

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

November 17, 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 October 31, 2011. Several items of significance regarding the reports are as follows:

1. The 2011 year-end projected cash deficit is approximately \$2.21 million. This is calculated as follows: Projected revenues and transfers of \$61.33 million less projected operating expenses of \$50.26 million and debt service of \$11.06 million. This results in a 2011 projected budgetary surplus of approximately \$17,000. 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 October 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 25% 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. The 2011 projected year-end revenue of \$61.33 million includes \$7.4 million of proceeds from the Harrisburg Parking Authority's issuance of Parking Revenue Bonds Series U of 2011. Projected revenue also includes \$4.53 million of Pension System State Aid that must be transferred into the City's three pension plans within thirty days of receipt. Projected revenue does not currently include the administration's budgeted \$1.42 million of tax lien sales. Including this amount would create a 2011 budgetary surplus of \$1.43 million and a General Fund year-end cash deficit of approximately \$795,000.
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 2011 expenditures. General expenses are projected based on actual October 31, 2011 expenditures of \$7.29 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. It appears unlikely that the City will receive \$500,000 of this amount from the sale of artifacts and \$60,000 from park permit-parking fees. This additional financial burden on the General Fund is 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										PROJECTED		Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep ⁽¹⁰⁾	Oct ⁽¹¹⁾	Nov	Dec	
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	\$ (624,324)	\$ (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	1,449,566	1,936,771	45,757,911
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	2,077,482	-	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	\$ 3,129,932	\$ 12,314,377	\$ 9,054,263	\$ 5,855,553	\$ 1,312,447	59,103,461
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	\$ 1,955,904	\$ 1,955,904	27,761,681
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	1,277,252	1,277,253	9,211,353
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	2,629,843	729,397	13,283,134
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	\$ 5,862,999	\$ 3,962,554	\$ 50,256,167
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	\$ (7,447)	\$ (2,650,107)	\$ 8,847,294
Debt Service:													
City Debt Payments ⁽⁹⁾	\$ 356,379	\$ -	\$ 5,325,000	\$ 356,379	\$ 773,645	\$ -	\$ 356,379	\$ -	\$ 3,712,741	\$ -	\$ 616,877	\$ (438,539)	\$ 11,058,862
THA Debt Payments*	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service	\$ 356,379	\$ -	\$ 5,325,000	\$ 356,379	\$ 773,645	\$ -	\$ 356,379	\$ -	\$ 3,712,741	\$ -	\$ 616,877	\$ (438,539)	\$ 11,058,862
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	\$ (624,324)	\$ (2,211,568)	\$ (2,211,568)

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						36,876		358,620
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 ⁽⁹⁾												(438,539)	(438,539)
	356,379	-	5,325,000	356,379	773,645	-	356,379	-	3,712,741	-	616,877	(438,539)	11,058,862

⁽¹⁾ December 2010 year-end cash balance per financial management system of negative \$1,153,040 plus year-end accounts payable balance of \$1,075,757. November and 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 October actual average bi-weekly General Fund payroll of \$977,952.

⁽⁵⁾ Projections based on actual health benefits of \$7,573,779 through October 26, 2011.

⁽⁶⁾ Projections based on actual general expenses of \$7,293,967 (excluding the \$2,629,927 pension payment in September) through October 31, 2011, plus the anticipated additional pension payment of \$1,900,446.

⁽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.

⁽⁹⁾ 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. \$438,539 appears realistic.

⁽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 to 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 \$1,900,446 is anticipated in Nov. or Dec.)