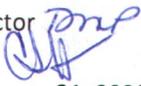


TOWN OF OCEAN VIEW
DELAWARE

February 7, 2020

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

1. Real Estate Tax

FY20 property tax bills total \$2,238,142. Taxpayers had until September 30, 2019 to pay their current year taxes without penalty. YTD month-end property tax receivable during the four fiscal years are as follows:

Period owed	Current Year FY20	1st Prior Yr. FY19	2nd Prior Yr. FY18	3rd Prior Yr. FY17
2017 & prior	\$ 512	\$ 5,454	\$ 7,167	\$ 9,879
2018	545	1,398	2,528	-
2019	1,858	4,293	-	-
2020	3,657	-	-	-
Total	\$ 6,572	\$ 11,145	\$ 9,695	\$ 9,879

2. Water System

The USDA debt (original loan amount in 2007 was \$4,600,000) was retired in mid-August 2018 with proceeds from general obligation bonds. The true interest rate on the new debt is 3.445%. 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, with the final payment being made in 2047.

The 2nd semi-annual payment of \$71,304 was made on September 15, 2019. The original balance on the general obligation bond that was issued for the water system was \$4,160,000 – the remaining principal balance is \$4,160,000. The next debt payment, interest only, of \$71,304 is due on March 15, 2020.

The most recent quarter was billed January 3rd in the amount of \$132,211. The January month end accounts receivable balance was \$35,955 compared to \$56,999 for the comparable period in FY19.

3. Balances – Reserve and Committed Funds

(a) Trust Funds:

Emergency Reserve Trust Fund (ERTF) \$848,422

The Emergency Reserve Trust is fully funded at 20% of the FY20 operating budget. ERTF currently has \$541,296 available for use in a Fulton Money Market account and \$307,126 invested with Raymond James Financial Services (a division of Fulton Financial Services).

Capital Replacement Trust Fund (CRTF) \$1,147,722

The FY20 obligation from the Capital Replacement Trust is \$839,131. Certificates of Deposit have been redeemed to cover the obligation. CRTF currently has \$813,958 available for use in WSFS Money Market account and \$333,764 invested with WSFS in the form of a 12-month, 1.9% CD that comes due 8/28/2020.

Street Repair and Replacement Trust Fund (SRRTF) \$2,472,167

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. SRRTF currently has \$465,828 available for use in a Fulton Money Market account and \$1,880,447 invested with Fulton CRIM and includes \$125,892 held in MSA Money market account at Fulton Bank.

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

The FY20 amount collected for ESEF is based on 140 new home construction permits issued from May 1st through the end of January 2020. The ESEF account balance as of January 31st is \$728,618.

4. Transfer Taxes

Transfer Taxes collected through 12/31/19 are from 63.7% new construction home sales (\$847,852) with 8.3% of new construction being from land sales, developer to builder (\$127,575) and 36.3% resales of existing homes (\$556,258). January sales are not yet available and are not included in the percentage calculation. We are estimating approximately \$90,000 in Transfer Tax from Sussex County for the month of January.

Monthly Collections	Current FY20	1st Prior Yr. FY19	2nd Prior Yr. FY18	3rd Prior Yr. FY17	4th Prior Yr. FY16
May	\$ 183,612	\$ 210,567	\$ 152,400	\$ 73,800	\$ 51,800
June	266,180	85,391	159,100	100,900	89,900
July	128,196	127,263	92,200	39,000	95,100
August	211,145	85,443	130,300	81,700	42,000
September	142,100	130,912	134,800	41,100	70,200
October	231,319	197,866	114,800	44,900	62,500
November	168,247	122,412	122,500	101,900	46,200
December	200,885	115,343	88,600	68,600	27,100
January	18,361	93,695	75,900	62,300	37,900
February	-	100,434	69,800	37,100	88,600
March	-	107,561	131,100	105,400	109,800
April	-	148,957	163,700	105,100	67,300
Total	\$ 1,550,046	\$ 1,525,844	\$ 1,435,200	\$ 861,800	\$ 788,400

5. FY2021 Budget Workshop Follow-up

As a follow up to the January 28th Budget Workshop, below is the information for salaries by department and collateralization of our investments.

<u>1. Salary Detail:</u>	Dept #	Dept	O/T Percentage	O/T non-exempt	Total Salary	Draft 1 Page #
	510	Administration	1.5%	\$1,974	\$374,235	51
	515	P&Z	6.0%	\$13,012	\$319,910	52
	520	Public Safety	16.5%	\$112,053	\$1,032,575	53
	530	Public Works	7.0%	\$5,851	\$89,437	54

2. Safety and Soundness of Investment Accounts: Investments are managed by Fulton Financial Advisors – Cash Reserve Investment Management (CRIM), Raymond James Financial Advisors and WSFS Bank.

Investments under management of CRIM and Raymond James are not bank deposits and therefore collateralization and FDIC insurance provisions do not apply. These assets are invested within the FDIC limitation of \$250,000 and are purchased only on a “Delivery vs Payment” basis, no funds are disbursed until the security has been received, priced and verified.

WSFS Pledges collateral in order to ensure that municipal depositors are always fully secured. The security pledged is a Freddie Mac conventional mortgage backed security fully guaranteed by Freddie Mac. The Town of Ocean View’s security has a par value of \$2,500,354 and a current market value of 2,639,499. Ocean View’s deposits totaled 1,579,036 at January 31 and was over secured by over 1,000,000.

The 2nd draft of the FY21 Budget is under review. If there are any modifications, you would like shown in the 2nd draft presented at the February 25th Budget Workshop please let me know.

