

**Minutes of the  
New Castle County Financial Advisory Council  
New Castle County Government Center – Large Executive Conference Room  
April 12, 2016**

**Attendance:**

<b>Member</b>	<b>Present</b>
Richard F. Davis	Yes
Michael Ferretti*	Yes
Jill Floore	Yes
Joseph Larotonda	Yes
Owen Mathews	Yes
Mark Oller	Yes
Lynette Scott*	Yes

**Members in Attendance:** 7

**Members Absent:** 0

**Others Present:** Russ Morris, Mike Coupe, Ed Milowicki, Maria Scarpa, Lynne McIntosh, Ron Russell, Joanna Finnigan, David Del Grande, Tim Mullaney

**Opening Business:**

Chairman Rich Davis called the meeting to order at 8:19 a.m. Mr. Oller made a motion to approve the minutes from the meetings on November 17, 2015 and February 9, 2016, Mr. Mathews seconded the motion, and the minutes from both meetings were approved as submitted.

\*Michael Ferretti and Lynette Scott did not vote on the approval of minutes because they were not in attendance at the time of the vote.

**General and Sewer Fund Revenue by Major Categories for FY2016:**

Mr. Morris reviewed the NCC's General and Sewer Funds Revenue Summary as of March 31, 2016 (Exhibit A). Mr. Morris reviewed the details for general and sewer fund revenues.

**General Fund**

Overall, the General Fund numbers are looking good at \$1.2 million above estimate. The Sewer Fund is about \$1.5 million below estimate. Three months of revenue adjustments are included.

RTT – Raised by \$1 million in February so \$2.4 million over original estimate.

Dog Licenses – The State has taken that over so this will no longer be an ongoing source of revenue.

Paramedic Reimbursement we took up \$100K and then took down \$100K for the Department of Justice, COPS Grant. This is 30% of actual expenditures, so if expenditures are down then revenue will be down.

Other Income – Gone up \$115K to reflect revenues already received. Insurance Proceeds were already up \$300K and has gone up another \$200K in January/February. These are reimbursements for medical expenses.

Overall, the FY2016 General Fund revenue estimate is at \$176,677.8, which is \$1,214.2 over the original estimate.

Jill Floore questioned when the estimate for RTT is higher. Mr. Morris explained it is a reserve and designated RTT Debt Service. Reserves from this year become part of the operating budget for next year.

### **Sewer Fund**

Nonresidential – Previously increased \$200K and that has come down back down.

Commercial – Reducing by an additional \$300K to be down a total of \$550K on the year.

Apartments – Down another \$100K to be down a total of \$200K on the year.

Stormwater Management Fees, Inspection Fees and Capital Recovery Fees – Several fees used to go into escrow accounts and then transferred to capital projects or to the sewer fund in the operating budget. Where appropriate those funds are now being deposited directly into the sewer fund as operating revenues so they are no longer going into one fund and coming into another. CFO Coupe explained that the escrow accounts show up on the financial statements as a liability and these are revenue not liability. This is an accounting correction to properly record this as revenue on the balance sheets. This was originally set up in this way due to the impact fee structure because the customer could be reimbursed after ten years if the sewer was not connected. Eventually this went from a sewer impact fee to a capital recovery fee.

Septic Hauler Fees – Down \$175K due to reduced fees to gain business back that had been lost to neighboring states.

Overall, the FY2016 Sewer Fund revenue estimate is at \$72,816.5, which is \$1,490.7 below the original estimate.

### **General and Sewer Fund Revenue by Major Categories for FY2017:**

Mr. Morris reviewed the NCC's General and Sewer Funds Revenues FY2017 Summary (Exhibit B). These are the estimated revenues that are set up for FY2017. They do not include RTT Debt Service or transfers of reserves to be used for Capital. This only shows revenues received for the operating budget. There are no fee increases.

Real Estate Taxes – Overall expecting an additional \$1,785.9 on the property tax revenue for FY2017.

Real Estate Transfer Taxes – Budget for next year is \$25,740.0, which is 90% of what we actually expect. Building in 7.5% increase over current year estimates.

Police Traffic Fines – These numbers are submitted by Public Safety and these numbers are in line with the budget they submitted for this year. They have achieved this number in the past. Authorized police strength is up to 400, the highest it has ever been.

Property Maintenance Fees – When we spend money to abate property issues then we seek to recover them and traditionally this number has been 60%.

