INTER-OFFICE MEMORANDUM **CITY OF HARRISBURG**

April 5, 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 2010 cash flow analysis with actual collections and disbursements through March 31, 2011. Several items of significance regarding the reports are as follows:

1. The 2011 year-end projected cash deficit is $5.94 million. This is calculated as follows: Projected revenues and transfers of $52.28 million less projected operating expenses of $44.79 million and debt service of $11.21 million. This results in a 2011 budgetary deficit of $3.71 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 March 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 $52.28 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 upon 2011 budgeted expenses of $55.99 million less projected payroll, health insurance, and debt service expenditures.

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

cc: Beth Ann Gabler, City Clerk
Robert Kroboth, Finance Director
Celia Spicher, Deputy Treasurer
File

Harrisburg City	ACTUAL			PROJECTED									
2011 General Fund Cash Flow	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Beginning Cash Balance[1]	$ (2,228,797)	$ (903,134)	$ 12,034	$ 3,776,039	$ 2,511,156	$ 147,814	$ (716,329)	$ (2,335,504)	$ (1,089,600)	$ (3,625,501)	$ (4,420,249)	$ (4,567,870)	$ (2,228,797)
Revenue Less Admin/Transfer[2]	1,346,775	3,220,285	12,014,158	2,220,051	2,451,742	2,716,990	941,172	2,414,783	4,718,015	1,758,874	1,449,566	1,456,771	36,709,182
Admin Service/Transfers In[3]	2,841,865	800,000	2,700,000	773,155	-	46,310	1,400,000	2,435,089	807,500	1,476,724	2,293,704	-	15,574,347
Sub-Total Sources	$ 1,959,843	$ 3,117,151	$ 14,726,192	$ 6,769,245	$ 4,962,898	$ 2,911,114	$ 1,624,843	$ 2,514,368	$ 4,435,915	$ (389,903)	$ (676,979)	$ (3,111,099)	50,054,732
Less:													
Payroll[4]	$ 2,348,957	$ 2,222,214	$ 3,215,966	$ 2,224,896	$ 2,224,896	$ 2,224,896	$ 2,224,896	$ 2,224,896	$ 3,337,344	$ 2,224,896	$ 2,224,896	$ 2,224,896	28,923,649
Health Insurance[5]	(3,767)	444,345	1,100,460	634,363	634,363	634,363	634,363	634,363	634,363	634,363	634,363	634,364	7,250,306
General Expense (All Other)[6]	161,407	438,559	1,308,727	744,709	744,709	744,709	744,709	744,709	744,709	744,709	744,709	744,709	8,611,074
Sub-Total Uses	$ 2,506,598	$ 3,105,118	$ 5,625,153	$ 3,603,968	$ 3,603,968	$ 3,603,968	$ 3,603,968	$ 3,603,968	$ 4,716,416	$ 3,603,968	$ 3,603,968	$ 3,603,969	$ 44,785,029
Est. Resources Available for Debt Service	$ (546,754)	$ 12,034	$ 9,101,039	$ 3,165,277	$ 1,358,930	$ (692,854)	$ (1,979,125)	$ (1,089,600)	$ (280,501)	$ (3,993,871)	$ (4,280,947)	$ (6,715,068)	$ 5,269,703
Debt Service:													
City Debt Payments[7]	$ 356,379	$ -	$ 5,325,000	$ 654,121	$ 1,211,116	$ 23,475	$ 356,379	$ -	$ 3,345,000	$ 426,378	$ 286,923	$ (776,644)	$ 11,208,127
THA Debt Payments*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	$ 356,379	$ -	$ 5,325,000	$ 654,121	$ 1,211,116	$ 23,475	$ 356,379	$ -	$ 3,345,000	$ 426,378	$ 286,923	$ (776,644)	$ 11,208,127
Surplus/(Deficit)	$ (903,134)	$ 12,034	$ 3,776,039	$ 2,511,156	$ 147,814	$ (716,329)	$ (2,335,504)	$ (1,089,600)	$ (3,625,501)	$ (4,420,249)	$ (4,567,870)	$ (5,938,424)	$ (5,938,424)
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	1,661,971
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)					759,189						85,520	(2,999)	841,710
HRA Guarr. Rev. Bonds-Ser A-2 of 2005					451,927						201,403		653,330
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	654,121	1,211,116	23,475	356,379	-	3,345,000	426,378	286,923	(776,644)	11,208,127

[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. April 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 average actual General Fund payroll of $1,112,448 for January through March 2011.

[5] Projections based on adopted General Fund budget for health benefits of $7,250,306, divided by nine remaining months.

[6] Based on total budgeted expenses of $55,993,154 less projected payroll (footnote 4), projected health insurance (footnote 5), and budgeted transfers to the debt service fund (footnote 7).

[7] The City has budget $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.