City of Harrisburg

Dauphin County, Pennsylvania

2027 Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

Rev. Dr. Martin Luther King, Jr. City Government Center

10 North Second Street

Harrisburg, PA 17101

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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.

Harrisburg City Council approved the City's amended 2026 Annual Budget in December 2025 which was finalized by the Mayor on December 24, 2025. This finalized 2026 budget was approved with estimated resources of $131,866,567 and expenditure appropriations of $127,351,854 (hereafter, the reference will be revenues and expenditures); within this budget the General Fund is included at $92,329,437 in total revenues and $88,020,172 in total expenditures.

The City's General Fund cash fund balance as of August 31, 2026 was $14.4 million and is further projected within the financial schedule pages following this Summary. In relation the Mayor continues to prioritize fiscal stability for the City of Harrisburg, and as well 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 for assuring continued intergovernmental cooperation.

The new Enterprise Resource Planning (ERP) software, Tyler Technologies MUNIS System, will eventually enable the City to properly track, examine, and manage all financial activity transactions. The City via its Bureau of Information Technology continues to progress further through the complex, involved phases of tax billing and collections, licenses, permits and Codes enforcement, and trash refuse/disposal utility billing and collections for moving these sub-systems away from the current mainframe system. This advancement will provide for improved financial management practices and as well more revenue integration and visibility with Treasury.

As the Mayor has been planning to present the City of Harrisburg's Intergovernmental Cooperation Authority (ICA) with the 2027 Five-Year Financial Plan, her Administration has demonstrated the ability to achieve structurally balanced budgets, maintain sufficient cash fund balances, and continue to evaluate the long-term financial capital investment potential for the City.

As part of a longer-term plan, the Mayor's Administration has available previously provided data produced by a professional consulting firm in evaluating a potential comprehensive capital improvement plan for the City. Such data goes to the ranking of facilities and other capital assets for determining the conditional status of such assets. While such a study is worthwhile for future budget planning considerations, in very recent years emphasis has shifted with the priority focus being on both the Broad Street Market fire loss restoration project and the completion of the FNB Field stadium upgrade/improvement project.

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/rates where necessary. The Harrisburg community, City employees, and various stakeholders have successfully evolved from fiscal distress and continue to work a path toward stronger fiscal recovery.

Mayor Williams has continued to be at the forefront of Harrisburg's fiscal revival. From when the Act 47 Strong Plan was implemented in 2012, she has been the lead elected official engaged throughout the City's ongoing 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 strengthened essential partnerships with Commonwealth, County, and City stakeholders.

Fortunately, as the Mayor guided City Council (then as Council President) 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 $25.3 million ($18.7 million in EIT and $6.6 million in LST) for fiscal year 2025. The expiration of these taxing powers would have resulted in difficult budgetary circumstances requiring drastic budget cuts, which have now been avoided without any increases in existing tax rates, i.e., no increases in property tax rates.

The Mayor continues to develop her economic development plan and in relation has previously created a Task Force aimed at this initiative. Recently in current year 2026, a new Director of Community and Economic Development was secured who will look to increase the City's capacity for further developing a more comprehensive economic development plan. Also, many housing and business development projects are underway and these projects 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 Program initiative and the City's continued efforts to promote more economic development within the downtown area.

Finally, the City continues to manage operating expenses under certain ongoing and recently recurring revenue constraints, including a lack of intergovernmental parking system revenue and as well some occurring decline in taxable real estate appraisal value due to occurring reassessment efforts. Fiscal year 2026 also represents an impact effect year relative to the collective bargaining agreement front, wherein two of the union contracts (Police and Non-uniform) have been renewed and the Fire contract will be expiring at the end of the current year. The City's Administration is aware of such noted financial effects and while being encouraged with future related stabilizations, financial management efforts are being put forth to develop a proposed 2027 budget built upon evaluated and normally recurring annual revenue amounts.

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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 was approximately $47.1 million, representing a unique opportunity to support critical community initiatives.

The City continues to file the required quarterly compliance reports at the Federal Treasury reporting portal site for its State and Local Fiscal Recovery Funds (SLFRF) provided through the American Rescue Plan Act (ARPA). As previously reported, with the submittal of the quarterly report for the 4th quarter of 2024 the City achieved the satisfaction of compliance requirements for both full obligation and expenditure of the total received ARPA funds amounting to $47,073,625. The City is still awaiting additional instructional guidance from the Treasury portal relative to preparing and submitting an applicable final or close-out report.

In summation of the utilization of this $47,073,625 funding, $5,250,960 was applied to the HVAC project for the Public Safety Building, $1,100,732 was awarded as payroll bonuses for Police/Fire first responders, and $40,721,933 was specifically classified as lost revenue replacement for the General Fund allocated to specific expenditure categories. In relation the City has as well appropriated and transferred from the General Fund $26,250,000 to the Grants Fund enabling available funding allocations for various public health and economic impact programs and projects.

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Table 1
Operating Forecasts [1] 2025-2030 – General Fund

	Actuals 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Revenues [2]	$72,386,381	$103,019,999	$77,139,735	$79,852,500	$78,540,000	$78,965,000
Expenses prior to Capital Expenditures	72,014,819	82,307,916	73,670,000	74,800,000	76,125,000	77,250,000
Capital Expenditures	4,477,192	20,110,660	9,129,469	1,500,000	1,800,000	2,000,000
Total Expenses	76,492,011	$102,418,576	82,799,469	76,300,000	77,925,000	79,250,000
Operating Change in Cash Fund Balance	(4,105,630)	601,423	(5,659,734)	3,552,500	615,000	(285,000)
Beginning Cash Fund Balance	$18,469,253	$14,363,623	14,965,046	$9,305,312	12,857,812	$13,472,812
Ending Cash Fund Balance	$14,363,623	$14,965,046	$9,305,312	12,857,812	$13,472,812	$13,187,812
Ending Cash Fund Balance % of Total Expenses	19%	15%	11%	17%	17%	17%

[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 Note the 2026 total revenue projection of $103,019,999 is certainly atypical as not representing normal recurring annual revenue for the City. This extraordinary total includes $5,065,844 interfund transfer funding from applicable grant-type Funds, an additional $7 million in capitol fire protection funds from the Commonwealth wherein the 2025 allocation was delayed into 2026, $6 million in awarded Redevelopment Assistance Capital Program (RACP) funding for the FNB Field stadium upgrade project, and $8.8 million in insurance recovery proceeds for the Broad Street Market fire loss restoration project. When netting out these non-recurring amounts from the total projected revenue for the General Fund, a much more reasonable and consistent total of $76,156,131 results for 2026.

The projections show positive Ending Cash Fund Balances from fiscal years 2025 through 2030 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 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.

2.1 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 implemented 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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3 Revenues

The table below presents a five-year history of Harrisburg's revenues by significant category from 2021 to 2025.

Historically, real estate taxes have been one of the City's most primary revenue sources representing a ratio of 21.80% of all revenues for 2025. The City's three consistently most active highest revenue sources, real estate, earned income, and mercantile business privilege taxes combined, comprise a total 2025 portion of 57.24% of Harrisburg's operating revenues.

Table 2
Key Operating Revenues 2021-2025 – General Fund

	2021	2022	2023	2024	2025	2025 Revenue %
Real Estate Tax	$17,981,088	$16,725,918	$17,028,267	$17,286,753	$16,678,783	21.80%
Real Estate Transfer Tax	$868,476	$1,430,158	$990,262	$1,118,001	$2,159,053	2.82%
Hotel Tax	$1,000,000	$700,000	$714,000	$1,000,000	$1,000,000	1.31%
Local Service Tax	$6,533,431	$6,706,205	$6,638,483	$6,748,815	$6,654,751	8.70%
Earned Income Tax	$13,546,945	$15,833,448	$17,521,542	$18,288,690	$18,683,585	24.43%
Mercantile/Business Privilege Tax	$7,771,048	$8,131,977	$8,369,638	$8,677,371	$8,423,265	11.01%
Department of Administration	$351,853	$308,574	$419,016	$429,295	$416,241	0.54%
Department of Building & Housing	$2,206,809	$2,067,704	$2,084,111	$1,992,638	$2,299,905	3.01%
Department of Public Safety	$2,331,297	$2,171,083	$1,785,059	$2,259,067	$1,944,949	2.54%
Department of Public Works *	$939,491	$322,306	$246,069	$53,743	$9,629	0.01%
Department of Parks & Recreation	$2,706	$9,870	$8,620	$16,785	$9,481	0.01%
Fines & Forfeits	$889,062	$719,628	$803,072	$803,980	$862,380	1.13%
Licenses & Permits	$516,702	$499,166	$431,117	$383,019	$327,262	0.43%
Interest Income	$21,150	$355,171	$964,631	$1,115,079	$778,754	1.02%
Rental Revenue	$105,835	$90,130	$625,938	$84,634	$89,228	0.12%
Miscellaneous Revenue	$2,681,432	$2,626,772	$8,028,622	$4,028,077	$3,167,831	4.14%
Other Financing Sources	$1,500	$41,020	$173,204	$94,260	$187,578	0.25%
Intergovernmental Revenue	$8,093,511	$8,424,522	$8,768,538	$9,433,324	$4,753,220	6.21%
Interfund Transfers	$2,966,174	$9,958,311	$1,245,978	$30,668,932	$3,940,666	5.15%
Fund Balance Appropriation	$5,056,803	$1,080,711	$3,502,235	$1,174,016	$4,105,630	5.37%
Total General Fund Revenue/Resources	**$73,865,313**	**$78,202,674**	**$80,348,402**	**$105,656,479**	**$76,492,011**	**100.00%**

* Decline trend in Public Works revenue is attributed to being more protective of cash fund balance positions within both the Neighborhood Services Fund and Capital Projects Fund which source the General Fund with both charge-back revenue for Vehicle Management Center related repairs supplies and Engineering street cut inspection revenue, respectively. Increases in utilizing such revenue are planned for future years.

