

TOWN OF OCEAN VIEW
DELAWARE

October 3, 2019

TO: Honorable Mayor and Council

FROM: Dawn Mitchell Parks, Finance Director *Tom*

VIA: Carol S. Houck, Town Manager *CSH*

SUBJECT: Monthly Financial Update as of September 30, 2019

1. Real Estate Tax

As of September 30, 2019, we have collected \$2,191,610 of the FY20 and revised FY19 taxes leaving a balance due of \$96,395 (FY20 taxes due equal \$75,583 and Prior Years equal \$20,811). 84.9% of current year taxes have been paid to date. Penalties have been assessed and 146 delinquent notices have been mailed.

2. Banking and Investments

In September we met with Fulton Bank for our annual banking analysis review. As an outcome of the review, we are implementing Fraud Protection on our accounts through the implementation of Payee Positive Pay and ACH Positive Pay. We have also converted several of our checking accounts to GICA, Government Interest Checking Accounts, so that we will no longer have a monthly transaction limit and will accrue interest on funds that were previously not eligible for interest due the account type. Though there are fees associated with Fraud Protection, our net annual earnings with the GICA account structure is estimated at \$2,984.

Collections from Real Estate Property Taxes that are not obligated for the next 90 to 180 days have been transferred to our Fulton CRIM (Cash Reserve Investment Management) account for investing.

Balances – Reserve and Committed Funds

(a) Trust Funds:

Emergency Reserve Trust Fund (ERTF) \$845,806

The Emergency Reserve Trust is fully funded at 20% of the FY20 operating budget. Funds above \$250,000 will be transferred to our Raymond James Reserve Fund account for investing. I will have the Raymond James Resolution on the November 12th Council meeting agenda.

Capital Replacement Trust Fund (CRTF) \$1,085,247

The FY20 obligation from the Capital Replacement Trust is \$839,131. Certificates of Deposit have been redeemed to cover the obligation. Funds above the FY20 obligations have been invested with WSFS. Below is an updated analysis of the Capital Replacement Trust through our adopted Capital Improvement Plan.

	Deposits from Transfer Tax Receipts	Projected Interest Income	Projected Capital Repairs Current Yr \$\$	Balance at end of Fiscal Year
FY19				\$ 1,040,491
FY20	125,000	3,121	(839,131)	329,481
FY21	121,875	988	(109,230)	343,115
FY22	118,750	1,029	(38,430)	424,464
FY23	115,625	1,273	(46,499)	494,864
FY24	112,500	1,485	(106,297)	502,551

Street Repair and Replacement Trust Fund (SRRTF)
 (includes \$67,499 held in MSA account)

\$2,043,810

The FY20 obligation from the Street Repair and Replacement Trust is \$952,237 for drainage projects, \$327,500 for street paving and \$147,000 for Sidewalks. Below is an updated analysis of the Street Repair and Replacement Trust through our adopted Operating and Capital Improvement Plan. Funds above the FY20 obligation have been invested in our Fulton CRIM account.

	Projected Additions				Projected Expenditures			Balance at end of Fiscal Year
	MSA Grant Receipts	Transfer Tax Deposits		Interest Income	Street Maintenance Costs	Sidewalk Costs	Drainage Project Costs	
		Monthly Collections	"Excess" Collections					
FY19								\$ 2,087,613
FY20	116,120	250,000	495,100	26,095	(327,500)	(147,000)	\$ (952,237)	1,548,191
FY21	118,000	243,750	587,566	19,352	(374,878)	(135,655)	(1,296,121)	710,205
FY22	118,000	237,500	564,885	8,878	(464,738)	(140,326)	(410,000)	624,404
FY23	118,000	231,250	553,045	7,805	(533,097)	(152,170)	(250,000)	599,237
FY24	118,000	225,000	558,139	7,490	(498,140)	(154,012)	-	855,714

(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 FY20 amount collected is based on 96 new home construction permits issued from May 1st through the end of September 2019. Once the FY20 Grant is disbursed, we will analyze the account for investment opportunities.

	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	184,098		617,892	
Cumulative collected and disbursed	1,514,911	(897,019)	617,892	

3. Transfer Taxes

Transfer Taxes collected through 8/31/19 are from 59.4% new construction home sales (\$469,114) with 8% of new construction being from land sales, developer to builder (\$63,075) and 40.6% resales of existing homes (\$320,020). September sales are not yet available and are not included in the percentage calculation. We are estimating approximately \$160,000 in Transfer Tax for the month of September.

