

TOWN OF OCEAN VIEW
DELAWARE

July 3, 2019

TO: Honorable Mayor and Council

FROM: Dawn Mitchell Parks, Finance Director 

VIA: Carol S. Houck, Town Manager 

SUBJECT: Monthly Financial Update as of June 30, 2019

1. Real Estate Tax

The FY20 Tax bills were processed and postmarked by the end of May for the assessments that were posted on February 15, 2019. The property tax bills totaled \$2,146,178.

Re-assessments for the time period 5/01/2018 through 03/31/2019 are being processed in the July supplemental billing and will be mailed in the next few days. Taxpayers have until August 31 to pay their current year taxes without penalty.

New construction will be assessed quarterly.

2. Audit

PKS and Company is on site this week performing the annual audit.

We are continuing to work on the FY19 financials. As of now, based on the \$1.1M FY19 budget amendment adopted in May, we realized 97% of our budgeted revenues and utilized 79% of budgeted expenses. We completed processing our FY19 revenues and payables at the end of June. We have 4 projects that were budgeted in FY19 and not completed by April 30th, the PO encumbrances will be brought forward to FY20 and closed once completed.

- Whayland Group – repairs to 201 Central
- AECOM – Comprehensive Land Use Plan
- Delmarva Paving – FY19 Street Paving contract
- A-Del and Kercher Group – FY19 Drainage projects

3. Transfer Taxes

May Transfer Taxes collected were from 48.9% new construction home sales (\$89,762), 4.2% of new construction was from land sales from developer to builder (\$7,650) and 51.1% resales of existing homes (\$93,850). June sales were not available and are not included in the percentage calculation. We are estimating approximately \$260,000 in Transfer Tax for the month of June.

4. Water System

The USDA debt was retired in August 2018 with proceeds from General Obligation Bonds. Payments are due in March and September of each year with the final payment being made in 2047. The March 2019 – March 2021 payments will be interest only. After that time March payments will be interest only and September payments will be principal and interest.

The 1st interest only payment of 83,187 was made to the GO Bonds on March 15th. The next interest only payment of \$71,304 will be paid on September 15th. The original balance of the GO Bond for the USDA debt that was retired in August 2018 was \$4,160,000.

5. Balances – Reserve and Committed Funds

(a) Trust Funds:

Emergency Reserve Trust Fund (ERTF)	\$708,082
Capital Replacement Trust Fund (CRTF)	\$1,012,100
Street Repair and Replacement Trust Fund (SRRTF)	\$2,335,478
(includes \$84,219 held in MSA account)	

(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 FY19 is based on 116 new home construction permits. The FY20 amount collected is based on 39 new home construction permits issued through the end of June 2019.

	Accumulation and Use			
	Collected	Used	Available	
FY16 & prior	653,141	(652,815)	326	<i>\$650,815 to MVFC + \$2,000 to Beebe Med. Fdn.</i>
FY17	182,968	(80,000)	103,292	<i>MVFC</i>
FY18	249,378	(84,204)	268,467	<i>MVFC</i>
FY19	245,327	(80,000)	433,794	<i>MVFC</i>
FY20	77,147		510,941	
Cumulative collected and disbursed	1,407,960	(897,019)	510,941	

Respectfully submitted July 3, 2019

Dawn Mitchell Parks

Finance Director

Town of Ocean View

Comparison of Budget to Actual

Year-to-Date for the Fiscal Year Ending April 30, 2020

Revenues	June YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 01 17% % of Budget	
PROPERTY TAX REVENUE	\$ 2,145,896	\$ 2,219,210	\$ (73,314)	97%	A
TRANSFER TAXES	239,306	1,000,000	\$ (760,694)	24%	B
BUILDING PERMITS					
Building Permits	144,016	449,000	\$ (304,984)	32%	
Impact Fees	133,151	300,000	\$ (166,849)	44%	
Other Permits/Fees	18,183	36,000	\$ (17,817)	51%	
GRANTS					
State Grant - Municipal Street Aid	-	118,000	\$ (118,000)	0%	C
Public Safety Grants	27,850	94,500	\$ (66,650)	29%	D
GROSS RENTAL RECEIPT TAXES	7,044	282,000	\$ (274,956)	2%	E
LICENSES	10,890	155,000	\$ (144,110)	7%	F
MISCELLANEOUS					G
Cable Franchise Fee	-	63,000	\$ (63,000)	0%	
Interest	20,994	28,830	\$ (7,836)	73%	
Other	18,480	29,000	\$ (10,520)	64%	
P&Z and BOA Fees	1,895	15,000	\$ (13,105)	13%	
POLICE: Fines & Fees	4,451	33,000	\$ (28,549)	13%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	8,658	100,500	\$ (91,843)	9%	
Pass through MVFC Ambulance Service	92,645	91,000	\$ 1,645	102%	
Total Revenues	\$ 2,873,459	\$ 5,014,040	\$ (2,140,581)	57%	
SRRTF: ADA sidewalk work FY20	\$ -	\$ 147,000	(147,000)	0%	
ESEF: committed funds being granted FY19	\$ -	\$ 80,000	(80,000)	0%	
SRRTF: Street Paving	\$ -	\$ 327,500	(327,500)	0%	
FY20 Revenue Restricted/Committed					I
Capital Budget: Public Safety Grants	-	(25,000)	25,000	0%	
Capital Replacement Trust Fund (CRTF 12.5%)	(29,913)	(125,000)	95,087	24%	
Emergency Reserve Trust Fund (ERTF)	(129,900)	(129,900)	0	100%	
Emergency Services Enhancement Fund (ESEF)	(77,147)	(175,000)	97,853	44%	
Street Repair and Replacement Trust Fund (SRRTF 25%)	\$ (79,492)	\$ (745,100)	665,608		
Total Revenues Available for Operations	\$ 2,557,006	\$ 4,368,540	\$ (1,811,534)		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	\$ 2,557,006	\$ 4,368,540	\$ (1,811,534)
Total Expenditures (Page 4 of 6)	565,263	4,198,115	(3,632,852)
Revenues Over (Under) Expenditures	\$ 1,991,743	\$ 170,425	\$ 1,821,318

