



# NORTH EAST BUDGET FY 2020

PUBLIC HEARING 7:00 PM

MAY 8, 2018

# FISCAL YEAR 2020 BUDGET HIGHLIGHTS

## ▶ General Fund

- ▶ Budget increased **5.4%** or **\$308,508** from FY 2019:
  - ▶ **\$317,948** in capital expenditures:
    - ▶ 168,800 Lums Road Repairs
    - ▶ 51,324 IT upgrades for equipment at the end of useful lives
    - ▶ \$41,616 new vehicle for Police Department
    - ▶ \$36,735 LED retrofits of town buildings to improve energy efficiency
  - ▶ Classification and Compensation Study for all town positions (\$20,000).
  - ▶ Engineering and legal fees related to the annexation of parcels along US Route 40 (\$20,000).
- ▶ Continuing to fund outside agencies (**\$19,500**).

# FISCAL YEAR 2020 BUDGET HIGHLIGHTS

## ▶ Enterprise Fund – Water Services

### ▶ **NO RATE INCREASE**

▶ Rates for both in town and out of town customers will remain the same as FY 2019.

▶ In Town \$10.10 per 1,000 gallons with a 5,000 gallon minimum

▶ Out of Town \$20.20 per 1,000 gallons with a 5,000 gallon minimum

▶ Capital Improvements are fully funded without the need to issue more debt:

▶ \$250,000 - Stoney Run Creek Crossing

▶ \$766,000 - Source/Treatment/Storage improvements

# FISCAL YEAR 2020 BUDGET HIGHLIGHTS

- ▶ Enterprise Fund – Storm Water Management
  - ▶ The Town has been required to obtain a permit from the Maryland Department of the Environment to discharge storm water into the surrounding waterways.
    - ▶ Must mitigate 20% of untreated run off (26.10 acres)
    - ▶ In FY 19 undertook a study to determine how to achieve the requirements.
  - ▶ The Mayor & Commissioner decided a storm water management fee is the most equitable way to allocate the costs of this unfunded mandate from MDE and the US Department of the Environment.

# FISCAL YEAR 2020 BUDGET HIGHLIGHTS

- ▶ Enterprise Fund – Storm Water Management Cont.
  - ▶ The fee for FY 2020 will be \$5.60 per residential property per quarter and \$5.60 per equivalent residential unit (ERU) for commercial, industrial, institutional, and non-profit uses per quarter.
    - ▶ Fee will be assessed to all properties in the corporate limit including churches, schools, fire houses and other tax exempt properties.
      - ▶ Apartment complexes will be treated as commercial properties for the purposes of calculating the SWM fee.
      - ▶ An ERU is calculated by dividing the actual impervious surface by 1,180 sqft and rounding to the next whole number.

# FISCAL YEAR 2020 BUDGET HIGHLIGHTS

- ▶ Enterprise Fund – Storm Water Management Cont.
  - ▶ The SWM fee will raise \$160,200 in revenue to cover required activities associated with the permit and engineering for a project to meet the 26.10 acre requirement.
    - ▶ Project will most likely be a shoreline restoration project which would cost approximately \$200,000.
    - ▶ Other activities such as mapping and evaluating the Town's storm sewer system will also need to be undertaken in future years.



# FISCAL YEAR 2019 BUDGET HIGHLIGHTS

## ► Contingency

- In accordance with Chapter 2 Article 604(4) 1.5% of the total projected expenditures has been budgeted as Contingency.
  - General Fund - \$50,000
  - Water Fund - \$63,000
  - Storm Water Fund – \$2,400
    - Should be used to cover unexpected drops in revenue or increases in expenditures.

# FY 2019 RATE & FEE CHANGES

## ▶ General Fund

- ▶ Refuse Fee 3% increase to cover increased contact fees per the contract awarded in 2017 - \$206 (from \$200)

## ▶ Water Rates & Billing

- ▶ Foregoes the recommended rates from the Water Utility Rate Study completed in FY 2017 (scheduled 3.5% increase).

## ▶ Storm Water Rates & Billing

- ▶ Implements a new storm water fee of \$5.60 per ERU on all properties in town.