3.1 Revenue Forecasts

Below is the multi-year revenue forecast based on historical growth trends, planned initiatives, and other available data. The 2026 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 – General Fund
2026-2030

	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Real Estate Tax	$16,588,587	$16,500,000	$16,600,000	$16,700,000	$16,700,000
Real Estate Transfer Tax	$1,125,000	$1,000,000	$1,125,000	$1,200,000	$1,125,000
Hotel Tax	$1,000,000	$1,200,000	$1,000,000	$1,000,000	$1,000,000
Local Service Tax	$6,652,655	$6,750,000	$6,750,000	$6,825,000	$6,825,000
Earned Income Tax	$19,554,455	$19,847,772	$19,900,000	$20,000,000	$20,000,000
Mercantile Business Privilege Tax	$8,681,417	$8,789,935	$8,875,000	$8,875,000	$8,950,000
Department of Administration	$437,265	$443,824	$450,000	$475,000	$475,000
Department of Building & Housing	$2,265,958	$2,150,000	$2,150,000	$2,250,000	$2,300,000
Department of Public Safety	$1,911,376	$2,000,000	$2,000,000	$2,000,000	$2,000,000
Department of Public Works	$618,174	$375,000	$425,000	$425,000	$425,000
Department of Parks & Recreation	$10,000	$20,000	$37,500	$40,000	$40,000
Fines & Forfeits	$954,001	$968,311	$975,000	$975,000	$975,000
Licenses & Permits	$292,510	$304,893	$325,000	$325,000	$375,000
Interest Income	$689,698	$500,000	$500,000	$575,000	$650,000
Rental Income	$181,870	$90,000	$90,000	$100,000	$100,000
Miscellaneous Revenue	$12,024,793	$3,375,000	$3,300,000	$3,400,000	$3,400,000
Other Financing Sources	$75,000	$50,000	$50,000	$50,000	$25,000
Intergovernmental Revenue	$18,466,396	$12,050,000	$14,575,000 *	$12,600,000	$12,875,000
Interfund Transfers	$11,490,844	$725,000	$725,000	$725,000	$725,000
Fund Balance Appropriation	0	$5,659,734	0	0	$285,000
Total General Fund Revenue/Resources	**$103,019,999**	**$82,799,469**	**$79,852,500**	**$78,540,000**	**$79,250,000**

*** Includes awarded $2.25 million in State Redevelopment Assistance Capital Program (RACP) funding for the Broad Street Market fire loss restoration project.**

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

Real Estate Taxes – The 2026 forecasted projections for the City's Real Tax Revenue is $16.59 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 .54% from 2025 to 2026, reflecting some 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 around $1,125,000 annually over the projected years. Based on year-to-date collections, the City collected $2,159,053 for 2025 which was of course extraordinarily high. Given the current economic trends, the City projects this tax to remain fairly consistent from 2026 to 2030.

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. With the November 2020 change in the fiscal code such full special taxing powers have been extended for ten years and as well extends 50% of the special taxing authority for an additional five years. The current LST is not expected to decrease until beginning with fiscal year 2031.

Harrisburg's LST collections were $6.65 million in 2025.

Projection – LST projections from 2026 through 2030 are based on improved employment level assumptions. Gradual increases are anticipated for this tax as projected for 2026 to 2030.

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, and as referenced above the November 2020 change to the state fiscal code also extends the EIT taxing power indefinitely.

The City collected $18.68 million in 2025; 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 2026 to 2030.

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 $4.432 million in Mercantile Business Privilege Tax in 2025. The projections also assume a gradual, continued growth for the projected years of 2026 to 2030.

Parking Tax – The City imposes a 20% tax on all revenues from off-street parking lots and garages (not meters). In 2025 the City realized $3.992 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 2026 to 2030. 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 now a $7 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.

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

Projection - This revenue is being projected to remain consistent over years 2026 to 2030.

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 over years 2026 to 2030.

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 2026 to 2030 but at relatively immaterial levels.

Intergovernmental Revenue – This revenue source largely comprises the $7 million the City receives from the Commonwealth for Public Safety Services. Also, the Auditor General's Municipal Pension Contribution and the Public Utility Realty Tax Act (PURTA) funding are recorded here.

Projection – These revenues are projected to remain constant from 2026 to 2030 with some noted increase in the pension system state aid allocation.

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

For 2026 projected interfund transfers totaling $11,490,844 include $6 million from the Harrisburg Senators Fund to fund the FNB Field stadium upgrade project as part of the involved RACP match reimbursement, plus other supporting funding for application to the Broad Street Market fire loss restoration project.

Intergovernmental Parking System Revenue (envisioned through the Harrisburg Strong Plan) – As referenced above under Parking Tax revenue, going back to early 2020 the City has been unable to realize over the recent years the significant structured parking system revenue under the Strong Plan including the ground lease payment and priority parking payment. Such accumulated unrealized revenue has amounted to approximately $14.5 million through the end of fiscal year 2025, and this impact is related to the long-term economic effects from the health pandemic occurring in 2020 and as well the effect of less parking volume activity resulting in a prioritizing of the available generated revenue for servicing the parking system debt including the parking revenue bonds

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3.2 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 Department Director for Community, Economic Development and Building and Housing reported in 2024 that she made a commitment to the Mayor and City Council that an Economic Development Advisory Committee would be established in the fiscal year 2025. It was promised for stakeholders from all levels of leadership committed to assisting the City in building a stronger and more stable economic development culture. A meeting to convene the committee was scheduled to occur on April 29, 2025 to begin their work on developing a Comprehensive Economic Development Plan.

This commitment has been delayed for the following reasons: City Council initially removed from the 2026 General Budget the positions related to Economic Development and the LERTA Program. Subsequently City Council reversed their decision and placed the positions back in the 2026 Budget; a related shifting has occurred here within the Mayor's budget unit wherein two positions have been added, including the Director for Business Development/LERTA Administrator (still currently unfilled) and a new Director of Community and Economic Development position which was accepted and filled recently in 2026. Both of these positions will ultimately involve reporting directly to the Mayor. In addition, the Governor's Office has shifted the City's direction in formulating a committee to address an economic development plan for Harrisburg City, by prioritizing downtown Harrisburg for economic development. This strategic planning includes a focus on the related partnering relationship with Capital Region Economic Development Corp. (CREDC) through the Harrisburg Regional Chamber. The Director for the City's Dept. of Building and Housing Development has been intimately involved with this project. It is noted the development of a Comprehensive Economic Development Plan continues to be a major priority for the Mayor and City Council.

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. Because MUNIS does not support the export of a payroll file to a third-party payroll service provider, i.e., Paychex, such 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. As previously reported, the City has been working with Paycom Payroll, LLC to become the City's new third-party payroll service provider. Full migration implementation to Paycom's system is now planned to become effective with the first occurring payroll for October 2026, thus replacing the Paychex system along with the mainframe personnel system.

Phase 3 – Tax Billing and Collections: Work in progress continuing, to carryover to 2027.
Phase 4 – Licenses, Permits, and Codes Enforcement: Work in progress continuing, to carryover to 2027.
Phase 5 – Utility Billing and Collections: Work in progress continuing, to carryover to 2027.

