



## INTER - CITY MEMORANDUM

To: Havre de Grace City Council and Citizens  
From: Mayor William T. Martin  
Date: January 19, 2016  
RE: Fiscal 2016 Second Quarter Financial Results

I am pleased to present the financial performance of our City for the second quarter of fiscal 2016. I continue to market Havre de Grace as a great place to live, work and play. I am also excited about adding an ice skating rink and decorative up lighting to our downtown shopping area and making other visible enhancements to public parks and buildings. While the City continues to face lackluster growth to-date, I strongly believe that ongoing investment in the City will lead to residential and business economic growth. I receive regular encouragement from City residents and I stay committed to this strategy during my Administration.

### General Fund

The General Fund has increased in value by over \$3.125 million through December. The General Fund usually increases dramatically over the first two quarters as real property tax revenues are due by December 31. The budget anticipated that the fund would increase by over \$3.179 million, which is actually \$54,000 more than the actual increase. The small (1.7%) difference can be attributed primarily to the City enhancements that I mentioned earlier.

Overall, revenues were \$4,000 more than anticipated and \$414,000 more than the same quarter for last year.

- Property and income taxes were \$56,000 more than anticipated and \$251,000 more than billed last year for the same period.
- While progress on the renovations to the Opera House has accelerated, grant reimbursement has just recently been applied for and, as a result, grant revenues are \$169,000 less than anticipated by the budget and \$88,000 more than received last year. I am confident that we will not only complete the renovations as planned in the budget, but that we will proceed even farther. The Opera House will be a cornerstone for downtown revitalization in the coming years and its completion is a priority.

- The City completed its commitment to contribute almost \$220,000 in additional funds to the Susquehanna Hose Company and Havre de Grace Ambulance Corps. These additional funds came from Slip User Fees in accordance with City Council resolutions. The funds were used for special equipment needed by the two organizations.

The City spent \$58,000 more than expected for the quarter and \$414,000 more than it spent last year through the end of the quarter.

- Personnel costs were almost \$107,000 below budget expectations and \$237,000 more than spent last year for the same period. The City awarded a pay increase in January 2015 which accounts for the increase over last year. The amount below budget can be attributed to normal employee turnover.
- Other operating costs were \$9,000 more than budget expectations and \$192,000 more than last year over the same period. The excess over last year can be attributed to the special payments to our valued public safety partners, the Susquehanna Hose Company and the Havre de Grace Ambulance Corps.
- Capital spending was \$157,000 over budget expectations and \$1.027 million over the same period last year as the Opera House renovations are moving forward, and the City invested monies in downtown up lighting and park improvements. As noted previously, the citizen feedback I have received for making these investments has been overwhelmingly positive.

### **Water and Sewer Fund**

The Water & Sewer Fund earned a profit of over \$1.221 million through the end of the quarter. While promising, the fund was expected to earn an estimated profit of \$1.448 million in the budget. It is well above the \$1.08 million profit that was earned by the fund for the same period last year.

Revenues were \$304,000 more than those earned over the same period last year but \$280,000 less than anticipated by the budget.

- Metered revenues were \$444,000 more than the same period for last year but \$43,000 below expected levels. Overall demand for Water & Sewer services decreased a cumulative 6.25% compared to last year. The decreased usage is attributable to a decline in commercial customers as industrial, multi-family and residential usage have all increased usage this year. Increased metered revenues, despite the decline in demand, can be attributed to the debt service fee enacted this year.
- New development continues lag significantly behind budget estimates, resulting in connection fees being \$214,000 below budget expectations and \$152,000 less than the same period for last year. Additionally, the

standard water capital cost recovery fees were reduced from \$8,000 to \$4,000 per connection in an effort to stimulate development. I expect development to be slow through the winter due to weather but I expect the 4<sup>th</sup> quarter to show the improvement in new housing starts.

Water & Sewer Fund spending was \$53,000 below budgeted levels, and \$163,000 above the same quarter for last year.