# GENERAL FUND: UNASSIGNED FUND BALANCE

▶ Anticipated Beginning Fund Balance	\$2,471,000
▶ Less 2020 Fund Balance draw	(\$ 430,238)
▶ Less 90 Day Cash Reserve	(\$ 815,000)
▶ Less Stabilization Fund	(\$ 326,000)
▶ Available Unassigned Fund Balance	\$ 899,762

# GENERAL FUND: COMMITTED FUND BALANCE

- ▶ Anticipated Beginning Fund Balance \$1,656,456
- ▶ Less 2020 Fund Balance draw (\$ 87,500)
- ▶ Plus 2020 Additions – sick leave payouts 11,910
  
- ▶ Available Unassigned Fund Balance \$1,580,866

# ENTERPRISE FUND-WATER SERVICES: UNRESTRICTED FUND BALANCE

▶ Anticipated Beginning Fund Balance	\$2,335,391
▶ Less 90 Day Reserve	(\$ 995,225)
▶ Less Stabilization Fund	(\$ 398,090)
▶ Less 2020 Fund Balance Draw	(\$ 762,998)
▶ Available Unrestricted Fund Balance	\$ 179,078

# ENTERPRISE FUND – WATER SERVICES: RESTRICTED FUND BALANCE

▶ Beginning Fund Balance	\$313,000
▶ Plus 2020 Major Facility Fees	\$102,000
▶ Available Restricted Fund Balance	\$415,000

# ENTERPRISE FUND – STORM WATER: UNRESTRICTED FUND BALANCE

▶ Beginning Fund Balance	\$	0
▶ Plus 2020 Transfer from General Fund	\$56,070	
▶ Less 90 Day Reserve	(\$40,050)	
▶ Less Stabilization Fund	(\$16,020)	
▶ Available Unrestricted Fund Balance	\$	-0-

# SALARIES & BENEFITS

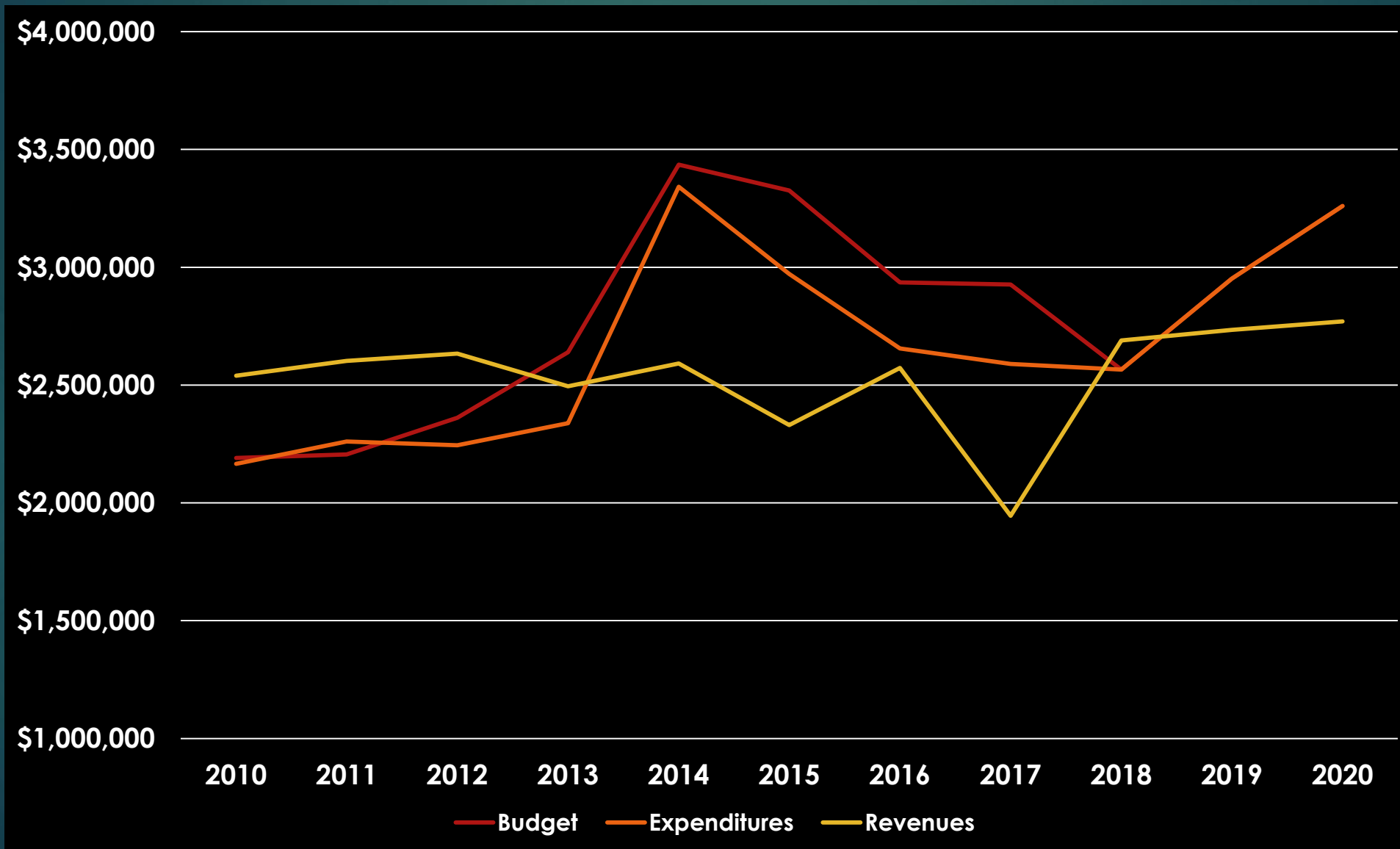
- ▶ 4% Cost of Living Adjustment.
- ▶ Health Insurance
  - ▶ Town will continue with the LGIT Health Cooperative overseen by the Local Government Insurance Trust.
    - ▶ The plan keeps benefits and deductibles the same.
    - ▶ The structure of the co-op allows the town to receive a minimum of 70% of any claims surplus at the end of a plan year which will result in additional savings during “good” years while limiting the impact of “bad years”
      - ▶ FY 2019 was a “bad year” for the Town there were several high dollar claims.
      - ▶ 18.7% Increase in premiums but all of that increase goes to Claims Fund and can be reimbursed at the end of the year if we have a “good year”.
  - ▶ The Town will continue to fund health insurance deductibles for employees through a Health Savings Account.



