

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

July 28, 2014

TO: Ben Allatt, Budget & Finance Committee Chair
City Council

FROM: Charlie DeBrunner, Controller
Office of the Controller

SUBJECT: New Monthly Report

Attached is a report indicating the city-wide budget and expenditures by category. This is a new report and we are going to produce it monthly in addition to the Revenue and Expenditure report we are already producing.

We thought it would be useful for decision makers to see total expenditures and encumbrances by category to get a comprehensive idea as to where the city is relative to budget and to isolate significant variances for follow-up.

As I wrote to you last March, the budget as enacted doesn't balance. In order to deal with this situation the mayor has had to manage the city based on available revenue rather than budget. He has chosen to do this by controlling expenditures related to the personnel complement. Consequently the personnel budget as passed is largely meaningless. At the present time we are agreeing with the Mayor's revenue estimates and are comfortable with the level of expenditures related to personnel.

There is sufficient revenue to support the non-personnel portion of the budget (operating) which is about \$20 million. The operating portion of the budget balances so that using this part of the budget to control expenditures is useful. Since the administration is committing any extra revenue that is expected for this year to personnel increases it is vital that this \$20 million budget is not overspent.

If you look at the total row on the Summary Report of City Wide General Fund Expenditures it seems that YTD expenses are tracking to stay within the budget. Upon closer examination, however, there are a number of categories that should have had major expenditures year to date but do not (see attached table 2). This means that the total expenditures YTD for the city do not include expenditures for these items. Consequently it is impossible to say with any degree of confidence where we are relative to the budget for operating expenses.

This mid-year report should be reflective of the state of the City's finances year to date. In this case, however, the report is more reflective of the data that is available in the city financial reporting system. As such, I would like to offer some caveats.

We have produced a report which indicates a large number of categories have little or no expenditure activity where we would have expected to see some. We believe that this is because the accounts are closed each month without having the expenditures posted in a timely manner. As you can see from the report, items of significant importance such as unemployment claims expense, health benefit expense, and loss time and medical claim expense are often delayed by months. There are also no expenditures posted for sewer, water, electricity and streetlights. It is hard to believe that we have not incurred expenditures or encumbrances in these categories.

At the end of calendar year 2013, large expenditures were not posted until after the end of the calendar year (period 13) which weakens the usefulness of financial reports for planning and management purposes. In addition, posting these expenditures after the calendar year means that they were done outside of the City's budgeting system.

For any city, but especially a city in our financial circumstances, it is vitally important that the expenditures are recorded properly and timely if we are to have the ability to understand the financial picture of the city. Without accurate and timely data it is difficult to get a valid assessment of where the city finances are right now.

In short there is a lot of uncertainty.

I would recommend that the Administration take steps to accurately record expenditures in as close to real time as possible so that the financial reports will be meaningful and useful.

If you have any questions or would like to discuss this further please let me know.

cc: Eric Papenfuse, Mayor
Fred Reddig, DCED
Gerald Cross, PEL
Bruce Weber, Finance Director

CITY OF HARRISBURG
SUMMARY REPORT OF CITY-WIDE GENERAL FUND EXPENDITURES

ACCOUNT	TITLE	ADJUSTED BUDGET	YTD EXP @ 6/30/14	ENC @ 6/30/14	PERCENT (EXP & ENC)
420010	ADVERTISING	37,562	5,531	0	15%
420020	PRINTING	26,020	5,713	804	25%
420030	PHOTOGRAPHY	6,800	415	0	6%
420040	TELEPHONE	171,228	49,826	0	29%
420041	E-MAIL/INTERNET	23,700	4,580	0	19%
420050	POSTAGE	166,585	65,385	0	39%
421010	LEGAL	405,841	56,870	78,242	33%
421015	MEDICAL LAB SERV	500	0	0	0%
421016	MEDICAL/PSYCHOLOGICAL EXA	32,200	10,410	370	33%
421020	AUDIT	131,000	0	0	0%
421030	CONSULTING	234,894	87,290	42,166	55%
421040	COLLECTION(OPT & LIENS)	4,500	0	0	0%
421050	OTHER PROFESSIONAL FEES	6,501	3,295	0	51%
421051	NON-CDL DRUG/ALC/MED TEST	1,632	204	796	61%
421052	CDL DRUG/ALC/MED TESTING	1,837	297	1,203	82%
421053	CREDIT REPORTS	1,000	200	0	20%
421060	STENOGRAPHER	2,700	330	0	12%
421070	ARBITRATION	45,890	18,114	5,971	52%
421080	FILING FEES	1,450	0	0	0%
422000	SEWERAGE	31,500	2,436	0	8%
422010	WATER	102,800	12,014	0	12%
422020	ELECTRICITY	389,000	99,379	0	26%
422030	HEAT	274,200	155,632	2,283	58%
422060	POWER-STREET LIGHTS	285,500	0	0	0%
422070	POWER-TRAFFIC LIGHTS	32,000	46	0	0%
422080	SEWERAGE MAINT CHARGES	178,707	366	0	0%
422090	REFUSE	13,200	34	0	0%
422091	DISPOSAL	11,160	781	0	7%
423002	STOP/LOSS PREMIUM	344,000	128,662	0	37%
423010	AUTOMOBILE PREM	121,671	91,253	0	75%
423011	AUTO DEDUCT	204,400	102,173	0	50%
423020	GENERAL LIABILITY PREM	81,387	61,040	0	75%
423021	GEN LIAB DEDUCT	30,000	5,373	0	18%

