

TOWN OF OCEAN VIEW
DELAWARE

September 3, 2020

TO: Honorable Mayor and Council
 FROM: Dawn Mitchell Parks, Finance Director *DM*
 VIA: Carol S. Houck, Town Manager *CSH*
 SUBJECT: Monthly Financial Update as of August 31, 2020

1. Real Estate Tax

The FY21 Tax bills were processed and postmarked May 26th for the assessments that were posted on February 15, 2020 totaling \$2,361,636 with adjustments. Taxpayers had until July 31 to take advantage of the 1% discount and had until August 31 to pay their current year taxes without penalty. Property owners took advantage of the early payment discount in a savings of \$16,407 to the taxpayer (2036 accounts). As of August 31st, we have collected 95.45% of current year taxes compared to 91.1% in August 2019.

New construction is being assessed monthly and will billed in November as a half-year tax billing. FY21 is the first year the Town will bill half-year New Construction.

2. Balances – Reserve and Committed Funds

(a) Trust Funds:

Emergency Reserve Trust Fund (ERTF) \$849,106

The Emergency Reserve Trust continues to be funded at 20% of the FY20 operating budget. ERTF currently has \$541,921 available for use in a Fulton Money Market account and \$307,185 invested with Raymond James Financial Services (a division of Fulton Financial Services).

Capital Replacement Trust Fund (CRTF) \$1,127,096

The remaining FY20 obligation is \$508,923 and FY21 obligation from the Capital Replacement Trust is \$208,800. CRTF currently has \$791,157 available for use in WSFS Money Market account and \$335,939 invested with WSFS in the form of a 12-month, 1.9% CD that came due on 8/28/2020.

Street Repair and Replacement Trust Fund (SRRTF) \$2,947,474

The remaining FY20 obligation is \$238,325 and FY21 obligation from the Street Repair and Replacement Trust is \$1,144,785 for drainage projects, \$416,345 for street paving and \$150,000 for Sidewalks. SRRTF currently has \$936,346 available for use in a Fulton Money Market account and \$1,886,770 invested with Fulton CRIM and includes \$124,358 held in MSA Money market account at Fulton Bank.

(b) Emergency Services Enhancement Funding (ESEF) Program:

The chart below shows the funds accumulated from the issuance of building permits which is committed and available for distribution. The amount collected in FY21 is based on 20 new home construction permits.

	Accumulation and Use			
	Collected	Used	Available	
FY17 & prior	836,108	(732,815)	103,293	<i>\$650,815 to MVFC + \$2,000 to Beebe Med. Fdn.</i>
FY18	249,378	(84,204)	268,466	
FY19	245,327	(80,000)	433,794	
FY20	380,444	(80,000)	734,238	
FY21	63,583	-	797,821	
Cumulative collected and disbursed	1,774,840	(977,019)	797,821	

3. Transfer Taxes

Transfer Taxes collected through 7/31/2020 are from 60.1% new construction home sales (\$213,761) including 3.9% of new construction being from land sales, developer to builder (\$14,775) and 39.9% resales of existing homes (\$151,499). We have not received August transfers yet but are estimating \$150,000 from Sussex County. Planning & Zoning collected \$57,357 during August as part of the permitting process.

Monthly Collections	Current FY21	1st Prior Yr. FY20	2nd Prior Yr. FY19	3rd Prior Yr. FY18	4th Prior Yr. FY17
May	\$ 123,231	\$ 183,612	\$ 210,567	\$ 152,400	\$ 73,800
June	\$ 102,828	266,180	85,391	159,100	100,900
July	\$ 153,975	128,196	127,263	92,200	39,000
August	\$ 57,357	211,145	85,443	130,300	81,700
September	\$ -	142,100	130,912	134,800	41,100
October	\$ -	231,319	197,866	114,800	44,900
November	\$ -	168,247	122,412	122,500	101,900
December	\$ -	200,885	115,343	88,600	68,600
January	\$ -	108,708	93,695	75,900	62,300
February	\$ -	138,441	100,434	69,800	37,100
March	\$ -	128,217	107,561	131,100	105,400
April	\$ -	108,575	148,957	163,700	105,100
Total	\$ 437,392	\$ 2,015,627	\$ 1,525,844	\$ 1,435,200	\$ 861,800

For FY21, to meet our \$1,250,000 budgeted goal, we will need to collect \$104,167 monthly.

