

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

September 16, 2011

TO: Mayor Linda Thompson
City Council Members
Paul Wambach, Treasurer

FROM: Daniel Miller
Controller

SUBJECT: General Fund Cash Flow Analysis

Attached is the City's 2011 cash flow analysis with actual collections and disbursements through August 31, 2011. Several items of significance regarding the reports are as follows:

1. The 2011 year-end projected cash deficit is \$5.92 million. This is calculated as follows: Projected revenues and transfers of \$52.47 million less projected operating expenses of \$45.10 million and debt service of \$11.06 million. This results in a 2011 projected budgetary deficit of \$3.69 million. From this, 2010 year-end negative cash balance of \$1.15 million is deducted along with 2010 year-end accounts payable balance of \$1.08 million.
2. The attached cash flow analysis uses 2010 General Fund actual revenues as a projection for current year performance and those numbers are replaced with actual 2011 data as it becomes available. Currently, actual data is represented through August 2011.
3. The only revenue item that has been broken out separately in the revenue section is Administrative Service Charges, Transfers-In, and Harrisburg Parking Authority – Coordinated Parking Fund (HPA-CPF) Transfers. Since these sources represent nearly 30% of the projected 2011 revenue, and due to the fact that they can be drawn upon in times of need, they warranted separate disclosure.
4. You will also notice that 2011 projected year-end revenue of \$52.47 million is significantly less than 2010 actual collections of \$56.54 million. This is primarily due to the General Fund not anticipating receiving one-time administrative service charge revenues of \$4.21 million from the Water Fund, as it did during 2010.
5. General Expenses on the attached analysis represent all remaining expenditures other than payroll and fringe benefits, which themselves total approximately 65% of the projected 2011 expenditures. General expenses are projected based on actual August 31, 2011 expenditures of \$5.93 million.
6. The City's Debt Service Fund budgeted \$1.01 million in revenue from the sale of artifacts and park permit fees to offset the debt service transfers necessary from the General Fund. It appears unlikely that the City will receive \$500,000

of this amount from the sale of artifacts and \$60,000 from park permit-parking fees.

If you have any questions or concerns, please feel free to contact the Controller's Office. Thank you.

cc: Jacquetta McCoy, for Mayor Linda Thompson
Kirk Petroski, Acting City Clerk, for City Council
Robert Kroboth, Finance Director
Celia Spicher, Deputy Treasurer

Harrisburg City 2011 General Fund Cash Flow	ACTUAL												PROJECTED				Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec					
Beginning Cash Balance ⁽¹⁾	\$ (2,228,797)	\$ (903,134)	\$ 12,034	\$ 3,419,660	\$ 1,658,551	\$ 1,051,253	\$ 358,162	\$ (1,251,924)	\$ (359,689)	\$ (3,097,971)	\$ (3,910,607)	\$ (4,214,443)	\$ (2,228,797)				
Revenue Less Admin/Transfer ⁽²⁾	1,346,775	3,220,285	12,014,158	1,785,367	3,476,384	1,746,789	1,603,196	2,323,231	4,718,015	1,758,874	1,449,566	1,456,771	36,899,411				
Admin Service/Transfers In ⁽³⁾	2,841,865	800,000	2,700,000	650,000	-	1,375,000	800,000	2,040,000	807,500	1,476,724	2,083,258	-	15,574,347				
Sub-Total Sources	\$ 1,959,843	\$ 3,117,151	\$ 14,726,192	\$ 5,855,027	\$ 5,134,935	\$ 4,173,042	\$ 2,761,358	\$ 3,111,307	\$ 5,165,826	\$ 137,627	\$ (377,783)	\$ (2,757,672)	50,244,961				
Less:																	
Payroll ⁽⁴⁾	\$ 2,348,957	\$ 2,222,214	\$ 3,215,966	\$ 2,329,733	\$ 2,101,785	\$ 2,083,479	\$ 2,505,000	\$ 2,045,347	\$ 3,068,022	\$ 2,045,348	\$ 2,045,348	\$ 2,045,348	28,056,547				
Health Insurance ⁽⁵⁾	(3,767)	444,345	1,100,460	948,680	404,516	866,309	654,078	487,170	811,547	811,547	811,547	811,547	8,147,979				
General Expense (All Other) ⁽⁶⁾	161,407	438,559	1,665,106	561,684	803,735	865,091	497,825	938,480	741,486	741,486	741,486	741,486	8,897,831				
Sub-Total Uses	\$ 2,506,598	\$ 3,105,118	\$ 5,981,532	\$ 3,840,097	\$ 3,310,036	\$ 3,814,880	\$ 3,656,903	\$ 3,470,997	\$ 4,621,055	\$ 3,598,381	\$ 3,598,381	\$ 3,598,381	\$ 45,102,358				
Est. Resources Available for Debt Service	\$ (546,754)	\$ 12,034	\$ 8,744,660	\$ 2,014,930	\$ 1,824,898	\$ 358,162	\$ (895,544)	\$ (359,689)	\$ 544,771	\$ (3,460,754)	\$ (3,976,164)	\$ (6,356,053)	\$ 5,142,604				
Debt Service:																	
City Debt Payments ⁽⁹⁾	\$ 356,379	\$ -	\$ 5,325,000	\$ 356,379	\$ 773,645	\$ -	\$ 356,379	\$ -	\$ 3,642,742	\$ 449,853	\$ 238,279	\$ (438,539)	\$ 11,060,117				
THA Debt Payments*	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total Debt Service	\$ 356,379	\$ -	\$ 5,325,000	\$ 356,379	\$ 773,645	\$ -	\$ 356,379	\$ -	\$ 3,642,742	\$ 449,853	\$ 238,279	\$ (438,539)	\$ 11,060,117				
Surplus/(Deficit)	\$ (903,134)	\$ 12,034	\$ 3,419,660	\$ 1,658,551	\$ 1,051,253	\$ 358,162	\$ (1,251,924)	\$ (359,689)	\$ (3,097,971)	\$ (3,910,607)	\$ (4,214,443)	\$ (5,917,514)	\$ (5,917,514)				

