

Town of Delmar

Budget
Fiscal Year 2021



July 1, 2020 - June 30, 2021

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INTRODUCTION

The Town of Delmar budget represents the priorities and goals of our local government. Working together, our elected officials, department heads and staff provide services such as administration, code enforcement, public safety, community/economic development, streets and parks maintenance, water treatment/distribution and wastewater treatment/collection.

Our Towns are governed by two separate Charters however we maintain one common goal and vision; to improve the quality of life for the citizens of Delmar. Our administration strives to maintain an equitable fee structure for sufficient revenues while monitoring and controlling expenditures. As a growing community, we are presented with the task of increasing services through the efficient and prudent use of available resources.

The financial highlights of the town are presented in the Budget Message. As a narrative introduction to the budget, the message provides concise and specific data accompanied with explanations of significant financial matters. The budget message is a tool used to help gain a greater understanding of the town's financial position and improve community participation in the budget process.

Prepared by:

Sara Bynum-King, Town Manager
Heather Chandler, Supervisor of Finances

Approved on May 18, 2020 by:

Delmar, Maryland
Karen Wells, Mayor
Lloyd Unsell, Deputy Mayor
Donnie Scholl, Commissioner
Jack Lenox, Commissioner
Torlondo Tucker, Commissioner

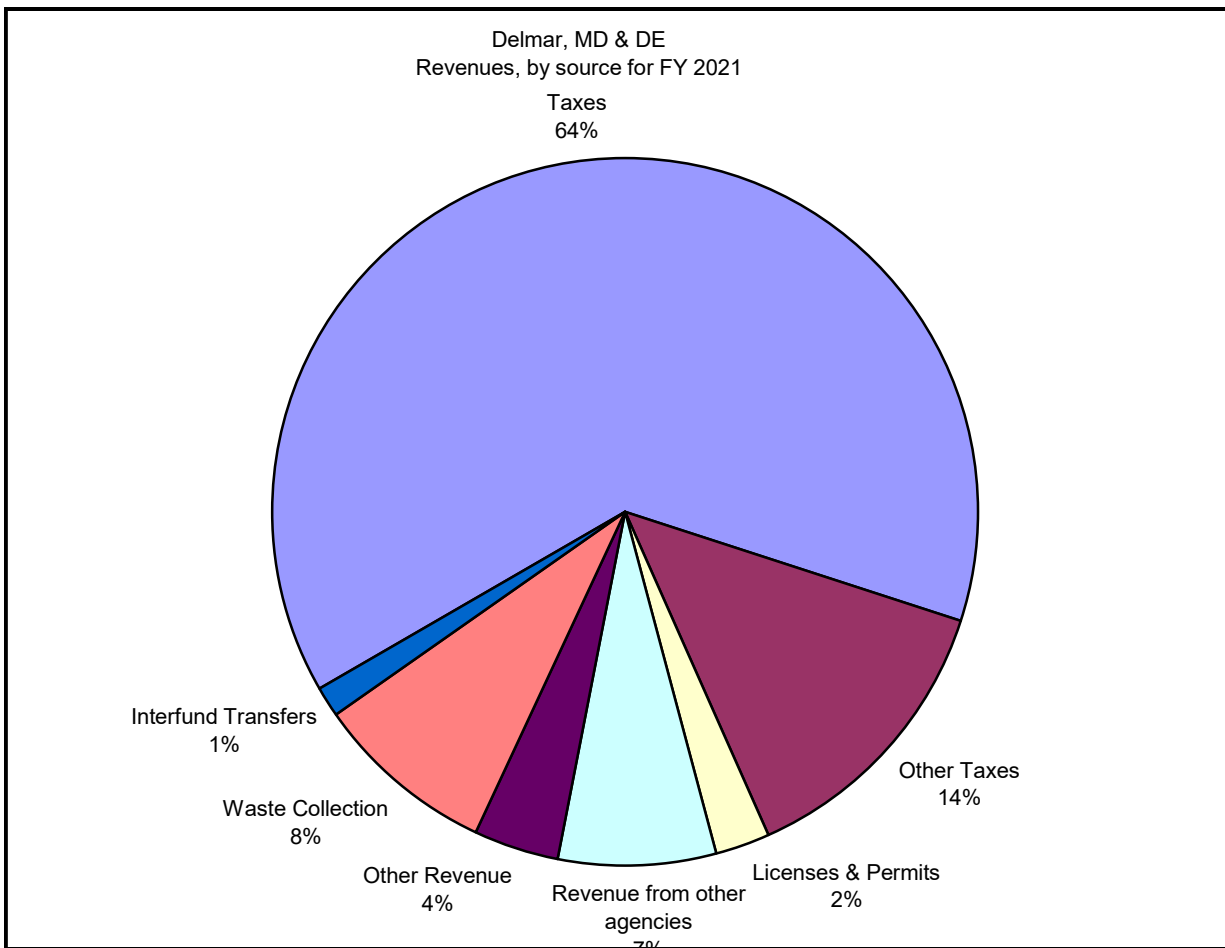
Delmar, Delaware
Michael Houlihan, Mayor
Mary Lee Pase, Vice Mayor
Gregory Smith, Council Member
William Boyan, Council Member

