

Council Agenda Report

Date: May 14, 2018

**Prepared &
Submitted by:** Ginger Jenkins, Finance Director

SUBJECT: March 31, 2018 quarterly financial statements

Recommendation: That Council receive the March 31, 2018 quarterly financial statements.

Discussion:

Attached is second quarterly report of the City's General fund and 3 enterprise funds (MUC, Sewer, and Marina) as of March 31, 2018.

The quarterly report compares summarized revenue and expenses through March 31, 2018 to the amount budgeted and to the prior year. We have included charts and graphs to highlight key information such as the amount of real estate taxes collected. Also included are projections concentrating on the General Fund.

We previously submitted a draft of this report with the Finance Committee for their input.

Approved: Ginger Jenkins 

City of Cambridge, Maryland
General Fund Summary as of March 31, 2018

General Fund Revenues Budget to Actual

Current Fiscal Year				
Revenue Category	FY18 Adopted	FY18 Amended	Actual 3/31	% Amend. Received
Taxes	8,637,290	9,168,290	8,428,957	91.94%
Licenses and Permits	471,500	471,500	394,829	83.74%
Grants	759,535	3,354,469	743,731	22.17%
Service charges	942,500	942,500	683,995	72.57%
Fines and forfeitures	54,248	54,248	22,337	41.18%
Miscellaneous revenue	116,180	169,774	183,144	107.88%
Overhead allocation	1,515,030	1,515,030	1,101,529	72.71%
* Other financing sources	194,000	2,431,100	1,237,511	50.90%
Total	12,690,283	18,106,911	12,796,033	70.67%

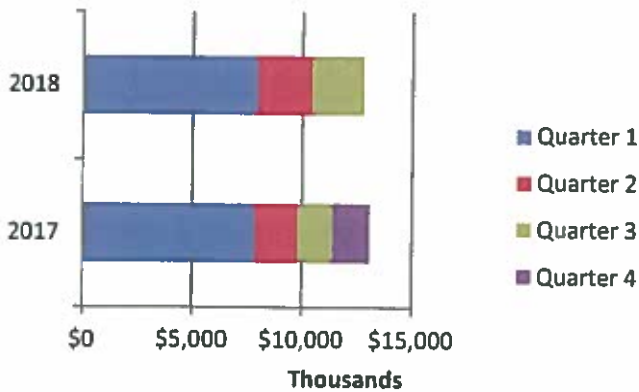
Previous Year		
FY17 Amended	Actual 3/31	% Act Rec/Spent
8,541,871	8,156,731	95.49%
490,100	372,054	75.91%
3,507,005	1,164,153	33.20%
778,400	560,680	72.03%
55,000	49,154	89.37%
114,039	87,361	76.61%
1,510,926	1,041,034	68.90%
11,500		0.00%
15,008,841	11,431,167	76.16%

* Loans, transfers, reserves

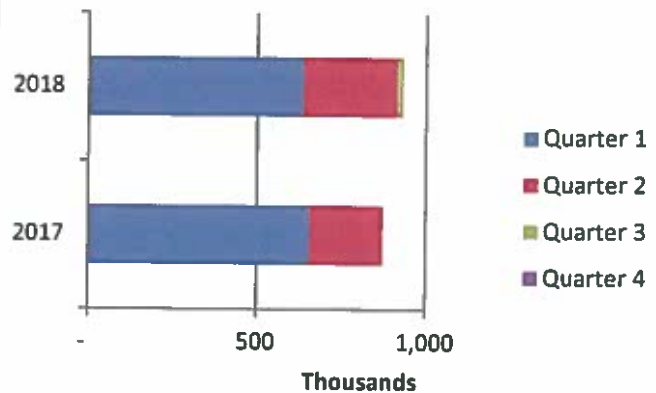
Current Fiscal Year			
Top Ten Revenues	FY18 Amended	YTD Actual	% Received
Real estate taxes	5,710,900	5,732,051	100.37%
Personalty taxes	915,000	931,495	101.80%
Refuse (sanitation) fees	650,000	617,130	94.94%
Room tax	750,000	477,052	63.61%
Income taxes	600,000	413,323	68.89%
State Highway Grant	310,853	310,853	100.00%
Rental registration	136,600	139,080	101.82%
Police protection grant	201,337	154,956	76.96%
Buildings & Equipment	75,000	59,430	79.24%
Highway user revenue	113,037	49,638	43.91%
Total	9,462,727	8,885,008	93.89%

