TOWN OF OCEAN VIEW
DELAWARE

September 5, 2019

TO: Honorable Mayor and Council

FROM: Dawn Mitchell Parks, Finance Director DMP

VIA: Carol S. Houck, Town Manager CSH

SUBJECT: Monthly Financial Update as of August 31, 2019

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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 were processed in the July supplemental billing in the amount of $110,139. Taxpayers had until August 31 to pay their current year taxes without penalty.

As of August 31, 2019, we have collected $1,962,825 of the FY20 and revised FY19 taxes leaving a balance due of $325,155 (FY20 taxes due equal $200,025 and Prior Years equal $125,130). We are expecting to receive additional mortgage company payments for the revised and supplemental bills by 9/18/19.

New construction completed between April 1, 2019 and October 31, 2019 will be assessed by the Town Assessor and billed mid-November.

2. **Investments**

Funds that were invested in CD's last fall came due in July and August. The income from these investments has been acknowledged and the funds are in interest accounts (2.18%). This month we will be reviewing our FY20 obligations and reinvesting. I will bring recommendations for investments to the October Council meeting.

3. **Transfer Taxes**

Transfer Taxes collected through 7/31/19 are from 56.5% new construction home sales ($326,415) with 5.3% of new construction being from land sales, developer to builder ($30,750) and 43.5% resales of existing homes ($251,574). August sales are not yet available and are not included in the percentage calculation. We are estimating approximately $180,000 in Transfer Tax for the month of August.

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 2nd interest only payment of $71,304 has been processed and 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)	$715,196
Capital Replacement Trust Fund (CRTF)	$1,075,155
Street Repair and Replacement Trust Fund (SRRTF)	$2,098,328
(includes $67,499 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 77 new home construction permits issued from May 1st through the end of August 2019.

	Accumulation and Use			
	Collected	Used	Available	
FY16 & prior	653,141	(652,815)	326	*$650,815 to MVFC + $2,000 to Beebe Med. Fdn.*
FY17	182,968	(80,000)	103,292	*MVFC*
FY18	249,378	(84,204)	268,467	*MVFC*
FY19	245,327	(80,000)	433,794	*MVFC*
FY20	145,584		579,378	
Cumulative collected and disbursed	1,476,397	(897,019)	579,378	

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Respectfully submitted September 5, 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	August YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 04 33% % of Budget	
PROPERTY TAX REVENUE	$ 2,494,152	$ 2,219,210	$ 274,942	112%	A
TRANSFER TAXES	636,054	1,000,000	$ (363,946)	64%	B
BUILDING PERMITS					
Building Permits	277,664	449,000	$ (171,336)	62%	
Impact Fees	250,412	300,000	$ (49,588)	83%	
Other Permits/Fees	31,992	36,000	$ (4,008)	89%	
GRANTS					
State Grant - Municipal Street Aid	58,060	118,000	$ (59,940)	49%	C
Public Safety Grants	50,058	94,500	$ (44,442)	53%	D
GROSS RENTAL RECEIPT TAXES	121,094	282,000	$ (160,907)	43%	E
LICENSES	16,775	155,000	$ (138,225)	11%	F
MISCELLANEOUS					G
Cable Franchise Fee	20,035	63,000	$ (42,965)	32%	
Interest	21,783	28,830	$ (7,047)	76%	
Other	47,500	29,000	$ 18,500	164%	
P&Z and BOA Fees	5,145	15,000	$ (9,855)	34%	
POLICE: Fines & Fees	16,019	33,000	$ (16,981)	49%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	21,575	100,500	$ (78,925)	21%	
Pass through MVFC Ambulance Service	92,645	91,000	$ 1,645	102%	
Total Revenues	**$ 4,160,960**	**$ 5,014,040**	**$ (853,080)**	**83%**	
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%)	(79,507)	(125,000)	45,493	64%	
Emergency Reserve Trust Fund (ERTF)	(129,900)	(129,900)	0	100%	
Emergency Services Enhancement Fund (ESEF)	(280,348)	(175,000)	(105,348)	160%	
Street Repair & Replacement Trust (SRRTF 25% + Add'l)	$ (426,647)	$ (745,100)	318,453		
Total Revenues Available for Operations	**$ 3,244,559**	**$ 4,368,540**	**$ (1,123,981)**		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	**$ 3,244,559**	**$ 4,368,540**	**$ (1,123,981)**
Total Expenditures (Page 4 of 6)	**1,226,719**	**4,198,115**	**(2,971,396)**
Revenues Over (Under) Expenditures	**$ 2,017,840**	**$ 170,425**	**$ 1,847,415**