BUDGET 2020-2021

	Operating	Capital	TOTAL
Delmar, Maryland	\$ 2,254,963.00	\$ 251,375.00	\$ 2,506,338.00
Delmar, Delaware	\$ 1,457,305.00	\$ 104,096.00	\$ 1,561,401.00
Delmar Utility Commission*	\$ 1,998,554.00	\$ 1,688,831.00	\$ 3,687,385.00
TOTAL	\$ 5,710,822.00	\$ 2,044,302.00	\$ 7,755,124.00

*The Delmar Utility Commission is a joint venture of the Mayor & Commissioners and Mayor and Council. It is not a component unit of either town and is therefore reported separately. The Utility Commission is referenced in the Town of Delmar Budget Message for disclosure and the details are presented in a separate budget document.

BUDGET MESSAGE - REVENUES, by source



REVENUES, by source

Delmar, MD	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Taxes	\$ 1,453,849.00	\$ 1,445,070.00	\$ 1,386,400.00
Other Taxes	\$ 477,755.00	\$ 395,008.00	\$ 345,373.00
Licenses & Permits	\$ 66,000.00	\$ 69,500.00	\$ 65,000.00
Waste Collection	\$ 219,660.00	\$ 173,454.00	\$ 172,652.00
Revenue From Other Agencies	\$ 141,640.00	\$ 128,412.00	\$ 124,573.00
Other Revenue	\$ 128,500.00	\$ 129,000.00	\$ 365,470.00
Interfund Transfers	\$ 18,934.00	\$ 18,934.00	\$ 18,934.00
Total Revenues	\$ 2,506,338.00	\$2,359,378.00	\$2,478,402.00

Delmar, DE	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Taxes	\$ 1,119,787.00	\$ 1,037,935.00	\$ 977,269.00
Other Taxes	\$ 71,000.00	\$ 95,000.00	\$ 65,000.00
Licenses & Permits	\$ 30,750.00	\$ 33,150.00	\$ 47,650.00
Waste Collection	\$ 112,015.00	\$ 80,000.00	\$ 79,625.00
Revenue From Other Agencies	\$ 157,949.00	\$ 169,861.00	\$ 98,202.00
Other Revenue	\$ 28,900.00	\$ 41,500.00	\$ 323,786.00
Interfund Transfers	\$ 41,000.00	\$ 35,000.00	\$ 35,000.00
Total Revenues	\$ 1,561,401.00	\$1,492,446.00	\$1,626,532.00

TAXES:

Real property taxes are the primary source of revenue for Delmar, Maryland & Delmar, Delaware. The annual real property tax bills are mailed directly to the property owners in July and August. A 5% discount is only offered through an application process to senior citizen homeowners, age 65 and older, on current property taxes. The senior citizen discount offer expires September 30th. The annual due date for all tax payments is September 30th. All unsatisfied real property taxes are delinquent as of October 1st and begin accruing 1.5% interest per month as a penalty.

Additional revenue sources 1) Operating property taxes are collected from utility companies that provide electric, communications, and railway services in both towns. 2) Personal property taxes are collected in Delmar, Maryland only from corporations and sole proprietors based upon legal entity certifications of assessed values of tangible personal property provided by the State of Maryland. Local governments in Delaware do not assess personal

property taxes. Operating and personal property taxes are billed upon receipt of assessment values throughout the fiscal year. Taxes are due within thirty days of the statement date; payments received after that time frame is considered delinquent and assessed a 1.5% interest rate penalty each until satisfied.