Previous Year		
FY17 Amended	Actual 3/31	% Act Rec/Spent
5,710,900	5,713,210	100.04%
915,000	875,376	95.67%
650,000	497,795	76.58%
750,000	500,558	66.74%
500,000	586,067	117.21%
319,015	298,166	93.46%
136,600	134,980	98.81%
201,337	151,003	75.00%
75,000	152,291	203.05%
112,456	138,710	123.35%
9,370,308	9,048,156	96.56%

General Fund Revenue by Quarter



Personalty Tax Billings by Quarter



City of Cambridge, Maryland
General Fund Summary as of March 31, 2018

Revenue Highlights

Looking at the budget, significant amendments have been made for grants that are ongoing such as Cannery Park Stream Restoration and other items such as \$400,000 for Beazer tax sale revenue which will be used to pay for High Street and \$1,800,000 for the draw to being made on the line of credit for the Sailwinds bulkhead repairs. Looking at actual revenue to date, most revenue fluctuates based on when it is received so comparisons are hard to make when comparing to last year. Room tax is less than last year and a cause for concern. Close attention needs to be paid to room tax. Overall revenue is within expectations. Disposal revenue is up 30% due to the rate increase.

General Fund Expenses Budget to Actual

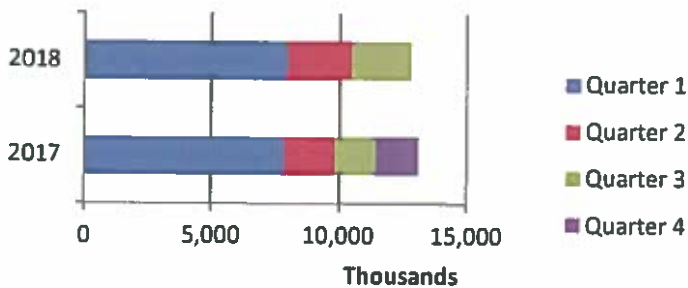
Expenditure Category	Current Fiscal Year				Previous Year		
	FY18 Adopted	FY18 Amended	Actual 3/31	% Amend. Spent	FY17 Amended	Actual 3/31	% Act Rec/Spent
Personnel							
Salaries	5,230,952	5,071,435	3,590,290	70.79%	5,249,931	3,668,052	69.87%
Benefits	2,624,374	2,549,088	2,103,173	82.51%	2,384,921	1,982,748	83.14%
Other operating expenses	2,605,509	3,644,981	2,285,588	62.71%	2,749,867	1,828,657	66.50%
Capital outlay	804,500	5,473,959	1,744,043	31.86%	3,398,193	1,256,894	36.99%
Debt service	1,238,547	1,238,547	1,317,209	106.35%	1,090,266	1,008,506	92.50%
Other items *	186,401	128,901		0.00%	135,663	-	0.00%
Total	12,690,283	18,106,911	11,040,303	60.97%	15,008,841	9,744,857	64.93%

* Lapse time, transfers, appropriated reserve

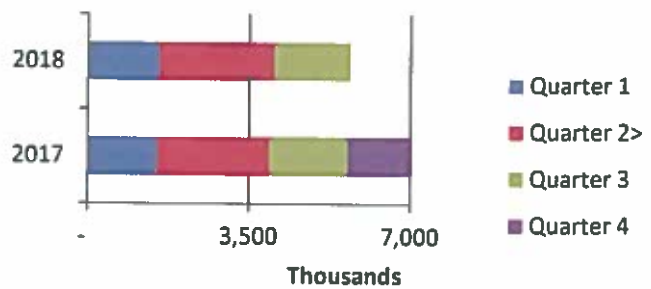
Expense Highlights

Budgeted salaries decreased due to transitioning from in house sanitation services to a contract. Benefits are higher than last year due to the increase in health insurance costs. Operating costs are higher than last year due to new costs such as the sanitation contract. Capital Outlay is increased due to Cannery Park and Sailwinds being significantly underway.

