



# Town of North East, Maryland

## Fiscal Year 2020 Budget in Brief

### How Did We Get Here?

In **February**, departments began to analyze their FY 2019 expenditures and to prepare their FY 2020 requests. On **March 1st**, departments and eligible non-profit organizations submitted their FY 2020 requests. On **March 11th**, the Town Administrator met with department heads to discuss their budget requests and the necessity of various projects. On **March 22nd**, the Town Administrator met with the Mayor to review the requested budget and make any necessary adjustments. On **April 5th**, the requested budget was submitted to the Commissioners for review. On **April 10th**, the Mayor and Commissioners held a work session to review and discuss the proposed budget for Fiscal Year 2020. Pursuant to state law and the Town's charter, the Constant Yield Tax Rate Advertisement and a notice of a public hearing on the Fiscal Year 2020 budget were published in the Cecil Whig and on the Town's website on **April 17th**. A public hearing was held on **May 8th** where the proposed budget was presented to the Mayor and Commissioners and the public. During the hearing, public testimony was taken. The Mayor and Commissioners discussed, debated, and voted to approve the budget on **May 22nd**.

### Budget Facts

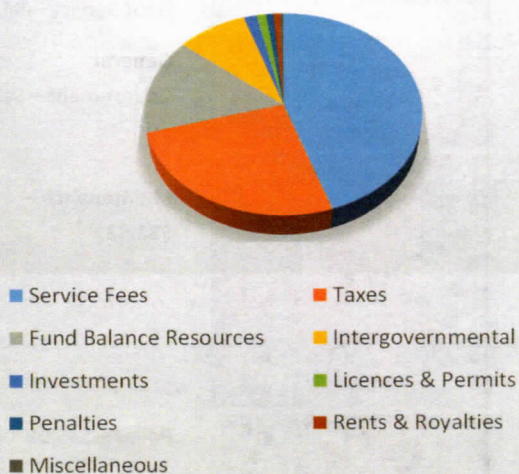
**\$7.4 million**  
**Total Budget**

#### Expenditures by Fund:

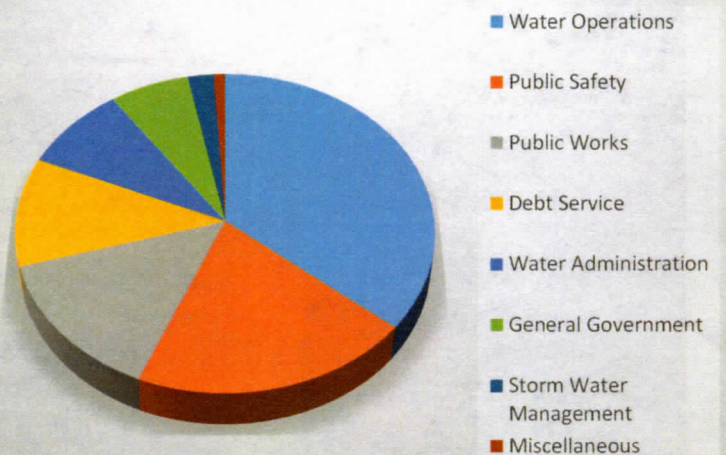
General Fund: .....\$3,260,000  
Water Services Fund: .....\$3,981,000  
Storm Water Management Fund: .....\$ 160,000

### Where does the money come from and where does it go?

#### Total Revenues - All Funds



#### Total Expenditures - All Funds



Fund Balance Resources in the revenues chart above represents amounts that are taken out of the Town's Fund Balance. Section 2-605(1) requires that unrestricted or unassigned fund balance only be used to pay for "non-recurring one time expenditures." This requirement has been satisfied with the projects the fund balance is being used to pay for. Those projects include repairs to Lums Road, replacing town computers, new uniforms for the police department, an annexation study, a compensation study, upgrading pumps, installing tank mixers, and dredging the clear well at the Leslie Water Treatment Plant.

Beginning in Fiscal Year 2017, the Mayor and Commissioners began offering grant funding to eligible non-profits who offer services to Town residents. The FY 2020 budget maintains that funding at the FY 2019 levels for the organizations the Town provides funding to. Those organizations are: Neighborhood Youth Panel, Salute to Cecil County Veterans, The Boys and Girls Club, and North East Volunteer Fire Company.

