

City of Harrisburg
Dauphin County, Pennsylvania



2021 Five-Year Financial Plan

Submitted to:

Intergovernmental Cooperation Authority of Harrisburg

Rev. Dr. Martin Luther King, Jr. City Government Center
10 North 2nd Street
Harrisburg, PA 17101

April 30, 2021



Table of Contents

1	Introduction.....	1
2	American Rescue Plan Act (“ARPA”)	4
3	Historical Financial Results	5
3.1	Summary of Principal Funds.....	5
3.2	Five-Year Operating History	6
4	Revenues.....	7
4.1	Revenue Initiatives.....	11
4.2	Revenue Forecasts	15
5	Expenses	16
5.1	Expense Initiatives	26
5.2	Expense Forecasts	29
6	Other Initiatives	31
7	Capital Improvement Plan	36
8	Financial Forecasts	40
8.1	Initiatives Summary	41
9	Principal Proprietary Funds	43
9.1	Neighborhood Services Fund.....	43
9.2	Harrisburg Senators Fund	45
9.3	Other Non-Major Funds.....	46
	Appendix A.....	47
	Baseline Financial Forecast by Department	47
	Appendix B	53
	Financial History and Forecast – Non-Major/Special Revenue Funds.....	53
	Appendix C	63
	Unfunded Priority One Capital Improvement Projects.....	63
	Priority Two Capital Improvement Projects	65
	Appendix D.....	68
	Progress Towards Resolving Audit Findings	68



1 Introduction

The City of Harrisburg (“Harrisburg” or the “City”) delivers this 2021 Five Year Financial Plan which demonstrates the ability to achieve balanced budgets, maintain sufficient fund balances, and increase spending for critical capital needs. The City’s current fiscal condition is a considerable turnaround from several years ago when it first encountered fiscal distress. Harrisburg has taken important steps to initiate a transformation from a city that was managing decline and disarray to one that can operate strategically with a responsible, forward-looking perspective. This five-year plan outlines a roadmap to structural budgetary balance, tax rate stability, and enhanced community investment.

The road back to fiscal stability has involved difficult decisions and managerial discipline. The City has sold assets, cut staff, and increased taxes. The Harrisburg community, city employees, and a variety of stakeholders have been forced to make significant sacrifices.

The tough choices have produced meaningful and measurable results. The City has successfully balanced operating budgets each year since 2014 (including in 2020 during a global pandemic); increased reserves; and reformed services. The City has a manageable debt portfolio and can realistically project surpluses into the future. The City is seeking to reestablish a credit rating and is positioned to reenter the debt markets for the first time in over 10 years.

The City understands it must build on recent successes to avoid regressing back into fiscal distress. The City, Commonwealth, and country are still coping with the COVID-19 health crisis which, despite significant relief packages, poses fiscal risks to local governments. The City is responding to the needs of local businesses impacted most impacted by the crisis and maintaining its operating reserves at sufficient levels in case of further negative COVID impacts.

In addition, the City continues to improve its management infrastructure to ensure that it can identify and appropriately respond to future fiscal challenges. These fiscal management strategies include institutionalizing the multi-year financial planning process, refining and improving the capital improvement planning process, adhering to adopted fiscal policies such as the debt management and fund balance policy, and investing in new financial management software. In recent year, the City has exercised disciplined fiscal management and conservative budgeting practices which has resulted in surpluses and operating reserves. The City understands that its management practices require constant self-examination and improvement, which is part of the overall recovery strategy.

The following are among the key factors and initiatives impacting Harrisburg’s fiscal position in the coming years.

Extension of Special Taxing Powers

In November 2020, the state legislature passed and the Governor signed into law an amendment to the state fiscal code to extend the City’s special taxing powers, which accounted for 20% of General Fund revenue in 2020. Provisions under Act 47 and Act 124 allowed the City to impose higher Earned Income Tax (“EIT”) and Local Services Tax (“LST”) rates than were otherwise allowed by law.



In 2020, the City’s special EIT and LST taxing powers generated approximately \$12.4 million (\$8.2 million in EIT and \$4.2 million in LST). The expiration of these taxing powers would have resulted in a fiscal cliff that might have required draconian budget cuts, which will now be avoided without any increases in existing tax rates.

The change to the fiscal code is a breakthrough development that resolves the most serious, immediate budgetary issue facing the City. The benefit cannot be overstated.

Debt Reduction

Harrisburg and one of its key creditors, Ambac Assurance Corporation (“Ambac”), reached an agreement regarding the City’s Series 1997D and Series 1997F General Obligation Bond forbearance liability and the Harrisburg Redevelopment Authority Series 2005A-2 Bonds (“Series 2005A-2 Bonds”), which are guaranteed by the City. The agreement requires the City to defease the Series 2005A-2 Bonds in exchange for a substantial reduction in the forbearance liability related to the Series 1997D&F General Obligation debt. The agreement also involves a temporary reduction in the interest rate applied towards the liability and an optional upfront prepayment from the City towards the forbearance liability in exchange for additional credit towards the overall liability. Finally, the agreement lays the groundwork to refinance existing debt, the net result of which will generate recurring budgetary savings and preserve fund balance.

Capital Infrastructure Investment

Years of fiscal distress resulted in significant deferred maintenance and a backlog of unfunded capital projects. While needs still exceed resources, momentum is beginning to shift. The extension of the EIT and LST taxing powers resolves revenue uncertainty that has been hanging over the City for years. Five-year projections in this plan show material annual increases in General Fund support for capital projects beginning in 2022. Moreover, expected American Rescue Plan Act relief (described below) is also another likely funding source to address outstanding capital needs. Finally, if the City is successful in re-entering the debt markets later this year, it will not be necessary to rely solely on pay-as-you-go funding for projects that may have long-term useful lifespans. The improved capital funding capacity is essential to the City’s long-term fiscal position and ability to deliver services to the citizenry.

Economic Development

Key to securing the City’s long-term health is expanding its economic base and the growth of its own local tax revenues. The City’s economic development efforts over the last several months were focused on helping the local business community cope with COVID related pressures and hardships. The City provided technical assistance and created programs to help local small businesses survive during this difficult time.

Though the immediate crisis has required a series of policy responses that are short-term in nature, the City has not lost sight of its commitment to long-term economic development and growth. The City is taking aggressive and necessary steps to achieve its goals. As part of the City’s Five-Year Economic Development Plan, the Bureau of Economic Development has created initiatives that will help to grow the



economy, revitalize neighborhoods, and provide opportunities for individuals and families to live, work, and play, in Harrisburg.

American Rescue Plan Act

Harrisburg’s fiscal recovery was well underway prior to the passage of the American Rescue Plan Act (“ARPA”) and the associated allocation of stimulus and relief measures. Allocations from the 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 estimated ARPA allocation is \$48.8 million, representing a unique opportunity to support critical community initiatives. The City is still awaiting detailed guidelines for ARPA expenditure but intends apply the funds in a way that does not conflict with its multi-year financial planning goals.

The City has made significant strides to emerge from distressed status and this plan represents another key step towards full fiscal recovery. The City looks forward to collaborating with the Authority, state and local elected leaders, City employees, and other stakeholders to reach this goal.

(remainder of page intentionally left blank)



2 American Rescue Plan Act (“ARPA”)

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

State and local government recipients may use the funds to cover costs by December 31, 2024. The funds will be distributed in two tranches with 50% delivered no later than 60 days from the date of the ARPA enactment and the remainder delivered no earlier than one year later.

The City’s estimated total allocation is \$48.8 million. The City is still awaiting details on permissible expenditures; however, initial guidance from the Department included the following allowable uses:

- Respond to the COVID-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality.
- Provide premium pay to essential employees or grants to their employers. Premium pay cannot exceed \$13 per hour or \$25,000 per worker.
- Provide government services affected by a revenue reduction resulting from COVID-19.
- Make investments in water, sewer, and broadband infrastructure.

State and local governments could transfer funds to private nonprofit groups, public benefit corporations involved in passenger or cargo transportation, and special-purpose units of state or local governments.

Local governments cannot use the funds towards pensions.

The ARPA has the potential to be transformative for the City. It represents a unique opportunity to solidify the City’s fiscal position, invest critical infrastructure needs, and support other community initiatives. The aid does not need to be spent until 2024, which allows the City to develop a strategic and deliberate plan. However, since the detailed guidelines have not been released yet and specific allowable uses are still unclear, no ARPA expenditures are reflected in this document.

The ARPA funds will potentially impact many aspects of its five-year plan including, but not limited to, unrestricted fund balance levels, available capital program funds, and community and economic development. The City is committed expending its ARPA funds in a manner that does not conflict with its multi-year financial planning goals.



3 Historical Financial Results

This section presents a picture of Harrisburg’s financial results since 2016 and provides the basis for revenue and expense growth expectations for the future. Based on historical operating results, trends, and existing contracts, this chapter develops the growth assumptions for revenues and expenses that are the foundation for the five-year financial forecasts.

3.1 Summary of Principal Funds

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

- General Fund – Primary operating fund and accounts for all financial resources except those accounted for in another fund.
- Debt Service Fund – Accounts for the accumulation of resources, which are principally transfers from other funds, for the payment of general long-term obligation principal, interest, and related costs.

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

Basis of Accounting

All City funds are audited in accordance with Government Accounting Standards Board (“GASB”) standards. The Bureau of Financial Management makes annual adjustments for proper financial presentation within the audited Comprehensive Annual Financial Report. However, for budgeting and internal financial management purposes, the City accounts for financial activity on a budgetary basis which includes 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 year-to-date actuals compared to annual budget amounts as well as reflecting open encumbrance balances outstanding as of month-end; though not yet actually paid on the cash basis, the open encumbrance balances are viewed as a further committed reduction of available cash creating the transition from cash basis accounting to a reduced fund balance on a budgetary basis. Such reporting does not include any accruals for receivables or payables, nor any non-cash expenditures, as the budget is predominantly viewed internally as a working tool to monitor the City’s ongoing changes in its critical available cash position. The financial schedules in this plan use the same 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 have expressed a willingness 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 the modified accrual basis of accounting and budgetary basis of accounting in its budget document.



Several issues must be resolved before this transition can be made. First, the City is in the process of updating its financial management system, which will facilitate GASB compliance. The City has issued a request for proposals from vendors and will begin system implementation and staff training later this year.

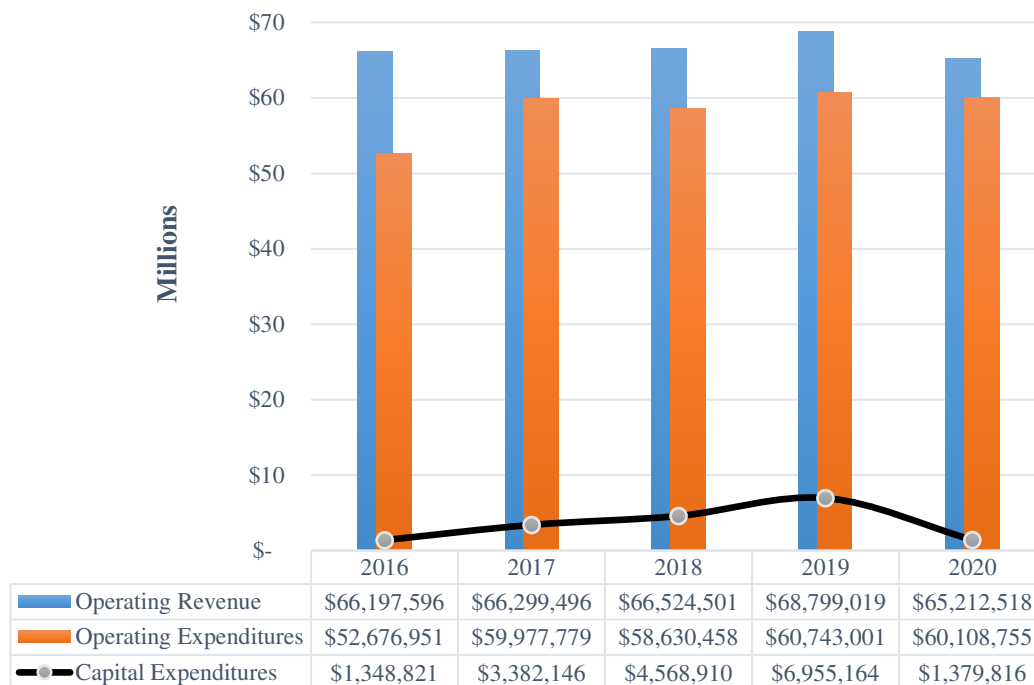
The City is also in the process of filling key positions in the finance department, including placing a new Finance Director. The City is searching for a candidate that is familiar with the GASB requirements and can lead the department through this transition. The City has recently filled the vacant Budget Manager position which will relieve some burden on the rest of the staff over the last few months.

For additional information on actions the City is taking to improve its financial management infrastructure, please see Appendix D – Progress Towards Resolving Audit Findings.

3.2 Five-Year Operating History

As illustrated in the chart below, the City has achieved operating surpluses in each year from 2016 through 2020. The City has made modest contributions to capital improvements in recent years to help address a backlog of deferred maintenance projects.

**Operating Results
2016-2020**





4 Revenues

The table below presents a five-year history of Harrisburg's revenues by major category. From 2016 to 2019, overall revenues increased 4.7%. The City realized lower revenues in 2020 due to COVID-19 related impacts on the local economy.

Real Estate taxes are the City's primary revenue source representing 26% of all revenues. The City's three highest revenue sources, Real Estate, Earned Income, and Local Services taxes, combined comprise 55% of Harrisburg's operating revenues. The percentage of these sources' share of total revenues is larger than usual in 2020 due to steep declines in parking related income.

Key Operating Revenues 2016-2020

	2016	2017	2018	2019	2020	Pct of Rev
Real Estate Taxes	17,323,448	17,594,105	17,659,922	17,240,236	16,879,692	26%
EIT - Act 511 (est)	3,863,927	4,006,443	4,163,356	4,466,620	4,458,689	7%
EIT - Act 124 (est)	7,175,864	7,440,537	7,731,946	8,295,152	8,280,423	13%
LST - Act 511 (est)	1,534,982	2,594,606	2,354,177	2,388,538	2,270,929	3%
LST - Act 124 (est)	2,850,680	4,818,553	4,372,042	4,435,856	4,217,440	6%
Mercantile Business Taxes	3,436,378	3,646,714	3,756,958	3,943,111	3,866,588	6%
Realty Transfer Tax	560,998	642,804	1,026,603	1,026,697	843,880	1%
Hotel Fee	840,000	0	0	900,000	900,000	1%
Parking Taxes	3,783,428	3,967,513	3,961,779	4,255,144	3,523,170	5%
Ground Lease	1,093,623	974,526	1,460,125	1,275,290	287,388	0%
Priority Payment	1,717,788	1,457,735	2,097,494	2,241,682	231,331	0%
Parking Tickets	447,119	423,493	422,889	381,107	259,533	0%
State Public Safety Contribution	5,000,000	5,000,000	5,000,000	5,162,039	5,128,284	8%
Pension Aid	2,545,914	2,639,729	2,894,903	3,310,806	3,163,377	5%
Fees/Permits	1,971,941	2,781,236	2,568,695	2,298,779	2,189,743	3%
TV Franchise License	572,217	607,259	564,392	570,000	522,963	1%
Medical/Employee Contribution	598,009	641,211	765,967	773,195	785,864	1%
Police Extra Duty	660,784	715,040	881,981	769,502	1,064,919	2%
PILOTS	728,031	542,364	809,462	654,938	728,893	1%
Vehicle Maint. Charge Backs	375,030	396,092	363,793	338,222	333,477	1%
Transfers from Other Funds	857,166	811,103	1,088,847	811,063	0	0%
Other	8,260,269	4,598,431	2,579,171	3,261,042	5,275,934	8%
Total	\$66,197,596	\$66,299,496	\$66,524,501	\$68,799,019	\$65,212,518	100%



The following is a description of each major operating revenue source followed by an annual growth assumption for the multi-year financial forecast.

Real Estate Taxes – In 2019, the City collected approximately \$17.2 million in Real Estate taxes, including \$15.1 million in current Real Estate taxes and \$2.1 million in delinquent taxes. The City collected \$16.9 million in Real Estate tax revenue in 2020 including \$14.9 million in current and \$1.96 million in delinquent collections.

