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Engaged with The League Podcasts
Ferguson Township's New KABOOM Playground



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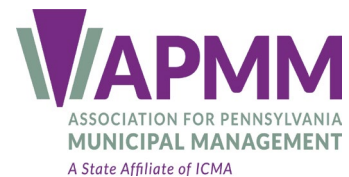
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Our Mission

The Pennsylvania Municipal League strengthens and empowers effective local government through advocacy, education, and support for our members.

The League is a nonprofit, nonpartisan organization established in 1900 as an advocate for Pennsylvania's 3rd class cities. Today, The League represents participating Pennsylvania cities, boroughs, townships and home rule communities that all share The League's municipal policy interests. Our Board of Directors oversees the administration of a wide array of municipal services including legislative advocacy (on both the state and federal levels), publications designed to educate and inform, education and training certification programs, membership research and inquiries, programs, and group insurance trusts.

We are continually monitoring the needs of our members and are committed to providing the commonwealth's municipalities with cost-effective programs and services required to meet the distinct needs of their communities.

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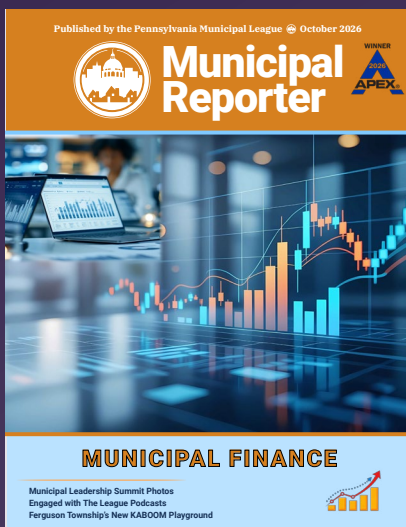
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All inquiries should be addressed to Susan Schrack Wood, Director of Communications, at:

717-236-9469, x *223, sswood@pml.org, Fax 717-724-1663
414 North Second Street, Harrisburg, PA 17101



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Mark Your Calendar



2026

League Learning Academy
The First 90 days:
Municipal Management Essentials
October 29-November 12
Virtual

League Learning Academy
Calm Under Pressure:
Communicating Effectively in
Difficult Constituent Situations
November 3
Virtual

League Learning Academy
Avoiding the Headlines:
How to Evaluate your Municipality's
Compliance, Ethics and Transparency
November 4
Virtual

2026 PELRAS and Pizza in the West
November 4
Cranberry Township Municipal Bldg.

League Learning Academy
Municipal HR Best Practices
November 17
Virtual

2026 PELRAS and Pizza in the East
November 18

Delaware Valley Trusts HQ

League Learning Academy
Monthly Sneak Peek - December Courses
November 20
Virtual

League Learning Academy
Elected Auditor Masterclass - From
Fundamentals to Excellence
December 1-2
Virtual

League Learning Academy
Advanced Budgeting and Cost Management
December 8
Virtual

League Learning Academy
Local Government Financial Reporting:
Capital Assets, Debt, Pensions,
and Revenue Recognition
December 9
Virtual



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The League President's Message



J. WILLIAM REYNOLDS
MAYOR
CITY OF BETHLEHEM



One of the biggest challenges facing municipalities today is finding the resources to turn good ideas into completed projects. With growing needs and limited public dollars, we have to be creative about how we finance the work our communities need.

That means looking beyond the traditional sources of municipal funding and being willing to build public-private partnerships that bring additional resources and expertise to the table. It means pursuing state and federal grants, working with nonprofit and institutional partners, and finding opportunities to leverage local investments with outside funding.

But good financing starts with good planning. When we have a clear vision, a strong project plan and an understanding of the resources available to us, we put our communities in a better position to take advantage of opportunities when they arise.

Every community has different needs and different tools available to it. The key is making thoughtful investments, building strong partnerships and finding creative ways to stretch every public dollar further.

Throughout this issue, you'll hear from municipal leaders and partners about the approaches they are using to finance projects and make important investments in their communities. I hope you'll find ideas and examples that can help inform the work happening in your own municipality.

At the end of the day, financing our projects isn't just about finding the money to build something. It's about investing wisely in the future of our communities.

Sincerely,

J. William Reynolds

*J. William Reynolds
Mayor, City of Bethlehem*

The League Executive Director's Message

Local leaders must walk a tightrope every single day to avoid falling into a cavernous and never-ending quagmire of fiscal challenges.

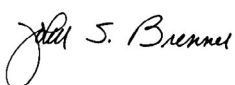
There is never enough money to do the things you need or want to do to make the community better. Staying focused, and more importantly, balanced as you face financial realities will make or break your municipal budget. Understanding the tax base and the limited and outdated revenue sources available to you will help you navigate that tightrope successfully.

Over the past two years, we have advocated vociferously on your behalf to increase the Local Services Tax cap from \$1 per week paid by those working in your municipality, to up to \$3 per week- less than the cost of a daily cup of coffee. These funds are vitally important to public safety services, and it is past time to update this revenue source. Relying on property taxes as the main source of revenue is outdated and unfair. When the new session begins in January, we will redouble our efforts to advance legislation to the Governor's desk. As long as it takes, your League will push forward.

This issue of the Municipal Reporter focuses on municipal finance. Operating more effectively, working with your neighboring communities, building and maintaining positive relationships with county, state and federal officials, are all essential in this modern fast-moving technological era. Our [GrantFinder tool](#), solid training and professional development, and a host of funding partners are available to you as active and engaged League members. Sharing your successes for improving playgrounds, revitalizing housing, bolstering small businesses and providing core services not only enhances your community but our entire Commonwealth. Together, we walk on that tightrope toward a strong, stable, and brighter fiscal future.

Stay safe and stay balanced!

Sincerely,



John S. Brenner



[JOHN BRENNER](#)



Executive Director's Video Report



Inside The League



ABE AMORÓS
DEPUTY EXECUTIVE DIRECTOR -
OPERATIONS – CHIEF DIVERSITY OFFICER

The League is pleased to announce that the Foundations of Pennsylvania Local Government certificate program, in conjunction with Penn State, began the day after Labor Day and is in full swing. The four courses during the pilot program include: Foundations of Local Government Structure/Intergovernmental Relations, Understanding Local Government, Communications in the Public Sector and Advanced Organizational Leadership for Local Government Officials. Participants will need to complete a core group of nine classes with one elective to earn the certificate. Classes are taught by qualified instructors with municipal and governmental administration experience including Lisa Schaefer from Real Talk Strategies in conjunction with Kafferlin Strategies. I also had the pleasure of filling in during the second week as a guest instructor which leads me to the successful launch of the League Learning Academy where I was pleased to kick off the fall program with a presentation entitled: Leadership with a Purpose which examined different leadership styles. Look for more information as we highlight both training programs and continue drawing more participants.

With mid-term elections just around the corner, voters will be making choices that will impact their families along with their communities. After the dust settles, one side will be disappointed while the other will be elated. In a difficult political climate filled with polarization, it's important to work with organizations that aim to take the temperature down in our discourse. That's why The League continues working with Search for Common Ground (SCG), part of the Resilient States Project, which provides resources to communities on bringing people together while recognizing that differences exist. The group met in Washington, PA on October 1st to discuss partnerships, creating relationships based on trust and creating those trusted messengers to deliver strong and positive messages. The lead for SCG, Will Fuller, reminded us that the Hebrew word for "hope" also means "wait" which is a healthy reminder that this work takes time, a wonderful prelude to the presidential elections that will take place in two years.

As one side celebrates, the other side will gear up to retaliate either at the polls or in other ways that may not be as healthy. This leads to extremism with requires the need to prevent political violence. Former Pittsburgh Mayor and exemplary servant-leader, Bill Peduto, shared that Strong Cities Network is looking to create a Prevention Academy that will provide training that addresses hate, extremism and polarizations. The program will identify and focus on 10 cities in 10 months with 10 modules of training with 1.5 hour webinars that include national and international experts in this field. Each city will be provided with tools to create a new program or policy by the end of the course tailored specifically to its needs.

As we lead up to the mid-terms, let's continue remembering that despite the outcome, we still have more in common than what separates us.

From Inside The League,

A handwritten signature in dark ink that reads "Abe Amorós".

Abe Amorós



Business Leaders Network



Lou Seidel
lou.seidel@accuweather.com
814-235-8608

AccuWeather
385 Science Park Rd.
State College, PA 16803



Amy Crouse
acrouse@acrisure.com
412-394-9355

Acrisure
444 Liberty Ave., Suite 605
Pittsburgh, PA 15222



Patrick Geary
patrick.geary@alliant.com
814-414-3053

Alliant Retirement Consulting
3910 Caughey Rd., Ste 220
Erie, PA 16506



John Eldridge
apothicadmin@sasaudit.com
610-617-0452, x112

Apothic Revenue Resources
724 Montgomery Ave.
Narbeth, PA 19072



info@aspirantllc.com
610-348-8082

Aspirant Consulting Group
PO Box 151
Westtown, PA 19395



David Kerr
dkerr@att.com
717-269-5872

AT&T
351 Stanley Drive
Palmyra, PA 17078



Emily Chapman
echapman@bearingadvisors.net
833-270-2500, x115

Bearing Advisors
118 Allison Ave.
Bridgeport, WV 26330

Big firm capability. Small firm personality.
THE BONADIO GROUP
Accounting, Consulting & More

Tim Doyle
Tdoyle@bonadio.com
585-250-7705

The Bonadio Group
171 Sully's Trail
Pittsford, NY 14534



Brian Marchuck
BrianMarchuck@brownplus.com
717-761-7171

Brown Plus
210 Grandview Ave.
Camp Hill, PA 17011



Mike Palombo, Esq.
mpalombo@cdblaw.com
412-395-1280

Campbell Durrant, P.C.
535 Smithfield St., Ste 700
Pittsburgh, PA 15222



Elizabeth Cooper
cooper@comcast.com
412-935-6700

Comcast Keystone Region
15 Summit Park Drive
Pittsburgh, PA 15275



Matthew Shortall
matthew.shortall@constellation.com
443-602-5755

Constellation
1310 Point Street, 9th Floor
Baltimore, MD 21231



John Leimbach
john.leimbach@constellation.com
443-895-1002

Constellation
1310 Point Street, 9th Floor
Baltimore, MD 21231





Business Leaders Network



Zack Vigneault, CFA, CAIA
zvigneault@csmckee.com
412-880-5234

CS McKee
200 Ericsson Dr., Ste 100
Warrendale, PA 15086-6507



Lauren Detweiler
ldetweiler@dvtrusts.com
267-803-5723

Delaware Valley Trusts
719 Dresher Road
Horsham, PA 19044



Daryl Boich
daryl@ecollectplus.com
866-225-0033

ecollect+ Municipal Collections
804 Fayette Street
Conshohocken, PA 19428



Kara Smith
ksmith@hrg-inc.com
717-564-1121

Herbert, Rowland & Grubic, Inc. (HRG)
220 W. Kensing Dr., Ste 100
Cranberry Twp., PA 16066



Jennifer CruverKibi, CPA
jcruverkibi@md-cpas.com
717-622-2338

Maher Duessel
4250 Crums Mill Road, Ste 302
Harrisburg, PA 17112



Michael Boyd
michael.boyd@mbgbenefits.com
412-246-2520

Municipal Benefits Services
301 Grant Street, Suite 270
Pittsburgh, PA 15219



Ken Wollins
ken.wollins@mpspark.com
781-690-4058

Municipal Parking Services Inc
1000 Boone Ave. North, Ste 660
Golden Valley, MN 55427

Service Line Program



Ashley Shiwarski
Ashley.Shiwarski@homeserveusa.com
724-749-1097

Service Line Program by HomeServe
4000 Town Center Boulevard
Suite 400
Canonsburg, PA 15317



OBERMAYER

Tom Wyatt
thomas.wyatt@obermayer.com
215-301-0922

Obermayer
1500 Market St.
Philadelphia, PA 19102



PENNSYLVANIA
AMERICAN WATER

Kelly Bray
kelly.braysnyder@amwater.com
717-215-9459

PA American Water Company
Scranton, PA 18505



Business Leaders Network



Freddy Lutz
freddy@pennbid.net
610-693-4769

PennBid
PO Box 421
Nazareth, PA 18054



Jessica Noble
jnoble@pml.org
717-236-9469 *250

PennPRIME
414 North Second Street
Harrisburg, PA 17101



Zachary Peirson
zpeirson@benecon.com
717-723-4600

PA Municipal Health Insurance Cooperative
201 E. Oregon Rd., Ste 100
Lititz, PA 17543



John Molloy
molloyj@pfmam.com
717-232-2723

PFM Asset Management
213 Market Street
Harrisburg, PA 17101



Charles Jordan
charlesjordan@4pab.com
716-204-3350

Professional Ambulance Billing LLC
8610 Main Street
Williamsville, NY 14221



Justin Steinbugl
jsteinbugl@safebuilt.com
412-815-7841

SAFEbuilt
1013 Wayne Ave.
Chambersburg, PA 17201



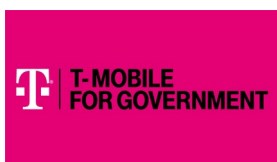
William W. Warren, Jr., Esq.
William.warren@saul.com
717-238-7698

Saul Ewing LLP
2 North Second St., Ste 700
Harrisburg, PA 17101



Matthew Wardecker
matthew.wardecker@se.com
717-713-5873

Schneider Electric
530 Habecker Church Rd.
Lancaster, PA 17603



David Ombres
david.ombres@t-mobile.com
412-737-8675

T-Mobile
5996 Centre Ave.
Pittsburgh, PA 15206



Jessica Noble
jnoble@pml.org
717-236-9469 *250

U-COMP
414 North Second Street
Harrisburg, PA 17101
717-236-9469



Robert McGuckin
robert.mcguccin@verizon.com
412-633-3248

Verizon
15 Montgomery Pl
Pittsburgh, PA 15212



Gloria Daudier
gloria.daudier@wellsfargo.com
332-999-8997

Wells Fargo



Four Decades On: Lessons from Act 47 and the Gap That Remains

BY VINNY CANNIZZARO, PH.D, EXECUTIVE DIRECTOR & MANAGING DIRECTOR, PENNSYLVANIA ECONOMY LEAGUE

Communities across the United States are at a tipping point. The path towards prosperity for our hometowns is neither guaranteed nor secured. In all corners of the nation, many local governments are on the verge of financial distress as tax bases and revenue streams continue to flatline.