**CITY OF HARRISBURG
SUMMARY REPORT OF CITY-WIDE GENERAL FUND EXPENDITURES**

ACCOUNT	TITLE	ADJUSTED BUDGET	YTD EXP @ 6/30/14	ENC @ 6/30/14	PERCENT (EXP & ENC)
423030	BOILER	6,246	3,123	0	50%
423040	PROPERTY & CRIME PREM	162,834	86,881	0	53%
423050	INLAND MARINE	18,956	14,217	0	75%
423060	FLOOD PREM	32,000	18,806	0	59%
423080	POLICE PROF PREM	278,495	208,871	0	75%
423081	POLICE PROF DEDUCT	66,600	19,402	0	29%
423090	PUBLIC OFF PREM	68,187	51,532	0	76%
423091	PUBLIC OFF DEDUCT	5,000	125	0	3%
423095	EXCESS LIABILITY	87,682	65,761	0	75%
424050	OFFICE EQUIPMENT	2,908	584	1,168	60%
424060	OTHER RENTALS	3,500	0	0	0%
424061	UNIFORM RENTALS	16,308	2,937	12,463	94%
424100	RENTALS	40,000	215	0	1%
425000	OFFICE EQUIPMENT	6,500	437	0	7%
425010	VEHICULAR EQUIPMENT	146,950	46,326	63,041	74%
425030	BUILDING MAINT	85,571	7,335	2,810	12%
425031	POOLS/RECREATIONAL EQUIP	19,000	1,486	0	8%
425050	COMMUNICATIONS EQUIPMENT	6,315	1,400	0	22%
425060	OPERATIONS EQUIPMENT	9,100	5,643	1,013	73%
425080	SERVICE CONTRACTS	1,600	0	0	0%
425090	MAINT SERV CONTRACT	611,363	283,416	52,621	55%
425099	OTHER CONT MAINT	13,840	8,445	0	61%
429000	SEWER LINE VIDEO/TV SVCS	2,000	0	0	0%
429001	TUITION/TRAINING	174,302	85,352	19,076	60%
429004	OFFICER I CERT. (FIRE)	3,500	0	0	0%
429005	NUISANCE	4,560	0	72	2%
429009	ADMIN/TRUSTEE FEE	7,709	6,683	0	87%
429010	PRISONER CARE	120	62	0	52%
429011	DEMOLITION & CLEARING	34,100	980	5,967	20%
429014	CONTRACTED PERSONNEL SVS.	86,376	31,484	30,354	72%
429015	TRAVEL	15,500	5,756	0	37%
429016	CONFERENCES	6,200	588	0	9%
429017	MEMBERSHIPS	34,459	7,038	3,813	31%