- Personnel costs are \$61,000 below budget estimates and \$30,000 more than those incurred last year over the same period. The same factors affecting the General Fund personnel costs (January pay raise, turnover) are affecting the water & sewer fund as well.
- Operating costs were \$31,000 below budget and \$38,000 above the same quarter for last year. The increase in costs over last year appears to be due to general price increases affecting all areas of the operation.

### **Marina Fund**

The Marina Fund earned an \$180,000 operating profit through the end of the quarter. The earnings exceeded budget expectations as the fund was projected to earn \$137,000 and had an operating profit of \$181,000 last year for the same period. The Marina Fund earns its slip fee revenues in the 3<sup>rd</sup> and 4<sup>th</sup> quarter so the Marina is operating as anticipated.

Revenues exceeded budget expectations by \$23,000 through the end of the quarter. Revenues were \$4,000 more than last year for the same period.

- Fuel sales exceeded both budget estimates, by \$15,000, and last year, by \$7,000.
- Slip and ramp fees exceeded budget estimates by \$5,000 but declined by \$6,000 when compared to last year

Spending, meanwhile, was less than budgeted by \$20,000, and exceeded last year's levels by \$5,000.

- Fuel purchases exceeded the budget by \$13,000
- Facility operating costs were \$25,000 less than the budget through the end of the quarter and \$1,000 more than last year. Most of the budget savings is attributable to facility maintenance and supply costs which will likely be done during the 3<sup>rd</sup> quarter as weather allows.

## **Other Funds**

The City transferred over \$50,000 into the reserve during the first quarter and the fund is at its \$1.29 million legislative target.

The RAD loan program earned \$7,000 in interest and collected \$47,000 in loan payments through the end of the quarter. As a result it has \$375,000 available for additional lending.

The Promenade Fund has \$135,000 available to maintain the Promenade. Permit fees have generated \$2,500 for the year.

Critical Area Tax receipts were under \$42,000 through the end of the quarter and \$85,000 has been used for approved efforts, making almost \$300,000 available for future qualified Chesapeake Bay restoration projects.

Slip User Fees were over \$23,000 for the year and almost \$220,000 has been used for public safety projects, leaving \$145,000 available for future waterfront improvement projects.

The Community Center Fund earned over \$17,000 for the year, and a balance of almost \$20,000 is available for operations and future repairs.

The Abandoned Property Restricted Fund had nominal activity for the quarter and almost \$147,000 is available for Police special projects.

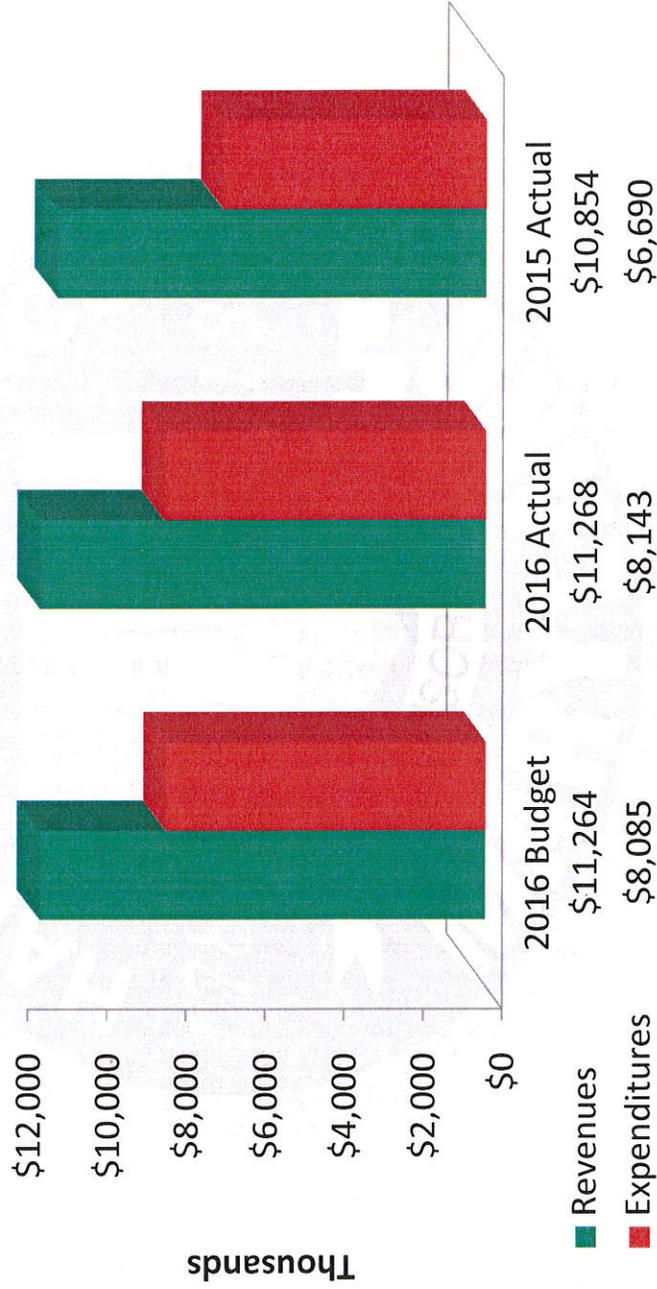
The Forest Conservation Fund has had no activity during the quarter and a little over \$700 resides in the Fund for "green" projects.



