

READER'S GUIDE

Town of Edmonston's Budget FY16-17

ABSTRACT

A complete guide to the FY16-17 Town of Edmonston budget. Find out property tax rates, staffing, revenue and expenditure information and more.

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Town
Administrator
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Reader's Guide to the Town of Edmonston Budget

The Reader's Guide provides assistance in using the FY2016-17 Edmonston Budget document. The Guide's primary goal is to facilitate the readability of the budget document, and to increase its effectiveness as a communications device between Edmonston town government and its citizens. The guide attempts to answer frequently asked questions under a variety of headings, such as:

Guide to the Document

What are the Town Charter Requirements for annual budgeting?

What type of funds are represented in the budget document?

What is the basis of accounting?

How does the budget cycle operate?

What are the definitions of key budget terms?

Edmonston demographics and government

The Edmonston Community

What terms of office do City Council members serve?

Financial Policies

Municipal Debt Policy

Debt Service Schedule

Property Taxes and levies

How are the property tax rates calculated and assessed?

How do the FY2015-16 Town levies compare to previous years?

What has the assessed value been the past 10 years?

Is Edmonston's real estate tax levy higher than other towns?

Personnel Summary

Organizational chart for the Town of Edmonston

Personnel Schedule for the Town of Edmonston

Revenue Information

What are the key revenue sources for the Town of Edmonston?

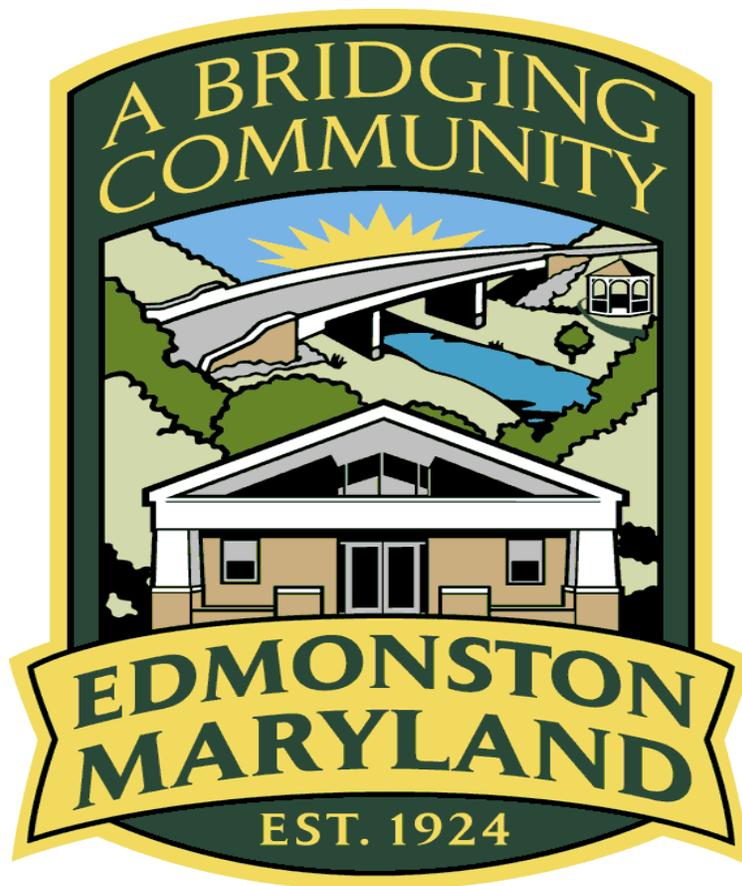
Expenditure Information

What is the proposed FY2016-17 budget for each Town department?

Strategic Planning

What are the long range goals?

Public Works Equipment



Budget Execution

Budgetary Accounting Basis

Basis of Accounting

Basis of accounting refers to when revenues or expenditures of expenses are recognized in the accounts reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Revenue and other governmental fund resources are recognized in the accounting period when they become susceptible to accrual – that is, when they become both “measurable” and “available” to finance expenditures of the fiscal period.

Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems uncertain. Revenue sources treated as susceptible to accrual under the modified accrual basis by the Town are State and Federal grant proceeds and sales tax.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general long-term debt which is recognized when due is an exception to this general rule.

Fixed assets of the governmental funds are accounted for in a separate self-balancing general fixed assets account group. Long-term debt of governmental funds is accounted for in a separate self-balancing general long-term debt account group.

The Town maintains budgetary controls at the object of expenditure level by the encumbrance of estimated purchase amounts or contracts. Open encumbrances are reported as reservations of fund balance on the balance sheets at June 30 of each fiscal year.

The Town's Annual Financial Report shows the status of the city's finances on the basis of “generally accepted accounting principles” (GAAP). In most cases this conforms to the way the City prepares its budget. Exceptions are as follows:

Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (Budget).

Principal payments on long-term debt are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a budget basis.

Depreciation expense is recorded on a GAAP basis only and is not included in the budget statements.

The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and Budget basis for comparison purposes.

Budget and Budgetary Accounting

State laws also govern the expenditure of funds by (1) granting to the legislative body of each municipality the express power to expend municipal funds for any purpose deemed to be public and affects the safety, health, and general welfare of the municipality and its occupants; (2) specifying that funds are appropriated at the time of the annual levy cannot be expended; and (3) requiring that no funds can be expended for any purpose other than that for which they were appropriated except by a two-thirds vote of the elected body.

Applicable Maryland Statutes require that annual budgets are legally Adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Capital Project Funds, Grant Funds, and the Fiduciary Funds. Information for these funds is not included in this document. The Town follows the procedures outlined in The Budget Cycle.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Debt Service Funds.

Budgets for the General and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are included in expense. Budgeted amounts are as originally adopted or amended by the Town Council.

Applicable Maryland statutes require that revenues be recognized when received in cash. Encumbrances, representing purchase order, contracts, and other commitments, are reported as a charge to the current year budget. All unencumbered appropriation lapse at the end of the fiscal year (June 30), except for capital project funds, which are carried forward until the project is completed. Consequently, the FY2013-14 actual data presented in the budget document differs from those presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Budget Controls

Maryland statutes require that expenditures may not exceed the total amount of the adopted budget by fund. The Town established a formal purchasing policy that limits all purchasing subject to various restrictions. Requisitions are reviewed for budgetary authority, and sent to the Town Administrator or Police Chief and finally to the Mayor for authorization. Once the Mayor approves the expenditure, the purchase is executed, encumbering the funds. The Town does not transfer budget authority between line items.