4. Financial Statement Recap (pages 3 and 4) followed by the August Analytics (pages 5 and 6)

Attached are Revenue and Expenditure financial reports for the date ending August 31, 2020. As always, if you have any questions concerning the Financial Reports, please do not hesitate to contact me.

Respectfully submitted September 3, 2020

Dawn Mitchell Parks
Finance Director

Town of Ocean View

Comparison of Budget to Actual Year-to-Date for the Fiscal Year Ending April 30, 2021

Revenues	August YTD Actual	FY21 Adopted Budget	Over (Under) Budget	Period 04 33% % of Budget	
PROPERTY TAX REVENUE	\$ 2,369,801	\$ 2,421,965	\$ (52,164)	98%	A
Early Payment Discount - Taxes (1% if paid by 7/31/20)	\$ (16,125)	(23,745)	\$ 7,620	68%	
TRANSFER TAXES	437,392	1,250,000	\$ (812,608)	35%	B
BUILDING PERMITS					
Building Permits	131,811	503,875	\$ (372,064)	26%	
Impact Fees	93,739	519,650	\$ (425,911)	18%	
Other Permits/Fees	13,170	56,500	\$ (43,330)	23%	
GRANTS					
State Grant - Municipal Street Aid	-	115,000	\$ (115,000)	0%	C
Public Safety Grants	56,280	106,500	\$ (50,220)	53%	D
GROSS RENTAL RECEIPT TAXES	86,903	310,200	\$ (223,297)	28%	E
LICENSES	12,825	127,000	\$ (114,175)	10%	F
MISCELLANEOUS					G
Cable Franchise Fee	20,365	70,000	\$ (49,635)	29%	
Interest	4,367	63,810	\$ (59,443)	7%	
Other	27,385	29,000	\$ (1,615)	94%	
P&Z and BOA Fees	3,750	15,000	\$ (11,250)	25%	
POLICE: Fines & Fees	10,689	40,000	\$ (29,311)	27%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	45,141	101,000	\$ (55,859)	45%	
Pass through MVFC Ambulance Service	98,910	90,000	\$ 8,910	110%	
Total Revenues	\$ 3,396,402	\$ 5,795,755	\$ (2,399,353)	59%	
SRRTF: Sidewalk work FY21	\$ 11,816	\$ 150,000	(138,184)	8%	
ESEF: committed funds being granted FY21	\$ -	\$ 80,000	(80,000)	0%	
SRRTF: Street Paving	\$ 158,902	\$ 416,345	(257,443)	38%	
FY20 Revenue Restricted/Committed					I
Capital Budget: Public Safety Grants	\$ -	(25,000)	25,000	0%	
Capital Replacement Trust Fund (CRTF 12.5%)	\$ (54,674)	(156,250)	101,576	35%	
Emergency Reserve Trust Fund (ERTF)	\$ -	(63,045)	63,045	0%	
Emergency Services Enhancement Fund (ESEF)	\$ (63,583)	(311,430)	247,847	20%	
Street Repair & Replacement Trust (SRRTF 25% + Add'l)	\$ (382,718)	\$ (1,030,705)	647,987	37%	
Total Revenues Available for Operations	\$ 3,066,144	\$ 4,855,670	\$ (1,789,526)		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	\$ 3,066,144	\$ 4,855,670	\$ (1,789,526)
Total Expenditures (Page 4 of 6)	1,232,159	4,611,420	(3,379,261)
Revenues Over (Under) Expenditures	\$ 1,833,986	\$ 244,250	\$ 1,589,736