Delmar, Maryland - Assessments for FY 21 increased by \$6,258,185.00. The Mayor & Commissioners reduced their tax rate from .7021 to the constant yield tax rate of .6795. Operating taxes will remain at \$3.00 per 100 of assessed value. Personal property tax rates will also remain constant at \$2.00 per 100 of assessed value.

Assessments (*estimated)			
Type	July 1, 2018	July 1, 2019	July 1, 2020
Real Property	175,645,546	188,555,566	194,813,751*

Tax Rates, per 100 of assessed value			
Type	FY 18-19	FY 19-20	FY 20-21
Real Property	.7444	.7021	.6795
Operating Property	3.00	3.00	3.00
Personal Property	2.50	2.50	2.50

Delmar, Delaware - The Mayor & Council real property tax will remain the same at .62 (per 100 of assessed value). The 2008 assessments continue to be used for the assessable tax base. Reassessment of Delaware properties would have to occur through private reassessment agency services at the expense of Delmar, Delaware residents. Operating Property tax rate will remain at \$3.00 per 100 of assessed value.

Assessments (*estimated)			
Type	July 1, 2018	July 1, 2019	July 1, 2020
Real Property	154,336,425	157,860,600	172,127,000*

Tax Rates, per 100 of assessed value			
Type	FY 18-19	FY 19-20	FY 20-21
Real Property	.60	.62	.62
Operating Property	3.00	3.00	3.00

OTHER TAXES:

- Franchise fees are collected from Comcast Cablevision of Delmarva, Inc. and are anticipated based on prior year's revenues.
- Highway User fees in Delmar, MD are based on a budget estimate provided by the Maryland State Highway Administration.

- Local Income Tax in Delmar, MD continues to be a difficult revenue to forecast due to the State of Maryland improperly allocating taxes for several years. Income Tax is based upon businesses taxable income located within Delmar’s corporate limits which are paid to the State of Maryland consequently specified to our municipality.
- Mobile Home Park Tax is based on 15% of Gross Monthly Charges (less 2% for Collection). In Delmar, MD, taxes will continue to be collected from Wicomico Mobile Home Park and Colonial Mill Estates and are anticipated based on prior year’s revenues.
- Real Estate Transfer tax in Delmar, DE is 1.5% of the sale proceeds (1% for first time homebuyers). Transfer tax relief in the amount of \$15,000 is received annually from Sussex County if transfer tax revenues received in the fiscal year are less than \$5,000.

LICENSES & PERMITS:

Rates for licenses & permits will remain constant.

WASTE COLLECTION:

Waste Collection fees will increase for both Maryland and Delaware from \$175.00 to \$215.00 per unit. Due to increased operating costs on behalf of the contractor an increase was required. Both Maryland and Delaware will receive garbage service through Republic Services. Delaware residents will continue to receive curbside recycling every other week. The fees will continue to be collected by the Town on the annual tax bill. Both towns also receive a minimal amount of additional revenue for special garbage pickups.

Waste Collection Fees	
Residential - DE	\$215.00
Residential - MD	\$215.00

REVENUES FROM OTHER AGENCIES:

Expenditures generally match revenues from federal and state agencies. These include grants and contributions such as Maryland State Aid for Police Protection, Maryland Block Grant Programs, Delaware Legislative Revenue, COPS Federal Grant, USDA-Rural Development, Program Open Space, Maryland Department of the Environment and Delaware Department of Justice funding.

OTHER REVENUE:

- In Delmar, Delaware, fines and tickets include minor infractions, such as parking violations and speeding tickets. All infractions with the exception

of parking violations are paid through the State of DE and sent from the J.P. Court and the Court of Common Pleas.

- Requests of Services by Developer and/or annexations request are revenues based on a reimbursable basis for any associated costs incurred by the Town and billed to the property owner (i.e. engineer services, legal fees, advertisements, etc). Due to existing developments under construction which may require engineering and inspection services for utilities installation we have anticipated revenue based on current growth.
- The Town will continue to pay for one-half the cost of one full-time, senior paramedic as determined by a mutual agreement between the Town and the Fire Department.
- Interest Income has increased due to increasing interest rates.
- Due to the current growth there was no revenue budgeted for the Community Impact Fee. A developer will be assessed a Community Impact Fee based on the overall impact their proposed development will have on entities such as, Public Safety, Emergency Services, streets, parks, Local Library, Delmar School District, etc. and will be distributed based on an established percentage to be determined by the Elected Officials. Community Impact Fee is to be collected at the time of final subdivision plat approval and recordation.

