

**Minutes of the
New Castle County Financial Advisory Council
New Castle County Government Center – Large Executive Conference Room
September 12, 2017**

Attendance:

Member	Present
Richard F. Davis	Yes
Owen Mathews	Yes
Jill Floore	Yes
Joseph Larotonda	No
Michael Ferretti	No
Mark Oller	Yes
Lynette Scott	Yes

Members in Attendance: 6

Members Absent: 1

Others Present: George Smiley, Vicki Ford, Russ Morris, Ken Porter, Julie Pfeffer, Bob Wasserbach, Rinku Banerji, Lynne McIntosh, Joanna Finnigan, Joe Szczechowski

Opening Business:

Chairman Richard Davis called the meeting to order at 8:15 a.m. There was one change to the minutes submitted by Owen Mathews. Mark Oller made a motion to approve the minutes as amended from the May 9, 2017 meeting. Jill Floore seconded the motion, and the minutes were approved.

General and Sewer Fund Revenue by Major Categories for FY2017:

Russ Morris reviewed the details of Exhibit A – New Castle County’s General and Sewer Funds Revenues Summary as of June 30, 2017. He noted that page 6 of Exhibit A included a quarter-by-quarter summary of the changes in revenue.

Mr. Morris noted that at the last NCCFAC meeting, the Realty Transfer Tax estimate was \$30 million for the year. RTT exceeded the estimate and came in at \$32,651.7. Mr. Morris reviewed the details of the other line items in the General Fund. The other significant change was a decrease in Intergovernmental Revenues of approximately \$1.162 million. Mr. Morris explained that the shortfall was simply a matter of timing. The paramedic reimbursement, which normally arrives in June, was not received until July.

Overall, revenues in the General Fund at the end of the fiscal year were \$190,719.3, which was \$8,443.2, or 4.6% over the \$182,276.1 budget.

Revenues in the Sewer Fund were \$72,937.4, which was \$52.2, or 0.1% under the \$72,990.7 budget. This was mainly due to decreases in both Sewer Current and Sewer Delinquent, which was due to one mortgage company sending its payments after the end of the fiscal year.

Councilman Smiley stated that since there will likely be an extra paramedic reimbursement payment received in FY2018, it is important to make sure that it is reflected properly, since New Castle County is taking a reduction in the reimbursement from the State.

General and Sewer Fund Expenditures for FY2017:

Mr. Morris reviewed the details of Exhibit B – New Castle County’s General and Sewer Fund Expenditures FY2017 Budget vs. FY2017 Actual as of June 30, 2017. He noted that an additional column – showing Actual vs. Approved – had been added to the exhibit.

Overall, in the General Fund, expenditures were \$187.7 million, which was \$3 million over the \$184.8 million approved (7/1/16) budget, but \$2.7 million less than the FY2017 final (6/30/17) budget.

In the Sewer Fund, Mr. Morris noted that we ended the fiscal year with small surpluses in both the Salaries and Wages and Employee Benefits lines due to vacancies in positions.

In Communications and Utilities, New Castle County received a true-up for sewer services from the City of Wilmington for FY2016, causing a \$100,000 budget shortfall.

Overall, in the Sewer Fund, we spent \$71.4 million, which is \$1.5 less than the approved (7/1/16) budget, and \$2 million less than the FY2017 final (6/30/17) budget.

General and Sewer Funds Revenues Summary as of August 31, 2017:

Mr. Morris reviewed the details of Exhibit C – General and Sewer Funds Revenues Summary as of August 31, 2017. He noted that on page 2 of the exhibit, we are showing -\$342.3 under Appeal Credits. This is an Appeal Credit on the Boxwood Assembly Plant. There was an appeal on the assessment granted that dated back two years to 2016.

Ms. Floore asked if the credit was on the owed amount, since her understanding was that the account had not been paid to Red Clay. Mr. Porter explained that the Appeal Credit does not reduce what is owed or what had already been paid to Red Clay, it only provides a credit on the account that will be used to pay future taxes.

Mr. Morris continued his review of Exhibit C, noting that RTT has started the fiscal year off strong, taking in \$7,289.8, which is \$1,695.4 more than the same time last year. There was some discussion regarding the timing of transactions that might have contributed to the strong start in RTT in light of the State adding 1% to RTT as of August 1. Most large transactions are scheduled months in advance, so the effect was minimal.

Building permits were also doing well at the start of the fiscal year.

Mr. Morris noted that the Paramedic Reimbursement for FY2017 was received in August and therefore reflected in FY2018. He added that the State had decreased the County's reimbursement for FY2018 from 30% to 24%.

Overall, in General Fund Revenues we are \$3,780.0 ahead of the same time last year. As a result, we are increasing our revenue estimates by \$2,108.6.

In Sewer Fund Revenues, we are showing an increase of \$2,904.0 in Sewer Service Charges over the same time last year, but this is mostly due to industrial bills being sent out earlier than in the past. We also received a large check from a mortgage company in August, accounting for most of the \$884.3 increase in Delinquent Sewer over the same time last year.

Overall, in Sewer Fund Revenues we are \$4,223.5 ahead of the same time last year. Since most of the increases were due to timing, there are no changes in revenue estimates at this time.

General and Sewer Fund FY2018 Budget vs. FY2018 Estimate as of August 31, 2017:

Mr. Morris reviewed the details of Exhibit D – General and Sewer Fund FY2018 Budget vs. FY2018 Estimate as of August 31, 2017. He noted that there are no changes between the adjusted budget and the estimate in both the General and Sewer Funds.

There were two changes to the General Fund FY2018 Approved (7/1/17) Budget – a transfer of \$452,488 from the Operating Budget to the Emergency Management Grant; and an appropriation of \$18,000 from the Recorder of Deeds Technology Fee account to the Recorder of Deeds Contractual Services budget.

General and Sewer Fund Financial Projections as of 8/31/17 (Unaudited) Fiscal Years 2018-2021:

Vicki Ford reviewed the details of Exhibit E – General and Sewer Fund Financial Projections as of 8/31/17 (Unaudited) Fiscal Years 2018-2021.

In the General Fund, we are starting the fiscal year with \$32.2 million in the Tax Stabilization Reserve. Our expenditures are exceeding our revenues for FY2018 by approximately \$10.2 million, which would leave a Tax Stabilization Reserve of \$22 million going into FY2019. The administration is taking a hard look at the expenditures for FY2019 and is looking to substantially reduce the structural deficit as we plan for FY2019.

In the Sewer Fund, we are starting the fiscal year with \$9.9 million in the Sewer Rate Stabilization Reserve. Our expenditures are exceeding our revenues in the Sewer Fund for FY2018 by approximately \$3 million, which would leave a Sewer Rate Stabilization Reserve of \$7.3 million going into FY2019. The administration is looking at restructuring the methodology of sewer billing.

Memorandum:

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

Schedule Date for Next Meeting:

The next meeting date will be Tuesday, December 12, 2017 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 9:12 a.m.