Sale of Assets – \$275K compared to this years \$140K. As we buy new vehicles, particularly for new police recruits, we sell the old ones.

Paramedic Reimbursement – Additional \$1 million based on 30% of the operating costs built into the budget.

COPS Grant – \$254K increase based upon actual expenditures. Grant for the training of 15 new officers that were authorized in December. COPS Grant will pay 30% of salary and benefits and the County pays the remaining 70%. This covers the first three years and then the County picks up 100% of the cost in the fourth year.

Overall, the FY2017 General Fund revenue estimate is \$180,479.7, which is an increase of 2.2% over current year.

## **SEWER FUND**

Delinquent Charges – Estimate is more in line with what it should be versus the large number in FY2015.

Overall, the FY2017 Sewer Fund revenue estimate is \$72,990.7, which is an increase of 0.2% over current year.

\*CFO Coupe noted that this will be David Del Grande's last meeting.

### **General and Sewer Fund Expenditures for FY2016 and FY2017:**

Mr. Del Grande reviewed the FY2016 Budget vs. FY2016 Estimated as of March 31, 2016 (Exhibit C).

#### **General Fund**

Since we last met, two pieces of legislation have been added, which are marked (6) and (7) at the bottom of Exhibit C. We have appropriated \$1,400,000 from tax stabilization reserves for Workers' Compensation Program and \$64,800 from the Operating Budget to the Summer Recreation Camps Grant for the Annual County match.

Approved budget is \$175.4 and our estimated budget is \$174.2 with a savings of \$1.2.

#### **Sewer Fund**

Approved budget is \$73.0 and our estimated budget is \$72.3 with a savings of \$0.7.

Legislation is going to Council to add \$300K to the budget to cover additional costs necessary for the Wilmington Treatment Plant. All labor union contracts have expired.

Mr. Del Grande reviewed the FY2016 Budget vs. FY2017 Recommended as of March 31, 2016 (Exhibit C).

#### **General Fund**

FY2017 General Fund expenditure estimate is \$184.8 which is \$10.7 over our FY2016 approved or a 5.8% increase. This is primarily due to 15 new police officers and overtime in Public Safety. Employee Benefit rate has gone up from 52.8% to 54.5%. The increase is partially revenues and partially RTT reserves. RTT reserve is used to pay for debt service in the next year. The Tax Stabilization reserve is being used to transfer out of the general fund to pay for vehicles and fleet in our capital budget. Salaries and Wages do not reflect union

contract negotiations. Currently there are 135 vacancies out of 1600 positions with 8 unfunded in FY2017.

## **SEWER FUND**

FY2017 Sewer Fund expenditure estimate is \$73.0 which reflects no change from FY2016 approved. This does not include Wilmington Treatment Plant negotiations or labor union negotiations.

FY2016 Budget Highlights as of March 31, 2016 (Exhibit D) was provided for more detail.

### **General and Sewer Fund Revenue by Major Categories/Expenditures for FY2016 and Succeeding Fiscal Years:**

Mr. Del Grande reviewed the General and Sewer Fund Cash Flow Projections as of March 31, 2016 (Exhibit E).

#### **General Fund**

Available financial reserves start FY2016 at \$45.6, excluding Rainy Day Reserve. Assuming no increases and normal assessment growth, this will be down to \$0.1 by the end of FY2020. The use of available cash balances is a requirement from the auditors. Assuming bond issue in FY2018 and FY2020.

#### **Sewer Fund**

Available financial reserves start FY2016 at \$10.3, excluding Rainy Day Reserve. This will be down to \$0.1 by the end of FY2020.

\*CFO Coupe introduced CAO Tim Mullaney to the Council.

### **Approval of FY2017 Revenue Forecast:**

Ms. Floore made a motion to approve the New Castle County FY2017 General Fund revenue estimate of \$180,479.7 and FY2017 Sewer Fund revenue estimate of \$72,990.7. Mr. Larotonda seconded the motion and they were unanimously approved.

### **Memorandum**

The NCCFAC members in attendance signed the Memo to Executive, Council and CFO signifying the information reviewed at this meeting.

### **Schedule Date for Next Meeting:**

The next meeting will be Tuesday, September 13, 2016 at 8:15 a.m. at the Government Center in the Large Executive Conference Room.

There being no further business, Chairman Davis adjourned the meeting at 9:39 a.m.