

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

December 20, 2010

TO: Daniel C. Miller, CPA
Controller

FROM: William P. Leinberger, CMA, CFM
Deputy Controller

SUBJECT: General Fund Cash Flow Analysis

Attached is the City's 2010 cash flow analysis with actual collections and disbursements through November 30, 2010. Several items of significance regarding the reports are as follows:

1. The 2010 year-end projected cash deficit is \$470,325. This is calculated as revenues and transfers of \$56.97 million less expenses and debt service of \$45.53 and \$11.91 million, respectively.
2. The attached cash flow analysis uses 2009 General Fund actual revenues as a projection for current year performance and those numbers are replaced with actual 2010 data as it becomes available. Currently, actual data is represented through November 2010.
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 35% of the projected 2010 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 2010 projected year-end revenue is significantly less than 2009 actual collections of \$60.20 million. This is primarily due to the General Fund not receiving one-time transfers of \$3.85 million from the Water Fund and sewer Fund, as it did during 2009. During November, the City was notified that The Harrisburg Authority's Water Fund would be able to transfer up to \$4.38 million of additional unbudgeted one-time revenue. These one-time resources would allow the Water Fund to re-establish administrative services charge payments to the General Fund at recent historical levels. On November 24, 2010, the City received \$3.92 million of the transfers, leaving approximately \$463,000 of additional budgeted transfers remaining for 2010. The December projection assumes the Water Fund will be able to transfer to the City the remaining balance of \$463,000 before year-end.
5. General Expenses on the attached analysis represent all remaining expenditures other than payroll and fringe benefits, which themselves total nearly 66% of the projected 2010 expenditures. General expenses are

projected based upon actual 2010 expenses incurred through November of \$7.21 million. Of course, if the calculation were to be based on the Adopted expenditure budget, the year-end analysis would be significantly worse.

6. Several assumptions that warrant individual attention in the attached analysis is the matter of debt service and the sale of artifacts and HPA-CPF transfers. Included in the Debt Service Fund revenue is anticipated proceeds of \$950,000 from the sale of artifacts. If the City does not receive those funds this year, an additional unbudgeted burden of a like amount will be incurred in the General Fund to pay the City's debt service expense. Additionally, the projection assumes that HPA-CPF will be able to pay the City the full budgeted amount of \$4.5 million. As of November 30, 2010, they have only transferred \$2.12 million to the City.

If you have any questions or concerns, please feel free to contact me. Thank you.

cc: Linda Thompson, Mayor
City Council Members
Paul Wambach, Treasurer
Robert Kroboth, CGFM, Acting Chief of Staff/Business Administrator
Celia Spicher, Deputy Treasurer
Beth Ann Gabler
File