While the Town of Edmonston budget is monitored on a day-to-day basis, all revenues and expenditures are formally reviewed each month. Historical spending and income patterns are used to determine if corrective budgetary actions are needed.

Budget Amendment (Republication)

Maryland statutes permit adopted budgets to be increased for "previously unbudgeted increases" in revenue other than *ad valorem* property taxes. To amend a budget (increasing the expenditure authority of a specific fund), staff must first publish a Notice of Hearing, followed by a ten-day waiting period. After the public hearing is held, the governing body may formally amend the budget.

The Budget Cycle

The Maryland Statute states that the fiscal year for each municipal corporation in the state begins on July 1 of a calendar year and ends on June 30 of the following calendar year. Statutes requires the Town Council to adopt an annual budget and submit it for certification to the County by June 30 of the year prior to the beginning of the fiscal year, which begins July 1 and ends June 30. The following general timetable is being used in FY2016-17 budget development and document preparation:

April 5: Budget Workshop with Mayor and Town Council – Police

April 12: Budget Workshop with Mayor and Town Council – General Government & Public Works

April 19: Budget Workshop with Mayor and Town Council – Revenues and Wrap Up

May 1: Mayor Submits Budget to Town Council

May 6: Publish Budget

May 11: Mayor and Town Council Conduct Public Hearing

June 8: Mayor and Town Council Adopt Budget

July 1: Budget is executed

Glossary

ACCRUAL BASIS	A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.
ACTIVITY	Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.
AD VALOREM TAX	Tax levied on the assessed value of real and personal property. Also known as "property tax".
APPROPRIATION	Approval of expenditure authority with specific limitations as to the amount, purpose, and time.
ASSESSED VALUE	The value placed on real estate, personal property, and utilities as a basis for levying taxes.
ASSET	Resources owned or held by a government which have monetary value.
AUTHORIZED POSITIONS	Employee positions, which are authorized in the adopted budget, to be filled during the year.
AVAILABLE FUND BALANCE	This refers to the funds remaining from the prior which are available for appropriation and expenditure in the current year.
BOND	Mechanism for long-term borrowing of funds. The City uses bonds as a means of borrowing money to finance large capital projects. Lenders (purchasers of the bonds) are repaid principal and accrued interest in semiannual installments.
GENERAL OBLIGATION BOND	This type of bond is backed by the full faith, credit and taxing power of the government.
REVENUE BOND	This type of bond is backed only by the revenues from a special enterprise or project, such as a hospital or toll road.
BOND REFINANCING	The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

BUDGET	A plan of financial operation including an estimate of proposed revenue and expenditures for a given period--the means by which most activities of a government are controlled.
BUDGETARY BASIS	This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash or modified accrual.
BUDGET CALENDAR	The schedule of key dates which a government follows in the preparation and adoption of the budget.
BUDGETARY CONTROL	The control or management of a government in accordance with the approved budget for the purpose of keeping expenses
CAPITAL ASSETS	Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.
CAPITAL IMPROVEMENTS	Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.
CAPITAL OUTLAY	Fixed assets which have a value of \$250 or more and have a useful economic lifetime of more than one year; or assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.
CAPITAL PROJECT	Major Construction, acquisition or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.
CASH BASIS	A basis of accounting in which transactions are recognized only when cash is increased or decreased.
COMMODITIES	Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment and asphalt.
CONTINGENCY	A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.
CONTRACTUAL SERVICES	Services rendered to a government by private firms, individuals or other governmental agencies. Examples include utilities, rent, maintenance agreements and professional consulting services.

COST-OF-LIVING ADJUSTMENT (COLA)	An increase in salaries to offset the adverse effect of inflation on compensation.
DEBT SERVICE	Payments of interest and repayment of principal to holders of the City's debt instruments.
DEFICIT	The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.
DEPARTMENT	The basis organizational unit of government which is functionally unique in its delivery of services.
DEPRECIATION	Expiration in the service life of capital assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.
DISBURSEMENT	<i>The expenditure of monies from an account.</i>
EMPLOYEE BENEFITS	<i>Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and various pension, medical and life insurance plans.</i>
ENTITLEMENTS	Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government.
EXPENDITURE	An outlay of cash for the purpose of acquiring an asset, service or settling a loss
FISCAL POLICY	A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.
FISCAL YEAR	A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City's fiscal year coincides with the calendar year.
FIXED ASSETS	Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FULL FAITH AND CREDIT	A pledge of a government's taxing power to repay debt or obligations.
FTE	Full-time Equivalent. A method of quantifying staffing levels. Part-time positions count as less than one FTE.
FUND	Fiscal or accounting entity with balancing expenditure authorities and revenues. A fund is established to carry on specific activities, sometimes subject to special limitations.
FUND BALANCE	The excess of the assets of a fund over its liabilities, reserves and carryover.
GAAP	Generally accepted accounting principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.
GOAL	A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.
GRANTS	A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.
HOURLY	An employee who fills a temporary or short term position. Such employees provide contingency staffing for government operations during peak workloads, or to address temporary staffing needs. Hourly employees are paid on a per-hour basis and receive limited benefits.
INFRASTRUCTURE	The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).
LEVY	A compulsory collection of monies (see "Taxes").
LINE ITEM BUDGET	A budget prepared along departmental lines that focus on what is to be bought.
LINE ITEM	The smallest unit of budgetary expenditure coding. Line items are listed according to a four-digit "object code". For example, the 0500 Line item series denotes "Personnel Services". (See "Expenditure" for descriptions of categories).
LONG-TERM DEBT	Debt with a maturity of more than one year after the date of issuance.