Respectfully submitted February 7, 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, 2020

Revenues	January	FY20	Over (Under)	Period 09	
	YTD Actual	Adopted Budget	Budget	75% % of Budget	
PROPERTY TAX REVENUE	\$ 2,496,291	\$ 2,219,210	\$ 277,081	112%	A
TRANSFER TAXES	2,045,146	1,000,000	\$ 1,045,146	205%	B
BUILDING PERMITS					
Building Permits	542,558	449,000	\$ 93,558	121%	
Impact Fees	481,973	300,000	\$ 181,973	161%	
Other Permits/Fees	59,700	36,000	\$ 23,700	166%	
GRANTS					
State Grant - Municipal Street Aid	116,120	118,000	\$ (1,880)	98%	C
Public Safety Grants	142,104	94,500	\$ 47,604	150%	D
GROSS RENTAL RECEIPT TAXES	145,916	282,000	\$ (136,084)	52%	E
LICENSES	119,300	155,000	\$ (35,700)	77%	F
MISCELLANEOUS					G
Cable Franchise Fee	40,536	63,000	\$ (22,464)	64%	
Interest	70,619	28,830	\$ 41,789	245%	
Other	81,204	29,000	\$ 52,204	280%	
P&Z and BOA Fees	12,395	15,000	\$ (2,605)	83%	
POLICE: Fines & Fees	33,119	33,000	\$ 119	100%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	88,449	100,500	\$ (12,052)	88%	
Pass through MVFC Ambulance Service	89,845	91,000	\$ (1,155)	99%	
Total Revenues	\$ 6,565,274	\$ 5,014,040	\$ 1,551,234	131%	
SRRTF: Sidewalk work FY20	\$ 27,850	\$ 147,000	(119,150)	19%	
ESEF: committed funds being granted FY20	\$ -	\$ 80,000	(80,000)	0%	
SRRTF: Street Paving	\$ 294,454	\$ 327,500	(33,046)	90%	
FY20 Revenue Restricted/Committed					I
Capital Budget: Public Safety Grants	\$ -	(25,000)	25,000	0%	
Capital Replacement Trust Fund (CRTF 12.5%)	\$ (255,643)	(125,000)	(130,643)	205%	
Emergency Reserve Trust Fund (ERTF)	\$ (129,900)	(129,900)	0	100%	
Emergency Services Enhancement Fund (ESEF)	\$ (290,228)	(175,000)	(115,228)	166%	
Street Repair & Replacement Trust (SRRTF 25% + Add'l)	\$ (1,659,603)	\$ (745,100)	(914,503)	223%	
Total Revenues Available for Operations	\$ 4,552,204	\$ 4,368,540	\$ 183,664		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	\$ 4,552,204	\$ 4,368,540	\$ 183,664
Total Expenditures (Page 4 of 6)	3,087,819	4,198,115	(1,110,296)
Revenues Over (Under) Expenditures	\$ 1,464,385	\$ 170,425	\$ 1,293,960

Town of Ocean View

Comparison of Budget to Actual

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

Expenditures	January YTD Actual	FY20 Adopted Budget	Over (Under) Budget	Period 09
				75% % of Budget
SALARY & RELATED EMPLOYEE EXPENSES				
Wages: Salary, Overtime, Bonus	1,230,302	1,680,380	\$ (450,078)	73%
Insurances: Dental, Health, Life	325,310	421,710	(96,400)	77%
Payroll Taxes	101,068	136,385	(35,317)	74%
Pension	137,964	189,565	(51,601)	73%
Worker's Compensation	63,099	77,085	(13,986)	82%
CONTRACTED SERVICES				
Committee Stipends	3,930	5,000	(1,070)	79%
Computer/Copier Maintenance & related expenses	37,936	46,150	(8,214)	82%
Other	15,683	26,350	(10,667)	60%
EMPLOYEE RELATED EXPENSES, OTHER				
	31,732	43,300	(11,568)	73%
GRANT AWARDS: ESEF FUNDS				
	-	80,000	(80,000)	0%
INSURANCE BUSINESS & BONDS				
	83,038	90,090	(7,052)	92%
PROFESSIONAL SERVICES				
Audit	17,500	19,500	(2,000)	90%
Engineering	14,888	30,500	(15,613)	49%
Legal	18,519	61,000	(42,481)	30%
Other	172,936	73,500	99,436	235%
Pass thru MVFC Ambulance Service	89,845	91,000	(1,155)	99%
Reimbursable - Engineering	124,194	100,000	24,194	124%
Reimbursable - Other	360	500	(140)	72%
PUBLIC RELATIONS				
	37,660	32,100	5,560	117%
REPAIRS & MAINTENANCE				
Buildings, non-capital	10,087	18,700	(8,613)	54%
Drainage	-	10,000	(10,000)	0%
Machinery & Equipment, non-capital	1,337	7,000	(5,663)	19%
Park	23,608	28,000	(4,392)	84%
Street & Sidewalk Maintenance & Repairs	274,126	528,500	(254,374)	52%
Vehicles	15,548	15,500	48	100%
Other(Cleaning, Inspections, etc.)	14,580	24,100	(9,521)	60%
SUPPLIES & MISCELLANEOUS				
Advertising	5,359	11,200	(5,841)	48%
Department Specific Supplies	44,060	66,500	(22,440)	66%
Gas & Diesel	22,984	36,000	(13,016)	64%
NonCapital Equipment/Grant Funded Equipment	39,697	56,300	(16,603)	71%
Office Supplies/Postage	18,605	19,300	(695)	96%
Uniforms	7,103	13,800	(6,697)	51%
TELEPHONE & COMMUNICATIONS				
	24,993	37,300	(12,307)	67%
UTILITIES				
Street Lights	56,298	84,000	(27,702)	67%
Utilities	23,472	37,800	(14,328)	62%
Total Expenditures	\$ 3,087,819	\$ 4,198,115	\$ (1,110,296)	74%

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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 of \$58,060 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.