For Phases 3, 4, and 5, a decision will need to be made with respect to which vendor to select for enabling customers to pay various bills online. The City is still currently reviewing/considering the feasibility of available platform systems being offered by JPMorgan/Chase, including a revenue Digital Bill Pay product for replacing the current functioning system the City has been utilizing with Value Payment Systems (VPS) for handling debit and credit card payments, wherein the City still has to generate mainframe system files of accounts comprised of various billed revenue amounts for reconciling with VPS. The fees are similar to the fee structure in place with VPS. The City is also considering JPMorgan's Virtual Card Payment product for expenditure disbursements mainly to significantly reduce paper check payments to vendors via the utilization of a more efficient ACH method of payment system. Applicable contract agreement details are currently being reviewed at the legal level and will need to be finalized with supporting recommendations from the City's Bureau of IT on revenue and Finance Dept. on expenses, as to functioning compatibility and integration with the MUNIS system.

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 but still requires updating with now completed audited activity from 2022 and 2023 and as well with 2024 activity currently being prepared for the annual financial audit. In the interim period prior to the MUNIS module becoming fully updated, eFinance will continue to temporarily serve as the source for occurring capital asset additions, retirements, and depreciation calculations. 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

Similar to the prior year 2026 budget preparation process, the City again in planning for the 2027 operating budget process 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 will further consider including the development of relative statistics to cite or compare in the evaluation of individual job performance.

Union Labor Negotiations

In April 2026 a new Fraternal Order of Police basic labor agreement for 2026 - 2028 was under review for ratification by City Council, which has been subsequently approved with noted significantly material increases in salary compensation levels per the new 2026 - 2028 Pay Scale for various position classifications, and such increases based within the Pay Scale can range up to an increase approximating 7% annually; in March 2026 City Council ratified the 2026 – 2028 AFSCME labor agreement which includes annual 4% and 3% increases in compensation; the City's collective bargaining agreement with the International Association of Firefighters expires December 31, 2026.

Department of Budget and Finance Complement

Staff positions within this Department were previously mostly intact including newer Finance Director hired at the onset of 2025, and experienced Accounting Manager, Procurement Services Manager, Grants Director, and Assistant to Finance Director; the City is still currently attempting to fill the vacant Budget Manager position from September 2025. Subsequently in July 2026 both the Finance Director and Grants Director departed from the City; the former Assistant Grants Manager has now become the new Grants Director. Relative to the still currently vacant positions of Budget Manager and Finance Director, the City has previously engaged the consulting services of Keystone Municipal Solutions to provide Budget and

Finance and the Business Administrator with advisory and analysis assistance with the currently ongoing preparation of the 2027 proposed budget. The City continues to maintain the recently filled position for the newer Staff Accountant/Financial Analyst and as well the more experienced Auditor II (bargaining unit position).

Status of Annual 2023 Financial Audit

The City has now completed its 2023 annual financial audit preparation work and supporting financial statement report work, and was able to issue the related final audit report and financial statements by the end of April 2026; a few advances on some audit preparation areas for the 2024 annual financial audit have been made as well.

Review of Capital Improvement Plan

The City of Harrisburg continues to make efforts in further developing a long-term Capital Improvement Plan. Such recent efforts include the use of the newer ERP system's Capital Assets Management Module to track inventory activity and maintenance of vehicles, equipment, and supplies purchased by the City. Another effort includes the previous and independently prepared 5-Year Capital Improvement Plan by the firm of SitelogIQ, which resulted from their diligent work to assess the City's current infrastructure needs. This analysis was comprised of various site locations including City Government Center, City fire stations, the Public Works complex on Paxton Street, and the Traffic and Engineering building including a focus on various projects of a recommended improvement need. These projects for now will continue to be further evaluated amidst current available and/or constrained budget resources, given in very recent times the City's priority focus has shifted to larger and more immediate infrastructure needs including various streets and roads projects, the FNB Field stadium improvement upgrade, and the Broad Street Market fire loss restoration project. 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.

Broad Street Market Fire Loss Restoration Project

This major building infrastructure project will continue to be ongoing throughout fiscal years 2026 and 2027, with a total estimated restored building project cost of approximately $23.7 million. In the latter stages of 2025 several contractors were engaged by the City for the various specific aspects or construction categories of this project, as the heavier work and most significant construction costs will occur during 2026 which is already producing material change order contingency amounts; such impacts will and are producing a challenging command upon the General Fund's operating budget for this year. The City will continue to work throughout 2026 to monitor and reasonably manage its operating budget funds while seeking out potential additional supportive funding sources for this project; the City has also recently reached a settlement agreement with the related insurance carrier resulting in total insurance recovery proceeds being set at $13.75 million, which in turn will give the City the ability to recognize $8,798,024 in such proceeds as 2026 revenue.

Continuation of Local Economic Revitalization Tax Assistance (LERTA)

In December 2025 City Council did pass Bill No. 14 of 2025 enabling the extension of the termination date to December 31, 2026 for continuing real estate tax abatement and exemptions of the current LERTA program. As current fiscal year 2026 approaches year end, the City will anticipate further exploring additional options for approving the continuation of a revised LERTA program. As noted above at Page 14 under Community and Economic Development, though the LERTA Administrator position is still not currently filled the new Director of Community and Economic Development in conjunction with working with the City's Business Administrator will have the capacity to review the LERTA program for further development during the final quarter of 2026.

CARES Act Federal Recreational Related Funding – Multi-Parks/Playgrounds Improvement Project
This project comprised of $13 million in awarded Federal funding through PA DCED was previously ongoing including the sites of 7th and Radnor Sportsfield/Gorgas Playground, Reservoir Park – Spray Alley, and the Wilson Playground. Total grant funding received amounted to approximately $10.2 million; however, due to failure to realize completion of the Reservoir Park sub-project the City is required under the terms of the grant agreement to return $2,321,777 in drawn funding back to PA DCED.

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); please see further related comments above at Page 13. 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, $3.991 million actual in 2025, and an annual projection thus far for 2026 to amount to at least approximately $3.9 million.

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 extended among the parties including various billing rate increases over defined periods in effect for Steelton Borough through July 1, 2029, Penbrook Borough through December 31, 2030, and Paxtang Borough through December 31, 2028.

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 2025 and has accordingly budgeted such amounts for payment in 2026. Based on recent actuarial report data as of December 31, 2024 under GASB Statement Nos. 67 and 68, all three of the City's plans are comprised of improved fiduciary net positions as a percentage of the total pension liabilities including 104.47% for Police, 116.26% for Fire, and 108.80% for Non-Uniform.

Revenues to Improve the FNB Field Baseball Stadium on City Island

The City has assigned park permit revenues to help pay for necessary upgrades to the FNB Field stadium for the Harrisburg Senators, plus already transferred interfund support of over $10.6 million from the General Fund to the Harrisburg Senators Fund. Such funding represents contributing match funds related to the not yet received Redevelopment Assistance Capital Program (RACP) award of $6 million specific to this upgrade project, which was awarded to the City in late 2022 for eventual reimbursement to the General Fund. The goal is to meet MLB's Facility Standards Compliance; the majority of related on-site work has been achieved as full completion of this project is soon to occur in fiscal year 2026. The total anticipated cost of this stadium improvement/upgrade is projected to be over $12.5 million.

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 achieved $736,793 in PILOT revenue for fiscal year 2025 and has budgeted to receive at least $650,000 conservatively in 2026. 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 previously implemented, with City Council's approval, a delinquent refuse/disposal utility billing assistance program comprised of offering a total of $2.0 million originally sourced via the City's received ARPA funds, for low-income and elderly homeowners enabling them to effectively reduce their outstanding trash bill balances bringing such accounts into more current status. 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 collection balances. 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 (NSF) collection rates. The Finance team will review progress on implementing this initiative and ensure the team works collaboratively in this effort. A recent summary review of NSF revenue activity, for both the refuse and disposal collection lines covering five fiscal years 2021 through 2025, indicates an average collection rate for these years of 91%, with a low of 87% over this range, comprised of such collection revenues per the financial books applied to the annual refuse and disposal billing totals per the City's trash utility billing system. Additional recent applicable impacts to note here include the 2023 reimplementation of charging 1.50% penalty amounts on unpaid/past due receivable balances, and as well a 2024 increase in monthly residential refuse/disposal billing rates approximating 10%.

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").

4 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 70.13% of 2025 actual operating expenses having a significant effect on flexibility of budget planning.

