2027	2028	2029
	Forecast	Forecast	Forecast	Forecast	Forecast
Department of Parks and Recreation	45,262	45,262	45,262	45,262	45,262
Rental Income	379,738	379,738	379,738	379,738	379,738
Grant Proceeds	6,000,000	0	0	0	0
Transfers ¹	2,556,519	0	0	0	0
Total Revenue	\$8,981,519	\$425,000	\$425,000	\$425,000	\$425,000
Services	0	0	0	0	0
Other – Debt	0	0	0	0	0
Other – Capital ²	11,148,883	0	0	0	0
Transfers	6,000,000	425,000	425,000	425,000	425,000
Total Expenses	\$17,148,883	\$425,000	\$425,000	\$425,000	\$425,000
Change in Cash Fund Balance	(8,167,364)	0	0	0	0
Cash Fund Balance - Beginning of Year	8,436,865	269,501	269,501	269,501	269,501
Cash Fund Balance - End of Year	\$269,501	\$269,501	\$269,501	\$269,501	\$269,501

¹ Transfers from the General Fund are for the initial funding of the FNB Field stadium improvement project; MLB is requiring such improvements under current professional baseball team standards.

² The City has made the determination to work with MLB to improve the stadium to assist in retaining the Senators franchise at FNB Field.

**CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
CAPITAL PROJECTS FUND**

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Department of Public Works	771,810	425,000	450,000	475,000	475,000	450,000
Community and Economic Development	1,122,065	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Intergovernmental	2,234,434	1,634,444	2,200,000	500,000	500,000	500,000
Miscellaneous, including Interest Income	51,159	135,000	105,000	90,000	75,000	75,000
Total Revenue	4,179,468	3,194,444	3,755,000	2,065,000	2,050,000	2,025,000
Other - Capital	343,530	2,334,104	1,926,980	500,000	625,000	750,000
Other - Transfers	1,000,000	2,175,000	1,350,000	1,350,000	1,350,000	1,350,000
Total Expenditures	1,343,530	4,509,104	3,276,980	1,850,000	1,975,000	2,100,000
Change in Cash Fund Balance	2,835,938	(1,314,660)	478,020	215,000	75,000	(75,000)
Cash Fund Balance - Beginning of Year	772,111	3,608,049	2,293,389	2,771,409	2,986,409	3,061,409
Cash Fund Balance - End of Year	3,608,049	2,293,389	2,771,409	2,986,409	3,061,409	2,986,409

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

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
STATE LIQUID FUELS TAX FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Intergovernmental	1,314,120	1,309,345	1,300,000	1,300,000	1,300,000	1,300,000
Miscellaneous, including Interest Income	117,946	90,000	85,000	70,000	70,000	60,000
Total Revenue	1,432,066	1,399,345	1,385,000	1,370,000	1,370,000	1,360,000
Services	343,339	275,000	280,500	286,110	291,832	297,669
Supplies	338,998	359,000	366,180	373,504	380,974	388,593
Other - Capital	292,243	500,000	744,978	500,000	625,000	750,000
Other - Transfers	224,112	224,112	224,112	224,112	224,112	224,112
Total Expenditures	1,198,692	1,358,112	1,615,770	1,383,726	1,521,918	1,660,374
Change in Cash Fund Balance	233,374	41,233	(230,770)	(13,726)	(151,918)	(300,374)
Cash Fund Balance - Beginning of Year	1,946,540	2,179,914	2,221,147	1,990,377	1,976,651	1,824,734
Cash Fund Balance - End of Year	2,179,914	2,221,147	1,990,377	1,976,651	1,824,734	1,524,360

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

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
HOST MUNICIPALITY FEES FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Community and Economic Development	368,212	375,000	386,250	397,838	409,773	422,066
Miscellaneous, including Interest Income	46,418	33,320	85,000	70,000	60,000	50,000
Total Revenue	414,630	408,320	471,250	467,838	469,773	472,066
Personnel	145,216	163,246	169,776	176,567	183,630	190,975
Services	46,054	-	40,000	40,800	41,616	42,448
Supplies	4,698	-	10,000	10,200	10,404	10,612
Other - Capital, Supporting Distributions	245,000	836,000	85,000	285,000	85,000	285,000
Other - Transfers	-	112,000	-	-	-	-
Total Expenditures	440,968	1,111,246	304,776	512,567	320,650	529,035
Change in Cash Fund Balance	(26,338)	(702,926)	166,474	(44,729)	149,123	(56,969)
Cash Fund Balance - Beginning of Year	819,373	793,035	90,109	256,583	211,854	360,977
Cash Fund Balance - End of Year	793,035	90,109	256,583	211,854	360,977	304,008

The Host Municipality Fees Fund is used to account for the applicable host fee rate per ton of municipal waste processed inside the host municipality limits, and it is as well utilized for funding considerations involving environmental projects.

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
BLIGHT REMEDIATION FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Department of Public Works	-	-	500	500	500	500
Department of Public Safety	12,895	25,000	25,750	26,523	27,318	28,138
Miscellaneous, including Interest Income	23,735	15,000	85,000	70,000	60,000	50,000
Total Revenue	36,630	40,000	111,250	97,023	87,818	78,638
Services	14,937	15,000	45,000	45,900	46,818	47,754
Supplies	-	5,000	15,000	15,300	15,606	15,918
Other - Transfers	-	200,000	-	-	-	-
Total Expenditures	14,937	220,000	60,000	61,200	62,424	63,672
Change in Cash Fund Balance	21,693	(180,000)	51,250	35,823	25,394	14,965
Cash Fund Balance - Beginning of Year	418,662	440,355	260,355	311,605	347,428	372,822
Cash Fund Balance - End of Year	440,355	260,355	311,605	347,428	372,822	387,787

The Blight Remediation Fund accounts for fee revenues and expenses related to the enforcement of ordinances governing blight and local health, housing, and safety codes and regulations.

