

TOWN OF OCEAN VIEW
DELAWARE

March 3, 2022

TO: Honorable Mayor and Council
FROM: Dawn Mitchell Parks, Finance Director *one*
VIA: Carol S. Houck, Town Manager *CSH*
SUBJECT: Monthly Financial Update as of February 28, 2022

1. Real Estate Tax

As of February 28th, we have collected 99.7% of the current year taxes including New Construction half-year tax bills in the amount of \$2,669,409 leaving a balance due of \$7,898. Currently, we only have one account with prior year taxes due in the amount of \$1,282.

2. Balances – Reserve and Committed Funds

(a) Trust Funds:

Emergency Reserve Trust Fund (ERTF) \$972,099

The Emergency Reserve Trust is funded at 20% of the FY22 operating budget. The FY22 budgeted amount of \$59,520 was transferred from Transfer Taxes in November. ERTF currently has \$664,868 available for use in a Fulton Money Market account and \$307,231 invested with Raymond James Financial Services (a division of Fulton Financial Services).

Capital Replacement Trust Fund (CRTF) \$1,044,451

Prior year project obligations are \$229,464 and FY22 obligation from the Capital Replacement Trust is \$141,165. CRTF currently has \$703,269 available for use in WSFS Money Market account and \$341,182 invested with WSFS in the form of a 12-month, 1.9% CD that will roll over on 8/31/2022.

Street Repair and Replacement Trust Fund (SRRTF) \$4,813,965

Prior year project obligations are \$1,124,928 and FY22 obligation from the Street Repair and Replacement Trust is \$943,260 for drainage projects, \$416,180 for street paving, \$519,100 for sidewalk connectivity projects. SRRTF currently has \$2,734,355 available for use in a Fulton Money Market account and \$1,885,342 invested with Fulton CRIM and includes \$194,268 held in MSA Money market account at Fulton Bank.

(b) American Rescue Plan Act Fund (ARPA): \$591,206

On June 16th, the Town received the first install of the ARPA funds and transferred the amount to the newly opened account. We continue to participate in webinars concerning the use and reporting of the ARPA funds. The Final Rule was published in January 2022 and goes into effect April 1, 2022.

(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. As of the end of December, 18 new home construction permits have been issued.

	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	113,738		1,045,965	
Cumulative collected and disbursed	2,102,984	(1,057,019)	1,045,965	

3. Transfer Taxes

Transfer Taxes collected through 1/31/2022 are from 34.1% new construction home sales (\$487,866) with .5% of new construction being from land sales, developer to builder (\$7,310) and 65.4% resales of existing homes (\$935,938).

	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	\$ -	\$ 126,990	\$ 138,441	\$ 100,434	\$ 69,753
March	\$ -	\$ 182,629	\$ 128,217	\$ 107,562	\$ 131,159
April	\$ -	\$ 191,094	\$ 108,575	\$ 148,957	\$ 163,649
Total	\$ 1,431,114	\$ 2,019,393	\$ 2,015,627	\$ 1,525,844	\$ 1,435,187

For FY22, to meet our \$1,250,000 budgeted goal we will need to collect \$104,167 monthly.

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

Attached are Revenue and Expenditure financial reports for the date ending February 28, 2022.

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

Respectfully submitted March 3, 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	February YTD Actual	FY22 Adopted Budget	Over (Under) Budget	Period 10 83% % of Budget	
PROPERTY TAX REVENUE	\$ 2,711,610	\$ 2,760,065	\$ (48,455)	98%	A
Early Payment Discount - Taxes (1% if paid by 7/31/21)	\$ (22,169)	(26,735)	\$ 4,566	83%	
TRANSFER TAXES	1,431,114	1,250,000	\$ 181,114	114%	B
BUILDING PERMITS					
Building Permits	226,944	388,440	\$ (161,496)	58%	
Impact Fees	139,586	174,570	\$ (34,984)	80%	
Other Permits/Fees	23,406	18,500	\$ 4,906	127%	
GRANTS					
State Grant - Municipal Street Aid	127,508	115,000	\$ 12,508	111%	C
Other Grant Proceeds (Public Safety and ARPA)	785,177	136,000	\$ 649,177	577%	D
GROSS RENTAL RECEIPT TAXES	580,353	410,500	\$ 169,853	141%	E
LICENSES	190,455	181,000	\$ 9,455	105%	F
MISCELLANEOUS					G
Cable Franchise Fee	70,558	80,000	\$ (9,442)	88%	
Interest	6,063	17,400	\$ (11,337)	35%	
Other	55,129	29,000	\$ 26,129	190%	
P&Z and BOA Fees	18,100	10,000	\$ 8,100	181%	
POLICE: Fines & Fees	39,392	38,500	\$ 892	102%	
REVENUE WITH OFFSETTING EXPENSE					H
Reimbursable Fees	56,179	106,000	\$ (49,822)	53%	
Pass through MVFC Ambulance Service	102,620	95,000	\$ 7,620	108%	
Total Revenues	\$ 6,542,025	\$ 5,783,240	\$ 758,785	113%	
SRRTF: Sidewalk work	\$ 453,813	\$ 150,000	303,813	303%	
ESEF: committed funds being granted	\$ -	\$ 80,000	(80,000)	0%	
SRRTF: Street Paving	\$ 403,806	\$ 416,180	(12,374)	97%	
FY22 Revenue Restricted/Committed					I
Capital Budget: Public Safety Grants	\$ -	(25,000)	25,000	0%	
Capital Replacement Trust Fund (CRTF 12.5%)	\$ (178,889)	(156,250)	(22,639)	114%	
Emergency Reserve Trust Fund (ERTF)	\$ (59,520)	(59,520)	0	100%	
Emergency Services Enhancement Fund (ESEF)	\$ (31,729)	(120,000)	88,271	26%	
Street Repair & Replacement Trust (SRRTF 25% + Add'l)	\$ (1,192,705)	\$ (1,034,230)	(158,475)	115%	
Total Revenues Available for Operations	\$ 5,936,801	\$ 5,034,420	\$ 902,381		