Table 4
Key Operating Expenses 2021-2025 – General Fund

	2021	2022	2023	2024	2025	Pct. of 2025 Total
Personnel, net of Medical	$33,311,449	$33,443,622	$37,212,169	$39,515,348	$40,050,783	52.36%
Medical	9,764,674	11,755,194	13,124,343	15,318,149	13,591,137	17.77%
Services	5,972,562	7,214,154	10,631,125	9,156,068	10,549,338	13.79%
Supplies	2,148,222	2,454,068	3,288,521	3,483,335	3,513,038	4.59%
Debt Service	19,209,980	22,073,638	9,875,573	1,250,000	1,250,000	1.63%
Other Operating	785,734	577,666	869,260	967,553	996,904	1.30%
Transfers	285,822	0	2,800,000	31,992,470	2,063,619	2.70%
Tot Exps (Pre-Capital)	71,478,443	77,518,342	77,800,991	101,682,923	72,014,819	
Capital Expenditures	2,386,870	684,332	2,547,411	3,973,556	4,477,192	5.86%
Total Expenses	**$73,865,313**	**$78,202,674**	**$80,348,402**	**105,656,479**	**76,492,011**	**100.00%**

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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 - 2026

Employee Group	Covered Positions	2026 Total FTEs	Contract Expiration
Non-represented	Executive, management, confidential	128	N/A
FOP	All sworn police officers	125	renewed for 2026 - 2028
AFSCME	All non-executive, non-management, non-confidential employees are not otherwise covered in FOP or IAFF	160	renewed for 2026 - 2028
IAFF	All firefighters, lieutenants, captains, and battalion chiefs	91	December 31, 2026
Total		**504**	

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The following table shows the budgeted full-time equivalents by department going back to 2021. These counts reflect staffing levels which should remain relatively constant with budgetary positions for 2027 through 2030. 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 2021 - 2026

Bureau	2021	2022	2023	2024	2025	2026
City Council	9.00	9.00	10.00	10.00	2.00	2.00
Office of Mayor	4.00	4.00	6.00	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	6.00	8.00	8.00
Office of Solicitor	6.00	8.00	9.00	9.00	9.00	9.00
Office of the Business Administrator	3.00	2.00	2.00	2.00	2.00	2.00
Financial Management	7.00	7.00	8.00	8.00	7.00	5.00
Bureau of Licensing, Taxation, & Support	6.00	7.00	7.00	5.00	7.00	7.00
Grants Office	1.00	1.00	1.00	2.00	2.00	1.00
Communications	4.00	5.00	5.00	6.00	6.00	5.00
Office of Social Equity	1.00	1.00	1.00	0.00	0.00	0.00
Information Technology	7.00	7.00	7.00	7.00	7.00	7.00
Human Resources	6.00	6.00	7.00	7.00	7.00	7.00
Planning	4.00	4.00	4.00	4.00	3.00	4.00
Inspections and Code Enforcement	16.94	17.00	15.00	18.00	19.00	19.00
Office of Business Development	1.00	2.00	2.00	1.00	2.00	1.00
Bureau of Police	170.00	188.00	190.00	182.00	168.00	166.00
Facilities Maintenance	15.75	16.25	25.25	15.00	16.00	18.00
Parks and Recreation	0.00	0.00	3.00	3.00	10.00	9.00
Bureau of Vehicle Management	10.15	10.15	10.15	11.00	9.00	9.00
Traffic and Engineering	13.00	14.00	14.00	12.15	14.00	15.00
Host Municipality Fees Fund	3.00	3.00	3.50	3.50	3.00	3.00
Bureau of Fire	90.00	90.00	100.00	104.00	98.00	96.00
Neighborhood Services Fund	80.85	87.35	96.60	102.85	86.00	88.00
Federal Grants including CDBG	0.00	1.00	1.00	1.00	13.00	14.00
Total	**468.44**	**499.50**	**541.25**	**528.5**	**507.00**	**504.00**

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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 2026, the City and the FOP ratified a new collective bargaining agreement covering 2026 through 2028 and includes regular salary increases based on a fixed Pay Scale determined by years of service and job classification. Such increases are noted as being significantly material as designed to improve incentive for achieving stronger personnel retainability, with these increases within the Pay Scale being structured at levels representing roughly a 7% increase annually.

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. This Bureau of Fire labor contract expires on December 31, 2026.

The City and AFSCME have implemented earlier in 2026 a new collective bargaining agreement covering 2026 through 2028 including a 4% salary increase for 2026, 3% for 2027, and 3% for 2028; each AFSCME labor contract employee will also receive a $1,000 lump sum bonus for the 2026 year. Salary increases for non-represented (management) employees will average 2% to 3% annually for 2026 through 2028.

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 – 2026

Deduction for FOP is a percentage, but is also based on a 5-year Patrol Officer's salary reflecting a set dollar amount on a bi-weekly per pay basis.

FOP	
Tier of Coverage	Percent of base salary 2026 – 2028
Single coverage	2.5% - $77.17
2-person coverage	4.5% - $138.90
3-person coverage	5.5% - $169.77
4 or more-person coverage	6.5% - $200.64

AFSCME	
Tier of Coverage	Percent of base salary 2026 – 2028
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 with 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.

Healthcare Claims

The City, which self-insures, estimates $15.5 million for medical claim expenses in 2026. Medical expenses are potentially volatile expenditures that the City monitors closely. These expenses are projected to maintain at a $14.5 million set level for 2027 to 2030, with the anticipation of some years being below this level due to the absence of extraordinary occurring claims. 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 somewhat stabilize with gradual increases and stronger budget management.

Long-Term Debt

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon/Commonwealth 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 (Tower Bonds)	$13,405,989 as of 12/31/25 (estimate)	Acquire Strawberry Square site	Non-callable	2033	Zero Coupon (Taxable)	AGM

Table 9

Annual Debt Service Summary 2026 - 2030

	2026	2027	2028	2029	2030
HRA Series 1998A (Tower Bonds)	1,430,000	1,445,000	1,450,000	1,500,000	1,500,000
Total [1]	$1,430,000	$1,445,000	$1,450,000	$1,500,000	1,500,000

[1] **Represents the minimum annual debt service due from the City during 2026 to 2030.**

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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, 2024, 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	12/31/2024	12/31/2024	12/31/2024
Active Employees	130	93	331
Vested Former	3	1	19
Receiving Benefits	216	130	236
Total Participants	349	224	586

	12/31/2023	[1] 12/31/2024	12/31/2023	[1] 12/31/2024	12/31/2023	[1] 12/31/2024
Total Pension Liability	$102,791,174	$104,925,115	$82,517,783	$83,045,614	$80,693,047	$79,584,723
Plan Fiduciary Net Position	$101,936,855	$109,619,853	$91,603,135	$96,550,738	$83,481,830	$86,589,353
Net Pension Liability (Asset)	$854,319	($4,694,738)	($9,085,352)	($13,505,124)	($2,788,783)	($7,004,630)
Plan Fiduciary Net Position as % of Total Pension Liability	99.17%	104.47%	111.01%	116.26%	103.46%	108.80%

[1] **Reflective of a measurement date of December 31, 2024 based on a rolling forward of liabilities from the actuarial valuation date of January 1, 2023.**

Projection – MMOs are projected to increase in relation to being impacted with occurring salary/wages 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 2026. Per the most recent actuarial valuation dated January 1, 2024, Harrisburg's ending total OPEB liability for fiscal year 2025 was $142.9 million, compared with $144.9 million for fiscal year 2024.

Table 11
Other Post-Employment Benefit Summary
January 1, 2024 Actuarial Valuation for Fiscal Year
Ended December 31, 2025

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	$73,090,827	$43,602,335	$26,267,306	$142,960,468
Plan Fiduciary Net Position	0	0	0	0
Net OPEB Liability	$73,090,827	$43,602,335	$26,267,306	$142,960,468
Plan Fiduciary Net Position as a % of Total OPEB Liability	0%	0%	0%	0%
Net OPEB Liability as a % of Covered Employee- Payroll	683.11%	989.53%	1,524.77%	849.50%
OPEB Expense	$5,520,060	$2,440,829	$1,747,945	$9,708,834 [1,2]

[1] Based on actuarial valuation date of January 1, 2024 with an applicable measurement date of December 31, 2025.
[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, 2025 year-end value of $4.364 million. Such funds are to 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 – General Fund
2027 - 2030

	2027	2028	2029	2030
Personnel & Benefits (Net of Medical)	2.75%	2.75%	2.75%	2.75%
Medical [1]	flat	flat	flat	flat
Services	-	1%	1%	1%
Supplies	-	4%	flat	1%

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

4.1 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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4.2 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 2026 through FY 2030.

