

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

July 22, 2015

TO: Eric Papenfuse, Mayor
Ben Allatt, Budget and Finance Committee Chair
Tyrell Spradley, Treasurer

FROM: Charlie DeBrunner
City Controller

SUBJECT: Mid-Year Revenue and Expenditure Analysis

The Controller's Office recently distributed the monthly report to elected officials for the month of June. That report summarizes the actual and budgeted revenue for the period ended June 30, 2015 along with the actual and budgeted expenditures for the same period. I would like to take the opportunity to review with you some observations from that report.

City Council passed the 2015 General Fund budget with approximately \$59.4 million of resources and appropriations. As of June 30, 2015, the Administration has requested that the budget be amended to include approximately \$60.6 million of resources and appropriations, or roughly a 2% increase. A reasonable assumption would indicate the Administration intends to collect approximately \$60.6 million of revenue and plans to spend \$60.6 million of appropriation.

Actual General Fund revenue collected through June 30, 2014 was approximately \$35.2 million. Revenue collected through the same period for 2015 is \$29.0 million or approximately \$6.2 million less than the prior year. Alternatively, given actual 2015 collections through June 30, 2015 and projected revenue for July through December based on 2014 actual collections for those same months (with some modified assumptions), the General Fund is projected to collect \$56.3 million through year-end. This number is consistent with the estimate done by DCED.

If you include the roughly \$2.0 million of cash basis General Fund expenditures that were not charged against the 2015 appropriation, projected General Fund expenditures would equal \$60.3 million, producing a year-end deficit of \$4.0 million. If the budget is modified to reduce the 2015 appropriation by \$2.0 million, year-end expenditures would be \$58.3 million. This would produce a shortfall of \$2.0 million.

Given these revenue and expenditure estimates, it is likely the city will not only utilize the \$626,105 of appropriated fund balance included in the 2015 amended General Fund budget, but possibly a significant portion of the 2014 year-end surplus in order to fund the deficit.

If you would like to discuss this further, please feel free to contact me. Thank you.

cc: Fred Reddig, DCED
Vince Fogarty, Audit Committee Chair

City of Harrisburg
 General Fund-Projected Revenue

| Revenue Source: | 2015 Adj Budget | YTD @ 6/30/2015 | 2015 Projected | 2014 Actual | 2015 Projected Revenue % of Budget |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------------------|
| Taxes: | | | | | |
| Real Estate | \$ 17,446,358 | \$ 14,940,549 | \$ 18,343,223 | \$ 18,909,111 | 105.1% |
| Hotel Tax | 1,125,000 | \$ - | 1,125,000 | 527,320 | 100.0% |
| LST | 2,025,678 | \$ 947,181 | 2,001,871 | 2,637,709 | 98.8% |
| EIT | 11,295,400 | \$ 4,844,073 | 9,328,423 | 10,689,449 | 82.6% |
| Mercantile/Bus Priv | 6,836,900 | 4,005,171 | 6,389,498 | 6,510,162 | 93.5% |
| Total Taxes | \$ 38,729,337 | \$ 24,736,974 | \$ 37,188,015 | \$ 39,273,751 | 96.0% |
| Departmental: | | | | | |
| Administration | \$ 1,312,198 | \$ 104,267 | \$ 1,098,180 | \$ 1,512,523 | 83.7% |
| Building & Housing | 1,027,000 | \$ 351,247 | 1,109,889 | 1,396,888 | 108.1% |
| Public Safety | 2,549,442 | \$ 1,043,361 | 1,689,384 | 2,417,270 | 66.3% |
| Public Works | 703,465 | \$ 218,317 | 561,882 | 910,264 | 79.9% |
| Parks & Recreation | 16,046 | 1,420 | 11,003 | 13,051 | 68.6% |
| Total Departmental | \$ 5,608,151 | \$ 1,718,611 | \$ 4,470,337 | \$ 6,249,996 | 79.7% |
| Other Revenues: | | | | | |
| Fines & Forefeits | \$ 1,985,000 | \$ 546,250 | \$ 1,333,579 | \$ 2,300,226 | 67.2% |
| Business Lic | 576,000 | \$ 299,982 | 588,347 | 584,134 | 102.1% |
| Interest & Property | 96,814 | \$ 44,725 | 115,519 | 166,404 | 119.3% |
| Shared Costs-THA | 650,000 | \$ 285,682 | 285,682 | 1,443,960 | 44.0% |
| PILOTs & Contrib. | 800,000 | \$ 393,208 | 736,977 | 664,712 | 92.1% |
| Miscellaneous | 909,000 | 834,212 | 1,178,011 | 1,191,921 | 129.6% |
| Total Other | \$ 5,016,814 | \$ 2,404,060 | \$ 4,238,116 | \$ 6,351,358 | 84.5% |
| Intergovernmental | | | | | |
| Pension System Aid | \$ 2,440,000 | \$ - | \$ 2,439,060 | \$ 2,438,398 | 100.0% |
| Priority Parking | 1,000,000 | \$ 123,086 | 250,000 | 587,286 | 25.0% |
| Fire Protection | 5,000,000 | \$ - | 5,000,000 | 5,000,000 | 100.0% |
| Miscellaneous | 157,137 | 2,500 | 44,469 | 164,121 | 28.3% |
| Total Intergovernment | \$ 8,597,137 | \$ 125,586 | \$ 7,733,528 | \$ 8,189,804 | 90.0% |
| Other Financing Sources | | | | | |
| Sale of Assets | \$ - | \$ - | \$ - | \$ - | N/A |
| Interfund Transfers | 1,999,261 | \$ 8,958 | 1,999,261 | 1,649,261 | 100.0% |
| Miscellaneous | 75,000 | - | - | - | 0.0% |
| Total Other Financing | \$ 2,074,261 | \$ 8,958 | \$ 1,999,261 | \$ 1,649,261 | 96.4% |
| Approp. of Fund Bal. | \$ 626,105 | \$ 626,105 | \$ 626,105 | | |
| Total General Fund | \$ 60,651,804 | \$ 29,620,293 | \$ 56,255,362 | \$ 61,714,170 | 92.8% |

Projections based on 2014 actuals
 2015 actuals through 6/30/15