

Council Agenda Report

Date: November 14, 2016
Prepared by: Ginger Heatwole, Finance Director
Submitted by: Sandra Tripp-Jones, City Manager *gh*
SUBJECT: September 30, 2016 quarterly financial statements

Recommendation: That Council receive the September 30, 2016 quarterly financial statements.

Discussion:

Attached is first quarterly report of the City's General fund and 3 enterprise funds (MUC, Sewer, and Marina) as of September 30, 2016.

The quarterly report compares summarized revenue and expenses through September 30, 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.

We previously submitted a draft of this report with the Finance Committee for their review and comment.

City of Cambridge, Maryland
General Fund Summary as of September 30, 2016

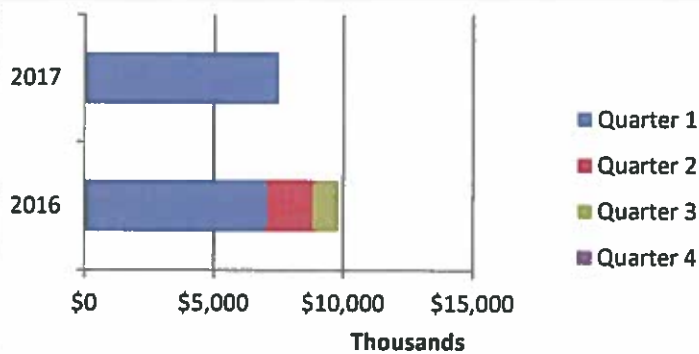
General Fund Revenues Budget to Actual

Revenue Category	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 9/30	% Amend. Received	FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
Taxes	8,541,871	8,541,871	7,004,878	82.01%	8,505,720	6,487,837	76.28%
Licenses and Permits	507,100	507,100	125,132	24.68%	428,778	170,271	39.71%
Grants	355,507	3,036,302	129,133	4.25%	4,592,581	97,605	2.13%
Service charges	765,900	765,900	167,080	21.81%	750,500	235,968	31.44%
Fines and forfeitures	56,000	56,000	16,205	28.94%	26,500	16,870	63.66%
Miscellaneous revenue	96,180	97,708	32,906	33.68%	98,896	58,389	59.04%
* Other financing sources	-	175,000	-	0.00%	1,083,702	2,826	0.26%
Total	10,322,558	13,179,881	7,475,334	56.72%	15,486,677	7,069,766	45.65%

* Loans, transfers, reserves

Top Ten Revenues	Current Fiscal Year			Previous Year		
	FY17 Amended	YTD Actual	% Received	FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
Real estate taxes	5,710,900	5,713,210	100.04%	5,795,573	5,680,397	98.01%
Personalty taxes	915,000	657,403	71.85%	915,000	373,337	40.80%
Room tax	750,000	225,886	30.12%	725,000	196,777	27.14%
SHA Grant	319,015	298,166	93.46%	288,346	-	0.00%
Refuse (sanitation) fees	650,000	155,732	23.96%	625,000	160,456	25.67%
Income taxes	470,000	76,840	16.35%	470,000	62,325	13.26%
Federal Pilot	50,000	50,000	n/a	131,133	-	n/a
Rental registration	181,600	103,280	56.87%	136,600	103,960	76.11%
Police protection grant	201,337	50,334	25.00%	210,740	52,687	25.00%
Highway user fees	112,456	25,925	23.05%	109,301	25,455	23.29%
Total	9,360,308	7,356,776	78.60%	9,406,693	6,655,394	70.75%

General Fund Revenue by Quarter



Revenue Highlights

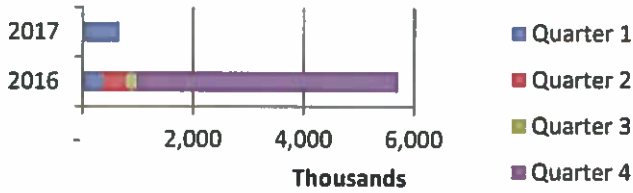
Personalty taxes are coming in more quickly than last year. We received \$300,000 more the 1st quarter than last year. Most of this is timing. Overall the amounts are slightly higher than last year for the larger business.

Room tax is up 13% compared to last year and income tax is up 22% compared to last year. Refuse fees are down slightly. Income taxes and refuse fees are recorded as received and the change is probably partly due to timing.

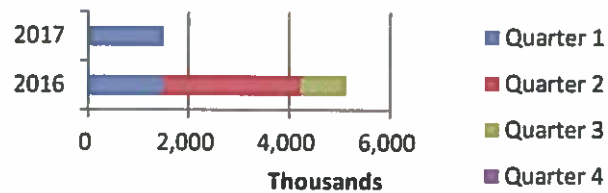
Overall revenue is on target, close to last year, or exceeding expectations as of right now. If revenues for any areas shows concern, we will let you know.