MILL	The traditional unit of expressing property tax rates, equivalent to one-thousandth of a dollar, or \$1 tax per \$1,000 assessed valuation.
PURPOSE	A broad statement of the goals, in terms of meeting public service needs.
RESERVE	An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.
RESOLUTION	A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.
RESOURCES	Total amounts available for appropriation including estimated revenues, fund transfers and beginning balances.
REVENUE	<p>Sources of income financing the operations of government. Revenue category codes are listed below:</p> <p>(1) Taxes--revenue received from ad valorem, motor vehicle, and other taxes, including interest on taxes and back taxes.</p> <p>(2) Licenses--receipts from licenses and permits</p> <p>(3) Intergovernmental--revenues received from other governmental units.</p> <p>(4) Charges for Services--fees charged to users of a service to offset its costs.</p> <p>(5) Fines and Forfeitures--receipts from fines and forfeitures of obligations.</p> <p>(6) Miscellaneous Revenues--monies received from canceled warrants, refunds, and other sources.</p> <p>(7) Investment--receipts of interest earned from investing idle cash.</p>
SERVICE LEASE	A lease under which the lessor maintains and services the asset.
TAX LEVY	The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.
TAX YEAR	The calendar year in which ad valorem taxes are levied to finance the ensuing calendar year budget.

TAXES

Charges levied by a government for the purpose of financing services performed for the common benefit of the public. This term does not include specific charges made against particular persons or property, such as special assessments.

**UNENCUMBERED
BALANCE**

The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

**UNRESERVED FUND
BALANCE**

The portion of a fund's balance that is not restricted for a specific purposes and is available for general appropriation.

USER CHARGES

The payment of a fee for direct receipt of a public service by the party who benefits from the service.

FINANCING COMMUNITY SERVICES

THE PROPERTY TAX: WHO PAYS IT AND WHO RECEIVES IT

State law provides that all real property is subject to the property tax. A property owner will receive a property tax bill each year. Generally, properties that are owned and used by religious, charitable, or educational organizations or property owned by the Federal, State, or local governments are exempt from property tax.

Property tax bills are issued in July/August of each year by the 24 counties (including Baltimore City) and the 155 incorporated municipalities (cities) in Maryland. Tax bills are rendered for the upcoming fiscal year and are effective as of July 1st.

THE PROPERTY TAX BILL: ASSESSMENTS AND TAX RATES

ASSESSMENT X RATE = BILL

The amount of the tax bill is determined by two factors: (1) the assessment; (2) the property tax rate. Assessments are based on the fair market value of the property and are issued by the Department of Assessments and Taxation, an agency of State government. Property tax rates are set by each unit of government - the State, counties, and cities.

ASSESSMENTS

Properties are reassessed once every three years and property owners are notified of any change in their assessment. Assessments are certified by the Department to local governments where they are converted into property tax bills by applying the appropriate property tax rates.

TAX RATES

Property tax rates vary widely. No restrictions or limitations on property taxes are imposed by the State, enabling cities and counties to set tax rates at the level required to fund governmental services. These rates can increase, decrease, or remain the same from year to year. If the proposed tax rate increases the total property tax revenues, the governing body must advertise that fact and hold a public hearing on the new tax rate. This is called the Constant Yield Tax Rate process.

The overall tax rate is a combination of State, county, and in some cases municipal tax rates. Property tax rates are expressed as a dollar amount per \$100 of assessment. For example, for a property with a fair market value of \$100,000 the property taxes would be calculated by dividing the assessment by 100 and multiplying the product by the

property tax rate. Using an overall tax rate of \$1.08 per \$100 for this example (\$1.00 local property tax plus \$.08 state property tax), the amount of property taxes due would be calculated: \$100,000 divided by 100 times \$1.08 or \$1,080.00.

The following formula determines the Town of Edmonston real property tax rate for the FY15-16 budget year, using the valuation provided by the Department of Assessments and Taxation.

$$\begin{array}{rcl} \text{Taxes Levied/Assessed Valuation} & = & \text{Tax Rate} \\ \\ \$916,378/\$143,655,432 & = & \$.6379 \end{array}$$

To determine what a residential property owner in Edmonston would pay to support FY15-16 Town services, the following formula is used:

MARKET VALUE	ASSESSMENT		TAX RATE		TAXES DUE
\$ 40,000 /	100	X	.6379	=	\$255.16
\$ 60,000 /	100	X	.6379	=	\$382.74
\$ 80,000 /	100	X	.6379	=	\$510.32
\$100,000 /	100	X	.6379	=	\$637.90

2015-2016 County Tax Rates

JURISDICTION	TOWN/SPECIAL TAXING					
	COUNTY RATE			DISTRICT TAX RATE		
	REAL	*PERSONAL	**UTILITY	REAL	*PERSONAL	**UTILITY
PRINCE GEORGE'S ¹	0.96	2.4	2.4			
Berwyn Heights	0.833	2.106	2.106	0.53	1.44	0
Commercial R.P.	0	0	0	0.63	0	0
Bladensburg	0.85	2.146	2.146	0.74	2.09	0
Bowie	0.83	2.102	2.102	0.4	1	0
Brentwood	0.878	2.212	2.212	0.4107	1.75	2
Capital Heights	0.84	2.124	2.124	0.4619	2.5	0
Cheverly	0.838	2.12	2.12	0.58	1.1	0
College Park	0.929	2.33	2.33	0.335	0.838	0.07
Colmar Manor	0.861	2.172	2.172	1.37	1.65	0
Commercial R.P.	0	0	0	1.1	0	0
Cottage City	0.851	2.149	2.149	0.65	1.29	0
District Heights	0.835	2.113	2.113	1.02	1.21	2
Eagle Harbor	0.956	2.391	2.391	0.48	0	0
Edmonston	0.848	2.143	2.143	0.66	1.5	0
Fairmount Heights	0.901	2.263	2.263	0.46	1.15	0
Forest Heights	0.868	2.188	2.188	0.6248	1.75	0
Glenarden	0.851	2.143	2.143	0.336	0.83	0
Greenbelt	0.819	2.075	2.075	0.8125	1.7225	0
Hyattsville	0.823	2.085	2.085	0.63	1.15	1.98
Landover Hills	0.838	2.119	2.119	0.52	1.25	0
Laurel	0.796	2.022	2.022	0.71	1.69	0
Morningside	0.882	2.22	2.22	0.74	2	0
Mt. Rainier	0.825	2.088	2.088	0.86	1.98	2.5
New Carrollton	0.845	2.134	2.134	0.7059	1	0
North Brentwood	0.956	2.391	2.391	0.44	1.2	1.5
Commercial R.P.	0	0	0	0.5857	0	0
Riverdale Park	0.822	2.082	2.082	0.566	0.654	0
Seat Pleasant	0.832	2.105	2.105	0.58	11	0
University Park	0.834	2.109	2.109	0.645	2.25	0
Upper Marlboro	0.862	2.175	2.175	0.24	0.45	0.45