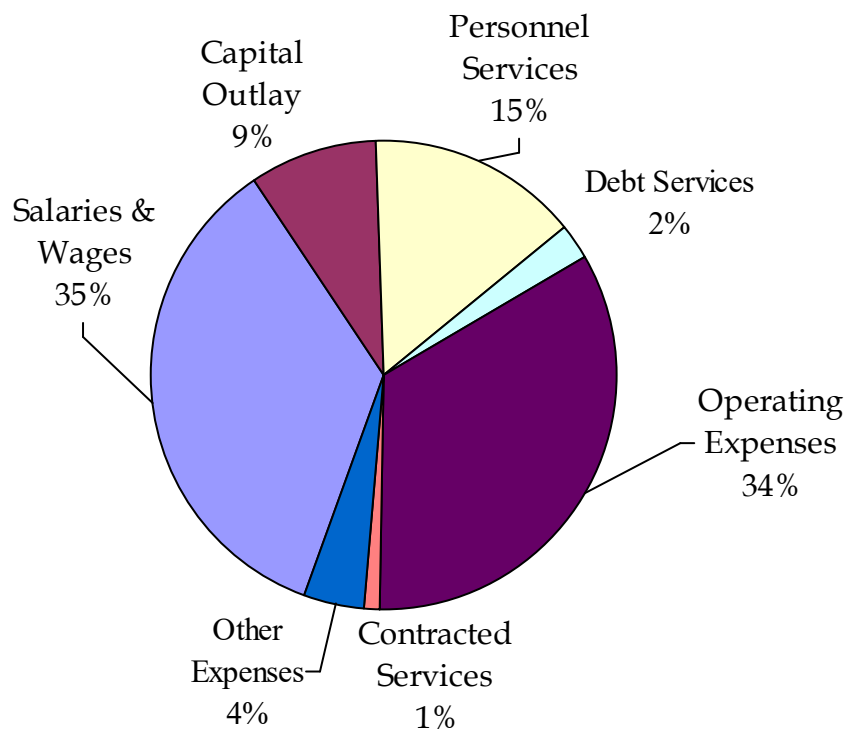
INTERFUND TRANSFERS:

This category, previously known as Operating Transfers In, contains the transfers from Special Revenue Funds such as Municipal Street Aid. Delmar, DE also makes a payment to Delmar, MD annually for reimbursement of expenses for the renovations to the Town Hall building.

SALLE and EIDE funds are received from the State of Delaware and are specified for police overtime and equipment however funding is minimal due to a reduction in annual appropriations.

Municipal Street Aid grant funds are received from the State of Delaware to assist Delaware municipalities with cost associated with street lighting, maintenance and improvements to street infrastructure.

BUDGET MESSAGE - EXPENDITURES, by type



EXPENDITURE BUDGET, by type

Delmar, MD	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Salaries and Wages	\$ 880,547.00	\$ 854,085.00	\$1,008,712.00
Capital Outlay	\$ 251,375.00	\$ 169,232.00	\$ 118,178.00
Personnel Services	\$ 372,730.00	\$ 398,405.00	\$ 470,049.00
Debt Services	\$ 60,894.00	\$ 58,061.00	\$ 48,746.00
Operating	\$ 839,611.00	\$ 789,795.00	\$ 740,864.00
Contracted Services	\$ 20,150.00	\$ 25,150.00	\$ 31,828.00
Other	\$ 81,031.00	\$ 64,650.00	\$ 60,025.00
Total Expenditures	\$ 2,506,338.00	\$2,359,378.00	\$2,478,402.00

Delmar, DE	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Salaries and Wages	\$ 548,193.00	\$ 536,966.00	\$ 697,720.00
Capital Outlay	\$ 104,096.00	\$ 116,846.00	\$ 41,958.00
Personnel Services	\$ 231,156.00	\$ 250,573.00	\$ 326,433.00
Debt Services	\$ 35,939.00	\$ 34,943.00	\$ 31,671.00
Operating	\$ 524,216.00	\$ 450,531.00	\$ 438,669.00
Contracted Services	\$ 25,350.00	\$ 27,150.00	\$ 30,922.00
Other	\$ 92,451.00	\$ 75,437.00	\$ 59,159.00
Total Expenditures	\$ 1,561,401.00	\$1,492,446.00	\$1,626,532.00

SHARED COST ALLOCATION:

Historically, all shared costs were split evenly between Delmar, Maryland and Delmar, Delaware. In FY 06 it was agreed by the Joint Council to reallocate the cost share based upon the census population data which determined the split should be 60/40 in the Police, Executive and Finance Department's expenses. Also, it was agreed beginning FY 12 by the Joint Council to reallocate the cost share based upon actual road mileage between Delmar, Maryland and Delaware. Based upon the data received State Highway Administrations in FY 11 the split should be 73/27, therefore, where applicable the expenses within the Street & Highways Department allocated as determined. A written agreement was signed by the Joint Council, which stipulated that the cost allocation of all departments to be reviewed annually during budget preparations.

