

December 2018 Financial Notes Summary

Town Revenue Narratives

Monthly Revenue Summary: Transfer Tax (\$176,348), Accommodation Tax (\$25,959), Building Permits (\$66,412), DBE Income (\$42,500) and All Other Revenue (\$22,617) were all higher than monthly budget allocations for revenue based on the 5-year historical average for FY-2014 – FY-2018. Business License revenue (\$600) and Total Fines (\$5,437) revenue tracked lower than the expected monthly budgeted revenue. Parking Permits & Meters (\$404) revenue was also lower than the budgeted target for the month; however, permits and meter revenue technically ended on September 15. Total monthly revenue (\$340,277) exceeded the expected revenue budget (\$123,076) by \$217,201.

Annual Revenue Summary: Transfer Tax is tracking at 112% of the annual budgeted amount. Historically (FY13-FY18), we have received 78% of the annual budget through December. Accommodation Tax is tracking generally on target. Residential Rental Licenses, Commercial Business Licenses, Real Estate Agent Licenses are all tracking below budget; however, a large amount of those revenue streams will be received after January 2019. Revenue from Parking Permits & Meters have already exceeded the annual budget by 2%. Through December, Building Permit revenue has exceeded the annual budgeted revenue by \$41,028 (or 114% of the budgeted annual revenue). Annual Total Fines is still tracking below expectations currently. DBE Income is significantly higher than budgeted due to a payment of \$150,000 in accordance with the MAR to extend the overall building permit to September 8, 2019. Total DBE YTD income is \$270,000. All Other Revenue (\$355,716) has exceeded the annual budget amount by 14% as of the end of December. In general, annual revenue receipts are strong through the first nine (9) months of the budget year.

Town Expenses Narratives

Town Administrative Expenses are generally within the projected annual Budget YTD with the exception of Bank & Credit Card Fees, Collection Agency Fees, and Legal Fees – Regular. Employee bonuses in the amount of \$8,000 were paid out in December as authorized. As stated previously, *Dues and Publications (6011200)* did not have an original budget allocation. As of December, \$4,935 has been charged to this line item for the following DE League of Local Government Dues (\$800.00); Rehoboth-Dewey Chamber of Commerce Annual Membership Dues (\$235.00); Association of Coastal Towns (A.C.T.) Dues (\$3,650); and Sussex County Association of Towns (S.C.A.T.) Dues (\$250.00). These expenses will be detailed in the line item in the FY-2020 budget request.

Town Operating Expenses are above the Annual budgeted amount in the following areas: Bayard Avenue Operating, Beautification, Trash, Street Signs / Lights, Town Hall Property Expenses, and Storm Water / Street Flooding.

Bayard Avenue Operating (6012000) is mainly related to repairs completed by White Marsh Environmental in April/May 2018 in the amount of \$3,842. If the repairs were not necessary, this line item would be within the annual budget and only slightly over the YTD Budget.

Beautification (6012100) is related to the Beach Access Mat Project. The total cost of the access Mats from the vendor, AccessRec LLC, was \$99,132.38 including freight and delivery. In addition, we expended \$821.58 for misc. hardware related to the installation and maintenance of the mats. The total project cost was \$99,953.96. **This project requires a budget amendment related to the revenues dedicated in the last budget cycle.** In FY-2019, we received funds in the amount of \$43,355 in Marketing Donations (4040500) to the Town and \$29,486 in Community Transportation Funds (4060500) from Representative Schwartzkopf and Senator Lopez for this project. Commissioners dedicated \$35,000 in Town funds to the beach access mat project, but these funds were not part of the adopted FY-2019 line item budget. If the Beach Access Mat Project was excluded from the expenses, this line item would be within the budget YTD and the annual budget estimate. **Adding \$27,113 to the budget from Net Income left over from the last budget through a budget amendment would make this project budget neutral.**

Trash (6012200) expenditures YTD Budget include \$5,904.76 for Dog Waste Bags, \$2,995.43 for the Roll Off Waste Container at Town Hall for Spring Clean Up, \$6,589.68 for Trash Services from Blue Hen for the town containers, \$1,455.33 for misc. supplies to repair/replace trash surrounds and dog bag holders, and \$423.80 is other miscellaneous expenses to date.