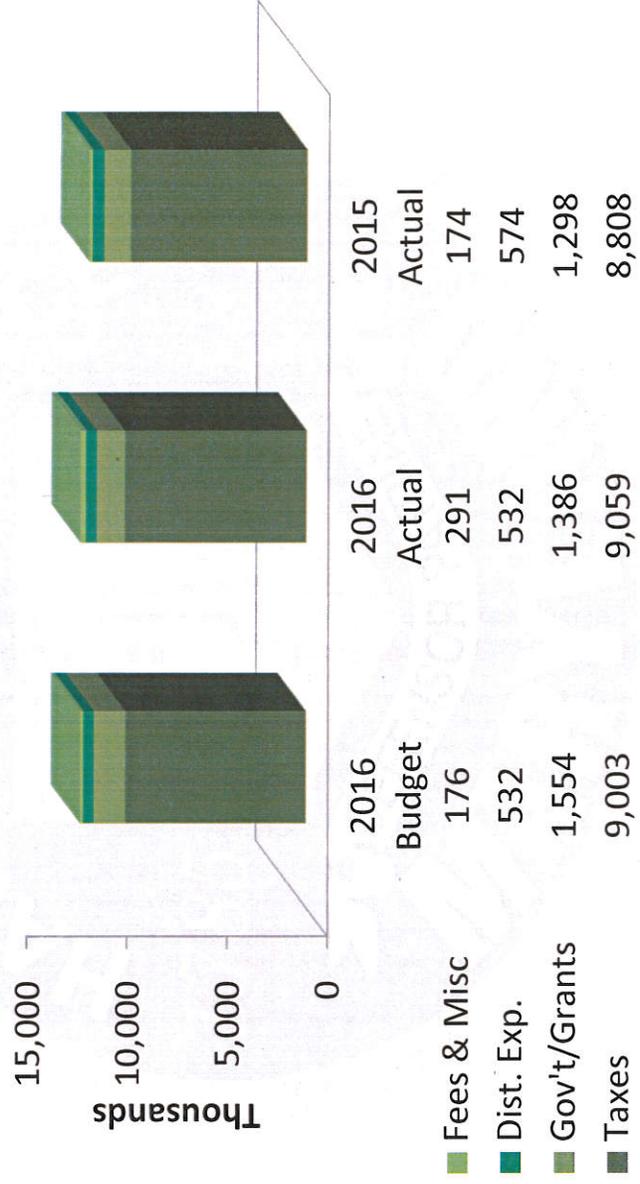
# Fiscal 2016 Financial Results

Through December 30, 2015

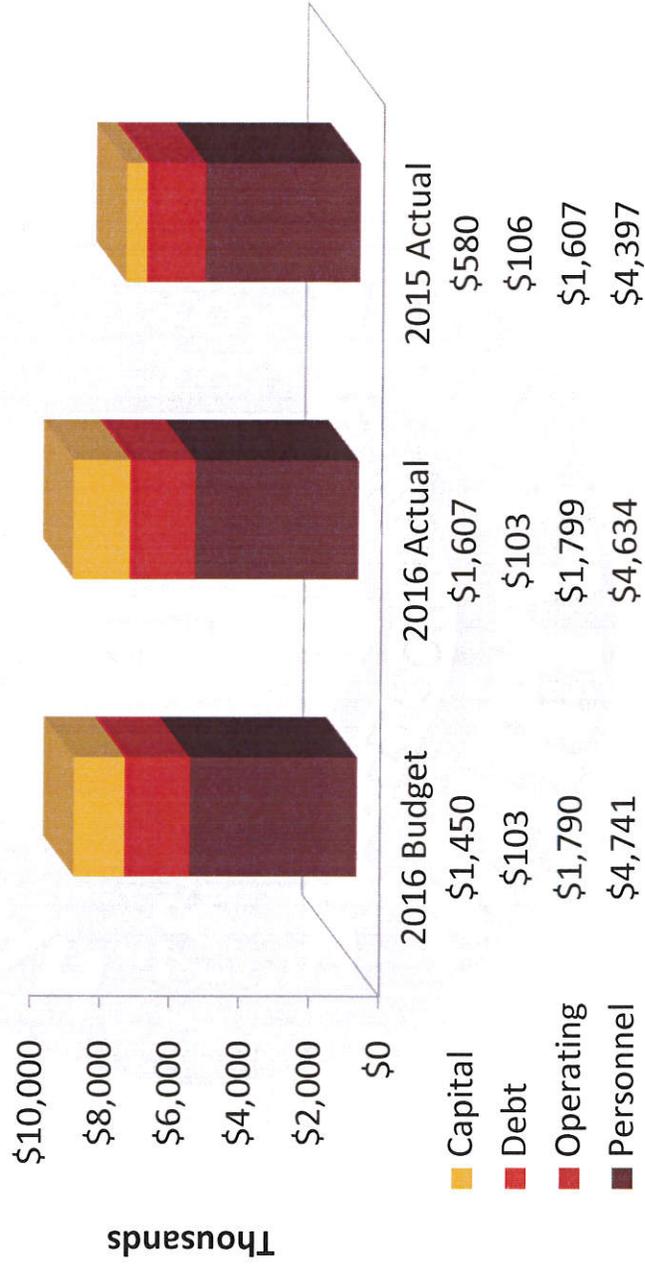
