

**Minutes of the  
New Castle County Financial Advisory Council  
New Castle County Government Center – Large Executive Conference Room  
September 10, 2019**

**Attendance:**

| <b>Member</b>    | <b>Present</b> |
|------------------|----------------|
| Mark Oller       | Yes            |
| Kayode Abegunde* | Yes            |
| Michael Butler   | No             |
| Richard F. Davis | Yes            |
| Michael Ferretti | No             |
| Jill Floore      | Yes            |
| Owen Mathews     | Yes            |
| Edward Milowicki | No             |
| Ronald Simms     | Yes            |

**Members in Attendance:** 6

**Members Absent:** 3

**Others Present:** George Smiley, Michael Smith, Vicki Ford, Russ Morris, Rinku Banerji, Joanna Finnigan, Maria Scarpa, Karen Gordy, Joe Szczechowski

**Opening Business:**

Chairman Mark Oller called the meeting to order at 8:16 a.m. He introduced Michael Smith from the Office of Finance. On behalf of New Castle County Government, Mr. Smith thanked outgoing Chairman Richard Davis for his years of service to the residents of New Castle County. Mr. Davis has served on the New Castle County Financial Advisory Council as its Chairman since the Council's inception in 2008. Mr. Smith also thanked Mr. Davis for agreeing to continue to serve on the Council. Chairman Oller echoed Mr. Smith's remarks and offered his own thanks to Mr. Davis.

Mr. Davis made a motion to approve the minutes from the May 14, 2019 meeting. Ronald Simms seconded the motion, and the minutes were unanimously approved.

**General and Sewer Funds Revenues by Major Categories for FY2019 (Unaudited):**

Russ Morris reviewed the details of Exhibit A – New Castle County's General and Sewer Funds Revenues Summary as of June 30, 2019. He stated that overall New Castle County ended up in good shape on both the revenue and expenditure sides. Revenues in the General Fund at the end of FY2019 year were \$193,952.1, which was \$938,800 short (approximately 0.5%) of the original budget of \$194,890.5.

In the Sewer Fund, revenues were \$80,635.5, which was \$3,315.7 more (approximately 4.3%) than the original budget of \$77,319.8. Between the General Fund and Sewer Fund combined, we ended up with \$274,587.7 in revenues, which is \$2,376.9 more (approximately 0.9%) than the original budget of \$272,210.8.

Mr. Morris reviewed the details of the line items in the General Fund on pages 2 and 3. He noted that Real Estate Taxes were \$46,000 under budget due to several large assessment appeal credits. The Hotel Tax came in \$718,900 under budget, and Realty Transfer Tax was \$2,971.8 under budget due to fewer large sales than the previous fiscal year.

In Service Charges/Fees, Sheriff revenues were \$1,008.6 under budget, but that is a positive indicator, since we want to see fewer Sheriff sales. Subdivision Review revenues increased \$999,900 over budget. This is a leading indicator of construction in future years.

Licenses and Permits came in \$495,500 over budget, mostly due to increases in Building Permits and Plumbing Permits. Mr. Morris noted that single-family housing permits have increased along with commercial and industrial building permits.

Mr. Morris reviewed the details of the line items in the Sewer Fund on page 4. He noted that Sewer Service Charges were up \$1,793.5 over budget, due to usage increases in industrial and commercial.

#### **General and Sewer Fund Expenditures for FY2019 (Unaudited):**

Mr. Morris reviewed the details of Exhibit B – New Castle County’s General and Sewer Fund Expenditures FY2019 Budget vs. FY2019 Actual as of June 30, 2019. Overall, in the General Fund, expenditures were \$192 million, which was \$9.4 million less than the \$201.4 million approved (7/1/18) budget, and \$12.5 million less than the \$204.5 adjusted (6/30/19) budget. Savings in Salaries and Wages (\$3.8 million under adjusted budget) were due to vacancies. Savings in Employee Benefits (\$6.1 million under adjusted budget) were due to lower health insurance and workers compensation costs. Mr. Morris explained that there were fewer high-cost claims than in previous years.

In the Sewer Fund, expenditures were \$79.4 million, which was \$0.7 million less than the \$80.1 million approved (7/1/18) budget, and \$4 million less than the \$83.5 million adjusted (6/30/19) budget. Most of the savings was in Salaries and Wages due to vacancies, and in Employee Benefits due to lower health insurance and workers compensation costs.

#### **General and Sewer Fund Revenue by Major Categories for FY2020:**

Mr. Morris reviewed the details of Exhibit C – General and Sewer Funds Revenues Summary as of August 31, 2019. He noted that one significant adjustment was made in the Intergovernmental Revenues line because of a change in the formula used to calculate the paramedic reimbursements. He also noted that the FY2020 estimate for Real Estate Taxes is up approximately \$10 million over FY2019 to reflect the second year of the phased-in 15% tax rate increase.

Mr. Morris continued reviewing the details of the General Fund line items under Service Charges/Fees, Licenses & Permits, Use of Money & Property, and Intergovernmental Revenues found on pages 2 through 4 of Exhibit C.

Overall, the Final General Fund Revenue for FY2020 is estimated at \$205,541.9, which is \$303.8 over the original FY2020 Budget.

In the Sewer Fund (page 5 of Exhibit C) the Total Sewer Fund revenue estimate remains unchanged from the original FY2020 Budget of \$79,370.5.

Mr. Morris reviewed the supporting charts (pages 6 through 10 of Exhibit C).

#### **General and Sewer Fund Expenditures for FY2020:**

Mr. Morris reviewed the details of Exhibit D – General and Sewer Funds Expenditures FY2020 Budget vs. FY2020 Estimate as of August 31, 2019. Mr. Morris noted that the only significant change occurred in the Sewer Fund’s Debt Service line, which now has a projected \$300,000 surplus due to receiving a better-than-expected rate in the bond market.

**General and Sewer Fund Revenue by Major Categories / Expenditures for FY2020 and Succeeding Fiscal Years:**

Vicki Ford reviewed the details of Exhibit E – General and Sewer Fund Financial Projections as of 7/31/19 (Unaudited) Fiscal Years 2020-2023. She noted that since the end of April, the General Fund's Tax Stabilization Reserve has increased by approximately \$2.6 million mainly due to not budgeting for attrition and achieving lower health insurance and workers compensation costs.

Ms. Ford stated that no significant changes are anticipated in General Fund Revenues for FY2020. On the Expenditure side, the Personnel Costs line has a 1% attrition built in. Also, all but one of New Castle County's union contracts remain unsettled. When settlement is reached, it could impact Expenditures for FY2020 and going forward. She also noted that two lawsuits remain pending – one for reassessment and another from the city of Newark regarding how New Castle County handles that municipality's local service function budget.

There was some discussion among the group regarding the status of the reassessment lawsuit.

Ms. Ford noted that another issue that may impact revenue projections in future years is a local service function task force established by the General Assembly to focus putting fair and transparent processes in place. There was some discussion among the group regarding this matter.

In the Sewer Fund, the Sewer Rate Stabilization Reserve increased by approximately \$2 million. The FY2020 expenditure for Personnel Costs line has a 1% attrition built in, and the positive \$300,000 variance in the Debt Service line was due to the timing of the bond sale.

**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 Wednesday, December 10, 2019 at 8:15 a.m. at the Government Center in the Large Executive Conference Room.

There being no further business, Chairman Oller adjourned the meeting at 9:23 a.m.