Street Signs / Lights (6012300) are high due to expenses related to the replacement of a Street Light Pole and Camera that was damaged due to a traffic accident in 2017. Revenue to reimburse the Town for this expense was received on March 16, 2018 in the amount of the \$11,435.00 from Selective Way Insurance Company; however, the expenditures for the replacement are charged to the FY-2019 budget. Two (2) invoices were paid for a total of \$16,580 (\$7,377 to Kriss Contracting for the pole replacement and \$9,203 to Red Hawk Fire & Security for the camera replacement). If the pole and camera replacement expenses are excluded from the expense total, we are \$467 over the budget YTD but within the annual budget allocation. **This area may require consideration of a budget amendment.**

Town Hall Property Expenses (6012700) is new expense category opened to accurately track expenses for Town Hall versus other properties owned by Dewey Beach. YTD expenses are \$529. No budget was applied to this line item originally. Funds will be allocated to this line either in a budget amendment or as part of the FY-2020 Budget request. This is a relatively small amount of the funds in general.

Storm Water / Street Flooding (6012800) is related to a cash match for the Read Street – Little Store Project. The Town of Dewey Beach was required to contribute \$25,000 to the project costs. This project was authorized by the Commissioners, but the cash match was not part of the adopted budget. In addition, the Town of Dewey Beach paid \$67.00 for the recordation of the Subaqueous Lands Lease for the Read Avenue Shoreline project on the bayside. Both projects are scheduled to be constructed in early 2019. **A budget amendment should be considered by the Commissioners to cover these expenses.**

Administration Employee Expenses (602000A) are slightly below the monthly budget for December 2018. YTD Administrative Payroll is within YTD Budget even when including Seasonal Employee Expenses \$253,228 (\$240,134 + \$13,094) vs. \$258,486 (Budget YTD).

Administrative Operating Expenses have already exceeded the annual budget. This problem is related mainly to the Professional Fees expenditures as detailed below:

Professional Fees (6021100) are high (\$129,471). The YTD Budget is only \$52,501 and the Annual Budget is \$70,000. Budget YTD, we have paid Luff & Associates \$5,728 for Bookkeeping Services, \$29,624.00 for Financial Support and \$2,940.50 for Payroll. The total amount paid to Luff & Associates is \$38,292.50. TGM has been paid a total of \$52,012.26 for all phases of the Agreed Upon Procedures. The Assistant Town Manager position has been paid \$20,250 as a contractor for his administrative role. West Health Advocates has been paid \$1,950 for EAP services. Lyons Companies has been paid \$4,400 for monthly support and \$1,900 for Respectful Workplace Training. Also, the Scanning Project with ShoreScan was approved for \$10,000. To date, we have spent \$7,372.18. **A budget amendment should be approved to add the \$10,000 project request to the overall budget.** An additional \$3,294.25 has been spent on Engineering/Planning/Architect services for various requests.

Training (6021400) & Supplies (6021500) are also over budget. Training expenses YTD include costs for the Town Manager, the Town Clerk and Accounting Staff. Supplies includes a wide range of expenses for town hall offices. YTD expenses are approximately \$2,255 over Budget YTD. This item will be monitored by staff.

Police Department (6030000)

All Police Employee Expenses are tracking higher than budgeted for YTD except for Special Event Payroll. One (1) officer resigned in September to accept employment with the Delaware State Police. Accumulated Vacation and Sick Time were paid out for the employee who resigned in the total amount of \$6,983. Police Employee Expenses were slightly higher than budgeted by \$2,297 in the month of December. Police Administration Employee Expenses were \$3,010 less than budgeted for the month of December. Actual Total Police Employee Expenses YTD are running approximately 11.84% above the YTD Budget. Actual Total Police Administration Employee Expenses YTD are running approximately 14.18% below the YTD Budget. In reviewing available information, it appears Police Employee Expenses may have been underbudgeted.