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
SPECIAL EVENTS/PROJECT REIMBURSEMENT FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Department of Public Works	44,081	43,000	41,000	42,230	43,497	44,802
Miscellaneous, including Interest Income	17,430	15,000	8,000	7,500	7,500	8,000
Total Revenue	61,511	58,000	49,000	49,730	50,997	52,802
Services	636	-	20,000	20,400	20,808	21,224
Supplies	-	-	5,000	5,100	5,202	5,306
Other - Transfers	-	350,000	-	-	-	-
Total Expenditures	636	350,000	25,000	25,500	26,010	26,530
Change in Cash Fund Balance	60,875	(292,000)	24,000	24,230	24,987	26,272
Cash Fund Balance - Beginning of Year	294,491	355,366	63,366	87,366	111,596	136,583
Cash Fund Balance - End of Year	355,366	63,366	87,366	111,596	136,583	162,855

The Special Events/Project Reimbursement Fund mainly includes recycling in nature revenue and other Public Works revenue in support of special occurring tasks/smaller projects involving the oversight of the Department of Public Works.

**CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
FIRE PROTECTION FUND**

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Department of Public Safety	376	350	350	350	350	350
Rental Income	9,026	10,500	10,000	10,000	10,000	10,000
Miscellaneous, including Interest Income	7,132	11,350	15,000	12,000	10,000	10,000
Interfund Transfers	-	500,000	-	-	-	-
Total Revenue	16,534	522,200	25,350	22,350	20,350	20,350
Services	-	5,000	5,000	5,000	5,000	5,000
Supplies	-	15,000	15,000	15,000	15,000	15,000
Other - Capital	-	-	500,000	-	-	-
Total Expenditures	-	20,000	520,000	20,000	20,000	20,000
Change in Cash Fund Balance	16,534	502,200	(494,650)	2,350	350	350
Cash Fund Balance - Beginning of Year	113,022	129,556	631,756	137,106	139,456	139,806
Cash Fund Balance - End of Year	129,556	631,756	137,106	139,456	139,806	140,156

The Fire Protection Fund includes Bureau of Fire activities or special initiatives related to SHARP Team and Urban Search and Rescue.

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
POLICE PROTECTION FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Department of Public Safety	48,112	74,000	75,000	75,000	75,000	75,000
Miscellaneous, including Interest Income	53,706	47,000	29,000	24,000	24,000	29,000
Total Revenue	101,818	121,000	104,000	99,000	99,000	104,000
Services	34,500	54,000	60,000	60,000	75,000	75,000
Supplies	4,843	5,000	15,000	15,000	15,000	15,000
Other - Capital	-	15,000	20,000	20,000	25,000	25,000
Other - Transfers	-	500,000	-	-	-	-
Total Expenditures	39,343	574,000	95,000	95,000	115,000	115,000
Change in Cash Fund Balance	62,475	(453,000)	9,000	4,000	(16,000)	(11,000)
Cash Fund Balance - Beginning of Year	881,958	944,433	491,433	500,433	504,433	488,433
Cash Fund Balance - End of Year	944,433	491,433	500,433	504,433	488,433	477,433

The Police Protection Fund includes Bureau of Police special initiatives related to Federal Forfeiture activities, Police training efforts, and certain smaller projects.

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
PARKS AND RECREATION FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Community and Economic Development	92,115	97,500	90,000	80,000	85,000	85,000
Rental Income	15,930	45,000	40,000	35,000	35,000	40,000
Miscellaneous, including Interest Income	41,142	37,000	32,000	32,000	32,000	32,000
Total Revenue	149,187	179,500	162,000	147,000	152,000	157,000
Services	36,626	45,000	60,000	60,000	75,000	75,000
Supplies	27,356	15,000	15,000	15,000	20,000	20,000
Other - Capital, Supporting Distributions	37,560	65,000	65,000	65,000	75,000	75,000
Other - Transfers	-	250,000	-	-	-	-
Total Expenditures	101,542	375,000	140,000	140,000	170,000	170,000
Change in Cash Fund Balance	47,645	(195,500)	22,000	7,000	(18,000)	(13,000)
Cash Fund Balance - Beginning of Year	650,676	698,321	502,821	524,821	531,821	513,821
Cash Fund Balance - End of Year	698,321	502,821	524,821	531,821	513,821	500,821

The Parks and Recreation Fund includes various supporting revenue efforts for the ongoing maintenance and improvement of City parks and recreational activities.

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
WHBG-TV FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Department of Administration	-	-	-	-	-	-
Miscellaneous, including Interest Income	827	700	300	150	150	150
Total Revenue	827	700	300	150	150	150
Supplies	-	-	2,500	-	-	-
Other - Capital	-	-	7,500	-	-	-
Total Expenditures	-	-	10,000	-	-	-
Change in Cash Fund Balance	827	700	(9,700)	150	150	150
Cash Fund Balance - Beginning of Year	14,620	15,447	16,147	6,447	6,597	6,747
Cash Fund Balance - End of Year	15,447	16,147	6,447	6,597	6,747	6,897

The WHBG-TV Fund is an available special fund associated with the City's government access cable television channel (channel 20 management and activities).