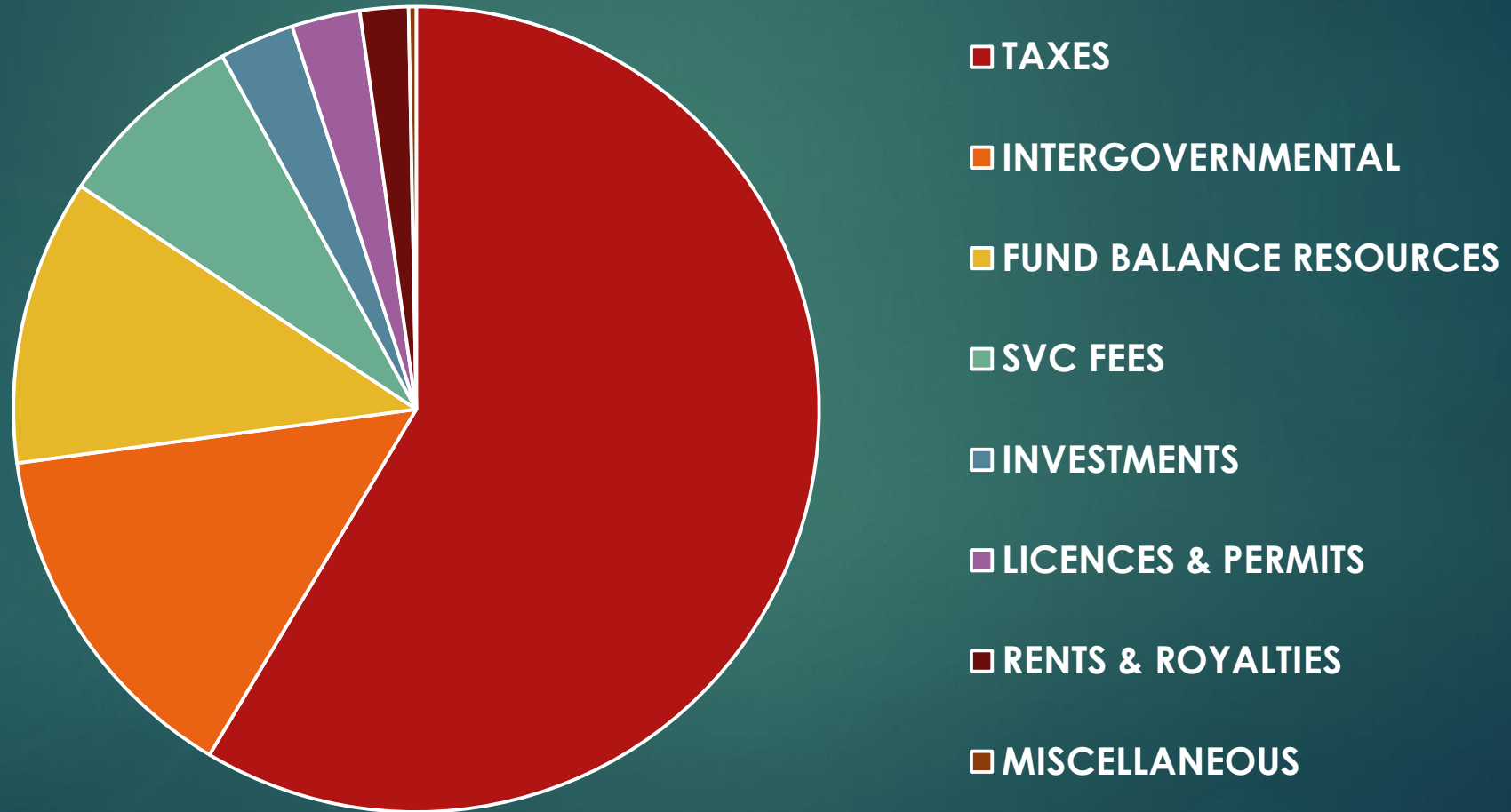
# PROPERTY TAX RATE

- ▶ The tax rate is proposed at the current rate of **\$0.48 per \$100** of assessed value.
- ▶ The proposed rate is above the Constant Yield Tax Rate of \$0.4667 per \$100 of assessed value.
  - ▶ *The effect of a “tax increase” on a \$200,000 property will be **\$26.60 per year.***
  - ▶ **In prior year's the Town's rate of \$0.48 was below the Constant Yield Tax Rate and residents received a tax reduction in those years.**