Town of Ocean View

Comparison of Budget to Actual

Year-to-Date for the Fiscal Year Ending April 30, 2021

Expenditures	August YTD Actual	FY21 Adopted Budget	Over (Under) Budget	Period 04
				33% % of Budget
SALARY & RELATED EMPLOYEE EXPENSES				
Wages: Salary, Overtime, Bonus	549,039	1,816,155	\$ (1,267,116)	30%
Insurances: Dental, Health, Life	161,680	395,920	(234,240)	41%
Payroll Taxes	46,428	148,055	(101,627)	31%
Pension	66,675	204,900	(138,225)	33%
Worker's Compensation	16,646	81,365	(64,719)	20%
CONTRACTED SERVICES				
Committee Stipends	600	5,000	(4,400)	12%
Computer/Copier Maintenance & related expenses	11,384	57,450	(46,066)	20%
Other	3,562	28,880	(25,318)	12%
EMPLOYEE RELATED EXPENSES, OTHER				
GRANT AWARDS: ESEF FUNDS	-	80,000	(80,000)	0%
INSURANCE BUSINESS & BONDS	83,416	95,595	(12,179)	87%
PROFESSIONAL SERVICES				
Audit	8,000	21,000	(13,000)	38%
Engineering	4,113	25,000	(20,888)	16%
Legal	7,415	45,000	(37,585)	16%
Property Assessments	19,560	73,965	(54,405)	26%
Other	18,143	122,500	(104,357)	15%
Pass thru MVFC Ambulance Service	-	90,000	(90,000)	0%
Reimbursable - Engineering	53,022	100,000	(46,978)	53%
Reimbursable - Other	1,205	1,000	205	121%
PUBLIC RELATIONS				
	8,894	47,500	(38,606)	19%
REPAIRS & MAINTENANCE				
Buildings, non-capital	1,217	14,000	(12,783)	9%
Drainage	-	40,250	(40,250)	0%
Machinery & Equipment, non-capital	88	6,200	(6,112)	1%
Park	3,878	20,000	(16,122)	19%
Street & Sidewalk Maintenance & Repairs	48,405	566,345	(517,940)	9%
Vehicles	9,172	18,000	(8,828)	51%
Other(Cleaning, Inspections, etc.)	5,600	29,450	(23,850)	19%
SUPPLIES & MISCELLANEOUS				
Advertising	8,822	19,500	(10,678)	45%
Department Specific Supplies	14,493	75,040	(60,547)	19%
Gas & Diesel	6,845	36,500	(29,655)	19%
NonCapital Equipment/Grant Funded Equipment	12,227	66,550	(54,323)	18%
Office Supplies/Postage	10,582	19,300	(8,718)	55%
Uniforms	2,811	13,700	(10,889)	21%
TELEPHONE & COMMUNICATIONS				
	12,655	44,000	(31,345)	29%
UTILITIES				
Street Lights	18,368	90,000	(71,632)	20%
Utilities	8,309	39,450	(31,141)	21%
Total Expenditures	\$ 1,232,159	\$ 4,611,420	\$ (3,379,261)	27%

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Town of Ocean View

Comparison of Operating Budget to Actual – Analytic Comments Year-to-Date for the Fiscal Year Ending April 30, 2021