SALARIES & WAGES:

A cost of living adjustment of 3% was included in this year's budget for all employees except sworn officers however the Step & Grade for the Police Dept. was amended to increase the recruit starting salary to \$41,828.80. As a result, existing officers will receive increases ranging from 4%-10% depending on current placement within the Step & Grade.

The total number compensated positions are:

Department	Full-Time	Part-Time	Elected/ Appointed
Executive & Financial	8		10
Public Works & WWTP	9		
Police & Public Safety	15	2	
TOTALS	40	2	10

CAPITAL OUTLAY:

The Town of Delmar's capital asset policy establishes \$2,500 as the threshold for recognizing General Fixed Assets and Asset Improvements.

Capital Outlay	Delmar, MD	Delmar, DE
Executive	\$5,310.00	\$5,310.00
Municipal Buildings	\$1,652.00	\$1,652.00
Police Department	\$32,347.00	\$21,565.00
Streets & Highways Department	\$203,171.00	\$66,674.00
Parks	\$8,895.00	\$8,895.00
TOTAL	\$251,375.00	\$104,096.00

In FY 21 the capital outlay projects will include renovations to the lobby at Town Hall as well as renovations to the caboose on Pennsylvania Ave. Approved items for Public Works include a Salt Spreader, a John Deere Utility Tractor/Mower, and a new Bad Boy Riding Mower. The Police Dept. will be receiving new server and software upgrades. Several paving projects throughout Maryland and Delaware have been budgeted for as well as various sidewalk repairs town wide. Replacement of playground equipment at the West Tot Lot has also been budgeted for contingent upon grant funds.

PERSONNEL SERVICES:

Personnel services includes FICA, health insurance premiums and deficits, life insurance, long-term care insurance, pension contributions, training, uniforms and workman's compensation insurance.

The Town will maintain the current level of employee benefits. Health, dental, and life insurance premiums are anticipated to increase by 5%. The general pension contributions shall be 8% of wages for employees. The police pension plan is through the State of Delaware's Pension Plan and contributions shall be 16.59% of base wages for police officers, which is split 60/40 between Maryland and Delaware.

DEBT SERVICE:

In FY 21, the debt service for Delaware and Maryland will consist of principal/interest payments for loans that were established for the purpose of renovating the new Public Safety Building that was completed in FY 14.

Maryland and Delaware currently have 3 Public Works vehicles leased through Ford Motor Credit. The Police Dept. currently has a total of 6 vehicles leased through Ford Motor Credit. All leased vehicles are leased with 100% ownership at the end of the lease. The Bobcat equipment that was approved in FY 20 is also included within our current debt service.

OPERATING EXPENDITURES:

Operating expenses have increased from the prior year due to increased costs.

CONTRACTED SERVICES:

The Town of Delmar will extend their contractual agreement with our existing auditing firm, TGM Group, LLC, for an independent audit at a total estimated cost of \$35,000.00. Additional accounting services are also performed throughout the year for an hourly rate.

Although the Town reserves the right to solicit Request for Proposals, its engineering services are performed by Davis, Bowen & Friedel, Inc. Costs for "on-call services" & special projects vary based upon the requests and needs of the town. These costs were budgeted based on prior year activity.

OTHER EXPENDITURES:

Property & Liability Insurance are projected to increase slightly.

As much as the budget will allow without increasing rates for the citizens of Delmar, the Town continues its annual contribution of support to the Delmar Public Library and Delmar Fire Dept.