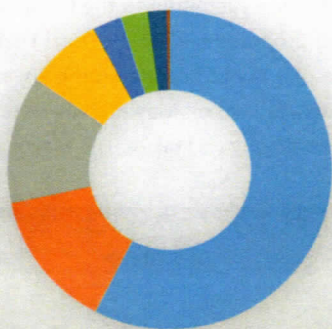


## General Fund Highlights

The General Fund is the main operating fund of the Town. It accounts for all general government activities that are not primarily supported by user fees. Activities included in the General Fund are Planning, Zoning and Code Enforcement, General Administration, Finance, Public Works, Parks and Recreation, and Public Safety.

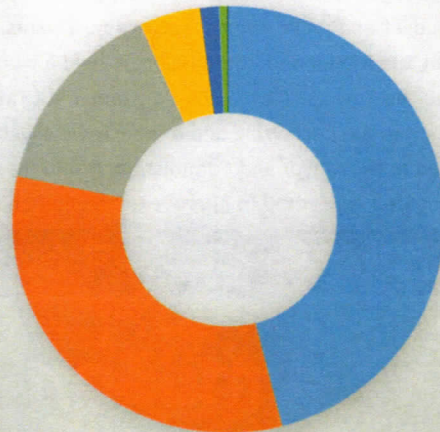
In FY 2020, the Town kept the Real Property Tax Rate at \$0.48 per \$100 of assessed value. This rate is 2.8% higher than the Constant Yield Tax Rate of \$0.4667. The Town's refuse rate which is charged on property tax bills increased 3% to \$206 per residential unit based on a scheduled increase as part of the Town's contract with Republic Services.

### General Fund Revenues



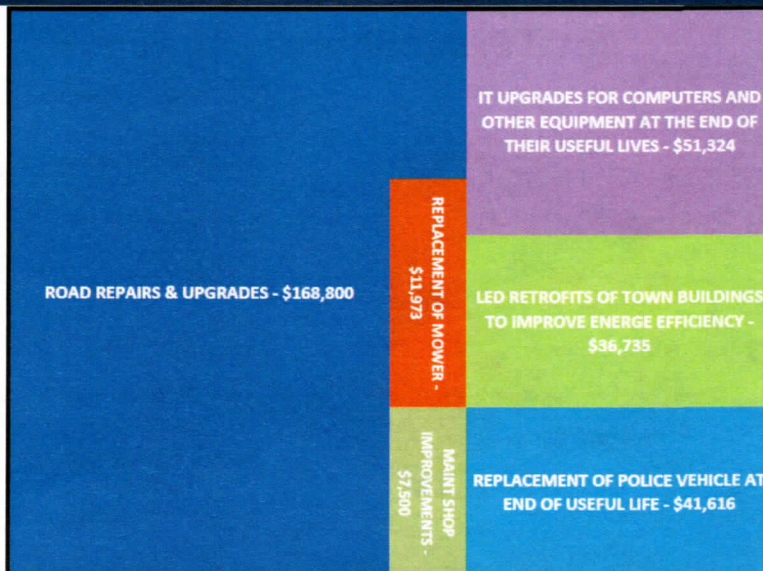
- Taxes
- Intergovernmental
- Fund Balance Resources
- Service Fees
- Investments
- Licenses & Permits
- Rents & Royalties
- Miscellaneous

### General Fund Expenditures



- Police
- Maintenance
- General Government
- Debt Service
- Parks & Recreation
- Allocations
- Health

### General Fund—Capital Outlays



### Where Do My Tax Dollars Go?



- Other—\$2.14
- Debt Service—\$4.53
- General Government—\$15.02
- Maintenance—\$32.32
- Police—\$45.99

### General Fund Projected Fund Balances

Type	FY 19 Ending	FY 20 Ending	Change
Restricted	\$ 38,273	\$ 38,273	\$ 0
Committed	\$1,656,456	\$1,580,866	\$ ( 75,590)
Assigned	\$ 0	\$ 430,238	\$ 430,238
Unassigned	\$2,471,070	\$2,057,492	\$(354,648)



