

Fiscal Year 2015 Operating Budget Summary

- Comparative Summary of Sources and Uses of Funds
- Funding Summaries
- Program Summaries



- ✓ Reader is provided additional data for the current budget year and the prior two fiscal years in the **BUDGETARY PROFILES** tab.



New Castle County
Comparative Summary of Sources and Uses of Funds
FY2014/FY2015 Approved Budgets

	FY2014 Approved Budget	FY2015 Approved Budget	FY2015 Over (Under) FY2014	Percent Change
SOURCES:				
Real Estate Taxes	\$109,665,000	\$110,548,000	\$883,000	0.81%
Real Estate Transfer Tax	18,000,000	24,101,192	6,101,192	33.90%
Sewer Charges & Fees	72,070,091	71,004,308	(1,065,783)	-1.48%
Use of Money and Property	5,286,238	6,327,736	1,041,498	19.70%
Service Charges and Fees	21,942,362	22,006,056	63,694	0.29%
Licenses and Permits	5,732,697	6,113,397	380,700	6.64%
Intergovernmental Revenues	5,320,951	5,778,862	457,911	8.61%
Special Assessments	8,126,153	9,393,093	1,266,940	15.59%
Available Cash Balances**	5,654,339*	5,888,891	234,552	4.15%
Subtotal	\$251,797,831	\$261,161,535	\$9,363,704	3.72%
Interfund Transfer	(3,027,320)	(5,063,367)	(2,036,047)	67.26%
Appropriated Sources of Funds	\$248,770,511	\$256,098,168	\$7,327,657	2.95%
USES				
Salaries and Wages	\$98,503,010*	\$102,321,476	\$3,818,466	3.88%
Employee Benefits	49,014,746*	50,771,329	1,756,583	3.58%
Training and Civic	382,727	499,052	116,325	30.39%
Communications and Utilities	28,683,715	28,835,238	151,523	0.53%
Materials and Supplies	6,719,490	7,052,103	332,613	4.95%
Contractual Services	34,365,271	35,839,435	1,474,164	4.29%
Equipment	1,520,676	879,443	(641,233)	-42.17%
Grants and Fixed Charges	11,925,022	12,330,643	405,621	3.40%
Debt Service	39,138,233	39,427,742	289,509	0.74%
Land and Structures	50,000	38,600	(11,400)	-22.80%
Contingencies	1,260,000	1,860,000	600,000	47.62%
Intragovernmental Service Credits	(22,792,379)	(23,756,893)	(964,514)	4.23%
Appropriated Uses of Funds	\$248,770,511	\$256,098,168	\$7,327,657	2.95%

* Restated to reflect Ordinance 13-096.

** Available Cash includes RTT Debt Service.

How Are Costs and Revenues Estimated?

In order to achieve the most accurate and reasonable projections for anticipated revenues and costs, revenue and expense categories are analyzed using the most appropriate methodology for each category. Forecasters consider all applicable limitations and requirements in projecting each individual revenue and expense source.

One or more of the following factors may play an important role in the development of revenue and expenditure forecasts.

- ◆ **Legal or Mandated Requirements** - Some revenue and expense categories are defined by specific legal requirements or restrictions. For example, the State imposes a limit on the transfer tax charged by the County on real estate transactions of 1.5%; debt service payments are based on agreed upon periodic repayment schedules; salaries and wages are based on negotiated union contracts for most employees, and County Council reviews the recommended budget.

- ◆ **Department Staff Estimates** - Each year the Administration and department management meet to identify future staffing needs, large capital projects or equipment costs, and new one-time or ongoing programs that they think will affect the operating or capital budget over the next five years. The experience and expertise of department managers is also crucial for accurately projecting expected revenues from sources such as permits and fees.

- ◆ **Related Formulas** - Specific County revenues and expenses are directly affected by demographic and economic factors such as population trends and inflation rates. For example, population growth is almost always accompanied by an increase in real estate tax revenue. However, demand for services and additional infrastructure improvements (i.e., expenses) will also rise.

- ◆ **Balanced Budget Requirement** - State and County law and County financial policies require that each annual County budget be a “balanced” budget. This means that County expenditures cannot exceed its revenues.

- ◆ **New Castle County Financial Advisory Council** - NCCFAC meets regularly during the fiscal year to review County revenue and expenditure projections. NCCFAC also approves the revenue projections for the forthcoming fiscal year prior to the final approval of the budget by County Council.