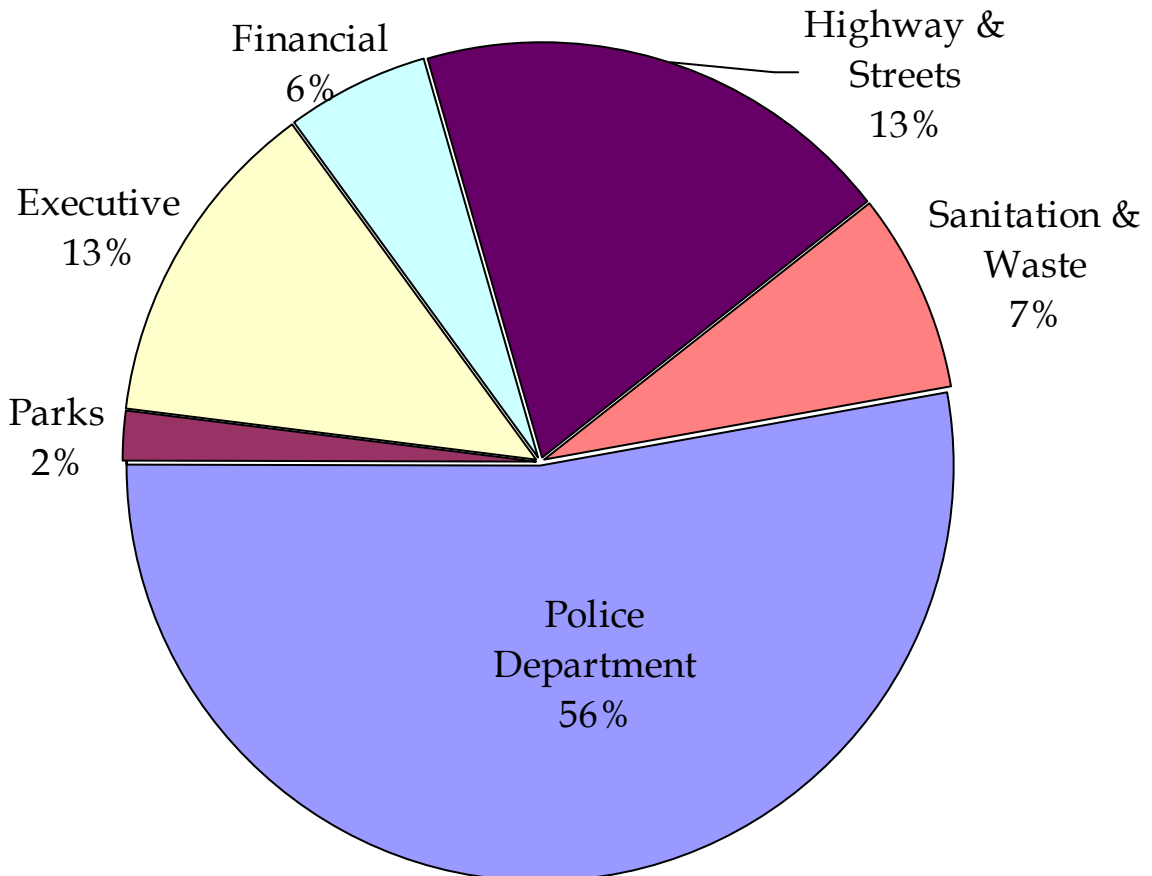
As in prior years, the Mayor and Council waive the Library's annual fees such as assessment taxation and garbage service. Quarterly utility fees for water and sewer services are also waived by the Delmar Utility Commission which totals approximately \$500.00. In addition to the waived rates and fees the Mayor and Council also make a \$7,500.00 cash contribution. The Mayor & Commissioners will make a \$7,5000.00 cash contribution also for a combined total of \$15,000.00.

The Town of Delmar will provide a total of \$25,000.00 to the Delmar Fire Dept. to aid in the purchase of a new AED and hydrant reflectors.

EXPENDITURE BUDGET, by department

The Town of Delmar distributes the operating and capital budget by Department. Department heads are required to submit their annual budget requests to the Town Manager. The Town Manager and the Department Heads present their budget request to the Joint Council for consideration. The Joint Council assesses the needs of each budget presentation and advises the Town Manager how to proceed with the overall budget preparation.

