

**Minutes of the
New Castle County Financial Advisory Council
New Castle County Government Center – Small Executive Conference Room
and via Teams Teleconference
October 26, 2021**

Attendance:

Member	Present
Mark Oller	Yes
Kayode Abegunde	Yes
Michael Butler	Yes
Richard F. Davis	Yes
Jill Floore	Yes
Edward Milowicki	Yes
Ronald Simms	Yes
Richard Schneider	No
Bill Smith	Yes

Members in Attendance: 8

Members Absent: 1

Others Attending: George Smiley, Michael Smith, Vicki Ford, Russ Morris, Karen Gordy, Joanna Finnigan, Bob Wasserbach*, Rinku Banerji, Lynne McIntosh, Joe Szczechowski

Opening Business:

Chairman Mark Oller called the meeting to order at 8:20 a.m.

Mr. Oller introduced new member Bill Smith and welcomed him to the Financial Advisory Council. Mr. Smith made a few remarks about his background.

Ronald Simms made a motion to approve the minutes from the May 11, 2021 meeting. Kayode Abegunde seconded the motion, and the minutes were approved as submitted.

General and Sewer Fund Revenues by Major Categories for FY2021 (Unaudited):

Russ Morris reviewed the details of Exhibit A – New Castle County’s General and Sewer Funds Revenue Summary as of June 30, 2021 (Unaudited). The exhibit includes columns for the original 2021 Budget (B), the June 2021 Estimate (C), the June Estimate over the 2021 Budget in dollars (D), and the June Estimate over the 2021 Budget by percentage (E).

Mr. Morris noted that FY2021 ended on a strong note in terms of revenues for both the General and Sewer Funds. The General Fund increased \$3 million since the last time the Financial Advisory Council met in May and ended the fiscal year at \$210,775.2 (before transfers).

Karen Gordy covered the Sewer Fund Revenues listed on page 5 of Exhibit A. In the Sewer Fund, the June 30 estimate of \$82,731.1 is down \$364.8 from the original budget of \$83,096.9.

General and Sewer Fund Revenues for FY2022 as of September 30, 2021:

Russ Morris reviewed the details of Exhibit B – New Castle County’s General and Sewer Funds Revenues for FY2022 as of September 30, 2021. He noted that generally we don’t make many changes in the first quarter of a fiscal year, but there has been good news in several areas.

For example, in General Fund Real Estate Taxes, we are budgeted at \$135,452.0 for FY2022. As of September, we already collected \$129,916.6, which is nearly \$1 million more than what was collected for the same period last year. The Hotel Tax also seems to be rebounding. One of the largest increases is in Realty Transfer Tax (RTT), which is budgeted at \$32,500.0. As of September, we collected \$13,712.3, which is \$8,324.7 more than we collected for the same period last year.

Mr. Morris continued reviewing the line items in the General Fund listed on pages 1 to 4 of Exhibit B. Overall, the September 30 FY2022 General Fund revenue estimate is \$217,239.5 before transfers, and \$213,913.2 after transfers – which is \$2,480.0 above the original budget of \$211,433.2.

Michael Butler commented that he agreed with the current optimism reflected in the estimates, but he wondered if the forecast had factored in when the positive cycle might end. Mr. Morris stated that the positive enthusiasm had been tempered in the estimates for both RTT and Recorder of Deeds. We can predict what will happen in the next two months based on pending and announced sales. However, we expect things to slow down in the real estate market in the second half of the year due to rising interest rates.

Karen Gordy reviewed the details of page 5 of Exhibit B, which covered Sewer Fund revenue estimates. She noted that there were very few changes in the Sewer Fund estimates, the largest one being a \$200.0 increase in Capitol Recovery fees. Overall, the September 30 FY2022 Sewer Fund revenue estimate is \$91,798.9, which is \$200.0 above the original budget of \$91,598.9.

General and Sewer Fund Expenditures for FY2022:

Mr. Morris reviewed the details of Exhibit C – New Castle County’s General and Sewer Fund Expenditures FY2022 Budget vs. FY2022 Estimate as of September 30, 2021.

He noted that Exhibit C included column B, which showed FY2021 actual expenditures. In the General Fund, Mr. Morris pointed out that the total was \$174.7, which is considerably lower than the number that was presented at NCCFAC’s May meeting. This is because the budget staff was able to re-code several expenditures to CARES Act funds. Both FY2020 and FY2021 expenditures are lower than usual due to this re-coding.

Chairman Oller asked for an example of an expenditure that was re-coded. Chief Financial Officer Michael Smith explained that there are a number of eligible expenses that are included in the CARES Act. For example, a percentage of the salaries and benefits of employees whose work is deemed substantially dedicated to respond to or to mitigate the COVID-19 pandemic can be coded to the CARES Act, even though they were already budgeted in the operating budget.

Chairman Oller asked if it should be noted that the CARES Act temporarily funded a portion of these salaries and benefits. Mr. Smith stated that those numbers are broken down and noted on other internal budget documents. Mr. Butler asked if there was a tracking of unanticipated expenses due to COVID-19. There was some discussion among the group regarding temporary vs. recurring expenses either incurred due to COVID-19, or temporarily subsidized by the CARES Act. Vicki Ford noted that the FY2022 budget was built without any considerations of CARES Act funding. She also noted that the Budget office maintains an

interactive checkbook feature on the County website where the public can access and see spending by category, including a separate checkbook dedicated to the CARES Act.

Councilman George Smiley added that all of those figures are also captured in the CARES Act federal reporting requirements and in the weekly reports sent to County Council.

Mr. Morris continued reviewing the details of the line items listed on Exhibit C. In the General Fund, he noted a savings of \$1.1 million in Debt Service due to receiving a lower-than-anticipated bond rate on September 30. In the Sewer Fund, Contractual Services was increased an additional \$2.5 million for legal services in conjunction with the ongoing lawsuit between New Castle County and the City of Wilmington over wastewater treatment. Savings of \$3.7 million was realized in Debt Service due to the favorable bond rating and rate.

General and Sewer Fund Financial Projections by Major Categories for FY2021 and Succeeding Fiscal Years (Unaudited):

Chief Financial Officer Michael Smith reviewed the details of Exhibit D – General and Sewer Fund Financial Projections As of 9/30/2020 for Fiscal Years 2021-2025. He noted that for FY 2022 a balanced budget was passed, and we anticipate an \$800,000 surplus of revenues over expenditures.

In the Sewer Fund, the maintaining of our AAA bond rating allowed us to refund older bonds, saving approximately \$20 million over ten years. FY2022 is the first year that the Sewer Fund reflects an EDU charge (\$25 for each residential user).

Memorandum:

The NCCFAC members in attendance were polled regarding their approval of 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, February 8, 2022, and will take place at 8:15 a.m. either in person or via Teams teleconference.

There being no further business, Chairman Oller adjourned the meeting at 9:09 a.m.