## Water Services Fund Highlights

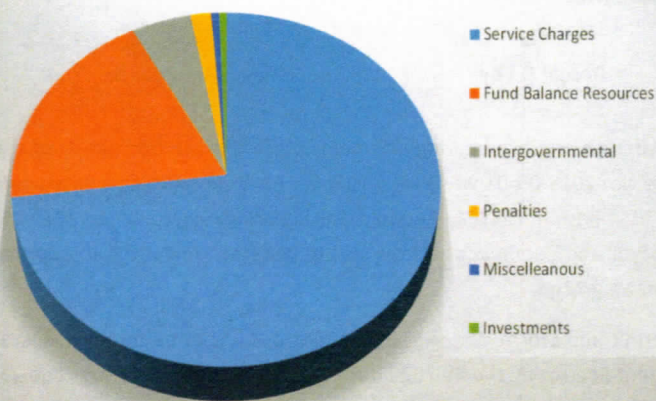
The Water Services Fund accounts for the activities of the Town's Water Utility. The Water Utility serves 2,788 accounts: 1,405 in-town and 1,383 outside the corporate limits of the Town. When adopting the Fiscal Year 2020 budget, the Mayor and Commissioners voted to keep rates the same as Fiscal Year 2019. This decision foregoes the scheduled 3.5% rate increase which was determined by the rate study the Town commissioned in 2017.

The reason for foregoing the scheduled rate increase is that scheduled capital projects are being re-evaluated by the Town's engineers in light of several changes to the Town's customer base, expected growth, and other potential improvements that may be more cost effective than what was planned when the rate study was completed.

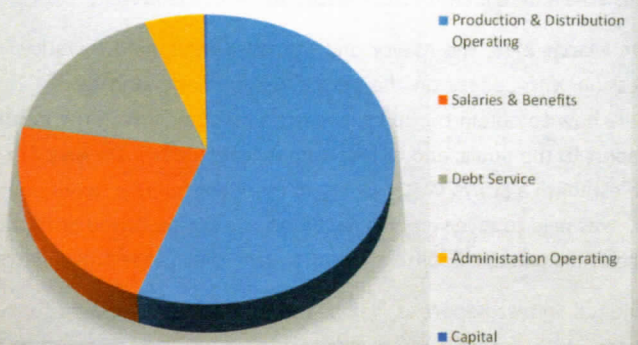
Despite foregoing the scheduled rate increase the Town is planning on undertaking several projects to improve water quality as well as making a permanent repair to the water main that crosses Stoney Run which broke during January's brutal cold snap.



### Water Fund Revenues



### Water Fund Expenditures



## Water Services Fund — Projects

The Town will be undertaking several projects in Fiscal Year 2020 that will improve water quality, and treatment processes, as well as increase energy efficiency and alleviate strain on the system as a whole.

The Town has received grants from the Maryland Department of the Environment totaling \$191,000 to cover up to 25% of the cost of several projects. The projects receiving state funding are: installation of mixers in the water storage tanks, dredging the clear well at the Leslie Water Treatment Plant, and installation of activated carbon filters in the treatment plants to help remove contaminants.

Additionally the Town will undertake a project to permanently repair the water main that crosses Stoney Run on Razor Strap Road. When the main broke under the creek bed in January it left hundreds of customers out of water for over a week.

The Town will also be upgrading the software system used by the Town's Sensus meters. This system will allow the Town to utilize new equipment Sensus has developed to replace outdated telemetry communications as well as allow the Town to move data for the meters currently stored on site to Sensus' cloud based servers ensuring preservation of data in the event of a disaster.

### Water Services Fund Projected Fund Balances

Type	FY 19 Ending	FY 20 Ending	Change
Restricted	\$ 313,042	\$ 415,170	\$ 102,128
Unrestricted	\$ 2,335,391	\$1,572,393	\$(762,998)

The Town of North East has partnered with Artesian Water to offer water and sewer service line and internal plumbing protection plans to our customers.