Town of Ocean View

Comparison of Budget to Actual

Year-to-Date for the Fiscal Year Ending April 30, 2020

Expenditures	June YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 01
				17% % of Budget
SALARY & RELATED EMPLOYEE EXPENSES				
Wages: Salary, Overtime, Bonus	276,616	1,680,380	\$ (1,403,764)	16%
Insurances: Dental, Health, Life	63,548	421,710	(358,162)	15%
Payroll Taxes	21,096	136,385	(115,289)	15%
Pension	14,618	189,565	(174,947)	8%
Worker's Compensation	-	77,085	(77,085)	0%
CONTRACTED SERVICES				
Committee Stipends	1,200	5,000	(3,800)	24%
Computer/Copier Maintenance & related expenses	5,534	46,150	(40,616)	12%
Other	4,655	26,350	(21,695)	18%
EMPLOYEE RELATED EXPENSES, OTHER				
GRANT AWARDS: ESEF FUNDS	-	80,000	(80,000)	0%
INSURANCE BUSINESS & BONDS	84,984	90,090	(5,106)	94%
PROFESSIONAL SERVICES				
Audit	-	19,500	(19,500)	0%
Engineering	1,530	30,500	(28,970)	5%
Legal	2,016	61,000	(58,984)	3%
Other	5,370	73,500	(68,130)	7%
Pass thru MVFC Ambulance Service	-	91,000	(91,000)	0%
Reimbursable - Engineering	16,358	100,000	(83,643)	16%
Reimbursable - Other	-	500	(500)	0%
PUBLIC RELATIONS				
REPAIRS & MAINTENANCE	-			
Buildings, non-capital	656	18,700	(18,044)	4%
Drainage	-	10,000	(10,000)	0%
Machinery & Equipment, non-capital	6	7,000	(6,994)	0%
Park	3,983	28,000	(24,017)	14%
Street & Sidewalk Maintenance & Repairs	1,593	528,500	(526,908)	0%
Vehicles	1,013	15,500	(14,487)	7%
Other(Cleaning, Inspections, etc.)	2,387	24,100	(21,713)	10%
SUPPLIES & MISCELLANEOUS				
Advertising	555	11,200	(10,645)	5%
Department Specific Supplies	11,778	66,500	(54,722)	18%
Gas & Diesel	3,363	36,000	(32,637)	9%
NonCapital Equipment/Grant Funded Equipment	962	56,300	(55,338)	2%
Office Supplies/Postage	11,502	19,300	(7,798)	60%
Uniforms	488	13,800	(13,312)	4%
TELEPHONE & COMMUNICATIONS				
UTILITIES	-			
Street Lights	6,338	84,000	(77,662)	8%
Utilities	2,140	37,800	(35,660)	6%
Total Expenditures	\$ 565,263	\$ 4,198,115	\$ (3,632,852)	13%

Town of Ocean View

Comparison of Operating Budget to Actual – Analytic Comments Year-to-Date for the Fiscal Year Ending April 30, 2020

Revenues

- A. Property Tax Revenues:** The FY20 tax bills were mailed the last full week of May and taxpayers have until the end of August to pay without penalty. Penalties are billed monthly on unpaid taxes.
- 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. The FY20 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.
- 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. The State will notify us of our portion in August. Half of these funds being disbursed in August 2019 with the balance in January 2020.
- 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.
- 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), real estate/rental agent, 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 (\$91,000 budgeted). Funds collected will be turned over in September. (2) The 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 (\$100,500 budgeted).

Comparison of Operating Budget to Actual – Analytic Comments
Year-to-Date for the Fiscal Year Ending April 30, 2019

Revenue not available for Operations

- I. FY20 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

- J. Contracted Services, Other:** Contracted services other are comprised of various maintenance agreements (ie elevator, HVAC, pest control, etc.), cleaning services, and holiday décor management.
- 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 FY19, a total of \$433,794 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 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.