Table 13
Operating Expense Forecast – General Fund

	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030
Personnel (less Medical)	$40,574,063	$41,700,000	$42,800,000	$44,000,000	$45,200,000
Medical Claim Expenses	15,500,000	14,500,000	14,500,000	14,500,000	14,500,000
Services	12,992,165	11,625,000	11,725,000	11,800,000	11,875,000
Supplies	4,092,707	3,500,000	3,625,000	3,625,000	3,675,000
Other Operating	1,526,871	900,000	700,000	700,000	500,000
Transfers	6,192,110	0	0	0	0
Debt Service	1,430,000	1,445,000	1,450,000	1,500,000	1,500,000
Total Expenses (Pre-Capital)	82,307,916	73,670,000	74,800,000	76,125,000	77,250,000
Capital Expenditures	20,110,660	9,129,469	1,500,000	1,800,000	2,000,000
Total Expenses	**$102,418,576**	**$82,799,469**	**$76,300,000**	**$77,925,000**	**$79,250,000**

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5 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 continued relatively short-term future goal for the City is to enable borrowing ability for significant capital improvement needs currently beyond its available financial resources. The City still remains statutorily prohibited from borrowing, and thus acting upon its current credit rating, with it not yet finalizing the intergovernmental cooperation agreement with the ICA under Act 124 of 2018; such agreement has not been finalized due to the ongoing incinerator litigation claims which as well maintain the City's current Act 47 status as a financially distressed municipality. Once this litigation is resolved, the City can exit Act 47 and then finalize the ICA agreement resulting in the restoration of the City's borrowing power.

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, $142.9 million as of December 31, 2025, 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 $4.364 million as of December 31, 2025; 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, 2025 was $142.9 million. Similar to other municipalities, Harrisburg does not prefund its OPEB liabilities. During 2025 the City's actuarial OPEB expense amounted to $9.7 million and also $1.613 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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6 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 2026 - 2030 are given consideration and approach consistent with prior year developed five-year financial plans.

Table 14
Capital Improvement Expenditures - General Fund

Project Name	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Total
Bureau of Information Technology						
IT Equipment – Data Processing	$1,491,265	$300,000	$150,000	$125,000	$125,000	$2,191,265
City Treasurer's Office						
OPEX Mail Opener/Scanner	115,025	-	-	-	-	115,025
Bureau of Police						
Police Patrol Vehicles	285,243	-	150,000	100,000	-	535,243
Other Police Vehicles	-	-	-	-	-	-
Building Renovations	-	-	-	-	-	-
Other Police Equipment	-	25,000	-	50,000	25,000	100,000
Bureau of Fire						
Apparatus Replacement	1,315,000	-	-	350,000	350,000	2,015,000
Fire House Upgrades	1,485,000	-	-	50,000	50,000	1,585,000
Other Operations Equipment	-	-	25,000	25,000	-	50,000
Vehicle Management Center						
Vehicle – Equipment Related	90,000	-	75,000	125,000	-	290,000
Operations Equipment	19,283	50,000	-	50,000	75,000	194,283
Office of Engineering						
Vehicle – Equipment Related	200,596	-	125,000	125,000	-	450,596
Operations Equipment	287,800	75,000	-	75,000	75,000	512,800
Facilities Maintenance and Special Projects						
Broad Street Market Project	11,609,407	7,929,469	-	-	-	19,538,876
Various - Other	3,212,041	750,000	875,000	675,000	1,300,000	6,812,041
Parks, Recreation and Enrichment						
Other	-	-	100,000	50,000	-	150,000
Subtotal	**$20,110,660**	**$9,129,469**	**$1,500,000**	**$1,800,000**	**$2,000,000**	**$34,540,129**

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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 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Total
Building Improvements	$43,000	$75,000	$75,000	$250,000	$250,000	$693,000
Pub Works Related Vehicles	1,082,205	300,000	300,000	150,000	150,000	1,982,205
Equipment - Other	131,570	300,000	300,000	350,000	350,000	1,431,570
Subtotal	**$1,256,775**	**$675,000**	**$675,000**	**$750,000**	**$750,000**	**$4,106,775**

Table 16
Capital Improvement Projects - Capital Projects Fund [1]

Project Name	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Total
Streets/Roads Projects	$4,784,228	$500,000	$250,000	$125,000	$400,000	$6,059,228
Other Infrastructure	-	-	200,000	125,000	100,000	425,000
City bridges	121,406	-	-	200,000		321,406
Other Capital Related	500,000	-	50,000	50,000	-	600,000
Subtotal	**$5,405,634**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$7,405,634**

[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 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Total
General Fund	$20,110,660	$9,129,469	$1,500,000	$1,800,000	$2,000,000	$34,540,129
Neighborhood Services Fund	1,256,775	675,000	675,000	750,000	750,000	4,106,775
Capital Projects Fund (mostly infrastructure)	5,405,634	500,000	500,000	500,000	500,000	7,405,634
Total	**$26,773,069**	**$10,304,469**	**$2,675,000**	**$3,050,000**	**$3,250,000**	**$46,052,538**

7 Financial Forecasts

The City will set a minimum General Fund balance level target amount equal to two months of annual operating expenses (16.67%). 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 cash fund balance level higher than this 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 2026, the RACP grant award of $6 million for the FNB Field stadium upgrade project is still anticipated for receipt to occur by or before December 31, 2026 and is included in General Fund's projected year-end cash fund balance of $15.35 million.

The financial forecast indicated in Table 1 indicates a building stabilization trend over years 2026 through 2030, though impacted by the challenge of completing the Broad Street Market fire loss restoration project by the mid-year of 2027.

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8 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.

8.1 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
2021 - 2025

	2021	2022	2023	2024	2025
Department of Public Works	22,315	0	18,955	0	0
Collection and Disposal Fees	16,112,684	16,207,892	16,592,807	17,444,964	17,643,756
Miscellaneous	228,288	524,903	507,900	460,241	428,260
Intergovernmental	0	49,354	59,120	0	0
Transfers	0	0	0	540,452	4,181,841
Total Revenue	**$16,363,287**	**$16,782,149**	**17,178,782**	**18,445,657**	**22,253,857**
Personnel	5,541,753	5,509,391	6,373,848	6,378,606	7,278,602
Services	8,839,004	8,987,077	9,969,986	11,339,460	13,425,349
Supplies	591,118	481,064	568,438	506,734	753,130
Other - Capital	1,411,580	1,190,212	1,010,139	757,661	1,354,802
Other – Transfers	0	0	55,978	0	0
Prior Year Encumbrances	162,133	463,991	0	0	0
Total Expenditures	**$16,545,588**	**$16,631,735**	**$17,978,389**	**$18,982,461**	**$22,811,883**
Change in Cash Fund Balance	(182,301)	150,414	(799,607)	(536,804)	(558,026)
Cash FB - Beginning of Year	6,987,323	6,805,022	6,955,436	6,155,829	5,619,025
Cash FB - End of Year	**$6,805,022**	**$6,955,436**	**$6,155,829**	**$5,619,025**	**$5,060,999**

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Table 19
Neighborhood Services Fund Forecasts
2026 - 2030

	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Department of Public Works	127,500	80,000	80,000	80,000	80,000
Collection and Disposal Fees [1]	17,913,180	18,300,000	18,700,000	19,100,000	19,500,000
Miscellaneous	359,473	387,500	387,500	412,500	412,500
Intergovernmental	60,000	60,000	0	60,000	0
Transfers	2,995,265	0	350,000	0	350,000
Total Revenue	**$21,455,418**	**$18,827,500**	**$19,517,500**	**$19,652,500**	**$20,342,500**
Personnel	7,256,630	7,401,763	7,549,798	7,700,794	7,854,810
Services	11,820,216	10,500,000	10,600,000	10,750,000	10,900,000
Supplies	778,613	600,000	600,000	650,000	650,000
Other - Capital	1,256,775	675,000	675,000	750,000	750,000
Total Expenditures	**$21,112,234**	**$19,176,763**	**$19,424,798**	**$19,850,794**	**$20,154,810**
Change in Cash Fund Balance	343,184	(349,263)	92,702	(198,294)	187,690
Cash FB - Beginning of Year	5,060,999	5,404,183	5,054,920	5,147,622	4,949,328
Cash FB - End of Year	**$5,404,183**	**$5,054,920**	**$5,147,622**	**$4,949,328**	**$5,137,018**

[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 2026, the City is projecting such revenue to amount to $17.9 million compared with the prior year 2025 actual total of $17.6 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. Similar contract agreements with the other involved Boroughs of Penbrook and Paxtang have been recently extended through December 31, 2030 and December 31, 2028, respectively. 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 projected to be approximately $8.6 million for 2026, paid to Lancaster County Solid Waste Management Authority (LCSWMA). The applicable tipping fee rate for 2026 City tonnage disposal is currently $251.33 per ton to be adjusted annually in conformity with the calculation involving the occurring change in the Consumer Price Index.