Resilient local governments are a foundation for strong communities. Strong governments require accurate financial information, reliable internal procedures, and the capacity to make informed operational and policy decisions. While local leaders, elected officials, and decision makers have the enthusiasm, drive, and commitment to improve their communities, many are structurally constrained. For many low-resource, under-capacity communities, research and technical assistance are prohibitively expensive; many also lack the time, data, or expertise to address complex policy issues internally.

In 1987, Pennsylvania passed the Municipalities Financial Recovery Act, commonly known as Act 47, as one mechanism to support the financial status—and future—of distressed municipalities. With specialized state authorization, municipalities receive a dedicated team of coordinators to help them regain a secure footing and support the health, safety, and well-being of residents within their borders. In addition, these distressed municipalities have significant financial opportunities—both revenue enhancements and expenditure support—to reduce fiscal concerns and build greater capacity.

Since 1987, 32 municipalities have entered the Act 47 program, and 3 remain distressed. The Pennsylvania Economy League, a nonprofit, nonpartisan organization dedicated to supporting local governments and communities across the Commonwealth, has supported many of these efforts. From Nanticoke to Altoona, Scranton to Harrisburg, communities of all sizes across Pennsylvania have sought and received specialized support.



Nevertheless, for decades, a handful of Pennsylvania municipalities languished in Act 47, kept alive through enhanced revenue options like a higher earned income tax rate, triple local services tax, authority to tax non-residents, and more. That ended in 2015, when the state revamped the Act 47 program for distressed municipalities and mandated an exit after five years.

However, the path to stability is long and winding. Some municipalities seemed stuck in a moment of distress. For example, the City of Scranton remained in the Act 47 program—and remained with a distressed municipal status—for over 30 years. Entering in 1992, it took significant efforts, both internally and with the support of PEL, to finally exit the program in 2022. And while the City has found success—balanced budgets, budget reserves, and increases to its bond rating—external support and capacity-building exercises are still required. As such, PEL remains actively engaged with many former Act 47 clients, including the City of Scranton and the City of Hazleton. From monthly cash flow analysis to long-term financial planning and budgeting, even though the immediate catalysts for distress may no longer exist, the internal infrastructure to ensure a strong and prosperous future remains fragile. This is not a lack of motivation, but rather structural limitations that inhibit prosperity.

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While Act 47 has had noteworthy successes, it tends to respond to concerns rather than proactively prevent significant distress.

In 2014, Pennsylvania wrote the Early Intervention Program, first established in 2004, into Act 47. In 2019, lawmakers renamed it the Strategic Management Planning Program (STMP). By statute, STMP gives municipalities a “preemptive step” to develop strategies that “avert a fiscal crisis and provide fiscal stability.” Through the program, the Department of Community and Economic Development requires a rigorous review of a community’s past financial position, projections of future budget pressures, and a detailed look at the operational and administrative practices that underpin its overall health.

This proactive approach is making a big difference across the Commonwealth. Dozens of municipalities have gone through the program since 2019, PEL has supported over 40% of all Phase 1 STMP engagements throughout the Commonwealth. These assessments have resulted in millions of dollars in direct financial support to purchase, upgrade, and facilitate the things that matter most—what makes communities

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successful. From IT projects to comprehensive planning, the STMP program provides a lifeline before distress sets in.

However, not all municipalities find the support they need. In 2026 alone, PEL has been approached by two separate municipalities, on two separate sides of the state, with real concerns over their ability to remain solvent. Current officials care, but past circumstances have raised significant flags and gaps in oversight, budgeting, and long-term sustainability.

But STMP alone cannot pull them out of this hole, and entering Act 47 is no longer as viable an option.

So what can be done? Short of legislative changes to the municipal tax code, municipalities have found a way forward: home rule.

Home Rule

Many former Act 47 communities, many former STMP communities, and many communities that have not been able to engage with either of these programs are staying afloat by pursuing home rule as a means of obtaining greater fiscal flexibility.

Home rule lifts the tax rate limits set by state municipal codes and Act 511. Specifically for this discussion, home rule eliminates the cap on what is the most productive source of tax revenue for local governments: earned income tax.

Most cities and boroughs receive the majority of their revenue from property taxes. Since municipalities are generally at the limit of their Act 511 taxes like earned income and local services, municipalities that need revenue often can only raise property taxes. As

assessments become outdated and assessed values fail to reflect market conditions, the purchasing power of a mill of property tax revenue erodes, forcing the municipality to levy more mills to keep up.

In contrast, the earned income tax generates significant revenue and tends to grow naturally as wages increase. Earned income taxes are also not paid by property owners who are on a fixed income or by businesses. Home rule does not create new tax bases or solve structural expenditure challenges. It primarily expands local discretion over existing revenue sources.

The list of former Act 47 municipalities that are seeking home rule or have approved home rule includes the cities of Altoona, Duquesne, Nanticoke, and New Castle, the boroughs of Braddock and Mahanoy City, and Plymouth Township. The experience of Shamokin, a former Act 47 city where home rule was recommended, illustrates the challenge facing municipalities that have reached statutory tax limits. After voters rejected home rule, the city borrowed money to operate and is repaying it through debt service millage since general purpose mills were at the maximum.

Home rule, however, is not a panacea. Scranton, for instance, levied a higher earned income tax on its residents under home rule prior to and during its 30 years in Act 47. It still was not enough to keep pace with the expenditures of the full-service city. For Scranton, and other cities like Harrisburg, the answer was to sell assets like parking garages and municipal utilities such as sewer authorities.

Home rule still only allows municipalities to raise revenue from their own residents, who are often poorer than in surrounding towns. Urban core municipalities remain responsible for the cost of a full array of services that are necessary to maintain the health, safety and welfare of residents, visitors and businesses alike. And many are still hampered by the large non-profit footprint from hospitals, universities and other government buildings.

Finally, home rule requires municipalities to undergo an onerous 18 to 20 month process simply to obtain



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needed revenue flexibility. Many elected leaders balk at the amount of work, and the unknown of what government structure will be recommended in the end.

With federal pandemic aid now largely spent, policymakers should reevaluate whether Pennsylvania municipalities have sufficient revenue flexibility to address long-term fiscal challenges. Current proposals, including expansion of the Local Services Tax, reflect a broader discussion about the adequacy of municipal revenue tools.

Closing the Gap

Pennsylvania has built tools for two moments: STMP for communities that act early, and Act 47 for those already in crisis. Home rule fills part of the gap between them, but it requires a struggling municipality to spend nearly two years restructuring its government just to access its own revenue base. For a borough that has slipped past early intervention but isn't headed for receivership, no clear path exists.

Municipalities across Pennsylvania need continued structure and support. While assessments can identify challenges, it is the additional toolbox of support, such as monthly cash-flow monitoring, budgeting help, and a trusted outside partner, that keeps a community from sliding backward. Scranton's experience after exiting Act 47 shows that need doesn't end when the designation does.

Overall, good data, sound analysis, and hands-on technical assistance shouldn't depend on whether a community can afford a consultant. State agencies, philanthropy, and partners like PEL each play a role in making that help routine, not exceptional.

Scranton spent 30 years finding its way out of distress. Somewhere in Pennsylvania, the next Scranton is balancing its books by deferring maintenance and drawing down reserves. It is still early enough to change that story, if we choose to.



Vinny is the Executive and Managing Director of PEL. He brings a wide-ranging research background in local government and public policy. Before joining the Pennsylvania Economy League, he served as Director of the Arthur J. Glatfelter Institute for Public Policy at York College. He holds a Ph.D. in Public Policy from the University of Maryland, Baltimore County.

Could Pittsburgh Ever Have Free Buses? A City Pilot Offers a First Test

BY SUSAN SCHRACK WOOD, PA MUNICIPAL LEAGUE, AND KEA WILSON, STREETS BLOG USA*



Photo: Egor Litvinov

When Pittsburgh's downtown city employees received free transit passes this August, it was part of a Pittsburgh Regional Transit strategy to increase ridership and decrease traffic congestion. The program is called the PRTner Pass Program. It lets employers, schools and apartment owners buy 31-day passes for \$28 instead of the regular \$97.50, as long as the passes are available to everyone in the group. The city is the eighth group to join the program. The mayor's proposed 2026 budget set aside \$275,000 to provide passes for an estimated 750 Downtown employees, which would be the largest group in the program so far. There's no public record yet of how the program is working so far, but free bus service is not a concept limited to Pittsburgh.

New York City Mayor Zohran Mamdani has pledged to free NYC transit riders from gridlock and the farebox by making bus service free for all riders. Advocates at the Climate and Community Institute [argued](#) last spring that other cities can and should aspire to the same goal, even in an era of sharp federal transit cuts that have [only escalated](#) since their report was initially released. "When we zoomed out from New York...we started finding so many examples of smaller cities that were implementing these kinds of changes, both

to speed buses up and to reduce or eliminate fares," said John Stehlin, a professor at University of North Carolina, Greensboro and co-author of the report.

Although many of Pennsylvania's cities offer free bus passes or looped routes for specific populations (senior citizens, students, some city employees in certain cities), Currently, no city or municipality in the Commonwealth offers free public fixed-route bus service for all general users. Could free fares for all actually be feasible?

Bus fares account for only 9% of PRT's total revenue. That is smaller than before the pandemic, when the agency got about 21% of its revenue from fares, roughly \$90 million a year. Replacing that money would still be a major undertaking, and it would mean giving up the steady income that bulk pass programs provide. PRT has spent the past two years in a squeeze over state support. In 2025 the agency was weighing service cuts and fare increases while lawmakers debated a proposal to raise transit's share of state sales tax revenue, providing an additional \$1.5 billion over five years. An agency fighting to preserve existing service has little room to give up fares.

Pennsylvania rules limit how local taxing bodies can contribute to public transit. PRT is also a county-level authority rather than a city department, so Pittsburgh couldn't simply declare buses free. What the city can do is pay PRT on riders' behalf, which is essentially what the employee pilot does.

What other cities have found

US transit agencies recovered just 13% of their operating expenses from ticket sales in 2024. In some communities like [Olympia, Washington](#), agencies

*This article uses excerpts from Kea Wilson's article originally appearing on Streetsblog USA and is republished with permission.

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found that enforcing fare collection actually cost them more than the amount their riders were paying.

“A lot of places looked at the cost of collecting fares and found that the juice wasn’t worth the squeeze,” added Stehlin.

And the societal payoff for giving folks a free ride could be huge. One study cited by researchers found that ridership shoots up an average of 56 percent after fares are eliminated. Pennsylvania offers free transit to senior citizens on local fixed-route service. Allegheny County has also tested targeted discounts. Beginning in early 2023, the county gave about 14,000 people cards and split them into three roughly equal groups: no discount, half off, and unlimited free rides. The county and PRT then launched a half-fare program for SNAP recipients. PRT’s CEO explained the logic this way: half fare lets the agency help twice as many people as full fare would. That approach matches what researchers have described. A recent academic paper notes that without adequate replacement for lost revenue, fare-free transit risks degrading service, and that targeted discounts for specific groups let agencies keep revenue from riders who can pay.

Evidence from elsewhere suggests free fares do raise ridership. A recent peer-reviewed study of Kansas City, which compared it with nine similar cities, found post-policy ridership in zero-fare cities was approximately 22% higher than in cities without such policies. In Boston, ridership on three routes that dropped fares grew 35% from 2021 to 2022, while ridership on the rest of the bus system grew 15%. Analysts note that the strongest results tend to come from smaller systems. Fare-free programs work best in smaller systems and alongside frequent, reliable service.

When free fares end

The same cities that made the case for fare-free transit have also shown its limits. Kansas City ended its free-fare policy on June 1, 2026, after the program began in 2020 as the first of its kind in the country. The regular fare is now \$2, up from \$1.50 before the free program. KCUR reported that ridership increased, but so did expenses, and that the transit authority was dealing with major budget problems stemming from a lack of regional funding.

Kansas City is not alone. In 2023, Rhode Island and Connecticut discontinued their fare-free bus programs, and Toledo’s transit agency also brought fares back, according to a fare-equipment vendor with a commercial interest in fare collection. In Columbia, South Carolina, The COMET reverted to fares after public concerns about onboard disruptions, and Link Transit reinstated fares to sustain as much of its previous service as possible after funding shortfalls. Tucson has kept free fares for six years, but a \$17 million deficit prompted the city manager to consider bringing fares back. Albuquerque’s transit deputy director said there are no plans to return to fares, arguing the city is better positioned than Kansas City because its transit system is part of the municipality, which can help offset lost fare revenue.