**Delmar, MD/DE
Expenditure Budget, by Major Dept.**



EXPENDITURE BUDGET, by department

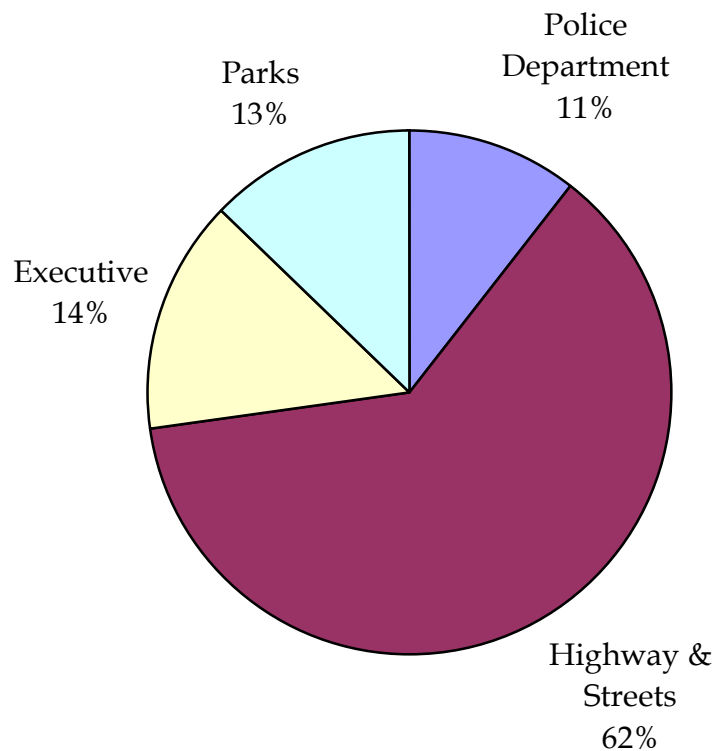
Delmar, MD	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Executive	\$ 272,111.00	\$ 314,127.00	\$ 318,473.00
Financial	\$ 138,751.00	\$ 134,143.00	\$ 130,762.00
Law	\$ 17,000.00	\$ 12,000.00	\$ 24,500.00
Planning & Zoning	\$ 7,300.00	\$ 38,350.00	\$ 25,850.00
Municipal Buildings	\$ 20,677.00	\$ 19,025.00	\$ 28,928.00
Police & Public Safety	\$ 1,156,334.00	\$ 1,117,100.00	\$ 1,047,908.00
Fire Department	\$ 26,000.00	\$ 24,000.00	\$ 291,768.00
Sanitation & Waste Removal	\$ 174,494.00	\$ 129,100.00	\$ 128,800.00
Highways & Streets	\$ 484,701.00	\$ 353,693.00	\$ 311,465.00
Parks & Recreation Council	\$ 6,500.00	\$ 9,850.00	\$ 7,500.00
Parks	\$ 39,924.00	\$ 42,797.00	\$ 26,546.00
Housing & Urban Dev.	\$ 35,870.00	\$ 35,859.00	\$ 34,866.00
Community Dev.	\$ 41,000.00	\$ 41,000.00	\$ 31,000.00
Miscellaneous	\$ 85,376.00	\$ 88,334.00	\$ 70,036.00
Total Expenditures	\$ 2,506,038.00	\$ 2,359,378.00	\$ 2,478,402.00