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

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

Projection – Current collections for 2021 are projected to rebound modestly from 2020. Current collections are projected to grow 0.5% annually from 2022 to 2025, reflecting limited increases in assessed values and a constant collection rate. No change in millage rate is assumed. Delinquent collections are projected to remain flat in 2021 and then increase by 1% annually through 2025.

Earned Income Taxes – 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 1.0% 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. These special taxing powers were scheduled to expire with the termination of the ICA at the end of calendar year 2024, but, as noted above, the recent change to the state fiscal code extends the EIT taxing power indefinitely.

The City collected \$12.7 million in 2020, which, despite the COVID pandemic, was in line with 2019 collections.

Projection – In preparation for a slow economic recovery, the City budgets a decline in revenue from \$12.9 million in 2020 to \$12.5 million in 2021. The five-year projections assume a stronger recovery in 2022, with lower unemployment rate and expanding labor force by year end. The projections also assume 1% annual wage growth from 2022 through 2025 and steady labor force.

Local Services Taxes – The Local Services Tax is an annual \$52 tax (or \$1 per week) charged to every person working in the City that 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 provided by the municipality irrespective of the person's residency.

Among other amendments to Act 47 that were enacted in late 2014 was the ability of Act 47 communities to increase the LST from \$52 per year 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 calendar year 2024. However, the change in the fiscal code extends these full special taxing powers for 10 years and then extends 50% of the special taxing power for another 5 years.

Harrisburg's LST collections were approximately \$6.8 and \$6.5 million in 2019 and 2020, respectively.

Projection – LST projections from 2021 through 2025 are based on the same employment level assumptions described in the EIT assumption above.

Parking Taxes – The City imposes a 20% tax on all revenues generated from off-street parking lots and garages (not meters). In 2019, the City realized \$4.3 million in Parking Tax revenues; however, 2020 revenues were just \$3.5 million.

Projection – This plan projects Parking Tax revenues to rebound in 2021, but not reach 2019 levels until 2022. The projections assume 0.5% annual growth in 2023 and 2025; however, these revenues are at risk with the prospect of increased telecommuting and reduced parking activity in the City.

Mercantile Business Privilege Tax – The Mercantile Business Privilege Tax (“BPT”) is a tax on gross receipts on business activity conducted in the City. Revenues from this tax has increased from \$3.2 million in 2015 to \$3.9 million in 2019.

Projection – The City collected \$3.9 million in 2020. However, because of the timing of BPT filing and payment of taxes, the negative COVID-related impacts on this revenue source will not be fully realized until 2021. The projections assume 2021 revenue equal to \$2.8 million. The projections also assume a gradual recovery to 2019 levels by 2023 and 0.05% growth in 2024 and 2025.

Realty 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 has averaged \$800,000 annually over the last five years. Based on year-to-date collections, the City collected \$843,000 for 2020 and projects \$800,000 annually from 2021 through 2025.

State Public Safety Contribution – The Commonwealth provides a \$5 million annual payment to the City to defray the costs of fire service. This payment is not guaranteed and may be discontinued at any time. Also in this category are various public safety fees and income, which usually amount to about \$100,000.

Projection – The projection assumes the \$5 million payment from the Commonwealth will be constant.

State Pension Aid – Harrisburg, like other Pennsylvania municipalities that provide pension benefits to their police officers and firefighters, receives aid from the Commonwealth to support its pension funds. Funding levels are determined by beneficiary headcount, workforce size, pension costs, and how much the state takes in as foreign insurance tax revenue (the primary state funding source for state aid).

Projection – The multi-year projection assumes 2% annual increases in pension aid, consistent with recent trends.



Ground Lease/City Priority Payments – The monetization of the parking system resulted in two revenue streams to the City, including a ground lease for long-term access to the parking structure and payments to compensate the City for revenues lost when the previous arrangement was eliminated. These payments are determined by an asset transfer agreement but are still conditional on the level of parking activity and revenues generated by the parking system, both of which were decimated by the COVID pandemic.

Projection – Per the asset transfer agreement, the City was to receive \$2.3 million in 2020, but only realized \$519,000. Because of the “waterfall” arrangement of parking revenues and the requirement to replenish depleted reserves, revenue in 2021 and beyond are also at risk. These projections assume \$0 in Ground Lease/City Priority Payments in 2021 and just 50% of the contracted amount in the asset transfer agreement for 2022 before returning to the full contracted amounts in 2023.

Fees/Permits – The City collects fees and permits revenue for a variety of functions. Building permits, rental inspections, and street cutting inspections are the three main revenue sources in this category.

Projection – These projections assume 2021 revenues about even with 2020 but will not return to 2019 levels until 2022. These revenues are projected to grow 1.5% annually from 2023 to 2025.

TV Franchise License – The City receives fees from private cable television companies as compensation for using public property as right-of-way for its cable.

Projection – Projected 2021 revenue is modestly higher than 2020 collections. These revenues are projected to be flat from 2022 through 2025.

Employee Medical Contribution – These receipts are from regular employee contributions towards insurance premiums.

Projection – The projected annual growth rate is consistent with projected salary growth rate.

Police Extra Duty – The City receives reimbursement for providing police service at certain special events and facilities.

Projection – Projected Extra Duty income is based on past performance and 2% annual increases.

Transfers from Other Funds – These are transfers from the Neighborhood Services Fund to reimburse the General Fund for certain equipment expenses.

Projection – The City will eliminate transfers from the Neighborhood Services Fund beginning in 2022. The City projects future transfers from the Senators Fund, which is discussed further in Section 3.1, Revenue Initiative 1.

Other Revenues – Other Revenues include miscellaneous items such as contributions and donations, demolition collections, and others. One-time \$2.8 million in COVID relief from Dauphin County and a \$150,000 reimbursement from Capital Blue Cross are part of Other Revenues in 2020. In 2021, the City



budgets \$2.5 million for a one-time federal grant to fund a sink hole project that is categorized as Other Revenue in this plan.

4.1 Revenue Initiatives

1) Redirect Park Permit Revenues to General Fund

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

Following the successful defeasance of the Series 2005A-2 Bonds, the City should terminate the assignment of the Park Permit revenues to the HCBC for the benefit of the General Fund. The Park Permit has generated approximately \$400,000 in annual revenue in recent years; however, future revenues are largely contingent on minor league baseball resuming at the stadium. The projections reflect an additional \$400,000 in Transfers from Other Funds beginning in 2022 to account for these revenues. No revenue from this source is assumed for 2021.

2) Continue to Pursue Increased Payment in Lieu of Tax (PILOT) Agreements

Approximately 50% of assessed value in Harrisburg is non-tax revenue generating because it is used 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.

Prior to the COVID pandemic, the City sent approximately 18 letters to non-profit entities to solicit PILOT contributions and received one voluntary payment as a result. The City successfully renegotiated a large PILOT and Municipal Services agreement increasing the contribution by \$150,000.

Post-COVID, the City will send additional letters and continue to work through existing 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 assessed value of the property in Dauphin County.

3) Improve Collection Rates in the Neighborhood Services Fund

The collection rate (combined current and delinquent fees) for the Neighborhood Services Fund is about 85% of current year charges. The City will set the goal of improving the collection rate from 85% to 88% by 2022 and to 93% beginning in 2023. An 88% collection rate will generate approximately \$500,000 in incremental revenue and a 93% rate will generate \$1.3 million compared to current levels. A 93%



collection rate is achieved in other communities and is a reasonable goal. The benefit of this initiative is assumed to be realized over time, rather than instant short-term improvement.

Prior to the COVID pandemic, the City mailed letters to all delinquent residential trash accounts. A sampling of 500 letters were sent out in November 2019, resulting in 37% of those accounts making a payment. In January of 2020, an additional 2,778 letters were mailed out to delinquent residential trash accounts, resulting in 22% of those accounts making a payment. The City's Communications/Marketing team also began to notify the public via various social media platforms, along with sending out inserts in the trash bills. The communications were established over several months and informed the billpayers of the various methods in which payment can be made to the City, which lead to notification that the City will be actively pursuing delinquent accounts. The Public Works team reviewed returned mail to find more accurate billing addresses. The City also began the process of combining the filing of civil complaints for delinquent trash bills and delinquent mercantile taxes and/or landlord licenses. The City recently received judgements on some of these accounts.

The Business Administrator will oversee activities related to improving Neighborhood Services Fund collection rates. The City has identified several tasks that are each assigned a lead that will develop a more detailed action plan and benchmarks. The Business Administrator will meet with task leads on at least a quarterly basis to review progress on implementing each initiative and ensure the team is working collaboratively where appropriate.

The City will monitor NSF budget versus actual and year-over-year fee collection reports on a quarterly basis. The Business Administrator is currently exploring other reporting options to include subsets of the fee collection data including commercial, residential, newly current, newly delinquent, and other categories of customer accounts. Some of these reports are currently beyond the capabilities of the financial software which the City will seek to address when it procures a new financial system later this year.

4) Review Service Delivery Alternatives

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

- A transfer of the Communications Center for emergency calls to Dauphin County.
- 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.
- The transfer of the partial City ownership and operation of water and sewer services exclusively to CRW.
- The long-term lease and operation of the City's parking garages and on-street metered parking system to the Pennsylvania Economic Development Financing Authority ("PEDFA") and the Pennsylvania Department of General Services ("DGS").



Police Services

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

Fire Services

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

Procurement

The City joined the Capital Area Procurement Council of Government ("CAPCOG"), which provides advantages in certain (but far from all) categories of purchasing. Also, the City frequently participates in the Costars Program operated by DGS for more efficient purchasing. Similarly, the City participates in electrical purchases on a brokered platform provided by the Commonwealth.

Information Technology

The City has worked with a series of Information Technology professionals through teams at Harrisburg University to explore stabilizing, operating, and modernizing essential governmental computer services. The City shares certain technologies relating to policing; utilizes County web-based information for aspects of property and tax data; and routinely accesses the data of other governmental entities to improve efficiencies.

Waste Removal

The City upgraded its solid waste and recycling services to better satisfy public health needs through its Neighborhood Service Fund and thereby tackle significant blight and trash issues. The City has entered into a successful partnership with Steelton Borough whereby Steelton residents pay Harrisburg a flat fee for trash and recycling services. Providing the service to the Borough has resulted in additional annual revenues of about \$640,000 to the Neighborhood Services Fund compared to annual costs of about \$456,120 (not including one-time start-up expenses of about \$186,000). The City has entered into similar agreements with Penbrook Borough and Paxtang Borough.

The City will endeavor to forge new arrangements with other entities with the goal of reaching an agreement similar in budgetary impact as the Steelton partnership by 2022.



5) Seek Increased Federal Grant Funding

The City is refocusing its efforts on identifying and pursuing federal grant funding opportunities. The revised five-year projections conservatively assume \$25,000 in new annual federal grant funding. The City will also refocus efforts to secure grants for the Neighborhood Services Fund to defray fleet maintenance costs. The City plans on taking a more active approach to identifying and pursuing grants. The City's departments will have a central role in working with the administration to decide which projects and priorities to move forward in a given year and then determine appropriate grant programs.

Below is a summary of federal grants that the City is pursuing. The summary does not include Housing and Urban Development ("HUD") or Community Development Block Grant funds. It also does not include sinkhole grants, some of which are federal funds from Federal Emergency Management Agency ("FEMA") and HUD, or COVID-related funds.

- FEMA - The City regularly applies for and is awarded money from FEMA through various Assistance to Firefighters Grant programs. Grants specific to fire generally range \$30,000 to \$50,000. The City will continue to apply for these grants every year, but there is no expectation for large grant awards. Awards are about \$50,000 maximum.
- Department of Justice ("DOJ") – The City has received federal DOJ money in the form of Community Oriented Policing Services ("COPS") grants. The City will consider applying for COPS grants in the future.
- Food and Drug Administration ("FDA")/National Institutes of Health ("NIH") – The City received a \$70,000 grant from the FDA/NIH for a health standards planning grant. The City would like to pursue additional, and even larger, grants for the implementation of some of the measures that the planning study uncovers.
- Better Utilizing Investments to Leverage Development ("BUILD") – The City has applied unsuccessfully for these grants; however, the City will continue to apply. The City will attempt to build a coalition among private sector and local/regional planning agencies in new applications.

In addition to the grants noted above, the City has been putting increased focus on Neighborhood Services Fund and Public Works related vehicle grants. The City has been successful in the past in securing federal 902 Grants, DERA Grants, and Driving PA Forward grants to support fleet management activities and hope to build on these successes to defray the costs of maintaining its vehicles.

(remainder of page intentionally left blank)



4.2 Revenue Forecasts

Below is the multi-year revenue forecast based on historical growth trends, planned initiatives, and other available data. The 2021 Projection refers to the adjusted budget approved by City Council in January 2021. The baseline forecasts do not include the financial impact from the initiatives outlined in Section 7.

Revenue Forecast 2021-2025

	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Real Estate Taxes	17,379,267	17,368,628	17,466,231	17,564,430	17,663,229
Earned Income Taxes	12,337,933	13,018,369	13,621,000	13,893,439	14,032,373
Local Services Taxes	6,775,107	6,829,652	6,897,949	6,966,928	7,036,598
Mercantile Business Taxes	2,817,100	3,299,936	3,779,703	3,798,451	3,817,293
Realty Transfer Taxes	800,000	800,000	800,000	800,000	800,000
Hotel Fee	500,000	900,000	900,000	900,000	900,000
Parking Taxes	3,810,000	4,258,883	4,280,178	4,301,579	4,323,087
Ground Lease	0	696,724	1,435,251	1,435,251	1,435,251
Priority Payment	0	543,173	1,101,546	1,101,546	1,101,546
Parking Tickets	425,102	425,102	425,102	425,102	425,102
State Public Safety Contribution	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
Pension Aid	3,306,117	3,372,239	3,439,684	3,508,478	3,578,647
Fees/Permits	2,190,112	2,294,395	2,321,894	2,349,812	2,378,156
TV Franchise License	550,000	541,774	541,774	541,774	541,774
Medical/Employee Contribution	801,582	817,613	833,965	850,645	867,658
Police Extra Duty	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432
PILOTS	840,000	865,000	865,000	865,000	865,000
Vehicle Maintenance Charge Backs	283,500	338,222	344,947	351,807	358,805
Transfers from Other Funds	162,000	400,000	400,000	400,000	400,000
Other	5,238,039	2,468,554	2,481,429	2,495,711	2,511,658
Total	\$64,315,859	\$65,358,263	\$68,076,053	\$68,711,161	\$69,218,608



5 Expenses

The table below presents a five-year history of the City’s expenses by major category. Personnel and medical expenses are the primary cost drivers, representing 68% of 2020 operating expenses. In 2020, personnel and medical expenses, along with debt service, comprised 85% of total operating expenses, which limits budget flexibility.

Key Operating Expenses 2016-2020

	2016	2017	2018	2019	2020	Pct of Budget
Personnel	26,301,230	28,605,023	29,517,938	30,447,220	31,457,827	52%
Medical	9,042,604	10,034,106	9,157,579	10,107,539	9,387,608	16%
Services	4,310,520	4,951,820	6,833,348	5,917,302	5,587,092	9%
Supplies	1,777,104	1,789,366	2,347,103	2,138,482	2,061,570	3%
Debt Service ¹	9,217,206	9,962,755	10,098,957	11,175,421	10,541,705	18%
Other Operating	2,028,287	1,683,043	329,665	434,473	1,072,954	2%
Transfers	0	2,951,666	345,868	523,241	0	0%
Total Operating Exp	52,676,951	59,977,779	58,630,458	60,743,680	60,108,755	
Capital Expenses	1,348,821	3,382,146	4,568,910	6,956,322	1,379,816	
Total (incl Capital)	\$54,025,772	\$63,359,925	\$63,199,368	\$67,700,001	\$61,488,571	

¹ Transfers to the Senators Fund for payment on the Series 2005A-2 Bonds are represented as Debt Service for the purposes of these tables and the five-year plan.

Workforce

Like most local governments, personnel costs are the main expense driver in Harrisburg’s operating budget. The substantial 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”). Each of the City’s unions voluntarily entered into mid-term negotiations to amend their collective bargaining agreements in connection with the filing of the initial Strong Plan in August 2013. The amendments to the prior collective bargaining agreements, as well as savings initiatives for the City’s non-union employees, were implemented, and cost reductions from these changes began to be realized.