Improving Lives, Helping the Climate

The Climate and Community Institute says free and fast service can improve a lot of lives and remove transportation barriers. Emmett Hopkins, a researcher on the Institute’s study says, “We found stories of specific people [whose] buses had been made faster or free, and those people were just better able to stay connected to the things that they needed in their lives — whether it be housing, health care, school, work, groceries, recreation, or their loved ones.”

As Washington aims for [steep federal transit cuts](#) and transit [agencies](#) across the [country](#) follow [suit](#), both Hopkins and Stehlin acknowledge that achieving the dream of fast and free buses nationwide won’t be easy. Still, they say it is possible with a few ambitious policies.

First, both co-authors emphasize that forward-thinking state DOTs already have the ability to “flex” capital dollars away from highways and towards transit agencies, freeing up funds to plan and build faster infrastructure like bus rapid transit.



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Advocates, meanwhile, can fight for funding explicitly to support fare-free operations, like Virginia already did to eliminate fares in its capital city of Richmond — at the cost of just \$5 million, or 0.4 percent of the DOT’s annual budget.

State legislatures can clear the way by abolishing outdated “minimum farebox recovery” mandates that effectively require agencies to charge for a ride, and let localities pass local bond measures, raise taxes, and pursue other revenue streams to amp up transit investment of all kinds.

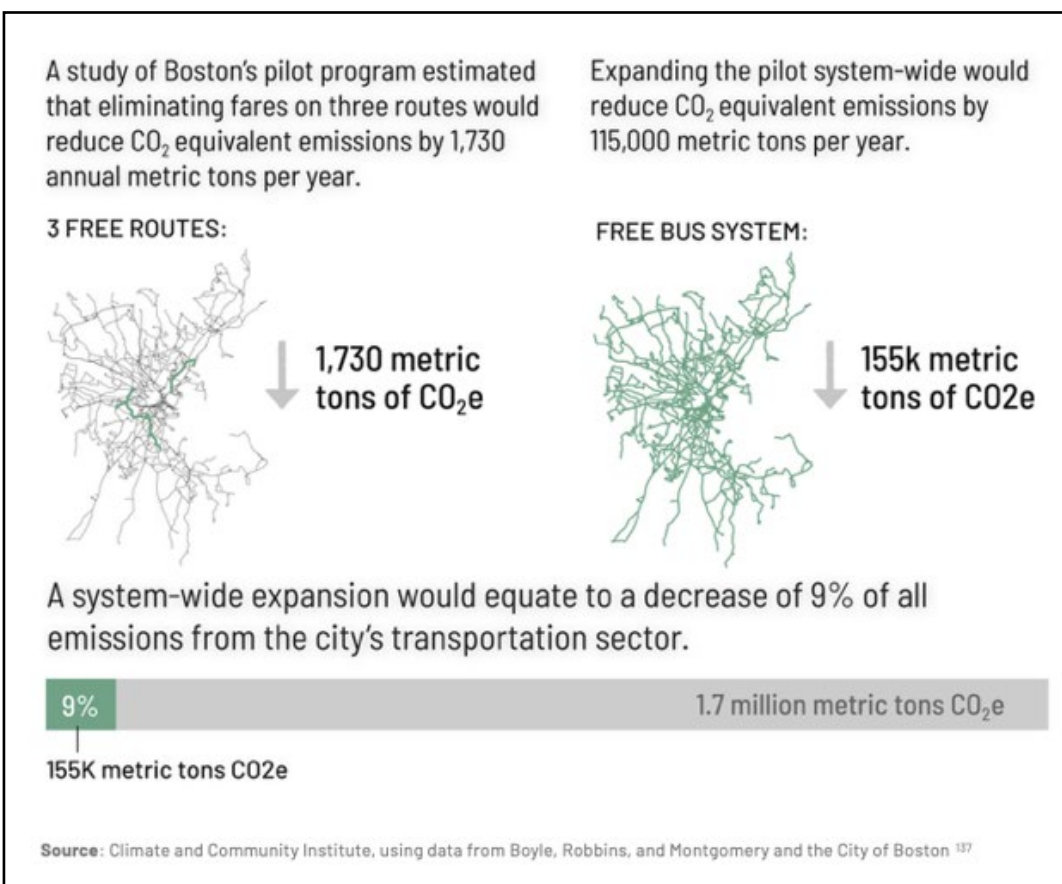
And if full-scale bus rapid transit redesigns and system-wide fare abolition aren’t in the cards, agencies can always start small with interventions like changing signal priority to benefit buses or making key downtown routes free.

“States and cities have the opportunity to give people those better options on a pretty short time scale,” added Hopkins. “That could happen in a matter of months or within a year — or, in some cases, almost immediately.”

Stehlin adds that there’s hope for faster, free buses even in communities not known for being progressive

on transit — because many of them are already doing it, at least at small scale. Perhaps the best example is Birmingham, Alabama, which saw ridership rise sharply after its free, 10-mile rapid transit project, Birmingham Xpress, opened in 2022.

“One of the things that we noticed when we did the research for this report was that we’re already seeing a lot of success in these kinds of initiatives in relatively conservative states,” Stehlin said. “There are aspects of this that are more popular than a car-only agenda.”



Kea Wilson is Senior Editor for Streetsblog USA. She has more than a dozen years’ experience as a writer telling emotional, urgent and actionable stories that motivate average Americans to get involved in making their cities better places.

The Local Services Tax – A Significant Local Tool for Twenty-two Years is Ready for An Update

BY AMY STURGES, DEPUTY EXECUTIVE DIRECTOR – ADVOCACY, THE LEAGUE

Flexible, local revenue options have been a long-standing priority for The League. For well over 30 years we have advocated for a flexible menu of tax options that would give local governing bodies tools to alleviate over-reliance on the Real Property and Earned Income Taxes. One of the primary reasons – taxing options from the 1960's do not cover today's expenses.

The Local Services Tax is the only substantive change made to the local tax structure in many years. Initially, the tax was slated to be an increase in the optional \$10 Occupational Privilege Tax that municipalities levied on workers once a year to help pay for services. In late 2004, Pittsburgh was looking to increase its OPT to provide needed revenue. Governor Rendell indicated support for a statewide increase; and The League spearheaded the effort to provide the option statewide arguing that Pittsburgh was not the only municipality in need of new revenue to cover the costs of services. Our advocacy centered on the message of an optional increase of up to \$52 a year or "One Dollar A Week."

In the waning hours of the legislative session, Senate amendments to bolster the chances of passage resulted in a name change to the Emergency and Municipal Services Tax and a quarterly, rather than weekly, levy. However, at the very last minute and without consultation with The League, the quarterly levy was removed, thereby reverting to an annual withholding. As the bill was signed into law (Act 222 of 2004), this error and several other unintended consequences surfaced, making it clear we would need to revisit the legislation and amend it as soon as the new session was underway. By April of 2005, we had a list of amendments The League supported to correct and clarify the tax. The goal was to fix the legislation for January 1, 2006. At the same time, The League was fighting to keep bills calling for a total repeal from gaining traction.

It took until June 2007 for the General Assembly to pass corrective language that renamed the tax to the Local Services Tax and clarified, among other things, that a levy over \$10 was to be withheld on a payroll basis, rather than as a lump sum. Act 7 was effective January 1, 2008.

Fortunately, as the corrections were made, the amount, purpose and use of the new revenue remained intact. Since then, the Local services Tax has provided a substantive revenue tool to help cities, boroughs and townships pay for police, fire and emergency services, road construction and maintenance – all services expected by workers in a municipality. The key to this tax is that its levy and specific use is locally determined.

Since enactment, many municipalities have utilized the LST, but the cap has remained at \$52 a year while the costs of services continue to rise exponentially year after year. Tellingly, in 2014, The Municipalities Financial Recovery Act (Act 47), was amended to, among other things, give fiscally distressed municipalities more recovery tools, including the option of higher LST up to \$156 a year. At that point, The League started asking, why must municipalities wait until they are fiscally distressed to gain needed revenue tools?

While continuing the advocate for reform of the entire local tax structure, The League partnered with the PA Economy League (PEL) in 2022. PEL conducted a study of local taxation, including eight case studies that illustrate the need for flexibility at the local level because, as we well know, each municipality is different. PEL's study, *[It's Not 1965 Anymore...State Tax Laws Fail to Meet Municipal Revenue Needs](#)*, recommended





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several changes to the local taxing structure including authorizing an increase in the LST cap up to \$156.

With PEL's fact-based research and many of our members expressing budgetary strain as the infusion of federal pandemic dollars ended, The League renewed its call for an increase in the LST cap during the 2025-26 legislation session. Representative Smith-Wade-El (D-Lancaster) and Representative Flick (R-Lycoming) joined forces to produce House Bill 2488, a bi-partisan bill. [House Bill 2488](#) was introduced in May 2026 after many months of unsuccessfully working to gain additional republican co-sponsors. With introduction so late in the session, movement of the bill out of Committee was hampered by the upcoming election.

The League will continue its effort to increase the LST in the new session working for bill introduction and quick committee consideration in early 2027. We will continue to make our central arguments for the optional cap up to \$156 including:

- bolstering municipal fiscal health to avoid Act 47 distress;
- alleviating pressure to increase property taxes and levy special purposes taxes to fund public safety; and
- supporting current police, fire and EMS services.

The League relies on its elected and appointed officials to communicate with their House and Senate members on priority legislation. Only local municipal officials can explain the current fiscal constraints their municipality is facing and what is needed to create a balanced budget year over year. Now is the time to talk with your state officials, as well as those running to represent your community. How would you use additional LST revenue to support local services if authorized to increase the cap?

Twenty-two years ago, the LST was a significant and positive change in local revenue tools available to support municipal services. It's time for the General Assembly to recognize that these tools do need to be updated to meet current budget realities. We invite all municipalities to be engaged in this effort as we work toward the common goal of municipal fiscal stability.

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PA Small Towns Set to Get Latest Wave of Federal Funding for EV Chargers

BY KATE HUANGPU OF SPOTLIGHT PA | ORIGINALLY PUBLISHED ON AUG. 4, 2026



Commonwealth Media Services

As Pennsylvania prepares to receive millions of federal dollars to build electric vehicle charging stations, the small towns that will host the devices hope they can double as tourist magnets.

“People can let their vehicles sit for a bit and walk the stores downtown and grab food,” Steve Herman said of the vision for the devices. “They’ll serve folks who are living here but also draw in visitors.”

Herman is transportation planning program director for SEDA-COG, an economic development organization that covers eight central Pennsylvania counties. He’s spent the past year working with chambers of commerce and community groups to explore how to make the chargers economic assets. If planned properly, he said, the stations can “draw people into our downtowns.”

The funding is the latest wave of a \$5 billion federal program created under the Biden administration to build out EV chargers across the country. A previous phase of the program placed chargers along interstates and other major roads, but this round is focused on

building chargers in local communities. All told, Pennsylvania is slated to receive \$171 million by the program’s end.

In the past year, Herman has surveyed where the best locations for chargers would be, hosting in-person workshops on the program and polling residents. He even created a tool that lets people drop pins on a map to recommend locations for chargers.

He reported his findings to PennDOT, which has been consulting with [dozens of other local planning councils](#) across the state in preparation for the funds.

“Compared to Philadelphia or Pittsburgh, [there are] differences in terms of existing network and priorities,” Herman told Spotlight PA, referring to current charger access. “We already have some in university towns and hospitals and destinations like that, even some of the grocery stores. But [there’s] not as widespread availability. The community charging program will broaden that out.”

Pennsylvania has built at least [three dozen chargers](#) so far — the most of any state in the U.S. This has consumed roughly one-third of the commonwealth’s allocated funds. Each [charging port cost roughly \\$163,000](#).

Clean energy and transportation experts attribute the fast deployment to PennDOT, which had previously partnered with the Department of Environmental Protection to [research](#) the issue. The agency also worked directly with local gas stations to dole out grants.

Environmental advocates view EVs as a key part of combating climate change, as the transportation industry is [one of the largest sources](#) of greenhouse

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gas emissions in the U.S. Over [half of those emissions](#) come from passenger cars and trucks.

Alissa Burger, regional policy director at clean transportation industry group CALSTART, said the federal funds are “creating a foundation” for states to have basic EV charging infrastructure that will “encourage their citizens to consider switching over to a zero-emission vehicle.”

She added: “You’re not gonna get an EV if you feel nervous about where you’re going to charge it.”

Previously, states were on their own, Burger said. For instance, she pointed to the [2019 PennDOT plan](#) to build out EV infrastructure. That pitch proposed just four charging stations and identified only state sources for funding.

“There was intention. I don’t think there was a lot of funding behind it,” Burger said.

So far, Pennsylvania has already spent or plans to spend roughly \$60 million of the \$171 million allocated to the state. The remaining \$100 million has been obligated — meaning a contract is in place to spend the funds — to the grant program that Herman of SEDA-COG is participating in, per PennDOT.

That initial commitment is important, as unobligated funds can be clawed back by federal officials when the program expires in October. The EV charging effort is among a slate of initiatives funded by the Bipartisan Infrastructure Law that the Trump administration has tried to roll back or freeze.