# General Fund 1 Financial Results



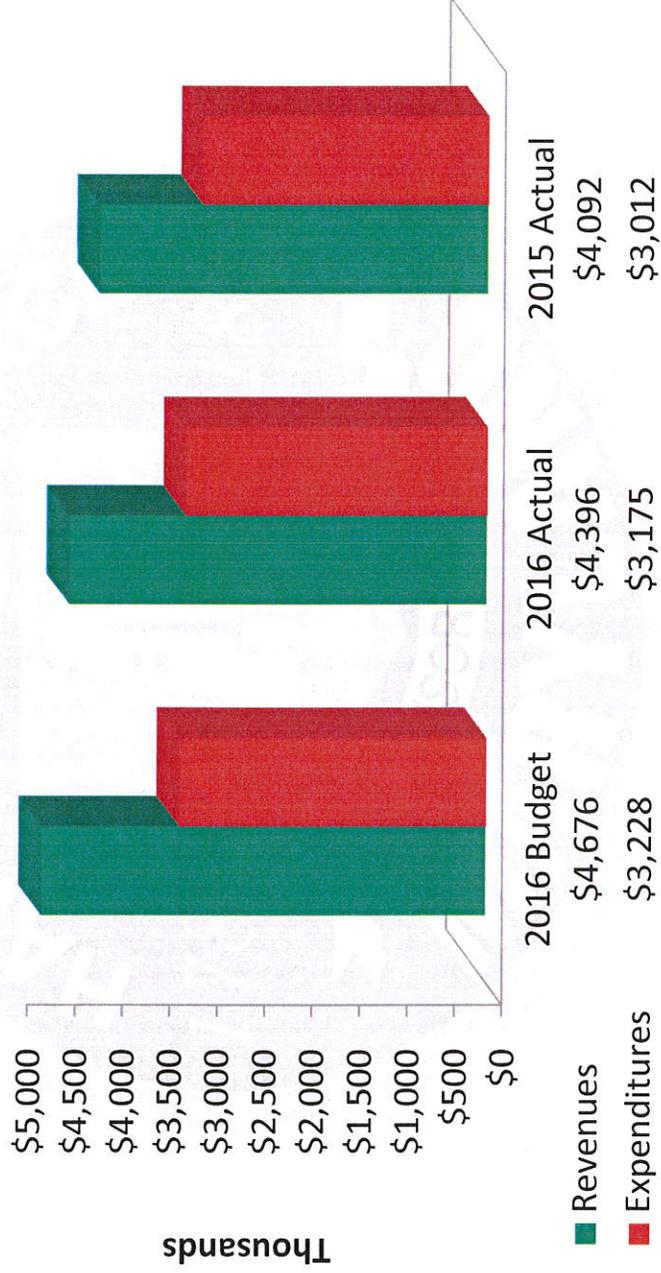
# General Fund 1 Revenues