Headcount

For 2021, Harrisburg is budgeted to employ 498.5 full-time employees, including 408.15 full-time equivalents budgeted to be paid out of the General Fund, 87.35 to be paid out of the Neighborhood Service Fund, and 3 paid from the Host Fee Fund. Ten employees are paid out of the Community Development Block Grant Fund.



The following table shows the number of budgeted 2021 full-time employees by employee group:

Employee Group	Covered Positions	2021 Budgeted Total FTEs	Contract Expiration
Non-represented	Executive, management, confidential	112.5	N/A
FOP	All sworn police officers	151	December 31, 2025
AFSCME	All non-executive, non-management, non-confidential employees not otherwise covered in FOP or IAFF	149	December 31, 2021
IAFF	All firefighters, lieutenants, captains, battalion chief, and deputy chiefs	86	December 31, 2022
Total		498.5	

The following table shows the budgeted full-time-equivalents by department since 2016. The City projects staffing levels to remain constant with 2021 budgeted levels through 2025.

**Historical Employee Budgeted Headcount by Bureau
2016-2021**

Bureau	2016	2017	2018	2019	2020	2021
City Council	9.00	9.00	9.00	9.00	9.00	9.00
Office of Mayor	3.00	3.00	4.00	4.00	4.00	4.00
Office of Controller	3.00	3.00	3.00	3.00	3.00	3.00
Office of Treasurer	6.75	6.75	6.75	6.75	6.75	6.75
Office of Solicitor	6.00	6.00	6.00	6.00	6.00	8.00
Office of the Business Administrator	2.00	2.50	3.00	2.00	3.00	2.00
Financial Management	7.00	7.00	8.00	7.00	7.00	7.00
Bureau of Licensing, Taxation, and Central Support	5.00	5.00	5.00	6.00	6.00	7.00
Grants Office	0.00	0.00	0.00	1.00	1.00	1.00
Communication	4.00	4.00	5.00	5.00	4.00	5.00
Office of Social Equity/Affirmative Action	1.00	1.50	1.00	1.00	1.00	1.00
Information Technology	7.00	8.00	8.00	8.00	7.00	7.00
Human Resources	4.00	4.00	6.00	6.00	6.00	6.00
Planning	1.60	1.60	3.40	3.40	4.00	4.00
Inspections and Code Enforcement	14.00	17.00	16.94	16.94	16.94	17.00
Office of Business Development	1.00	1.95	1.95	1.00	1.00	2.00
Office of Police Chief	165.00	166.00	165.00	165.00	170.00	188.00
Department of Parks and Recreation	5.00	6.00	7.00	14.50	15.75	16.25
Events	0.00	0.05	0.05	0.00	0.00	0.00
Bureau of Vehicle Management	13.00	12.00	12.15	10.15	10.15	10.15



Bureau	2016	2017	2018	2019	2020	2021
Traffic and Engineering	13.50	15.50	15.65	13.00	13.00	14.00
Host Fee	0.00	2.90	3.80	3.60	3.00	3.00
Fire	85.00	85.00	86.00	86.00	90.00	90.00
Neighborhood Services	66.75	74.25	75.25	78.45	80.85	87.35
Blight Remediation	0.00	0.00	0.00	0.00	1.00	0.00
Total	422.60	442.00	451.94	456.79	469.44	498.50

In 2020, Harrisburg, like other municipalities across the country, evaluated how it keeps its communities safe. The City created a Community Services Division (“CSD”) after its reexamination of public safety services. This division will have a greater emphasis on community policing, which will include an expansion of crisis intervention workers that will assist uniformed officers and will be managed by a Police Captain. In addition, the City will use civilian management employees to assist with crime analysis and reporting. This division will enhance the services that the City provides to the community, with an emphasis on mental health and crisis intervention. The division will be staffed by seven Community Service Aides (“CSAs”) and one new Community Service Manager.

The new CSD allows for the separation of uniform patrol responsibilities and other services. Housing special units together provides greater cohesion and a more unified response to community needs or concerns in a timely manner. The appropriations allow for the addition of civilian staff either through the technical services, such as body-worn cameras, records management, and online reporting, which will free up uniform police officer(s) currently assigned to those positions and provide for a more timely, efficient, and accurate handling of requests for services.

The CSA addition of civilian staff will assist in bringing the community together with the police by being dedicated to quality of life issues that are not always addressed by police in a timely manner. Police officers can focus on the more serious criminal issues, while CSAs can address issues that can be directed to the other services that the City may offer. In time, the Police Department would like to use the CSA pool of personnel to recruit for new police officer positions, which would reduce the time required for the hiring process and select potential hires whom already have the best interest of the City in mind.

New positions in the CSD include the following:

Director of Community Relations and Engagement - The Director serves as a liaison between the Bureau of Police, the community, and the officers in the field for both advising the Bureau command staff of citizen/community concerns. The Director also serves as a Police Bureau representative in the field to organize citizens against crime and present a positive message of work being done by police to encourage citizen-police partnership. The Director works to achieve and sustain gains against crime by strengthening community relationships and trust. The Director serves as a spokesperson on behalf of the Bureau with community leaders, news media, civic organizations, block associations, and concerned citizens to educate them on police policies and practices, and to develop solutions to challenges that arise within the City's many diverse communities.

Co-Responder (2) - The Co-Responder will work side by side with law enforcement. Law enforcement and the Co-Responder will identify calls for service where behavioral health (to include both mental



health and co-occurring disorders) might be the underlying factor for individuals at risk of arrest. The Co-Responder shall offer assessment and access to crisis intervention services, if necessary, and provide referral information and follow-up to the individual, when necessary.

Records Management System (RMS) Manager - The RMS Manager position will be responsible for coordination of the Harrisburg Bureau of Police's Records Management System. The RMS Manager reviews a wide variety of complex and technical issues concerning the application and use of the RMS programs by law enforcement officers. They will assist in identification and development of new programs, new program add-ons, systems procedures, maintenance, or equipment to improve performance of the RMS used by the Police Bureau.

Body-Worn Camera & In-Car Video (BWC) Manager – The BWC Manager position is responsible for coordination of the Harrisburg Bureau of Police's BWC and In-Car Video programs. The BWC Manager keeps abreast of all aspects of the BWC and In-Car Video programs, including proposed changes or amendments to the standards, assessing the impact of changes on current policies and procedures of the agency.

Technical Services Manager - The Technical Services Manager position is responsible for coordination of the Harrisburg Bureau of Police's Online Reporting and Right-to Know requests. Accountable to and reports directly to the Commanding Officer of the Technical Services Division.

Community Policing Substation Manager – The Community Policing Substation Manager position is responsible for the preparation, and correlation of letters, memoranda, reports, and other documents. Engagement with the public via telephone communication or in person for the purpose of handling inquiries about available police and city services and directing persons to their destinations. Thus, ensuring that daily staffing will be at the police substation.

Community Service Aide (7) - The CSA is uniformed, unarmed civilian support position with primary responsibilities to the Harrisburg Bureau of Police's Community Policing Division. CSAs will provide customer services and outreach to citizens, enforce certain city codes, and other non-criminal police related duties.

The CSA addition of civilian staff will assist in bringing the community together with the police by being dedicated to quality of life issues that are not always addressed by police in a timely manner. Police officers can focus on the more serious criminal issues, while CSAs can address issues that can be directed to the other services that the City may offer. In time, the Police Department would like to use the CSA pool of personnel to recruit for new police officer positions, which would reduce the time required for the hiring process and select potential hires who already have the best interest of the City in mind.

Captain (CSD) - The Captain of the Community Services Division manages all activities of the CSD. The Captain plans, organizes, directs, and control programs, procedures, policy and personnel within the Community Policing Division. The Captain receives and satisfactorily resolves citizen's complaints against CSD personnel. The position reviews statistics regarding criminal activity, thereafter making recommendations and/or developing responses to crime patterns to ensure efficient and effective deployment of personnel and services.



Captain – Technical Services Division (TSD) – The Captain of the Technical Services Division manages all activities of the Technical Services Division. The Captain plans, organizes, reviews, directs and control programs, procedures, policy and personnel within the Technical Services Division. The Captain receives and satisfactorily resolves citizen’s complaints against Division personnel. The position reviews internal requests for services and support to the Criminal Investigation and Patrol Divisions, thereafter developing responses and directing support persons working within the Technical Services Division to handle those specific request.

In addition to the positions described above, the City added one Crime Analyst and one Parking Enforcement Officer.

Salaries and Wages

Salaries and wages are the largest component of personnel costs, representing 56% of these expenses and 37% of all General Fund expenses. As described above, in 2020, the City and the FOP ratified a new collective bargaining agreement that runs through 2025 and includes regular salary increases based on a fixed pay scale determined by years of service and job classification. Based on the pay scale and anticipated staffing levels, the City projects average annual salary increases of less than 2%.

Per its collective bargaining agreement, salaries for IAFF union members will increase 2% annually through 2022. The projections assume 2% increases in 2023 through 2025.

The City and AFSCME have agreed to a 2% salary increase for 2021. The projections assume 2% annual increases through 2025. Similarly, salary increases for non-represented employees will average 2% for 2021 and are projected to increase 2% annually through 2025.

In addition to salaries, overall compensation includes a variety of components, such as overtime, longevity pay, shift pay, special assignment pay, 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:

FOP	
Tier of Coverage	Percent of base salary 2021-2025
Single coverage	2.5%
2 person coverage	4.5%
3 person coverage	5.5%
4 or more person coverage	6.5%



AFSCME	
Tier of Coverage	Percent of base salary 2021
Single coverage	2.5%
2 person coverage	4.5%
3 person coverage	5.5%
4 or more person coverage	6.5%

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 for health insurance. The coverage includes a stop-loss policy, which protects the City from extraordinary claims. The City’s current stop-loss policy with its service provider covers specific stop-loss, meaning catastrophic claimants whose medical and prescription claims exceed \$275,000 in a given policy year. The reinsurer covers the excess claims and reimburses the City for claims paid over \$275,000 per claimant. The City is responsible for the first \$275,000 per claimant.

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

The City also provides for certain post-retirement health benefits 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 future employees would not be entitled to receive post-retirement health care at the City’s cost. All bargaining units agreed that active employees, upon their retirement, would be provided benefits at the same levels as active employees, and that such retiree coverages may be modified from time to time if similarly modified for active employees.

Projection –

- The number of City employees remains at the current 2021 budgeted workforce level.
- Current wages are increased as specified in the current collective bargaining agreements, interest arbitration awards, or court orders. At the conclusion of a current collective bargaining agreement with the IAFF in 2022, annual wage increases are projected to increase 2%. Salaries for AFSCME and non-represented City employees are increased 2% annually.
- The City, which self-insures, has budgeted \$9.8 million for medical expenses in 2021. Medical expenses are potentially a volatile expenditure, which the City monitors closely. These expenses are projected to increase 5% annually from 2021 to 2025, which is in line with the City’s experience and the actuarial assumptions used in the calculation of the City’s Other Post-Employment Benefits liability. The City has worked with its insurance consultant to secure approximately \$1.1 million in annual health insurance/prescription drug savings.



Services

The City contracts for a variety of 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 fill an essential government need and are non-discretionary.

Projection - These costs are projected to increase 2% annually, close to the annual rate of inflation.

Long-Term Debt

General Obligation Debt

Series 1997D&F General Obligation Bonds

In 1997, the City issued its Series D&F Bonds to advance refund its Series 1997 B-1 Bonds and currently refund its Series 1995 Bonds. The Series 1997 D&F Bonds are capital appreciation bonds and not subject to redemption prior to maturity. Credit enhancement on the bonds was provided by Financial Guaranty Insurance, which is now Ambac Assurance Corporation (“Ambac”).

In 2012, facing severe financial distress, the City defaulted on the bonds and the insurer agreed to make scheduled principal and interest payments on the bonds. The City and Ambac entered into an amended settlement agreement in April 2013 under which the City’s forbearance liability accrues interest and is scheduled to be repaid over a ten-year period from 2023 to 2032.

Issue	Amount Outstanding/ Accreted Value ²	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
Series 1997D (Capital Appreciation Bonds)	\$3,076,324	Advance refunding	Non-callable	2022	Zero Coupon	Ambac
Series 1997F (Capital Appreciation Notes)	\$12,852,163	Current refunding	Non-callable	2022	Zero Coupon	Ambac
Series 1997D&F Forbearance Liability	\$25,454,829	Repay draws on enhancement facility	Any time	2032	6.75%	NA

² As of March 15, 2021.

Guarantees

Harrisburg Redevelopment Authority, Series 1998A (Verizon Bonds)

The City guaranteed a loan issued by the Harrisburg Redevelopment Authority (“HRA”) and insured by Financial Security Assurance, now Assured Guaranty Municipal Corp (“AGM”), that was used to acquire a site now known as the 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 fiscal distress and 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 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 allow the City to avoid draws and save on interest expense.

Harrisburg Redevelopment Authority, Series 2005A-2 (Stadium Project)

In 2005, the HRA issued taxable bonds, insured by Ambac and guaranteed by the City, to renovate and upgrade the Harrisburg minor league baseball stadium. As of April 30, 2021 there is \$5,050,000 outstanding on the bonds, which are not callable and mature in 2030. In recent years, the City has paid about \$230,000 annually towards debt service costs. The COVID pandemic resulted in the cancellation of the 2020 minor league baseball season and subsequently required the City to make the full principal and interest payments on the 2020 debt service. The projections assume that the City will continue to make full annual debt service payments going forward.

Issue	Amount Outstanding/ Accreted Value ³	Purpose	Call Date	Maturity	Coupon Rate	Enhancement
HRA Series 1998A (Verizon Bonds)	\$19,473,464	Acquire Strawberry Square site	Non- callable	2033	Zero Coupon (Taxable)	AGM
HRA Series 2005A-2 (Stadium Project)	\$5,050,000	Senators Stadium improvements	Non- callable	2030	5.00-5.29% (Taxable)	Ambac

³ As of January 1, 2021.

LED – Guaranteed Energy Savings Contract

The City obtained a bank loan with M&T Bank using a guaranteed energy savings contract extended by the Efficiency Network. Under this agreement, the City is guaranteed energy savings that will more than cover the debt service on the bank loan. If savings exceed annual debt service of \$386,140, the benefit accrues to the General Fund. After 10 years, the City owns the equipment and bulbs financed by the original loan.

**Annual Debt Service Summary
2021-2025**

	2021	2022	2023	2024	2025
Series 1997D&F	8,655,000	8,650,000	-	-	-
Series 1997D&F Ambac Repayment	87,498	87,498	3,888,906	3,888,906	3,888,906
HRA Series 1998A (Verizon Bonds) ⁴	1,390,000	950,000	1,250,000	1,250,000	1,250,000
HRA Series 2005A-2 (Stadium Project) (est) ^{5,6}	649,895	653,705	651,345	647,945	648,375
Bank Loan - Energy Savings Contract	386,140	386,140	289,605	-	-
Total⁷	\$11,168,533	\$10,727,343	\$6,079,856	\$5,786,851	\$5,787,281

⁴ Represents minimum annual debt service due from City from 2022 to 2025.

⁵ Reflects anticipated annual debt service obligations prior to the proposed Amended Settlement Agreement with Ambac.



⁶ Since these guarantee payments are unknown and are estimates, the City does not typically include them as a budgeted debt service fund transfer for budgeting purposes. However, these expected expenditures are accounted for in the General Fund budget. The projections in this plan include these anticipated payments as debt service. Assumes the City will be responsible for 100% of debt service payments under the guarantee from 2021 through 2025.

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 substantially all full-time employees. 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 takes into consideration annual pension costs, contributions by employees, 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 key statistics for the Police, Firefighters, and Non-Uniform pension funds in recent years. As of December 31, 2019, the police pension fund had a negative net position of \$6.5 million with a funded ratio of 93.3%. The firefighters and non-uniformed pension plans had positive funding ratios of 101.9% and 109.4%, respectively.

