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Pennsylvania Intergovernmental  
Cooperation Authority

# *Five-Year Plan Requirements*

*Requirements for the Board Approval for the City's 5YP  
According to the PICA Act and Intergovernmental Cooperation  
Agreement (ICA)*

# ***THE BOARD SHALL APPROVE THE PLAN IF...***

- ✓ The Plan projects balanced budgets for the Covered Funds and is based on reasonable assumptions as described in the ICA and PICA Act
- ✓ The proposed operating and capital budget consistent with the proposed financial plan
- ✓ The required elements are included in the Plan



**“Great plan. Could we get some more details?”**

Approval must be made no more than thirty days after submission

# ***THE PLAN MUST ...***

- ✓ Eliminate any projected deficit in any of the 5 years
- ✓ Include required supporting information
- ✓ Restore to special fund accounts any misused or unused funds
- ✓ Balance the budget in all years using sound practices and efficient and accountable fiscal practices
- ✓ Implement procedures to avoid future fiscal emergencies
- ✓ Enhance access to short- and long-term credit markets

# ***REQUIRED ELEMENTS & FORM TO MEET 5YP STANDARDS***

- ✓ Projections of all revenues and expenditures for 5 fiscal years
- ✓ Projected debt incurrence
  - ✓ Must include full debt schedule
- ✓ Projected capital commitments
- ✓ Cashflow forecast
- ✓ Supporting documents



# ***REVENUE AND EXPENDITURE PROJECTIONS***

- ✓ Based on reasonable assumptions and consistently-applied methods
  - ✓ Supported by a statement detailing these methods/assumptions
- ✓ Uses a modified accrual basis for all revenue and appropriation estimates
- ✓ Recognizes revenue in the accounting period in which they are measurable and available
- ✓ Bases revenue received from the City, Commonwealth, and Federal Government on appropriate sources
- ✓ Bases expenditure estimates on all obligations incurred during the fiscal year, expected to be payable within the fiscal year or following 24 months, and prior year obligations not covered by encumbered funds

# ***CASHFLOW PROJECTIONS***

- ✓ Based on reasonable assumptions
  - ✓ Timing of receipts, service demand, and economic conditions
- ✓ Reflects operations within projected resources
- ✓ Considers past trends in all projected cashflow projections
- ✓ City must provide a cashflow forecast for the City's consolidated cash account for the first fiscal year of the Plan.



# ***REQUIRED SUPPORTING DOCUMENTS***

- ✓ Complete schedule of debt service payments due or projected to become due
- ✓ Complete schedule of payments for legally mandated services
- ✓ Certification from the Controller that the 5YP is reasonable
- ✓ Schedule of employee benefits/compensation for all City boards, departments, commissions, or offices for the first year of the Plan
- ✓ Statement describing the significant assumptions and methods used
- ✓ Mayor's proposed operating and capital budget for the next year (FY27)
- ✓ Mayor's statement
- ✓ Cash flow forecast

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- ✓ The required elements are included in the Plan