

## Council Agenda Report

**Date:** May 8, 2017  
**Prepared by:** Ginger Heatwole, Finance Director  
**Submitted by:** Sandra Tripp-Jones, City Manager *STJ*  
**SUBJECT:** March 31, 2017 quarterly financial statements

**Recommendation:** That Council receive the March 31, 2017 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, 2017.

The quarterly report compares summarized revenue and expenses through March 31, 2017 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.

Finance Committee reviewed the report on May 4, 2017 and concurred with forwarding it to the Council.

**City of Cambridge, Maryland**  
**General Fund Summary as of March 31, 2017**

**General Fund Revenues Budget to Actual**

Current Fiscal Year				
Revenue Category	FY17 Adopted	FY17 Amended	Actual 3/31	% Amend. Received
Taxes	8,541,871	8,541,871	8,156,731	95.49%
Licenses and Permits	490,100	490,100	372,054	75.91%
Grants	361,007	3,388,505	1,164,153	34.36%
Service charges	778,400	778,400	560,680	72.03%
Fines and forfeitures	55,000	55,000	49,154	89.37%
Miscellaneous revenue	96,180	109,039	87,361	80.12%
* Other financing sources		11,500		0.00%
<b>Total</b>	<b>10,322,558</b>	<b>13,374,415</b>	<b>10,390,133</b>	<b>77.69%</b>

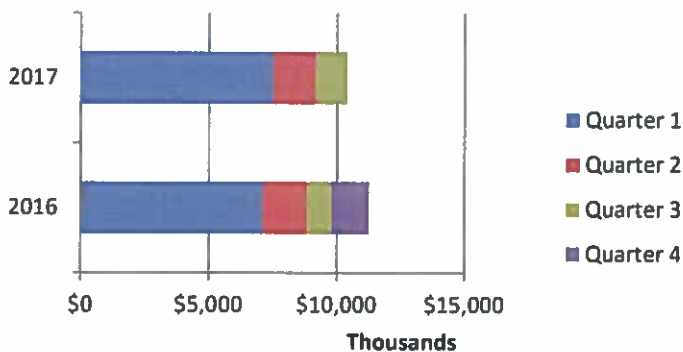
Previous Year		
FY16 Amended	Actual 3/31	% Act Rec/Spent
8,505,720	7,944,563	93.40%
428,778	332,457	77.54%
4,185,830	609,424	14.56%
750,500	600,071	79.96%
26,500	35,259	133.05%
103,896	175,900	169.30%
1,136,449	84,297	7.42%
<b>15,137,673</b>	<b>9,781,971</b>	<b>64.62%</b>

\* Loans, transfers, reserves

Current Fiscal Year			
Top Ten Revenues	FY17 Amended	YTD Actual	% Received
Real estate taxes	5,710,900	5,713,210	100.04%
Personalty taxes	915,000	875,376	95.67%
Income taxes	500,000	586,067	117.21%
Room tax	750,000	500,558	66.74%
Refuse (sanitation) fees	650,000	497,795	76.58%
Greening on Longwharf	350,000	349,560	99.87%
Highway user revenue	319,015	298,166	93.46%
Police protection grant	201,337	151,003	75.00%
Cable franchise	111,000	108,439	97.69%
Rental registration	181,600	134,980	74.33%
<b>Total</b>	<b>9,688,852</b>	<b>9,215,154</b>	<b>95.11%</b>

Previous Year		
FY16 Amended	Actual 3/31	% Act Rec/Spent
5,795,573	5,680,975	98.02%
915,000	970,358	106.05%
470,000	337,865	71.89%
725,000	480,650	66.30%
625,000	481,450	77.03%
397,647	365,475	91.91%
210,740	158,061	75.00%
86,000	138,269	160.78%
136,600	140,720	103.02%
<b>9,361,560</b>	<b>8,753,823</b>	<b>93.51%</b>

**General Fund Revenue by Quarter**



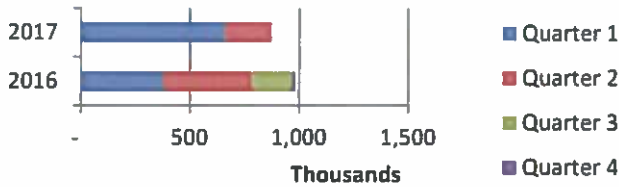
**Revenue Highlights**

Grants are significantly lower than budgeted as the Cannery Park Restoration is still progressing. Revenue is recognized as the project costs are expended.