CITY OF HARRISBURG
SUMMARY SCHEDULE - FIVE-YEAR FINANCIAL PLAN
EVENTS FUND

DESCRIPTION	FY 2024 Actual	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast
Community and Economic Development	358,130	375,000	350,000	350,000	365,000	365,000
Intergovernmental	-	117,228	-	-	-	-
Miscellaneous, including Interest Income	19,282	16,500	15,000	15,000	15,000	15,000
Total Revenue	377,412	508,728	365,000	365,000	380,000	380,000
Services	326,221	325,000	340,000	346,800	353,736	360,811
Supplies	19,603	20,000	25,000	25,500	26,010	26,530
Other - Capital	-	138,406	-	-	-	-
Total Expenditures	345,824	483,406	365,000	372,300	379,746	387,341
Change in Cash Fund Balance	31,588	25,322	-	(7,300)	254	(7,341)
Cash Fund Balance - Beginning of Year	303,836	335,424	360,746	360,746	353,446	353,700
Cash Fund Balance - End of Year	335,424	360,746	360,746	353,446	353,700	346,359

The Events Fund accounts for all supporting revenue and expenses in managing the City's various special events occurring throughout the year including Ice and Fire, ArtsFest, 4th of July Celebration, Kipona Festival, Holiday Parade, and New Year's Eve Celebration.

CITY OF HARRISBURG
ICA Report - 5-Year Financial Plan Summary
2025 thru 2029 - General Fund Comparatives on Revenue and Expenses (updated projections)

<u>DESCRIPTION</u>	<u>2025 Projection</u>	<u>2026 Projection</u>	<u>2027 Projection</u>	<u>2028 Projection</u>	<u>2029 Projection</u>
Revenue Totals	89,496,884	79,776,395	76,728,748	75,048,851	75,516,807
Insurance proceeds - Broad Street Market	2,714,947	3,054,316	1,018,105	-	-
Additional Capital Fire Protection	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Interfund transfers - Broad Street Market	1,600,456	1,800,512	600,171	-	-
Interest income transfer - State Grants Fund	3,885,155	600,000	300,000	150,000	75,000
Interfund transfer - RACP for FNB Field	6,000,000	-	-	-	-
Subtotal	16,200,558	7,454,828	3,918,276	2,150,000	2,075,000
Resulting more comparative normal revenue	73,296,326	72,321,567	72,810,472	72,898,851	73,441,807
Expense Totals	84,918,426	81,745,386	76,891,833	74,322,591	76,324,573
Less: Broad Street Market project	(10,533,451)	(8,636,893)	(2,878,965)	-	-
Resulting net expenses	74,384,975	73,108,493	74,012,868	74,322,591	76,324,573
Net Expenses over Revenue - this analysis	(1,088,649)	(786,926)	(1,202,396)	(1,423,740)	(2,882,766)
Add-back Capital Fire Protection as a fixture	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Resulting Trend	911,351	1,213,074	797,604	576,260	(882,766)

Appendix A

Priority Capital Improvement Projects

Please see the following summary and excerpt pages from independently prepared 5-Year Capital Improvement Plan provided by the firm of SitelogIQ.

Appendix B

Progress in Resolving Prior Year 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 below noted findings, as they were and still are affected to various degrees by currently available staff and recent turnovers in key management positions during 2024.

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, including general support submission	2021-001 2021-006	2022-001 2022-005	Ongoing Resolution
Segregation of Duties	2021-002	2022-002	* Pending Resolution
Reconciling Bank Accounts	2021-003	N/A	Resolved for removal
Equipment & Real Property Management	2021-004	2022-003	* Pending Resolution
Federal Financial Reporting	2021-005	2022-004	Pending Resolution

* Pending resolution is noted here based on eventual full implementation of a new all-inclusive ERP software system; also to note the City is currently in the process of completing the 2023 financial audit prior to the end of current year 2025.

CITY OF HARRISBURG
ICA Report - 5-Year Financial Plan Summary
2025 thru 2029 - Long-Term Capital Improvement Plan, Listing of Facility Projects

<u>Site Facility</u>	<u>Project Description</u>	<u>Initial Activity Target - 2025</u>	<u>Initial Activity Target - 2026</u>	<u>Initial Activity Target - 2027</u>	<u>Initial Activity Target - 2028</u>	<u>Initial Activity Target - 2029</u>
City Hall	Steam to Hot Water Heat Exchanger	105,000				
City Hall	Interior Window Replacement	215,000				
City Hall	Elevator Modernization	469,000				
City Hall	ADA Restroom Upgrades	725,000				
Fire Station 1	Window and Exterior Door Replacement	265,000				
City Hall	Interior Painting		475,000			
City Hall	Acoustical Ceiling Tile Ceiling Replacement		485,000			
Traffic and Engineering Building	Window Replacement		115,000			
City Hall	Window Replacement			1,180,000		
City Hall	LED Lighting			1,520,000		
City Hall	HVAC Variable Air Volume Boxes			1,050,000		
City Hall	Skylight Replacement				165,000	
Fire Station 2	Window Replacement				265,000	
Fire Station 2	Interior Door Hardware				20,000	
Public Works Complex	Vinyl Composition Tile Flooring Replacement				120,000	
Public Works Complex	Window Replacement				470,000	
City Hall	Flooring Replacement					630,000
Traffic and Engineering Building	Interior Stair Tower Renovations					43,500
Traffic and Engineering Building	Second Floor Flooring Replacement					26,000
Fire Station 1	Electric Distribution					253,000
Fire Station 1	Electrical Switchgear					92,000
Fire Station 1	Interior Door Hardware					20,000
	Totals	1,779,000	1,075,000	3,750,000	1,040,000	1,064,500

PROACTIVE PLANNING SOLUTIONS TO FACILITY IMPROVEMENTS | mysitelQ

Creation of a capital improvement plan is essential in guiding the long-term strategic development and implementation of upgrading, enhancing, and maintaining facilities. The facility assessment and planning scenarios will enable the City of Harrisburg to plan for capital improvement projects and budget for deferred maintenance.