Pension Summary

	Police Summary	Firefighters Summary	Non-Uniformed Summary
Participants	12/31/2019	12/31/2016	12/31/2016
Active Employees	139	83	197
Vested Former	2	1	27
<u>Receiving Benefits</u>	<u>209</u>	<u>130</u>	<u>220</u>
Total Participants	350	214	444

	12/31/2018	12/31/2019	12/31/2018 ⁷	12/31/2019 ⁷	12/31/2018 ⁷	12/31/2019 ⁷
Total Pension Liability	\$98,203,560	\$97,808,051	\$71,106,314	\$73,363,119	\$61,196,335	\$66,639,766
Plan Fiduciary Net Position	\$77,054,079	\$91,291,461	\$81,213,997	\$74,774,932	\$79,911,152	\$72,911,381
Net Pension Liability (Asset)	\$21,149,481	\$6,516,590	(\$10,197,683)	(\$1,411,813)	(\$18,514,817)	(\$6,271,615)
Plan Fiduciary Net Position as % of Total Pension Liability	78.5%	93.3%	114.4%	101.9%	130.3%	109.4%

⁷ Based on the measurement date of January 1, 2018

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



Other-Post Employment Benefits

Other Post-Employment Benefits (“OPEB”) are benefits other than pension that are 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 for disclosure of 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 for funding OPEB costs. Per the most recent actuarial valuation dated January 1, 2018, Harrisburg’s total OPEB liability was \$130.1 million, which is reduced from recent years when it was over \$150 million.

Other Post Employment Benefit Summary January 1, 2018

Demographic Information	Police	Firefighters	Non-Uniformed	Total
Active Participants	93	66	124	283
Vested Former Participants	3	1	39	43
Retired Participants	174	107	118	399
Total	270	174	281	725

Financial Information	Police	Firefighters	Non-Uniformed	Total
Total OPEB Liability	\$65,384,379	\$42,202,464	\$23,094,132	\$130,680,975
Plan Fiduciary Net Position	0	0	0	0
Net OPEB Liability	\$65,384,379	\$42,202,464	\$23,094,132	\$130,680,975
Plan Fiduciary Net Position as a % of Total OPEB Liability	0%	0%	0%	0%
Net OPEB Liability as a % of Covered Employee- Payroll	982.81%	100.44%	377.56%	769.26%
OPEB Expense	(\$3,451,203)	(\$1,445,003)	(\$974,239)	(\$5,870,445)

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 \$3.3 million in a bank account established for an OPEB fund. The \$3.3 million will be transferred into the City’s OPEB Trust Fund which was authorized on March 23, 2021 by City Council, as required by Act 124.



**Expense Growth Assumptions,
2021-2024**

	2021	2022	2023	2024
Salaries and Wages	2%	2%	2%	2%
Overtime/Other Premium	2%	2%	2%	2%
Medical	5%	5%	5%	5%
Other Benefits	2%	2%	2%	2%
Pension	2%	2%	2%	2%
Services	2%	2%	2%	2%
Supplies	2%	2%	2%	2%
Debt	See Expense Initiatives 4.1(2)			

5.1 Expense Initiatives

1) Implement Steps to Reduce Health Insurance Costs

The City is exploring ways to reduce health insurance costs, including working with a broker to lower prescription drug costs, instituting a wellness program, and considering changing the structure of its self-insurance model. The City has secured annual medical cost savings of approximately \$1.1 million beginning in 2021.

2) Explore Opportunities to Restructure Debt Obligations

The City has been engaged in negotiations with Ambac regarding opportunities to reduce the forbearance liability associated the Series 1997D&F General Obligation bonds as well as the outstanding Series 2005A-2 Bonds, which are guaranteed by the City. The City’s current restructuring plans for these liabilities include the following:

Defease the Series 2005A-2 Bonds

The City and Ambac have reached an agreement that includes defeasing the Series 2005A-2 Bonds, which are not callable. The total gross cost of the defeasance (principal and interest) is about \$6.0 million (assuming the defeasance occurs between the May 15, 2021 and November 15, 2021 debt service payment dates). In exchange for defeasing the debt, Ambac will reduce the forbearance liability on the Series 1997 General Obligation debt by 38% of the principal amount of the Series 2005A-2 Bonds. The liability reduction will be \$1,768,900 assuming a defeasance between May 15 and November 15, 2021. The total estimated upfront cost to the City will be approximately \$5.22 million after investment earnings in the defeasance escrow and the release of a debt service reserve fund of about \$658,000 currently held for the benefit of bond holders.

The defeasance will eliminate approximately \$650,000 in annual debt service through 2030 that was guaranteed by the City. In recent years, the City was contributing approximately \$240,000 towards annual debt service on these bonds. In 2020, because the Harrisburg Senators baseball season was cancelled due



to the COVID pandemic, the City made the full annual debt service payment. While the Senators are expected to resume playing at some point, the status of 2021 minor baseball is still unclear.

Repay the Series 1997D&F Forbearance Liability

The agreement with Ambac also involves the repayment of a portion of the Series 1997D&F forbearance liability at a discount. Per the agreement, for every \$1 the City pays towards the liability (up to \$4 million) through 2021, Ambac will apply an additional \$0.38. The City budgets a \$2 million payment towards the liability in 2021 meaning the liability will be reduced by \$2.76 million (not including the \$1.8 million reduction related to the Series 2005A-2 defeasance). The City is pursuing a refinancing of the entire forbearance liability which will allow them to maximize the benefit of the Ambac agreement.

Consider Options to Finance the Series 2005A-2 Bond Defeasance and Forbearance Liability Repayment

The City will consider financing alternatives for the defeasance of the Series 2005A-2 Bonds and the Series 1997 D&F Forbearance Liability. Refinancing the forbearance liability, which accrues interest at 6.75%, will allow the City and to take advantage of interest rate savings and also capitalize on the prepayment incentives in the Ambac agreement.

Financing the Series 2005A-2 defeasance rather than funding the defeasance with a cash outlay would not result in interest expense savings (interest expense would actually increase). However, financing all or a portion of the defeasance would allow the City to preserve liquidity and create a manageable repayment structure. The City has not committed to a final plan of finance and will evaluate its options with its financial advisor and financing team.

The City will consider several factors in finalizing the plan of finance for the anticipated refinancing. First, the City will look to the parameters outlined by the proposed fund balance targets described in this plan. These targets include maintaining a General Fund balance equal to at least two months of operating expenses, as recommended by the GFOA. For municipalities with a history of fiscal distress, the fund balance recommendation is for comfortably more than two months of operating expenses. If the five-year projections show fund balance dipping below that level, then there must be a clear path to restore fund balance in forthcoming years, but it is the City's intention to avoid that scenario all together.

In addition, the City will consider the terms and the cost of the financing itself. Current municipal interest rates are low relative to historical averages; however, it is unclear what interest rate the City can expect in a new financing. Though the City has much improved quantitative financial credit metrics, its history of fiscal distress will likely impact investor perception of the City's credit quality. Interest rate levels on the potential financing will be tied to the outcome of the credit rating process, which the City plans to engage in later this year. Once a credit rating outcome is known, the financing team will be able to project interest expense with higher certainty and recommend a final plan of finance.

Another factor impacting this analysis is the \$38.8 million in anticipated funding from the American Rescue Plan. As of this writing, the Department of Treasury has not released the regulations and reporting requirements for the ARPA local government aid. While the act does provide some high-level guidance on uses, there are many unanswered questions that must be resolved before a plan to deploy these funds



can be formed. ARPA enhancements to the City’s general operating fund balance position and capital project funding resources, which will be considered in the financing strategy.

For five-year planning purposes, the assumed financing scenario demonstrates the City’s ability to comply with the established fund balance target even with conservative interest rate assumptions. Before the plan of finance is finalized, the City will consider other alternatives including possibly using fund balance to paydown (rather than finance) a portion of the debt, which would reduce the overall size of the borrowing and thus interest expense.

The tables below show the projected annual debt service and liability balance comparison between the existing and pro forma restructured debt. The tables assume the forbearance liability is refinanced in September 2021 with an interest rate of 4.875%, 2032 maturity (matching the existing forbearance liability repayment schedule), and level debt service. The defeasance financing assumes a 4.80% interest rate, 2030 maturity (matching that of the existing debt), and level debt service. These terms are subject to market conditions and the City’s ability to execute a financial plan that maintains structural budgetary balance and a sufficient fund balance, among other credit factors.

A refinancing would not be a realistic consideration if the City’s special EIT and LST taxing powers were not extended by the recent amendment to the state fiscal code.

Annual Debt Service Comparison (Series 2005A-2 Bonds and Series 1997D&F Forbearance Liability)							
	<u>Existing</u>			<u>Pro Forma</u>			Difference
	Forbearance	Series 2005A-2	Total	Forbearance Refinancing	Series 2005A-2 Defeasance	Total	
2021	87,498	649,895	726,324	11,069	527,583	527,583	198,742
2022	87,498	653,705	741,203	1,133,974	868,080	2,002,054	(1,260,851)
2023	3,888,906	651,345	4,540,251	2,993,974	738,080	3,732,054	808,197
2024	3,888,906	647,945	4,536,851	2,994,299	737,760	3,732,059	804,792
2025	3,888,906	648,375	4,537,281	2,994,188	741,120	3,735,308	801,973
2026	3,888,906	647,276	4,536,182	2,994,445	738,160	3,732,605	803,576
2027	3,888,906	649,503	4,538,409	2,993,828	738,880	3,732,708	805,701
2028	3,888,906	650,144	4,539,050	2,994,140	738,160	3,732,300	806,749
2029	3,888,906	649,197	4,538,103	2,994,090	736,000	3,730,090	808,013
2030	3,888,906	(11,571)	3,877,336	2,994,434	737,280	3,731,714	145,621
2031	3,888,906	-	3,888,906	2,993,879	-	2,993,879	895,027
2032	\$3,888,906	-	\$3,888,906	\$2,994,181	-	\$2,994,181	\$894,724



Debt/Liability Balance Comparison							
	Existing			Pro Forma			
	Forbearance Liability	Series 2005A-2	Total	Forbearance Refinancing	Series 2005A-2 Defeasance	Total	Difference
2021	26,248,829	4,655,000	30,903,829	23,261,000	5,480,000	28,741,000	2,162,829
2022	27,962,652	4,235,000	32,197,652	23,261,000	4,905,000	28,166,000	4,031,652
2023	25,927,451	3,795,000	29,722,451	21,401,000	4,390,000	25,791,000	3,931,451
2024	23,752,556	3,335,000	27,087,556	19,450,000	3,850,000	23,300,000	3,787,556
2025	21,428,379	2,850,000	24,278,379	17,404,000	3,280,000	20,684,000	3,594,379
2026	18,944,671	2,340,000	21,284,671	15,258,000	2,685,000	17,943,000	3,341,671
2027	16,290,485	1,800,000	18,090,485	13,008,000	2,060,000	15,068,000	3,022,485
2028	13,454,118	1,230,000	14,684,118	10,648,000	1,405,000	12,053,000	2,631,118
2029	10,423,065	630,000	11,053,065	8,173,000	720,000	8,893,000	2,160,065
2030	7,183,963	-	7,183,963	5,577,000	-	5,577,000	1,606,963
2031	\$3,722,533	-	\$3,722,533	\$2,855,000	-	\$2,855,000	\$867,533
2032	-	-	-	-	-	-	-

**Pro-Forma
Annual Debt Service Summary
2021-2025**

	2021	2022	2023	2024	2025
Series 1997D&F	8,655,000	8,650,000	0	0	0
HRA Series 1998A ("Verizon Bonds") ⁸	1,390,000	950,000	1,250,000	1,250,000	1,250,000
Bank Loan - Energy Savings Contract	386,140	386,140	289,605	0	0
HRA Series 2005A-2 Defeasance Financing ⁹	527,583	868,080	738,080	737,760	741,120
Forbearance Liability Refinancing (2021) ⁹	11,069	1,133,974	2,993,974	2,994,299	2,994,188
Total¹⁰	10,969,792	11,988,194	5,271,659	4,982,059	4,985,308
Existing Annual Debt Service	11,168,533	10,727,343	6,079,856	5,786,851	5,787,281
Difference	\$198,724	(\$1,260,851)	\$808,197	\$804,792	\$801,973

⁸ Represents minimum annual debt service due from City from 2022-2025.

⁹ A refinancing will depend on market conditions and the City's ability to execute a financial plan that maintains structural budgetary balance and a strong fund balance, among other credit factors. 2021 debt service represents portion of existing debt service paid prior to the planned refinancing.

¹⁰ In 2021 the City budgeted a \$5,750,000 transfer from the General Fund to the Senators Fund to defease the Series 2005A-2 Bonds, but under the pro-forma scenario would finance the defeasance. The City budgets \$895,000 of existing Debt Service Fund balance for a portion of the 2021 debt obligations.

5.2 Expense Forecasts

Below is the multi-year expense forecast based on historical growth trends, planned initiatives, and other available data. The 2021 Projection refers to the proposed budget introduced to City Council on November 24, 2020, budget amendments of January 2021, and adjustments based on a refinancing later this year.



	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel (less Medical)	36,569,189	37,367,137	38,136,423	38,775,317	39,429,524
Medical	9,763,864	10,252,057	10,764,660	11,302,893	11,868,038
Services	7,812,923	6,842,089	6,970,431	7,101,339	7,234,866
Supplies	3,766,865	3,053,701	3,111,875	3,171,213	3,231,737
Other Operating	825,518	638,292	646,222	654,311	662,561
Transfers	0	0	0	0	0
Total Expenses (Pre-Debt Service)	58,738,359	58,153,277	59,629,612	61,005,074	62,426,727
Debt Service ¹²	10,074,791	11,988,193	5,271,659	4,982,059	4,985,308
Total Operating Expenses	68,813,150	70,141,470	64,901,271	65,987,133	67,412,035
Capital Expenses	6,337,223	1,617,000	1,597,000	1,477,000	1,560,000
Total	\$75,150,373	\$71,758,470	\$66,498,271	\$67,464,133	\$68,972,035

¹² In 2021 the City budgeted a \$5,750,000 transfer from the General Fund to the Senators Fund to defease the Series 2005A-2 Bonds, but under the pro-forma scenario would finance the defeasance. The City budgets \$895,000 of existing Debt Service Fund balance for a portion of the 2021 debt obligations.

The 2021 budget amendment includes adjustments for encumbrances (claim against General Fund balance for an expenditure) carried over from 2020 to 2021. These encumbrances, which totaled \$2,543,186, were “rolled over” into the new year even though they were incurred in 2020. It is important to consider encumbrances when evaluating available fund balance. The City ended 2020 with a General Fund cash balance of \$32.1 million; however, since about \$2.5 million was already encumbered, the available balance was just \$29.6 million.

(remainder of page intentionally left blank)



6 Other Initiatives

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

1) Reestablish Access to the Debt Markets and Restore Credit Rating

Key to the City's long-term viability is access to the debt markets to fund capital projects and other deferred maintenance needs. As described above, the extension of the City's EIT and LST taxing powers likely makes a refinancing for annual debt service savings feasible. The City has engaged an independent financial advisor that is currently advising on its capital structure and potential market receptivity to a refinancing. The City and the financial advisor are currently assembling a financing team and establishing a timeline for a potential financing. The financing schedule is not finalized; however, it is the administration's goal to execute a refinancing by the late summer or early fall. The City will engage the rating agencies and strongly consider establishing a credit rating as part of the process.

2) Establish an OPEB Trust

On March 23, 2021, City Council approved an ordinance authorizing and directing the creation of an irrevocable special trust to be designated as the "OPEB Trust Fund" for the purpose of depositing and segregating funds 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 the OPEB Trust Fund in accordance with the approved Act 47 Recovery Plan and any amendment thereto; providing for the Board to contract for services of a Trust 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 adopting a Charter and Bylaws of the OPEB Board of Trustees so as to operate in accordance with the recommendations of the Governmental Accounting Standards Board as provided 16 in 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 to be 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 Trust will operate, including the terms under which the funds will be accessed, the Trust's investment policy, among other operating issues.

