


Council Agenda Report

Date: May 9, 2016
Prepared by: Ginger Heatwole, Finance Director
Submitted by: Sandra Tripp-Jones, City Manager 
SUBJECT: March 31, 2016 Quarterly Financial Statements

Recommendation: That Council receive the March 31, 2016 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, 2016.

The quarterly report compares summarized revenue and expenses through March 31, 2016 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 FY 2016 year-end projections concentrating on the General Fund. We still expect to end the year with a positive balance of revenues over expenditures, with the possible exception of the MUC fund. Staff will watch and report again in June, 2016.

A draft of this report was submitted to the Finance Committee for review and comment.

Attach.

City of Cambridge, Maryland
General Fund Summary as of March 31, 2106

General Fund Revenues Budget to Actual

Current Fiscal Year				
Revenue Category	FY16 Adopted	FY16 Amended	Actual 3/31	% Amend. Received
Taxes	8,505,720	8,505,720	7,944,563	93.40%
Licenses and Permits	428,778	428,778	332,457	77.54%
Grants	3,936,288	4,185,830	609,424	14.56%
Service charges	750,500	750,500	600,071	79.96%
Fines and forfeitures	26,500	26,500	35,259	133.05%
Miscellaneous revenue	50,909	103,896	175,900	169.30%
* Other financing sources	1,005,078	1,136,449	84,297	7.42%
Total	14,703,773	15,137,673	9,781,971	64.62%

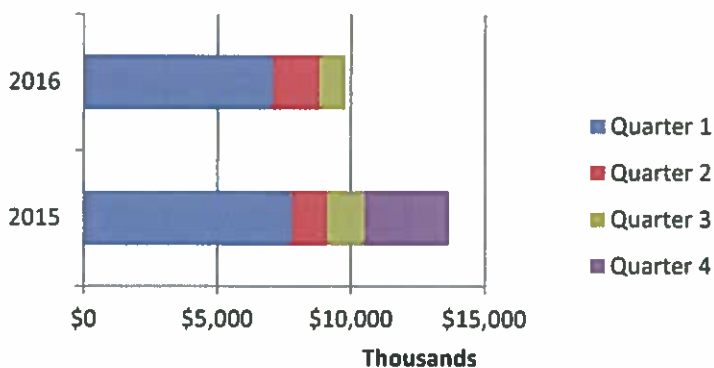
Previous Year		
FY15 Amended	Actual 3/31	% Act Rec/Spent
8,547,356	7,650,005	89.50%
424,178	283,869	66.92%
5,348,746	1,933,024	36.14%
757,900	546,911	72.16%
157,501	77,294	49.08%
42,380	43,666	103.03%
1,177,524		0.00%
16,455,585	10,534,769	64.02%

* Loans, transfers, reserves

Current Fiscal Year			
Top Ten Revenues	FY16 Amended	YTD Actual	% Received
Real estate taxes	5,795,573	5,680,975	98.02%
Personalty taxes	915,000	970,358	106.05%
Room tax	725,000	480,650	66.30%
Highway user revenue	397,647	365,475	91.91%
Refuse (sanitation) fees	625,000	481,450	77.03%
Income taxes	470,000	337,865	71.89%
Maryland Ave grant	-	190,826	n/a
Police protection grant	210,740	158,061	75.00%
Federal Pilot	131,133	142,058	108.33%
Rental registration	136,600	140,720	103.02%
Total	9,406,693	8,948,438	95.13%

Previous Year		
FY15 Amended	Actual 3/31	% Act Rec/Spent
5,810,528	5,657,778	97.37%
907,000	862,173	95.06%
750,000	430,266	57.37%
352,828	306,906	86.98%
640,000	436,342	68.18%
570,000	288,988	50.70%
-	393,942	n/a
218,800	163,407	74.68%
129,000	127,900	99.15%
9,378,156	8,667,702	92.42%

General Fund Revenue by Quarter



Revenue Highlights

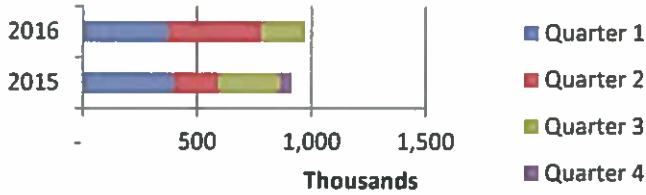
Grants are significantly lower than budgeted as the main capital grant projects are just now starting. Revenue is recognized as the project costs are expended.