Total General Fund Expenditures by Quarter



General Fund Salaries and Benefits



>2nd quarter salaries and benefits includes pension payment

City of Cambridge, Maryland
General Fund Summary as of March 31, 2018

General Fund Budget to Actual

	Current Fiscal Year				Previous Year		
	FY18 Adopted	FY18 Amended	Actual 3/31	% Amend. Spent	FY17 Amended	Actual 3/31	% Act Rec/Spent
Total Revenues	12,690,283	18,106,911	12,796,033	70.67%	15,008,841	11,431,167	76.16%
Less capital grants		(3,607,000)	(401,059)	11.12%	(2,945,488)	(1,165,153)	39.56%
Adjusted Revenue	12,690,283	14,499,911	12,394,974	85.48%	12,063,353	10,266,014	85.10%
Total Expenditures	12,423,882	17,840,510	11,040,303	61.88%	14,750,256	9,744,857	66.07%
Less capital grants		(3,607,000)	(401,059)	11.12%	(2,945,488)	(1,164,153)	39.52%
Adjusted Expenditures	12,423,882	14,233,510	10,639,244	74.75%	11,804,768	8,580,704	72.69%
Transfer to Marina Fund	266,401	266,401		0.00%	258,585		0.00%
Total	-	-	1,755,730		-	1,685,310	

Overview

As of March 31, 2018, overall revenue and expenditures are as expected. There are a number of significant budget amendments this year; sanitation privatization, legal expenses, grants, Sailwinds Wharf project. In addition, Council approved the use of Reserves (\$359,000) and one time revenues (\$331,000) and Sanitation privatization savings (\$137,000) for capital projects totaling \$827,000.

Projections

Revenue

Grants of \$3,600,000 were budgeted. The main project, Cannery Park Stream Project should be done by June 2018. In addition, \$1,800,000 for Sailwinds Wharf line of credit draws was planned and that is almost complete. Overall, revenue is on target with some projected to be excessive of budgeted and others less than budgeted.

Expenses

At this time, the budgeted lapse time of \$180,000 will be achieved through vacant positions. Overall, expenses will be close to the total budgeted with the exception of debt. The Sailwinds Wharf project is just being completed and only a small amount of interest has been paid (the unspent portion has been used in FY19 budget for capital items.)

Overall

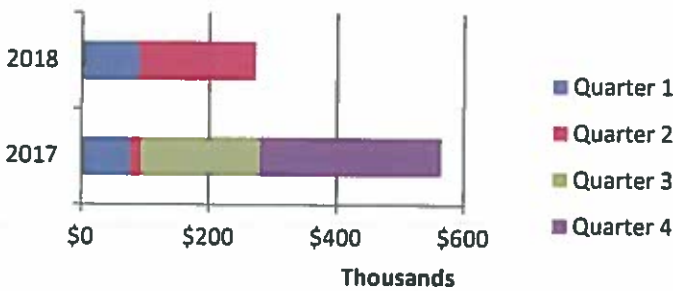
As of 3/31/18, The City is projected to end close to budget with an excess of \$170,000 which has been earmarked for one time capital items in the FY19 capital budget. At the April 23, 2018, Council approved any additional excess to go first to a reserve for Mainstreet (contingent on Council's approval of their spending plans), a reserve for Maces Lane (contingent an approved business plan, and after that anything over this amount up to \$200,000 for a reserve for fire trucks.

City of Cambridge, Maryland
Marina Fund Summary as of March 31, 2018

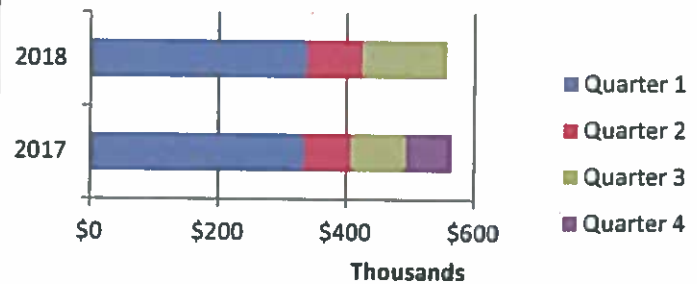
Marina Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY18 Adopted	FY18 Amended	Actual 3/31	% Act Rec/Spent	FY17 Amended	Actual 3/31	% Act Rec/Spent
Revenues							
Boat slip rentals	183,000	183,000	140,416	76.73%	191,000	164,085	85.91%
Boat slip electric	10,000	10,000	6,345	63.45%	20,000	6,850	34.25%
Transients-subleasing	68,000	68,000	31,646	46.54%	68,000	24,681	36.30%
Marina Fuel	99,000	99,000	78,535	79.33%	92,000	81,114	88.17%
Miscellaneous revenue	4,800	4,800	2,831	58.98%	3,100	3,782	122.00%
Grants	65,000	120,000	-	0.00%	-	-	-
Other funding sources	266,401	266,401	-	0.00%	293,585	-	0.00%
Total Revenue	696,201	751,201	259,773	34.58%	667,685	280,512	42.01%
Expenses							
Personnel	111,903	111,903	84,991	75.95%	106,222	64,726	60.93%
Other operating expenses	165,194	165,194	122,140	73.94%	163,540	109,371	66.88%
Overhead allocation	99,104	99,104	88,449	89.25%	107,923	67,601	62.64%
Capital Outlay	65,000	120,000	6,776	5.65%	35,000	-	0.00%
Debt service	255,000	255,000	254,893	99.96%	255,000	254,528	99.81%
Total Expenses	696,201	751,201	557,249	74.18%	667,685	496,226	74.32%
Add to/ (Use of) Reserves	-	-	(297,476)		-	(215,714)	