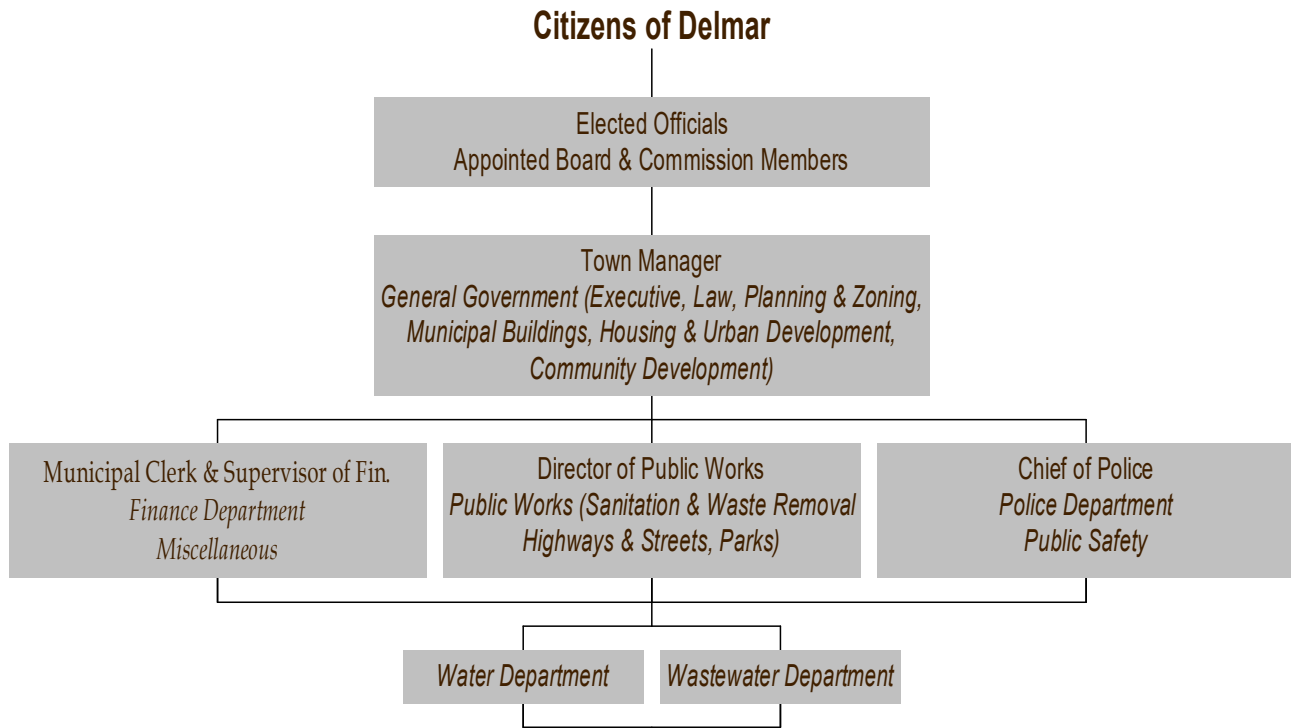
Delmar, DE	Budget 2020-2021	Budget 2019-2020	Budget 2018-2019
Executive	\$ 198,447.00	\$ 178,534.00	\$ 190,087.00
Financial	\$ 71,151.00	\$ 69,860.00	\$ 67,634.00
Law	\$ 10,300.00	\$ 12,300.00	\$ 22,800.00
Planning & Zoning	\$ 7,550.00	\$ 15,000.00	\$ 2,500.00
Municipal Buildings	\$ 20,677.00	\$ 19,025.00	\$ 28,928.00
Police & Public Safety	\$ 768,567.00	\$ 737,377.00	\$ 691,239.00
Fire Department	\$ 26,000.00	\$ 24,000.00	\$ 291,768.00
Sanitation & Waste Removal	\$ 104,658.00	\$ 77,700.00	\$ 78,050.00
Highways & Streets	\$ 206,183.00	\$ 181,766.00	\$ 109,376.00
Parks	\$ 39,924.00	\$ 50,983.00	\$ 26,546.00
Housing & Urban Dev.	\$ -	\$ -	\$ -
Community Dev.	\$ 15,200.00	\$ 30,200.00	\$ 40,200.00
Miscellaneous	\$ 92,744.00	\$ 95,701.00	\$ 77,404.00
Total Expenditures	\$ 1,561,401.00	\$ 1,492,446.00	\$ 1,626,532.00

CAPITAL IMPROVEMENT PLAN

One of the primary responsibilities of local government officials is to preserve, maintain, and improve a community's stock of buildings, roads, parks, water and wastewater facilities, and equipment. Planning for capital improvements is a matter of prudent financial management as well as sound development practices. The Capital Improvement Plan is guidance for the Council in adoption of the regular annual budget and the Council may delete items or make revisions as deemed appropriate and may arrange items in the order of priority.

Capital Expenditure Budget, by Major Dept.

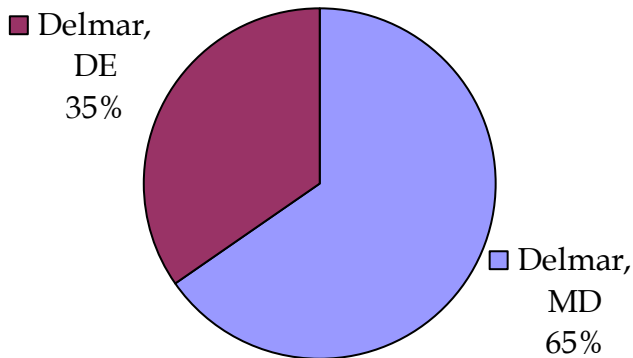




Statistical Information:

	Delmar, Maryland	Delmar, Delaware
Population, 2010 census	3,003	1,597
Area	1.3 square miles	0.94 square mile
Median Age	32	37
Median Household Income	\$28,462	\$26,818

Population, 2010 Census



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