The City's OPEB liability as of December 31, 2019 was \$131 million. Like most other municipalities, Harrisburg does not prefund its OPEB liability. The City paid \$4.8 million in "pay-as-you-go" retirement benefit costs in 2019. The Service Cost (the estimated cost of future participant benefits accrued due to service) in 2019 was \$2.2 million. If the City were to continue to pay the pay-as-you-go obligation and also contribute an annual amount equal to the Service Cost, the City would be funding the plan at a pace to eliminate the unfunded accrued liability in approximately 60 years, assuming no changes in actuarial assumptions. However, contributing an amount equal to the Service Cost in addition to the pay-as-you-go



obligation is not realistic for the City at this time meaning the liability is unlikely to be eliminated in the 60-year timeframe.

The Trust will be funded initially with approximately \$3.2 million in funds generated by asset transfers that were executed as a result of the implementation of the Harrisburg Strong Plan. Once the terms of the Trust are established by the appointed Board of Trustees, the City will consider a funding policy that will begin to address the significant liability and is also manageable within existing General Fund constraints. Because the terms of the Trust are unknown, the City cannot make an annual funding commitment as part of this five-year plan.

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, though other municipalities that do not prefund the liability are still able to achieve a strong credit rating. Since the City cannot feasibly prefund the OPEB liability at a level to cover its Service Cost plus interest, annual OPEB costs will continue to grow, likely at a rate higher than other General Fund expenses. The growth, volatility, and size of these annual costs relative to the budget are of particular concern to the credit rating agencies.

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

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

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

3) Implement Workforce Stabilization Program

The primary strategy for stabilizing the workforce was to reach a new agreement with the FOP, the City's largest union. The City and the FOP entered into a new collective bargaining agreement that is fair to both the City and the workforce, addresses attrition concerns in the department, and provides budgeting certainty through 2025. Both the administration and the union are confident that the new agreement will improve employee retention and recruitment concerns that were detrimental to the department in the past. The City will endeavor to address similar issues in the next round of contract negotiations with the IAFF and AFSCME bargaining units.

Of course, the City is also mindful of strategies to recruit and retain qualified non-represented employees, as well. In particular, the City is conducting an extensive search to place a new Finance Director, a



position that has been vacant for several months. The City is advertising for the position in prominent local government association and other media outlets. While there has been interest in the position and the City has vetted and interviewed multiple candidates, a candidate that meets all of the department's needs as not been identified. The City continues to interview candidates for this position and hopes to fill this vacancy as soon as possible. The City recently filled the vacant Budget Manager position, which is another critical role in the Finance Department.

4) Promote Economic Development

Key to securing the City's long-term health is expanding its economic base and the growth of its own local tax revenues. Even after securing its extraordinary taxing powers, the City's capacity to deliver basic services to its residents depends on a strong local tax base. The City's Economic Development efforts are led by the Bureau of Economic Development which is committed to growing the City's economy in a diverse and inclusive manner by retaining, expanding, and attracting businesses, promoting investments, and increasing career opportunities for residents. The Bureau will accomplish these goals by providing a holistic approach that includes, innovation and equity, place and infrastructure, and governance and financial stewardship.

The Bureau's economic development efforts over the last several months were focused on helping the local business community cope with COVID related pressures and hardships. The Bureau shifted its focus from business as usual, and strategically transitioned to survival mode. The Bureau provided technical assistance and created programs to help local small businesses to survive during this difficult time. The Bureau plans to continue to provide this much-needed assistance, for as long as the threats to local businesses persist.

The following are examples of actions the City has taken to support businesses during this uniquely difficult time:

- In April 2020, the City partnered with Impact Harrisburg to build a \$1.5 million (Impact Harrisburg provided additional funds) grant fund to help Harrisburg small businesses impacted by the coronavirus shutdown.
- The City designed the Neighborhood Business Stabilization Program (NBSP) to provide emergency cash flow to help small businesses cope with the COVID crisis. A total of 313 businesses were awarded \$5,000 grants (of which 62 were minority-owned businesses) to assist with operating costs, such as rental and mortgage payments, utility payments, outstanding vendor invoices and payroll during this first funding round. A second round of this program began on December 1, 2020. Over 130 pre-applications have been received to date.
- In July 2020, the City provided a one-time credit on future trash bills opportunity for commercial refuse account holders, negatively impacted by the emergency closures and shutdowns due to the COVID pandemic. The City received 214 applications, of which 148 have been approved. The total dollar amount credited for this program to date is approximately \$164,000.
- As a response to the COVID public health crisis and the resulting statewide business closure order, ChooseHBG was initiated to encourage people, businesses, and local government to think, and more importantly, spend locally first.



Though the immediate crisis has required a series of policy responses that are short-term in nature, the Bureau has not lost sight of its commitment to long-term economic development and growth. Instead, the Bureau is taking aggressive and necessary steps to achieve its goals. As part of the City’s Five-Year Economic Development Plan, the Bureau has created initiatives that will help to grow the economy, revitalize neighborhoods, and provide opportunities for individuals and families to live, work, and play, in Harrisburg. In addition, the Bureau is in the process of preparing an Economic Development Strategic Plan. A strategic plan is integral in achieving measurable, sustainable economic development, growth, and quality of place. This plan, long-term in scope, will serve as a framework for setting clear and attainable economic development objectives, and design policies and programs to achieve them. The plan will ensure goals are aligned and any new funding from the U.S. Department of Housing and Urban Development (“HUD”) or federal COVID relief programs are deployed tactically to achieve the City’s economic development goals. The City has implemented the following initiatives to further Harrisburg’s economic development efforts:

- In partnership with the Harrisburg Housing Authority (“HHA”), the City submitted application to HUD for the Choice Neighborhoods Planning Grant. If awarded, this grant will provide \$450,000 to the City for the development of a comprehensive neighborhood revitalization strategy (the “Transformation Plan”) for the South Harrisburg Neighborhood/Hoverter Homes Development.
- The HHA and the City also plan to submit application to HUD for the Choice Neighborhoods Implementation Grant, which provides up to \$30 million to implement Transformation Plan.
- The City, through the Bureau of Economic Development, created an Affordable Housing Taskforce to help guide and support the development of a new affordable housing policy, designed to make home renting and ownership more cost-effective in Harrisburg. This taskforce also assists in identifying tools, strategies, and incentives necessary to encourage affordable and mixed-use development. The Bureau is coordinating efforts to produce an Affordable Housing Density Bonus Ordinance. This ordinance is a joint effort of the Administration and City Council.
- The Department of Business Development held workshops to provide information, resources, and support to members of Harrisburg’s small and diverse business community. In addition, the sessions create professional networking opportunities where attendees can develop relationships that will help further their business endeavors.

The City is in the process of completing the review and update of its Comprehensive Plan and planning and zoning criteria. A required 45-day review period of the Comprehensive Plan recently ended. City Council will review and adopt the plan in mid-2021.

The City has just begun the process of reviewing and updating its planning and zoning criteria. The City plans to issue a Request for Proposals and select a consultant by the end of 2021.

Local Economic Revitalization Tax Assistance Program Review

In addition to the initiatives described above, the City will revisit its Local Economic Revitalization Tax Assistance (“LERTA”) program in the hopes of improving its effectiveness. LERTA is a tax abatement program that was created in 1977 to incentivize property investment and redevelopment of difficult or undesirable properties- such as brownfields. LERTA creates a graduated increase in tax payments on new



construction and property rehabilitation for owners of commercial, industrial, and business properties located within designated zones in the City.

A study of the program concluded that the LERTA program in its current form has not proven to be a largely effective tool for encouraging major redevelopment projects in Harrisburg. While many residential improvement projects have and will continue to benefit from LERTA, the same cannot currently be said for large commercial construction projects.

In order for Harrisburg to realize some of the benefits that the original LERTA Ordinance hoped to encourage such as elimination of blight and significant redevelopment, the LERTA program requires modifications. The City will consider altering or eliminating conditions for eligibility. The City will also consider increasing the level of tax abatement on commercial projects from 50% to 100%.

5) Improve Information Technology Capabilities

The City is implementing a number of initiatives to improve its information technology capabilities and infrastructure as outlined below:

1. Replace the current disparate systems, including mainframe systems (City, Revenue, and Personnel), finance system (Central Square), and payroll system (Paychex) with an ERP system from one vendor, where all modules are integrated with each other.
2. Obtain Office 365 Licenses to support our Microsoft suite of tools: Outlook (Email), Word, Excel, PowerPoint, etc.
3. Replace the Data Center core switch, which controls the critical infrastructure for all City-deployed technology.
4. Replace the aging fleet of City-wide printers with new machines.
5. Replace the security camera system at Reservoir Park, which is unreliable and not integrated with our other camera systems.
6. Implement a Laserfiche public portal that would allow for a single point of citizen access to City-related documents.
7. Replace the equipment (servers and Storage Area Network (SAN)) in the Data Center and Co-location site, as they reach the end of their useful life.

(remainder of page intentionally left blank)



7 Capital Improvement Plan

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

The tables below show the **baseline** capital projects the City plans to fund with General Fund transfers and other sources. The baseline projections are consistent with what was presented in the 2020 Five Year Plan (with modifications for 2021 budget adjustments). In addition to these baseline funding amounts, the City is projecting \$1 million in annual **supplemental** funds in 2022-2025 for capital improvement projects, or potentially debt service capacity for a capital projects financing, if fund balances and operating results materialize as expected. These projected supplemental funds are not reflected in the tables below because the City has not yet determined which projects will be funded. The funded projects will most likely be selected from the listing of Priority One Unfunded Projects shown in Appendix C.

Baseline Capital Improvement Projects - General Fund

Project Name	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Total
Bureau of Information Technology						
DCIT & DREV System Replacement	537,609	250,000	-	-	-	787,609
DPER System Replacement	250,000	-	-	-	-	250,000
Data Center Core Switch Replacement	-	100,000	100,000	-	-	200,000
Date Center Equipment Replacement	-	-	-	300,000	-	300,000
Other IT	158,298	37,000	12,000	-	-	207,298
Bureau of Police						
Police Patrol Vehicles	330,000	260,000	260,000	260,000	260,000	1,370,000
Other Police Vehicles	270,000	-	-	-	-	270,000
Radios	112,000	-	-	-	-	112,000
Surveillance Cameras	100,000	-	-	-	-	100,000
Other	52,000	-	-	-	-	52,000
Bureau of Fire						
Apparatus Replacement	780,000	350,000	700,000	400,000	400,000	2,630,000
Timesheet Management System	100,000	-	-	-	-	100,000
Baydoors	465,334	-	-	-	-	465,334
Other	31,976	-	-	-	-	31,976
Bureau of Public Works						
Vehicle Leasing Program	678,515	620,000	525,000	500,000	500,000	2,823,515
Engine Reader	44,000	-	-	-	-	44,000
Bureau of Engineering						
Lease Purchase	9,830	-	-	-	-	9,830
Other	63,000	-	-	-	400,000	463,000
Bureau of Facilities						
M&T Bank Building Rehab	600,000	-	-	-	-	600,000
PSB Fire Panel Replacement	95,000	-	-	-	-	95,000
GESA	1,000,000	-	-	-	-	1,000,000
Other Facilities	659,661	-	-	17,000	-	676,661
Subtotal	\$6,337,223	\$1,617,000	\$1,597,000	\$1,477,000	\$1,560,000	\$12,588,223



Also not reflected in these tables are potential funding from the ARPA or other new federal funding sources. Depending on the permitted use of these funds and the outcomes of the City's planning process, the capital project funding sources and uses may change.

Note: projected 2021 amounts differ from the budget due to how expenditures are classified in the budget and changes in project costs and scope.

Capital Improvement Projects - Neighborhood Services Fund¹³

Project Name	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Total
Vehicle Purchase Program	945,857	1,245,000	740,000	1,062,000	1,350,000	5,342,857
Equipment Leasing	607,111	607,111	341,003	85,251	100,000	1,740,475
Building Improvements	202,190	46,410	47,338	48,285	49,251	393,474
Equipment - Other	139,513	50,000	50,000	50,000	50,000	339,513
Subtotal	\$1,894,671	\$1,948,521	\$1,178,341	\$1,245,536	\$1,549,251	\$7,816,319

¹³ In addition to NSF revenues, funding includes grant funds in the amount of \$300,000 per year from 2022 to 2024.

Baseline Capital Improvement Projects - Capital Projects Fund¹⁴

Project Name	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Total
Vision Zero (Signal Upgrades)	50,000	100,000	50,000	-	0	200,000
Vision Zero (2nd Street)	5,456,104	223,372	-	-	0	5,679,476
Vision Zero - Capitol Gateway	1,018,020	-	-	-	0	1,018,020
Vision Zero - State Street	653,000	-	-	-	0	653,000
East-West Multimodal	650,000	743,070	-	1,725,000	0	3,118,070
Mulder Square	2,810,000	-	-	-	0	2,810,000
North 7 th Street	4,411,752	-	-	-	0	4,411,752
Allison Hill Paving	1,600,000	-	-	400,000	0	2,000,000
Uptown and Midtown Paving	550,000	-	1,000,000	-	0	1,550,000
South Paving Project	224,112	224,112	224,112	224,112	224,112	1,120,560
Subtotal	\$17,422,988	\$1,290,554	\$1,274,112	\$2,349,112	\$224,112	\$22,560,878

¹⁴ Other funding sources, in addition to Capital Projects Fund balance, includes grant funds and Liquid Fuels Funds.

Summary by Fund

Fund	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Total
General Fund (Baseline)	6,337,223	1,617,000	1,597,000	1,477,000	1,560,000	12,588,223
Neighborhood Services Fund	1,894,671	1,948,521	1,178,341	1,245,536	1,549,251	7,816,319
Capital Projects Fund (Baseline)	17,422,988	1,290,554	1,274,112	2,349,112	224,112	22,560,878
Subtotal	\$25,654,882	\$4,856,075	\$4,049,453	\$5,071,648	\$3,333,363	\$42,965,421



Five-Year Capital Project Summary by Source

	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Total
General Fund	6,337,223	1,617,000	1,597,000	1,477,000	1,560,000	12,588,223
Capital Projects Fund	3,202,541	323,372	350,000	50,000	0	3,925,914
Liquid Fuels Fund	3,225,231	967,182	924,112	574,112	224,112	5,914,749
Grants	10,585,304	300,000	300,000	817,500	300,000	12,302,804
Debt	0	0	0	0	0	0
Neighborhood Svc.	1,894,671	1,648,521	878,341	945,536	1,249,251	6,616,319
Other/TBD	409,912	0	0	1,207,500	0	1,617,412
Total	\$25,654,882	\$4,856,075	\$4,049,453	\$5,071,648	\$3,333,363	\$42,965,421

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

The City has 41 unfunded Priority One projects with costs up to \$11.6 million through 2025. The City has 81 unfunded Priority Two projects costing with a cumulative estimated cost of \$37.6 million. The table below summarizes the annual costs of the Priority One and Priority Two projects. A project listing is included in the Appendix.

Unfunded Capital Improvement Projects

Level	Number of Projects	2021	2022	2023	2024	2025	Total
Priority One	41	666,682	1,553,487	3,259,487	3,066,250	3,038,250	11,584,156
Priority Two	81	672,500	3,835,700	5,762,536	10,752,813	16,224,250	37,599,799
Totals	122	\$1,339,182	\$5,741,187	\$9,022,023	\$13,819,063	\$19,262,500	\$49,183,955

The total cost of the unfunded projects identified above is \$49.2 million. Not included in this listing are Priority Three projects, which are even farther beyond the City's current funding capacity. Including Priority Three projects, Harrisburg's total capital needs exceed \$100 million.

Capital Project Budgeting

The City uses line-item bidding to estimate costs for its projects. The City calculates the proposed quantities for each project and multiplies the quantities by either historical unit price bid information from past City projects (if available) or PennDOT bid history from the PennDOT Engineering and Construction Management System (ECMS). These budgets are done once for small projects and four times during the stages of project design (initial, 30%, 60%, 100% plan submission) for larger projects.



2020 Completed Facilities Capital Projects

Project	Budget	Actual	Difference
Mulder Square Ramps	252,996	264,954	(11,958)
South Harrisburg Paving	2,740,000	2,772,623	(32,623)
Market and Dewberry	325,087	224,772	100,315
State Street Light Upgrades	83,144	80,080	3,064
4th and Maclay	235,000	314,705	(79,705)
Total	\$3,636,227	\$3,657,133	(\$20,906)

The table above shows budget versus actual reports for Bureau of Facilities projects completed in 2020. It should be noted that most of these projects are grant supported and were managed to ensure that all of the awarded funds were spent down, which the reason for the overages in the three projects where actual expenses exceeded the budget.

