

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

April 18, 2012

TO: Mayor Linda Thompson
City Council Members
John Campbell, Treasurer

FROM: Daniel Miller
Controller

SUBJECT: General Fund Cash Flow Analysis

Attached is the City's 2012 projected cash flow analysis with actual collections and disbursements through January 31, 2012. Several items of significance regarding the reports are as follows:

1. The 2012 projected year-end cash deficit is \$14.89 million. This is calculated as follows: Projected revenues and transfers of \$46.28 million less projected operating expenditures of \$46.96 million and debt service expenditures of \$11.49 million. This results in a 2012 projected deficit of \$12.16 million. From this, 2011 year-end negative cash balance of \$2.73 million is deducted. As a point of caution, prior year results are difficult to verify since General Fund ledger accounts for cash have not been reconciled for an extended period of time.
2. The attached cash flow analysis uses 2011 General Fund actual revenues (adjusted for one-time revenues sources) as a projection for current year performance. Revenue has also been adjusted to include an additional \$2.0 million of proceeds from the state for fire protection and also to include an additional \$1.13 million of real estate tax proceeds from a .8 mill tax increase. These numbers are replaced with actual 2012 data as it becomes available. Actual data is currently represented through January 2012.
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 approximately 13% of the projected 2012 revenue, and due to the fact that they can be drawn upon in times of need, they warranted separate disclosure. There is a significant change in 2012 related to administrative service charges from the Water and Sewer Funds. The city's Receiver has reduced them both significantly and they are not expected to be increased to prior year levels again.
4. The 2012 projected year-end revenue of \$46.28 million does not include one-time revenue sources received in 2011 related to; \$7.4 million of proceeds from the Harrisburg Parking Authority's issuance of Parking Revenue Bonds Series U of 2011, and \$2.96 million of Pension System State Aid in excess of the city's minimum municipal obligation. As of the end of January 2012, \$1.88 million of the 2011 pension system state aid proceeds has yet to be deposited

into the pension plans. These funds were not set aside during 2011 and will require current year resources to pay.

5. General Expenses on the attached analysis represent all remaining expenditures other than payroll and fringe benefits, which themselves total approximately 60% of the projected 2012 expenditures. General expenses represent approximately 20% of the projected General Fund expenditures, or \$11.72 million.
6. The city's 2012 Debt Service Fund budgeted approximately \$500,000 in revenue from park permit fees to offset the debt service transfers necessary from the General Fund. The administration is also planning to sell artifacts during 2012. The proceeds from the sale must be used to pay down the debt on the HRA Guaranteed Revenue Note (TRAN). Therefore, any proceeds from the sale will be accompanied by an equal additional expenditure for 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, City Clerk, for City Council
Robert Kroboth, Finance Director
Celia Spicher, Deputy Treasurer