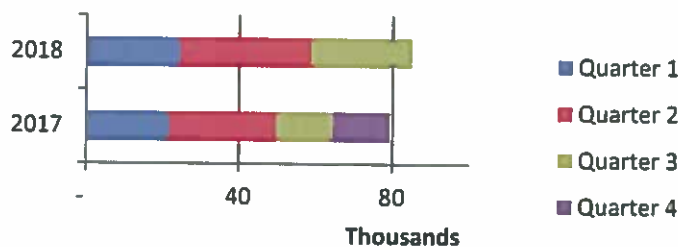
Marina Fund Revenue by Quarter



Marina Fund Expenditures by Quarter



Marina Fund Salaries and Benefits



City of Cambridge, Maryland
Marina Fund Summary as of March 31, 2018

Revenue Highlights

Boat slip rentals continue to decline although transients are up slightly and there are several cruise ships expected this boating season.

Expense Highlights

Operating expenses overall is within budget. Electric expense is higher than normal and staff is looking into this.

2017 Projections

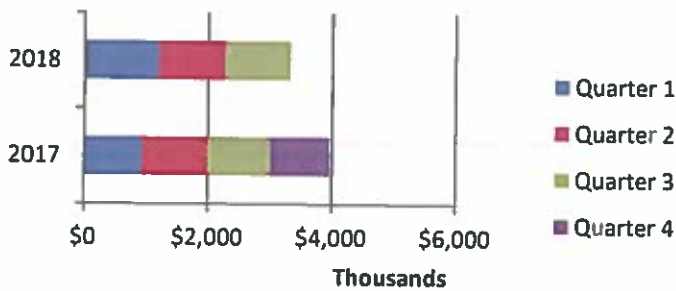
The above "add to/(use of) Reserves" is really the loss in the Marina that will be covered by a transfer from the General Fund. Projected transfer is expected to be \$300,000 at year end.

City of Cambridge, Maryland
Sewer Fund Summary as of March 31, 2018

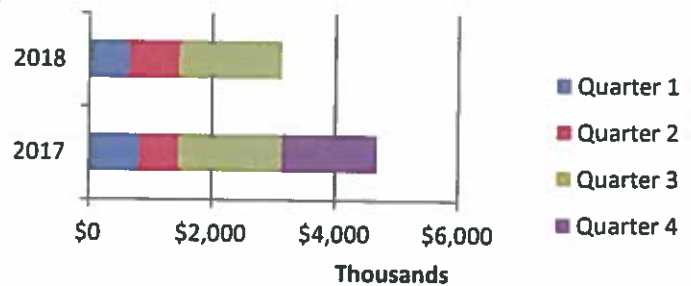
Sewer Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY18 Adopted	FY18 Amended	Actual 3/31	% Act	FY17 Amended	Actual 3/31	% Act
				Rec/Spent			Rec/Spent
Revenues							
Sewer service	3,673,953	3,673,953	2,781,049	75.70%	3,704,000	2,728,772	73.67%
Sanitary district charges	459,100	459,100	230,364	50.18%	459,100	230,220	50.15%
Horn Point	33,000	33,000	13,048	39.54%	33,000	11,573	35.07%
Pollution control-septic	60,000	60,000	42,362	70.60%	60,000	32,183	53.64%
Grants and loan proceeds	240,000	240,000	243,000	101.25%	276,000	-	0.00%
Miscellaneous revenue	5,100	5,100	6,705	131.47%	5,100	5,544	108.71%
Other funding sources	-	216,000	-		486,250	-	0.00%
Total Revenue	4,471,153	4,687,153	3,316,528	70.76%	5,023,450	3,008,292	59.88%
Expenses							
Personnel	58,252	58,252	41,480	71.21%	50,506	38,698	76.62%
Other operating expenses	2,100,811	2,100,811	1,293,560	61.57%	2,110,570	1,217,217	57.67%
Capital outlay	160,000	376,000	20,633	5.49%	727,250	162,216	22.31%
Overhead allocation	1,396,191	1,396,191	1,013,080	72.56%	1,403,003	973,433	69.38%
Appropriated Reserve	-	-	-		6,825	-	0.00%
Debt service	755,899	755,899	752,637	99.57%	725,296	752,637	103.77%
Total Expenses	4,471,153	4,687,153	3,121,390	66.59%	5,023,450	3,144,201	62.59%
Add to/ (Use of) Reserves	-	-	195,138		-	(135,909)	