City of Cambridge, Maryland
General Fund Summary as of September 30, 2016

Personalty Tax Billings by Quarter



Real Estate Tax Collection by Quarter *



*This represents amount collected not billed

General Fund Expenses Budget to Actual

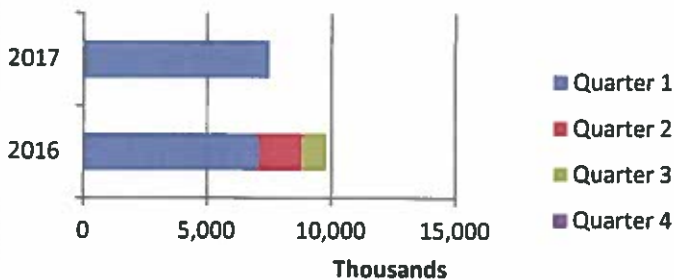
Expenditure Category	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 9/30	% Amend. Spent	FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
Personnel							
Salaries	5,159,736	5,234,043	1,193,461	22.80%	4,659,902	955,234	20.50%
Benefits	2,369,749	2,369,749	333,061	14.05%	2,107,268	304,297	14.44%
Other operating expenses	2,807,392	2,815,093	545,242	19.37%	2,837,264	540,347	19.04%
Capital outlay/grants	229,456	3,007,693	599,111	19.92%	4,736,184	-	0.00%
Debt service	1,088,566	1,088,566	727,992	66.88%	1,146,059	458,654	40.02%
Overhead allocation*	(1,332,341)	(1,335,263)	(394,760)	29.56%			
Total	10,322,558	13,179,881	3,004,107	22.79%	15,486,677	2,258,532	14.58%

*also includes reserve, transfer to other funds, and lapse time

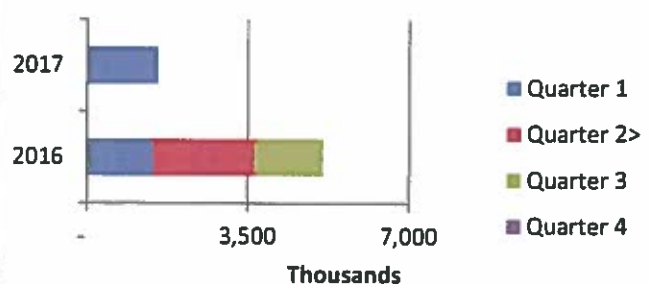
Expense Highlights

The allocations are different from last year which makes comparisons difficult. Overall expenses are similar to last year except that salary and benefits are slightly higher than last year partly due to having the city manager and finance director for the entire quarter. Capital outlay projects budgeted included Cannery Park Stream Restoration, Long Wharf Bulkhead, and Greening of Longwharf. Most of the increase in expenses from last year to this year is attributed to grants; most notably the playground equipment, greening project, and bulkhead. Debt service is on target to be at amount budgeted. The area of concern with expenses is health insurance which is still trending high. Management is watching it closely.

Total General Fund Expenditures by Quarter



General Fund Salaries and Benefits



2 >2nd quarter includes pension payment

City of Cambridge, Maryland
General Fund Summary as of September 30, 2016

General Fund Budget to Actual

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 9/30	% Amend. Spent	FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
Total Revenues	10,322,558	13,179,881	7,475,334	56.72%	15,486,677	7,069,766	45.65%
Less capital grants/reserve		(2,779,293)		0.00%	(3,675,000)		0.00%
Adjusted Revenue	10,322,558	10,400,588	7,475,334	71.87%	11,811,677	7,069,766	59.85%
Total Expenditures	10,322,558	13,179,881	3,004,107	22.79%	15,486,677	2,258,532	14.58%
Less capital grants		(2,779,293)	(592,711)	21.33%	(3,861,000)		0.00%
Adjusted Expenditures	10,322,558	10,400,588	2,411,396	23.19%	11,625,677	2,258,532	19.43%
Total	-	-	5,063,938		186,000	4,811,234	

Overview

As of 9/30, we have received 57% of our revenue which is comparable to last year. We have spent 23% of our expenses compared to 20% of our expenses last year when grant expenses are removed.