For more information, call [1-800-332-5114](tel:1-800-332-5114)

or visit

<http://www.artesianwater.com/service-line-protection>



## Storm Water Management Fund Highlights

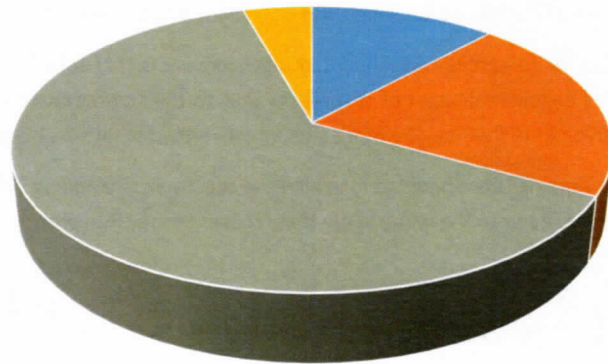
In October 2018, the Maryland Department of the Environment issued a Municipal Separate Storm Sewer (MS4) Permit to the Town of North East as part of federally required National Pollutant Discharge Elimination System (NPDES). As part of Federal Environmental Protection Agency requirements, the Town is required to implement storm water management programs to improve water quality and control the discharge of pollutants within the corporate limits of the Town.

The permit requires the Town to treat 20% of the existing impervious area in the town. In order to determine the amount of treatment required and potential options for attaining the 20% requirement, the Town hired Soltesz, LLC in FY 2019 to conduct a study. Town staff worked with Soltesz and the Cecil County GIS office to determine the total impervious area and to identify costs associated with the permit.

On **March 27th**, the Mayor and Commissioners held a work session with Soltesz on the permit requirements and to discuss how to obtain the funds necessary to comply with the permit. On **April 10th** a public hearing was held to present the findings to of the report to the public and to receive public testimony. On **May 8th** Ordinance No. 2019-05-01 was introduced to the Mayor and Commissioners to establish a Storm Water Utility to meet the funding requirements of the MS4 permit. On **May 22nd** a public hearing on Ordinance 2019-05-01 was held to receive public testimony on the proposed ordinance. The Mayor and Commissioners discussed, debated, and voted to approve the ordinance to establish a Storm Water Utility in the Town of North East on **May 22nd**.

The full Soltesz Report as well as other information related to the MS4 Permit and Storm Water Management Utility can be found online at [www.northeastmd.org/stormwater](http://www.northeastmd.org/stormwater). The quarterly Storm Water Management Fee set by the FY 2020 budget is \$5.60 per quarter per equivalent residential unit (\$22.40 per year). The fee will be billed with the Town's Quarterly Water Bills for in town customers.

### Storm Water Management Expenditures



■ Salaries & Benefits ■ Professional Services  
■ Design & Engineering ■ Supplies & Maintenance

## Fund Balance Policies—All Funds

Chapter 2, Article 6, Section 605 of the Code of Ordinances of the Town of North East establishes the Town's Fund Balance Policy. The Code requires the Town to use the highest level of fund balance available first. It also prohibits using unrestricted or unassigned fund balance (the Town's savings accounts) from being used to cover recurring operational expenses (e.g. salaries). Unrestricted or unassigned fund balance may only be spent on one-time, non-recurring expenditures (e.g. capital projects or purchases which typically do not happen every year). This section also requires the Town to maintain unrestricted or unassigned fund balances in the general and enterprise funds equal to 90 days operating expenditures.

Section 2-606 of the Code of Ordinance of the Town of North East requires the Town to maintain a Budgetary Stabilization Fund in the amount of 10% of the upcoming year's budget in both the general and enterprise funds. This amount may only be used in the event of a "fiscal emergency".

In the Fiscal Year 2020 budget, the required unassigned fund balance for the General Fund is \$1,018,542. The required unrestricted fund balance in the Water Services Fund is \$1,202,565. As the Storm Water Management Fund is new for FY 2020, the budget transfers \$56,000 from the general fund to cover the 90 days operating expense reserve requirement, and the 10% Budgetary Stabilization Fund requirements in order to comply with the Town Code.

## Where to go for more information?

Those interested in finding out more about the Town's budget process are encouraged to visit [www.northeastmd.org/budget](http://www.northeastmd.org/budget) to view the FY 2020 Budget Ordinance and Resolutions, as well as the presentation given during the public hearing. The Town's Annual Financial Reports are also available online at [www.northeastmd.org/financial-statements](http://www.northeastmd.org/financial-statements).

Concerned residents may contact the Finance Office at 410-287-5801 x 104 or attend one of the regular meetings of the Mayor and Commissioners which are held on the second and fourth Wednesday of every month at 7:00. Meetings are held in the Town Hall Meeting Room located at 106 South Main Street, North East, MD.