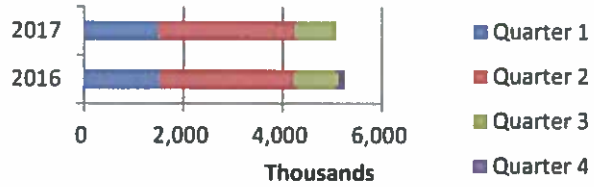
Income taxes are higher than anticipated due to \$194,000 in one time expenses being received. Overall most revenues are on target.

**City of Cambridge, Maryland**  
**General Fund Summary as of March 31, 2017**

**Personalty Tax Billings by Quarter**



**Real Estate Tax Collection by Quarter \***



\*This represents amount collected not billed.

In the revenue table above, revenues are recognized when billed.

**General Fund Expenses Budget to Actual**

Expenditure Category	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 3/31	% Amend. Spent	FY16 Amended	Actual 3/31	% Act Rec/Spent
<b>Personnel</b>							
Salaries	5,159,736	5,246,431	3,668,052	69.92%	4,654,221	3,200,501	68.77%
Benefits	2,384,921	2,384,921	1,982,748	83.14%	2,107,268	1,922,289	91.22%
Other operating expenses	2,542,220	2,711,067	1,828,657	67.45%	2,781,441	1,636,673	58.84%
Capital outlay	479,456	3,318,693	1,256,894	37.87%	4,448,684	244,535	5.50%
Debt service	1,088,566	1,088,566	1,008,506	92.65%	1,146,059	1,016,200	88.67%
Other items	(1,332,341)	(1,375,263)	(1,041,034)	75.70%			
<b>Total</b>	<b>10,322,558</b>	<b>13,374,415</b>	<b>8,703,823</b>	<b>65.08%</b>	<b>15,137,673</b>	<b>8,020,198</b>	<b>52.98%</b>

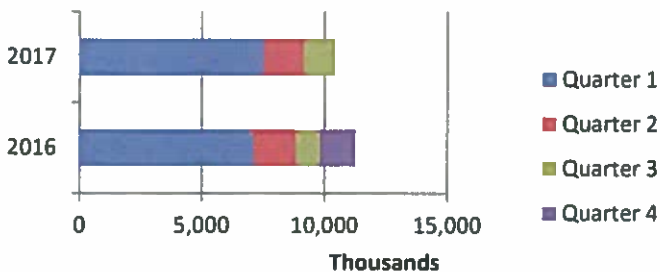
**Expense Highlights**

Salaries are higher than the prior year. This is mostly due to how allocations are done. Instead of allocating the overhead as a direct cost, it is done as an overhead allocation (see other items.)

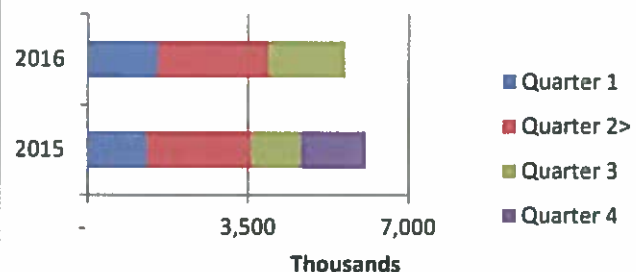
Capital outlay projects budgeted in FY 2017 include Cannery Park Stream Restoration, Long Wharf Bulkhead, and Longwharf greening projects.

Debt service is on target to be at amount budgeted.

**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, 2017**

**General Fund Budget to Actual**

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 3/31	% Amend. Spent	FY16 Amended	Actual 3/31	% Act Rec/Spent
Total Revenues	10,322,558	13,374,415	10,390,133	77.69%	15,137,673	9,781,971	64.62%
Less grants	(361,007)	(3,388,505)	(1,164,153)	34.36%	(4,004,615)	(257,616)	6.43%
Adjusted Revenue	9,961,551	9,985,910	9,225,980	92.39%	11,133,058	9,524,355	85.55%
Total Expenditures	10,322,558	13,374,415	8,703,823	65.08%	15,137,673	8,020,198	52.98%
Less grants	(361,007)	(3,388,505)	(1,357,510)	40.06%	(4,004,615)	(257,616)	6.43%
Adjusted Expenditures	9,961,551	9,985,910	7,346,313	73.57%	11,133,058	7,762,582	69.73%
<b>Total</b>	-	-	<b>1,879,667</b>		-	<b>1,761,773</b>	

**Overview**

As of 3/31, we have received 92% of our revenue which is comparable to last year. We have spent 74% of our expenses which is slightly higher than last year once you remove grants.

