

Town of Milton

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To: Mayor and Town Council
From: Kristy Rogers, Town Manager
RE: Fiscal Year 2019 Budget Detail
Administrative (200-) and General (350-) Departments

To follow is a brief summary of the projected Administrative/General revenues and proposed budget.

Administrative and General Revenue:

G/L Account #200-4210

Luther Tower In Lieu of Taxes: On an annual basis, Luther Towers is invoiced \$2,500.00 for property tax.

G/L Account #200-4600

Property Tax Revenue: Property Tax is the main source of General Fund revenue. Based on the current tax assessment, Land Value is \$231,092,900; Improvement Value is \$293,978,200; Exempt Value is \$84,591,800. The total taxable assessed value is \$440,479,300. Based on the 2018 billable assessments and the projected 25 new residences to be built FY2019, an additional \$15,000 is estimated in property tax for fiscal year 2019. The estimated property tax revenue is projected at \$1,085,000.

G/L Account #200-4605

Tax Interest Revenue: Tax Interest Revenue is estimated at \$20,000. Interest of 2% and penalty of 2% is charged to each delinquent account on a monthly basis.

G/L Account #200-4905

Interest Income: Interest income is received on the monthly balances of interest earning bank accounts. The projected interest revenue includes bond investments.

G/L Account #200-4910

Lien Certificate Revenue: Lien Certificate Revenue is based on the service provided by the Town for property settlements or refinance; the information provided is current and delinquent tax and utility balances, along with outstanding code violations, permit fees, or miscellaneous accounts receivable items. The fee is \$35.00 per request or \$85.00 if the Accounting Clerk receives the request with less than 5 days' notice of the settlement/refinance. The 2019 estimated Lien Certificate Revenue is \$7,500.

G/L Account #200-4945 and #200-4960

Another large source of revenue in the administrative department is Realty Transfer Tax (RTT). RTT is 1 ½ % of realty sales price. In the past, the revenue adopted for this line item has not been the projected earned amount, but rather the amount to be used from this source of revenue to fund such items as Public Safety, and Capital Improvements (being two examples of qualified expenses permitted

within the guidelines of 22 Del. Code §1601). For fiscal year 2019, \$320,000 is the revenue amount included in the budget.

Transfer Tax Interest Income: Transfer Tax must be segregated in a separate bank account, it may be interest bearing. The average amount of earned interest income is \$137.00 per month.

G/L Account #200-4990

Franchise Fees: Franchise Fees are those received from Comcast and Chesapeake Utilities. Franchise fees are based upon customer subscriptions.

G/L Account #350-4200, #350-4250, #350-4935 and #350-4940

Permit Fees – Sewer: Sewer Permit fees are based on \$650.00 per new residential building permit; it's estimated that 25 new residential units will be built during fiscal year 2019.

Sewer Impact Fees from Tidewater: Sewer Impact Fees are paid to Tidewater Utilities by the developer for each new residential construction unit. On a quarterly basis, Tidewater remits \$1,500 to the Town of Milton per residential permit issued. This revenue line is also projected based on 25 new residential units.

Concert – Donations: Concert donations are offset by the amount paid to concert performers. Donations and expenses are projected at \$12,000 in 2019.

Tidewater Sewer Account Maintenance: Under the terms of the Tidewater Utilities and Town of Milton Memorandum of Understanding, the Tidewater Sewer Account Maintenance fee is invoiced on a quarterly basis, in the amount of \$1,995.00.

Administrative and General Budget:

G/L Account #200-5100 through 200-5160

Salaries and Wages: The proposed amount is \$166,100. The budgeted amount represents the current employees' allocated wage amounts for the administrative department, including hiring a Town Clerk. Current employed positions are Town Manager, Accounting Clerk, Senior Accountant, and Office Assistant / Receptionist. Council salaries are based upon estimating 15 meetings for the upcoming fiscal year. Social security (6.2%) and Medicare (1.45%) payroll taxes remain unchanged; payroll taxes are based on the wage amounts times the payroll tax percentage. Employee benefits are 70% of the health insurance premium paid by the Town and 100% of the life insurance premiums. Administrative pension expense is based on the State of Delaware rates effective each July 1st; the fiscal year 2018 rate is 7.29%. Within each department salary line item, \$200 per employee is included for distribution of a holiday bonus.

G/L Account #200-5200

Accounting Fees: For fiscal year 2019, the accounting fees are based on the Council approved PKS audit contract, which was approved in April 2016.

G/L Account #200-5220

Engineering Fees: Funds budgeted for Administrative engineering relate to items that may need engineering/planning assistance.

G/L Account #200-5240

Legal Fees: Legal fees are an estimate, based upon previous year activity.

G/L Accounts #200-5260

Tax Assessment: PTA DeVal is the property assessment firm for the Town of Milton. The Town is invoiced, as contracted, on a quarterly basis for maintenance of property assessments and to assess any additional permits that are issued.

G/L Account #200-5280

Supplies: The administrative budget line for supplies consist of paper, pens, highlighters, paperclips, binder clips, binders, paper towels, toilet paper, soap, trash bags, printer ink, etc.

G/L Account #200-5300

Advertising: Advertising expenses cover public notices for hearings relating to Ordinances, Budget, Community Development Block Grant, and employment.

G/L Account #200-5310

Holiday Expense: Holiday expenses are those for Town Hall Christmas decorations and an employee luncheon.