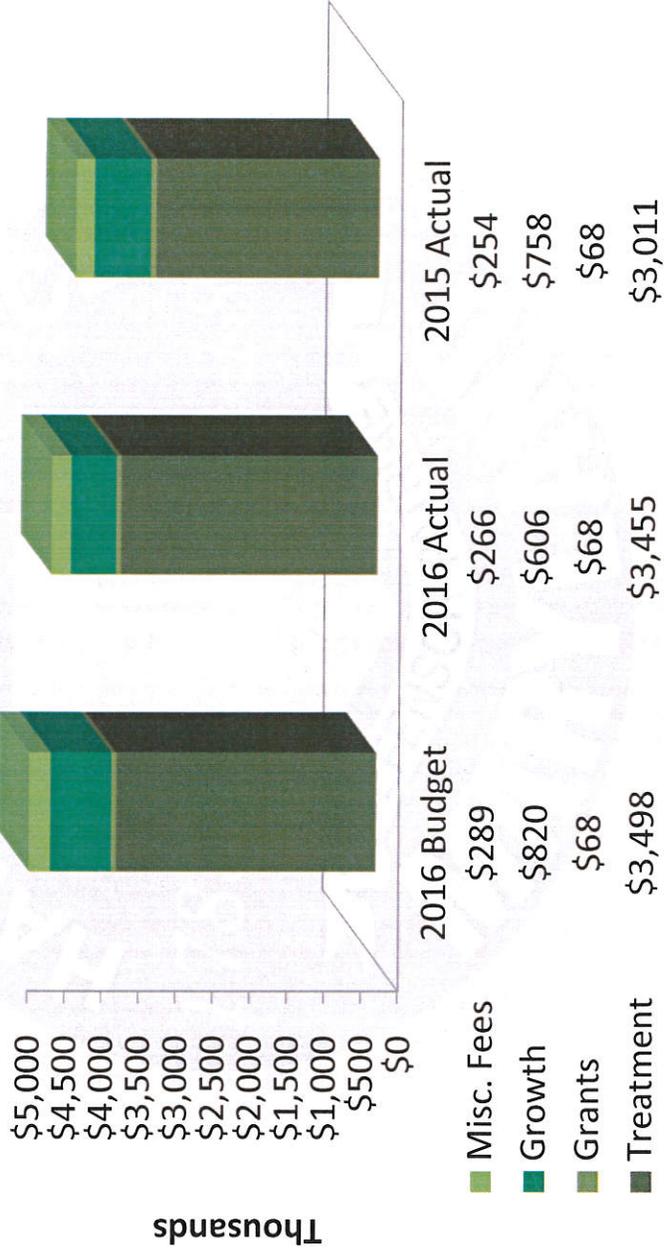
# General Fund 1 Expenditures



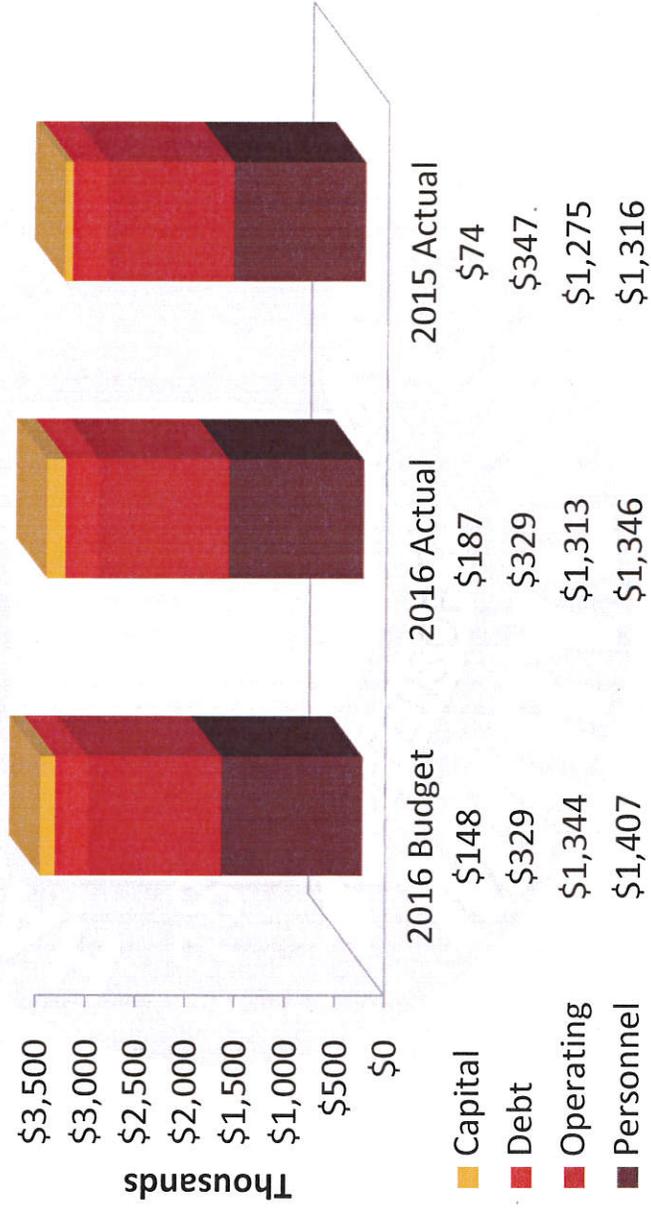