Revenues

- A. Property Tax Revenues:** The FY21 tax bills were mailed May 26th. Taxpayers have until July 31 to take advantage of the 1% discount and until August 31 to pay without penalty. Penalties are billed monthly on unpaid taxes. As of August 31, just under 2,036 residents took advantage of the 1% discount with a total savings of \$16,407.
- B. Transfer Taxes:** We continue to build the various reserve funds for future capital repairs and replacement needs and street and sidewalk repairs. The reserve funds were established by ordinance for specific purposes. Although the FY21 budget includes using a portion of transfer tax to fund the Emergency Reserve Trust Fund up to the balance established by ordinance, 20% of the current year operating budget, ERTF remains funded at FY20 levels until analysis of revenue loss can be performed due to COVID-19 pandemic. For FY21, to meet our \$1,250,000 budgeted goal we will need to collect \$104,167 monthly.
- C. Grants – State Grant (Municipal Street Aid):** Historically, the Town’s share of MSA funding has been approximately 2% of the total state-wide grant. On July 20th, we were notified that our portion of the \$6,000,000 State’s Municipal Street Aid Program is \$114,751. Half of these funds being disbursed in August 2020 with the balance in January 2021.
- D. Public Safety Grants:** This category is comprised of various grants to aid in public safety including: (1) Sussex County Council provides an annual grant to each municipal police department that responds to calls within the County but outside that department’s normal jurisdiction. These funds were moved to the capital budget and are used towards the purchase of a new police vehicle; (2) The State provides an annual grant to assist with the cost of the pension expense for those in the plan for sworn officers; (3) The Federal COPS Hiring Grant that was awarded to help offset the salary and benefits associated with the first 3 years of employing an additional officer. For FY21, we will also submit for reimbursement to FEMA, CARES act and CESF (Corona Virus Emergency Supplemental Fund) for COVID-19 related expenses.
- E. Gross Rental Receipts Tax:** The collection of GRRT tax is based on the calendar year and payments are due August 15 and February 15. Therefore, most revenue is received in July/August and January/February.
- F. Licenses:** The town issues business (annual and temporary) and rental licenses. Licenses are issued on an annual basis and are due at the beginning of each calendar year. Accordingly, during the first eight months of the fiscal year, license collections are expected to be minimal. Normal collections primarily occur in December and January.
- G. Miscellaneous:** This category is primarily comprised of: (1) Cable Franchise Fees: The franchise agreement with Mediacom and is based on 5% of the cable company’s revenue from its customers in Town and is paid quarterly. (2) reimbursement of prior year expenses; (3) rental of meeting room and park; (4) administrative fee (10% of reimbursable reviews); (5) Sale of assets; and (6) Donations.
- H. Revenue with Offsetting Expense:** The major components of this category are (1) The pass-thru ambulance fee for MVFC (\$90,000 budgeted). Funds collected will be turned over in September. (2) The

Comparison of Operating Budget to Actual – Analytic Comments
Year-to-Date for the Fiscal Year Ending April 30, 2021

charges billed by the Town to property developers for inspections of construction work related to roads, site development, and sidewalks that is done by the Town's engineer (\$100,000 budgeted).

Revenue not available for Operations

- I. FY21 Revenue Restricted/Committed:** These funds are committed or restricted for specific purposes and thus are not available for general operations. The restricted funds are comprised of transfer tax revenue and interest earned on the restricted funds. A portion of the Impact Fees collected are committed for Emergency Services Enhancement Fund (ESEF) which are distributed as a grant award each spring.

Expenditures

With the adoption of the FY21 Operating Budget, the Town of Ocean View now has four departments. Previously, Administration and Planning & Zoning were combined. Moving forward, Planning and Zoning now is its own distinct department. There were no changes to Public Safety or Public Works.

- J. Contracted Services, Other:** Contracted services other are comprised of various maintenance agreements (ie elevator, HVAC, pest control, etc.), cleaning services, holiday décor management and the outsourcing of Town maintenance.
- K. Employee Related Expenses, Other:** This line includes expenses for dues and membership, meetings and seminars, and travel reimbursement.
- L. Grant Awards: ESEF Funds:** At the end of FY20, a total of \$734,238 in ESEF collections were carried over to FY20. In past years the carryover was significantly less, however council made the conscious decision in FY17 to limit the grant award so that as less fees are collected in future years that Town will be able to continue to grant funds to assist with necessary capital purchases. The grant request and subsequent distribution occurs in the spring.
- M. Insurance – Business:** The Town's general business insurance policies renew annually on May 7 and the premiums are paid at the beginning of the fiscal year.
- N. Public Relations:** The primary expenses are for Concerts in the Park, Movies in the Park, Holiday Market and Cops & Goblins. Most of these costs are incurred in the first half of the fiscal year.
- O. Repairs & Maintenance – Street & Sidewalk Maintenance, Replacement & Repairs:** This line represents ADA Sidewalk repairs and annual street maintenance. Street Paving determined by the amended 2019 Street Paving Study is also included in this line item.
- P. Supplies & Miscellaneous - Department Specific:** Related to G&A are fees associated with banking/investments and transfer tax collections. With Public Safety the expenses are primarily ammunition, canine and various PS specific supplies. DPW the expenses include street signage.
