**INTER-OFFICE MEMORANDUM** **CITY OF HARRISBURG**

August 8, 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 July 31, 2011. Several items of significance regarding the reports are as follows:

1. The 2011 year-end projected cash deficit is $5.68 million. This is calculated as follows: Projected revenues and transfers of $52.57 million less projected operating expenses of $45.25 million and debt service of $10.77 million. This results in a 2011 projected budgetary deficit of $3.45 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 July 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 $52.57 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 July 31, 2011 expenditures of $4.99 million.

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 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | 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) | $ (18,972) | $ (2,554,432) | $ (3,419,447) | $ (4,242,870) | $ (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 | 2,414,783 | 4,718,015 | 1,758,874 | 1,449,566 | 1,456,771 | 36,990,963 |
| Admin Service/Transfers In[3] | 2,841,865 | 800,000 | 2,700,000 | 650,000 | - | 1,375,000 | 800,000 | 2,435,089 | 807,500 | 1,476,724 | 1,688,169 | - | 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 | $ 3,597,948 | $ 5,506,543 | $ 681,166 | $ (281,712) | $ (2,786,099) | 50,336,513 |
| Less: | | | | | | | | | | | | | |
| Payroll[4] | $ 2,348,957 | $ 2,222,214 | $ 3,215,966 | $ 2,329,733 | $ 2,101,785 | $ 2,083,479 | $ 2,505,000 | $ 2,083,480 | $ 3,125,220 | $ 2,083,480 | $ 2,083,480 | $ 2,083,480 | 28,266,274 |
| Health Insurance[5] | (3,767) | 444,345 | 1,100,460 | 948,680 | 404,516 | 866,309 | 654,078 | 498,879 | 877,411 | 877,411 | 877,411 | 877,411 | 8,423,144 |
| General Expense (All Other)[6] | 161,407 | 438,559 | 1,665,106 | 561,684 | 803,735 | 865,091 | 497,825 | 713,344 | 713,344 | 713,344 | 713,344 | 713,344 | 8,560,127 |
| Sub-Total Uses | $ 2,506,598 | $ 3,105,118 | $ 5,981,532 | $ 3,840,097 | $ 3,310,036 | $ 3,814,880 | $ 3,656,903 | $ 3,295,703 | $ 4,715,975 | $ 3,674,235 | $ 3,674,235 | $ 3,674,235 | $ 45,249,546 |
| Est. Resources Available for Debt Service | $ (546,754) | $ 12,034 | $ 8,744,660 | $ 2,014,930 | $ 1,824,898 | $ 358,162 | $ (895,544) | $ 302,245 | $ 790,568 | $ (2,993,069) | $ (3,955,947) | $ (6,460,334) | $ 5,086,967 |
| Debt Service: | | | | | | | | | | | | | |
| City Debt Payments[7] | $ 356,379 | $ - | $ 5,325,000 | $ 356,379 | $ 773,645 | $ - | $ 356,379 | $ 321,217 | $ 3,345,000 | $ 426,378 | $ 286,923 | $ (776,644) | $ 10,770,657 |
| THA Debt Payments* | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Debt Service | $ 356,379 | $ - | $ 5,325,000 | $ 356,379 | $ 773,645 | $ - | $ 356,379 | $ 321,217 | $ 3,345,000 | $ 426,378 | $ 286,923 | $ (776,644) | $ 10,770,657 |
| Surplus/(Deficit) | $ (903,134) | $ 12,034 | $ 3,419,660 | $ 1,658,551 | $ 1,051,253 | $ 358,162 | $ (1,251,924) | $ (18,972) | $ (2,554,432) | $ (3,419,447) | $ (4,242,870) | $ (5,683,690) | $ (5,683,690) |
| 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 | 356,379 | | | 356,379 | | | 356,379 | | | 356,379 | | 236,455 | 1,661,972 |
| 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) | | | | | 321,744 | | | | | | 85,520 | (2,999) | 404,265 |
| 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[7] | | | | | | | | | | | | (1,010,100) | (1,010,100) |
| | 356,379 | - | 5,325,000 | 356,379 | 773,645 | - | 356,379 | 321,217 | 3,345,000 | 426,378 | 286,923 | (776,644) | 10,770,657 |

[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. August 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 June actual average bi-weekly General Fund payroll of $1,041,740 (July payroll includes $500,000 of severance pay).

[5] Projections based on actual health benefits of $4,913,500 through July (July benefits of $498,879 expensed on August books).

[6] Projections based on actual general expenses of $4,993,407 through July 31, 2011.

[7] 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.