Personalty taxes had higher than anticipated billings in the 2nd quarter of 2016 due to the state providing information to bill a large utility company for prior year revenue.

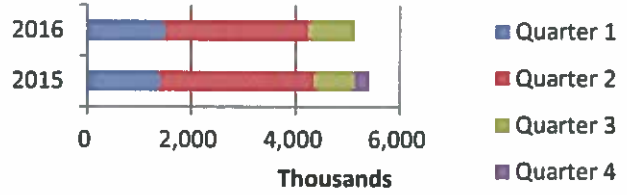
We received the last portion of the grant monies for Maryland Avenue.

City of Cambridge, Maryland
General Fund Summary as of March 31, 2106

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.

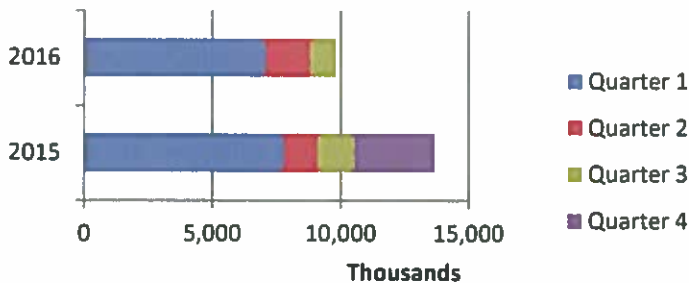
General Fund Expenses Budget to Actual

Expenditure Category	Current Fiscal Year				Previous Year		
	FY16 Adopted	FY16 Amended	Actual 3/31	% Amend. Spent	FY15 Amended	Actual 3/31	% Act Rec/Spent
Personnel							
Salaries	4,696,687	4,654,221	3,200,501	68.77%	4,591,318	3,132,822	68.23%
Benefits	2,107,268	2,107,268	1,922,289	91.22%	2,224,562	1,535,477	69.02%
Other operating expenses	2,512,759	2,781,441	1,636,673	58.84%	3,086,480	1,779,813	57.66%
Capital outlay	4,241,000	4,448,684	244,535	5.50%	5,371,133	1,353,735	25.20%
Debt service	1,146,059	1,146,059	1,016,200	88.67%	1,182,092	1,017,148	86.05%
Total	14,703,773	15,137,673	8,020,198	52.98%	16,455,585	8,818,995	53.59%

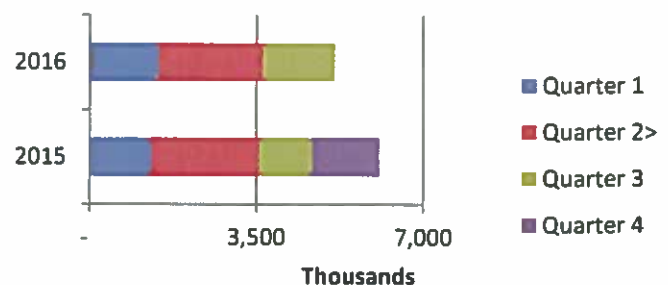
Expense Highlights

Benefits are higher than the prior year. This is mostly attributable to health insurance and pension cost increases. As of now, health insurance coast are projected to be \$250,000 more than last year.
 Capital outlay projects budgeted in FY 2016 included Cannery Park Stream Restoration, Long Wharf Bulkhead, and Great Marsh projects. Cannery Park Stream project and Long Wharf Bulkheading have just started; Great Marsh Project is anticipated to start of this summer/fall.
 Debt service is on target to be at amount budgeted.