In the first weeks of his second term, President Donald Trump issued an [executive order](#) to freeze funding to this and other programs within the BIL. Trump said the freeze was for the purpose of eliminating “unfair subsidies and other ill-conceived government-imposed market distortions that favor EVs over other technology.”

As a result, the federal Department of Transportation paused funding to states. But after a suit by environmental organizations and states, [including Pennsylvania](#), a federal judge ruled the order unconstitutional and returned the funds.

The Federal Highway Administration also issued [new guidelines](#) for the National Electric Vehicle Infrastructure program last August, which [environmental advocates](#) said slowed down EV buildout by forcing states to resubmit their plans.

Under the NEVI program, states get funding to grow their electric charger network. Site hosts, such as gas stations and local governments; EV charging companies; and contractors can apply for money to buy, install, and operate EV chargers. These funds can be used to pay for up to 80% of the total costs to build, replace, or upgrade a charging station.

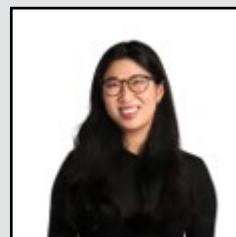
The first tranche of funding was released in 2021 and designated for a specific use: ensuring that there was an EV charger every fifty miles on major highways in the state, namely the Pennsylvania Turnpike. The money was aimed at building chargers for passenger vehicles.

Pennsylvania was the first state to meet that goal, which allowed PennDOT to tap the funding dedicated to setting up charging networks [in less-trafficked routes](#). That second tranche went toward areas like Northeast Pennsylvania, Erie, and the Pittsburgh suburbs.

The latest and final round of funds, for [“community-focused EV charging projects,”](#) is what has small towns excited.

PennDOT is still in the process of mapping out where to place chargers, working with local planning organizations like SEDA-COG to finalize locations.

The agency is doing this work in stages, targeting different regions of the state. Officials plan to begin announcing this fall which municipalities will be awarded grants to build charging stations and say the process of choosing locations should wrap up by next summer.



***Kate Huangpu** is a reporter for Spotlight PA. Her reporting focuses on government, the Governor’s office, and the state legislature. khuangpu@spotlightpa.org @kateHuangpu13*



The Funding Trap of Public Safety

BY WILLIAM F. JENAWAY, PHD, VICE CHAIR OF THE UPPER MERION TOWNSHIP BOARD OF SUPERVISORS

There is no simple way to put this. Public safety costs money. How much you spend, and how you spend it, is the responsibility of elected officials and those who manage our municipality's day to day operations. Too often we look at the past, cap our funding at prior year levels, plus a CPI (consumer price index) increase, or some similar method to set next year's budget. What we sometimes fail to take into account are changes in the community, trends in responses by public safety (both type and frequency), and we may not consider staffing needs (particularly volunteer capacity).

It also becomes important to remember we must operate on a balanced budget, so understanding ALL revenue streams and opportunities is crucial to operational and budgetary planning. In fact, in many ways we are no different than a non-profit corporation.

So what does this mean? As municipal leaders we cannot continue to plan for and fund public safety the way we have always done it.

Let's look at three key points:

- 1. People** – How many people will it take to do the job that the people expect? Can your police department handle the calls they are receiving, or do they have calls waiting? Is your emergency medical service team able to handle calls? Is their funding stream adequate? If not, how can you provide funding to keep the system viable?
- 2. Vehicles and Equipment** - \$75,000 for a new police car. \$1.1 million for a new fire engine. \$400,000 for a new ambulance. Tasers, guns, personal protective equipment, medical supplies, communications equipment all are additional costs. These types of purchases can no longer be managed by a simple annual

budget amount. Multi-year planning and funding modeling has to be a tactical and strategic part of municipal financial planning. Reserving amounts each year to meet the financial goals at the time they are due, is a common practice in business that more and more communities are employing. Also, volunteer fire companies are not free, there is still a cost to the municipality and it must be recognized. With fewer members, rising costs, rising call volume and greater training expectations, fundraising is no longer a possibility.

- 3. Wages, benefits and pensions** – With an average CPI increase in the 3% to 5% range each year, the impact on the budget can be substantial if you have a large employee base. Will a 3% increase, plus benefit increase, plus pension contributions amount to a 7, 8, 10% or more budget line increase? What will this mean to probable tax increases?

Budgeting and planning activities need to be conducted on a multi-year approach, to be successful. Determine what your needs for personnel, operations, capital, and other costs will be, projecting year by year



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for a five year period. What is the impact? What is the cost impact? Where are the funding sources (or what type of new revenue streams or tax increase) you will need? With prices soaring and salaries and benefit costs increasing, what does it mean for proper funding and service provision in your community?

To support your budgeting, metrics and analytics are more important now than ever before. A key component of any budgeting process is the development and integration of a baseline of measurements of metrics to evaluate facilities, personnel, services and response to requests for service. Creating a baseline evaluation and adjustment tool for programs, staffing, budgeting and revenue generation in each department helps make prudent financial decision.

Nothing will be cheaper in the future. The lesson here is simple: **As municipal leaders we cannot continue to plan for and fund public safety the way we have always done it.**



William Jenaway, Ph.D., is a 17-year township supervisor serving as Vice Chair of the Upper Merion Township, Montgomery County, Board of Supervisors; where he is liaison to the public safety operations. Bill is an instructor for the Pennsylvania Municipal League Public Safety Courses, and has taught public safety and public safety finance as an adjunct professor in the graduate school of multiple universities.

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From Transaction to Transformation: What Airports Make Possible

BY GLORIA J. DAUDIER, BANKING PRINCIPAL RELATIONSHIP MANAGER AND
EXECUTIVE DIRECTOR FOR WELLS FARGO



I'll always remember my first flight out of Philadelphia International Airport.

It was Valentine's Day, early in my career — and the first flight I can actually remember. I'd grown up a road-trip kid, so I knew the feeling of a handout the car window long before anyone used it to explain aerodynamics to me. I was headed to Pittsburgh for work, equal parts excited and wide-eyed. "The plane is just going to stay up there?" I asked my seatmate, only half joking. She reached for exactly that analogy. I'm still not sure it landed.

Today, after roughly two dozen trips through Philadelphia International Airport each year, flying has become one of the true joys of my job and personal life. There's still something almost magical about watching an airplane weighing nearly a million pounds lift off the ground and hold steady in the sky, and honestly, I hope I never lose that sense of wonder.

What I've come to appreciate after nearly two decades at Wells Fargo working with government is that an airport like Philly's is more than an airport: It's one

of the biggest economic development assets that a metro area owns. An airport is a catalyst for business investment, tourism, trade, job growth, and real estate development.

That's not just my opinion.

In March 2025, Airports Council International-North America (ACI-NA) released *The Economic Impact of U.S. Commercial Service Airports in 2024*, prepared by Mead & Hunt, which found that U.S. commercial service airports supported 12.8 million jobs, \$619 billion in annual payroll, and \$1.8 trillion in annual economic output.

ACI-NA emphasized that an airport's impact extends beyond airport employees. Economic benefits include airport and airline operations, hospitality and tourism spending, cargo and logistics, corporate relocation and business travel, and construction and infrastructure investment around airports.

Closer to home, the numbers are just as striking. A December 2024 study by Econsult Solutions found that Philadelphia International Airport and Northeast Philadelphia Airport together contribute an estimated \$18.7 billion to the regional economy, supporting 102,600 jobs and \$6.1 billion in earnings, and generating \$547 million a year in state and local tax revenue. More than half of those employees come from the surrounding 11-county region, which means the benefit is not confined to the city line.

Here is the part I find most instructive as a banker: Philadelphia's airport system is a department of the

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City of Philadelphia that operates as an enterprise fund, meaning it is financially self-sustaining from its own revenues and fees and receives no local general fund tax dollars. The asset pays for itself while the region benefits.”

One lesson I've learned working with government clients is that the most important projects aren't measured solely by dollars invested. They're measured by what those investments make possible. In our business, we might start with a transaction, but what communities are really pursuing is transformation: more jobs, more visitors, more business investment, and a stronger local economy. Airports are among the clearest examples of that principle in action.

However, sustaining that impact takes investment — we're not ready to start singing “Fly, Eagles, Fly” just yet.

In the same March 2025 release, ACI-NA reported in Modern Airports for a Stronger America that U.S. airports will need at least \$173.9 billion



in infrastructure investment over five years to accommodate expected growth in passenger traffic and maintain economic competitiveness — up 15.1% from just two years earlier.

Now, when I drive down I-95 toward Philadelphia International Airport, I'm still amazed. Not just by the aircraft, but by what airports make possible: connecting people, attracting investment, creating jobs, and helping an entire region move forward.



A native of Philadelphia, Gloria J. Daudier is a Government Banking principal relationship manager and executive director for Wells Fargo, where she has worked since 2009.

Understanding PLGIT

BY CRANDALL O. JONES, CHIEF ADMINISTRATIVE OFFICER OF UPPER DARBY TOWNSHIP AND PLGIT BOARD OF TRUSTEES PRESIDENT



For 45 years, PLGIT - the Pennsylvania Local Government Investment Trust (or “the Trust”) - has worked to provide local governments with investment solutions designed for their needs while protecting and growing municipal assets. I have had the privilege of serving as a PLGIT Trustee since 2018 and currently serve as President of the Board of Trustees. That experience has given me an even greater appreciation for the value the Trust brings to local governments across Pennsylvania.

My perspective is also shaped by my work as a municipal manager. In the two municipalities I have managed, their respective investments in PLGIT have been instrumental in contributing to fiscal stability while providing the flexibility needed for effective management of both operating and capital expenses. In this article, we will take a closer look at PLGIT’s structure, why the Trust was formed, and how that structure has enabled growth while keeping its investors well represented and their investments secure.

The Declaration

PLGIT operates under a Declaration of Trust, which was adopted in 1981, and has been amended over time. This pivotal document created PLGIT, and to this day it guides many important facets of the Trust.

The Declaration states that PLGIT’s primary purpose will be to offer Pennsylvania’s entities a way to pool temporary cash reserves to gain, “greater advantage under the daily supervision of professional investment advisers.” Moreover, the Declaration limits participation in the Trust to “municipal entities of the Commonwealth of Pennsylvania.” Unlike institutions with multiple customers and varied investment goals, PLGIT’s had a singular focus on investing solely for member governments from the beginning.

The idea was to create an investment vehicle geared exclusively to the needs of municipal governments, school districts, and municipal authorities – something that did not exist in 1981. In addition, the Declaration created a structure that clearly and unmistakably gives control of the Trust to local government officials.

The Trustees – Who They Are, What They Do

Since its inception, PLGIT has been overseen by a Board of Trustees. PLGIT’s by-laws dictate that all Trustees must be either an elected member or full-time employee of their respective municipality or school district. Eleven Trustees are elected each year to serve on the Board, and I have the privilege of leading them as their current President. I am grateful to the Pennsylvania Municipal League for appointing me to serve as a Trustee in 2018 and for the opportunity to work alongside Board members representing PLGIT’s partner associations.

The PLGIT Declaration of Trust provides Trustees with “exclusive and absolute control.” “Exclusive and absolute control” means that the Trustees – elected representatives of our investors – have the power to guide PLGIT. This arrangement is unique among municipal investment institutions in Pennsylvania.

Sponsoring Associations – A Crucial Role

PLGIT has grown and evolved in large part because seven local government associations wanted more investment options, and better service, for their members. The Trust continues to work closely with entities including the Pennsylvania Municipal League (PML), County Commissioners Association of Pennsylvania (CCAP), Pennsylvania Association of School Administrators (PASA), Pennsylvania Municipal Authorities Association (PMAA), Pennsylvania State Association of Boroughs (PSAB), Pennsylvania State Association of Township Commissioners (PATC), and the Pennsylvania State Association of Township Supervisors (PSATS),

Through their sponsorship, these associations help ensure that municipalities and school districts of every size and type have a voice in the future of PLGIT. They continue to help determine the needs of members and set priorities for the future. Today, PLGIT remains the only Pennsylvania investment institution to carry these endorsements.

PFMAM: Our Investment Administrator

The Trust was formed, in part, to put municipal funds into the stewardship of “professional investment advisers.” One of the Trustees’ most crucial functions

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involves selecting and overseeing an investment advisory firm.

In 1981, the Board chose PFM Asset Management (PFMAM), now a division of U.S. Bancorp Asset Management, Inc. (USBAM), to serve as administrator and investment advisor to PLGIT. Like PLGIT, PFMAM was founded to help local governments and has managed public funds for more than 40 years. Today, PFMAM has \$260.4 billion in total assets under administration as of June 30, 2026¹, and currently works with 18 local government investment pools like PLGIT across the country.

In its role as PLGIT administrator, PFMAM manages the assets of the Trust, markets its investment options, and features, and runs PLGIT's day-to-day operations.

Trustees regularly review PFMAM's performance - keeping PLGIT's investors in control. PFMAM's long partnership with PLGIT has enabled it to build an investment and service staff that works exclusively for local governments and schools. My service on the Board has also afforded me the opportunity to collaborate closely with PFMAM and to gain valuable investment insight from professionals who understand the distinctive responsibilities of managing public funds.