Fiscal Year 2015 Revenue Assumptions

Major Revenue Sources

Property Taxes

Property taxes were estimated based on the net assessed value of \$18,354,532,994 as of March 19, 2014, at 70.06 cents per \$100 and a 99% collection rate. The resulting estimated property tax revenue for fiscal year 2015 is \$109,150,000. The average unincorporated residential bill will be \$513 annually. The median residential bill is \$444.

Real Estate Transfer Tax

The real estate transfer tax rate for fiscal year 2015 is 1.5% of the selling price of real estate sold. Taxes reflected in the budget are based on transactions in the unincorporated areas of the County. Revenue estimates for fiscal year 2015 are based on 90% of the total real estate transfer tax estimated to be received in fiscal year 2015.

Service Fees

Service fees were estimated based on recent historical information and reflect the current level of real estate transfer activity. Many of the service fees are market sensitive to real estate transactions. Revenues from 911 land line fees are capped at the amount received when the State took over collections.

Licenses and Permits

Licenses and permits were estimated based on recent activity and current revenues. The estimate reflects the continuation of the current trend in the construction market.

Interest and Rent

Interest income was estimated using cash flow projections and current interest rates in fiscal year 2014 which are expected to remain essentially unchanged in fiscal year 2015.

Rent received from the City of Wilmington at the City/County Building is reimbursed at 70% of operating costs of the facility.

Intergovernmental Revenues

The State reimbursement for Emergency Medical Services was computed at 30% of the fiscal year 2015 paramedic budget.

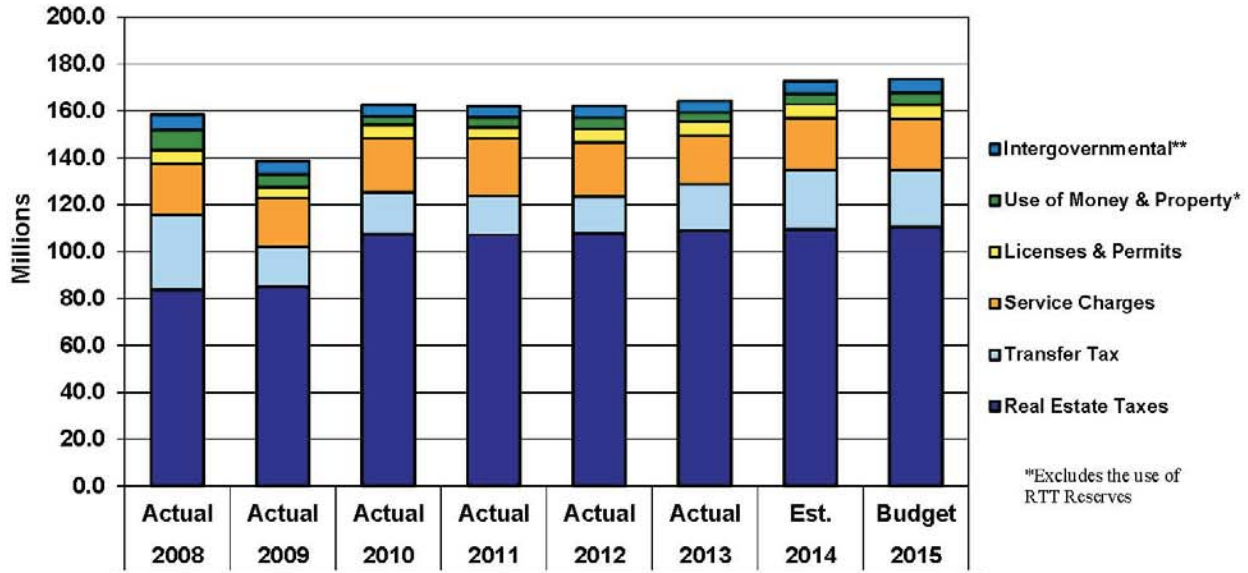
Sewer Fees

Sewer Fees were based on the fiscal year 2014 residential billings (based on water usage) and commercial and industrial activity and a 96% fee collection rate. The average residential sewer bill will be \$293.

Historical General Fund Revenue Base

2008 Actual to 2015 Approved

The following tables summarize general fund revenues since 2008.



