

# TOWN OF PORT DEPOSIT FY 2020 BUDGET NOTES AND ASSUMPTIONS

## **BUDGET OVERVIEW**

The Town of Port Deposit's comprehensive financial and operating plan for the fiscal year is comprised of the Annual Operating and Capital Improvement Budgets. The Annual Operating Budget details fiscal information for all town departments. The budget consists of separate established "funds" to record the receipt and application of resources which by law are generally accepted accounting principles must be kept distinct.

The town reports the following major governmental funds:

The General Fund is the primary operating fund of the town. It accounts for all financial resources of the town except those resources required to be accounted for in another fund. The general tax revenues of the town, as well as other resources received and not designated for a specified purpose, are accounted for in the General Fund.

The allocation of the General Fund expenses is by department:

- Administration Department – The department provides support to the elected and appointed town officials, and handles the daily operations of government, that includes, but is not limited to, finance and fiscal management, human resources, public relations and marketing, zoning administration, public policy and legislation, as well as record retention and communication.
- Public Safety Department – The department provides code enforcement, police protection through a contract with the Cecil County Sheriff's Office, and supports the Water Witch Fire Company.

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## **BUDGET OVERVIEW – CONTINUED**

- Public works Department – The department provides maintenance for public owned properties and buildings, as well as response during emergency situations. Functions include, but are not limited to snow removal, property upkeep and maintenance, etc.
- Parks and Recreation Department – The department is used to track expenditures for the park facilities, which includes, but is not limited to the boat launch.
- Visitors Center - The Visitors Center is open April through October although some expenses are incurred year round. Expenses reflect electric, propane, sewer, telephone & internet and office supplies.
- Comfort Station - The Comfort Station is open April through October. Expenses reflect estimated cost of supplies, sewer and winterization.

The Capital Improvement Fund provides appropriation authority for projects of long-term usefulness, size and cost, and/or which require large expenditures of funds and is usually programmed over more than one year, which result in a durable capital asset.

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## REVENUE

### Taxes - Local

- GL 4000 Utility Taxes – reflects the FY 2019 assessed values provided by the State of Maryland Department of Assessments and Taxation. The FY 2020 rate of 2.2% per \$100 is the same as FY 2019. A budget increase of \$2,200 is anticipated due to the realizing a higher combined utilities assessed value over the FY 2019 Budget.
- GL 4010 Real Property Taxes – reflects the July 1, 2019 net assessable real property base as determined by the State of Maryland Department of Assessments and Taxation. The constant yield rate is .5464 per \$100. The FY 2019 Property tax rate is .5460 per \$100. The difference of .0004 is due to rounding. The FY 2020 Budgeted Property Tax Rate is .5460, the same rate as FY 2019. Revenue also includes the assessment to Norfolk Southern Railroad at the property tax rate rather than the utility rate.
- GL 4040 Local Income Tax – this revenue represents seventeen percent (17%) of the amount the State of Maryland sends to Cecil County pertaining to The Town of Port Deposit. The FY 2020 Budget is based on the FY 2018 actual revenue which results in a budget increase of \$1,425.
- GL 4100 Admissions and Amusements - revenue realized is a factor of events that are not necessarily repeated. Also, the Comptroller's Office audit verifying residency has probably had a negative impact on the revenue. Therefore, a budget decrease of \$1,875 is anticipated based on the FY 2018 Actual.

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## **Intergovernmental - County**

- GL 4050 County Bank Shares Tax
- GL 4110 County Tax Differential Rebate
- GL 4220 County Refuse Rebate
  - The budgeted amounts are from information provided by Cecil County. The County Refuse Rebate is expected to end in FY 2022.

## **Intergovernmental - State**

- GL 4120 Highway User Revenue (HUR) – revenue consists of two parts. The first part or traditional HUR is received in periodic payments. Information from MML and MDOT indicates a significant increase. The FY 2019 Projected amount is \$3,200 and the FY 2020 Budget is \$16,425 for an increase of \$13,225. The second part is called a Transportation Grant that is received in a lump sum. The FY 2019 Projected amount is \$9,800. However, both MML and MDOT believe this part is being discontinued in FY 2020.
- GL 4400 Grant Revenue-Critical Area (DNR) – reflects the same revenue realized in FY 2019.
- GL 4404 Grant-Police –GOCCP – the revenue realized is historically less than the notification amount. The notification amount has been based on the annual CCSO budget of \$100,000. However, the actual revenue received is based on the actual expenditure of approximately \$87,000. The FY 2020 Budget of \$6,250 is based on the notification amount because it is estimated that the costs will match the \$100,000 estimate. The estimate is the combination of the estimated CCSO cost and the Chief of Police related costs.