# GF: REVENUES, EXPENDITURES & BUDGET



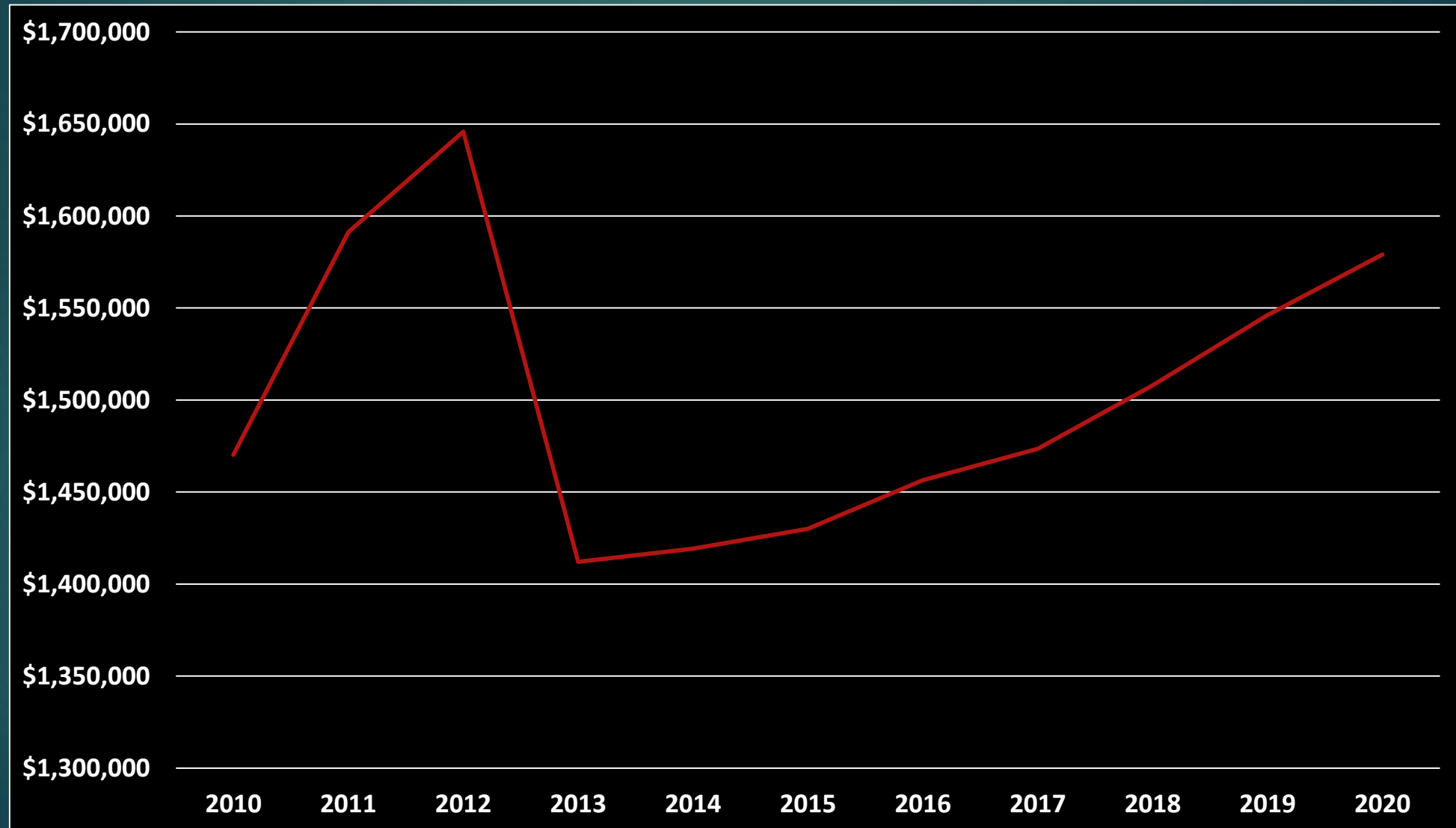
# GENERAL FUND REVENUES BY SOURCE



# REVENUE OUTLOOK: PROPERTY TAXES

- ▶ FY 2020 is the second year of a three year assessment cycle.
  - ▶ Real Estate Property Taxes – will increase \$36,000 over FY 2019 (2.9%)
    - ▶ Assessments will continue to be phased in through 2021.
    - ▶ Tax revenues should increase in 2021 due to construction resuming in Ridgley Forest and the redevelopment of the Nazarene Camp property.