CITY OF HARRISBURG
SUMMARY REPORT OF CITY-WIDE GENERAL FUND EXPENDITURES

ACCOUNT	TITLE	ADJUSTED BUDGET	YTD EXP @ 6/30/14	ENC @ 6/30/14	PERCENT (EXP & ENC)
429018	PERMITS	5,800	50	0	1%
429029	FIRE ACCREDITATION	1,000	165	0	17%
429060	TOWING	11,500	4,675	1,600	55%
429070	STORAGE	4,000	0	0	0%
429090	MISC CONTRACTED SRVCS	280,103	48,267	28,800	28%
429095	BANK SERV CHARGES	17,000	8,760	0	52%
430001	EDUCATIONAL	1,320	445	0	34%
430002	SOFTWARE	103,864	37,582	27,851	63%
430003	SUBSCRIPTIONS	42,505	12,581	18,570	73%
430004	AUDIO-VISUAL	3,005	1,240	0	41%
430005	DUPLICATING	23,000	3,333	19,667	100%
430006	PHOTOGRAPHY	400	0	0	0%
430008	DATA PROCESSING	20,308	952	0	5%
430009	OFFICE	27,671	8,986	3,407	45%
430011	CUSTODIAL	46,650	8,618	31,184	85%
430012	PERSONAL SAFETY	47,900	13,962	20,615	72%
430013	FIREFIGHTING	8,500	1,598	3,000	54%
430014	WEARING APPAREL	52,100	1,441	32,502	65%
430016	MEDICAL/LAB	5,550	227	0	4%
430020	FIRE HEALTH AND SAFETY	4,000	0	0	0%
430030	SNOW CONTROL	39,200	25,492	5,508	79%
430031	ASPHALT	21,000	8,702	6,806	74%
430032	CONCRETE	2,000	0	0	0%
430033	STREET SIGN	12,000	0	0	0%
430034	TRAFFIC CONTROL	58,500	16,009	16,558	56%
430036	BLDG CONSTRUCTION	26,445	7,756	1,860	36%
430037	CHEMICALS	44,000	809	1,173	5%
430038	SEWER GRATES/MANHOLE CVR	10,000	3,688	2,522	62%
430040	BOTANICAL	86,800	5,633	18,647	28%
430041	PLAYGROUND	7,000	0	0	0%
430042	TOOLS & HARDWARE	46,885	1,793	3,529	11%
430043	DECORATIONS	10,000	629	0	6%
430050	MOTOR FUELS/LUBRICANTS	993,400	286,676	70,694	36%

**CITY OF HARRISBURG
SUMMARY REPORT OF CITY-WIDE GENERAL FUND EXPENDITURES**

ACCOUNT	TITLE	ADJUSTED BUDGET	YTD EXP @ 6/30/14	ENC @ 6/30/14	PERCENT (EXP & ENC)
430051	TIRES & BATTERIES	122,000	14,235	16,355	25%
430052	VEHICLE PARTS & SUPPLIES	201,000	45,071	65,931	55%
430053	VEHICLE REPAIR TOOLS	3,000	0	0	0%
430055	MECH EQUIP PARTS	2,200	780	420	55%
430056	STREET LIGHTS	222,350	23,100	114,900	62%
430090	KEEP HBG CLEAN	6,555	0	6,555	100%
430099	MISC SUPPLIES AND EXP	26,503	5,569	6,764	47%
439015	OFFICE EQUIPMENT	51,478	6,063	13,092	37%
439040	EQUIPMENT - MOTORIZED	10,478	0	0	0%
452014	SECURITY UPGRADE	40,000	0	0	0%
453036	EQUIPMENT-PUBLIC SAFETY	25,000	110	0	0%
453049	LEASE PURCHASE	311,971	115,381	4,596	38%
453051	EQUIPMENT-DATA PROCESSING	64,700	0	0	0%
453052	TRAFFIC CONTROL	55,205	0	0	0%
453090	OTHER CAPITAL EQUIPMENT	7,100	0	0	0%
453099	EQUIPMENT-OTHER	248,000	0	0	0%
454000	MOTOR EQUIPMENT	172,700	17,598	0	10%
456000	MAINS AND ACCESSORIES	50,000	0	26,443	53%
458060	STREETS AND ROADS	450,000	0	25,000	6%
462002	GRANTS TO CAT	299,761	68,128	0	23%
481007	DEBT SERVICE FUND TRANS	8,831,177	5,435,944	0	62%
481055	LIABILITY INSURANCE CLAIM	3,300	0	0	0%
485002	FINES AND SETTLEMENTS	1,525,000	1,500,000	0	98%
TOTAL OPERATING (EXCLUDING PERSONNEL		\$20,252,030	\$9,674,580	\$918,778	52%

**CITY OF HARRISBURG
SUMMARY REPORT OF CITY-WIDE GENERAL FUND EXPENDITURES**

ACCOUNT	TITLE	ADJUSTED BUDGET	YTD EXP @ 6/30/14	ENC @ 6/30/14	(EXP & ENC)
419002	MEDICAL	10,000,000	3,626,645	0	36%
419010	UNEMPLOYMENT COMPENSATION	115,000	0	0	0%
419012	LOSS TIME & MED	1,689,000	61,701	0	4%
422000	SEWERAGE	31,500	2,436	0	8%
422010	WATER	102,800	12,014	0	12%
422020	ELECTRICITY	389,000	99,379	0	26%
422060	POWER-STREET LIGHTS	285,500	0	0	0%
422070	POWER-TRAFFIC LIGHTS	32,000	46	0	0%
422080	SEWERAGE MAINT CHARGES	178,707	366	0	0%
422090	REFUSE	13,200	34	0	0%
422091	DISPOSAL	11,160	781	0	7%