Town of Edmonston Assessed Valuation History

2007-2016

FISCAL YEAR	REAL PROPERTY ASSESSED VALUE	TOWN of EDMONSTON TAX RATE	TAX REVENUE
2007	104,737,913	.4430	523,000
2008	117,661,460	.6000	706,000
2009	131,126,635	.6000	685,000
2010	125,449,216	.6000	651,100
2011	132,667,713	.6000	696,505
2012	132,894,852	.6000	749,257
2013	130,484,002	.6600	813,829
2014	133,307,845	.6600	847,660
2015	138,839,536	.6600	916,341
2016	143,655,432	.6379	916,378

EDMONSTON DEMOGRAPHICS

Population in 2013: 1,488 (100% urban, 0% rural). Population change since 2000: +55.2%

Males: 757 (50.9%)
Females: 731 (49.1%)

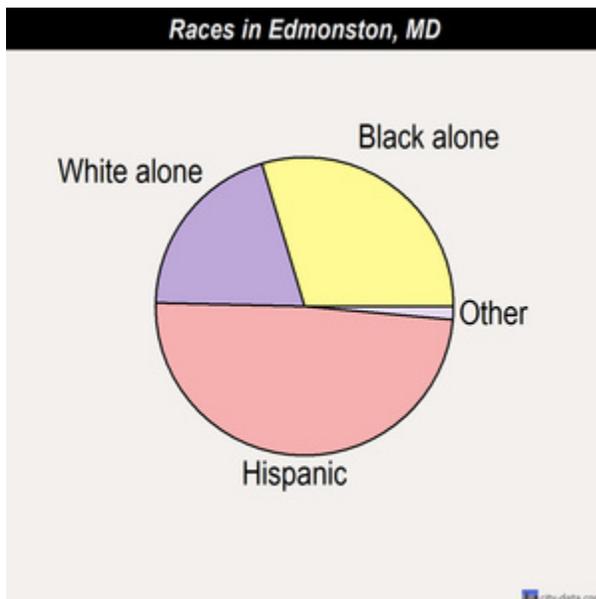
Read more: <http://www.city-data.com/city/Edmonston-Maryland.html#ixzz3TcGYR8Yb>

Median resident age: 31.0 years
Maryland median age: 34.4 years

Estimated median household income in 2012: \$60,893 (it was \$52,813 in 2000)
Edmonston: \$60,893
MD: \$71,122

604 residents are foreign born

This town: 42.2%
Maryland: 14.3%



- **Hispanic** - 698 (48.3%)
- **Black alone** - 458 (31.7%)
- **White alone** - 236 (16.3%)
- **Asian alone** - 28 (1.9%)
- **Two or more races** - 20 (1.4%)
- **American Indian alone** - 4 (0.3%)
- **other race alone** - 1 (0.07%)

What terms of office do City Council members serve?

Town Charter Requirements – Officers

Section 4. Officers; oaths of office.

The officers of said town shall consist of a Mayor and four (4) Councilmen, the Mayor to be elected by the combined vote of said town, and four (4) Councilmen to be elected, two (2) by each ward, and such appointive officers as are hereinafter designated or shall be appointed by the Mayor and Town Council, and each officer appointed shall continue to hold office for such term as the Mayor and Town Council shall designate or until his successor is duly qualified. Before entering upon the duties of his office, each officer shall take oath that he will diligently and faithfully discharge all duties of his office without favor, partiality or prejudice, and said oath shall be filed among the records of said town (Ch. 154, Section 4, L 1924; as amended by resolution of the Mayor and Town Council 8-14-72).

Section 5. Commencement and terminations of terms of elected officials and compensation.

Beginning with the elections to be held in May 2008 the Mayor and Council members shall all be elected at the same time and take office on the first Monday in June of 2008 and conclude on the last day prior to the first Monday in June of every three years thereafter. The Mayor shall be required to seek election from the entire town. Two Council members each shall seek election from their respective wards at the same time. They Mayor must continually reside at the primary residence within the corporate limits of the Town of Edmonston for the duration of their term in office. Council members must continually reside in their respective ward at their primary residence. On the first Monday in June 2008 the Mayor shall be compensated at the rate of three hundred (\$300) and Council members at the rate of two hundred dollars (\$200) per month.

Town Charter Requirements of Annual Budgeting

Edmonston Town Charter
Article V
Additional Provisions

Section 38: Budget

- A. The Mayor shall submit a budget to the Council at least thirty-two (32) days before the beginning of the fiscal year. The budget shall provide a complete financial plan for the budget year (fiscal year) and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of anticipated revenues shall equal or exceed the total of the proposed expenditures.
- B. The budget shall be adopted by a majority vote of the total elected membership of the Mayor and Town Council before the first day of the new fiscal year.
- C. The Mayor and Town Council may make modifications to the budget upon thirty (30) days advance public notice of such proposed change by posting a copy of such notice at Town Hall.

Financial Policy

Authority to Borrow Funds

The Town Charter, Article IV gives the Town the authority to borrow funds.
Section 36: The amount of money borrowed by the Town shall not exceed at any one time of total sum of ten per cent (10%) of the assessed valuation of all real and personal property in the Town appearing on the assessment books of Prince Georges County, Maryland.

On October 10, 2009, the Town Council approved the Town of Edmonston Municipal Debt Policy by Resolution 2009-R-10. The policy establishes the guidelines for the issuance and management of the Town's debt.

I. Introduction & Legal Authority:

The purpose of this Municipal Debt Policy (the "Municipal debt Policy") of Town of Edmonston (the "Town") is to establish guidelines for the issuance and management of the Town's debt.

The Town has authority to borrow money and issue debt payable from its revenues for Town related purposes in accordance with Chapter 32 of Article 23A of the Annotated Code of Maryland, and Chapter 601 through 623 of the Charter of the Town of Edmonston

This Municipal Debt Policy confirms the commitment of the Mayor and the Council of the Town, the Town's Administrator, other Town Management and staff, and advisors to:

- i. Adhere to sound debt issuance and management practices, including the full and timely repayment of all borrowings;
- ii. Achieve the lowest practical cost of borrowings commensurate with prudent level of risk; and
- iii. Obtain unfettered access to the capital markets through preserving and enhancing of the quality of the Town's bonds and other debt.