Building Expenses (Utilities, Cleaning, Pest Control & Build Maintenance) – These expenses for the month and the budget YTD are running very close to the budget targets but will continue to be monitored by staff.

Gas (6030600) – Through December, the Police Department has exceeded their annual fuel budget by \$750. When reviewing the historic costs for gasoline in the Police Department, the 5-year average cost for gasoline is approximately \$29,000 per year. This line item was underbudgeted based on historical costs. It appears gasoline costs for the Police Department will likely be between \$29K - \$30K this year. **A budget amendment may be considered.**

Auto Maintenance & Repairs (6030610) – YTD expenses through December are \$27,390. This total includes \$7,446.00 for the fit out of a new police vehicle purchased last fiscal year with communication equipment from Delmarva Communications, Inc.; the purchase of Gun Vaults in the amount of \$7,136.28 for various police vehicles; the purchase of tires for various police vehicles in the amount of \$1,683.71; \$3,670 for towing expenses with Coastal Towing to tow various pieces of LESO equipment to the “bullpen” yard; \$1,947.43 in regular maintenance expenses from Coastal Towing for various vehicles.

There are another \$5,506.21 in various miscellaneous expenses charged to a series of regular vendors. **A budget amendment may be considered.**

Police Operating Expenses

Professional Fees (6031100) – YTD expenses of \$21,809 include \$12,189 for the LexiPol Contract and \$3,000 for The Brady Law Firm for billings from the last fiscal year that were not submitted until May 2018. YTD expenses also include fees associated with hiring new staff (\$1,857.00). Outside of these expenses, this line item would be generally within the budget.

Training (6031400) – These costs are now separated from other costs. Included in these expenses are \$985.00 for the training of the seasonal police officers, \$495.00 for sound meter training for the seasonal police officers, \$1,200 of training expenses at the Delaware State Fire School and \$1,450 for training a new officer at the Police Academy. Total expenses are \$4,130 YTD. These expenses will be detailed in the FY-2020 budget request.

Supplies (6031500) – This a general expense category that covers a wide range of expenses. Budget YTD expenses significantly above the target as well as the annual budget. More review is necessary before any recommendations will be made. Staff continues to monitor.

Equipment Maintenance (6031800) – YTD expenses include \$3,313 for the purchase of a replacement server and at least \$4,169 in camera replacements/repairs. These costs are higher than anticipated when the budget was prepared.

Drug Testing (6031900) – YTD expenses include outside drug testing (\$934.00) as needed and the purchase of in-house drug testing kits (\$480.58). FY-2019 budget request was low. Budget request for FY-2020 will considered for an increase.

Maintenance Department (6040000) – Overall, the Maintenance Department is within the monthly budget and the YTD budget allotments. Utilities, Building Maintenance and Gas line items are running higher than the YTD budgeted amounts, but these items are being monitored by staff.

Code Enforcement Department (6050000) – Overall, Code Enforcement Employee expenses are still tracking above straight-line budget allocation (1/12 per month) for Budget YTD; however, these expenses have not been seasonally adjusted for the summer months. Building expenses continue to be significantly higher than budgeted due to utilities and building maintenance costs. Next year's budget request must be more reflective of the actual costs for this department. Staff will continue to monitor these expenses.

Building Inspector (6060000) – Employee expenses are tracking 3% higher than YTD budget through nine (9) months for this division. The building inspector attended an out-of-state training class in October 2018. Staff will continue to monitor this trend.

Alderman Court (6070000) – Overall expenses for the Alderman are running high due to the staff issues resolved earlier in 2018. Off-season expenses are less than in season expenses. Staff will continue to monitor this portion of the budget.

Beach Patrol (6080000) – Beach Patrol Employee Expenses have slightly exceeded the annual budgeted amount (\$345,380 actual vs. \$343,419 annual); however, there are only a small number of staff hours used over the off-season. Other expenses are generally tracking on target with the Budget YTD.

Budget amendments, where appropriate, may be considered by the Town Commissioners in late January/February/March 2019.

Prepared & Submitted By:



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Date:



1.17.2019