PLGIT's Evolving Programs

As of June 30, 2026, more than 3,330 Pennsylvania townships, local governments and schools have invested \$10.5 billion into PLGIT's programs, including five different investment options ranging from variable- to fixed-rate. PLGIT continues to evolve with investor needs by adding options and services, especially to take advantage of the latest technology. Here are just two recent examples:

Online money management: Over the last several years, PFMAM has enhanced Connect, its online client portal, enabling local government managers to streamline many financial operations. Connect has made it easier for approved local government staff to accept funds or initiate redemptions, and even open accounts.

Enhanced security: The safety of public assets has always been a priority and continues to be as the sophistication of cyberfraud increases. With the help of its administrator PFMAM, PLGIT continues to add safeguards and processes that protect local governments from fraud and other threats, including multi-factor authentication (MFA), reverse positive

pay, on-site electronic deposit services, and digital check imaging.

A structure that works

PLGIT's founders may have never imagined that over four decades later, PLGIT would remain a sizable force in the national LGIP landscape, supporting over 3,300 investors across Pennsylvania. It serves as a premier example of how creating the right kind of structure from the beginning leaves a lasting impact on the Trust's investors.

From my perspective as both a municipal manager and Trustee, PLGIT is an invaluable asset to its investors. I greatly appreciate the appointment by the Pennsylvania Municipal League, the collaboration with and investment insight gained from PFMAM, and the partnership with all the Board members from PLGIT's partner associations with whom I have served. Perhaps most importantly, PLGIT has accomplished a level of sustained intergovernmental cooperation that is distinctive in the Commonwealth - bringing local governments, schools, authorities, professional associations, Trustees, and investment professionals together around the shared responsibility of safeguarding and effectively managing public funds.

Important Disclosure Information

This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the investment objectives, risks, charges, and expenses before investing in any of the Trust's portfolios. This and other information about the Trust's portfolios are available in the current Information Statement, which should be read carefully before investing. A copy of the Information Statement may be obtained by calling 1-800-572-1472 or is available on the Trust's website at www.plgit.com. While the PLGIT and PLGIT/PRIME portfolios seek to maintain a stable net asset value of \$1.00 per share and the PLGIT/TERM portfolio seeks to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust's portfolio are distributed by U.S. Bancorp Investments, Inc., member FINRA (www.finra.org) and SIPC (www.sipc.org). PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc., which serves as administrator and investment adviser to the Trust. U.S. Bancorp Asset Management, Inc. is a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bancorp Investments, Inc. is a subsidiary of U.S. Bancorp and affiliate of U.S. Bank N.A.

SMPLGIT, PLGIT-Class Shares, PLGIT/Reserve-Class Shares, PLGIT PRIME, PLGIT/TERM, PLGIT-CD and PLGITCAP are service marks of the Pennsylvania Local Government Investment Trust

¹ As of June 30, 2026. Includes \$204.1 billion in discretionary assets under management and \$56.3 billion in non-discretionary assets under advisement. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were \$501.7 billion.

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Operational Efficiencies for Municipalities: You Don't Need a New ERP System to Get Started

BY BRIAN MARCHUCK, CPA, AUDIT PRINCIPAL, BROWN PLUS

Every finance officer, manager and elected official in Pennsylvania local government has heard some version of the same pitch: replace your entire financial system, and your operational problems will disappear. For a municipality already managing tight budgets, competing capital priorities and a lean administrative staff, a six-figure Enterprise Resource Planning (ERP) system implementation is neither realistic nor necessary.

Efficiency gains rarely require starting from scratch. Through our work auditing and advising local governments across Pennsylvania, we consistently find that municipalities can save significant time, strengthen controls and improve decision-making by using tools they already own, such as Microsoft 365, their existing financial software and a handful of inexpensive, purpose-built add-ons.

Start With What You Already Own

Before shopping for new software, take inventory of the automation capabilities that may be sitting unused in your current systems. Most municipal financial software platforms like Munis, BS&A, QuickBooks®, Edmunds and others already include workflow, approval routing and reporting features that many offices simply haven't enabled. Microsoft 365, which nearly every municipality already licenses, includes Power Automate for building simple approval workflows; Excel Power Query for automating recurring reconciliations and reports; and SharePoint for centralized, permission-controlled document storage.

This is a pattern we repeatedly see: a municipality assumes it needs a new platform to solve a workflow problem, but it can actually configure a module or

workflow that's already part of the software it pays for annually.

Streamlining the Core Financial Cycle

The processes that consume the most staff time (typically accounts payable, payroll, bank reconciliations, month-end close, budgeting and reporting) are also the ones with the most automation opportunity.

Nationally, companies that process invoices manually spend in the range of \$12 to \$18 per invoice once labor, error correction and approvals are factored in. Automated processes bring that down to roughly \$3 to \$4 per invoice, largely by eliminating duplicate data entry and reducing exceptions. For a municipality processing a few hundred invoices a month, that difference adds up to real staff hours redirected elsewhere – not just dollars saved.

We recommend that municipalities evaluate the following opportunities for automation:

- **Accounts payable:** electronic invoice intake, three-way matching against purchase orders and routed digital approvals.
- **Payroll:** direct integration between timekeeping systems and payroll processing to eliminate manual re-entry and self-service portals, so employees can update their own address, tax withholding and direct deposit information.
- **Bank reconciliations:** automated bank feeds and matching rules in existing accounting software, rather than manual line-by-line comparison against paper statements.
- **Month-end close:** standardized close checklists and automated journal entry templates for

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recurring accruals, so the close doesn't depend on one person's memory of "what we did last year."

- **Budgeting:** templated, formula-driven budget workbooks or a low-cost cloud budgeting tool that pulls prior-year actuals automatically, rather than requiring figures to be retyped each cycle.
- **Reporting:** scheduled reports that automatically refresh for the finance committee and council, rather than manually rebuilt spreadsheets each month.

Technology Should Strengthen Controls, Not Replace Them

A common concern we hear is that automation weakens internal controls by removing a human from the process. In practice, the opposite is usually true. Manual, paper-based processes are where controls break down most often, such as an invoice approved without a second signature because the approver was out of office, a check cut without matching supporting documentation or a journal entry posted without review because there wasn't time to route it.

The Government Finance Officers Association (GFOA)'s internal control guidance is built around the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, which emphasizes clear organizational structure, accountability and monitoring, rather than adding more manual steps. Electronic workflows can actually make the separation of duties easier to enforce because, when properly configured, the system can prevent an invoice from moving to payment until the required approvals are completed in sequence. It also creates a complete, time-stamped audit trail that can be more reliable and easier to review than a paper file.

Used effectively, technology becomes part of the control itself, helping enforce policies consistently – regardless of who is in the office that day.

Using AI Tools With Appropriate Oversight

Generative AI tools are increasingly useful for administrative drafting work, from first drafts of resident correspondence and policy language, to meeting minute summaries and background research on a topic before a committee discussion. Used thoughtfully, these tools can save real time on tasks that previously consumed hours of a manager's or clerk's week.

The caveat is that AI-generated content should always go through the same review and approval process any other draft would. A human with subject-matter and legal knowledge should verify accuracy, tone and compliance before anything is finalized or sent, particularly for anything involving legal interpretation, personnel matters or public communications. Treat AI as a drafting assistant that accelerates the first 80% of the work – not as a substitute for professional judgment on the final product.

Workflow Automation, Document Management and Electronic Approvals

Paper files remain a major hidden cost for municipal governments – not only because of physical storage, but also because staff spend time locating documents, moving approval forms between offices and recreating lost or misfiled records. Document management platforms such as Laserfiche are widely used by Pennsylvania municipalities because they integrate with existing financial systems rather than replace them. These platforms automatically route documents to the appropriate approver and maintain searchable, audit-ready records.

The results reported by municipalities that have made these changes are notable. For example, the City of Pittsburgh's asset management modernization effort (digitizing infrastructure inspections and internal request processing) was credited with approximately \$180,000 in savings.

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These are not ERP replacements; they are targeted workflow and document automation projects layered on top of systems the municipalities already had.

Standardizing Processes and Reducing Key-Person Dependency

Every finance officer has a sinking feeling about what happens to month-end close, grant reporting or payroll processing if the one person who “knows how it works” is out sick, retires or leaves for another job. This is one of the most common risks we see in smaller municipal offices, and it is also one of the most fixable.

Written procedures, standardized templates and automated workflows all reduce reliance on any single employee’s institutional memory. When a process lives in a documented workflow rather than in one person’s head, cross-training becomes realistic, onboarding a new hire takes days instead of months and the municipality is protected against a costly disruption if that employee is unexpectedly unavailable.

Metrics and Dashboards That Support Better Decisions

Elected officials and management can only make informed decisions with accurate information in front of them. A simple dashboard that shows budget-to-actual by department, cash position or capital project status in real time is far more useful to a council or finance committee than a static report assembled manually once a quarter. Automating the data pull removes the lag and the risk of transcription errors,

and it frees the finance office from rebuilding the same report from scratch every reporting cycle.

Freeing Staff for What Matters Most

The common thread across these examples is redeployment, not replacement. Municipal teams are lean, and the time saved by automating a reconciliation, a form-routing process or a monthly report doesn’t sit idle; it gets reinvested in resident-facing service, grant pursuit, capital planning and the strategic work that’s harder to get to when staff are buried in repetitive administrative tasks.

None of this requires a large capital outlay or a multi-year implementation. It requires taking a closer look at where your current process is manual because “that’s how it’s always been done” and asking whether the tools you already own, or an inexpensive add-on, could do it better.

Municipalities that start with these incremental steps often find they have built a stronger financial operation than a bigger system purchase alone would have delivered, at a fraction of the cost.



Brian Marchuck, CPA, is an Audit Principal at Brown Plus with over 15 years of experience providing accounting, auditing and tax services. Brian specializes in performing outsourced Chief Financial Officer (CFO) services for municipalities and other local governmental entities. He also plans, performs and supervises audit, review and compilation engagements for local governments.

It's the Most Wonderful Time of the Year: Considering Tax and Revenue Anticipation Notes

BASED ON A PRESENTATION BY DAVID NASATIR, THOMAS WYATT, AND DEREK GREEN OF OBERMAYER, REBMANN MAXWELL & HIPPEL LLP, TOGETHER WITH ZACH WILLIARD OF PFM FINANCIAL ADVISORS, LLC AND TIMOTHY CARE OF PNC CAPITAL MARKETS

Why Pursue Tax or Revenue Financing?

Local governments in Pennsylvania pursue Tax and Revenue Anticipation Notes, commonly known as TRANs, to manage short-term cash flow gaps caused by the mismatch between the timing of expenditures and the receipt of tax revenues.

TRANs allow a local government to borrow up to 85% of anticipated revenues within a fiscal year, without that borrowing counting against the entity's legal borrowing base. This financing tool helps ensure operational continuity during periods of delayed funding or uneven revenue collection, an especially timely consideration for issuers facing budget impasses at the state or federal level.

What Options Does a Local Government Have?

Pennsylvania local governments have three related short-term cash flow borrowing tools available to them, distinguished primarily by the type of pledge securing repayment and the type of issuer eligible to use each:

1. A Revenue Anticipation Note, or RAN, is a short-term cash flow borrowing backed by the revenues of the issuer, to be repaid by the end of the fiscal year. RANs may be used by intermediate units or authorities.
2. A Tax Anticipation Note, or TAN, is a short-term cash flow borrowing backed by the taxes of the issuer, to be repaid by the end of the fiscal year. TANs may be used by boroughs, cities, townships, and counties.
3. A Tax and Revenue Anticipation Note, or TRAN, is a short-term cash flow borrowing backed by both the taxes and the revenues of the issuer, to be repaid by the end of the fiscal year. TRANs may be used by boroughs, cities, counties, townships, and school districts.

What is a Tax and Revenue Anticipation Note?

A TRAN is a short-term cash flow borrowing that, by statute, must be repaid within the same fiscal year in which it is issued. For a municipal government, the repayment date for a TRAN would likely be December 31st of the year the borrowing occurred, at which time the full principal amount would be due.

A TRAN is secured by a pledge of all taxes and revenues due to the issuer; it is not a general obligation pledge. TRANs are most typically financed through a bank loan, although they can also be structured as bond issues.

Timing is critical. As issuers move into the fourth quarter of the calendar year, they should be considering cash flows approaching December 31st, well in advance of any actual funding need.

What a Tran is Not

- A TRAN is not long-term debt and cannot be used to fund capital projects; it exists solely for cash flow purposes.
- A TRAN does not count against an issuer's legal borrowing capacity.
- The security for a TRAN should not include any mortgage on property.
- A TRAN does not require formal approval from the Pennsylvania Department of Community and Economic Development (DCED); it requires only that notice be submitted to DCED.
- A TRAN should not have a material impact on an issuer's creditworthiness and should not affect an issuer's ability to access the capital markets in the future. That said, issuers that consistently issue TRANs year over year may see a decline in their creditworthiness, due to the perceived lack of available reserves.

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Will You Need a Tran?

Determining whether a TRAN is appropriate, and how much may be borrowed, starts with completing a cash flow worksheet in advance, in consultation with the issuer's financing team. Determining the legal borrowing amount is crucial, as it supports the entire TRAN issuance process.

A cash flow worksheet tracks, on a month-by-month basis, the opening balance, estimated receipts, estimated expenditures, and cumulative surplus or deficit for the fiscal year. The maximum allowable borrowing amount is then calculated as the sum of (i) the highest monthly deficit shown by the worksheet and (ii) five percent of total General Fund expenditures for the prior fiscal year, subject to the statutory cap of 85% of total estimated receipts.