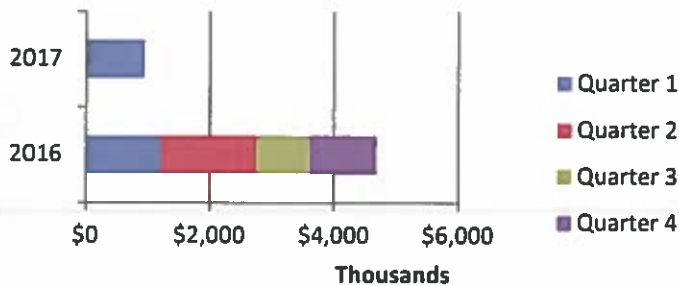
As of 9/30, revenue and expenses appear reasonable with the exception of health insurance.

City of Cambridge, Maryland
Sewer Fund Summary as of September 30, 2016

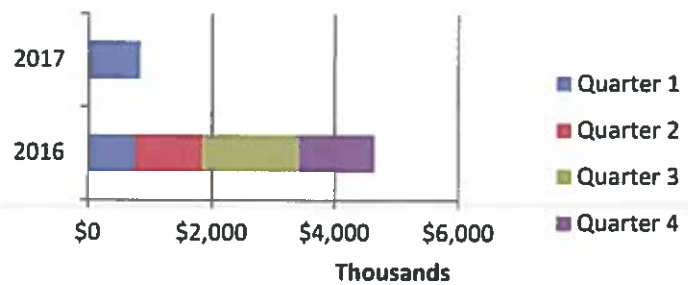
Sewer Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 9/30	% Amend. Received	FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
Revenues							
Sewer service	3,704,000	3,704,000	930,035	25.11%	3,571,000	966,659	27.07%
Sanitary district charges	459,100	459,100		0.00%	456,000		0.00%
Horn Point	33,000	33,000		0.00%	26,000		0.00%
Pollution control-septic	60,000	60,000	7,609	12.68%	65,000	13,962	21.48%
Grants and loan proceeds	240,000	276,000		0.00%	243,000	243,000	100.00%
Miscellaneous revenue	5,100	5,100	2,715	53.24%	4,000	1,054	26.35%
Other funding sources							
Total Revenue	4,501,200	4,537,200	940,359	20.73%	4,365,000	1,224,675	28.06%
Expenses							
Personnel	50,401	50,401	9,684	19.21%	839,919	108,473	12.91%
Other operating expenses	2,110,675	2,110,675	387,094	18.34%	2,366,240	288,929	12.21%
Capital outlay	205,000	571,000	642	0.11%	555,800	10,948	1.97%
Overhead allocation	1,403,003	1,403,003	366,247	26.10%			
Debt service	732,121	732,121	65,152	8.90%	884,197	303,597	34.34%
Total Expenses	4,501,200	4,867,200	828,819	17.03%	4,646,156	711,947	15.32%
Add to/ (Use of) Reserves	-	(330,000)	111,540	0	(281,156)	512,728	0

Sewer Fund Revenue by Quarter



Sewer Fund Expenditures by Quarter



Revenue highlights

Sanitary district revenue is billed in October and will be shown in the 2nd quarter to compare to last year. Grant revenue will not be on target as we will not be getting the MDE grant expected to be received. In order to offset the loss of revenue, DPW believes this can be mitigated by Maryland Environmental Services expenditures being reduced partly through reduced contracted costs that MES negotiates and by postponing the purchase of some planned capital equipment.

Expense highlights

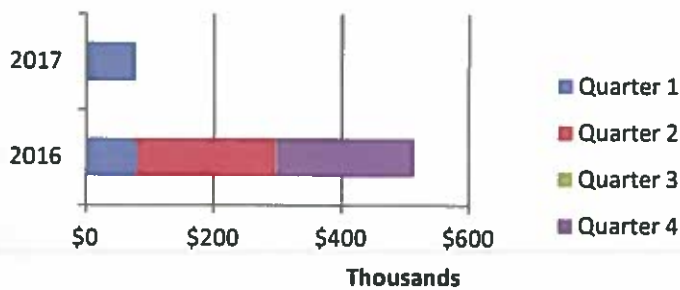
Debt service is less than last year due to how debt is allocated between departments in FY17 versus FY16. The current budgeted debt is for the Sewer Fund only. Salaries and benefits are less than last year due to allocation changes. Operating expenses are higher than last year due to the timing of MES invoices being paid- this will even out over the year.