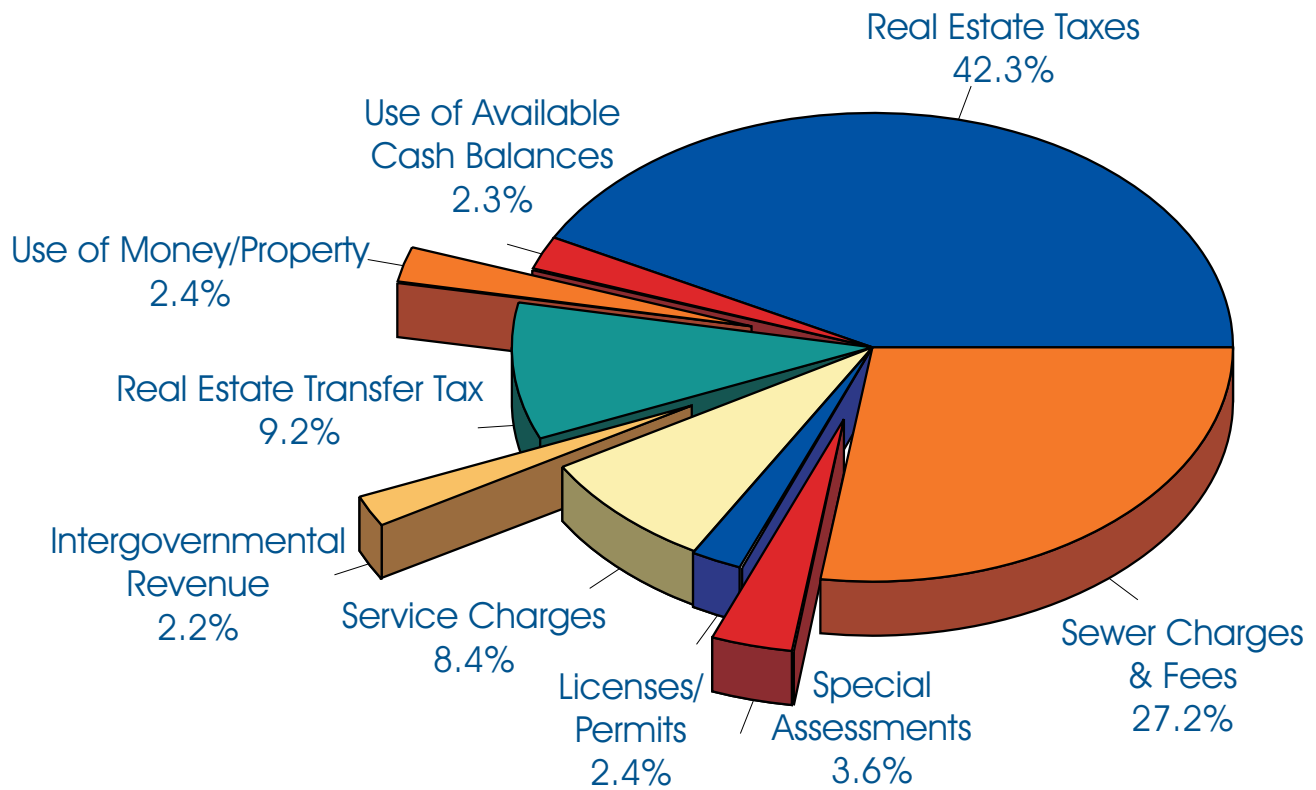
(in Millions)	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Est.	2015 Budget
Real Estate Taxes	83.7	85.2	107.3	107.2	107.7	109.0	109.4	110.5
Transfer Tax	31.9	16.8	18.0	16.5	15.8	19.7	25.3	24.1
Service Charges	21.8	20.9	22.7	24.4	23.0	20.5	22.2	22.0
Licenses & Permits	5.9	4.6	5.9	4.9	5.9	6.1	5.9	6.1
Use of Money & Property*	8.5	5.3	3.7	4.1	4.6	3.9	4.4	5.0
Intergovernmental**	6.5	5.8	4.9	4.8	5.1	5.0	5.5	5.8
Total	158.3	138.6	162.5	161.9	162.1	164.2	172.7	173.5

% of base	2008	2009	2010	2011	2012	2013	2014	2015
Real Estate Taxes	52.9%	61.5%	66.0%	66.2%	66.4%	66.4%	63.3%	63.7%
Transfer Tax	20.2%	12.1%	11.1%	10.2%	9.7%	12.0%	14.6%	13.9%
Service Charges	13.8%	15.1%	14.0%	15.1%	14.2%	12.5%	12.9%	12.7%
Licenses & Permits	3.7%	3.3%	3.6%	3.0%	3.6%	3.7%	3.4%	3.5%
Use of Money & Property*	5.4%	3.8%	2.3%	2.5%	2.8%	2.4%	2.5%	2.9%
Intergovernmental**	4.1%	4.2%	3.0%	3.0%	3.1%	3.0%	3.2%	3.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Excludes use of RTT reserves