Where an issuer relies on an estimate of General Fund expenditures for this purpose, that estimate must be calculated carefully, since it is not merely a good-faith approximation but may be subject to subsequent audit verification.

The Players and the Process

A TRAN issuance typically involves four key participants, each with a distinct role:

- **Municipal Advisor.** The municipal advisor guides the issuer through the calculations and steps needed to meet Pennsylvania's requirements, structures the borrowing to align with legal limits and fiscal year constraints, and coordinates with note counsel, underwriters, and lenders to ensure compliance with the Local Government Unit Debt Act and DCED filing requirements.
- **Lender or Underwriter.** The lender or underwriter assists the issuer by structuring the notes and ensuring compliance with legal and financial regulations, while providing the actual funding by purchasing the notes to help bridge short-term cash flow gaps.
- **Note Counsel.** Note counsel drafts the necessary TRAN documents and resolutions for municipal consideration, files the required paperwork with DCED, drafts an opinion confirming that all requirements have been satisfied and that the municipality qualifies for the amount of the TRAN, and assists in ensuring the closing occurs in accordance with state law.

- **Solicitor.** The solicitor, acting as the issuer's day-to-day counsel, prepares an opinion letter regarding the transaction and works closely with staff and the other professionals to ensure compliance with state requirements.

How and Where to Start the Tran Process

It is important to start discussions around a TRAN early. Issuers should not wait until the need becomes an emergency before engaging their finance team. During a budget impasse, banks can become overloaded with requests from multiple issuers, so it is important to plan ahead.

Depending on timing, existing depository relationships, and other factors, a municipality generally has two paths forward: discussing a TRAN directly with its local depository bank, or running a competitive bank loan request-for-proposal process, in which an RFP is circulated to local, regional, and national banks on the issuer's behalf.

Option 1: Discussion With Your Local Depository Bank

If an issuer has a strong relationship with its depository bank, that relationship can often be a good place to start TRAN discussions. When timing is short, working directly with the financing team and the local bank may allow the issuer to expedite the process. That said, some banks may be unwilling to offer a TRAN absent an existing depository relationship.

Structuring options are important when working through a TRAN, which is why it is valuable to have the financing team participate in the discussion. Key structuring points include prepayment ability, the availability of a draw-down facility, and bank fees.

Option 1A: Competitive Bank Loan RFP Process

Under this approach, the issuer's municipal advisor, in consultation with the local solicitor and note counsel, drafts a request for proposal that is circulated to a wide group of potential lenders. The RFP outlines the issuer's proposed terms, including the amount, repayment terms, security, prepayment ability, and fees, and considers whether a draw-down structure would be advantageous to the issuer.

Banks typically need one to two weeks to respond. The municipal advisor then collects the responses and prepares an easily understandable summary for the issuer's review. Once a bank is selected, the financing

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team works with the lender to prepare all closing documents necessary to reach a successful settlement.

Tran Issuance and DCED Approval Process

Formal authorization of a TRAN is accomplished through approval of a resolution, together with certification of taxes and revenues by the appropriate local government official.

Unlike standard debt issuance in Pennsylvania, a TRAN does not go through a formal DCED approval period. Rather than the typical 30-day approval period, a TRAN can generally be approved within one to seven days by filing a notice with DCED. This allows the issuer to reach settlement usually within a week of the resolution's approval date, providing the cash flow relief needed in an expeditious manner. That said, the receipt verifying the DCED filing is itself a requirement to close.

Key documents required to close a TRAN typically include the note itself, a closing certificate, funding sheets, UCC-1 filings, an opinion of note counsel, and an opinion of the solicitor.

A Sample Timeline

To illustrate how a TRAN financing might unfold, consider a sample schedule for a series of 2027 TRANs with a first-week-of-January 2027 settlement date:

Week of October 13: initial discussion of TRAN financing.

- Week of October 20: authorize the financing team to proceed with the TRAN.
- Week of October 27 or later: the issuer completes its TRAN cash flow worksheet.
- Month of November: TRAN discussions with the depository bank, if applicable, or the RFP process in full swing, if applicable.
- Week of December 1 or 8: bank loan RFP responses

are due, followed by internal review of results with the administration.

- Week of December 8 or 15, or later, at a regularly scheduled board meeting: board consideration of the TRAN proposal.
- First week of January 2027, or later: settlement of the 2027 TRAN.

Key Takeaways

A Tax and Revenue Anticipation Note is a short-term cash flow borrowing that, by statute, must be repaid within the same fiscal year in which it is issued. For a municipal government, the repayment date would likely be December 31st of a given year, at which time the full principal amount would be due.

Local governments in Pennsylvania are not permitted by state law to have a long-term or revolving line of credit.

Issuers should talk to their financing team early and should not wait until it is too late.

Questions

- For **questions regarding a municipal advisor's role**, contact Zach Williard at williardz@pfm.com or 717-213-3842.
- For **questions regarding the underwriter's role**, contact Timothy Care at timothy.care@pnc.com or 215-585-1323.
- For **questions regarding note counsel's role**, contact Dave Nasatir at david.nasatir@obermayer.com or 215-665-3036, or Tom Wyatt at thomas.wyatt@obermayer.com or 215-665-3200.
- For **questions regarding why an issuer might pursue a TRAN**, contact Derek Green at green@obermayer.com or 215-665-3234.

Please visit obermayer.com, pnc.com and pfm.com for author bio's and more information.

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Fraud is Evolving and Your Controls Should Too: A Fresh Look at Fraud Prevention in Local Government

BY [TIMOTHY BALL, CPA](#) & [TIMOTHY DOYLE, CPA](#), THE BONADIO GROUP

Fraud in local government isn't a new headline, but the way it happens is changing every day. And for many municipalities, counties, and school districts operating with lean teams and tight budgets, the question isn't "Could this happen to us?" It's "Would we even see it coming?"

The good news: You don't need a massive overhaul to strengthen your defenses. You just need intentionality, visibility, and the right mix of people, processes, and technology.

Below, we'll break down what fraud looks like today and what practical steps local governments can take to stay ahead of it.

Why Fraud Risks Look Different in 2026

Local governments are operating in a perfect storm of conditions that fraudsters love:

- **Staff turnover and retirements:** A shrinking pipeline of experienced government finance professionals means fewer institutional knowledge keepers and potentially weaker oversight.
- **Expanding digital systems:** Online bill pay, grant portals, procurement platforms, and cloud-based accounting systems bring efficiency, but also expand the risk surface.
- **Pressures on internal controls:** Lean back-offices often mean limited segregation of duties, rushed reconciliations, or "temporary workarounds" that quietly become permanent.
- **Rising expectations for transparency:** Citizens, boards, and auditors expect more visibility than ever. Gaps in reporting or documentation can quickly erode trust.

Fraud prevention isn't just about catching the "big" schemes. It's about safeguarding credibility, public trust, and resources that directly impact community services.

The Most Common Fraud Schemes Facing Local Governments

You don't need Hollywood-level cybercrime to cause real damage. Most fraud starts small and grows slowly.

The schemes we see most often include:

- **Payroll and ghost employee manipulation:** Especially in departments with high turnover or decentralized staffing.
- **Procurement and vendor fraud:** Fake vendors, inflated invoices, and conflicts of interest are still incredibly common.
- **Misappropriation of cash receipts:** Small payments add up—particularly where one person handles collection, recording, and reconciliation.
- **Technology-enabled phishing and payment diversion:** One fraudulent email can reroute an entire vendor payment.
- **Grant-related reporting fraud:** Pressure to meet requirements or lack of documentation can lead to intentional or unintentional misrepresentation.

The pattern is clear: When controls weaken, fraud risks rise.

So How Do You Strengthen Your Fraud Defenses? Start Here.

These action items are realistic, budget-friendly, and doable, even for small offices.

1. Revisit Segregation of Duties (Yes, Again)

Even with limited staffing, you can build smart guardrails:

- Require secondary review of payments and adjustments
- Separate who approves, who records, and who reconciles
- Rotate responsibilities annually to reduce blind spots

Segregation doesn't have to be perfect, just intentional.

2. Tighten Vendor Management

Vendor fraud is one of the fastest growing risks. Try implementing:

- Annual vendor file cleanups
- Independent verification of vendor banking changes

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- A centralized list of approved vendors
- Cross-checks for duplicate payments

These steps catch more issues than you'd expect.

3. **Modernize Policies That Haven't Been Updated**

If your fraud policy predates remote work, cloud systems, or your newest finance software, it's outdated. Policies should cover:

- Cybersecurity expectations
- Reporting mechanisms
- Conflicts of interest
- Use of purchasing cards
- Remote or hybrid work protocols

A strong policy is one of your most underrated tools.

4. **Train Employees to Spot Red Flags**

Fraud prevention isn't only the finance department's job. Short, accessible training can cover:

- Recognizing suspicious vendor activity
- Identifying unusual payroll changes
- Phishing and email fraud
- How to report concerns safely

Most fraud cases are caught by employees, not software.

5. **Lean on Data Analytics**

(Without Needing a Data Scientist)

You don't need advanced software to spot patterns. Even basic analytics can reveal:

- Duplicate payments
- Round-dollar invoices
- Payments just under approval thresholds
- Unusual transaction timing
- Inactive vendors suddenly becoming very active

A little data visibility goes a long way.

6. **Conduct Regular Fraud Risk Assessments**

Think of this as your preventive checkup. A fraud risk assessment helps you identify vulnerabilities you didn't even know were there and prioritize fixes before issues arise.

At the End of the Day, Fraud Prevention Is About Culture

Controls matter, but tone at the top matters more. When leadership models transparency, accountability, and

openness, employees follow. When leadership avoids difficult conversations or overlooks risky behaviors, employees notice that too.

Fraud thrives in silence. Prevention thrives in awareness.

The Bottom Line

Fraud prevention isn't about assuming the worst of your employees; it's about protecting your organization's mission, reputation, and resources. If your organization hasn't revisited its fraud prevention strategy recently, now is the perfect time to take a fresh look.

If you need further guidance or have any questions on this topic, we are here to help. Please do not hesitate to [reach out](#) to discuss your specific situation.

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Timothy Doyle and Timothy Ball are both Consulting Partners at The Bonadio Group.

***Their full bio's are linked in the article [byline](#).*

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From Deferred Maintenance to Community Impact

How Pennsylvania Municipalities Can Modernize Infrastructure Without Relying Solely on New Tax Revenue

BY MATT WARDECKER AND LLOYD SEITER, ACCOUNT EXECUTIVES, SCHNEIDER ELECTRIC

Pennsylvania municipalities face a familiar challenge. Public buildings, water infrastructure, lighting systems, and essential community assets continue to age, while budgets remain stretched and funding priorities compete for limited resources.

Across the Commonwealth, local leaders are being asked to do more with less. Residents expect safe, reliable, and efficient public facilities, yet many municipalities are carrying years of deferred maintenance that can no longer be postponed. Aging HVAC systems, inefficient lighting, outdated controls, deteriorating building systems, and rising utility costs place increasing pressure on already constrained budgets.

The question facing many municipal officials is no longer whether improvements are needed. It is how to fund them without increasing taxes or placing additional strain on taxpayers.

Rethinking How Infrastructure Improvements Are Funded

Traditionally, municipalities have relied on capital budgets, grants, or borrowing to address major facility needs. While these funding sources remain important, they are often insufficient to keep pace with growing infrastructure demands. As a result, many local governments are exploring alternative approaches that allow them to modernize facilities while making better use of existing resources.

One proven approach available to Pennsylvania municipalities is the Guaranteed Energy Savings Act (GESA). This model enables municipalities to address deferred maintenance and infrastructure needs through projects designed to generate measurable energy and operational savings.

Rather than tackling improvements one system at a time, municipalities can bundle multiple facility upgrades into a comprehensive program. Improvements may include HVAC modernization, building automation systems, LED lighting, water conservation measures, renewable energy technologies, and other critical infrastructure upgrades. When structured appropriately, guaranteed energy and operational savings can help offset project costs over time, allowing communities to advance needed investments while maintaining fiscal responsibility.

Addressing More Than Energy Costs

While energy savings are often the starting point, today's infrastructure modernization projects deliver benefits that extend well beyond reduced utility bills. Modern facilities improve occupant comfort, enhance operational efficiency, reduce maintenance demands, and provide greater visibility into building

performance. Advanced building controls help facility teams identify issues before they become costly failures, while resilient infrastructure supports continuity during emergencies and extreme weather events. For municipalities, these improvements can translate into better service delivery, more predictable budgeting, and enhanced experiences for residents who depend on public facilities every day.

In many communities, infrastructure modernization is also supporting broader goals around sustainability, economic development, and long-term asset management.

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A Pennsylvania Success Story

Reading's approach demonstrates that deferred maintenance does not have to remain a long-term liability. By taking a strategic view of infrastructure investment, the City transformed aging facilities and rising operating costs into an opportunity to improve efficiency, advance sustainability goals, and strengthen community assets.

Rather than addressing facility needs through isolated projects, Reading developed a comprehensive strategy that combined energy performance improvements, renewable energy, historic preservation, technology modernization, and public infrastructure upgrades. The result is a more resilient municipal environment that delivers operational savings while enhancing the services and spaces residents rely on every day.



Matt Wardecker, Account Executive, Schneider Electric - he works with PA schools, municipalities, and other public sector organizations to identify and implement facility improvements that reduce costs, improve operations, and support long-term capital planning.