Total General Fund Expenditures by Quarter



General Fund Salaries and Benefits



City of Cambridge, Maryland
General Fund Summary as of March 31, 2106

General Fund Budget to Actual

	Current Fiscal Year				Previous Year		
	FY16 Adopted	FY16 Amended	Actual 3/31	% Amend. Spent	FY15 Amended	Actual 3/31	% Act Rec/Spent
Total Revenues	14,703,773	15,137,673	9,781,971	64.62%	16,455,585	10,534,769	64.02%
Less grants	(3,792,457)	(4,004,615)	(257,616)	6.43%	(5,233,204)	(759,446)	14.51%
Adjusted Revenue	10,911,316	11,133,058	9,524,355	85.55%	11,222,381	9,775,323	87.11%
Total Expenditures	14,703,773	15,137,673	8,020,198	52.98%	16,455,585	8,818,995	53.59%
Less grants	(3,792,457)	(4,004,615)	(257,616)	6.43%	(5,233,204)	(759,446)	14.51%
Adjusted Expenditures	10,911,316	11,133,058	7,762,582	69.73%	11,222,381	8,059,549	71.82%
Total	-	-	1,761,773		-	1,715,774	

Overview

As of 3/31, we have received 86% of our revenue which is comparable to last year. We have spent 70% of our expenses which is comparable to last year once you remove grants.

City of Cambridge, Maryland
General Fund Summary as of March 31, 2106

FY2016 Year End Projections

Revenue Category	Current Fiscal Year			Rec/Spent
	FY16 Adopted	FY16 Amended	YEAR END	
Taxes	8,505,720	8,505,720	8,599,900	101.11%
Licenses and Permits	428,778	428,778	380,200	88.67%
Grants	3,936,288	4,185,830	666,700	15.93%
Service charges	750,500	750,500	749,800	99.91%
Fines and forfeitures	26,500	26,500	45,900	173.21%
Miscellaneous revenue	50,909	103,896	198,200	190.77%
* Other financing sources	1,005,078	1,136,449	261,400	23.00%
Total Revenue	14,703,773	15,137,673	10,902,100	72.02%
<i>Expenses</i>				
Personnel	6,803,955	6,761,489	6,597,900	97.58%
Other operating expenses	2,317,092	2,585,774	2,396,800	92.69%
Capital outlay	4,241,000	4,448,684	384,800	8.65%
Debt service	1,146,059	1,146,059	1,099,600	95.95%
Transfer to Marina	195,667	195,667	200,000	
Total Expenses	14,703,773	15,137,673	10,679,100	70.55%
Add to/ (Use of) Reserves	-	-	223,000	0

FY2016 Projections

Looking at the FY16 Year End Projections, there are several items to consider.

Revenue

Grants of \$4 million were budgeted. The bulk of grants budgeted were for the Cannery Park Stream Restoration Grant (\$1.8 million), 300 Block High St (\$400,000), and the Long Wharf Bulkhead Replacement (\$400,000). The Cannery Park Stream Project has just started and the bulk of the completion will be done next year. The Long Wharf Bulkhead Replacement will be done this summer and the High Street grant was not awarded. Therefore grants received are less than budgeted.

*Other financing sources include loans and reserves. The City did use loans to purchase 3 vehicles for \$78,400. Other loans budgeted were not relied on after all. The City Manager subscribes to a pay-as-you-go policy where the City will purchase capital items and not borrow for them whenever possible.

Unforeseen events that have occurred in FY16 include: receiving additional personalty revenue from a utility company that wasn't billed in FY15 and receiving an additional \$50,000 of revenue when a franchise agreement was renewed.

Expenses

At this time, the budgeted lapse time of \$120,000 will be achieved through vacant positions.

Capital projects will be less than budgeted because most of the capital items were funded through capital grants. Capital projects aren't started until grants are awarded. Large projects in process that will be completed after year end are the Long Wharf Bulkhead Replacement and the Cannery Park Stream Restoration Project.

Unforeseen events that have occurred in FY16 include unexpected health insurance cost (we project \$250,000 more than last year in costs.)