Approximately 86 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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8.2 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
2021 - 2030

	2021 - Actual	2022 - Actual	2023 - Actual	2024 - Actual	2025 - Actual
Department of Parks and Recreation	56,642	41,744	43,820	39,561	0
Rental Income	199,362	379,738	379,738	379,738	379,738
Transfers [1]	5,581,342	0	2,800,000	5,202,018	1,956,519
Total Revenue	**$5,837,346**	**$421,482**	**$3,223,558**	**$5,621,317**	**$2,336,257**
Services	0	0	0	0	0
Other – Debt	5,581,342	0	0	0	0
Other – Capital [2]	50,000	0	0	1,074,421	10,472,147
Total Expenses	**$5,631,342**	**$0**	**$0**	**$1,074,421**	**$10,472,147**
Change in Cash Fund Balance	206,004	421,482	3,223,558	4,546,896	(8,135,890)
Cash Fund Balance - Beginning of Year	38,925	244,929	666,411	3,889,969	8,436,865
Cash Fund Balance - End of Year	**$244,929**	**$666,411**	**$3,889,969**	**$8,436,865**	**$300,975**

	2026 Budget	2027 Forecast	2028 Forecast	2029 Forecast	2030 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]	659,364	0	0	0	0
Total Revenue	**$7,084,364**	**$425,000**	**$425,000**	**$425,000**	**$425,000**
Services	0	0	0	0	0
Other – Debt	0	0	0	0	0
Other – Capital [2]	962,098	0	0	0	0
Transfers	6,423,241	425,000	425,000	425,000	425,000
Total Expenses	**$7,385,339**	**$425,000**	**$425,000**	**$425,000**	**$425,000**
Change in Cash Fund Balance	(300,975)	0	0	0	0
Cash Fund Balance - Beginning of Year	300,975	0	0	0	0
Cash Fund Balance - End of Year	**$0**	**$0**	**$0**	**$0**	**$0**

[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 made the determination to work with MLB to improve the stadium to assist in retaining the Senators franchise at FNB Field.

Appendix A

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 some are still currently affected to various degrees by available staff and recent turnovers in key financial management positions during 2025 and 2026.

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	2022-001 2022-005		2023-001 2023-004	Ongoing Resolution
Segregation of Duties	2022-002		2023-002	* Pending Resolution
Equipment & Real Property Management	2022-003		2023-003	Pending Resolution
Federal Financial Reporting	2022-004		N/A	Resolved for removal

* 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 working on the 2024 financial audit for significant completion prior to the end of current year 2026.

Appendix B

Presentation of Other Governmental Funds and Special Funds

The following individual summary schedules on pages 41 through 50 present annual projections of anticipated activity for the City's other governmental funds, including the Debt Service Fund and Capital Projects Fund, and the other several Special Funds which are consolidated within the General Fund for audited financial statement reporting purposes but are nevertheless individually appropriated for each fiscal year budget.

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

DESCRIPTION	FY 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Department of Public Works	327,945	400,000	400,000	400,000	400,000	400,000
Community and Economic Development	1,163,547	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Intergovernmental	1,554,467	2,478,035	500,000	500,000	500,000	500,000
Miscellaneous, including Interest Income	149,980	80,000	50,000	50,000	50,000	50,000
Interfund Transfers	-	594,330	-	-	-	-
Total Revenue	3,195,939	4,552,365	1,950,000	1,950,000	1,950,000	1,950,000
Other - Capital	2,526,844	5,405,634	500,000	500,000	500,000	500,000
Other - Transfers	1,825,000	1,425,000	1,300,000	1,150,000	1,150,000	1,150,000
Total Expenditures	4,351,844	6,830,634	1,800,000	1,650,000	1,650,000	1,650,000
Change in Cash Fund Balance	(1,155,905)	(2,278,269)	150,000	300,000	300,000	300,000
Cash Fund Balance - Beginning of Year	3,608,049	2,452,144	173,875	323,875	623,875	923,875
Cash Fund Balance - End of Year	2,452,144	173,875	323,875	623,875	923,875	1,223,875

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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Intergovernmental	1,309,345	1,267,617	1,300,000	1,300,000	1,300,000	1,300,000
Miscellaneous, including Interest Income	116,363	65,000	10,000	10,000	10,000	10,000
Total Revenue	1,425,708	1,332,617	1,310,000	1,310,000	1,310,000	1,310,000
Services	253,324	360,000	367,200	374,544	382,035	389,676
Supplies	485,382	516,305	526,631	537,164	547,907	558,865
Other - Capital	485,021	2,088,993	200,000	200,000	200,000	200,000
Other - Transfers	224,112	224,112	224,112	224,112	224,112	-
Total Expenditures	1,447,839	3,189,410	1,317,943	1,335,820	1,354,054	1,148,541
Change in Cash Fund Balance	(22,131)	(1,856,793)	(7,943)	(25,820)	(44,054)	161,459
Cash Fund Balance - Beginning of Year	2,179,914	2,157,783	300,990	293,047	267,227	223,173
Cash Fund Balance - End of Year	2,157,783	300,990	293,047	267,227	223,173	384,633

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 MUNICIPALITIES FEE FUND

DESCRIPTION	FY 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Community and Economic Development	373,938	386,250	397,838	409,773	422,066	434,728
Miscellaneous, including Interest Income	40,277	19,092	15,000	10,000	10,000	10,000
Total Revenue	414,215	405,342	412,838	419,773	432,066	444,728
Personnel	163,409	172,842	179,756	186,946	194,424	202,201
Services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other - Capital, Supporting Distributions	144,000	880,200	200,000	200,000	200,000	200,000
Other - Transfers	112,000	-	-	-	-	-
Total Expenditures	419,409	1,053,042	379,756	386,946	394,424	402,201
Change in Cash Fund Balance	(5,194)	(647,700)	33,082	32,827	37,642	42,527
Cash Fund Balance - Beginning of Year	793,035	787,841	140,141	173,223	206,050	243,692
Cash Fund Balance - End of Year	787,841	140,141	173,223	206,050	243,692	286,219

The Host Municipalities Fee 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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Department of Public Works	-	1,000	500	500	500	500
Department of Public Safety	31,470	28,500	29,355	30,236	31,143	32,077
Miscellaneous, including Interest Income	22,456	10,000	10,000	10,000	10,000	10,000
Total Revenue	53,926	39,500	39,855	40,736	41,643	42,577
Services	9,976	31,500	32,130	32,773	33,428	34,097
Supplies	-	12,000	12,240	12,485	12,734	12,989
Other - Transfers	200,000	-	-	-	-	-
Total Expenditures	209,976	43,500	44,370	45,257	46,163	47,086
Change in Cash Fund Balance	(156,050)	(4,000)	(4,515)	(4,522)	(4,520)	(4,509)
Cash Fund Balance - Beginning of Year	440,355	284,305	280,305	275,790	271,268	266,748
Cash Fund Balance - End of Year	284,305	280,305	275,790	271,268	266,748	262,240

The Blight Remediation Fund accounts for fee revenues and expenses related to the enforcement of ordinances governing blight and 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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Department of Public Works	41,933	42,000	43,260	44,558	45,895	47,271
Miscellaneous, including Interest Income	13,933	4,500	3,000	3,000	4,000	4,000
Total Revenue	55,866	46,500	46,260	47,558	49,895	51,271
Services	-	20,000	20,400	20,808	21,224	21,649
Supplies	-	5,000	5,100	5,202	5,306	5,412
Other - Transfers	250,000	149,177	-	-	-	-
Total Expenditures	250,000	174,177	25,500	26,010	26,530	27,061
Change in Cash Fund Balance	(194,134)	(127,677)	20,760	21,548	23,364	24,211
Cash Fund Balance - Beginning of Year	355,366	161,232	33,555	54,315	75,863	99,227
Cash Fund Balance - End of Year	161,232	33,555	54,315	75,863	99,227	123,438

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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Department of Public Safety	324	300	350	350	350	350
Rental Income	13,628	11,000	10,000	10,000	10,000	10,000
Miscellaneous, including Interest Income	11,464	3,500	12,000	12,000	15,000	15,000
Interfund Transfers	-	800,000	-	-	-	-
Total Revenue	25,416	814,800	22,350	22,350	25,350	25,350
Services	4,100	5,000	5,000	5,000	5,000	5,000
Supplies	-	-	15,000	15,000	15,000	15,000
Other - Capital	-	600,000	-	-	-	-
Total Expenditures	4,100	605,000	20,000	20,000	20,000	20,000
Change in Cash Fund Balance	21,316	209,800	2,350	2,350	5,350	5,350
Cash Fund Balance - Beginning of Year	129,556	150,872	360,672	363,022	365,372	370,722
Cash Fund Balance - End of Year	150,872	360,672	363,022	365,372	370,722	376,072