**City of Cambridge, Maryland**  
**General Fund Summary as of March 31, 2017**

Revenue Category	Current Fiscal Year			
	FY17 Adopted	FY17 Amended	YEAR END	Rec/Spent
Taxes	8,541,871	8,541,871	8,809,370	103.13%
Licenses and Permits	490,100	490,100	461,500	94.16%
Grants	361,007	3,388,505	1,099,035	32.43%
Service charges	778,400	778,400	732,125	94.06%
Fines and forfeitures	55,000	55,000	54,500	99.09%
Miscellaneous revenue	96,180	109,039	98,394	90.24%
* Other financing sources		11,500	75,000	652.17%
<b>Total Revenue</b>	<b>10,322,558</b>	<b>13,374,415</b>	<b>11,329,924</b>	<b>84.71%</b>
<i>Expenses</i>				
Personnel	7,544,657	7,631,352	7,540,537	98.81%
Other operating expenses	2,542,220	2,711,067	2,476,632	91.35%
Capital outlay	479,456	3,318,693	1,308,699	39.43%
Debt service	1,088,566	1,088,566	1,088,566	100.00%
Other items	(1,332,341)	(1,375,263)	(1,295,000)	94.16%
<b>Total Expenses</b>	<b>10,322,558</b>	<b>13,374,415</b>	<b>11,119,434</b>	<b>83.14%</b>
<b>Add to/ (Use of) Reserves</b>	<b>-</b>	<b>-</b>	<b>210,490</b>	<b>0</b>

**FY2017 Projections**

Looking at the FY17 Year End Projections, there are several items to consider.

**Revenue**

Grants of \$3.3 million were budgeted. The bulk of grants budgeted were for the Cannery Park Stream Restoration Grant (\$1.8 million), Long Wharf Green Project (\$300,000), Gateway Demolition (\$325,000) and the Long Wharf Bulkhead Replacement (\$284,000). The Gateway Demolition, Green Project, and Long Wharf Bulkhead are completed. Cannery Park Stream Project will be done in the fall/winter of FY2018. The Sailwinds repair is beginning in May. This \$5.2 million project not including additional alternatives is funded by State grant money and City money. State money will be used first.

Other items includes overhead allocation for the first time- the cost of indirect General fund costs (ie Council and legal) charged to the other funds.

**Expenses**

At this time, the budgeted lapse time of \$180,000 will be achieved through vacant positions.

Capital projects will be less than budgeted because most of the capital items were funded through capital grants. Cannery Park is in process and will be completed after year end.

**Overall**

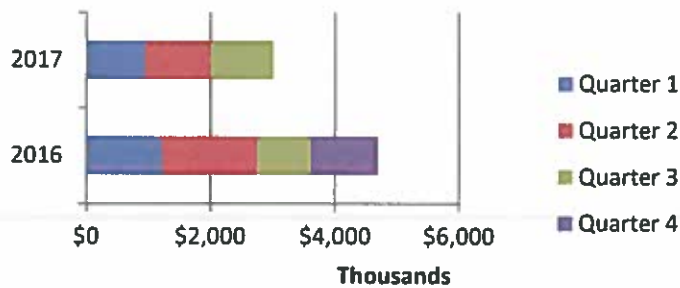
As of 3/31/17, the City is projected to end close to budget with an excess of about \$210,000 which includes using the budgeted reserves of \$75,000 of \$75,000 for bulkhead restoration (excess revenue from the prior year approved by Council to be used this year) and the \$194,000 one time monies earmarked for FY2018 capital items. The City Manager recommends any excess revenue be applied to future capital items.