** Excludes State contribution to Police Pensions

New Castle County Operating Budget Funding Fiscal Year 2015



The County has various revenue sources, each representing a different percentage of total revenues as depicted in the above chart. The total anticipated resources for fiscal year 2015 will be \$256,098,168. This includes available cash balances of \$1,413,877 and RTT-Debt Service of \$4,475,014 used to fund the budget. The County's major revenues are derived from real estate taxes and sewer charges and fees. In addition, there will be \$5,063,367 transferred to the Capital Budget to fund equipment purchases. The following pages describe each major revenue source, the dollar increase and/or decrease from the fiscal year 2014 estimate, and the basis for the increase and/or decrease.

√ **Real Estate Taxes**

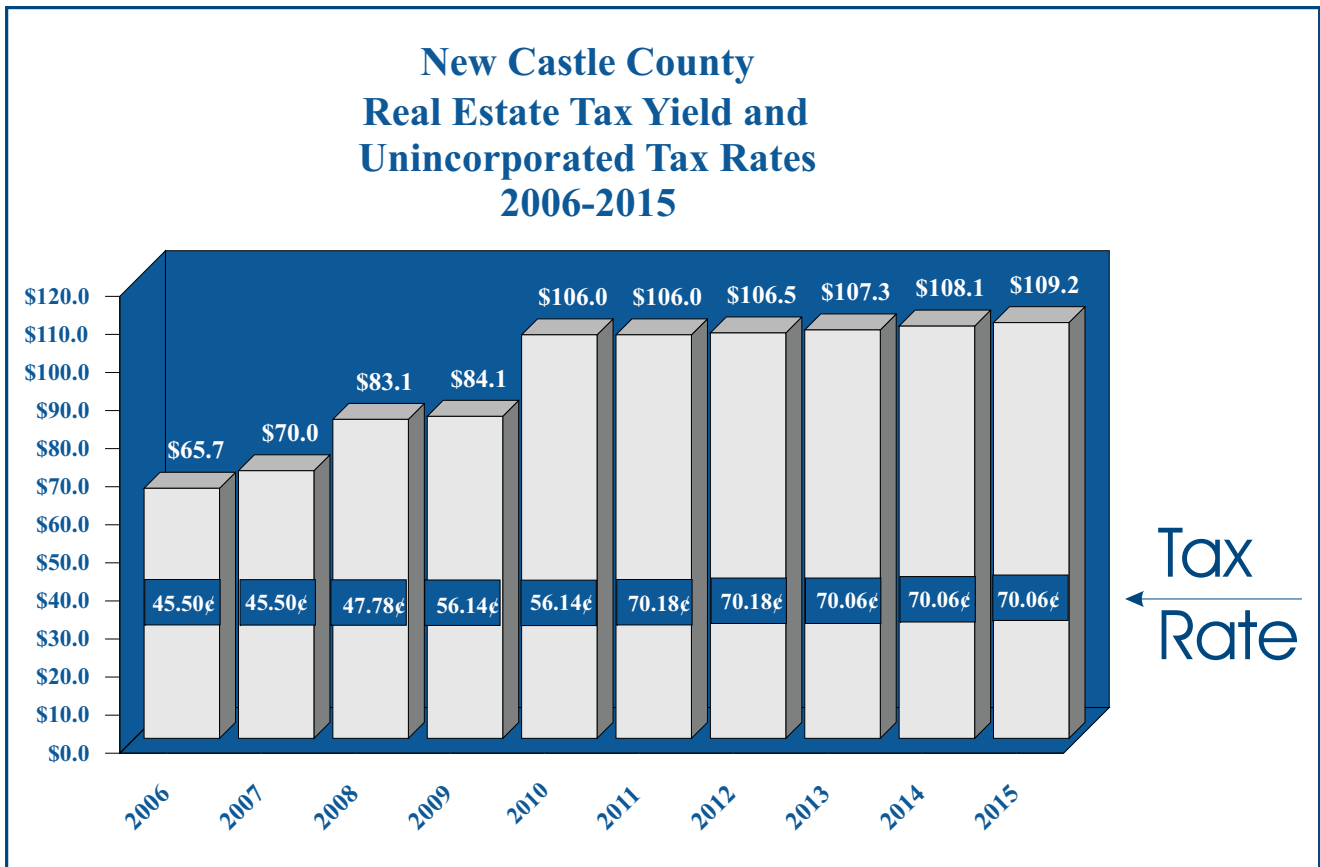
Fund: General

Real Estate Taxes from the initial annual levy and quarterly addition are estimated to yield a total of \$109,150,000 which is \$828,000 more than the 2014 budget. Total revenues from taxes, including delinquencies, are estimated to be \$110,548,000, which is \$883,000 more than the 2014 budget. Real Estate Taxes provide the single largest source of funds (62%) to the General Fund.

The Fiscal 2015 revenue changes are as follows:

Category	FY 2013 Actual	FY 2014 Estimate	FY 2015 Approved
