

TOWN OF OCEAN VIEW
DELAWARE

June 9, 2022

TO: Honorable Mayor and Council
FROM: Dawn Mitchell Parks, Finance Director *DM*
VIA: Carol S. Houck, Town Manager *CH*
SUBJECT: Monthly Financial Update as of May 31, 2022

1. Real Estate Tax

As of May 31st, we have collected 99.9% of our FY22 taxes (\$2,671,646) leaving \$917 remaining due. We have three (3) properties with prior year taxes outstanding in the amount of \$1,338.

The FY23 Tax bills were processed and postmarked by June 3rd for the assessments that were posted on February 15, 2022. The property tax bills totaled \$3,131,871. Taxpayers have until July 31 to take advantage of the 1% discount and until August 31 to pay their current year taxes without penalty.

2. Municipal Water System

On June 8th, Middlesex Water Company supplied us with a list of 31 properties that are at least two (2) billings in arrears. Calls have been made to the property owners and letters will be mailed on June 16th. Shut offs are scheduled for July 6th. Currently, we have two (2) properties that are disconnected from the Municipal Water System.

3. Balances – Reserve and Committed Funds

(a) Trust Funds:

Emergency Reserve Trust Fund (ERTF) \$ 972,155

The Emergency Reserve Trust is funded at 20% of the FY22 operating budget. ERTF currently has \$664,917 available for use in a Fulton Money Market account and \$307,238 invested with Raymond James Financial Services (a division of Fulton Financial Services).

Capital Replacement Trust Fund (CRTF) \$ 1,061,245

The FY23 obligation from the Capital Replacement Trust is \$131,355. CRTF currently has \$720,064 available for use in WSFS Money Market account and \$341,181 invested with WSFS in the form of a 12-month, .4% CD that will come due on 8/31/2022.

Street Repair and Replacement Trust Fund (SRRTF) \$ 4,213,290

The FY23 obligation from the Street Repair and Replacement Trust is \$1,340,100 for capital projects, \$1,136,100 for street paving and sidewalks. SRRTF currently has \$2,133,514 available for use in a Fulton Money Market account and \$1,885,555 invested with Fulton CRIM and includes \$194,222 held in MSA Money market account at Fulton Bank.

(b) American Rescue Plan Act Fund (ARPA): \$361,921

On June 16, 2021, the Town received the first install of the ARPA funds. The 2nd install should be received by the end of the month. The Final Rule published in January 2022 went into effect April 1, 2022. The required annual March report was submitted on April 28th.

(c) 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 FY22 is based on 33 new home construction permits.

	Accumulation and Use			
	Collected	Used	Available	
FY18 & prior	1,085,486	(817,019)	268,467	<i>\$815,019 to MVFC + \$2,000 to Beebe Med. Fdn.</i>
FY19	245,327	(80,000)	433,793	<i>MVFC</i>
FY20	380,444	(80,000)	734,238	<i>MVFC</i>
FY21	277,989	(80,000)	932,227	<i>MVFC</i>
FY22	155,956	(80,000)	1,008,183	<i>MVFC</i>
Cumulative collected and disbursed	2,145,202	(1,137,019)	1,008,183	

4. Transfer Taxes

Transfer Taxes collected through 4/30/2022 are from 33.5% new construction home sales (\$591,042), .7% of new construction being from land sales developer to builder (\$12,409) and 65.8% resales of existing homes (\$1,160,699).

	Current	1st Prior Yr.	2nd Prior Yr.	3rd Prior Yr.	4th Prior Yr.
Collections	FY22	FY21	FY20	FY19	FY18
May	\$ 198,193	\$ 123,231	\$ 183,612	\$ 210,567	\$ 152,387
June	\$ 174,067	\$ 102,828	\$ 266,180	\$ 85,391	\$ 159,104
July	\$ 118,532	\$ 153,975	\$ 128,196	\$ 127,263	\$ 92,164
August	\$ 173,294	\$ 203,328	\$ 211,145	\$ 85,443	\$ 130,322
September	\$ 148,578	\$ 232,105	\$ 142,100	\$ 130,912	\$ 134,777
October	\$ 170,418	\$ 171,100	\$ 231,319	\$ 197,866	\$ 114,789
November	\$ 190,268	\$ 155,611	\$ 168,247	\$ 122,412	\$ 122,542
December	\$ 101,272	\$ 182,214	\$ 200,885	\$ 115,343	\$ 88,622
January	\$ 156,492	\$ 194,287	\$ 108,708	\$ 93,695	\$ 75,919
February	\$ 55,620	\$ 126,990	\$ 138,441	\$ 100,434	\$ 69,753
March	\$ 141,865	\$ 182,629	\$ 128,217	\$ 107,562	\$ 131,159
April	\$ 135,551	\$ 191,094	\$ 108,575	\$ 148,957	\$ 163,649
Total	\$ 1,764,150	\$ 2,019,393	\$ 2,015,627	\$ 1,525,844	\$ 1,435,187