Overall

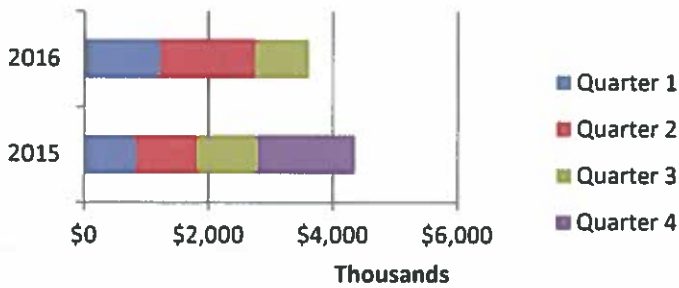
As of 3/31/16, the City is projected to end close to budget with an excess of about \$223,000 which includes using the budgeted reserve of \$183,000. The City Manager recommends any excess revenue to apply to the required match for the Longwharf Replacement project thereby reducing the need to draw down on a line of credit as previously planned.

City of Cambridge, Maryland
Sewer Fund Summary as of March 31, 2106

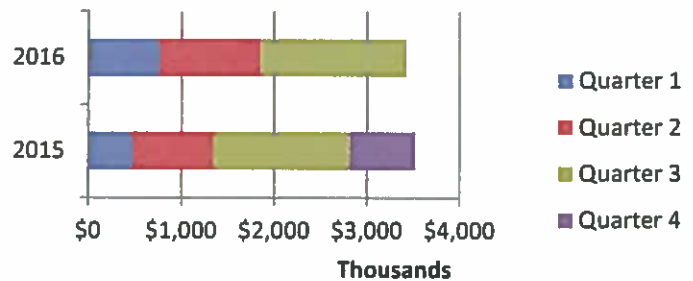
Sewer Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY16 Adopted	FY16 Amended	Actual 3/31	% Act Rec/Spent	FY15 Amended	Actual 3/31	% Act Rec/Spent
Revenues							
Sewer service	3,571,000	3,571,000	2,705,256	75.76%	3,520,000	2,780,748	79.00%
Sanitary district charges	456,000	456,000	229,596	50.35%	447,000	228,969	51.22%
Horn Point	26,000	26,000	16,452	63.28%	31,000	12,934	41.72%
Pollution control-septic	65,000	65,000	42,089	64.75%	75,000	34,249	45.67%
Grants and loan proceeds	243,000	243,000	614,343	252.82%	555,800	60,750	10.93%
Miscellaneous revenue	4,000	4,000	3,979	99.48%	3,600	2,834	78.72%
Other funding sources					13,756		
Total Revenue	4,365,000	4,365,000	3,611,715	82.74%	4,646,156	3,120,484	67.16%
Expenses							
Personnel	861,992	861,892	643,616	74.67%	839,919	600,259	71.47%
Other operating expenses	2,470,848	2,470,948	1,838,701	74.41%	2,366,240	1,554,708	65.70%
Capital outlay	172,145	172,145	100,440	58.35%	555,800	59,550	10.71%
Debt service	860,015	860,015	841,862	97.89%	884,197	720,829	81.52%
Total Expenses	4,365,000	4,365,000	3,424,619	78.46%	4,646,156	2,935,346	63.18%
Add to/ (Use of) Reserves	-	-	187,096	0	-	185,138	0

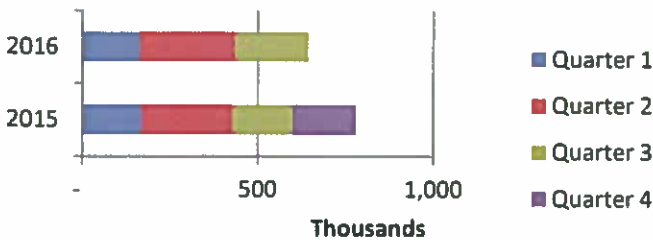
Sewer Fund Revenue by Quarter



Sewer Fund Expenditures by Quarter



Sewer Fund Salaries and Benefits



City of Cambridge, Maryland
Sewer Fund Summary as of March 31, 2106

Revenue highlights

Sewer revenue is slightly less than last year which corresponds to the MUC water revenue.