Respectfully submitted October 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	September YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 05 42% % of Budget	
PROPERTY TAX REVENUE	\$ 2,494,177	\$ 2,219,210	\$ 274,967	112%	A
TRANSFER TAXES	789,132	1,000,000	\$ (210,868)	79%	B
BUILDING PERMITS					
Building Permits	350,490	449,000	\$ (98,510)	78%	
Impact Fees	316,210	300,000	\$ 16,210	105%	
Other Permits/Fees	39,322	36,000	\$ 3,322	109%	
GRANTS					
State Grant - Municipal Street Aid	58,060	118,000	\$ (59,940)	49%	C
Public Safety Grants	84,187	94,500	\$ (10,313)	89%	D
GROSS RENTAL RECEIPT TAXES	127,302	282,000	\$ (154,698)	45%	E
LICENSES	17,945	155,000	\$ (137,055)	12%	F
MISCELLANEOUS					G
Cable Franchise Fee	20,035	63,000	\$ (42,965)	32%	
Interest	32,056	28,830	\$ 3,226	111%	
Other	51,138	29,000	\$ 22,138	176%	
P&Z and BOA Fees	7,245	15,000	\$ (7,755)	48%	
POLICE: Fines & Fees	21,074	33,000	\$ (11,926)	64%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	50,165	100,500	\$ (50,335)	50%	
Pass through MVFC Ambulance Service	89,845	91,000	\$ (1,155)	99%	
Total Revenues	\$ 4,548,383	\$ 5,014,040	\$ (465,657)	91%	
SRRTF: 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%)	(98,642)	(125,000)	26,358	79%	
Emergency Reserve Trust Fund (ERTF)	(129,900)	(129,900)	0	100%	
Emergency Services Enhancement Fund (ESEF)	(184,098)	(175,000)	(9,098)	105%	
Street Repair & Replacement Trust (SRRTF 25% + Add'l)	\$ (554,312)	\$ (745,100)	190,788	74%	
Total Revenues Available for Operations	\$ 3,581,431	\$ 4,368,540	\$ (787,109)		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	\$ 3,581,431	\$ 4,368,540	\$ (787,109)
Total Expenditures (Page 4 of 6)	1,657,246	4,198,115	(2,540,869)
Revenues Over (Under) Expenditures	\$ 1,924,185	\$ 170,425	\$ 1,753,760

Town of Ocean View

Comparison of Budget to Actual

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

Expenditures	September YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 05
				42% % of Budget
SALARY & RELATED EMPLOYEE EXPENSES				
Wages: Salary, Overtime, Bonus	665,096	1,680,380	\$ (1,015,284)	40%
Insurances: Dental, Health, Life	195,478	421,710	(226,232)	46%
Payroll Taxes	55,140	136,385	(81,245)	40%
Pension	76,121	189,565	(113,444)	40%
Worker's Compensation	52,505	77,085	(24,580)	68%
CONTRACTED SERVICES				
Committee Stipends	2,550	5,000	(2,450)	51%
Computer/Copier Maintenance & related expenses	18,710	46,150	(27,440)	41%
Other	8,807	26,350	(17,543)	33%
EMPLOYEE RELATED EXPENSES, OTHER				
	19,594	43,300	(23,706)	45%
GRANT AWARDS: ESEF FUNDS				
	-	80,000	(80,000)	0%
INSURANCE BUSINESS & BONDS				
	82,361	90,090	(7,729)	91%
PROFESSIONAL SERVICES				
Audit	17,500	19,500	(2,000)	90%
Engineering	8,683	30,500	(21,818)	28%
Legal	10,998	61,000	(50,002)	18%
Other	91,055	73,500	17,555	124%
Pass thru MVFC Ambulance Service	89,845	91,000	(1,155)	99%
Reimbursable - Engineering	68,300	100,000	(31,700)	68%
Reimbursable - Other	360	500	(140)	72%
PUBLIC RELATIONS				
	20,605	32,100	(11,495)	64%
REPAIRS & MAINTENANCE				
Buildings, non-capital	3,469	18,700	(15,231)	19%
Drainage	-	10,000	(10,000)	0%
Machinery & Equipment, non-capital	588	7,000	(6,412)	8%
Park	7,040	28,000	(20,960)	25%
Street & Sidewalk Maintenance & Repairs	31,800	528,500	(496,700)	6%
Vehicles	6,902	15,500	(8,598)	45%
Other(Cleaning, Inspections, etc.)	6,836	24,100	(17,264)	28%
SUPPLIES & MISCELLANEOUS				
Advertising	2,738	11,200	(8,462)	24%
Department Specific Supplies	23,279	66,500	(43,221)	35%
Gas & Diesel	12,645	36,000	(23,355)	35%
NonCapital Equipment/Grant Funded Equipment	12,906	56,300	(43,394)	23%
Office Supplies/Postage	14,477	19,300	(4,823)	75%
Uniforms	2,532	13,800	(11,268)	18%
TELEPHONE & COMMUNICATIONS				
	12,385	37,300	(24,915)	33%
UTILITIES				
Street Lights	24,816	84,000	(59,184)	30%
Utilities	11,126	37,800	(26,674)	29%
Total Expenditures	\$ 1,657,246	\$ 4,198,115	\$ (2,540,869)	39%

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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, 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).

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 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.