**City of Cambridge, Maryland**  
**Sewer Fund Summary as of March 31, 2017**

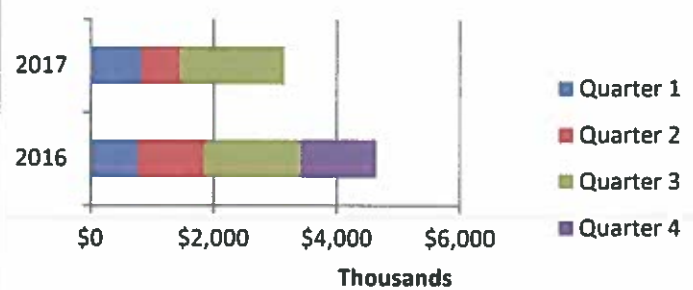
**Sewer Fund Revenues Budget to Actual**

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 3/31	% Act Rec/Spent	FY16 Amended	Actual 3/31	% Act Rec/Spent
<b>Revenues</b>							
Sewer service	3,704,000	3,704,000	2,728,772	73.67%	3,571,000	2,705,256	75.76%
Sanitary district charges	459,100	459,100	230,220	50.15%	456,000	229,596	50.35%
Horn Point	33,000	33,000	11,573	35.07%	26,000	16,452	63.28%
Pollution control-septic	60,000	60,000	32,183	53.64%	65,000	42,089	64.75%
Grants and loan proceeds	240,000	276,000	-	0.00%	243,000	614,343	252.82%
Miscellaneous revenue	5,100	5,100	5,544	108.71%	4,000	3,979	99.48%
Other funding sources		486,250	-	0.00%	-	-	
<b>Total Revenue</b>	<b>4,501,200</b>	<b>5,023,450</b>	<b>3,008,292</b>	<b>59.88%</b>	<b>4,365,000</b>	<b>3,611,715</b>	<b>82.74%</b>
<b>Expenses</b>							
Personnel	50,506	50,506	38,698	76.62%	861,892	643,616	74.67%
Other operating expenses	2,110,570	2,110,570	1,217,217	57.67%	2,470,948	1,838,701	74.41%
Capital outlay	205,000	727,250	162,216	22.31%	172,145	100,440	58.35%
Debt service	725,296	725,296	752,637	103.77%	860,015	841,862	97.89%
Other items	1,409,828	1,409,828	973,433	69.05%			
<b>Total Expenses</b>	<b>4,501,200</b>	<b>5,023,450</b>	<b>3,144,201</b>	<b>62.59%</b>	<b>4,365,000</b>	<b>3,424,619</b>	<b>78.46%</b>
<b>Add to/ (Use of) Reserves</b>	<b>-</b>	<b>-</b>	<b>(135,909)</b>	<b>(0)</b>	<b>-</b>	<b>187,096</b>	<b>0</b>

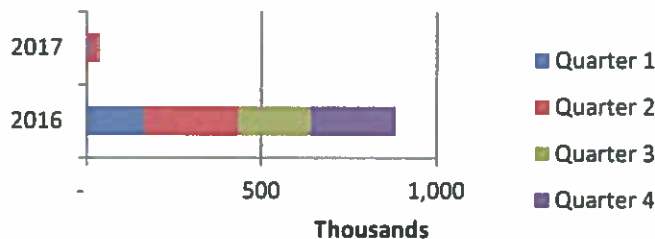
**Sewer Fund Revenue by Quarter**



**Sewer Fund Expenditures by Quarter**



**Sewer Fund Salaries and Benefits**



**City of Cambridge, Maryland**  
**Sewer Fund Summary as of March 31, 2017**

**Revenue highlights**

Sewer revenue is on target to last year which corresponds to the MUC water revenue.

Grant revenue is less than budgeted and last year due to not receiving the MDE operating grant in FY17 and receiving the last of the MDE wastewater plant upgrade grant in FY16.

**Expense highlights**

Debt service is higher than budgeted due to the administrative fees for the MDE loan not being included in the FY17 budget- this has been rectified in FY18.

Salaries and benefits are less than budgeted due to only directly charging the personnel assigned to the sewer fund. In FY17, an overhead percentage is charged to each fund (see other items).

Capital outlay was budgeted for \$205,000 however \$85,000 was related to the grant we did not receive and thus did not spend. The \$120,000 for a backhoe was spent in April 2017. \$330,000 was appropriated for the Oakhill extension and will be spent in the last quarter of FY17. \$156,000 was appropriated for the Woods Rd leak.