(remainder of page intentionally left blank)



8 Financial Forecasts

The City will set a *minimum* General Fund fund balance level target amount equal to two-months of annual operating expenses (approximately 17%). The funding target is consistent with the Government Finance Officer Association's minimum recommendation for all municipalities. The GFOA recommends that municipalities with a history of fiscal distress or budgetary volatility maintain a fund balance level higher than the 17% minimum. This fund balance level would also be viewed favorably by rating agencies that place strong emphasis on operating flexibility and accessible fund balance, especially for municipalities like Harrisburg that are trying to demonstrate its commitment to fiscal recovery and stability. In practice the City has already been managing its fund balance to 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 adopted 2021 budget includes a \$15.2 million transfer from General Fund balance, which included \$7.75 million of cash to defease the Series 2005A-2 Bonds and prepay the Ambac forbearance liability. Rather than transferring cash, the City will consider using a financing to execute these transactions, which will preserve liquidity and operating flexibility.

The City anticipates weaker revenues in 2021 as the COVID health crisis recovery continues and, instead of balancing the budget with tax increases, will utilize a portion of its fund balance. The City will not increase the tax burden on its residents at a time when so many face job insecurity and are struggling just to pay their bills. 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.

The City understands the fiscal uncertainty associated with the COVID-19 pandemic recovery and has the ability to adjust to unanticipated shortfalls just as it effectively managed such a situation in 2020. One example of a contingency action is to slow the pace of hiring new employees and filling vacancies. The City's budget assumes that all new employees are hired and vacancies will be filled on January 1, 2021. As a practical matter, the new positions will not be filled immediately in the new year, so there is some flexibility already built into the budget. The City has the ability to delay hires and implement a general hiring freeze if City revenues are lower than expected.

The forecasts show a declining fund balance in 2021 and 2022 and then General Fund surpluses in 2023, 2024, and 2025. Key to achieving these surpluses is the City's debt restructuring strategy described in the preceding sections. In addition, annual debt service obligations will fall significantly after the City's General Obligation Bonds mature in 2022, enabling the City to achieve surpluses in subsequent years and rebuild fund balance. If the plan is executed as anticipated, the City can reexamine its strategy to finance capital improvements and other priorities while maintaining sufficient liquidity. The projections assume additional transfers for capital improvements projects in 2022 through 2025, while still maintaining the targeted fund balance level.



Planned budget enhancement initiatives will enable the City to sustain a substantial fund balance through 2025. Moreover, the extension of the special EIT and LST taxing powers will allow the City to avoid a revenue cliff and potential draconian service cuts. The City is committed to providing essential services to the community while securing its long-term fiscal stability. The City will take every responsible action necessary to achieve these objectives.

8.1 Initiatives Summary

Initiative	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Five-Year Impact
Revenue						
Redirect Park Permit Revenues to General Fund	-	400,000	400,000	400,000	400,000	1,600,000
Pursue PILOT Agreements	-	25,000	25,000	25,000	25,000	100,000
Review Service Delivery Alternatives	-	100,000	100,000	100,000	100,000	400,000
Seek Increased Federal Grant Funding	-	25,000	25,000	25,000	25,000	100,000
Improve Neighborhood Service Fund Collection Rates*	-	500,000	1,300,000	1,300,000	1,300,000	4,400,000
Expense						
Implement Steps to Reduce Health Insurance Costs	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057	6,078,194
Explore Opportunities to Restructure Debt Obligations	198,742	(1,260,851)	808,197	804,792	801,973	1,352,853
Other						
Reestablish Access to Debt Markets and Restore Credit Rating	-	-	-	-	-	-
Establish an OPEB Trust	-	-	-	-	-	-
Implement Workforce Stabilization Program	-	-	-	-	-	-
Promote Economic Development	-	-	-	-	-	-
Total – General Fund	\$1,298,742	\$444,149	\$2,570,947	\$2,628,179	\$2,689,030	\$9,631,047
Total – Neighborhood Services Fund	-	\$500,000	\$1,300,000	\$1,300,000	\$1,300,000	\$4,400,000
Total – All Funds	\$1,298,742	\$944,149	\$3,870,947	\$3,928,179	\$3,989,030	\$14,031,047

* Indicates benefit to the Neighborhood Services Fund, not General Fund



As described above, the City plans to refinance its forbearance liability with Ambac and finance the defeasance of its outstanding Series 2005A-2 Bonds. The projections below assume that the City execute a financing to execute both transactions. The final 2021 plan of finance is not finalized yet. The City may choose to defease all or a portion of the Series 2005A-2 Bonds with cash rather than through a financing.

Operating Forecasts, 2021-2025

	Projected 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Revenues	64,315,859	65,358,263	68,076,053	68,711,161	69,218,608
Expenses	68,813,150	70,141,470	64,901,271	65,987,133	67,412,035
Operating Result	(4,497,291)	(4,783,208)	3,174,783	2,724,029	1,806,573
Baseline Capital Expenses	6,337,223	1,617,000	1,597,000	1,477,000	1,560,000
Baseline Change in Fund Balance	(10,834,514)	(6,400,208)	1,577,783	1,247,029	246,573
<u>Supplemental Fund Balance Contributions</u>					
Priority One Capital Projects	0	1,000,000	1,000,000	1,000,000	1,000,000
Total	0	1,000,000	1,000,000	1,000,000	1,000,000
Beginning Fund Balance	32,118,944	21,284,430	13,884,222	14,462,005	14,709,034
Ending Fund Balance	\$21,284,430	\$13,884,222	\$14,462,005	\$14,709,034	\$13,955,607
Fund Balance Pct of Expenses	31%	20%	22%	22%	21%

The projections show operating surpluses 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 position relative to target minimum levels and allocate any unspent budget funds to bring the funds into compliance, if necessary. After the fund balance minimums are confirmed, with each budget reallocation in the new year, the administration will report to City Council the cumulative amount of unspent personnel funds and will discuss the possibility of reallocating these funds for COVID relief, small business loan support, blight/demolition, or other priorities.

(remainder of page intentionally left blank)



9 Principal Proprietary Funds

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

9.1 Neighborhood Services Fund

Created in 2016, the Neighborhood Services Fund (“NSF”) accounts for the revenues and expenses associated with the provision of refuse collection and disposal services to residential, commercial, and industrial establishments of the City, as well as Parks and Recreation maintenance services, and road repair services, as those are related to the facilitation of refuse collection and disposal services.

Neighborhood Services Fund Forecasts 2021-2025

	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Operations	15,764,310	16,319,116	17,176,662	17,237,086	17,300,530
Miscellaneous	418,702	712,205	712,205	712,205	712,205
Transfers	5,000	5,000	5,000	5,000	5,000
Total Revenues	18,855,117	17,036,321	17,893,867	17,954,291	18,017,736
Personnel	6,141,109	6,188,382	6,335,100	6,486,178	6,641,774
Services	9,443,601	8,882,489	9,059,639	9,240,332	9,424,638
Supplies	1,188,704	908,382	926,550	945,081	963,983
Other	24,900	0	0	0	0
Capital	1,894,671	1,948,521	1,178,341	1,245,536	1,249,251
Transfers	162,133	0	0	0	0
Total Expenditures	18,855,118	17,927,774	17,499,630	17,917,127	18,279,645
Change in Fund Balance¹⁵ (Cash Carryover)	(2,667,106)	(891,453)	394,237	37,164	(261,910)
Beginning Fund Balance	6,944,507	4,277,401	3,385,948	3,780,184	3,817,348
Ending Fund Balance	\$4,277,401	\$3,385,948	\$3,780,184	\$3,817,348	\$3,555,439

¹⁵ The 2021 Neighborhood Services Fund budget was balanced by applying existing fund balance as “Cash Carryover” to avoid a deficit in 2021. For presentation purposes in this table, the Cash Carryover is shown in the “Change in Fund Balance” line.

The NSF’s primary revenue sources are garbage collection and disposal fees. The City budgets \$4.3 million in garbage collection fees in 2021 and \$9.9 million in disposal fees. The City does not project any fee increases for Harrisburg residents. The City will build on its efforts to improve collection rates from 85% to 88% in 2022, which would result in at least \$500,000 in additional annual fee revenues.



In addition, the City will set the goal of increasing the collection rate to 93% beginning in 2023, which will generate approximately \$1.3 million annually compared to current levels.

The primary NSF expense is contracted service for garbage disposal of approximately \$6.3 million. The costs will increase 2.5% annually through 2024. The contracted payment to the Lancaster County Solid Waste Authority is also accounted for in this fund. The tipping fee is \$201.70 per ton in 2021 and will be adjusted on January 1 of each calendar year by the Consumer Price Index. The projections assume other contractually mandated increases, which range between 5% and 8%.

The City has entered into contracting agreements with two nearby municipalities – Penbrook Borough, and Paxtang Borough - which will result in a significant net benefit to the NSF. Combined with the Steelton partnership, these arrangements will generate approximately \$320,000 in net income, not including one-time start-up costs of about \$533,000.

Approximately 87 employee salaries are paid out of the NSF, an increase of 7 over the 2020 budgeted level, making personnel costs a key expense driver. Projected personnel cost increases mirror those in the General Fund – 2% annual salary increases and 5% annual medical insurance increases.

The NSF will carryover \$2.7 million in fund balance to cover rollover expenses from 2020, almost \$1 million in one-time expenses associated with new potential Penbrook and Paxtang agreements, and the settlement of liability claims connected with the fund. Without any fee increases to Harrisburg residents, the projections show fund balance equal to at least 19% of expenditures through the 2025.

The City will manage its Neighborhood Services Fund to balance revenues and expenses in the long-term. The City will also target a fund balance equal to one month of annual operating expenses. Maintaining this level of fund balance will ensure that service/operation disruptions will be avoided; the NSF will not be a burden on the General fund; and the fund will not maintain unnecessary balances that can otherwise be deployed to provide services to customers.

The current fund balance projections show levels that significantly exceed the one-month of working capital minimum target. This fund balance serves as temporary, near-term protection in case certain revenue streams do not materialize as projected. The main strategy to maintain budgetary balance in the fund is to improve fee collection rates. However, the City also acknowledges the uncertainty inherent in relying on collection rate improvements to support revenue growth. If fee collections do not improve as anticipated, the City will apply fund balance to fill budget gaps.

The City is also mindful of identifying funding sources for future capital improvement and vehicle replacement 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.

If the NSF fund balance is depleted below the target levels, the City is committed to increase fees to ensure budgetary balance is restored in the fund and capital needs can be addressed. The City does not anticipate any fee increases through 2025 but is prepared to act if necessary.



9.2 Harrisburg Senators Fund

The Harrisburg Senators Fund accounts for the revenues and expenses associated with the payment of debt on the financing of the Harrisburg Senators new stadium. In recent years, the fund has been subsidized by approximately \$240,000 in annual transfers from the City's general operations. When the minor league baseball season was canceled earlier this year due to the COVID pandemic, the City made the entire annual debt service payment of approximately \$650,000 on the Series 2005A-2 Bonds.

If successful in defeasing the Series 2005A-2 Bonds, the City will transfer surpluses from the Senators Fund to the General Fund and consider eliminating the fund all together.

Harrisburg Senators Fund Forecast 2021-2025

	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Operations	-	400,000	400,000	400,000	400,000
Transfers	5,750,000	-	-	-	-
Revenues	5,767,857	400,000	400,000	400,000	400,000
Services	-	-	-	-	-
Debt Service	5,750,000	-	-	-	-
Transfers to General Fund	-	400,000	400,000	400,000	400,000
Expenses	5,750,000	400,000	400,000	400,000	400,000
Change in Fund Balance	-	-	-	-	-
Beginning Fund Balance	38,925	38,925	38,925	38,925	38,925
Ending Fund Balance	\$38,925	\$38,925	\$38,925	\$38,925	\$38,925

(remainder of page left blank intentionally)



9.3 Other Non-Major Funds

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following tables consolidate the recent and projected financial performance of these funds. Details of each individual non-major fund are included in the Appendix.

Other Non-Major Funds, Historical Financial Performance, 2016-2020

	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020
Operating	1,880,637	2,072,103	2,241,083	2,334,008	623,684
Grants/Donations	151,787	150,494	211,447	128,057	95,321
Miscellaneous	14,699	10,346	8,586	2,004,762	17,317
Transfers	2,016,893	1,880,934	4,047,698	6,636,184	5,049,201
Cash Carryover	0	0	0	0	22,095
Revenue	\$4,064,016	\$4,113,877	\$6,508,815	\$11,103,011	\$5,807,618
Personnel	162,536	167,283	177,379	175,183	151,220
Services	810,585	729,786	733,152	612,584	575,420
Supplies	296,956	139,393	332,195	185,454	339,057
Debt	0	0	0	0	226,355
Capital	2,651,537	960,831	2,396,391	8,097,635	2,804,683
Transfers	976,433	404,920	639,878	1,170,000	0
Other Operating	139,062	10,000	243,980	158,482	81,862
Expense	\$5,037,109	\$2,412,213	\$4,522,975	\$10,399,338	\$4,178,597

Other Non-Major Funds Forecast, 2021-2025

	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Operating	880,369	865,496	871,776	878,244	878,244
Grants/Donations	137,500	137,500	337,500	337,500	137,500
Miscellaneous	12,900	12,900	12,900	12,900	12,900
Transfers	12,919,213	3,083,500	3,063,500	2,943,500	3,026,500
Cash Carryover	9,034,337	681,171	465,729	141,700	141,700
Revenue	\$22,984,319	\$4,780,567	\$4,751,405	\$4,313,844	\$4,196,844
Personnel	181,914	181,041	183,759	186,532	189,360
Services	1,210,400	1,075,596	1,076,492	1,077,406	1,077,406
Supplies	428,400	435,947	435,481	435,138	435,138
Debt	224,112	224,112	224,112	224,112	224,112
Capital	20,564,454	2,709,692	2,673,250	1,953,250	1,586,250
Transfers	60,000	0	0	0	0
Other Operating	285,072	30,000	30,000	30,000	30,000
Expense	\$22,954,352	\$4,656,389	\$4,623,094	\$3,906,438	\$3,542,266



Appendix A

Baseline Financial Forecast by Department

The 2021 Projection in the tables below refers to the Amended 2021 Budget and the anticipated Series 2005A-2 defeasance and forbearance financing that is included in this plan.