II. Municipal Debt Policy Scope

This Municipal Debt Policy shall govern the issuance and management of all the debt and capital lease financing of the Town, together with all obligations and facilities related to those debts and equipment lease financing. While adherence to this Municipal Debt Policy is required under normal circumstances, the Town recognizes that changes in the markets, Town Programs, and other unforeseen circumstances may produce situations that are not covered by this Municipal Debt Policy, or requires modification in order to achieve the Town's Municipal Debt Policy goals. Thus the Town may upon request of the Mayor or Town Administrator approve financing and other related agreements with terms and/or provisions that deviate from this Municipal Debt Policy. The failure of the Town to comply with any provision of this Municipal Debt Policy shall not affect the validity of any debt that is otherwise duly authorized and executed.

III. Municipal Debt Policy Objectives

The objectives of the Municipal Debt Policy are as follows:

- A. Maintain unfettered, cost effective access to the capital markets through prudent debt management policies.
- B. Provide financial support for the Town's strategic and capital plan objectives through debt and equipment lease financing.
- C. Provide guidelines for the overall management of the Town's debt.
- D. Achieve the highest practical credit ratings and the lowest possible costs.

IV. Compliance with Law and Town Agreements

All Town debt shall be issued in accordance with Town Charter and all Federal and State laws, rules and regulations.

V. Appropriate use of Debt

Town debt shall only be used for the following purposes:

- A. to finance capital improvements projects undertaken by the Town including the construction, major repair or enhancement of Town facilities;
- B. to finance the acquisition of capital assets;
- C. to finance the purchase of capital equipment;
- D. to refinance previously issued Town debt; and
- E. to finance other large and extraordinary costs as determined by the Town.

Long term debt shall never be used to fund operating cost. The Town shall use proceeds from governmental purpose bonds for public use projects or certificates of indebtedness.

VI. Debt approval procedures

All proposed Debt issuances will be submitted to the Town Council for its approval and authorization. The Town council by majority vote shall approve resolution authorizing each such issuance.

VII. Types of Borrowing

The following categories of debt refer to the form of revenue source, type of debt (new money vs. refunding).

A. Town Revenue Bonds:

Town Revenue bonds are long term debt obligations that are repayable solely from the general revenues of the Town and, if applicable, grant or other third party funds. The Town may issue Town revenue bonds to fund capital improvement projects, purchases of large scale capital equipment, and other costs of the Town. Neither the credit nor the taxing power of the Town, the State of Maryland, or any political subdivision of the State shall be pledge or made available to pay or secure Revenue Bonds of the Town.

B. Equipment lease Financing:

Lease obligations are an appropriate means of financing capital equipment. A capital lease is a fixed –term, non-cancelable lease that is similar to a loan and is used for the acquisition of capital assets such as equipment. Under capital lease, the title (or ownership) of the assets purchased remains with the lessor during the lease period. At the end of the lease the lessee has the option to quire ownership of the asset by paying a small pre-determined amount to the lessor.

The Town may enter in a capital lease and/or implement a master capital lease program to finance the acquisition of capital equipment. These types of obligations can be considered for equipment and assets as an alternative to other debt financing such as revenue bonds. Only high priority equipment with a useful life of 5 years or greater will be capital lease financed. Lease financed contracts or programs will not exceed the average useful life of the equipment being financed. Equipment with a useful life of less 5 years will be funded on a pay as you go basis. Short term operating leases for equipment are not covered by this policy.

C. New Money Bonds:

New money Bonds are bonds issued to finance the cost of capital improvements projects or any new purposed outlined in Section V of this Municipal Debt Policy. The issuance of new money bonds will generally result in an increase in the amount of Town debt outstanding, in contrast to refunding bonds, which simply refinance previously issued debt.

D. Refunding Bonds:

Refunding Bonds are issued to refinance (or refund) previously issue and outstanding debt. The Town may issue refunding bonds to refinance the principal of and interest on outstanding bonds or other debt of the Town in order to:

- i. Achieve debt service savings
- ii. Restructure scheduled debt service
- iii. Convert from or to variable or fixed interest rate structure
- iv. Change or modify the source or sources of payment and security for the refunded debt; or
- v. Modify covenants otherwise binding upon the Town.

E. Long Term Debt:

For the purposes of this Municipal Debt Policy, long term debt is defined as bonds or other debt with a final maturity of five years or more. The Town may issue debt with longer-term maturity to amortize Town capital or other costs over a period commensurate with expected life, use or benefit provide by the project, programs or facilities financed from such bonds.

a. Short Term Debt:

For the Purposes of this Municipal Debt Policy, short term debt is defined as any debt with a final maturity of less than five years. The Town may issue debt with short term maturity, including grant and revenue anticipation notes, to provide interim financing for capital projects in anticipation of the issuance of longer-term bond of other debt and/ or the receipt of grant or other third party moneys.

b. Fixed Rate Borrowings:

Fixed Rate Borrowings are debt issuances that pay a fixed rate of interest. Fixed rate borrowing may utilize one or more series of bonds with differing maturities, all of which pay a fixed rate of interest. Fixed-rate debt shall be the primary type of debt issued by the Town to assure future cost and to insulate the Town from interest rate risk.

c. Variable Rate Borrowings:

Variable rate borrowings are debt issuance whose interest rate vary from day to day, week to week, or some other period, based on pre-determined market indices and conditions. Variables rate bonds are typically issued using a letter of credit, which assures the liquidity needed for such debt, and also typically enhances the credit quality of the debt.

d. Additional Types of Borrowings:

Assessment district bonds and special assessment bonds may be issued by creating a district in which the land- owners and others within the district agree to tax themselves, though the ad valorem property tax , at a higher rate in order to repay debt issued to finance capital improvements. The Town may issue special assessment bond such as Infrastructure Financing District Bonds as appropriate in support of on support of its developments and capital improvements programs.

VIII. Debt Affordability Targets and Policy Limits

It is policy of the Town to meet the targets listed below. These limits, in combination with the Town's annual updated five year capital plan, and multi-year planning will ensure that the Town continues to provide essential operational services while planning for replacement. Rehabilitation, repair and expansion if its capital investments.