**2017 Projections**

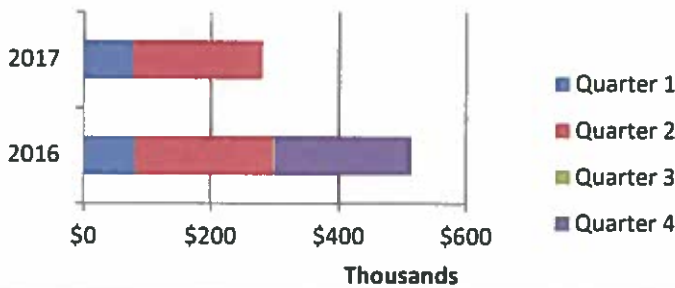
Projected revenue are \$4,689,963 and projected expenses are \$4,746,023.

**City of Cambridge, Maryland  
Marina Fund Summary as of March 31, 2017**

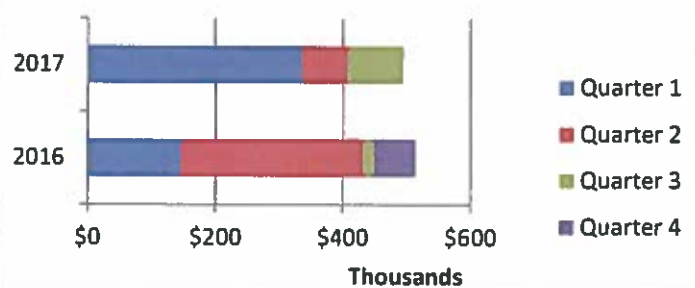
**Marina Fund Revenues Budget to Actual**

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 3/31	% Act Rec/Spent	FY16 Amended	Actual 3/31	% Act Rec/Spent
<b>Revenues</b>							
Boat slip rentals	191,000	191,000	164,085	85.91%	190,000	191,315	100.69%
Boat slip electric	20,000	20,000	6,850	34.25%	8,500	8,372	98.49%
Transients-subleasing	68,000	68,000	24,681	36.30%	60,000	29,888	49.81%
Marina Fuel	92,000	92,000	81,114	88.17%	110,000	67,362	61.24%
Miscellaneous revenue	3,100	3,100	3,782	122.00%	5,967	2,280	38.21%
Other funding sources	258,585	258,585			195,667		
<b>Total Revenue</b>	<b>632,685</b>	<b>632,685</b>	<b>280,512</b>	<b>44.34%</b>	<b>570,134</b>	<b>299,217</b>	<b>52.48%</b>
<b>Expenses</b>							
Personnel	106,222	106,222	64,726	60.93%	143,609	108,946	75.86%
Other operating expenses	163,540	163,540	109,371	66.88%	160,273	77,115	48.11%
Debt service	255,000	255,000	254,528	99.81%	266,252	264,169	99.22%
Other items	107,923	107,923	67,601	62.64%			
<b>Total Expenses</b>	<b>632,685</b>	<b>632,685</b>	<b>496,226</b>	<b>78.43%</b>	<b>570,134</b>	<b>450,230</b>	<b>78.97%</b>
<b>Add to/ (Use of) Reserves</b>	<b>-</b>	<b>-</b>	<b>(215,714)</b>		<b>-</b>	<b>(151,013)</b>	

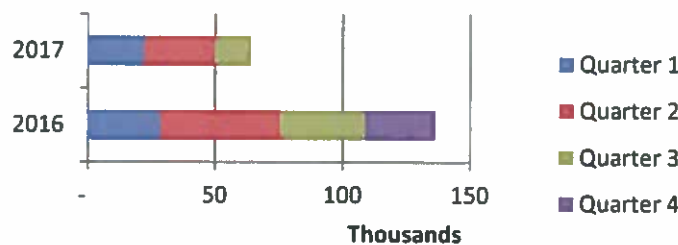
**Marina Fund Revenue by Quarter**



**Marina Fund Expenditures by Quarter**



**Marina Fund Salaries and Benefits**





**City of Cambridge, Maryland**  
**Marina Fund Summary as of March 31, 2017**

**Revenue Highlights**

Boat slip rentals are down due to 2 factors- boat slips not paid last year were written off this year (\$6,000) and due to the new late fee policy several owners have been more quick to tell us they are not renewing their slips. As of May 2, 2017, the boat slip rentals are down \$10,000 from the prior if you move the write offs to the prior year.