For FY22 there were 66 new construction home sales with the average transfer tax amount of \$8,955, 166 resales of existing properties with the average transfer tax amount of \$6,992 and 8 land sales from developer to builder with the average transfer tax amount of \$1,551.

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

Attached are updated Revenue and Expenditure financial reports for the date ending April 30, 2022. As you are aware, our fiscal year ended on April 30th, so the numbers reported are not final. We will continue to process Accounts Payable, and Revenues associated with FY22 through June 30th.

The annual audit is tentatively scheduled for the week of July 11th.

As always, if you have any questions concerning the Financial Reports, please do not hesitate to contact me.

Respectfully submitted June 9, 2022

Dawn Mitchell Parks
Finance Director

Town of Ocean View

Comparison of Budget to Actual

Year-to-Date for the Fiscal Year Ending April 30, 2022

Revenues	April YTD Actual	FY22 Adopted Budget	Over (Under) Budget	Period 12 100% % of Budget	
PROPERTY TAX REVENUE	\$ 2,711,730	\$ 2,760,065	\$ (48,335)	98%	A
Early Payment Discount - Taxes (1% if paid by 7/31/21)	\$ (22,169)	(26,735)	\$ 4,566	83%	
TRANSFER TAXES	1,764,150	1,250,000	\$ 514,150	141%	B
BUILDING PERMITS					
Building Permits	289,550	388,440	\$ (98,890)	75%	
Impact Fees	203,344	174,570	\$ 28,774	116%	
Other Permits/Fees	32,146	18,500	\$ 13,646	174%	
GRANTS					
State Grant - Municipal Street Aid	127,508	115,000	\$ 12,508	111%	C
Other Grant Proceeds (Public Safety and ARPA)	833,057	136,000	\$ 697,057	613%	D
GROSS RENTAL RECEIPT TAXES	627,125	410,500	\$ 216,625	153%	E
LICENSES	205,755	181,000	\$ 24,755	114%	F
MISCELLANEOUS					G
Cable Franchise Fee	92,060	80,000	\$ 12,060	115%	
Interest	9,660	17,400	\$ (7,740)	56%	
Other	60,314	29,000	\$ 31,314	208%	
P&Z and BOA Fees	21,900	10,000	\$ 11,900	219%	
POLICE: Fines & Fees	44,327	38,500	\$ 5,826	115%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	66,617	106,000	\$ (39,384)	63%	
Pass through MVFC Ambulance Service	102,620	95,000	\$ 7,620	108%	
Total Revenues	\$ 7,169,693	\$ 5,783,240	\$ 1,386,453	124%	
SRRTF: Sidewalk work	\$ 472,536	\$ 150,000	322,536	315%	
ESEF: committed funds being granted	\$ 80,000	\$ 80,000	0	100%	
SRRTF: Street Paving	\$ 403,806	\$ 416,180	(12,374)	97%	
FY22 Revenue Restricted/Committed					I
Capital Budget: Public Safety Grants	\$ (30,000)	(25,000)	(5,000)	120%	
Capital Replacement Trust Fund (CRTF 12.5%)	\$ (220,519)	(156,250)	(64,269)	141%	
Emergency Reserve Trust Fund (ERTF)	\$ (59,520)	(59,520)	0	100%	
Emergency Services Enhancement Fund (ESEF)	\$ (155,956)	(120,000)	(35,956)	130%	
Street Repair & Replacement Trust (SRRTF 25% + Add'l)	\$ (1,484,111)	\$ (1,034,230)	(449,881)	143%	
Total Revenues Available for Operations	\$ 6,175,929	\$ 5,034,420	\$ 1,141,509		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	\$ 6,175,929	\$ 5,034,420	\$ 1,141,509
Total Expenditures (Page 5 of 8)	5,370,700	4,865,170	505,530
Revenues Over (Under) Expenditures	\$ 805,229	\$ 169,250	\$ 635,979