Sewer Fund Revenue by Quarter



Sewer Fund Expenditures by Quarter



City of Cambridge, Maryland
Sewer Fund Summary as of March 31, 2018

Revenue highlights

Sewer sales are comparable to budgeted and last year. The City received the MDE operating grant for FY18 having met the compliance requirements this year. Due to timing, the Sanitary District and Horns Point bills are done in April and the third quarter revenue will be received then.

Expense highlights

Expenditures are comparable to last year except Capital Expenses. Last year, there were a number of unexpected repairs such as Woods Road causing an increased costs in Capital Expenses. In May 2018, we received \$25,000 of insurance proceeds toward the repairs on Woods Road.

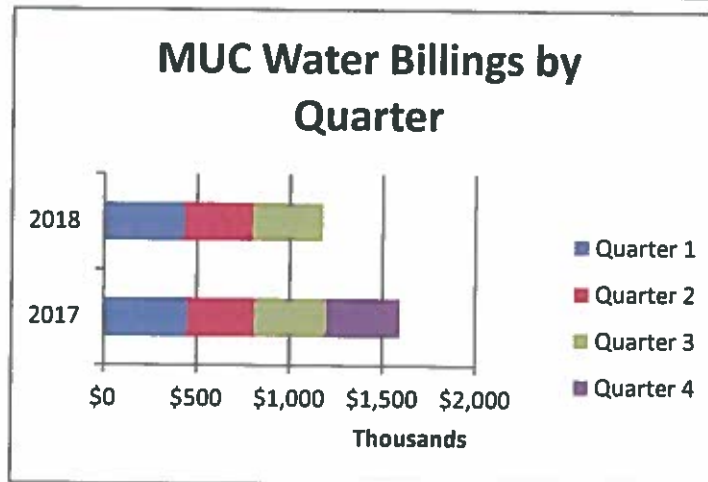
Projections

Sewer revenue and expenses are anticipated to be close to actual.

**City of Cambridge, Maryland
MUC Fund Summary as of March 31, 2018**

Municipal Utilities Commission (MUC) Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY18 Adopted	FY18 Amended	Actual 3/31	% Act Rec/Spent	FY17 Amended	Actual 3/31	% Act Rec/Spent
Revenues							
Water sales	1,732,174	1,732,174	1,174,471	67.80%	1,663,276	1,200,018	72.15%
Fire lines	29,000	29,000	30,740	106.00%	28,000	28,880	103.14%
Miscellaneous sales	80,000	80,000	145,365	181.71%	75,000	90,899	121.20%
Miscellaneous revenue	89,500	89,500	80,932	90.43%	72,500	73,629	101.56%
Reserves					102,000	-	0.00%
Total Revenue	1,930,674	1,930,674	1,431,508	74.15%	1,940,776	1,393,426	71.80%
Expenses							
Personnel	915,189	915,189	674,433	73.69%	898,704	651,893	72.54%
Other operating expenses	903,435	903,435	566,440	62.70%	998,350	525,222	52.61%
Capital expenses	100,000	100,000	34,033	34.03%	148,500	105,893	71.31%
Debt service	12,050	12,050	9,016	74.82%	12,050	9,016	74.82%
Total Expenses	1,930,674	1,930,674	1,283,922	66.50%	2,057,604	1,292,024	62.79%
Add to/ (Use of) Reserves	-	-	147,586		(116,828)	101,402	



Revenue Highlights

Revenue are higher than last year for the same period but are right on target. Miscellaneous sales is higher than last year due to more services being put into place with fire suppressed systems.

Expense Highlights

Personnel expenses are as expected and slightly higher due to last year due to increased personnel salaries.

Projections

Water revenue and expenses are as anticipated so far this fiscal year. New main installation will be targets for expenses in the last quarter pending good weather conditions.