- i. The Town will maintain a maximum Debt Service Coverage of 10% of the assessable base account of its outstanding debt. The actual terms and conditions specific to each debt issued will be controlled by the applicable documents.

- ii. The Town will maintain to strive to minimum un-appropriated operating reserve of 10% of its annual operating expenditure budget.
- iii. So long as the above conditions are met, the Town will seek to minimize the level of debt outstanding with the most recent update five year capital plans.

IX. Methods of Sale for Town Bonds

There are three principal methods for the sale of Bonds: competitive, negotiated and private placement. The Town shall utilize the method of sale that (a) is reasonably expected to produce the most advantageous interest cost with respect to the Bonds, and provides the Town with the flexibility necessary or desirable in connection with the structuring, timing or terms of such sales and of the related Bonds:

A. Competitive Sale:

The Competitive sale of the Town's Bonds will be appropriate under the following circumstances:

- i. The Bonds are traditional long term fixed rate new money revenue bonds;
- ii. The Bonds are senior lien obligations of the Town;
- iii. The Bonds do not include any unusual call provisions or other terms;
- iv. The Bonds are or will be rates no lower than an "A" category or equivalent by at least two of the three major credit ratings agencies, or the Bonds will or can be insured by a Bond Insurer which is rated "AAA" or equivalent by at least two of the three major credit ranking agencies.
- v. Prices in the municipal bond market are relatively stable;
- vi. Market timing is not critical to the pricing of Bonds; and
- vii. The municipal bond market is in a period of sufficient stability and receptivity to the ranking assigned to the Towns Bonds that a competitive sale is deemed to be advantageous. Competitive sales may be conducted in such manner as the Town approve, including through an internet based or other electronic bidding system.

B. Negotiated Sale:

The negotiated sale of the Town's Bonds will be appropriated under the following circumstances:

- i. The Bonds are not traditional long term fixed rate new money revenue bonds;
- ii. The Bonds are not senior lien obligations of the Town;
- iii. The Bonds include unusual call provisions or other terms;

C. Private Placements:

The private placement of the Towns Bonds (as opposed to the public offering of Bonds through a competitive or negotiated sale) will be appropriate only by circumstances where:

- i. A public offering would require the registration of the Bonds under applicable federal securities laws, or
- ii. The Bonds are or will be either unrated or rated in a category below investment grade. In the event such circumstances arise, the Bond of the Towns may be sold pursuant to a private placement only under such term and conditions and in such manner as the Towns shall determine, in consultation with its financial advisors.

X. Pricing of Town Debt

A. Bonds

The Town's Bonds may be sold at such prices, including at par, a premium or a discount, as the Town may determine is likely to produce the most advantageous cost, inclusive of interest and all fees and charges, in the prevailing market conditions.

B. Other Town Debt

Other debt issued or incurred by the Town will be priced at the lowest practical cost, inclusive of interest and all fees, under the prevailing market conditions.

XI. Professional Services

The Town may retain professional services providers as necessary or desirable in connection with:

- i. The structuring, issuance and sale of its Bonded debt;
- ii. Monitoring of and advice regarding its outstanding Bonds; and
- iii. Negotiation, execution, monitoring of related agreements, including without limitation bond insurance, credit facilities, investments agreements, and ;
- iv. Other similar related matters.

Professional service providers may include financial advisors, bond counsel, disclosure counsel, Town consultants, Bond trustees, and federal arbitrage rebate services providers, and may include, as appropriate, underwriters, feasibility consultants, remark agents, auction agents, broker/dealers, escrow agents, verification agents, and other similar parties.

The Town shall require that its financial advisors, bond and disclosure counsel, and Town consultants be free of any conflict of interest, or that any necessary or appropriate waivers or consents are obtained.

XII. Administrator Review

The Town Administrator shall review this Municipal Debt Policy on a periodic basis and recommend any changes to the Mayor and Town Council for consideration.

Debt Service Schedule

Town of Edmonston, Maryland				
Series 2011 Bond				
Payment Date	Principal	Interest	Debt Service	
7/30/2014	\$-	\$-	\$-	
10/31/2014	\$16,411.29	\$7,025.78	\$23,437.07	
3/31/2015	\$16,620.54	\$6,816.53	\$23,437.07	\$46,874.14
10/31/2015	\$16,832.45	\$6,604.62	\$23,437.07	
3/31/2016	\$17,047.06	\$6,390.01	\$23,437.07	\$46,874.14
10/31/2016	\$17,264.41	\$6,172.66	\$23,437.07	
3/31/2017	\$17,484.53	\$5,952.54	\$23,437.07	\$46,874.14
10/31/2017	\$17,707.46	\$5,729.61	\$23,437.07	
3/31/2018	\$17,933.23	\$5,503.84	\$23,437.07	\$46,874.14
10/31/2018	\$18,161.88	\$5,275.19	\$23,437.07	
3/31/2019	\$18,393.44	\$5,043.63	\$23,437.07	\$46,874.14
10/31/2019	\$18,627.96	\$4,809.11	\$23,437.07	
3/31/2020	\$18,865.47	\$4,571.60	\$23,437.07	\$46,874.14
10/31/2020	\$19,106.00	\$4,331.07	\$23,437.07	
3/31/2021	\$19,349.60	\$4,087.47	\$23,437.07	\$46,874.14
10/31/2021	\$19,596.31	\$3,840.76	\$23,437.07	
3/31/2022	\$19,846.16	\$3,590.91	\$23,437.07	\$46,874.14
10/31/2022	\$20,099.20	\$3,337.87	\$23,437.07	
3/31/2023	\$20,355.47	\$3,081.60	\$23,437.07	\$46,874.14
10/31/2023	\$20,615.00	\$2,822.07	\$23,437.07	
3/31/2024	\$20,877.84	\$2,559.23	\$23,437.07	\$46,874.14
10/31/2024	\$21,144.03	\$2,293.04	\$23,437.07	
3/31/2025	\$21,413.62	\$2,023.45	\$23,437.07	\$46,874.14
10/31/2025	\$21,686.64	\$1,750.43	\$23,437.07	
3/31/2026	\$21,963.15	\$1,473.92	\$23,437.07	\$46,874.14

EDMONSTON FUNDS STRUCTURE

The Town of Edmonston uses one fund, with three departments. They are organized on the following basis and are divided into the following types:

General Government – contains town expenditures for the Administrator, Town Clerk, and Mayor and Town Council.