Town of Ocean View

Comparison of Budget to Actual

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

Expenditures	August YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 04 33% % of Budget	
SALARY & RELATED EMPLOYEE EXPENSES					
Wages: Salary, Overtime, Bonus	537,707	1,680,380	$ (1,142,673)	32%	
Insurances: Dental, Health, Life	163,534	421,710	(258,176)	39%	
Payroll Taxes	45,457	136,385	(90,928)	33%	
Pension	62,439	189,565	(127,126)	33%	
Worker's Compensation	52,505	77,085	(24,580)	68%	
CONTRACTED SERVICES	-				
Committee Stipends	1,500	5,000	(3,500)	30%	
Computer/Copier Maintenance & related expenses	10,656	46,150	(35,494)	23%	
Other	6,277	26,350	(20,073)	24%	J
EMPLOYEE RELATED EXPENSES, OTHER	17,527	43,300	(25,773)	40%	K
GRANT AWARDS: ESEF FUNDS	-	80,000	(80,000)	0%	L
INSURANCE BUSINESS & BONDS	82,361	90,090	(7,729)	91%	M
PROFESSIONAL SERVICES	-				
Audit	8,000	19,500	(11,500)	41%	
Engineering	4,780	30,500	(25,720)	16%	
Legal	5,556	61,000	(55,444)	9%	
Other	41,209	73,500	(32,291)	56%	
Pass thru MVFC Ambulance Service	-	91,000	(91,000)	0%	
Reimbursable - Engineering	32,860	100,000	(67,140)	33%	
Reimbursable - Other	-	500	(500)	0%	
PUBLIC RELATIONS	18,525	32,100	(13,575)	58%	N
REPAIRS & MAINTENANCE	-				
Buildings, non-capital	3,071	18,700	(15,629)	16%	
Drainage	-	10,000	(10,000)	0%	
Machinery & Equipment, non-capital	575	7,000	(6,425)	8%	
Park	6,909	28,000	(21,091)	25%	
Street & Sidewalk Maintenance & Repairs	19,920	528,500	(508,580)	4%	O
Vehicles	6,133	15,500	(9,367)	40%	
Other(Cleaning, Inspections, etc.)	5,924	24,100	(18,176)	25%	
SUPPLIES & MISCELLANEOUS	-				
Advertising	2,195	11,200	(9,006)	20%	
Department Specific Supplies	19,736	66,500	(46,764)	30%	P
Gas & Diesel	9,683	36,000	(26,317)	27%	
NonCapital Equipment/Grant Funded Equipment	8,528	56,300	(47,772)	15%	
Office Supplies/Postage	12,423	19,300	(6,877)	64%	
Uniforms	1,816	13,800	(11,984)	13%	
TELEPHONE & COMMUNICATIONS	10,726	37,300	(26,574)	29%	
UTILITIES	-				
Street Lights	18,553	84,000	(65,447)	22%	
Utilities	9,636	37,800	(28,164)	25%	
Total Expenditures	**$ 1,226,719**	**$ 4,198,115**	**$ (2,971,396)**	**29%**	

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 had until the end of August to pay without penalty. Supplemental bills were mailed mid-July and were also due by August 31. Penalties are billed 1.5% monthly on unpaid taxes.

B. **Transfer Taxes:** We continue to build the various reserve funds for future capital repairs and replacement needs, street and sidewalk repairs and emergency 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. On July 18th, the State notified us of our portion, $116,120. The first distribution of $58,060 was received in July 2019 with the balance to be distributed 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).

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.

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