Harrisburg City 2010 General Fund Cash Flow	2010 ACTUALS											2010 PROJECTED	Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beginning Cash Balance ⁽¹⁾	\$ 1,527,333	\$ 689,258	\$ 2,585,459	\$ 2,359,599	\$ 5,923,460	\$ 2,730,373	\$ 2,543,056	\$ 292,893	\$ 1,622,930	\$ (1,453,107)	\$ (856,055)	\$ (239,951)	\$ 1,527,333
Actual Revenue Less Admin/Transfer ⁽²⁾	972,667	2,426,792	6,679,420	8,595,861	2,451,742	2,716,990	941,172	2,414,783	4,718,015	1,758,874	1,449,566	2,029,925	37,155,806
2010 Admin Service/Transfers In ⁽³⁾	1,500,000	2,000,085	2,550,000	773,155	-	46,310	1,400,000	2,435,089	807,500	1,476,724	4,054,393	2,773,936	19,817,192
Sub-Total Sources	\$ 4,000,000	\$ 5,116,135	\$ 11,814,879	\$ 11,728,615	\$ 8,375,202	\$ 5,493,673	\$ 4,884,227	\$ 5,142,765	\$ 7,148,445	\$ 1,782,491	\$ 4,647,904	\$ 4,563,910	58,500,331
Less:													
Payroll ⁽⁴⁾	\$ 2,303,462	\$ 2,247,562	\$ 2,387,724	\$ 3,724,289	\$ 2,217,901	\$ 2,261,004	\$ 2,349,020	\$ 2,357,111	\$ 3,119,835	\$ 2,273,670	\$ 2,167,080	\$ 2,335,068	29,743,726
Health Insurance ⁽⁵⁾	6,990	14,734	378,349	642,848	1,209,724	4,995	1,358,876	634,463	1,512,531	1,167	1,057,674	1,098,681	7,921,032
General Expense (All Other) ⁽⁶⁾	6,411	268,380	1,358,494	765,401	1,042,995	684,618	527,059	528,261	679,185	293,710	1,054,019	655,321	7,863,854
Sub-Total Uses	\$ 2,316,863	\$ 2,530,676	\$ 4,124,567	\$ 5,132,538	\$ 4,470,620	\$ 2,950,617	\$ 4,234,955	\$ 3,519,835	\$ 5,311,552	\$ 2,568,547	\$ 4,278,773	\$ 4,089,070	\$ 45,528,612
Est. Resources Available for Debt Service	\$ 1,683,137	\$ 2,585,459	\$ 7,690,312	\$ 6,596,077	\$ 3,904,582	\$ 2,543,056	\$ 649,273	\$ 1,622,930	\$ 1,836,893	\$ (786,056)	\$ 369,131	\$ 474,840	\$ 12,971,719
Debt Service:													
City Debt Payments ⁽⁷⁾	\$ 356,379	\$ -	\$ 5,330,713	\$ 672,617	\$ 1,174,209	\$ -	\$ 356,379	\$ -	\$ 3,290,000	\$ 69,999	\$ 609,082	\$ (582,168)	\$ 11,277,211
THA Debt Payments*	637,500	-	-	-	-	-	-	-	-	-	-	-	637,500
Total Debt Service	\$ 993,879	\$ -	\$ 5,330,713	\$ 672,617	\$ 1,174,209	\$ -	\$ 356,379	\$ -	\$ 3,290,000	\$ 69,999	\$ 609,082	\$ (582,168)	\$ 11,914,711
Surplus/(Deficit)	\$ 689,258	\$ 2,585,459	\$ 2,359,599	\$ 5,923,460	\$ 2,730,373	\$ 2,543,056	\$ 292,893	\$ 1,622,930	\$ (1,453,107)	\$ (856,055)	\$ (239,951)	\$ 1,057,008	\$ 1,057,008

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

*Assumes the City will not make any further guarantee payments on behalf of THA for the remainder of the 2010 year.

Required Debt Serv Res Fund Pymts	468,356	468,356	468,357	468,357	468,356	1,981,176							4,322,958
Req Debt Serv Res Fd Pymts/County	646,015	646,015	646,015	646,015	646,015	646,015							3,876,090
County Gauranteed Payments					4,185,501							41,725,499	45,911,000
City General Fund Debt Payments:													
Capitalized Lease Obligation	356,379			374,875	(1,256)		356,379				356,379		1,442,757
G.O. Refunding Bonds - Series D of 1997			750,000						1,705,000				2,455,000
G.O. Refunding Notes - Series F of 1997			695,000						1,585,000				2,280,000
2008 PIB Loan \$2,400,000.00				297,742									297,742
Pension Bond			3,885,713										3,885,713
HRA Guar. Revenue Note (TRAN)					728,432						45,803		774,235
HRA Guarr. Rev. Bonds-Ser A-2 of 2005 (Metro Bank Park)					447,033						206,900		653,933
PA Infrastructure Bank 2004 Loans										69,999			69,999
2010 City Debt Service Revenue ⁽⁷⁾												(582,168)	(582,168)
	356,379	-	5,330,713	672,617	1,174,209	-	356,379	-	3,290,000	69,999	609,082	(582,168)	11,277,211

⁽¹⁾ January beginning cash balance per financial management system's 2009 year-end cash balance. February through December are estimates based on 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 adjustments tab for projections based on 2009 actuals.

⁽³⁾ Total administrative service charges, interfund transfers, and HPA-CPF transfers. Projections represent (2010 projected admin and transfers of \$19,817,192) less (2010 YTD admin and transfers).

⁽⁴⁾ Projections based on average General Fund payroll of \$1,167,534 per pay through August. September/October actuals include delays in the payment of significant overtime for Fire & Police Bureaus due to budget constraints.

⁽⁵⁾ Based on total projected General Fund benefits of \$7,921,032, less November YTD expenses.

⁽⁶⁾ Based on total actual General Expenses through November, times twelve and divided by eleven.

⁽⁷⁾ The City has budget \$1.55 million revenue in the Debt Service Fund from sale of artifacts and various City Island park permit revenue for repayment of the above debt. It appears that \$582,168 may be more realistic.