Initial Annual Levy/Additions	\$107,241,930	\$108,131,008	\$109,150,000
Prior Year/Penalties	1,514,000	1,259,549	1,398,000
Total	\$108,755,930	\$109,390,557	\$110,548,000

This chart presents the unincorporated tax rates in cents per \$100 of assessed valuation for 2006-2015.



Taxable real property assessed values (net of exemptions) is \$18.4 billion for the initial tax levy. Net quarterly additions are projected to add \$427,768 in revenue to the tax rolls.

√ **Real Estate Taxes** (Continued)

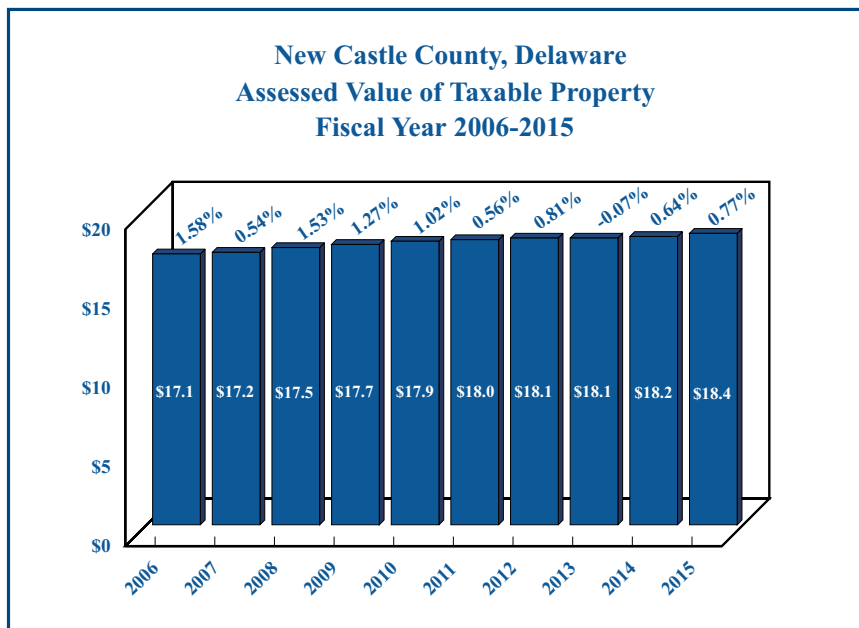
Fund: General

All senior homeowners in New Castle County who applied and qualified for an exemption prior to July 1, 2008 receive an exemption of \$50,000. This exemption is subtracted from their property's assessed value when calculating a qualified senior's tax bill and calculating the cap on their annual sewer fees.

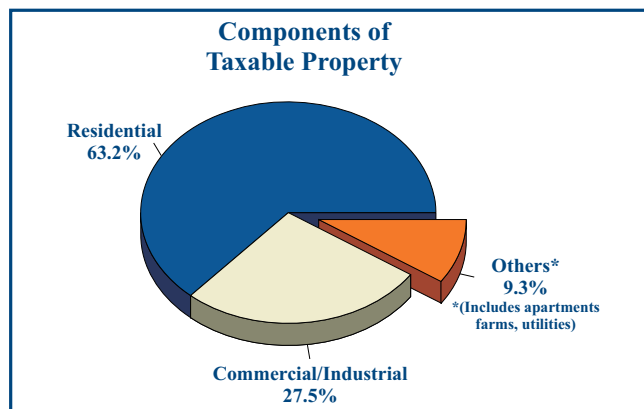
In October 2007, County Council passed Ordinance 07-131, which amended the assessment exemption that is granted to senior homeowners who apply on or after July 1, 2008, by decreasing the amount of the assessment exemption from \$50,000 to \$32,000. In addition, this ordinance added that homeowners must have previously been a resident of the State of Delaware for four years and the assessed value of the property cannot exceed \$125,000 in order to qualify for the exemption.