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## **Permits and Fees**

- GL 4115 Franchise Tax – reflects the annualized amount of the most recent revenue payments received in FY 2019. The budget amount is also compared to the FY 2018 actual. Represents three percent (3%) of Atlantic Broadband cable television revenue in Port Deposit.
- GL 4200 Boat Trailer Permit-Daily – reflects a base amount similar to prior year revenue with one adjustment. Daily fee for Maryland residents has been raised from \$5.00 to \$10.00, the same amount for non-Maryland residents.
- GL 4202 Boat Trailer Permit-Yearly – reflects a base amount similar to prior year revenue with one adjustment. Yearly fee for Maryland residents has been raised from twenty-five dollars (\$25.00) to fifty dollars (\$50.00), the same amount for non-Maryland residents.
- GL 4275 Trash Collection-Residential – reflects an amount equal to the cost of refuse collection. The FY 2020 rate per unit is \$264.39, the same rate as FY 2019.

## **Other**

- GL 4255 Rent on Town Property – reflects office space rent on the second floor of Town Hall for a State House Delegate.
- GL 4800 Interest – reflects interest income from the Money Market account. The interest earnings have been higher than previous fiscal years.

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## EXPENSE

- GL 5000 Salaries and GL 5020 Employer Payroll Tax
  - Reflects the staffing of the following positions:
    - Administration
      - Town Administrator
      - Finance Manager
      - Administrative Assistant
    - Public Works
      - Public Works Supervisor
      - Public Works Staff
    - Public Safety
      - Chief of Police
  - A three percent (3%) salary increase pool is reflected in the FY 2020 Budget.
  - The impact of the three percent (3%) salary pool on the entire budget is \$6,650.
- GL 5030 Workers Compensation – based on the staffing positions previously mentioned. The expense is calculated using a clerical rate, a non-clerical rate and a police rate.
- GL 5050 Health Insurance – a rate increase of twelve percent (12%) is reflected. The historical increases have been high due to prior period claims. However, the claims experience has improved. There is a possibility to realize a refund if the claims activity remains low. The FY 2020 budget is significantly higher than the FY 2019 budget. The main reason for the increase is an employee has opted for medical coverage unlike the employee's predecessor.

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- GL 5080 Pension Expense – this account has been inactive due to the fact employees have not opted for this benefit. Therefore, there is no FY 2019 budget for this account. Employees have now expressed an interest in this benefit.
- GL 5150 Contingency – Administration - the amount of \$8,400 brings the budget to a zero bottom line. This amount is equal to the budgeted interest income, a non-operating account.
- GL 5224 Insurance-LGIT – pertains to insurance for property, liability and auto. A two percent (2%) increase is reflected.
- GL 5260 Maintenance General – account is used for the cost of maintenance for all the property of the Town. Supplies and small equipment are the most common items. This account also includes outside services such as tree maintenance and landscape maintenance above what the Public Works staff performs.
- GL 5310 Professional Fees
  - Sheriff – reflects the new CCSO contract at a rate twelve percent (12%) above the prior contract. In addition to an hourly rate, a mileage fee is also incurred. The contract with the Cecil County Sheriff's Office is renewed annually. The budgeted amount is less than prior years due to a reduction in the requested CCSO shifts.
  - Legal – reflects in-house Legal Counsel and the balance due on the codification project. The balance on the codification project of \$3,500 could be realized in FY 2019 but might be realized in FY 2020.

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- Accounting – reflects the annual audit fee and the annual software license fee for the accounting system. The contract with the current audit firm expires with the completion of the FY 2018 audit. An audit fee amount has been estimated based on renewing the contract with the current audit firm.
- Information Technology (IT) – difficult to budget this account. Dependent on the problems that arise with computer related equipment.
- GL 5380 Trash Removal - Residential – The second year of the agreement with the contractor indicates a rate increase tied to the Consumer Price Index (CPI). However, the agreement indicates a maximum allowable increase of 2.5%. The estimated CPI is expected to be less than 2.5%.
- GL 5410 Utilities – the budgeted amounts are based on the FY 2018 Actual and the partial information observed in FY 2019.
- GL 5500 Fire Department Appropriation – reflects the appropriation to Water Witch Fire Company. The FY 2020 budget amount of \$15,000 is the same as FY 2019.