Lloyd Seiter, Account Executive, Schneider Electric - supports water and wastewater facilities across PA and NJ. He works with clients to advance system efficiency and resilience, address aging infrastructure, and realize long-term capital improvement and sustainability goals.

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Sadie Prescott

814.455.7611 ext 502

Sadie.prescott@coloniallifesales.com

Emily Williams

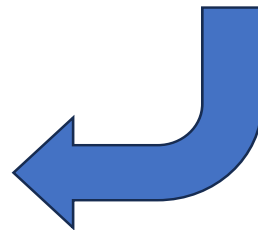
814.455.7611 ext 117

Emily.williams@coloniallifesales.com



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The collage consists of 15 individual photographs arranged in a grid-like fashion. The photos capture various moments from the Municipal Leadership Summit:

- Top left: A man in a blue suit speaks at a podium with a microphone. A banner behind him reads "Municipal Leadership Summit" and includes logos for PSATC, League, and Fire Chiefs.
- Top center: A man in a blue suit and glasses smiles for the camera.
- Top right: A man in a blue suit speaks at a podium. Other attendees are visible in the background.
- Middle left: A man in a blue suit speaks at a podium. A banner behind him reads "Municipal Leadership Summit".
- Middle center: Two men stand at a podium. One man is holding a red award. A banner behind them reads "Municipal Leadership Summit".
- Middle right: A wide shot of a large conference room with many people seated at round tables, facing a stage.
- Bottom left: A group of people, including a woman in a black dress and a man in a grey suit, pose for a photo. A Hershey's mascot is also present.
- Bottom center: Two women stand together. One woman is holding a glass award. A banner behind them reads "Municipal Leadership Summit".
- Bottom right: A group of people, including a man in a blue suit and a woman in a black dress, pose for a photo. A banner behind them reads "Municipal Leadership Summit".
- Far right: A large group of firefighters in uniform pose for a group photo on a stage.
- Bottom left (large): A group of people in uniform, including a man in a blue suit and a woman in a black dress, pose for a photo on a stage.

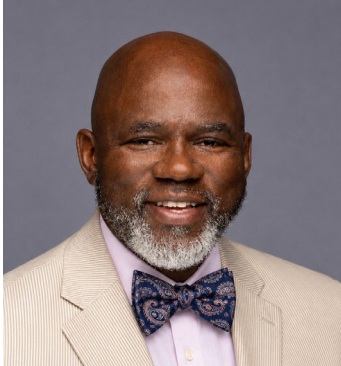
The 2026 Municipal Leadership Summit in Hershey - Connecting Communities, Sustainable Futures

Join us next year for the Municipal Leadership Summit which will be held in Reading!

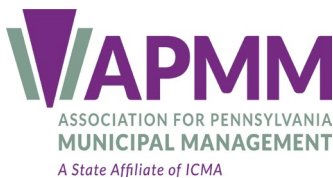


**Municipal Leadership
Summit**
HERSHEY OCT 7-10, 2026

APMM President's Message



CRANDALL O. JONES
CHIEF ADMIN. OFFICER
UPPER DARBY TOWNSHIP



APMM.net

Greetings, Fellow APMM Members,

As we work through the annual ritual of preparing and defending operating and capital budgets, I suspect many of us find ourselves on familiar ground: trying to identify the resources necessary to maintain essential municipal services while facing continued calls to provide more at a lower cost.

This year presents an additional challenge. The end of pandemic-era assistance is exposing fiscal pressures that, for some municipalities, were temporarily softened by federal relief. Most of us have long understood the deadlines associated with American Rescue Plan Act (ARPA) funding and, hopefully, have worked with our elected officials to prepare for the fiscal realities that follow.

At the same time, the broader economy continues to place pressure on municipal budgets. As we discuss our fiscal condition with elected officials and residents, it is increasingly important that we clearly and transparently communicate the true cost of delivering local government services.

We have all heard residents question why government costs continue to rise. I often remind them that municipalities purchase many of the same things households and businesses do: gasoline, water, electricity, healthcare, equipment and supplies. When those costs increase, local government feels the impact as well. Inflation and labor costs have increased the expense of core services such as public safety, sanitation and utilities, often faster than municipal revenues have grown. Aging infrastructure, after years of deferred maintenance or replacement, has also become increasingly expensive to repair.

So where do opportunities exist? Across Pennsylvania, municipalities are exploring a variety of approaches. Some are considering Home Rule Charters to provide greater flexibility in

governmental structure and revenue options. Others are expanding Councils of Governments and shared-service agreements to pool personnel, equipment and services.

Communities are also exploring joint municipal authorities to manage major infrastructure and utility operations through user-based revenues rather than relying exclusively on the General Fund. Municipalities with significant tax-exempt institutions may pursue Payments in Lieu of Taxes (PILOTs), while others are strengthening internal financial operations through improved technology, regional tax collection partnerships, and more aggressive efforts to identify uncollected or delinquent revenues.

None of these approaches provides a universal solution. Every municipality has its own economic circumstances, political environment and service expectations. But they demonstrate the importance of looking beyond the traditional tools we have historically relied upon.

Municipal finance is becoming increasingly complex, and professional local government managers and their teams confront that challenge every day. Our responsibility is not simply to balance the next budget, but to position our communities for long-term fiscal stability and sustainability.

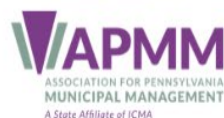
That requires innovation, collaboration and a willingness to learn from one another. I encourage you to explore the tools available to your community, share what is working, and continue exchanging ideas with your APMM colleagues. That collective knowledge remains one of our profession's greatest resources.

Crandall O. Jones

A handwritten signature in blue ink, appearing to be 'C. Jones', written over a light blue circular stamp or watermark.



APMM ANNUAL CONFERENCE



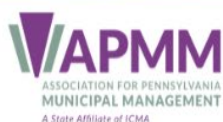
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The Hotel Hershey

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PSATC President's Message



ALOK PATNAIK
COMMISSIONER
SALISBURY TOWNSHIP



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Dear Commissioners and Community Leaders,

It is a tremendous honor to serve as President of the Pennsylvania State Association of Township Commissioners (PSATC). I take on this responsibility with gratitude, humility, and a deep appreciation for each of you who gives your time, energy, and experience in service to your township.

You know better than anyone that local government is personal. You see your residents at community events, in the grocery store, at township meetings, and throughout your neighborhood. You hear their concerns firsthand, and you understand that the decisions we make around a meeting table can have a very real impact on someone's street, neighborhood, business, or family.

As our communities grew and became more urbanized, PSATC was formed and played an instrumental role in creating the First Class Township framework. Over the last century, this governing framework has evolved to meet the increasingly complex needs of our communities while preserving what remains essential today: **strong local representation and local decision-making**.

But I believe being **First Class** means more than our municipal classification. It represents the standard we should set for ourselves as public servants.

Every day, you make difficult decisions about public safety, infrastructure, development, land use, parks and recreation, municipal services, and responsible use of taxpayer dollars. Much of that work happens quietly and without recognition, but its impact can be seen throughout the communities we serve.

We also know the job is not getting easier. Aging infrastructure, public safety demands, development pressures, emerging technologies, workforce challenges, economic realities, and increasing expectations from residents require all of us to keep learning, adapting, and leading.

The good news is that none of us has to do it alone. That is the strength of PSATC.

We have an incredible network of commissioners and municipal leaders across PA who understand these challenges because they face them too. When one township develops a better solution, we should learn from it. When one of us faces a challenge, we should be able to turn to one another. And when an issue affects First Class Townships, we should stand together and make sure our collective voice is heard in Harrisburg.

As your President, I want to strengthen those connections. I want to hear what is working in your township, understand the challenges you are facing, encourage greater participation in our association, and help develop the next generation of First Class Township leaders.

Most importantly, I want PSATC to continue telling **your story**: the story of commissioners and municipal leaders who show up every day, solve problems, make difficult choices, and work to leave their communities better than they found them.

First Class is not simply what we are called. It is the standard we should strive to set. When our Townships succeed, our communities succeed. And when our communities succeed, PA is stronger.

I am grateful for the opportunity to serve as your President, but I am even more grateful for the opportunity to serve with you. I look forward to connecting with your township, hearing your ideas, learning from your experiences, and working together on behalf of the communities we are privileged to represent.

Together, let us honor our history, strengthen our voice, and define what it means to be First Class for the next generation.

Alok Patnaik



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Legislative Status Report STATE



PREPARED BY AMY STURGES, LEAGUE DEPUTY EXECUTIVE DIRECTOR – ADVOCACY – asturges@pml.org

KAITLIN ERRICKSON, GOVERNMENTAL AFFAIRS MANAGER – kerrickson@pml.org

All legislation can be found on the General Assembly's website:

legis.state.pa.us

Legislative Update

2026 Adopted Resolutions

The League is a member-driven organization relying on member municipalities to help develop policies that meet the present needs of local government. Our annual resolutions process provides every League member with the opportunity to participate in, and shape, The League's legislative agenda.

During the Municipal Leadership Summit, the voting delegates for The League's Resolutions Committee and Annual Business Meeting met for a final discussion and vote on the proposed 2026 Resolutions. All proposed resolutions were adopted and will be integrated into the 2027 Policy Statement.

Please view and read the adopted 2026 Resolutions here. The subjects of the adopted resolutions are listed below.

1. 2023 Policy Review
2. Adoption of NLC's 2026 Municipal Policy and Federal Action Agenda
3. Ensuring the Safety of Locally Elected Officials
4. Certificate of Nomination for Incumbent Locally Elected Officials
5. Right to Know Requests Related to Pending Litigation
6. Prohibition on Glock Switches
7. Expanding the Definition of Earned Income Tax
8. Updating the Prevailing Wage Exemption
9. Statewide Standards for Kratom



Enacted Legislation

Act 53 of 2026

House Bill 852

Signed: October 8, 2026

Effective: December 7, 2026

Act 53 amends the Local Tax Enabling Act adding the mercantile, business privilege, and amusement and admissions taxes to the list of delinquent taxes a municipality may recoup collections costs. A municipality, through a resolution, and a tax collection committee must formally approve any costs associated with delinquent tax collection. A municipality must provide public notification of costs associated with recouping the delinquent taxes at their physical office building and on their website. The tax collection committee is required to post notification on the tax collector's website.

Lastly, the Act clarifies notification requirements must be met before pursuing wage garnishment for delinquent taxes.

Act 54 of 2026

House Bill 853

Signed: October 8, 2026

Effective: December 7, 2026

Act 54 amends the Local Tax Enabling Act. A municipality, through a resolution, and a tax collection committee must formally approve any costs associated with delinquent Per Capita, Poll, and Occupation tax collection. A municipality must provide public notification of costs associated with recouping these delinquent taxes at their physical office building and on their website. The tax collection committee is required to post notification on the tax collector's website.

Act 58 of 2026

Senate Bill 1287

Signed: October 8, 2026

Effective: December 7, 2026

Act 58 amends the Municipalities Planning Code to clarify and strengthen requirements related to water supply for new subdivisions and land developments. It requires that when a subdivision or development will not use individual private wells, the applicant must provide clear evidence that water service will be supplied by an authorized entity, such as a certificated

public utility, municipal authority, or cooperative association. Acceptable proof includes a Certificate of Public Convenience from the Pennsylvania Public Utility Commission or an application for such a certificate, a cooperative agreement, or a formal commitment to serve the development. Such evidence must be provided prior to final subdivision or land development approval.

Legislation Affecting Local Government

Land Bank Jurisdiction

First Consideration in the Senate, October 7, 2026

House Bill 369 (PN 4017), introduced by Representative Bob Freeman, was amended in the Senate Urban Affairs Committee. The bill originally allowed a municipality of any size to establish a land bank. The amended bill would exempt municipalities in Allegheny County with a population under 10,000 from establishing a land bank.

Surviving Spouse and Dependent Health Insurance

Passed the House, September 30, 2026

House Bill 911 (PN 3692), introduced by Representative Tom Mehaffie, would amend Title 53 (Municipalities Generally) mandating municipalities provide health insurance benefits to the surviving spouse and dependents of police officers killed in service. Health insurance benefits would continue until the dependent(s) turn 26 years old. Benefits for the spouse would continue until the spouse remarries, receives equivalent benefits from their employer, or until the spouse reaches age 65 at which time the municipality would be responsible for providing supplemental coverage through the carrier providing coverage at the time of the police officer's death.

Environmental Liability Exemption for Land Banks Redeveloping Brownfields

First Consideration in the Senate, October 7, 2026

House Bill 1713 (PN 2110), introduced by Representative Bob Freeman, would amend the Economic Development Agency, Fiduciary and Lender Environmental Liability Protection Act. The bill provides exemption for certain entities from liability to the Department of Environmental Protection if they do not contribute to or exacerbate contamination on the property. The bill would amend the "economic

development agency” definition by adding land banks to the list of entities eligible to receive exemption.

Regulating Automated License Plate Readers

House Judiciary Committee, September 14, 2026

House Bill 2771 (PN 3875), introduced by Representative Jennifer O’Mara, would create a new chapter addressing automated license plate readers (ALPRs) in Title 75 (Vehicles).

A government entity, including a local law enforcement agency, may use ALPRs to compare captured data with a hot list for a vehicle related to a missing person, stolen car, or homicide; and unregistered or uninsured vehicle; a vehicle in violation of inspection requirement; parking enforcement; controlling access to a secured area; or for training purposes. The PA State Police would be responsible for developing a statewide policy for using ALPRs, including an audit process, procedures and safeguards when using the devices, training, and standards for securing data.