Currently, SitelogIQ has identified approximately \$11,000,000—\$19,00,000 in facility improvements over the next 5 years. A screen shot below offers an example of project considerations.

FacilityName	Escalated Budget	Project Name	Project Type	Project Priority
City Hall	\$165,000	City Hall - Skylight Replacement	Building Envelope	Immediate
City Hall	\$105,000	City Hall - Steam to Hot Water Heat Exchanger	Mechanical	Immediate
City Hall	\$1,180,000	City Hall - Window Replacement	Building Envelope	Immediate
City Hall	\$475,000	City Hall - Interior Painting	Architectural - Interior	Immediate
City Hall	\$1,520,000	City Hall - LED Lighting	Electrical	Immediate
City Hall	\$485,000	City Hall - ACT Ceiling Replacement	Architectural - Interior	Immediate
City Hall	\$630,000	City Hall - Flooring Replacement	Architectural - Interior	Immediate
#1 Farmers Market	\$70,500	Broad Street Market - Electrical Switchgear Replacement	Electrical	Immediate
City Engineering	\$3,500	City Engineering - Janitor Floor Sink	Plumbing	Immediate
Fire Station #1	\$84,000	Fire Station #1 - Exhaust Fan Replacement	Mechanical	Immediate
Fire Station #2	\$84,000	Fire Station #2 - Exhaust Fan Replacement	Mechanical	Immediate
Fire Station #1	\$88,000	Fire Station #1 - Terminal HVAC Equipment	Mechanical	Immediate
Fire Station #2	\$88,000	Fire Station #2 - Terminal HVAC Equipment Replacement	Mechanical	Immediate
Fire Station #1	\$13,000	Fire Station #1 - Domestic Water Fixtures Replacement	Plumbing	Immediate
City Engineering	\$43,500	CE - Int Stair Tower Renovations	Architectural - Interior	High

Detailed project information and specific facility conditions can be found in the mySiteIQ facility information system. Within this database, facility project planning and budgeting can occur.

SitelogIQ will continue to work with the City of Harrisburg Office of Budget and Finance to build and refine the facility maintenance tool where the condition assessments and deferred maintenance budget information will be stored. We offer this tool as a facility asset management resource. Working with the City of Harrisburg, the mysitelQ tool will be updated on a quarterly basis to capture and prioritize deficiencies that are slated for repair/replacement; and archive deficiencies that have been resolved. The mysitelQ tool allows the City of Harrisburg to track performance over time. This information will be useful in assisting the City of Harrisburg with documenting positive results, planning for the future, and allocating budgets for facility maintenance over time.

EXECUTIVE SUMMARY

SitelogIQ is pleased to submit this City of Harrisburg Capital Improvement Plan that specifically addresses the facility condition assessment of the city-owned assets.

From April to December of 2024, the City of Harrisburg engaged SitelogIQ [SIQ] to prepare a Capital Improvement Plan to aid in the prioritization of facility maintenance projects. Through this study, the firm was tasked with:

- Prepare an assessment on asset inventory;
- Prepare a needs/prioritization analysis;
- Financial planning and modeling;
- A risk-assessment analysis;
- And a five-year plan

Throughout the months of March to November 2024, SIQ was onsite surveying and collecting data regarding City facilities as listed here: *City Hall, Public Safety Building, Reservoir Park Facilities and Grounds, Fire Station #1, Fire Station #2, Fire Station #8, Broad Street Market, Police Station, Maintenance Shops, Public Works, City Engineering Office,*

The information garnered from the assessments was collected and detailed by staff who are considered experts in their field. SitelogIQ conducted the physical condition assessments of the facilities; provided rough -orders of magnitude estimates, and prepared the overall findings contained within this report. Additionally, they utilized the local knowledge and expertise of facility staff and to confirm asset conditions.

While working on the facilities assessment for the City of Harrisburg there were some sites that were not included in the study. The Public Safety Building is currently under construction and building assessments will occur after construction is completed. The Fire Rescue Museum, The Fire House and City Parks are excluded from the assessment because they are considered a non-priority from the city staff.

SitelogIQ will continue to utilize the facility staff to refine the facility planning and budgeting system where the condition assessments will be stored. This system is called **mySiteIQ**. SitelogIQ provides this tool as a facility asset-management resource. Working with the City of Harrisburg, the mySiteIQ tool will be updated on a quarterly basis (at minimum) to capture and prioritize deficiencies that are slated for repair/replacement; and archive deficiencies that have been resolved. The mySiteIQ tool allows the City of Harrisburg to track performance over time. This information will be useful in assisting the City of Harrisburg with documenting positive results, planning for the future, and allocating budgets for facility maintenance over time.