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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Department of Public Safety	26,577	128,915	75,000	75,000	75,000	75,000
Miscellaneous, including Interest Income	52,173	50,500	30,000	30,000	30,000	30,000
Total Revenue	78,750	179,415	105,000	105,000	105,000	105,000
Services	19,495	80,500	60,000	75,000	75,000	75,000
Supplies	1,428	43,000	15,000	15,000	15,000	15,000
Other - Capital	-	25,000	25,000	25,000	25,000	25,000
Other - Transfers	500,000	-	-	-	-	-
Total Expenditures	520,923	148,500	100,000	115,000	115,000	115,000
Change in Cash Fund Balance	(442,173)	30,915	5,000	(10,000)	(10,000)	(10,000)
Cash Fund Balance - Beginning of Year	944,433	502,260	533,175	538,175	528,175	518,175
Cash Fund Balance - End of Year	502,260	533,175	538,175	528,175	518,175	508,175

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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Community and Economic Development	130,913	120,000	80,000	85,000	85,000	85,000
Rental Income	47,191	45,000	45,000	45,000	45,000	45,000
Miscellaneous, including Interest Income	41,845	30,500	15,000	15,000	15,000	15,000
Total Revenue	219,949	195,500	140,000	145,000	145,000	145,000
Services	63,248	85,000	60,000	75,000	75,000	75,000
Supplies	7,329	40,000	15,000	20,000	20,000	20,000
Other - Capital	36,368	170,986	50,000	50,000	50,000	50,000
Other - Transfers	125,000	425,000	-	-	-	-
Total Expenditures	231,945	720,986	125,000	145,000	145,000	145,000
Change in Cash Fund Balance	(11,996)	(525,486)	15,000	-	-	-
Cash Fund Balance - Beginning of Year	698,321	686,325	160,839	175,839	175,839	175,839
Cash Fund Balance - End of Year	686,325	160,839	175,839	175,839	175,839	175,839

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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Department of Administration	-	-	-	-	-	-
Miscellaneous, including Interest Income	771	500	350	350	350	350
Total Revenue	771	500	350	350	350	350
Supplies	-	3,000	1,000	-	1,000	-
Other - Capital	-	7,000	-	-	-	-
Total Expenditures	-	10,000	1,000	-	1,000	-
Change in Cash Fund Balance	771	(9,500)	(650)	350	(650)	350
Cash Fund Balance - Beginning of Year	15,447	16,218	6,718	6,068	6,418	5,768
Cash Fund Balance - End of Year	16,218	6,718	6,068	6,418	5,768	6,118

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 2025 Actual	FY 2026 Budget	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Community and Economic Development	357,255	350,000	360,500	371,315	375,000	375,000
Miscellaneous, including Interest Income	18,946	15,000	15,000	15,000	15,000	15,000
Total Revenue	376,201	365,000	375,500	386,315	390,000	390,000
Services	303,781	380,000	350,000	357,000	364,140	371,423
Supplies	19,783	25,000	25,500	26,010	26,530	27,061
Other - Capital	-	-	-	-	-	-
Total Expenditures	323,564	405,000	375,500	383,010	390,670	398,484
Change in Cash Fund Balance	52,637	(40,000)	-	3,305	(670)	(8,484)
Cash Fund Balance - Beginning of Year	335,424	388,061	348,061	348,061	351,366	350,696
Cash Fund Balance - End of Year	388,061	348,061	348,061	351,366	350,696	342,212

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.

September 23, 2026

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

Re: submission of the 2027 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 2027 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 2026 Approved Amended Budget.

In accordance with Section 209(3)(ii) of the Act, I confirm I understand the 2026 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 2026 Approved Amended Budget is consistent with the financial plans of the City;
(b) The 2026 Approved Amended Budget includes funding adequate for debt service payments and legally mandated services;
(c) The 2026 Approved Amended Budget is based upon prudent, reasonable, and appropriate assumptions and methods of estimation; and
(d) The 2026 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

Wanda R.D. Williams
Mayor, City of Harrisburg

cc: Jeffrey Stonehill, Authority Manager
Danielle Hill, Council President
Lamont Jones, Council Vice President
Daniel Miller, City Treasurer
Neil Grover, City Solicitor
Antonio Megna, Business Administrator
Karen Balaban, City Controller

Office of the City Controller, Karen M. Balaban
Martin Luther King City Government Center
10 N. Second St.
Harrisburg, PA 17101

September 21, 2026

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

Re: Mayor's 2027 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 2027 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 2025. 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 $16.50 million in fiscal years 2027, $16.60 million in 2028, and $16.70 in 2029 and 2030. Actual Real Estate Tax collections between fiscal years 2017 and 2025 ranged from a low of $16.68 million to a high of $17.98 million with a mean value of $17.26 million. Variability in annual Real Estate Tax collections is low and the Administration's 2027 fiscal year projection is less than the mean value.

2. **Real Estate Transfer Tax** – The Administration projects Real Estate Transfer Tax revenue to be approximately $1.20 million in fiscal years 2027, $1.13 million in 2028, $1.20 million in 2029 and $1.13 million in 2030. Actual Transfer Tax collections between fiscal years 2017 and 2025 ranged from a low of $642,804 to a high of $2.16 million with a mean value of $1.01 million. The Administration's fiscal year 2027 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 $1.20 million in fiscal years 2027 and $1 million in 2028 to 2030. Actual Hotel Tax collections between fiscal years 2017 and 2025 ranged from a low of $0 to a high of $1.00 million with a mean value of $690,444 The Administration's fiscal year 2027 projection exceeds the maximum value.

4. **Local Service Tax** – the Administration projects Local Service Tax revenue to be approximately $6.75 million in fiscal years 2027 and 2028 and $6.83 million in 2029 and 2030. Actual Local Service Tax collections between fiscal years 2017 and 2025 ranged from a low of $6.49 million to a high of $7.41 million with a mean value of $6.75 million. Variability in annual Local Service Tax collections is low and the Administration's fiscal year 2027 projection approximates the mean value.

5. **Earned Income Tax** – The Administration projects Earned Income Tax revenue to be approximately $19.85 million in fiscal years 2027, $19.90 million in 2028 and $20.0 million in 2029 and 2030. Actual Earned Income Tax collections between fiscal years 2017 and 2025 ranged from a low of $11.45 million to a high of $18.68 million with a mean value of $14.75 million. Variability in annual Earned Income Tax collections has historically been low and the Administration's fiscal year 2027 projection exceeds the maximum value from the 2017-2025 data. The 2027 projections for Earned Income Tax revenue are on track for approximately $19.56 million. 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 $8.79 million in fiscal years 2027, $8.86 million in 2028 and 2029 and $8.95 million in 2030. Actual Mercantile/Business Privilege Tax collections between fiscal years 2017 and 2025 ranged from a low of $7.39 million to a high of $8.68 million with a mean value of $8.03 million. Variability in annual Mercantile/Business Privilege Tax collections is low and the Administration's fiscal year 2027 projection approximates the maximum value.

7. **Departmental Revenue** – The Administration projects Departmental Revenue to be $4.98 million in fiscal years 2027, $5.63 million in 2028, $5.04 million in 2029 and $5.44 million in 2030. Actual Departmental Revenue between fiscal years 2017 and 2025 ranged from a low of $4.54 million to a high of $5.83 million with a mean value of $5.11 million. Variability in annual Departmental Revenue collections is low and the Administration's fiscal year 2027 projection falls between the minimum and maximum values.

8. **Fines and Forfeits** – The Administration projects Fines and Forfeits revenue to be $968,311 in fiscal years 2027 and $975,000 in 2028 to 2030. Actual Fines and Forfeits collections between fiscal years 2017 and 2025 ranged from a low of $541,528 to a high of $889,062 with a mean value of $778,242. Variability in annual Fines and Forfeit collections is low and the Administration's fiscal year 2027 projection exceeds the maximum value.

9. **Licenses and Permits** – The Administration projects Licenses and Permits revenue to be $304,893 in fiscal years 2027 with 23% growth through fiscal year 2030 to $375,000. Actual Licenses and Permits collections between fiscal years 2017 and 2025 ranged from a low of $327,262 to a high of $635,509 with a mean value of $500,195. Variability in annual Licenses and Permits revenue is low and the Administration's fiscal year 2027 projection is less than the minimum value.

10. **Interest** – The Administration projects Interest revenue to be $500,000 in fiscal years 2027 and 2028 increasing to $575,000 in 2029 and $650,000 in 2030. Actual Interest collections between fiscal years 2017 and 2025 ranged from a low of $21,150 to a high

of $1.12 million with a mean value of $491,799. Variability in Interest revenue was higher (.74) likely due to extremely low interest revenue in fiscal year 2021. The Administration's fiscal year 2027 approximates the mean value.

11. **Rental** – The Administration projects Rental revenue to be $90,000 in fiscal years 2027 and 2028 and $100,000 in 2029 and 2030. Actual Rental collections between fiscal years 2017 and 2025 ranged from a low of $34,223 to a high of $625,938 with a mean value of $129,804. Variability in Rental revenue was 1.37 (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 2027 projection exceeds the minimum value but is less than the mean value.