Harrisburg City
2012 General Fund Cash Flow

	ACTUAL						PROJECTED						Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beginning Cash Balance ⁽¹⁾	\$ (2,734,188)	\$ (2,921,279)	\$ (2,781,816)	\$ (708,304)	\$ (2,123,797)	\$ (3,078,045)	\$ (4,909,125)	\$ (6,558,226)	\$ (8,549,806)	\$ (11,753,189)	\$ (13,310,009)	\$ (14,086,973)	\$ (2,734,188)
Revenue Less Admin/Transfer ⁽²⁾⁽⁸⁾⁽⁹⁾	1,250,169	3,342,104	12,705,850	1,910,274	3,541,674	1,467,830	1,612,807	2,351,390	3,294,294	3,502,063	2,175,248	3,315,957	40,469,659
Admin Service/Transfers In ⁽³⁾	1,050,000	433,141	433,141	433,141	433,141	433,141	433,141	433,141	433,141	433,141	433,141	433,141	5,814,550
Sub-Total Sources	\$ (434,019)	\$ 853,966	\$ 10,357,175	\$ 1,635,111	\$ 1,851,018	\$ (1,177,074)	\$ (2,863,178)	\$ (3,773,696)	\$ (4,822,372)	\$ (7,817,985)	\$ (10,701,620)	\$ (10,337,876)	43,550,021
Less:													
Payroll ⁽⁴⁾	\$ 1,991,341	\$ 1,991,341	\$ 2,987,012	\$ 1,991,341	\$ 1,991,341	\$ 1,991,341	\$ 1,991,341	\$ 2,987,012	\$ 1,991,341	\$ 1,991,341	\$ 1,991,341	\$ 1,991,341	25,887,433
Health Insurance ⁽⁵⁾	(4,538)	850,619	850,619	850,619	850,619	850,619	850,619	850,619	850,619	850,619	850,619	850,619	9,352,270
General Expense (All Other) ⁽⁶⁾	565,920	438,559	1,665,106	561,684	803,735	865,091	497,825	938,480	618,858	2,294,800	320,396	2,148,929	11,719,383
Sub-Total Uses	\$ 2,552,723	\$ 3,280,519	\$ 5,502,736	\$ 3,403,644	\$ 3,645,695	\$ 3,707,051	\$ 3,339,785	\$ 4,776,110	\$ 3,460,818	\$ 5,136,760	\$ 3,162,356	\$ 4,990,889	\$ 46,959,086
Est. Resources Available for Debt Service	\$ (2,986,743)	\$ (2,426,552)	\$ 4,854,438	\$ (1,768,533)	\$ (1,794,677)	\$ (4,884,125)	\$ (6,202,963)	\$ (8,549,806)	\$ (8,283,190)	\$ (12,954,745)	\$ (13,863,976)	\$ (15,328,765)	\$ (3,409,066)
Debt Service:													
City Debt Payments ⁽⁷⁾	\$ (65,464)	\$ 355,264	\$ 5,562,742	\$ 355,264	\$ 1,283,369	\$ 25,000	\$ 355,264	\$ -	\$ 3,469,999	\$ 355,264	\$ 222,998	\$ (434,686)	\$ 11,485,013
THA Debt Payments*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	\$ (65,464)	\$ 355,264	\$ 5,562,742	\$ 355,264	\$ 1,283,369	\$ 25,000	\$ 355,264	\$ -	\$ 3,469,999	\$ 355,264	\$ 222,998	\$ (434,686)	\$ 11,485,013
Surplus/(Deficit)	\$ (2,921,279)	\$ (2,781,816)	\$ (708,304)	\$ (2,123,797)	\$ (3,078,045)	\$ (4,909,125)	\$ (6,558,226)	\$ (8,549,806)	\$ (11,753,189)	\$ (13,310,009)	\$ (14,086,973)	\$ (14,894,079)	\$ (14,894,079)
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)	
2011 Ending Cash Balance (comparison)	\$ (115,220)	\$ 1,650,763	\$ 3,630,306	\$ 2,459,402	\$ 2,217,799	\$ 1,944,659	\$ 679,768	\$ 1,756,678	\$ 4,463,814	\$ 2,502,589	\$ 991,030	\$ 1,171,917	
*Assumes the City will not make any guarantee payments on behalf of THA for the 2012 year.													
Required Debt Serv Res Fund Pymts	-	-	-	-	-	-	-	-	-	-	-	-	-
Req Debt Serv Res Fd Pymts/County	-	-	-	-	-	-	-	-	-	-	-	-	-
County Gauranteed Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Debt Service:													
Capitalized Lease Obligation	-	355,264	-	355,264	-	-	355,264	-	-	355,264	-	-	1,421,055
G.O. Refunding Bonds - Series D of 1997	-	-	2,735,000	-	-	-	-	-	1,765,000	-	-	-	4,500,000
G.O. Refunding Notes - Series F of 1997	-	-	2,530,000	-	-	-	-	-	1,635,000	-	-	-	4,165,000
2008 PIB Loan \$2,400,000.00	-	-	297,742	-	-	-	-	-	-	-	-	-	297,742
HRA Guar. Revenue Note (TRAN)	-	-	-	-	821,966	-	-	-	-	-	27,575	-	849,542
HRA Guarr. Rev. Bonds-Ser A-2 of 2005	-	-	-	-	461,403	-	-	-	-	-	195,423	-	656,825
DCED Loan	-	-	-	-	-	25,000	-	-	-	-	-	-	25,000
PA Infrastructure Bank 2004 Loans	-	-	-	-	-	-	-	-	69,999	-	-	-	69,999
2012 Debt Service Fund Revenue ⁽⁷⁾	(65,464)	-	-	-	-	-	-	-	-	-	-	-	(500,150)
General Fund Debt Service Transfers	(65,464)	355,264	5,562,742	355,264	1,283,369	25,000	355,264	-	3,469,999	355,264	222,998	(434,686)	11,485,013

(1) December 2011 ending cash balance from General Fund Cash Flow Analysis Report used as January 2012 beginning cash balance. The cash balances from the city's financial management system have not been reconciled to the bank statements.

(2) Projections represent 2011 actual monthly General Fund revenue (excluding one-time revenue sources related to HPA debt service proceeds and pension system state aid) less 2011 administrative service charges, interfund transfers, and Harrisburg Parking Authority (HPA) Coordinated Parking Fund (CPF) transfers.

(3) Projections based on 2012 budgeted administrative service charges, interfund transfers, and HPA-CPF transfers totaling \$5,814,550 (Water Fund and Sewer Fund administrative service charge were reduced to \$834,000 and \$846,000, respectively).

(4) Projections based on Jan 2012 actual gross payroll of \$1,991,341.

(5) Projections based on 2011 actual year-end health benefit payments of \$8,906,924, charged to account code 01010188-419002 and increased by 5%.

(6) Projections represent 2011 actual monthly General Fund expenditures (excluding one-time expenditures related to pension payments in excess of city 2011 MMO).

(7) The City's 2012 Debt Service Fund budget includes \$500,150 of revenue to offset the Transfers to Debt Service Fund line item in the General Fund.

(8) Projected revenue for October includes an additional \$2.0 million from the state for fire protection (\$2,497,000 total).

(9) Projected revenue includes an additional \$1.13 million of additional real estate tax revenue from a .8 mill real estate tax increase.