Town of Ocean View

Comparison of Budget to Actual

Year-to-Date for the Fiscal Year Ending April 30, 2022

Expenditures	April YTD Actual	FY22 Adopted Budget	Over (Under) Budget	Period 12
				100% % of Budget
SALARY & RELATED EMPLOYEE EXPENSES				
Wages: Salary, Overtime, Bonus	1,964,209	1,904,545	\$ 59,664	103%
Insurances: Dental, Health, Life	367,913	397,505	(29,592)	93%
Payroll Taxes	170,958	153,760	17,198	111%
Pension	214,337	212,010	2,327	101%
Worker's Compensation	55,839	60,120	(4,281)	93%
CONTRACTED SERVICES	-			
Committee Stipends	3,450	5,000	(1,550)	69%
Computer/Copier Maintenance & related expenses	60,419	62,100	(1,681)	97%
Other	27,697	29,130	(1,433)	95%
EMPLOYEE RELATED EXPENSES, OTHER	50,893	72,450	(21,557)	70%
GRANT AWARDS: ESEF FUNDS	80,000	80,000	-	100%
INSURANCE BUSINESS & BONDS	105,774	104,805	969	101%
PROFESSIONAL SERVICES	-			
Audit	18,500	21,000	(2,500)	88%
Engineering	23,805	25,000	(1,195)	95%
Legal	27,134	31,000	(3,866)	88%
Property Assessments	239,065	171,800	67,265	139%
Other	82,549	78,400	4,149	105%
Pass thru MVFC Ambulance Service	102,620	95,000	7,620	108%
Reimbursable - Engineering	83,872	100,000	(16,129)	84%
Reimbursable - Other	5,416	3,000	2,416	181%
PUBLIC RELATIONS	50,756	48,500	2,256	105%
REPAIRS & MAINTENANCE	-			
Buildings, non-capital	4,796	11,500	(6,704)	42%
Drainage	59,013	60,000	(987)	98%
Machinery & Equipment, non-capital	2,828	5,700	(2,872)	50%
Park	13,915	26,500	(12,585)	53%
Street & Sidewalk Maintenance & Repairs	1,100,330	646,180	454,150	170%
Vehicles	25,095	34,000	(8,905)	74%
Other(Cleaning, Inspections, etc.)	29,820	33,950	(4,130)	88%
SUPPLIES & MISCELLANEOUS	-			
Advertising	18,292	21,500	(3,208)	85%
Department Specific Supplies	68,352	77,020	(8,668)	89%
Gas & Diesel	52,375	41,400	10,975	127%
NonCapital Equipment/Grant Funded Equipment	64,800	38,745	26,055	167%
Office Supplies/Postage	24,956	26,300	(1,344)	95%
Uniforms	14,723	13,700	1,023	107%
TELEPHONE & COMMUNICATIONS	39,959	44,000	(4,041)	91%
UTILITIES	-			
Street Lights	76,675	90,000	(13,325)	85%
Utilities	39,563	39,550	13	100%
Total Expenditures	\$ 5,370,700	\$ 4,865,170	\$ 505,530	110%

Town of Ocean View

Comparison of Operating Budget to Actual – Analytic Comments Year-to-Date for the Fiscal Year Ending April 30, 2022

Revenues

- A. Property Tax Revenues:** The FY22 tax bills were mailed June 1st. Taxpayers had 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 the end of August, 2,548 property owners took advantage of the 1% discount with a total savings of \$22,169. New Construction Half-year bills were processed and mailed the first week of November.
- 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 FY22 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 or \$59,520 and was transferred in November 2021. For FY22, to meet our \$1,250,000 budgeted goal we needed to collect \$104,167 monthly.
- C. Grants – State Grant (Municipal Street Aid):** Historically, the Town's share of MSA funding has been approximately 1.9% 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 \$113,928. The first installment in the amount of \$56,964 was received August 27th with the balance received January 11, 2022. In December 2021, we received an additional \$13,580 due to the increase in mileage.
- 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 are 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 FY22, we will continue to submit for reimbursement 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. As of the end of April, Gross Rental Receipts taxes for FY22 (\$631,798) which is a 50% increase compared to FY21 taxes (\$420,692).
- 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.

Comparison of Operating Budget to Actual – Analytic Comments
Year-to-Date for the Fiscal Year Ending April 30, 2022

- H. Revenue with Offsetting Expense:** The major components of this category are (1) The pass-thru ambulance fee for MVFC (\$95,000 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 (\$106,000 budgeted).

Revenue not available for Operations

- I. FY22 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, 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 FY21, a total of \$932,227 in ESEF collections were carried over to FY22. 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 normally occurs in March.
- 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.