2009 Ending Cash Balance (comparison)	\$ 5,387,600	\$ 4,873,534	\$ 7,245,118	\$ 4,194,317	\$ 5,409,555	\$ 4,125,253	\$ 4,243,958	\$ 4,113,280	\$ 2,629,381	\$ (117,746)	\$ 117,815	\$ 1,527,333
2010 Ending Cash Balance (comparison)	\$ 887,371	\$ 2,752,706	\$ 422,020	\$ 6,029,955	\$ 2,755,070	\$ 1,863,945	\$ (298,568)	\$ 952,699	\$ 164,427	\$ (68,298)	\$ 827,168	\$ (1,153,040)

*Assumes the City will not make any guarantee payments on behalf of THA for the 2011 year.

Required Debt Serv Res Fund Pymts	-	-	-	-	-	-	-	-	-	-	-	-	-
Req Debt Serv Res Fd Pymts/County	-	-	-	-	-	-	-	-	-	-	-	-	-
County Gauranteed Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
City General Fund Debt Payments:													
Capitalized Lease Obligation ⁽⁷⁾	356,379			356,379			356,379			356,379			1,425,517
G.O. Refunding Bonds - Series D of 1997			2,760,000						1,735,000				4,495,000
G.O. Refunding Notes - Series F of 1997			2,565,000						1,610,000				4,175,000
2008 PIB Loan \$2,400,000.00									297,742				297,742
Pension Bond (Retired in 2010)													-
HRA Guar. Revenue Note (TRAN) ⁽⁸⁾					321,744							36,876	358,620
HRA Guarr. Rev. Bonds-Ser A-2 of 2005					451,901							201,403	653,304
DCED Loan										23,475			23,475
PA Infrastructure Bank 2004 Loans										69,999			69,999
2010 City Debt Service Revenue ⁽⁹⁾												(438,539)	(438,539)
	356,379	-	5,325,000	356,379	773,645	-	356,379	-	3,642,742	449,853	238,279	(438,539)	11,060,117

⁽¹⁾ December 2010 year-end cash balance per financial management system of negative \$1,153,040 plus year-end accounts payable balance of \$1,075,757. September through December are estimates based on projected/actual revenues and expenditures.

⁽²⁾ Total General Fund revenue less administrative service charge, interfund transfers, and Harrisburg Parking Authority (HPA) Coordinated Parking Fund (CPF) transfers (See footnote three). Projected figures are 2010 actual receipts.

⁽³⁾ Total budgeted administrative service charges, interfund transfers, and HPA-CPF transfers of \$15,574,347. Projected figures are 2010 actual receipts with November and December adjusted to reconcile to 2011 adopted budget.

⁽⁴⁾ Projections based on August actual average bi-weekly General Fund payroll of \$1,022,674.

⁽⁵⁾ Projections based on actual health benefits of \$5,262,237 through the third week of August.

⁽⁶⁾ Projections based on actual general expenses of \$5,931,887 through August 2011.

⁽⁷⁾ The administration incorrectly budgeted \$1.66 million for capitalized lease obligations.

⁽⁸⁾ 2011 debt service includes a \$450,000 principal payment from prior year proceeds which is not reflected.

⁽⁹⁾ The City has budgeted \$1,010,100 million revenue in the Debt Service Fund from sale of artifacts and various City Island park permit revenue for repayment of the above debt. \$438,539 appears realistic.