Any untrained officers that currently use an ALPR must be trained within six months of the bill’s adoption or from the establishment of the training course, and officers new to using ALPRs must also receive training. The bill would prohibit an automated license plate reader from taking any frontal image of a vehicle or from providing remote surveillance. Any record that is not directly related to a violation or active criminal investigation that is 72 hours from its capture must be destroyed. Law enforcement agencies must notify the PA State Police that their data has been destroyed no later than December 15 of each year.

Nothing in this bill intends to supersede an existing municipal ordinance or prevent a municipality from adopting an ordinance to penalize, prohibit, permit, or regulate the use of automated license plate readers within their borders.

Prevailing Wage Expansion - Custom Fabrication

Second Consideration in the House, October 7, 2026

Senate Bill 908 (PN 1804), introduced by Senator Frank Farry, would amend the Prevailing Wage Act expanding the definition of “public work” to include custom fabrication. Custom fabrication means fabrication, assembly, or production of nonstandard goods or materials fabricated or assembled offsite specifically for a public works project. The minimum wage rate for custom fabrication shall be the same as the wage paid for project work in accordance with each applicable trade. Compliance and reporting requirements are the same for custom fabricators as they are for other contractors and subcontractors.

State Licensing of Electricians

Second Consideration in the House, October 7, 2026

Senate Bill 1260 (PN 2022), introduced by Senator Devlin Robinson, would establish the Electrical Services Licensure Act. A state board would be established within the PA Department of State to provide for and regulate the licensing of electricians in the Commonwealth. Local licensing would be preempted and superseded. Local taxes, fees, business licensing, health and safety ordinances, and inspection of electrical services remain unchanged.

House and Senate Session Days 2026

House
November 9-10

Senate
November 17-18

**reminder - session dates are subject to change*

Legislative Status Report FEDERAL



BUILDING WITH CLIMATE RESILIENCE IN MIND

AUTHORED BY STEPHANIE ONUAJA, PROGRAM MANAGER FOR HOUSING AND COMMUNITY DEVELOPMENT AT NATIONAL LEAGUE OF CITIES (CO-AUTHORED BY KILEY YUTHAS, NLC GRADUATE INTERN)



On Aug. 5, 2026, the National League of Cities, the American Planning Association, National Association of Home Builders, and the National Association of REALTORS® convened the America's Housing Comeback Advisory Group in **Washington, D.C.** to explore how housing production and preservation strategies can promote climate resilience, long-term sustainability and the infrastructure needed to support communities.

[America's Housing Comeback](#), a partnership between National League of Cities, [American Planning Association](#), the [National Association of Home Builders](#) and the [National Association of REALTORS®](#), accelerates and builds on successful housing supply initiatives at the local level by enhancing federal-local and public-private partnerships.



American's Housing Comeback Advisory Group members at the Infrastructure, Resilience and Sustainability Convening

Key Takeaways from the Convening

1. Climate-Smart Housing is Good Housing Strategy

To ensure long-term community resilience in the context of a changing climate, environmental goals must be considered in strategies for increasing housing supply. There are inherent affordability tradeoffs to consider when incorporating climate resilience modifications in housing production; however, interventions to increase resilience to climate change have [long-term cost and livability payoffs for residents](#). Local leaders should carefully consider cost tradeoffs and explore strategies to offset climate-conscious retrofitting costs to promote future resilience and savings for communities, such as through energy efficiency and weatherization.

- **Preservation is key to creating climate-resilient communities.** Regardless of the volume of new housing production, most households will remain in existing, aging housing stock. [Prioritizing the preservation and retrofit of existing units](#) is the most cost-effective and resource-efficient strategy to

ensure that housing stock remains resilient to the impacts of climate change, such as stronger and more frequent storms, extreme heat and wildfires. Additionally, preservation supports the ability for older adults and to age in place.

- **Consider the return on investment.** To ensure that housing supply remains affordable to middle- and lower-income households, policymakers [should balance costs and benefits](#) of energy and efficiency mandates. Because climate resilient additions can drive up the cost of homes, new requirements should be phased in pragmatically, with a focus on measures that generate long term savings and provide a realistic payback period.
- **Use local land use codes to advance sustainable development.** Municipalities should review and remove regulatory barriers that may restrict their ability to meet housing production and climate resilience goals. This may include consideration for development standards that support infill development and streamlining the permitting process for solar energy installations. Adopting more flexible local regulations to allow for denser, more walkable infill development [can advance sustainability goals](#) by reducing miles traveled, lowering household emissions and increasing the use of public transit.

2. Housing Production Must Be Integrated with Transit and Utility Infrastructure

Housing production must be planned and funded in tandem with transit and utility infrastructure to support integrated sustainability policy throughout cities, towns and villages. Proactive planning and smart infrastructure development make communities [more climate-resilient and energy-efficient](#) and can result in meaningful financial savings for municipalities as they grow.

- **Placing housing near existing resources like transit, jobs and services is key to ongoing fiscal and environmental sustainability.** Many new developments on the outskirts of urban areas often require new infrastructure connections, resulting in large upfront costs for municipalities and long-term upkeep costs of a sprawling utility grid. Prioritizing infill in areas that have already been built up can cut

long-term maintenance costs to municipalities by half and significantly reduce infrastructure payback periods. In addition to reducing miles traveled by car, building near existing public transit also expands the [local property tax base, generating critical public revenue](#).

- **Local leaders should treat homes as neighborhood energy infrastructure.** Electrification is an important strategy to promote energy efficiency and reduce long-term energy costs for homeowners but must be considered carefully in the context of existing energy infrastructure. Large-scale home electrification can necessitate [costly upgrades to local electrical grids](#) and can cause bottlenecks for large-scale new construction of housing. To support electrification efforts, building departments can allow “behind-the-meter” technologies including meter collar adapters and smart panels to increase household capacity without increasing pressure on the electrical grid. When planning large-scale grid upgrades, municipalities should consider how housing preservation strategies can be incorporated and combined to unlock additional funding streams.

3. Leaders Must Transition from Post-Disaster Recovery to Proactive Zoning and Land-Use Planning

Climate resilience policy has often focused on recovery from extreme weather events and natural disasters. Leaders at the convening emphasized the need to transition to proactive, climate-informed zoning and planning to maximize public investment and reduce the impact of climate change on housing stock.

- **The realities of climate risk for America’s housing stock are stark.** Oriya Cohen and Andy Rumbach (Urban Institute) shared statistics highlighting the cost of climate disasters:
 - Since 2022, [Americans have experienced 108](#) disaster events resulting in [\\$639 billion in damages](#).
 - Quasi-experimental analyses of homelessness finds that [climate disasters are a primary cause](#) of increase in rates

of homelessness in the United States between 2019 and 2024.

Using forward-looking data and risk analysis will help protect communities as climate-related disasters become more ubiquitous.

- **Siting and land-use considerations are critical to creating more climate-resilient communities.** More than [72 million homes \(PDF\)](#) and [17 million rental units](#) are sited in areas vulnerable to environmental hazards such as flooding and wildfires, with federally subsidized housing at unique risk due to its disproportionate placement in highly vulnerable areas. Many municipalities continue to permit and build new homes in high-risk zones, increasing insurance costs, and putting households at risk of disaster-related displacement. Climate-informed zoning and land use strategies must be implemented to direct new development to less risky areas. For example, the [City of Norfolk, Va.](#), implemented risk-based resilience zones to incentivize development in lower-risk inland areas.
- **Expanding data access helps communities plan more effectively.** Local planning departments often do not have access to high-quality, future-facing hazard maps beyond flooding, forcing local leaders to rely on “black box” insurance risk models that may not appropriately legitimize restrictive zoning and siting decisions. Changes in federal funding priorities for climate and weather data may further affect the availability of information needed to assess future risks and plan for long term resilience. Local governments need access to transparent, standardized risk mapping that incorporates chronic risk factors like heat, smoke and shade, rather than just major disaster indicators to make legally sound housing planning decisions.



Panel discussion on regulatory systems and climate action featuring Michael Wallace of NLC, Susan Asmus of NAHB, and Aaron Levy of ICC

Climate resilience is an important and often under-emphasized consideration in the production of new housing. While accelerating the development of new housing is key to addressing the nation’s housing shortage, it is also critical to consider the long-term sustainability of new and existing housing stock.

Local leaders can spearhead efforts to make their municipalities more resilient to climate change by incorporating sustainability measures in local housing strategy and carefully managing the tradeoffs associated with retrofitting and constructing housing with long-term climate resilience in mind. Implementing proactive approaches to resilience and sustainability can provide enduring benefits for homeowners and renters alike.

Public Finance

WHAT SHOULD YOU KNOW ABOUT ARBITRAGE REBATE?

A REFRESHER FOR LOCAL GOVERNMENTS ON ARBITRAGE REBATE REPORTING

BY MICHAEL STEINBROOK, DIRECTOR AT PFM ASSET MANAGEMENT, A DIVISION OF U.S. BANCORP ASSET MANAGEMENT, INC.

For local governments, higher interest rates and their potential for greater interest earnings can become a legitimate contributor to project budgets, especially in the wake of the COVID-19 pandemic and near-zero interest rates. But it has also placed municipalities in a position of having to refresh their understanding of positive arbitrage and associated reporting responsibilities.

Because arbitrage can be such a complicated aspect of issuing debt, PLGIT has prepared this article to review a few fundamentals about arbitrage, highlight current arbitrage-related considerations, plus provide some guidance on ways to manage the reporting process.

Arbitrage 101

Here's a bit of background: When a local government issues a bond for a building project or another purpose, it invests the proceeds so it can earn interest until the funds are used. "Arbitrage" occurs when bond proceeds are invested at a higher rate than the rate paid on the bonds issued to finance a project.

If the investment yield exceeds the arbitrage yield, the additional earnings are considered "positive arbitrage." Those earnings may need to be

rebated to the IRS unless certain exceptions are met.

Conversely, if the investment yield is less than the arbitrage yield, the dollar difference in earnings is "negative arbitrage" and no rebate is owed.

IRS rules and U.S. Treasury regulations govern arbitrage rebate and yield restriction. First addressed in the Internal Revenue Code of 1954, these rules are intended to deter issuers from improperly profiting from tax-exempt bond proceeds. An "arbitrage bond" may result when an issuer expects to invest or invests bond proceeds at a yield materially higher than the bond issue's yield without qualifying for an exception or making required rebate or yield reduction payments. In general, bonds should finance eligible government projects rather than generate arbitrage earnings.

Violations of the rules can jeopardize the tax-exempt status of a bond issue and may result in additional compliance requirements or corrective actions.

For local governments, such reclassification could have significant consequences, including:

- Increased borrowing costs
- Loss of tax-exempt status affecting investors
- Reputational and disclosure impacts on future bond offerings
- Potential scrutiny from the Commonwealth of PA and public markets

General strategies for managing bond proceeds

While there are arbitrage issues specific to different municipalities, the Government Finance Officers Association (GFOA) recommends several broader rules that local governments can follow to maintain regular oversight on their reporting responsibilities.

To be effective, a local government should have clear procedures in place to address the substantive issues necessary to assure tax and other legal compliance as they relate to tax-exempt bonds. According to the GFOA¹, these procedures should include:

Designating an individual or individuals for coordinating activities - Whether a municipality conducts its compliance in-house or via the engagement of third-party providers, there should be a chief compliance officer assigned the

¹ 2020. GFOA Best Practice on Selecting and Managing the Method of Sale of Bonds



responsibility for implementation of the program. If third-party providers are engaged to perform some or all the activities, the program should specify how the providers will be engaged and monitored.

Training for responsible individuals

– A local government's compliance officer should undergo periodic, documented training. The local government should also determine whether the training can be completed in-house or whether third-party conferences, courses, or providers are appropriate.

Regular due diligence and oversight

- Where deadlines exist – such as dates for required arbitrage rebate calculations and the end of temporary periods for yield restriction -- municipalities should establish a reminder-and-back-up-reminder system to avoid an oversight.

Record retentions - Compliance officers should maintain records necessary to assure and document compliance. Local governments should list the records being maintained and where or by whom. Tax records must also be stored until full payment of the bonds and any refunding bonds plus three years. Bond issuers should also consider state or local record retention requirements.

Process correction procedures

- Municipalities should document a review process to ensure compliance and describe what actions will be taken to correct any accidental non-compliance.

Arbitrage assistance

In paying arbitrage, issuers must adhere to a complex web of federal regulations. These rules define what funds are subject to

rebate, how liabilities may be calculated, and when payments must be made. They also set strict deadlines for filing and stringent rules for record keeping.

For these and other reasons, issuers often turn to a service provider and their investment advisor for assistance managing arbitrage rebate. When considering whether to use an investment advisor, review their experience with arbitrage rebate management and ask questions.

You should understand precisely what an advisor recommends and how it benefits you.

With more issuers earning positive arbitrage on bond proceeds, understanding your compliance requirements and any available exceptions has become increasingly important.

For more information about arbitrage rebate, please contact your PLGIT representative.

***Michael Steinbrook** is the director of the Arbitrage and Tax Compliance Group at PFM Asset Management (PFMAM). He manages client relationships nationally including arbitrage rebate compliance services provided to participants in the local government investment pools (LGIPs) for which the firm serves as investment advisor.*

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