Office of Mayor Wanda R.D. Williams
MLK Government Center
10 N. Second St.
Harrisburg, PA 17101

September 23, 2025

Douglas E. Hill, Chair
Intergovernmental Cooperation Authority for the City of Harrisburg
Harrisburg, PA
E-mail: ica.dehill@gmail.com

Re: Submission of the 2026 Five-Year Financial Plan (revised) for the City of Harrisburg

Dear Chair Hill:

In accordance with Section 209 of the Intergovernmental Cooperation Authority Act for Cities of the Third Class, 53 P.S. Subsection 42101, et seq. (Act 124-2018), I hereby submit to the Board of the Intergovernmental Cooperation Authority (ICA), on behalf of the City, the revised 2026 Five-Year Financial Plan for the City of Harrisburg. The City has previously provided the ICA a complete copy of the City of Harrisburg's 2025 Approved Amended Budget.

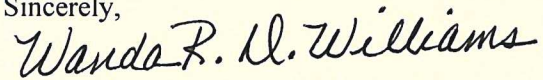
In accordance with Section 209(3)(ii) of the Act, I confirm I understand the 2025 Amended Budget documents for the City of Harrisburg include a capital budget and otherwise satisfy the requirements of Act 124. In my official capacity as Mayor of the City, I hereby do now state as follows:

- (a) The 2025 Approved Amended Budget is consistent with the financial plans of the City;
- (b) The 2025 Approved Amended Budget includes funding adequate for debt service payments and legally mandated services;
- (c) The 2025 Approved Amended Budget is based upon prudent, reasonable, and appropriate assumptions and methods of estimation; and
- (d) The 2025 Approved Amended Budget is compliant with the governing law and ordinances of the City or applicable State law regarding balanced budgets.

An initial digital copy of this packet is being transmitted to you and Jeffrey Stonehill, Authority Manager for the ICA. An original executed hard copy will also be delivered to the Board.

Please do not hesitate to contact me should the Board require additional information for this submission.

Sincerely,



Wanda R.D. Williams, Mayor

Enclosure

cc: Jeffrey Stonehill, Authority Manager
Danielle Hill, Council President
Ausha Green, Council Vice President
Samuel Sulkosky, Interim Business Administrator

Robert Kennick, Finance Director
Neil Grover, City Solicitor
Charles DeBrunner, City Controller
Daniel Miller, City Treasurer



Office of the City Controller, Charlie DeBrunner
Martin Luther King City Government Center
10 N. Second St.
Harrisburg, PA 17101

September 18, 2025

Douglas Hill, Chairman
Intergovernmental Cooperation Authority for the City of Harrisburg

Re: Mayor's 2026 Five-Year Financial Plan for the City of Harrisburg

Dear Chair Hill:

Based on the Intergovernmental Cooperation Authority's request, I have reviewed the Administration's 2026 Five-Year Financial Plan's General Fund revenue projections. General Fund revenues are presented in summary form by major object in the charts and the Controller's Office has analyzed and compared each of the major objects contained in the updated projections to historical figures for the period between fiscal years 2017 through 2024. Our analysis is based on the attached schedules and is as follows:

1. **Real Estate Tax** – The Administration projects Real Estate Tax revenue to be approximately \$16.25 million in fiscal year 2026 remaining constant through fiscal year 2029. Actual Real Estate Tax collections between fiscal years 2017 and 2024 ranged from a low of \$16.73 million to a high of \$17.98 million with a mean value of \$17.34 million. Variability in annual Real Estate Tax collections is low and the Administration's projections are less than the average value.
2. **Real Estate Transfer Tax** – The Administration projects Real Estate Transfer Tax revenue to be approximately \$1.00 million in fiscal years 2026 through 2029. Actual Transfer Tax collections between fiscal years 2017 and 2024 ranged from a low of \$642,804 to a high of \$1.43 million with a mean value of \$882,987. Variability in annual Real Estate Transfer Tax collections is low and the Administration's fiscal year 2026 projection approximates the mean value.
3. **Hotel Tax** – Hotel Tax revenue is collected in the City's Capital Projects Fund and transferred into the General Fund on a periodic basis based on managerial discretion. The Administration projects Hotel Tax revenue to be \$1.0 million in fiscal year 2026 with no growth through fiscal year 2029. Actual Hotel Tax collections between fiscal years 2017 and 2024 ranged from a low of \$0 to a high of \$1.00 million with a mean value of \$651. Variability in annual Hotel Tax collections is on the higher side due to the fact that some years there were no Hotel Tax revenue transferred to the General

Fund. The Administration's fiscal year 2026 projection approximates the maximum value.