12. **Miscellaneous** – The Administration projects Miscellaneous revenue to be $3.38 million in fiscal years 2027, $3.3 million in 2028 and $3.4 million in 2029 and 2030. Actual Miscellaneous collections between fiscal years 2017 and 2025 ranged from a low of $2.05 million to a high of $8.03 million with a mean of $3.43 million. Variability in Miscellaneous revenue was high (.51) likely due to higher-than-normal insurance reimbursements in 2023. The Administration's fiscal year 2027 projection approximates the mean value.

13. **Other Financing Sources** – The Administration projects Other Financing Sources revenue to be $50,000 in fiscal years 2027, 2028 and 2029 and $25,000 in 2030. Actual Other Financing Sources collections between fiscal years 2017 and 2025 ranged from a low of $0 to a high of $187,578 with a mean of $68,233. The Administration's fiscal year 2027 projection is less than the mean value but greater than the minimum value.

14. **Intergovernmental** – The Administration projects Intergovernmental revenue to be $12.1 million in fiscal year 2027, $14.6 million in 2028, $12.6 million in 2029 and $12.9 million in 2030. Actual Intergovernmental collections between fiscal years 2017 and 2025 ranged from a low of $4.8 million to a high of $12.03 million with a mean of $9.13 million. Variability in Intergovernmental revenue was low and the Administration's fiscal year 2027 projection approximates the maximum value.

15. **Interfund Transfers** – The Administration projects Interfund revenue to be $725,000 in each fiscal year from 2027 through 2030. Actual Interfund Transfers collections between fiscal years 2017 and 2025 ranged from a low of $0 to a high of $30.67 million with a mean of $5.80 million. Variability in Interfund revenue is high (1.60) 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').

Overall, historical General Fund revenue, adjusted for unusual or non-recurring events, is relatively consistent year over year (coefficient of variation = 4.91%). Actual total adjusted General Fund revenue between the years 2017 and 2025 ranged from a low of $62.36 million to a high of $73.81 million with a mean of $68.33 million. The Administration's fiscal year 2027 projection of $76.54 million $2.73 million more than the maximum amount of $73.81 million and is $8.21 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 $68.33 million to $73.81 million, which approximates a range between the mean revenue and the maximum revenue over the past nine 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 2027, and 2030 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,

Karen M. Balaban
Controller

cc: Wanda R.D. Williams, Mayor

City of Harrisburg
General Fund Revenue
FY 2017-2025 Actuals
FY 2026-2030 Projections

	Actuals								
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Real Estate Tax	16,678,784	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	2,159,053	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	1,000,000	714,000	700,000	1,000,000	900,000	900,000	-	-
Local Service Tax	6,654,571	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	18,683,586	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	8,423,265	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	416,241	429,295	419,017	308,574	351,853	317,413	1,151,510	1,126,360	1,090,501
Building & Housing	2,299,905	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	1,944,949	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	9,629	53,743	246,069	322,306	939,491	616,659	610,176	633,302	665,914
Parks & Recreation	9,481	16,785	8,620	9,870	2,706	265	13,801	5,181	10,110
Total Departmental Revenue	4,680,204	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	862,380	803,980	803,072	719,628	889,062	541,528	745,232	874,079	855,222
Licenses & Permits	327,262	383,019	431,117	499,166	516,702	546,713	570,074	592,192	635,509
Interest	778,754	1,115,079	964,631	355,311	21,150	342,007	531,381	219,204	98,671
Rental	89,228	84,634	625,938 [6]	90,130	105,835	35,283	68,231	34,730	34,223
Miscellaneous	3,167,831	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	187,578	94,260	173,204	41,020	1,500	27,246	61,875	-	27,412
Intergovernmental	4,753,220	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	3,940,666	30,668,932	1,245,978	9,958,311	2,966,174	2,856,614	-	409,034	134,602
Total Revenue	72,386,381	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	72,386,381	105,656,479	80,348,402	78,202,674	73,865,313	65,212,518	68,799,019	66,524,501	66,299,496
Less Unusual or Non-Recurring Revenue Sources	-	(30,668,932) [8]	(6,186,307) [5][6]	(8,863,207) [2]	(2,966,174) [3]	(2,856,614) [4]	-	-	-
Total Rev Less Non-Recurring	**72,386,381**	**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 2017-2025 Actuals
FY 2026-2030 Projections

	Statistics (Actuals)					Administration Projections				
	Average	**Min**	**Max**	**Std Dev**	**Coef Var** [7]	**2026 Proj**	**2027 Proj**	**2028 Proj**	**2029 Proj**	**2030 Proj**
Real Estate Tax	17,264,183	16,678,784	17,981,087	465,225	0.03	16,588,587	16,500,000	16,600,000	16,700,000	16,700,000
Real Estate Transfer Tax	1,010,593	642,804	2,159,053	418,627	0.41	1,125,000	1,200,000	1,125,000	1,200,000	1,125,000
Hotel Tax	690,444	-	1,000,000	384,328	0.56	1,000,000	1,200,000	1,000,000	1,000,000	1,000,000
Local Service Tax	6,748,183	6,488,369	7,413,159	254,878	0.04	6,652,655	6,750,000	6,750,000	6,825,000	6,825,000
Earned Income Tax	14,746,375	11,446,980	18,683,586	2,694,726	0.18	19,554,455	19,847,772	19,900,000	20,000,000	20,000,000
Mercantile/Business Tax	8,034,174	7,391,790	8,677,371	403,544	0.05	8,681,417	8,789,935	8,875,000	8,875,000	8,950,000
Departmental Revenue										
Administration	623,418	308,574	1,151,510	355,731	0.57	437,265	443,824	450,000	475,000	475,000
Building & Housing	1,957,345	1,561,585	2,299,905	245,075	0.13	2,265,958	2,150,000	2,150,000	2,250,000	2,300,000
Public Safety	2,065,642	1,785,059	2,331,297	165,949	0.08	1,911,376	2,000,000	2,000,000	2,000,000	2,000,000
Public Works	455,254	9,629	939,491	294,740	0.65	618,174	375,000	625,000	275,000	625,000
Parks & Recreation	8,535	265	16,785	4,883	0.57	10,000	20,000	37,500	40,000	40,000
Total Departmental Revenue	5,110,194	4,542,875	5,832,157	479,294	0.09	5,242,773	4,988,824	5,262,500	5,040,000	5,440,000
Fines & Forfeits	788,242	541,528	889,062	102,961	0.13	954,001	968,311	975,000	975,000	975,000
Licenses & Permits	500,195	327,262	635,509	95,744	0.19	292,510	304,893	325,000	325,000	375,000
Interest	491,799	21,150	1,115,079	363,225	0.74	689,698	500,000	500,000	575,000	650,000
Rental	129,804	34,223	625,938	177,290	1.37	181,870	90,000	90,000	100,000	100,000
Miscellaneous	3,426,026	2,048,547	8,028,622	1,731,438	0.51	12,024,793	3,375,000	3,300,000	3,400,000	3,400,000
Other Financing Sources	68,233	-	187,578	65,976	0.97	75,000	50,000	50,000	50,000	25,000
Intergovernmental	9,134,917	4,753,220	12,030,302	2,026,743	0.22	18,850,000	12,050,000	14,575,000	12,600,000	12,875,000
Interfund Transfers	5,797,812	-	30,668,932	9,258,299	1.60	11,490,844	725,000	725,000	725,000	725,000
Total Revenue	74,053,462	65,212,518	104,482,463	11,527,789	0.16	103,403,603	77,339,735	80,052,500	78,390,000	79,165,000
Fund Balance Appropriation						-	6,259,734	-	-	85,000
Total Resources	75,254,976	65,212,518	105,656,479	11,869,641	0.16	103,403,603	83,599,469	80,052,500	78,390,000	79,250,000
Less Unusual or Non-Recurring Revenue Sources						(26,863,868) [9]	-	-	-	-
Total Rev Less Non-Recurring	**68,326,658**	**62,355,904**	**73,813,531**	**3,357,208**	**0.0491**	**76,539,735**	**77,339,735**	**80,052,500**	**78,390,000**	**79,165,000**

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 = Standard Deviation / Mean

(8) Includes $30,668,932 interfund transfer of ARPA funds from Federal Grants Fund.

(9) Includes $8,798,024 of unusual insurance reimbursements for the BSM Fire, $7,000,000 capital fire protection for 2025 received in 2026, $6,000,000 for RACP Stadium Project reimbursements, CDBG interfund transfer to the General Fund for BSM project and accummulated interest income from the Grants Fund.