G/L Account #200-5320

Holiday Lights: Holiday lights expense consists of costs relating to the Delmarva Power street light bills, lights in the Park, additional costs for hanging the lights, and replacing bulbs and bows as needed.

G/L Account #200-5340

Dues and Subscriptions: Administrative dues cover expenses for notary fees, Milton Chamber of Commerce, Delaware Municipal Clerks Association, Delaware Women Leading Government (ICMA affiliate organization), International City Managers Association (ICMA), International Institute of Municipal Clerks, Delaware League of Local Governments, and Sussex County Association of Towns.

G/L Account #200-5345

Training and Seminars: Training and Seminars line item provides training funds for the administrative staff, Mayor, Council, and Committees. The increase in the expenditure relates to 4 graduate level courses for the Town Manager.

G/L Account #200-5346

Meetings: The fiscal year expense for meetings is associated with the costs for Mayor, Council, and staff to attend the monthly meetings held by Sussex County Association of Towns, Delaware League of Local Governments, Women Leading Government, City Managers Association of Delaware, and Delaware Municipal Clerk Association.

G/L Account #200-5350

Election Expense: Expenses classified under Election are those incurred for the annual Municipal Election. Expenses are advertisement, legal fees, envelopes/postage, voting machine rental, and meals for the Election Day workers.

G/L Account #200-5400

Town Insurance: This line item is only for the administrative department and general insurance for the Town. Examples are Property, Crime, Equipment, General Liability, Public Officials, Employment, Unemployment, Workers Comp and Bonds. At this time, the annual increase has not been determined for any policy, but a 5% increase has been budgeted.

G/L Account #200-5410

Mileage Expense: Mileage expenses are related to Mayor, Council, and employee reimbursements (based on the annual Internal Revenue Service mileage rate) for attending professional training and meetings.

G/L Account #200-5425

Town Manager Expense: Discretionary funds available for use by the Town Manager.

G/L Account #200-5430

Scanning, Printing and Postage: Printing and Postage expenses are the costs for administrative postage, printing costs, and scanning service fees.

G/L Account #200-5460

Repairs and Maintenance – Building: This line item is for building maintenance and cleaning supplies, as well as quarterly security system fees (\$1,200 per year). This line item also includes an estimated amount for replacement of a HVAC unit, and replacing existing thermostats with programmable thermostats (as recommended in the Energy Assessment report from January 2018).

G/L Account #200-5470

Repairs and Maintenance – Equipment: Basic contract cost for the copier lease (\$4,500 per year), annual scanning contract \$500, and information technology semi-monthly on-site schedule and daily back up of data (\$6,250 per year). Extra funds in the amount of \$1,750 is budgeted for any repairs for the above listed items.

G/L Account #200-5480

Telephone: The Town Hall telephone expenses represent the 5 land lines and 1 fax through Verizon and Verizon Long Distance, and cell phones for the Mayor and Town Manager through Verizon Wireless.

G/L Account #200-5500

Utilities: Utilities for Town Hall are those from Delmarva Power and Tidewater.

G/L Account #200-5500 and #200-5510

Heating Fuel: The Town hall heating fuel budget amount has been slightly increased from prior year, based on actual fiscal year 2018 costs.

G/L Account #200-5530

Email Expense: Annual cost for hosting email accounts.

G/L Account #200-5600

Payroll Processing Fees: Payroll is processed through Paychex, a web based system. Along with bi-weekly payroll submissions, Paychex also prepares all quarterly and annual payroll tax forms.

G/L Account #200-5610

Bank Fees – The Sussex County Recorder of Deeds office processes all deeds for the Town for a 1% fee of the revenue collected per month. After the Recorder of Deeds office has processed the property deed, the Town receives the deed to update property records.

G/L Account #200-5700

Occupational Health – The budgeted amount is for employees of the Public Works department to receive Hepatitis and Tetanus vaccines.

G/L Account #200-5802

Computers: In accordance with the Town Hall information technology inventory, two computers are due for replacement in 2019.

G/L Account #200-5805

Edmunds Software: Edmunds software is the software used for Finance, Utility and Property Tax in Town Hall.

G/L Account #200-5806

Code Book: The Town of Milton subscribes to the services of General Code for codification and maintenance of the Town Charter and Code. The yearly fee for General Code is \$1,195.00; the additional fees budgeted relate to the bi-annual issuance of code book supplements.

Cap Exp – Telephone System:

The existing telephone system is obsolete and needs to be replaced as the digital screens are not functioning. Estimated cost is \$5,500.

Cap Exp – Lobby Renovation for Security:

Funds are requested to close in the doorway of the Town Managers office, and construct a wall with service window in front of the existing Administrative Assistant's desk, and a doorway access that will allow for entry, as needed.

G/L Account #350-5370

Council Approved Donation: This amount represents a donation to the Milton Fire Department, Milton Garden Club, and other requests Council may vote upon during the year.

G/L Account #350-5500

Utilities – Street Lights: The annual amount of Municipal Street Aid funds received by the Town, isn't enough to offset the entire year of street light bills; the additional amount includes projected street light expenses of Heritage Creek as two phases may be dedicated in FY19.

G/L Account #350-5600

Concerts in the Park: The budgeted expense amount for the concert performers is based on the donation amount received in revenue account #350-4935.

G/L Account #350-5610

Economic Development: Amount dedicated from the Town for economic development purposes.