Office of City Council	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	310,356	316,563	322,894	329,352	335,939
Services	114,200	116,484	118,814	121,190	123,614
Supplies	14,400	11,220	11,444	11,673	11,907
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	438,956	444,267	453,152	462,216	471,460

Office of Mayor	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	244,689	249,583	254,574	259,666	264,859
Services	28,080	28,642	29,214	29,799	30,395
Supplies	14,187	14,471	14,760	15,055	15,356
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	286,956	292,695	298,549	304,520	310,610

Office of City Controller	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	162,041	165,282	168,587	171,959	175,398
Services	5,291	5,397	5,505	5,615	5,727
Supplies	9,200	9,384	9,572	9,763	9,958
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	176,532	180,063	183,664	187,337	191,084

City of Harrisburg
2021 Five-Year Financial Plan



Office of City Treasurer	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	376,283	383,809	391,485	399,315	407,301
Services	62,700	63,954	65,233	66,538	67,868
Supplies	84,000	4,080	4,162	4,245	4,330
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	522,983	451,843	460,880	470,097	479,499

Office of City Solicitor	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	582,108	593,750	605,625	617,738	630,092
Services	328,066	237,942	242,701	247,555	252,506
Supplies	45,483	44,436	45,325	46,232	47,156
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	955,657	876,129	893,651	911,524	929,755

Office of Business Administrator	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	193,771	197,646	201,599	205,631	209,744
Services	114,400	116,688	119,022	121,402	123,830
Supplies	5,168	5,271	5,377	5,484	5,594
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	313,339	319,606	325,998	332,518	339,168

Department of Finance	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	473,184	482,648	492,301	502,147	512,190
Services	310,656	282,362	288,009	293,769	299,644
Supplies	12,100	12,342	12,589	12,841	13,097
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	795,940	777,351	792,898	808,756	824,931



Grants Bureau	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	71,372	72,799	74,255	75,741	77,255
Services	4,000	4,080	4,162	4,245	4,330
Supplies	500	510	520	531	541
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	75,872	77,389	78,937	80,516	82,126

Bureau of Communication	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	253,400	258,468	263,637	268,910	274,288
Services	44,915	45,813	46,730	47,664	48,617
Supplies	14,500	14,790	15,086	15,388	15,695
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	312,815	319,071	325,453	331,962	338,601

Office of Social Equity/Affirmative Action	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	64,590	65,882	67,199	68,543	69,914
Services	8,920	9,098	9,280	9,466	9,655
Supplies	1,600	1,632	1,665	1,698	1,732
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	75,110	76,612	78,144	79,707	81,301

Bureau of Information Technology	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	499,033	509,014	519,194	529,578	540,169
Services	607,830	481,649	491,282	501,108	511,130
Supplies	279,810	270,198	275,602	281,114	286,736
Debt	0	0	0	0	0
Capital	945,907	387,000	112,000	300,000	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	2,332,580	1,647,861	1,398,078	1,611,800	1,338,036



Bureau of Human Resources	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	396,322	404,248	412,333	420,580	428,992
Services	113,568	93,866	95,743	97,658	99,611
Supplies	2,000	2,040	2,081	2,122	2,165
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	511,890	500,154	510,157	520,360	530,767

Bureau of Licensing, Taxation and Central Support	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	405,991	414,111	422,393	430,841	439,458
Services	330,395	337,003	343,743	350,618	357,630
Supplies	63,172	64,436	65,725	67,039	68,380
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	799,559	815,550	831,861	848,498	865,468

General Expenses	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	920,491	938,901	957,679	976,833	996,369
Medical	9,763,864	10,252,057	10,764,660	11,302,893	11,868,038
Services	2,151,982	2,150,089	2,185,091	2,220,793	2,257,209
Supplies	40,540	26,010	26,530	27,061	27,602
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	610,518	617,892	625,414	633,087	640,913
Total Expenses	13,487,395	13,984,950	14,559,375	15,160,666	15,790,130

Transfers to Other Funds	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	0	0	0	0	0
Services	0	0	0	0	0
Supplies	0	0	0	0	0
Debt	10,074,791	11,988,193	5,271,659	4,982,059	4,985,308
Capital	400,000	0	0	0	400,000
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	10,474,791	11,988,193	5,271,659	4,982,059	5,385,308



Bureau of Planning	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	250,230	255,235	260,339	265,546	270,857
Services	87,797	88,740	90,515	92,325	94,172
Supplies	5,500	5,610	5,722	5,837	5,953
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	343,527	349,585	356,576	363,708	370,982

Bureau of Codes	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	942,798	961,654	980,887	1,000,505	1,020,515
Services	29,250	29,835	30,432	31,040	31,661
Supplies	19,700	20,094	20,496	20,906	21,324
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	991,748	1,011,583	1,031,815	1,052,451	1,073,500

Bureau of Business & Resource Development	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	159,298	162,484	165,734	169,048	172,429
Services	8,475	8,645	8,817	8,994	9,174
Supplies	1,500	1,530	1,561	1,592	1,624
Debt	0	0	0	0	0
Capital	0	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	200,000	0	0	0	0
Total Expenses	369,273	172,658	176,112	179,634	183,227

Bureau of Police	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	19,185,823	19,636,104	20,050,769	20,327,951	20,613,210
Services	1,141,620	894,131	911,513	929,244	947,328
Supplies	623,871	554,940	565,139	575,542	586,153
Debt	0	0	0	0	0
Capital	864,000	260,000	260,000	260,000	260,000
Transfers	0	0	0	0	0
Other Operating	20,000	20,400	20,808	21,224	21,649
Total Expenses	21,835,314	21,365,575	21,808,230	22,113,960	22,428,340



Bureau of Fire	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	8,575,236	8,746,740	8,921,675	9,100,109	9,282,111
Services	382,042	380,052	387,653	395,406	403,314
Supplies	308,451	277,506	283,056	288,718	294,492
Debt	0	0	0	0	0
Capital	1,377,310	350,000	700,000	400,000	400,000
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	10,643,038	9,754,299	10,292,384	10,184,232	10,379,917

Office of Traffic and Engineering	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	854,732	871,827	889,263	907,048	925,189
Services	776,296	659,756	672,952	686,411	700,139
Supplies	425,793	197,008	200,948	204,967	209,066
Debt	0	0	0	0	0
Capital	72,830	0	0	0	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	2,129,651	1,728,591	1,763,163	1,798,426	1,834,395

Bureau of Vehicle Management	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	504,983	515,083	525,384	535,892	546,610
Services	487,357	400,361	408,368	416,536	424,867
Supplies	1,424,028	1,179,503	1,203,093	1,227,154	1,251,697
Debt	0	0	0	0	0
Capital	708,515	620,000	525,000	500,000	500,000
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	3,124,883	2,714,946	2,661,845	2,679,582	2,723,174

Bureau of Parks, Recreation, & Facilities	Projection 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
Personnel	1,142,458	1,165,307	1,188,613	1,212,386	1,236,633
Services	675,084	407,502	415,652	423,965	432,445
Supplies	371,361	336,690	341,424	346,252	351,177
Debt	0	0	0	0	0
Capital	1,968,661	0	0	17,000	0
Transfers	0	0	0	0	0
Other Operating	0	0	0	0	0
Total Expenses	4,157,564	1,909,499	1,945,689	1,999,603	2,020,255



Appendix B

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

The City maintains several non-major and special funds that account for financial activity for a variety of purposes. The following are projections for those funds. The 2020 actual results reflect bottom-line revenues and expenses. Allocations between revenue and expense categories are likely to change. 2021 Projection reflects the January 2021 budget amendment and roll over expenses.

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

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Operating	1,212,427	1,263,669	1,466,200	0	0	0	0	0	0
Grants/Donations	0	2,380,532	0	0	0	0	200,000	200,000	0
Miscellaneous	0	0	2,000,000	0	0	0	0	0	0
Transfers	500,000	200,000	5,194,833	3,538,865	11,590,530	1,617,000	1,597,000	1,477,000	1,560,000
Revenue	1,712,427	3,844,201	8,661,033	3,538,865	11,590,530	1,617,000	1,797,000	1,677,000	1,560,000
Capital	223,543	2,017,866	7,884,745	2,460,649	16,746,061	1,940,372	1,947,000	1,527,000	1,560,000
Transfers	250,000	527,784	1,150,000	0	0	0	0	0	0
Expense	473,543	2,545,650	9,034,745	2,460,649	16,746,061	1,940,372	1,947,000	1,527,000	1,560,000
Change in Fund Balance (Cash Carryover)	\$1,238,884	\$1,298,551	(\$373,711)	\$1,078,216	(\$5,155,531)	(\$323,372)	(\$150,000)	\$150,000	\$0
Cash Balance BOY	\$6,880,225	\$5,641,341	\$4,342,790	\$4,716,501	\$5,794,717	\$639,186	\$315,814	\$165,814	\$315,814
Cash Balance EOY	\$5,641,341	\$4,342,790	\$4,716,501	\$5,794,717	\$639,186	\$315,814	\$165,814	\$315,814	\$315,814



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

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast	Forecast
Operating	1,342,534	1,430,015	70,656	30,100	10,427	5,000	5,000	5,000	5,000
Transfers	0	0	1,421,351	1,392,284	1,247,183	1,425,000	1,425,000	1,425,000	1,425,000
Revenue	1,342,534	1,430,015	1,492,007	1,422,384	1,257,610	1,430,000	1,430,000	1,430,000	1,430,000
Personnel	0	0	0	0	0	0	0	0	0
Services	338,398	288,690	265,283	361,100	423,300	413,198	413,198	413,198	413,198
Supplies	63,496	209,869	135,170	317,246	255,000	267,719	267,719	267,719	267,719
Debt	0	0	0	226,355	224,112	224,112	224,112	224,112	224,112
Capital	602,410	314,346	162,273	323,024	3,301,651	743,070	700,000	400,000	0
Expense	1,004,304	812,905	562,726	1,227,724	4,204,063	1,648,099	1,605,029	1,305,029	905,029
Change in Fund Balance (Cash Carryover)	\$338,229	\$617,110	\$929,281	\$194,660	(\$2,946,453)	(\$218,099)	(\$175,029)	\$124,971	\$524,971
Cash Balance BOY	\$1,269,186	\$1,607,415	\$2,224,525	\$3,156,936	\$3,351,595	\$405,143	\$187,044	\$12,015	\$136,986
Cash Balance EOY	\$1,607,415	\$2,224,525	\$3,156,936	\$3,351,595	\$405,143	\$187,044	\$12,015	\$136,986	\$661,956



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

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast	Forecast
Operating	325,603	328,701	354,281	350,854	364,142	344,696	350,976	357,444	357,444
Miscellaneous	2,178	3,223	3,347	0	3,400	3,400	3,400	3,400	3,400
Transfers	0	0	0	0	40,000	0	0	0	0
Revenue	327,781	331,924	357,628	350,854	407,542	348,096	354,376	360,844	360,844
Personnel	101,378	128,402	136,910	131,594	133,245	135,910	138,628	141,401	144,229
Services	29,605	77,609	58,620	52,144	129,000	95,350	95,350	95,350	95,350
Supplies	3,838	11,813	21,562	10,117	10,000	18,750	18,750	18,750	18,750
Capital	112,000	0	0	0	71,209	0	0	0	0
Transfers	0	0	0	0	40,000	0	0	0	0
Other Operating	10,000	243,980	158,482	73,924	211,901	30,000	30,000	30,000	30,000
Expense	256,821	461,804	375,575	267,779	595,355	280,010	282,728	285,501	288,329
Change in Fund Balance (Cash Carryover)	\$70,961	(\$129,880)	(\$17,947)	\$83,075	(\$187,813)	\$68,086	\$71,648	\$75,344	\$72,516
Cash Balance BOY	\$489,241	\$560,202	\$430,322	\$412,375	\$495,450	\$307,637	\$375,723	\$447,371	\$522,715
Cash Balance EOY	\$560,202	\$430,322	\$412,375	\$495,450	\$307,637	\$375,723	\$447,371	\$522,715	\$595,230



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

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast	Forecast
Operating	75,135	87,727	68,825	63,848	48,000	48,000	48,000	48,000	48,000
Miscellaneous	0	0	0	0	0	0	0	0	0
Transfers	0	4,000	0	0	0	0	0	0	0
Revenue	75,135	91,727	68,825	63,848	48,000	48,000	48,000	48,000	48,000
Personnel				5,583	12,569	0	0	0	0
Services	17,950	18,771	50,669	25,319	118,000	44,807	45,704	46,618	46,618
Supplies	5,820	5,138	1,933	0	38,000	19,369	19,757	20,152	20,152
Other Operating	0	0	0	0	23,977	0	0	0	0
Expense	23,770	23,910	52,602	30,903	192,546	64,177	65,460	66,770	66,770
Change in Fund Balance (Cash Carryover)	\$51,365	\$67,818	\$16,223	\$32,945	(\$144,546)	(\$16,177)	(\$17,460)	(\$18,770)	(\$18,770)
Cash Balance BOY	\$206,171	\$257,537	\$325,354	\$341,577	\$374,522	\$229,976	\$213,799	\$196,339	\$177,569
Cash Balance EOY	\$257,537	\$325,354	\$341,577	\$374,522	\$229,976	\$213,799	\$196,339	\$177,569	\$158,800



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

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast	Forecast
Operating	70,803	64,834	19,428	13,655	21,300	21,300	21,300	21,300	21,300
Grants/Donations	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Cash Carryover	0	0	0	0	0	0	0	0	0
Revenue	70,803	64,834	19,428	13,655	21,300	21,300	21,300	21,300	21,300
Services	0	5,250	5,250	0	1,000	1,000	1,000	1,000	1,000
Supplies	0	38,420	0	5,250	19,000	19,000	19,000	19,000	19,000
Expense	0	43,670	5,250	5,250	20,000	20,000	20,000	20,000	20,000
Change in Fund Balance (Cash Carryover)	\$70,803	\$21,164	\$14,178	\$8,405	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300
Cash Balance BOY	\$31,625	\$102,428	\$123,592	\$137,770	\$146,175	\$147,475	\$148,775	\$150,075	\$151,375
Cash Balance EOY	\$102,428	\$123,592	\$137,770	\$146,175	\$147,475	\$148,775	\$150,075	\$151,375	\$152,675



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

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Operating	92,385	15,350	21,345	10,470	10,300	10,300	10,300	10,300	10,300
Grants/Donations	17,273	109,304	6,710	3,400	2,500	2,500	2,500	2,500	2,500
Miscellaneous				15,992	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revenue	109,658	124,654	28,055	29,862	12,800	12,800	12,800	12,800	12,800
Services	63,560	68,787	3,249	5,122	0	0	0	0	0
Supplies	665	19,996	0	0	21,000	19,004	18,150	17,412	17,412
Capital	0	5,100	11,058	0	224,533	0	0	0	0
Expense	64,225	93,883	14,308	5,122	245,533	19,004	18,150	17,412	17,412
Change in Fund Balance (Cash Carryover)	\$45,433	\$30,771	\$13,747	\$24,750	(\$232,733)	(\$6,204)	(\$5,350)	(\$4,612)	(\$4,612)
Cash Balance BOY	\$156,423	\$201,857	\$232,628	\$246,375	\$271,124	\$38,391	\$32,188	\$26,838	\$22,227
Cash Balance EOY	\$201,857	\$232,628	\$246,375	\$271,124	\$38,391	\$32,188	\$26,838	\$22,227	\$17,615



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

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Budget	Projection	Forecast	Forecast	Forecast	Forecast
Operating	90,327	148,951	115,778	97,525	79,000	89,000	89,000	89,000	89,000
Grants/Donations	1,000	2,420	5,750	1,035	0	0	0	0	0
Miscellaneous	457	1,215	640	1,225	0	0	0	0	0
Transfers	0	0	0	108,204	0	0	0	0	0
Revenue	91,784	152,586	122,168	207,989	79,000	89,000	89,000	89,000	89,000
Personnel	13,267	0	0	0	0	0	0	0	0
Services	70,530	47,520	68,385	42,970	102,400	105,000	105,000	105,000	105,000
Supplies	11,745	0	1,851	0	28,900	48,900	48,900	48,900	48,900
Capital	0	47,827	39,559	0	34,000	0	0	0	0
Transfers	100,283	69,594	0	0	40,000	0	0	0	0
Expense	195,824	164,941	109,795	42,970	205,300	153,900	153,900	153,900	153,900
Change in Fund Balance (Cash Carryover)	(\$104,040)	(\$12,355)	\$12,373	\$165,019	(\$126,300)	(\$64,900)	(\$64,900)	(\$64,900)	(\$64,900)
Cash Balance BOY	\$516,648	\$412,608	\$400,253	\$412,626	\$577,645	\$451,345	\$386,445	\$321,545	\$256,645
Cash Balance EOY	\$412,608	\$400,253	\$412,626	\$577,645	\$451,345	\$386,445	\$321,545	\$256,645	\$191,745



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

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Operating	98	479	736	1,042	0	0	0	0	0
Miscellaneous	7,500	4,050	775	0	9,500	9,500	9,500	9,500	9,500
Cash Carryover	0	0	0	0	0	0	0	0	0
Revenue	7,598	4,529	1,511	1,042	9,500	9,500	9,500	9,500	9,500
Services	0	0	0	0	3,000	3,000	3,000	3,000	3,000
Supplies	0	0	0	0	2,000	2,000	2,000	2,000	2,000
Capital	0	0	0	21,010	0	0	0	0	0
Expense	0	0	0	21,010	5,000	5,000	5,000	5,000	5,000
Change in Fund Balance (Cash Carryover)	\$7,598	\$4,529	\$1,511	(\$19,968)	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Cash Balance BOY	\$20,136	\$27,734	\$32,263	\$33,774	\$13,806	\$18,306	\$22,806	\$27,306	\$31,806
Cash Balance EOY	\$27,734	\$32,263	\$33,774	\$13,806	\$18,306	\$22,806	\$27,306	\$31,806	\$36,306