# REVENUE OUTLOOK: PROPERTY TAXES

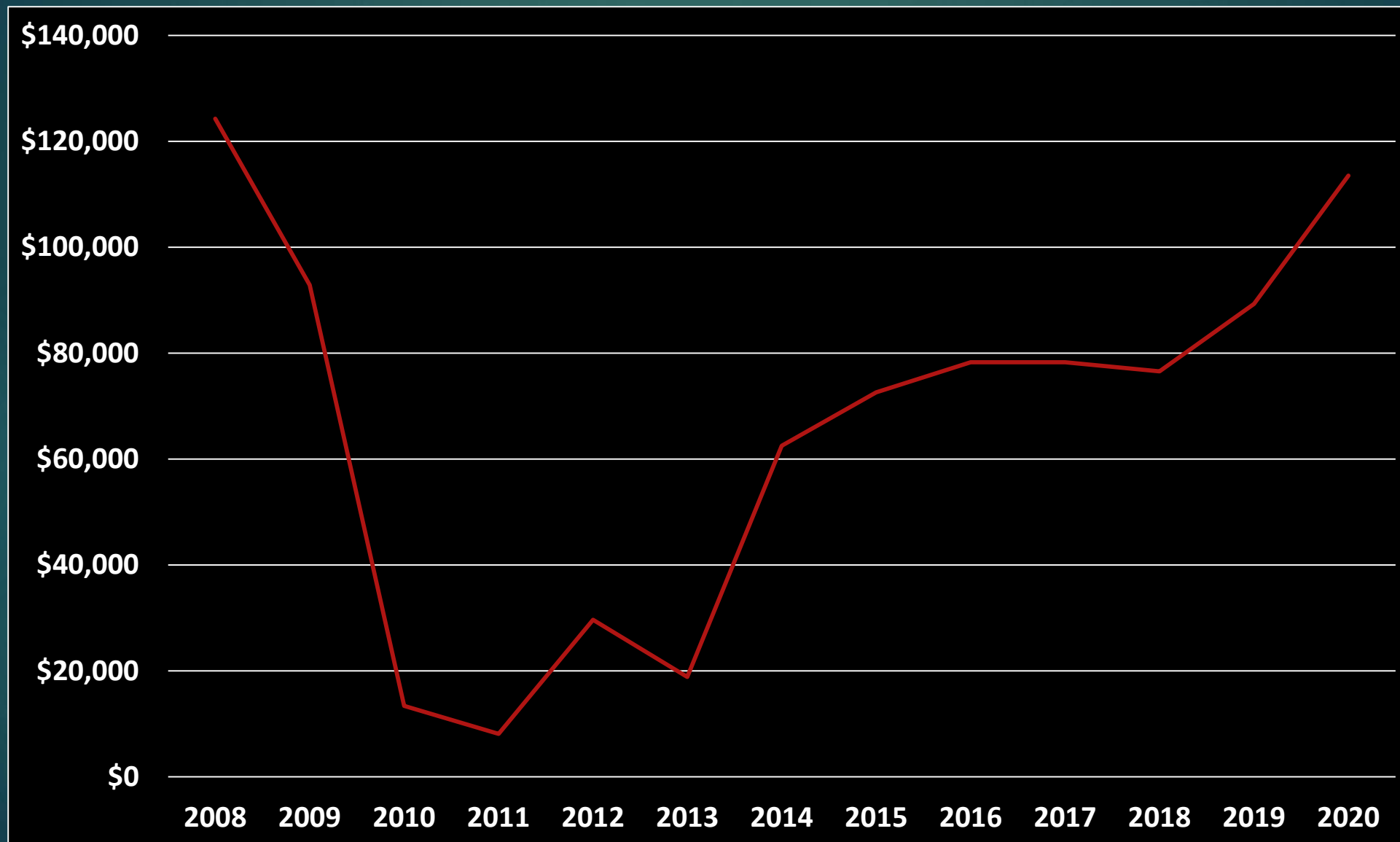


# REVENUE OUTLOOK: HIGHWAY USER

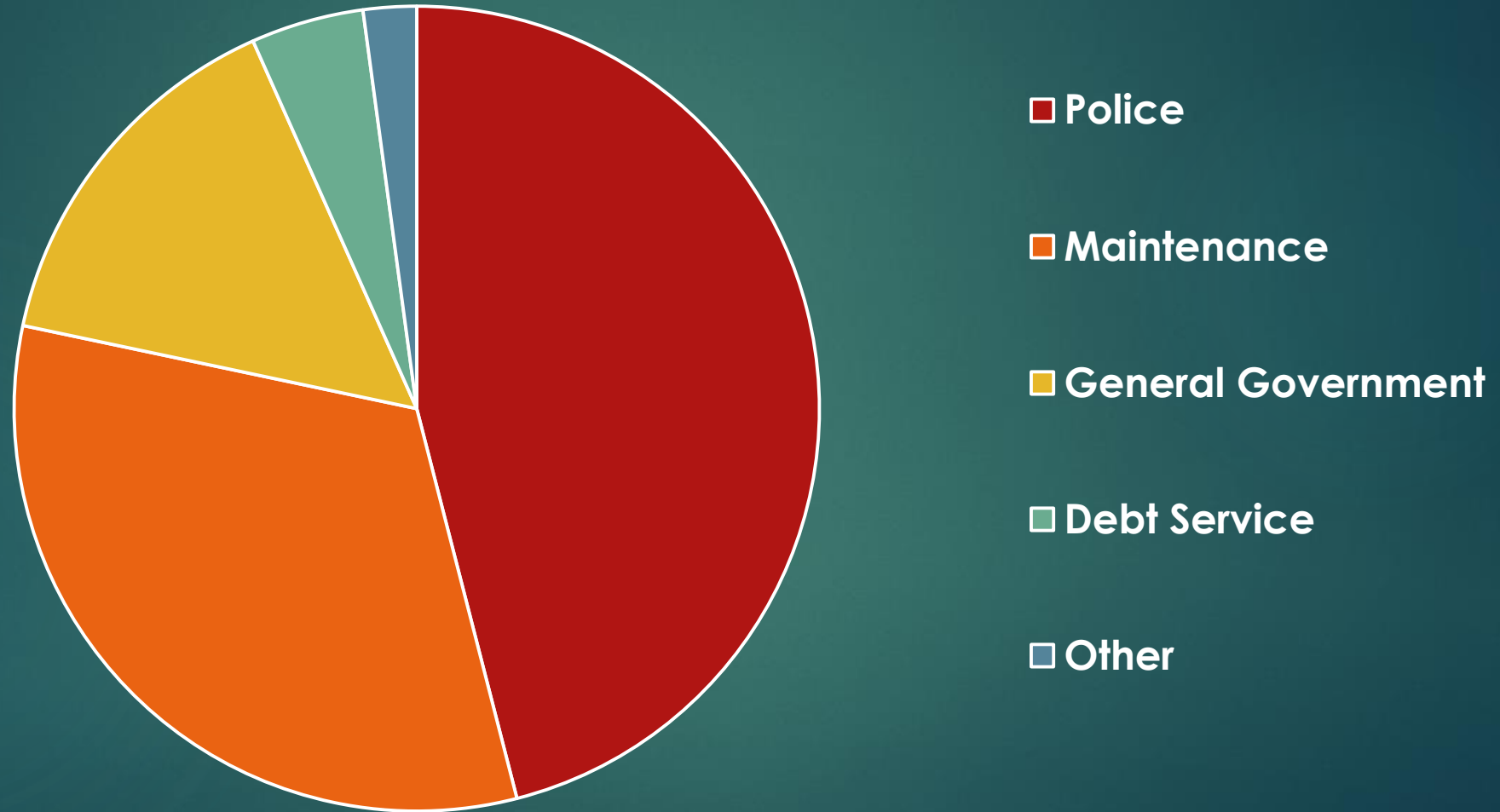
- ▶ The state distributes a share of the tax on gasoline & diesel to the counties and municipalities.
- ▶ In FY 2010 the state drastically reduced the amount of HUR distributed to municipalities & counties in an attempt to fix their budget.
  - ▶ HUR went from \$125,000 in FY 2008 to \$9,000 by FY 2011.
- ▶ Revenues are projected to be \$113,000 in FY 2020.