4. **Local Service Tax** – the Administration projects Local Service Tax revenue to be approximately \$6.86 million in fiscal year 2026 with .5% growth through fiscal year 2029. Actual Local Service Tax collections between fiscal years 2017 and 2024 ranged from a low of \$6.49 million to a high of \$7.41 million with a mean value of \$6.76 million. Variability in annual Local Service Tax collections is low and the Administration's fiscal year 2026 projection approximates the mean value.
5. **Earned Income Tax** – The Administration projects Earned Income Tax revenue to be approximately \$18.94 million in fiscal year 2026 with .5% growth through fiscal year 2029. Actual Earned Income Tax collections between fiscal years 2017 and 2024 ranged from a low of \$11.45 million to a high of \$18.29 million with a mean value of \$14.25 million. Variability in annual Earned Income Tax collections has historically been low but has seen growth in recent years and the Administration's fiscal year 2026 projection significantly exceeds the maximum value from the 2017-2024 data. The 2025 projections for Earned Income Tax revenue are on track for approximately \$19.1 million, so the Administration's projections, while high, may not be unrealistic.
6. **Mercantile/Business Privilege Tax** – The Administration projects Mercantile/Business Privilege Tax revenue to be \$8.70 million in fiscal year 2026 with .5% growth through fiscal year 2029. Actual Mercantile/Business Privilege Tax collections between fiscal years 2017 and 2024 ranged from a low of \$7.39 million to a high of \$8.67 million with a mean value of \$7.98 million. Variability in annual Mercantile/Business Privilege Tax collections is low and the Administration's fiscal year 2026 projection approximates the maximum value.
7. **Departmental Revenue** – The Administration projects Departmental Revenue to be \$5.05 million in fiscal year 2026 with approximately 1.9% growth through fiscal year 2029. Actual Departmental Revenue between fiscal years 2017 and 2024 ranged from a low of \$4.54 million to a high of \$5.83 million with a mean value of \$5.16 million. Variability in annual Departmental Revenue collections is low and the Administration's fiscal year 2026 projection approximates the mean value.
8. **Fines and Forfeits** – The Administration projects Fines and Forfeits revenue to be \$858,329 in fiscal year 2028 with 8% growth through fiscal year 2029. Actual Fines and Forfeits collections between fiscal years 2017 and 2024 ranged from a low of \$541,528 to a high of \$889,062 with a mean value of \$778,975. Variability in annual Fines and Forfeit collections is low and the Administration's fiscal year 2026 projection approximates the maximum value.
9. **Licenses and Permits** – The Administration projects Licenses and Permits revenue to be \$408,000 in fiscal year 2026 with 8% growth through fiscal year 2029. Actual Licenses and Permits collections between fiscal years 2017 and 2024 ranged from a low of \$383,019 to a high of \$635,509 with a mean value of \$521,811. Variability in annual Licenses and Permits revenue is low and the Administration's fiscal year 2026 projection approximates the minimum value.

10. **Interest** – The Administration projects Interest revenue to be \$650,000 in fiscal year 2026 with negative 13.33%, negative 11.54%, negative 8.7% and negative 14.29% decreases, respectively, through fiscal years 2026, 2027, 2028 and 2029. Actual Interest collections between fiscal years 2017 and 2024 ranged from a low of \$21,150 to a high of \$1,115,079 with a mean value of \$455,929. Variability in Interest revenue was higher (.81) likely due to extremely low interest revenue in fiscal year 2021. The Administration’s fiscal year 2026 projection is approximately \$465,000 less than the maximum value.
11. **Rental** – The Administration projects Rental revenue to be \$95,481 in fiscal year 2026 with 3% growth annually through fiscal year 2029. Actual Rental collections between fiscal years 2017 and 2024 ranged from a low of \$34,223 to a high of \$625,938 with a mean value of \$134,876. Variability in Rental revenue was 1.39 (high) due to abnormally low collections in fiscal years 2017, 2018 and 2020 and unusually high collections in 2023 due to a spike in Easement revenue. The Administration’s fiscal year 2026 projection exceeds the minimum value but is less than the mean value.
12. **Miscellaneous** – The Administration projects Miscellaneous revenue to be \$5.87 million in fiscal year 2026 before falling to \$4.18 million in fiscal year 2027 \$3.0 million in fiscal year 2028 and increasing to \$3.34 million in 2029. Actual Miscellaneous collections between fiscal years 2017 and 2024 ranged from a low of \$2.05 million to a high of \$8.03 million with a mean of \$3.46 million. Variability in Miscellaneous revenue was average and the Administration’s fiscal year 2026 projection greatly exceeds the average value.
13. **Other Financing Sources** – The Administration projects Other Financing Sources revenue to be between \$50,000 and \$75,000 in fiscal years 2026 through 2029. Actual Other Financing Sources collections between fiscal years 2017 and 2024 ranged from a low of \$0 to a high of \$173,204 with a mean of \$53,315. Variability in Other Financing Sources revenue was on the higher side (1.01) and the Administration’s fiscal year 2026 projection approximates the mean value.
14. **Intergovernmental** – The Administration projects Intergovernmental revenue to be \$11.17 million in fiscal year 2026 with approximately 1.12% growth through fiscal year 2029. Actual Intergovernmental collections between fiscal years 2017 and 2024 ranged from a low of \$8.09 million to a high of \$12.03 million with a mean of \$9.68 million. Variability in Intergovernmental revenue was low and the Administration’s fiscal year 2026 projection falls between the maximum value and the mean value.
15. **Interfund Transfers** – The Administration projects Interfund revenue to be \$2.83 million in fiscal year 2026, \$1.33 million in 2027, \$575,000 in 2028 and \$500,000 in 2029. Actual Interfund Transfers collections between fiscal years 2017 and 2024 ranged from a low of \$0 to a high of \$30.67 million with a mean of \$6.03 million. Variability in Interfund revenue is high due to the nature of the account (transferring money between funds is typically utilized for debt service and unusual circumstances such as the COVID grant fund reimbursement from the Federal Grants Fund for ‘lost revenue’). The 2025 amount is unusually high due to the Harrisburg Senators stadium Improvements.