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

	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Projection	Forecast	Forecast	Forecast	Forecast
Operating	61,478	117,679	75,860	13,974	230,200	230,200	230,200	230,200	230,200
Grants/Donations	52,221	28,400	52,850	40,736	71,000	71,000	71,000	71,000	71,000
Miscellaneous	56	98	0	0	0	0	0	0	0
Transfers	54,637	50,000	20,000	6,712	20,000	20,000	20,000	20,000	20,000
Revenue	168,391	196,177	148,710	61,422	321,200	321,200	321,200	321,200	321,200
Personnel	2,996	2,784	0	0	0	0	0	0	0
Services	113,049	159,114	115,971	62,598	321,000	321,000	321,000	321,000	321,000
Supplies	834	259	20	0	1,100	1,100	1,100	1,100	1,100
Expense	116,879	162,157	115,991	62,598	322,100	322,100	322,100	322,100	322,100
Change in Fund Balance (Cash Carryover)	\$51,512	\$34,020	\$32,720	(\$1,176)	(\$900)	(\$900)	(\$900)	(\$900)	(\$900)
Cash Balance BOY	\$0	\$51,512	\$85,532	\$118,252	\$117,076	\$116,176	\$115,276	\$114,376	\$113,476
Cash Balance EOY	\$51,512	\$85,532	\$118,252	\$117,076	\$116,176	\$115,276	\$114,376	\$113,476	\$112,576



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

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Projection	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
Operating	127,611	174,344	140,899	42,217	117,000	117,000	117,000	117,000	117,000
Grants/Donations	80,000	71,323	62,747	50,150	64,000	64,000	64,000	64,000	64,000
Miscellaneous	155	0	0	100	0	0	0	0	0
Transfers	0	22,500	0	3,136	21,500	21,500	21,500	21,500	21,500
Revenue	207,765	268,168	203,646	95,603	202,500	202,500	202,500	202,500	202,500
Personnel	49,643	46,193	38,272	14,043	36,100	45,131	45,131	45,131	45,131
Services	96,694	67,410	45,156	26,178	112,700	92,241	92,241	92,241	92,241
Supplies	52,996	46,700	24,919	6,444	53,400	40,105	40,105	40,105	40,105
Capital	22,878	11,252	0	0	187,000	26,250	26,250	26,250	26,250
Transfers	54,637	42,500	20,000	0	20,000	0	0	0	0
Other Operating				7,938	9,194				
Expense	276,847	214,055	128,347	54,602	418,394	203,727	203,727	203,727	203,727
Change in Fund Balance (Cash Carryover)	(\$69,082)	\$54,113	\$75,299	\$41,001	(\$215,894)	(\$1,227)	(\$1,227)	(\$1,227)	(\$1,227)
Cash Balance BOY	\$305,081	\$235,999	\$290,112	\$365,411	\$406,412	\$190,518	\$189,291	\$188,064	\$186,836
Cash Balance EOY	\$235,999	\$290,112	\$365,411	\$406,412	\$190,518	\$189,291	\$188,064	\$186,836	\$185,609



Appendix C

Unfunded Priority One Capital Improvement Projects

Department	Project Name	2021	2022	2023	2024	2025	Total
Parks/Facilities	Park Maintenance – Front End Loader	95,000					95,000
Parks/Facilities	Park Maintenance – Ventrac attachments	13,252					13,252
Parks/Facilities	Park Maintenance – Utility Trailer	12,386	15,000	15,000	15,000	15,000	72,386
Parks/Facilities	Park Maintenance – Full concrete floor replacement	10,728					10,728
Parks/Facilities	Parks Maintenance Building - Repair Main Electric Line	7,200					7,200
Parks/Facilities	Reservoir Park Brownstone – HVAC repairs and upgrades	23,000					23,000
Parks/Facilities	Park Maintenance Building – Plastic recycling pit	6,000					6,000
Parks/Facilities	Italian Lake/Riverfront Geese Management	30,000	30,000	30,000	30,000	30,000	150,000
Parks/Facilities	Additional video surveillance for highly trafficked park areas	9,000					9,000
Parks/Facilities	City Shade Tree Program	100,000	100,000	100,000	100,000	100,000	500,000
Parks/Facilities	Italian Lake Dredging	30,000	45,000	45,000	45,000	45,000	210,000
Parks/Facilities	Park Maintenance – Skid Steer driven snow blower	9,000					9,000
Parks/Facilities	Public Safety Building - Fire alarm system and smoke detectors	95,000					95,000
Parks/Facilities	Reservoir Park Mansion - New Windows	15,000					15,000
Parks/Facilities	Public Safety Building - Windows	85,000	71,250	71,250	71,250	71,250	370,000
Parks/Facilities	MLK - Heated Air Curtain	24,000					24,000
Parks/Facilities	Reservoir Park Mansion - Porch masonry, railings and wood		35,000				35,000
Parks/Facilities	Public Safety Building - 1st and 2nd floor flooring		84,000	84,000			168,000
Parks/Facilities	Public Safety Building - Ceiling Tiles		29,829	29,829			59,658
Parks/Facilities	Public Safety Building - Access Control	10,000	25,000	10,000	10,000	10,000	65,000
Parks/Facilities	Public Safety Building - Non-Working Valve in Mechanical Room		13,000				13,000
Parks/Facilities	MLK – Repair brick walkway	23,000					23,000
Parks/Facilities	Public Safety Building – Window Coverings	10,000	25,000	25,000			60,000
Parks/Facilities	1820 Paxton St. - Wet Glazing	7,866					7,866

City of Harrisburg
2021 Five-Year Financial Plan



Department	Project Name	2021	2022	2023	2024	2025	Total
Parks/Facilities	1820 Paxton St. - Exterior Fencing - VMC	8,000					8,000
Parks/Facilities	1820 Paxton St – Secondary bulk oil distribution system	15,000					15,000
Parks/Facilities	Reservoir Park Brownstone – Replace gutters	15,000					15,000
Parks/Facilities	MLK – Weather Stripping			50,000	50,000	50,000	150,000
Parks/Facilities	Reservoir Park Mansion - Garage Roof			21,000			21,000
Parks/Facilities	MLK – Complete Remodel			2,700,000	2,700,000	2,700,000	8,100,000
Parks/Facilities	MLK – Codes carpet replacement	13,250					13,250
Parks/Facilities	Reservoir Park Mansion - Lighting		160,000				160,000
Parks/Facilities	Reservoir Park Mansion – Cameras		10,000	12,000	15,000	17,000	54,000
Parks/Facilities	Public Safety Building – Carbon Monoxide Ventilation		19,000				19,000
Parks/Facilities	Public Safety Building – 1 st Floor Roof overhang		25,000				25,000
Parks/Facilities	Public Safety Building – LED Panel Lighting		15,500	15,500			31,000
Parks/Facilities	MLK – Window Coverings		25,908	25,908			51,816
Parks/Facilities	1820 Paxton St – Bathroom remodel		15,000	10,000	15,000		40,000
Parks/Facilities	1820 Paxton St – Access Control		15,000	15,000	15,000		45,000
Parks/Facilities	MLK – HVAC (GESA)		720,000				720,000
Parks/Facilities	City Island - Deck		75,000				75,000
	Total	666,682	1,553,487	3,259,487	3,066,250	3,038,250	11,584,156



Priority Two Capital Improvement Projects

Department	Project Name	2021	2022	2023	2024	2025	Total
Parks/Facilities	Park Maintenance – 6100m Motrim			160,000			160,000
Parks/Facilities	Park Maintenance – Small 8yrd sanitation packer		110,000				110,000
Parks/Facilities	Park Maintenance – 1-ton dump with brine system		105,000	105,000			210,000
Parks/Facilities	Park Maintenance – 72” Z turn mowers		37,000			37,000	74,000
Parks/Facilities	Park Maintenance – Walk behind mowers		6,000	6,000	6,000	6,000	24,000
Parks/Facilities	Park Maintenance Building – Update restrooms in both shops			6,200			6,200
Parks/Facilities	Park Maintenance – Repair flat roof at upper shop				7,000		7,000
Parks/Facilities	Park Maintenance – 8ft slit seeder				9,000		9,000
Parks/Facilities	Park Maintenance – 5-ton dump		155,000	155,000			310,000
Parks/Facilities	Park Maintenance – Backhoe			75,000			75,000
Parks/Facilities	Park Maintenance – Tractor				50,838		50,838
Parks/Facilities	Park Maintenance – Trackless Unit			149,886			149,886
Parks/Facilities	Park Maintenance – 2 bucket trucks				150,000	150,000	300,000
Parks/Facilities	Parks Maintenance Building – Rebuild front steps - masonry			115,000			115,000
Parks/Facilities	Public Safety Building - Basement ceiling-garage		30,000				30,000
Parks/Facilities	Hall Manor Swimming Pool (pool 2) - Epoxy coating		37,000				37,000
Parks/Facilities	Hall Manor Swimming Pool (pool 1) - Epoxy coating			37,000			37,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - expansion joint		100,000				100,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) - new roof		22,000				22,000
Parks/Facilities	MLK - Non-Working Valves in Mechanical Room (GESA)		13,000				13,000
Parks/Facilities	Civil War Museum - Rotunda improvement				250,000		250,000
Parks/Facilities	Jackson Lick Swimming Pool (pool 1) – Changing Rooms		250,000				250,000
Parks/Facilities	1820 Paxton St – Replacement Generator			165,000			165,000
Parks/Facilities	Public Safety Building – Bathroom Upgrades		56,250	56,250	56,250	56,250	225,000

City of Harrisburg
2021 Five-Year Financial Plan



Department	Project Name	2021	2022	2023	2024	2025	Total
Parks/Facilities	Public Safety Building – New elevator cars		241,450				241,450
Parks/Facilities	Reservoir Park Mansion – New roof			43,000			43,000
Parks/Facilities	Strawberry Alley – Bollards			28,000			28,000
Parks/Facilities	Public Safety Building – Expansion tank			6,500			6,500
Parks/Facilities	Stadium Lights		945,000				945,000
Parks/Facilities	Radnor Basketball Court			470,000			470,000
Parks/Facilities	Shipoke Playground		90,000				90,000
Parks/Facilities	Mansion and Brownstone		100,000				100,000
Parks/Facilities	Radnor Ballfield and Bleachers			350,000			350,000
Parks/Facilities	Hall Manor Pool – Spray park renovations			2,100,000			2,100,000
Parks/Facilities	Pleasantview Park				45,000		45,000
Parks/Facilities	City wide water fountains			250,000			250,000
Parks/Facilities	Riverfront Park – Electric		350,000				350,000
Parks/Facilities	City Island (Consultant)			100,000			100,000
Parks/Facilities	Morrison Park (Consultant)		65,000				65,000
Parks/Facilities	Argyle Park			25,000			25,000
Parks/Facilities	Reservoir Park – Phase 4 & 5 of Master plan				1,700,000		1,700,000
Parks/Facilities	City Island design – Phase 16				500,000		500,000
Parks/Facilities	14 th & Shoop (fencing) and Braxton			150,000			150,000
Parks/Facilities	City Island (Skyline field & Press Box area)				5,100,000		5,100,000
Parks/Facilities	Morrison Park renovation project				800,000		800,000
Parks/Facilities	Penn & Dauphin equipment and fencing				400,000		400,000
Parks/Facilities	4 th and Emerald – Walkways/Fencing					50,000	50,000
Parks/Facilities	Jackson Lick Pool – new location					11,000,000	11,000,000
Parks/Facilities	Reservoir Park – Phase 2, 6 & 7					2,500,000	2,500,000
Parks/Facilities	Reservoir Park – Phase 1 & 3					1,685,000	1,685,000
Parks/Facilities	Argyle Street					350,000	350,000
Parks/Facilities	Vernon Street Playground Equipment					180,000	180,000
Parks/Facilities	Stage					120,000	120,000
Parks/Facilities	Decking					90,000	90,000

City of Harrisburg
2021 Five-Year Financial Plan



Department	Project Name	2021	2022	2023	2024	2025	Total
Parks/Facilities	4 th & Dauphin playground	285,000					285,000
Parks/Facilities	Reservoir Park Chutes & Ladders	250,000		800,000			1,050,000
Parks/Facilities	Wilson Park (Consultant)	50,000					50,000
Parks/Facilities	Park Amenities (P&R)	30,000					30,000
Parks/Facilities	Radnor (Consultant)	30,000					30,000
Parks/Facilities	Small Projects	27,500					27,500
Parks/Facilities	Reservoir Park – Phasing		960,000				960,000
Parks/Facilities	Wilson Park Renovations		475,000				475,000
Parks/Facilities	City Island/Riverfront (Consultant)		30,000				30,000
Parks/Facilities	Public Safety Bldg. – Janitor Closets		10,000	10,000			20,000
Parks/Facilities	MLK – Janitor Closets			10,000	10,000		20,000
Parks/Facilities	Hall Manor Pool (pool 2) – Update changing rooms/bathrooms			250,000			250,000
Parks/Facilities	Reservoir Park Brownstone – Replace roof			67,000			67,000
Parks/Facilities	Reservoir Park Brownstone – Exterior paint			6,700			6,700
Parks/Facilities	Hall Manor Pool (pool 2) – Lights and Cameras				47,000		47,000
Parks/Facilities	MLK Building – Exterior brick pavers and lighted bollards			66,000			66,000
Parks/Facilities	1820 Paxton St – Replace roof at VMC				500,000		500,000
Parks/Facilities	MLK – Elevator mechanical modernization				160,000		160,000
Parks/Facilities	MLK – Replace switchgear				350,000		350,000
Parks/Facilities	Public Safety Building – Hot water storage tank				20,000		20,000
Parks/Facilities	Public Safety Building – Replace switchgear				200,000		200,000
Parks/Facilities	Reservoir Park Brownstone– Bathroom remodel				5,725		5,725
Parks/Facilities	Broad Street Market – Replace roof				325,000		325,000
Parks/Facilities	1820 Paxton St – Building Automation System				27,000		27,000
Parks/Facilities	Reservoir Park Mansion – Exterior paint				34,000		34,000
Total		\$672,500	\$4,187,700	\$5,762,536	\$10,752,813	\$16,224,250	\$37,599,799



Appendix D

Progress Towards Resolving Audit Findings

The City's 2018 Independent Financial Audit identified 13 findings, or areas of weakness, in its financial statements or processes. The City has shown a commitment to addressing these weaknesses and as of this writing, 12 of the 13 findings have been resolved, are pending resolution, or are no longer relevant. The City is working to resolve the remaining finding, which is related to financial reporting and staffing:

Finding: The auditor found that various material adjustments were made to the City's records throughout the course of the audit. Additionally, the City did not have adequate staffing in place to produce materially correct GAAP financial statements, including note disclosures, during the audit timeline.

City Response: The City has evaluated the costs and benefits of developing the expertise internally to produce materially correct GAAP financial statements, including note disclosures, and determined that it is more beneficial to engage third parties to provide this service. The City concurs with the comment regarding material adjustments and will strive to develop and implement a process for more closely reviewing complex adjustments. The City notes that a majority of the adjustments occurring subsequent to initial trial balance preparation were prepared by the Accounting Manager and done under his direction and understanding.

The progress towards resolving weaknesses should preclude negative implications for the City's credit rating related to the audit findings. The City remains in regular communications with its auditor to ensure the remaining finding is resolved and limit new findings. Below is a summary of the status of the City's findings since 2018.

Description	Finding #	Finding #	Status
Financial Reporting	2018-001	2019-001	
Segregation of Duties	2018-002	2019-002	Pending Resolution
Reconciling Bank Accounts	2018-003	2019-003	Pending Resolution
Schedule of Expenditure of Federal Awards (SEFA)	2018-004	2019-004	Resolved
Subrecipient Monitoring (no process in place to notify subrecipients of Award information)	2018-008	NA	
Program Income (not used first)	2018-007	2019-006	Resolved
Matching (did not meet required 25% match, short by \$152,000)	2018-011	NA	
Allowability (CDBG – Police Vehicle – resolved in 2019)	2018-010	2019-008	Resolved



Reporting (Section 3 Summary)	2018-006	2019-005	Resolved
Requesting Appropriate Reimbursement from Grant Funding Sources	2018-005	NA	
Equipment & Real Property Management	2018-009	2019-007	Resolved
Procurement	2018-012	NA	
Special Terms and Provisions	NA	2019-009	Resolved