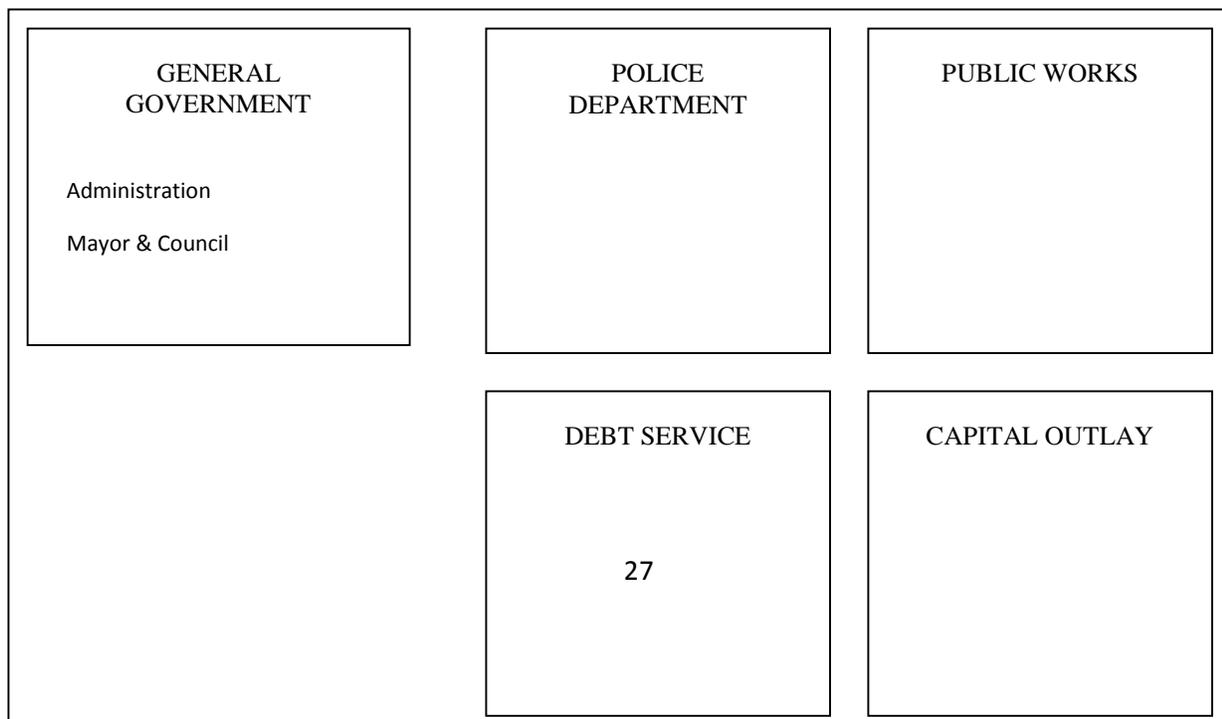
Public Works – accounts for the expenditures of the Public Works Department.

Police– accounts for the expenditures of the Police Department.

Debt Service – accounts for debt service of the Town

Capital Outlay – accounts for items such as equipment, vehicles, furniture, etc., that are considered fixed assets.

EDMONSTON DEPARTMENT RELATIONSHIPS



Long Range Strategic Planning

Public Safety

1 Year Goals

Update Fleet	Update in car cameras		Computer Replacement Program

3-5 Year Goals

Explore the addition of a Police Officer	Expand the License/Plate Identification Program		
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Public Works

1 Year Goals

Street Maintenance Program	Adopt Complete Street Policies	Grant Application to design Crittenden Street as a Green Street	Repair stormwater system on Tanglewood near Community Forklift
Adopt a Street Program	Veteran's Park	Revise/Develop Code for Utility companies working in public right-of-way and streets	Redesign the Rain Garden at Lafayette and Taylor Road

3-5 Year Goals Capital Improvement plan for Street Maintenance:

- 51st Place, Part of Road (Crittenden side), all curbs
- 47th Avenue, Road and curbs from Decatur to Gallatin
- Ingraham Street, Road and curbs
- 46th Avenue
- 49th Avenue, Road between Decatur & Gallatin. Sidewalks and curb line on restaurant side
- Crittenden, Road from 51st Avenue to Park/Eco Farm

Long Range Goals

Work with the Maryland State Highway Department and the City of Hyattsville on the improvement of the railroad crossing at Decatur Street	Develop streetscape plans for the industrial area on 46 th Avenue and on Buchanan Streets
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General Government

Support the Maryland Municipal League by being a Banner City	Continue to identify grants that meet the Town's strategic objectives	In partnership with Maryland National Park and Planning, upgrade Recreation Center	Community Garden
Implement the Cable Access channel	Re-establishment of Veteran's Park	Update Town Charter and Code with Code Company	Update the Personnel Policies
Create a 1 and 5 Year Capital Equipment Program Plan	Develop and support Community events during the year	Develop a communications plan to connect information with all residents	Continue to develop sustainable policies and programs to maintain being a "Green" community

Long Range Plans

Development of Plummer Memorial Rose Garden	Evaluate the boundaries for the election wards	Explore Expansion/Replacement of Town Hall	Develop new businesses in the Community
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Port Towns

Develop the Port Towns as Prince George's County Eco-District

Develop and provide incentives to attract sustainable industries to the Port Towns

Please funding in the CIP for the continued funding of the Port Towns "Green Street" (Route 450)/Bladensburg Road

Support and acquire legislation to minimize the use of plastic bottles, bags

Dredge the Bladensburg Waterfront to make it passable to larger vessels and a more active waterfront area

Designation as a Health Enterprise Zone

Optimize the currently legislated Wellness Opportunity Zone and in place food policies

Support Youth Wellness Leadership Pilot Program

**TOWN OF EDMONSTON
ORGANIZATION CHART**



Public Works

Employee Name	Position	Current Salary		1.5% Cost of Living	Cost of 1.5% COLA	Proposed Merit Pay
		Per Hour	Annual			
Morris S. Ramsey	Laborer	\$20.56	\$42,765.00	\$43,406.00	\$641.47	\$651.09
David Lohr	Laborer	15.89	<u>\$ 33,051.00</u>	\$ 33,547.00	<u>\$495.76</u>	<u>\$502.91</u>
			\$75,816.00		\$1,137.23	\$1,154.00

