INTER-OFFICE MEMORANDUM **CITY OF HARRISBURG**

January 31, 2012

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 year-end cash flow analysis with actual collections and disbursements through December 31, 2011. Several items of significance regarding the reports are as follows:

1. The 2011 year-end cash deficit was $2.73 million. This is calculated as follows: Actual revenues and transfers of $61.47 million less actual operating expenses of $50.94 million and debt service of $11.04 million. This results in a 2011 deficit of $505,392. 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 used 2010 General Fund actual revenues as a projection for current year performance and those numbers are replaced with actual 2011 data as it became available. Actual data is represented through December 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 represented 22% of the actual 2011 revenue, and due to the fact that they can be drawn upon in times of need, they warranted separate disclosure.

4. The 2011 actual year-end revenue of $61.47 million includes $7.4 million of proceeds from the Harrisburg Parking Authority's issuance of Parking Revenue Bonds Series U of 2011. Actual revenue also includes $4.53 million of Pension System State Aid. As of the date of this report, $1.88 million of pension system state aid has yet to be deposited into the pension plans. Revenue does not include the administration's budgeted $1.42 million of tax lien sales.

5. General Expenses on the attached analysis represent all remaining expenditures other than payroll and fringe benefits, which themselves total 59% of the actual 2011 expenditures. General expenses for the year-ended December 31, 2011 were $14.27 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. The city was unable to collect any of the budgeted $500,000 for the sale of artifacts and collected $442,347 of the budgeted $510,000 from park permit-parking fees. This additional financial burden on the General Fund was mitigated by the administration's use of $450,000 of prior year Debt Service Fund artifact sale proceeds to offset current year debt service.

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

cc: Lisa Blackston, 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												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep [10]	Oct [11]	Nov	Dec	Total
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)	$ (341,064)	$ 4,582,940	$ 2,328,505	$ 697,839	$ (2,228,797)
Revenue Less Admin/Transfer[2]	1,346,775	3,220,285	12,014,158	1,785,367	3,476,384	1,446,789	1,603,196	2,341,856	11,765,441	3,371,323	2,164,201	3,265,678	47,801,453
Admin Service/Transfers In[3]	2,841,865	800,000	2,700,000	650,000	-	1,675,000	800,000	2,040,000	890,000	1,100,000	-	174,098	13,670,963
Sub-Total Sources	$ 1,959,843	$ 3,117,151	$ 14,726,192	$ 5,855,027	$ 5,134,935	$ 4,173,042	$ 2,761,358	$ 3,129,932	$ 12,314,377	$ 9,054,263	$ 4,492,706	$ 4,137,615	59,243,619
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	$ 3,041,487	$ 1,955,904	$ 1,954,900	$ 1,956,658	27,761,430
Health Insurance[5]	(3,767)	444,345	1,100,460	948,680	404,516	866,309	654,078	487,170	358,350	1,396,706	926,117	1,323,959	8,906,924
General Expense (All Other)[6]	161,407	438,559	1,665,106	561,684	803,735	865,091	497,825	938,480	618,858	3,373,148	320,396	4,029,725	14,274,015
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	$ 4,018,696	$ 6,725,758	$ 3,201,413	$ 7,310,343	$ 50,942,369
Est. Resources Available for Debt Service	$ (546,754)	$ 12,034	$ 8,744,660	$ 2,014,930	$ 1,824,898	$ 358,162	$ (895,544)	$ (341,064)	$ 8,295,681	$ 2,328,505	$ 1,291,294	$ (3,172,727)	$ 8,301,251
Debt Service:													
City Debt Payments[9]	$ 356,379	$ -	$ 5,325,000	$ 356,379	$ 773,645	$ -	$ 356,379	$ -	$ 3,712,741	$ -	$ 593,454	$ (438,539)	$ 11,035,439
THA Debt Payments*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	$ 356,379	$ -	$ 5,325,000	$ 356,379	$ 773,645	$ -	$ 356,379	$ -	$ 3,712,741	$ -	$ 593,454	$ (438,539)	$ 11,035,439
Surplus/(Deficit)	$ (903,134)	$ 12,034	$ 3,419,660	$ 1,658,551	$ 1,051,253	$ 358,162	$ (1,251,924)	$ (341,064)	$ 4,582,940	$ 2,328,505	$ 697,839	$ (2,734,188)	$ (2,734,188)
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				355,124		1,424,261
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						36,951		358,695
HRA Guarr. Rev. Bonds-Ser A-2 of 2005					451,901						201,380		653,281
DCED Loan												-	-
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	-	3,712,741	-	593,454	(438,539)	11,035,439

[1] December 2010 year-end cash balance per financial managment system of negative $1,153,040 plus year-end accounts payable balance of $1,075,757.

[2] Total General Fund revenue less administrative service charge, interfund transfers, and Harrisburg Parking Authority (HPA) Coordinated Parking Fund (CPF) transfers (See footnote three).

[3] December includes advances of 2012 administrative service charges of $130,882 from the Water Fund, $147,255 from the Sanitation Fund, and $568,479 from the Sewer Fund.

[4] Actual gross payroll including city share of FICA and excluding police extra duty.

[5] Actual health benefit payments through December 31, 2011, charged to account code 01010188-419002.

[6] Includes the expenditure/payable for additional police pension payment of $1,880,796.

[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. The administration's reallocation plan in the Debt Service Fund caused that fund to be out of balance.

[9] The City has budgeted $1,010,100 million revenue in the Debt Service Fund from sale of artifacts and City Island park permit revenue for repayment of the above debt. No artifacts were sold and $442,518 of park permit/interest revenue was collected.

[10] Revenue includes: $7.4 million of Rental Income from the Harrisburg Parking Authority's Parking Revenue Bonds Series U of 2011 and $2,649,577 of Pension System State Aid.

[11] Revenue includes $1,880,796 of additional Pension System State Aid. General expenses includes $2,629,927 paid on 10/14/11 to the Police Pension Fund. (An additional payment to the Police Pension Fund of $1,880,796 is anticipated in 2012).