

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

October 15, 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 September 30, 2010. Several items of significance regarding the reports are as follows:

1. The 2010 year-end projected cash deficit is \$4.01 million. This is calculated as beginning cash balance of \$1.53 million plus revenues and transfers of \$54.02 million less expenses and debt service of \$47.45 and \$12.11 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 September 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 29% 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 due to the fact that the General Fund does not anticipate receiving nearly \$3.74 of the budgeted \$5.23 million Water Fund administrative service charge revenue. Administrative service charge expense in the Water Fund was reduced by a corresponding \$3.74 million in order to balance the 2010 Water Fund budget. Of the remaining \$1.49 million, the administration has collected \$550,000 through September 30, 2010, and the projection assumes the remaining balance of \$939,979 will be collected before year-end. Additionally, 2009 one-time transfers of \$3.85 million from the Water Fund and Sewer Fund were not anticipated in the 2010 projections.
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 September of \$6.53 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 September 30, 2010, they have only transferred \$1.5 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	
2010 Beginning Cash Balance ⁽¹⁾	1,527,333	887,371	2,752,706	2,526,846	6,029,955	2,755,070	1,863,946	(298,568)	952,699	164,427	(1,552,912)	(1,500,195)	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	1,406,450	3,056,080	2,029,925	38,409,896
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	1,365,225	1,365,225	1,365,225	15,607,814
Sub-total Cash In	4,000,000	5,314,248	11,982,126	11,895,862	8,481,697	5,518,370	4,205,117	4,551,304	6,478,214	2,936,103	2,868,393	1,894,955	55,545,043
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	2,335,068	2,335,068	2,335,068	29,973,112
Health Insurance ⁽⁵⁾	6,990	14,734	378,349	642,848	1,209,724	4,995	1,358,876	634,463	1,512,531	1,001,897	1,001,897	1,001,897	8,769,201
General Expense (All Other) ⁽⁶⁾	(191,702)	299,246	1,358,494	826,153	1,124,793	1,388,425	439,410	607,031	679,185	725,671	725,671	725,671	8,708,048
Cash Available for Debt Service	1,881,250	2,752,706	7,857,559	6,702,572	3,929,279	1,863,946	57,812	952,699	1,166,662	(1,126,533)	(1,194,243)	(2,167,681)	8,094,681
Debt Service:													
City Debt Payments	356,379	-	5,330,713	672,617	1,174,209	-	356,379	-	3,290,000	426,378	305,952	(442,000)	11,470,627
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	426,378	305,952	(442,000)	12,108,127
Accounts Payable Balance									2,287,765				
2010 Ending Cash Balance ⁽¹⁾	887,371	2,752,706	2,526,846	6,029,955	2,755,070	1,863,946	(298,568)	952,699	164,427	(1,552,912)	(1,500,195)	(1,725,681)	(4,013,446)
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	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						99,025		827,457
HRA Guarr. Rev. Bonds-Ser A-2 of 2005 (Metro Bank Park)					447,033						206,927		653,960
PA Infrastructure Bank 2004 Loans										69,999			69,999
2010 City Debt Service Revenue ⁽⁷⁾												(442,000)	(442,000)
	356,379	-	5,330,713	672,617	1,174,209	-	356,379	-	3,290,000	426,378	305,952	(442,000)	11,470,627

⁽¹⁾ Per Pentamation

⁽²⁾ Total General Fund revenue less administrative service charge, interfund transfers, and Harrisburg Parking Authority (HPA) transfers. See adjustments tab for projections based on 2009 actuals.

⁽³⁾ Total administrative service charges, interfund transfers, and HPA transfers. Projections represent (2010 budgeted admin and transfers of \$15,607,813) less (2010 YTD admin and transfers) divided by remaining months.

⁽⁴⁾ Projections based on average General Fund payroll of \$1,167,534 per pay through August. September actuals exclude payment of significant overtime for Fire Bureau due to budget constraints.

⁽⁵⁾ Projections based on (total budgeted General Fund benefits of \$8,131,875, less September YTD expenses, plus unreimbursed projected workers compensation claims of \$637,326) divided by remaining months.

⁽⁶⁾ Projections based on total actual general expenses of \$6,531,035 through September 2010.

⁽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 \$442,000 may be more realistic.