Overall, historical General Fund revenue, adjusted for unusual or non-recurring events, is relatively consistent year over year (coefficient of variation = 4.75%). Actual total adjusted General Fund revenue between the years 2017 and 2024 ranged from a low of \$62.36 million to a high of \$70.66 million with a mean of \$67.82 million. The Administration's fiscal year 2026 projection of \$74.86 million (recurring revenue after deducting one-time revenue sources of approximately \$4.9 million) is \$1.05 million more than the maximum amount of \$73.81 million and is \$7.0 million higher than the mean recurring revenue.

The Controller's Office believes that revenue should be projected conservatively in the absence of evidence contrary to a conservative approach. Consequently, a General Fund budget of approximately \$67.81 million to \$73.81 million, which approximates a range between the mean revenue and the maximum revenue over the past seven years, is advisable. The Administration's projections for total General Fund revenue are consistent with values exceeding the maximum historical values and if left unchanged, should be monitored carefully throughout the fiscal year so that expenditures can be managed accordingly.

Additionally, the Administration has projected deficit spending for fiscal years 2026, 2027, and 2029 based on the projected use of fund balance. It is this Office's opinion that a legally adopted balanced budget should not include an appropriation of fund balance unless it is being used for non-recurring expenditures such as capital assets (it is not clear to this office if this is the case).

Sincerely,

Charlie DeBrunner
Controller

cc: Wanda Williams, Mayor

**City of Harrisburg
General Fund Revenue
FY 2017-2023 Actuals
FY 2024-2028 Projections**

	Actuals							
	2024	2023	2022	2021	2020	2019	2018	2017
Real Estate Tax	17,286,753	17,028,267	16,725,918	17,981,087	16,879,690	17,240,236	17,962,858	17,594,052
Real Estate Transfer Tax	1,118,001	990,262	1,430,158	868,475	843,880	1,026,697	1,026,603	642,804
Hotel Tax	1,000,000	714,000	700,000	1,000,000	900,000	900,000	-	-
Local Service Tax	6,748,815	6,638,483	6,706,205	6,533,431	6,488,369	6,824,394	6,726,219	7,413,159
Earned Income Tax	18,288,690	17,521,542	15,833,448	13,546,945	12,739,112	12,761,772	11,895,302	11,446,980
Mercantile/Business Tax	8,677,371	8,369,638	8,131,977	7,771,048	7,391,790	8,200,696	7,720,195	7,621,587
Departmental Revenue								
Administration	429,295	419,017	308,574	351,853	317,413	1,151,510	1,126,360	1,090,501
Building & Housing	1,992,638	2,084,111	2,067,704	2,206,809	1,591,344	1,561,585	1,772,534	2,039,471
Public Safety	2,259,067	1,785,059	2,171,083	2,331,297 ⁽¹⁾	2,168,055 ⁽¹⁾	1,949,364 ⁽¹⁾	1,978,978 ⁽¹⁾	2,002,925 ⁽¹⁾
Public Works	53,743	246,069	322,306	939,491	616,659	610,176	633,302	665,914
Parks & Recreation	16,785	8,620	9,870	2,706	265	13,801	5,181	10,110
Total Departmental Revenue	4,751,528	4,542,875	4,879,537	5,832,157	4,693,735	5,286,436	5,516,354	5,808,922
Fines & Forfeits	803,980	803,072	719,628	889,062	541,528	745,232	874,079	855,222
Licenses & Permits	383,019	431,117	499,166	516,702	546,713	570,074	592,192	635,509
Interest	1,115,079	964,631	355,311	21,150	342,007	531,381	219,204	98,671
Rental	84,634	625,938 ⁽⁶⁾	90,130	105,835	35,283	68,231	34,730	34,223
Miscellaneous	4,028,077	8,028,622 ⁽⁵⁾	2,626,772	2,681,432	2,198,490	2,551,693	2,048,547	3,502,765
Other Financing Sources	94,260	173,204	41,020	1,500	27,246	61,875	-	27,412
Intergovernmental	9,433,324	8,768,538	8,424,522	8,093,511 ⁽¹⁾	8,728,062 ⁽¹⁾	12,030,302 ⁽¹⁾	11,499,183 ⁽¹⁾	10,483,587 ⁽¹⁾
Interfund Transfers	30,668,932	1,245,978	9,958,311	2,966,174	2,856,614	-	409,034	134,602
Total Revenue	104,482,463	76,846,167	77,122,102	68,808,510	65,212,518	68,799,019	66,524,501	66,299,496
Fund Balance Appropriation	1,174,016	3,502,235	1,080,572	5,056,804	-	-	-	-
Total Resources	<u>105,656,479</u>	<u>80,348,402</u>	<u>78,202,674</u>	<u>73,865,313</u>	<u>65,212,518</u>	<u>68,799,019</u>	<u>66,524,501</u>	<u>66,299,496</u>
Less Unusual or Non-Recurring Revenue Sources	(30,668,932) ⁽¹⁰⁾	(6,186,307) ⁽⁹⁾⁽⁶⁾	(8,863,207) ⁽²⁾	(2,966,174) ⁽³⁾	(2,856,614) ⁽⁴⁾	-	-	-
Total Rev Less Non-Recurring	73,813,531	70,659,860	68,258,895	65,842,336	62,355,904	68,799,019	66,524,501	66,299,496

City of Harrisburg
General Fund Revenue
FY 2017-2023 Actuals
FY 2024-2028 Projections