Grant revenue is higher than budgeted due to revenue from closing out the WWTP ENR grant.

Expense highlights

Debt service is higher than last year due to how debt is allocated between departments in FY16 versus FY15.

Salaries and benefits are higher than anticipated due to increased health costs and some allocation changes. Overall, salaries and benefits may exceed the amount budgeted due to the increased health insurance costs.

2016 Projections

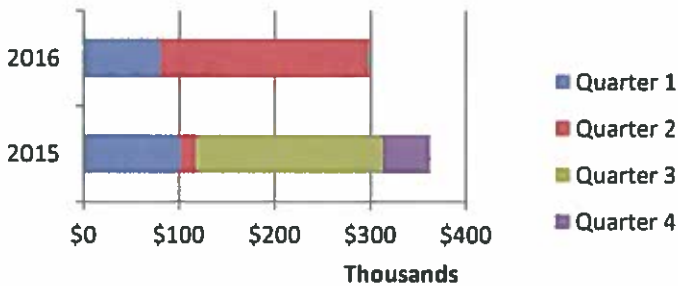
Projected revenue are \$4,859,000 and projected expenses are \$4,679,155.

**City of Cambridge, Maryland
Marina Fund Summary as of March 31, 2106**

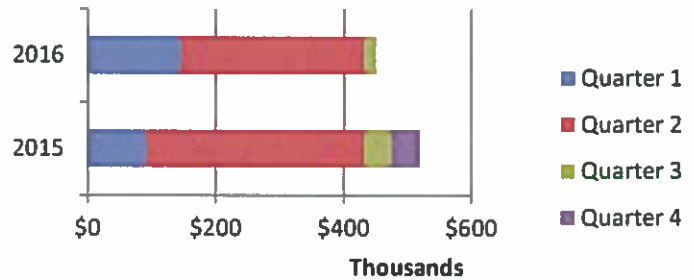
Marina Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY16 Adopted	FY16 Amended	Actual 3/31	% Act Rec/Spent	FY15 Amended	Actual 3/31	% Act Rec/Spent
Revenues							
Boat slip rentals	190,000	190,000	191,315	100.69%	195,000	190,209	97.54%
Boat slip electric	8,500	8,500	8,372	98.49%	2,000	8,601	430.05%
Transients-subleasing	60,000	60,000	29,888	49.81%	60,000	45,775	76.29%
Marina Fuel	110,000	110,000	67,362	61.24%	125,000	67,476	53.98%
Miscellaneous revenue	4,025	5,967	2,280	38.21%	2,925	1,577	53.91%
Other funding sources	195,667	195,667			234,159		
Total Revenue	568,192	570,134	299,217	52.48%	619,084	313,638	50.66%
Expenses							
Personnel	143,609	143,609	108,946	75.86%	188,409	133,151	70.67%
Other operating expenses	158,331	160,273	77,115	48.11%	161,228	73,235	45.42%
Debt service	266,252	266,252	264,169	99.22%	269,447	269,404	99.98%
Total Expenses	568,192	570,134	450,230	78.97%	619,084	475,790	76.85%
Add to/ (Use of) Reserves	-	-	(151,013)		-	(162,152)	

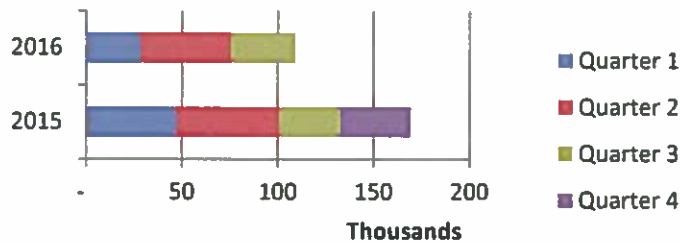
Marina Fund Revenue by Quarter



Marina Fund Expenditures by Quarter



Marina Fund Salaries and Benefits



City of Cambridge, Maryland
Marina Fund Summary as of March 31, 2106

Revenue Highlights

With the exception of transient subleasing, revenue is similiar to last year.