**City of Cambridge, Maryland
Marina Fund Summary as of September 30, 2016**

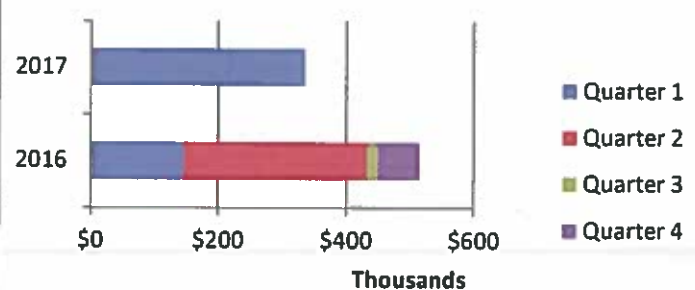
Marina Fund Revenues Budget to Actual

	Current Fiscal Year				Previous Year		
	FY17 Adopted	FY17 Amended	Actual 9/30	% Amend. Received	FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
Revenues							
Boat slip rentals	191,000	191,000	(6,055)	-3.17%	190,000	(3,042)	-1.60%
Boat slip electric	20,000	20,000	4,062	20.31%	8,500	4,899	57.64%
Transients-subleasing	68,000	68,000	17,973	26.43%	60,000	23,078	38.46%
Marina Fuel	92,000	92,000	59,546	64.72%	110,000	54,507	49.55%
Miscellaneous revenue	3,100	3,100	1,230	39.68%	4,025	963	23.93%
Other funding sources	258,585	258,585			195,667		
Total Revenue	632,685	632,685	76,756	12.13%	568,192	80,405	14.15%
Expenses							
Personnel	105,999	105,999	21,950	20.71%	143,609	11,879	8.27%
Other operating expenses	163,763	163,763	71,334	43.56%	158,331	50,896	32.15%
Capital							
Overhead allocation	107,923	107,923	28,513	26.42%			
Debt service	255,000	255,000	213,516	83.73%	266,252	67,326	25.29%
Total Expenses	632,685	632,685	335,313	53.00%	568,192	130,101	22.90%
Add to/ (Use of) Reserves	-	-	(258,557)		-	(49,696)	

Marina Fund Revenue by Quarter



Marina Fund Expenditures by Quarter



Revenue Highlights

Negative boat slips are people who cancelled their slips in the 3rd quarter.

Transient subleasing is down as anticipated. Fuel was up compared to last year as the Hyatt was unable to supply fuel for several days and we were able effectively maintain more affordable pricing than the other marinas.

Expense Highlights

Operating expenses is higher due to fuel purchased some of which is currently being carried in inventory. Debt service for the Marina is paid in August rather than mid year due to the refinancing of the bond which makes comparisons difficult.

See Council goals for Marina marketing plan.

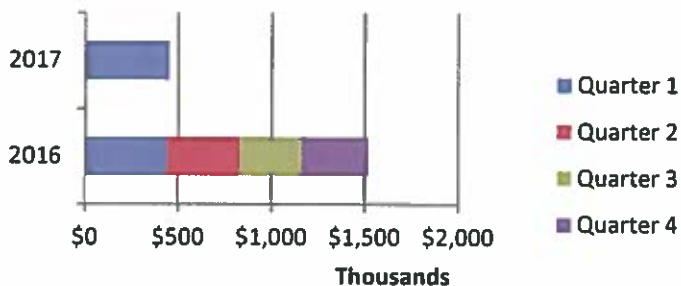
City of Cambridge, Maryland
MUC Fund Summary as of September 30, 2016

Municipal Utilities Commission (MUC) Fund Revenues Budget to Actual

	Current Fiscal Year			
	FY17 Adopted	FY17 Amended	Actual 9/30	% Amend. Received
Revenues				
Water sales	1,780,104	1,780,104	452,293	25.41%
Fire lines	28,000	28,000	28,840	103.00%
Miscellaneous sales	75,000	75,000	33,768	45.02%
Miscellaneous revenue	84,500	84,500	20,750	24.56%
Total Revenue	1,967,604	1,967,604	535,651	27.22%
Expenses				
Personnel	893,704	893,704	170,149	19.04%
Other operating expenses	903,750	903,750	285,228	31.56%
Capital expenses	158,100	158,100		
Debt service	12,050	12,050	3,005	24.94%
Total Expenses	1,967,604	1,967,604	458,382	23.30%
Add to/ (Use of) Reserves	-	-	77,269	

Previous Year		
FY16 Amended	Actual 9/30	% EOY Act Rec/Spent
1,663,276	431,931	25.97%
24,000	28,680	119.50%
75,000	24,537	32.72%
95,500	19,880	20.82%
1,857,776	505,028	27.18%
851,619	135,714	15.94%
994,107	286,814	28.85%
-	-	
12,050	3,005	24.94%
1,857,776	425,533	22.91%
-	79,495	

MUC Water Billings by Quarter



Revenue Highlights

Overall, the revenue is comparable to the same period last year.

Expense Highlights

Overall expenses are comparable to the prior period with the exception of personnel. Personnel is higher than last year as there has been more overtime this summer with hydrant flushings and with a fuller staff. There were several vacancies at the beginning of last year.