	Statistics (Actuals)					Administration Projections				
	Average	Min	Max	Std Dev	Coef Var (7)	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj
Real Estate Tax	17,337,358	16,725,918	17,981,087	441,925	0.03	16,691,216	16,250,000	16,250,000	16,250,000	16,250,000
Real Estate Transfer Tax	882,987	642,804	1,430,158	214,879	0.24	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Hotel Tax	651,750	-	1,000,000	390,764	0.60	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Local Service Tax	6,759,884	6,488,369	7,413,159	268,050	0.04	6,834,000	6,868,170	6,902,511	6,937,023	6,971,709
Earned Income Tax	14,254,224	11,446,980	18,288,690	2,447,309	0.17	18,843,750	18,937,969	19,032,659	19,127,822	19,223,461
Mercantile/Business Tax	7,985,538	7,391,790	8,677,371	402,386	0.05	8,675,000	8,700,000	8,743,500	8,787,218	8,831,154
Departmental Revenue										
Administration	649,315	308,574	1,151,510	369,224	0.57	460,669	469,882	479,280	488,866	498,643
Building & Housing	1,914,524	1,561,585	2,206,809	225,981	0.12	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Public Safety	2,080,728	1,785,059	2,331,297	170,097	0.08	1,999,997	2,000,000	2,000,000	2,000,000	2,000,000
Public Works	510,958	53,743	939,491	264,206	0.52	649,677	662,671	675,924	689,442	703,231
Parks & Recreation	8,417	265	16,785	5,167	0.61	18,025	18,566	19,123	19,696	20,287
Total Departmental Revenue	<u>5,163,943</u>	<u>4,542,875</u>	<u>5,832,157</u>	<u>482,118</u>	<u>0.09</u>	<u>5,028,368</u>	<u>5,051,119</u>	<u>5,074,327</u>	<u>5,098,004</u>	<u>5,122,161</u>
Fines & Forfeits	778,975	541,528	889,062	105,609	0.14	841,499	858,329	875,496	893,005	910,866
Licenses & Permits	521,811	383,019	635,509	78,149	0.15	400,000	408,000	416,160	424,483	432,973
Interest	455,929	21,150	1,115,079	369,925	0.81	750,000	650,000	575,000	525,000	450,000
Rental	134,876	34,223	625,938	187,427	1.39	92,700	95,481	98,345	101,296	104,335
Miscellaneous	3,458,300	2,048,547	8,028,622	1,833,913	0.53	5,804,947	5,886,816	4,185,580	3,004,999	3,345,149
Other Financing Sources	53,315	-	173,204	53,796	1.01	50,000	75,000	50,000	75,000	75,000
Intergovernmental	9,682,629	8,093,511	12,030,302	1,386,092	0.14	11,174,793	11,170,000	11,200,000	11,250,000	11,300,000
Interfund Transfers	6,029,955	-	30,668,932	9,795,182	1.62	<u>12,310,611</u>	<u>2,825,512</u>	<u>1,325,171</u>	<u>575,000</u>	<u>500,000</u>
Total Revenue	74,261,847	65,212,518	104,482,463	12,211,074	0.16	89,496,884	79,776,396	76,728,749	75,048,850	75,516,808
Fund Balance Appropriation						-	1,968,991	163,085	-	807,766
Total Resources	75,613,550	65,212,518	105,656,479	12,543,614	0.17	<u>89,496,884</u>	<u>81,745,387</u>	<u>76,891,834</u>	<u>75,048,850</u>	<u>76,324,574</u>
Less Unusual or Non-Recurring Revenue Sources						(10,500,000) ⁽⁸⁾	(4,925,000) ⁽⁹⁾	(425,000)	(425,000)	(425,000)
Total Rev Less Non-Recurring	67,819,193	62,355,904	73,813,531	3,219,007	0.0475	78,996,884	74,851,396	76,303,749	74,623,850	75,091,808

Notes:

- (1) \$5,000,000 of state fire protection revenue moved from Public Safety Revenue into Intergovernmental for comparative purposes.
- (2) \$8,863,000 of American Rescue Plan Act-COVID-19 Federal Grant funds for 'lost revenue'.
- (3) \$2,518,218 repayment of loan to Federal Grants Fund for South 14th Street sinkhole project; \$162,133 repayment of loan to Neighborhood Services Fund for Steelton trash service; \$285,855.62 reimbursement from CDBG for ineligible administrative costs in HOME.
- (4) \$2,856,614 of CARES Act grant funding transferred from Federal Grants Fund for reimbursement of police and fire personnel expenditures related to COVID-19 pandemic.
- (5) \$4,957,636 represents 2023 insurance reimbursement revenue of \$5,068,817 less the average of insurance reimbursement revenue from 2017-2022 of \$111,181. \$684,731 represents 2023 stop loss reimbursement revenue of \$917,673 less the average of stop loss reimbursement revenue from 2017-2022 of \$232,942.
- (6) \$543,940 represents 2023 easement revenue of \$578,238 less the average of easement revenue from 2017-2022 of \$34,298.
- (7) The coefficient of variation (CV) is a relative measure of variability that indicates the size of a standard deviation in relation to its mean. It is a standardized, unitless measure that allows you to compare variability between disparate groups and characteristics. $CV = \text{Standard Deviation} / \text{Mean}$
- (8) Includes \$4,500,000 of unusual insurance reimbursements and \$6,000,000 for Stadium Project reimbursements.
- (9) Includes \$4,500,000 of unusual insurance reimbursements.
- (10) Includes \$30,668,932 interfund transfer of ARPA funds from Federal Grants Fund.