# REVENUE OUTLOOK: HIGHWAY USER



# GENERAL FUND EXPENDITURES



# HOW YOUR TAX DOLLARS ARE SPENT

Police  
\$45.99

Maintenance  
\$32.32

General Government  
\$15.02

Debt Service  
\$4.53

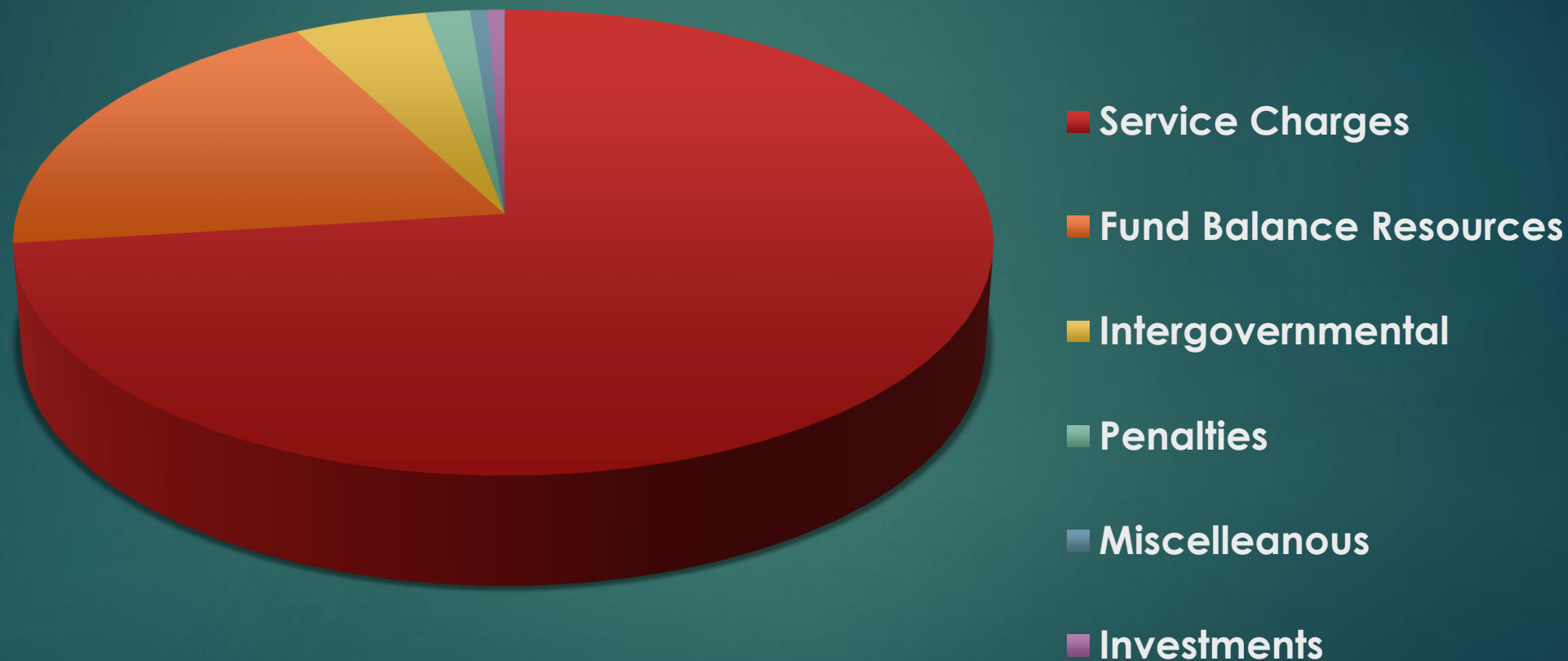
Other  
\$2.14



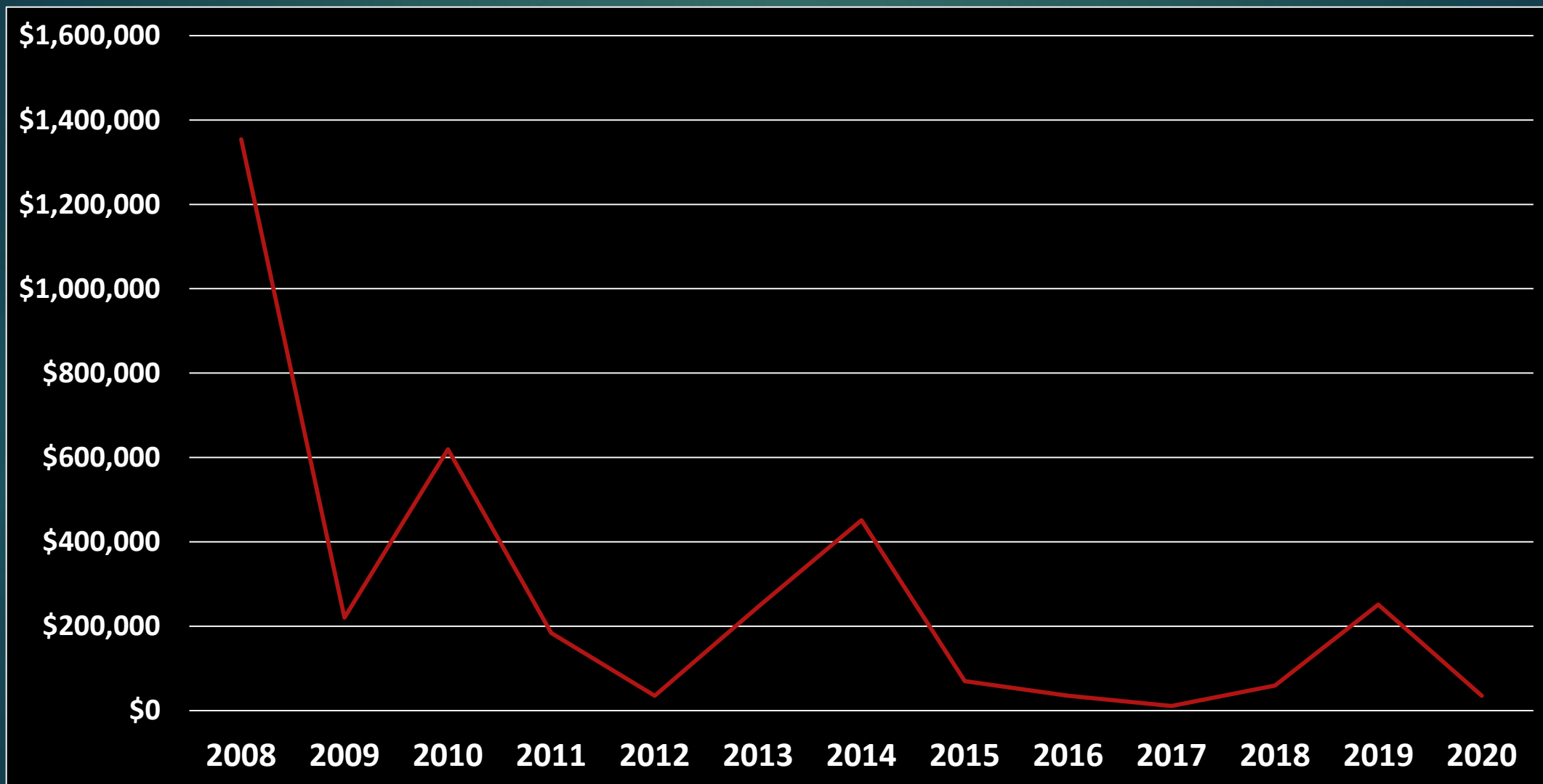
# WATER ENTERPRISE FUND BUDGET ANALYSIS

- ▶ The FY 2020 budget does NOT implement the scheduled rate increases as outlined in the 2017 Rate Study.
  - ▶ Due to Town staff and engineers re-working the Capital Improvement Plan for the system based on changing needs/uses.
  - ▶ Budget includes projected revenue from Artesian Water MD interconnection agreement (\$49,000 which would be the minimum billed, there is a possibility that number could be larger).

# ENTERPRISE FUND WATER REVENUES BY SOURCE



# MAJOR FACILITY REVENUES





# WATER SERVICE CHARGES