Transient subleasing is down due to several cruise groups which come every other year. One cruise group in particular generates about \$15,000 of revenue every other year. In the current year, this cruise group didn't come.

Expense Highlights

Personnel is down as anticipated in the budget. New updated allocations of personnel were used in FY16 which decreased the amount of direcor costs for personnel charged to the Marina. In prior years , more of the engineering time was charged to Marina.

2016 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.

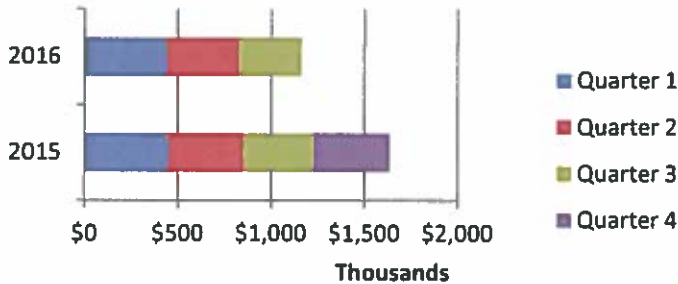
Projected revenue are 536,500 with a \$200,000 transfer from the General Fund and projected expenses are \$536,500.

City of Cambridge, Maryland
MUC Fund Summary as of March 31, 2106

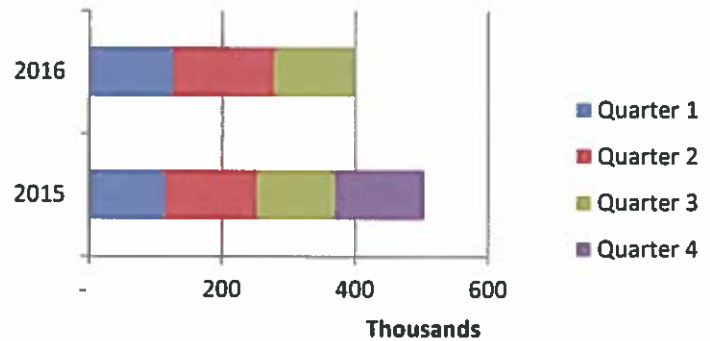
Municipal Utilities Commission (MUC) Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY16 Adopted	FY16 Amended	Actual 3/31	% Act Rec/Spent	FY15 Amended	Actual 3/31	% Act Rec/Spent
Revenues							
Water sales	1,663,276	1,663,276	1,164,028	69.98%	1,579,000	1,203,119	76.19%
Fire lines	24,000	24,000	28,680	119.50%	24,000	28,485	118.69%
Miscellaneous sales	75,000	75,000	62,500	83.33%	70,835	61,655	87.04%
Miscellaneous revenue	95,500	95,500	60,037	62.87%	107,000	69,043	64.53%
Total Revenue	1,857,776	1,857,776	1,315,245	70.80%	1,780,835	1,362,302	76.50%
Expenses							
Personnel	851,619	851,619	591,478	69.45%	810,785	559,101	68.96%
Other operating expenses	994,107	994,107	516,200	51.93%	958,000	560,045	58.46%
Capital expenses	-	-	105,405		-	-	
Debt service	12,050	12,050	9,016	74.82%	12,050	9,016	74.82%
Total Expenses	1,857,776	1,857,776	1,222,099	65.78%	1,780,835	1,128,162	63.35%
Add to/ (Use of) Reserves	-	-	93,146		-	234,140	

MUC Water Billings by Quarter



MUC Salaries and Benefits



Revenue Highlights

Water sales are down at mid year due to the wetter summer and warmer winter. The Commission normally experiences a higher usage for irrigation services for summer and fall and higher usage due to burst pipes from freezing cold weather.

Expense Highlights

MUC purchased two capital items, a vac-tron and a work truck. The vac-tron has helped the operations to be more effective and efficient when doing water main repairs.

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

2016 Projections

Projected revenues are \$1,718,800 and projected expenses are \$1,764,900. The MUC approved purchase of the two trucks described above with intent that if current revenues at year end are insufficient to cover the full costs, then reserves would be appropriated to meet the costs. The City Manager will make this recommendation to Council in June if needed.