**Expense Highlights**

Personnel is down as anticipated in the budget. New allocations of personnel were used in FY17 which decreased the amount of direct costs for personnel charged to the Marina. In addition, the dockmaster assistant position was vacant this winter.

The overall operating expenses are higher than this time last year due to buying fuel in bulk this fall/winter. It will be used in the next few months.

The other items is the overhead charged to the Marina by the General fund.

**2017 Projections**

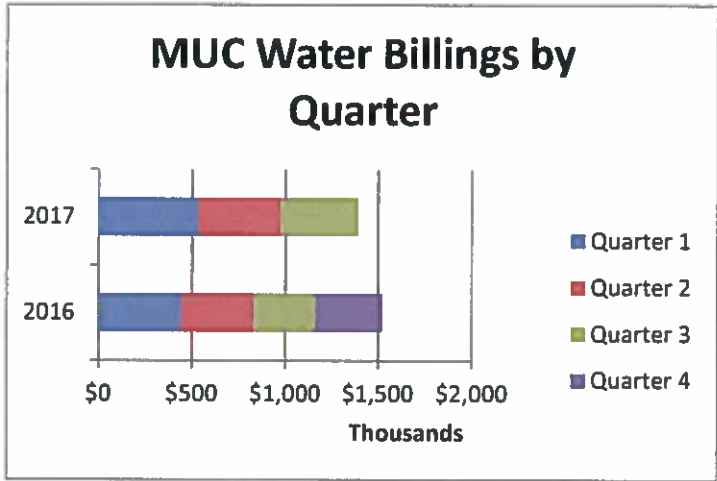
The above "add to/(use of) Reserves" is really the loss in the Marina that will be covered by a transfer from the General Fund.

Projected revenue are \$602,500 with a \$255,000 transfer from the General Fund and projected expenses are \$602,500.

**City of Cambridge, Maryland**  
**MUC Fund Summary as of March 31, 2017**

**Municipal Utilities Commission (MUC) Fund Revenues Budget to Actual**

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 3/31	% Act Rec/Spent	FY16 Amended	Actual 3/31	% Act Rec/Spent
<b>Revenues</b>							
Water sales	1,780,104	1,780,104	1,200,018	67.41%	1,663,276	1,164,028	69.98%
Fire lines	28,000	28,000	28,880	103.14%	24,000	28,680	119.50%
Miscellaneous sales	75,000	75,000	90,899	121.20%	75,000	62,500	83.33%
Miscellaneous revenue	72,500	72,500	73,629	101.56%	95,500	60,037	62.87%
<b>Total Revenue</b>	<b>1,955,604</b>	<b>1,955,604</b>	<b>1,393,426</b>	<b>71.25%</b>	<b>1,857,776</b>	<b>1,315,245</b>	<b>70.80%</b>
<b>Expenses</b>							
Personnel	898,704	898,704	651,893	72.54%	851,619	591,478	69.45%
Other operating expenses	886,850	886,850	525,222	59.22%	994,107	516,200	51.93%
Capital expenses	158,000	158,000	105,893	67.02%	-	105,405	
Debt service	12,050	12,050	9,016	74.82%	12,050	9,016	74.82%
<b>Total Expenses</b>	<b>1,955,604</b>	<b>1,955,604</b>	<b>1,292,024</b>	<b>66.07%</b>	<b>1,857,776</b>	<b>1,222,099</b>	<b>65.78%</b>
<b>Add to/ (Use of) Reserves</b>	<b>-</b>	<b>-</b>	<b>101,402</b>		<b>-</b>	<b>93,146</b>	



**Revenue Highlights**

Water sales are predicted to be close to budgeted.

**Expense Highlights**

MUC plugged a leak under Cambridge Creek in Fall 2016 for approximately \$60,000. Monies were appropriated from the Reserves to cover this costs, however MUC anticipates reimbursement of a portion of this from our insurance company. Capital items in the current budget have been purchased including the meter reader truck. The dump truck in the budget will be purchased in the fourth quarter if funds are available.

Expenses are within budget or just under the amount budgeted and should be under budget at year end.

**2017 Projections**

Projected revenues are \$1,869,898 and projected expenses are \$1,852,225. In accordance with the Reserve policy adopted by Council and the practice of MUC, any excess revenue will be applied to the Capital Reserve.