Recap	Actual	Budget	Over (Under) Budget
Total Revenues Available for Operations (above)	\$ 5,936,801	\$ 5,034,420	\$ 902,381
Total Expenditures (Page 5 of 8)	4,327,392	4,865,170	(537,778)
Revenues Over (Under) Expenditures	\$ 1,609,409	\$ 169,250	\$ 1,440,159

Town of Ocean View

Comparison of Budget to Actual

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

Expenditures	February YTD Actual	FY22 Adopted Budget	Over (Under) Budget	Period 10
				83% % of Budget
SALARY & RELATED EMPLOYEE EXPENSES				
Wages: Salary, Overtime, Bonus	1,608,078	1,904,545	\$ (296,467)	84%
Insurances: Dental, Health, Life	343,575	397,505	(53,930)	86%
Payroll Taxes	138,875	153,760	(14,885)	90%
Pension	177,681	212,010	(34,329)	84%
Worker's Compensation	56,028	60,120	(4,092)	93%
CONTRACTED SERVICES	-			
Committee Stipends	2,490	5,000	(2,510)	50%
Computer/Copier Maintenance & related expenses	53,364	62,100	(8,736)	86%
Other	9,784	29,130	(19,346)	34%
EMPLOYEE RELATED EXPENSES, OTHER	39,530	72,450	(32,920)	55%
GRANT AWARDS: ESEF FUNDS	-	80,000	(80,000)	0%
INSURANCE BUSINESS & BONDS	105,189	104,805	384	100%
PROFESSIONAL SERVICES	-			
Audit	18,500	21,000	(2,500)	88%
Engineering	31,894	25,000	6,894	128%
Legal	15,310	31,000	(15,690)	49%
Property Assessments	134,701	171,800	(37,099)	78%
Other	63,836	78,400	(14,564)	81%
Pass thru MVFC Ambulance Service	102,620	95,000	7,620	108%
Reimbursable - Engineering	51,474	100,000	(48,527)	51%
Reimbursable - Other	5,416	3,000	2,416	181%
PUBLIC RELATIONS	33,322	48,500	(15,178)	69%
REPAIRS & MAINTENANCE	-			
Buildings, non-capital	3,931	11,500	(7,569)	34%
Drainage	59,013	60,000	(987)	98%
Machinery & Equipment, non-capital	1,943	5,700	(3,757)	34%
Park	12,406	26,500	(14,094)	47%
Street & Sidewalk Maintenance & Repairs	895,964	646,180	249,784	139%
Vehicles	19,919	34,000	(14,081)	59%
Other(Cleaning, Inspections, etc.)	25,250	33,950	(8,700)	74%
SUPPLIES & MISCELLANEOUS	-			
Advertising	15,224	21,500	(6,276)	71%
Department Specific Supplies	54,656	77,020	(22,364)	71%
Gas & Diesel	37,124	41,400	(4,276)	90%
NonCapital Equipment/Grant Funded Equipment	53,963	38,745	15,218	139%
Office Supplies/Postage	22,459	26,300	(3,841)	85%
Uniforms	13,567	13,700	(133)	99%
TELEPHONE & COMMUNICATIONS	32,126	44,000	(11,874)	73%
UTILITIES	-			
Street Lights	57,073	90,000	(32,927)	63%
Utilities	31,107	39,550	(8,443)	79%
Total Expenditures	\$ 4,327,392	\$ 4,865,170	\$ (537,778)	89%

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 have 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 FY21, 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 February, Gross Rental Receipts taxes for FY22 (\$580,352) which is a 65% increase compared to FY21 taxes (\$350,078) for the same time frame.
- 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.