# W&S Fund 9 Financial Results



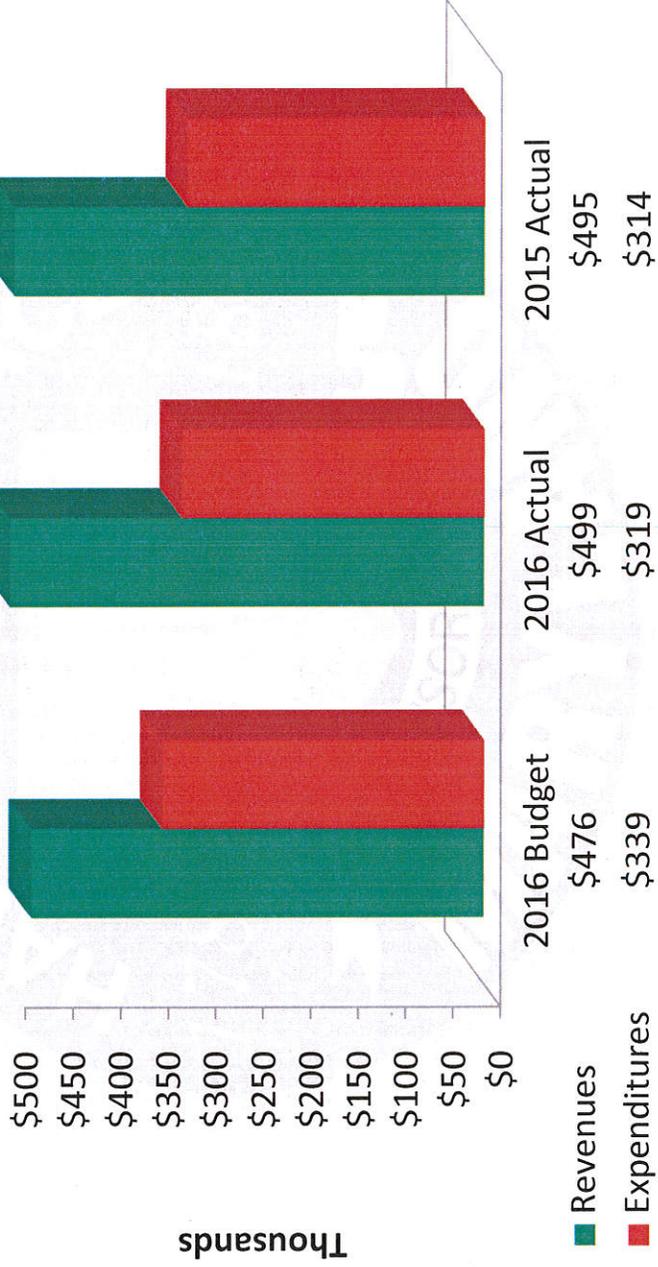
# W&S Fund 9 Revenues



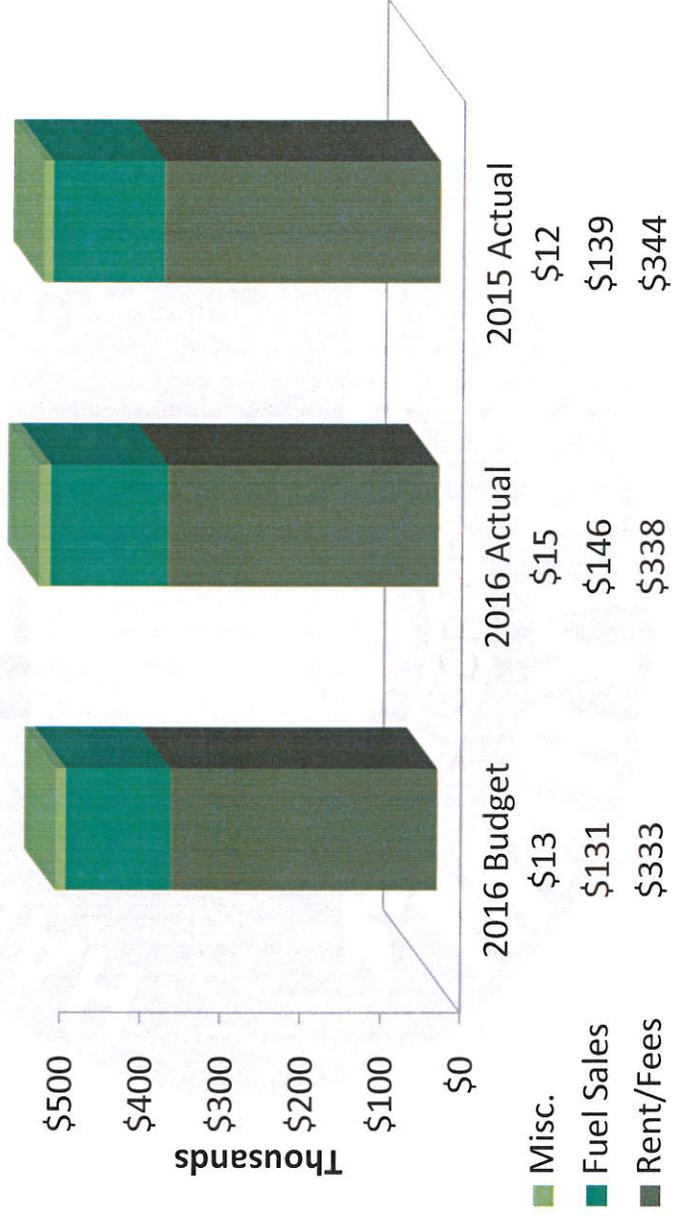
# W&S Fund 9 Expenditures



# Marina Fund 8 Financial Results



# Marina Fund 8 Revenues



# Marina Fund 8 Expenditures