Police

Stephen E. Walker	Chief		\$82,638.14	\$83,878.00	\$1,240.00	0
George W. Sullivan	Captain	\$33.47	\$69,618.00	\$70,662.00	\$1,044.26	\$1,059.93
Robert J. Ploof	Corporal	\$23.33	\$48,526.00	\$49,254.00	\$727.90	\$738.81
Patrick S. Thompson	Officer	\$22.57	\$46,946.00	\$47,650.00	\$704.18	\$714.75
David L. Young	Officer	\$22.57	\$46,946.00	\$47,650.00	\$704.18	\$714.75
Rakibur Rahman	Officer	\$21.63	\$44,990.00	\$45,665.00	\$674.85	\$684.98
Rocio C. Treminio	Code Enforcement	\$19.52	\$40,602.00	\$41,211.00	\$609.03	\$618.17
Camille Lockley	Police Clerk	\$17.00	<u>\$35,360.00</u>	\$35,890.00	<u>\$530.40</u>	<u>\$538.35</u>
			\$415,626.00		\$6,234.80	\$4,995.00

General Government

Rodney D. Barnes	Town Administrator	\$3,057.69	\$79,499.94	0	0	0
Vacant	Town Clerk	\$20.19	<u>\$42,000.00</u>	\$42,630.00	<u>\$630.00</u>	<u>\$ 639.00</u>
			\$121,499.94		\$630.00	\$ 639.00

Town Council

Tracy R. Gant	Mayor		3,600.00			
Margaret J. Pooley	Council Member		2,400.00			
John Johnson	Council Member		2,400.00			
Selita Bennett-White	Council Member		2,400.00			
Sophia Layne-Bee	Council Member		<u>2,400.00</u>			
			\$ 13,200.00			

Total Cost of COLA Adjustment 1.5%					8,002.03	
Total Cost of MERIT Pay					<u>5,069.74</u>	
					\$13,071.77	

What are the key revenue sources for the Town of Edmonston?

Trader/Business License – are general purpose funds collected by the Town for businesses to operate in the community. The annual fee is \$250.00. In addition, we collect a fee from mobile businesses. The fee for the mobile businesses is \$100.00 per year.

State Business License – are general purpose funds collected by the State, with a small portion returned to cities and towns. These revenues arise from fees for licenses issued from pool tables, bowling alleys, vending machines, restaurants, peddlers, and other specified business activities

Business Personal Property Tax All qualifying personal property located within the Town boundary is subject to taxation, except that which is specifically exempt. Personal property assessments are reported to the City and Prince George's County by the State Department of Assessments and Taxation (SDAT), based on information submitted to the State on annual reports and personal property tax returns. The State assessment takes into account an allowance (similar to depreciation) based on the year the property was placed in service. The current Town tax rate is \$1.50 per \$100 of assessed valuation. Assessments are reported periodically throughout the year based on the State assessor's timetable.

Highway User Revenues— The FY 2017 Maryland state budget includes \$7.4 million for base highway user revenue (HUR) funding, an increase of 0.6%. The Governor also included in his FY 2017 budget \$20.3 million for municipal transportation funding as a one-time allocation for the fourth year in a row. During the legislative process, the General Assembly decreased the allocation to \$19 million, an amount equal to the grant funding for this current year. The \$19 million will be distributed to cities and towns based on the HUR formula. You may calculate the impact of this action by taking the initial estimate of the one-time special FY 2017 allocation that I shared with you in March and multiplying it by 0.936.

Legislation (SB 585/HB 723) requested by MML sought to increase municipal HURs to prerecession levels over a five-year period. The heavily amended Senate bill passed the full Senate but died in House committee. Two other bills (HB 1388 and HB 1455) would have restored full HUR funding next year for all local governments; both bills failed to advance out of their House committee of origin. The Chairman of the House Environment and Transportation Committee suggested that it is his intent to gather his Committee together during the summer to devise a plan to refund highway user revenues to local governments.

State Income Tax— Municipalities receive the greater of either 8.5% of each resident's State income tax liability or 17% of the county income tax liability. Thus, if a town resident owes the State \$1,000 in income taxes, the municipality would receive \$85.00. Income tax revenue are general purpose funds and may be expended for any public purpose.

State Police Aid— State Aid for Police Protection showed a 1.2% increase for FY 2017 in the Administration's budget and as approved by the General Assembly. I included in MML's first budget assistance memo projected aid for each affected municipality.

Cable Franchise Fees – Each franchise fee pays 5% of gross revenues to the Town. We currently have agreements with Verizon and Comcast.

Admissions and Amusement Tax – Each City or Town may levy a tax of up to 10% on the gross receipts of a wide variety of entertainment and amusement activities including athletic events, concerts, night club entertainment, and the use of coin-operated video games. The State collects the tax and rebates the amount, less an administrative fee, to municipalities

Apartment Inspection Fees – The Town of Edmonston has one apartment complex (Fountain Park Apartment) on Kenilworth Avenue. The annual fee is \$125.00 per unit.

Single Family Rental Inspections – The Town has a single family rental inspection at a cost of \$200.00. We currently have identified 26 single family rental units in the town.

PUBLIC WORKS EQUIPMENT

2008 Chevy Silverado 2500HD Pick Up Truck

2006 Chevy Silverado 2500HD Pick Up Truck

1999 Ford F450 Dump Truck

ODB Leaf Machine, SCL 800TM14

Exmark Viking Mower FS481V

ADMIN DEPARTMENT

2008 Ford Crown Victoria Vehicle ID 2fafp71v88x141135

POLICE DEPARTMENT

4 Marked Primary Patrol Vehicles

2015 SUV

2012 Dodge Charger

2008 Ford VIN #2913

2009 Ford VIN #5919

2 Unmarked Patrol Vehicles

2012 Dodge Charger VIN#5919

2014 SUV

2 Marked Spare Patrol Vehicles

2007 Chevy VIN #7607

2008 Ford VIN #7055

1 Code Enforcement Vehicle (Electric)