Social Security benefits and Railroad Retirement Tier I are not included in the calculation of the income requirements.

The following charts present the annual assessment information.

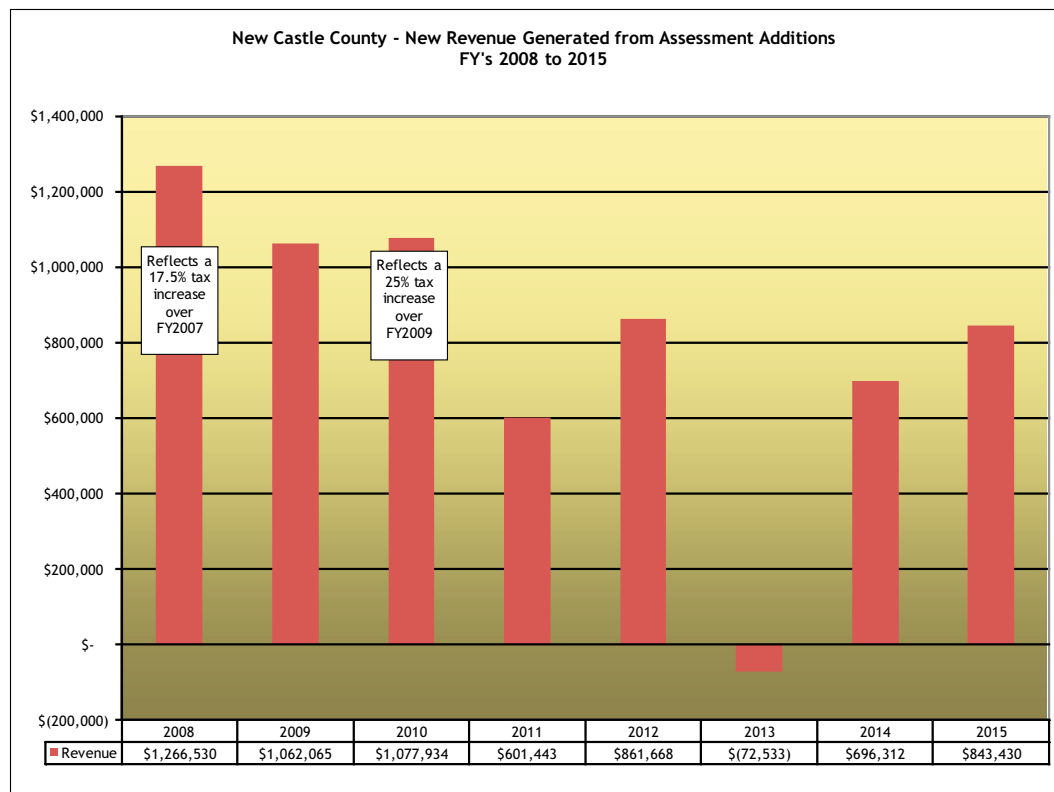


Assessed real property values partially or totally exempt from the real estate property tax total \$5.3 billion, or 22.2% of the gross \$23.7 billion property assessments. The largest component of exempt property is the general exemptions category, which is \$4.2 billion or 80% of total exemptions granted of assessed property.



New Castle County Taxable Assessment Growth

	<u>2008</u>	<u>2015</u>	<u>2015 vs. 2008 % Growth</u>
Unincorporated	\$13,519,231,753	\$14,127,665,545	4.5%
Arden	14,445,349	16,110,600	11.5%
Ardencroft	6,720,616	7,031,300	4.6%
Ardentown	9,678,483	10,074,800	4.1%
Bellefonte	26,754,650	27,969,450	4.5%
Delaware City	38,468,759	38,088,702	-1.0%
Elsmere	106,297,353	109,158,992	2.7%
Middletown	454,816,565	647,159,474	42.3%
Newark	816,204,358	803,786,927	-1.5%
New Castle	222,992,144	254,265,232	14.0%
Newport	54,050,246	54,542,974	0.9%
Odessa	11,869,165	11,484,200	-3.2%
Townsend	30,959,244	55,377,994	78.9%
Wilmington	2,149,633,802	2,191,816,805	2.0%
Total	\$17,462,122,487	\$18,354,532,994	5.1%

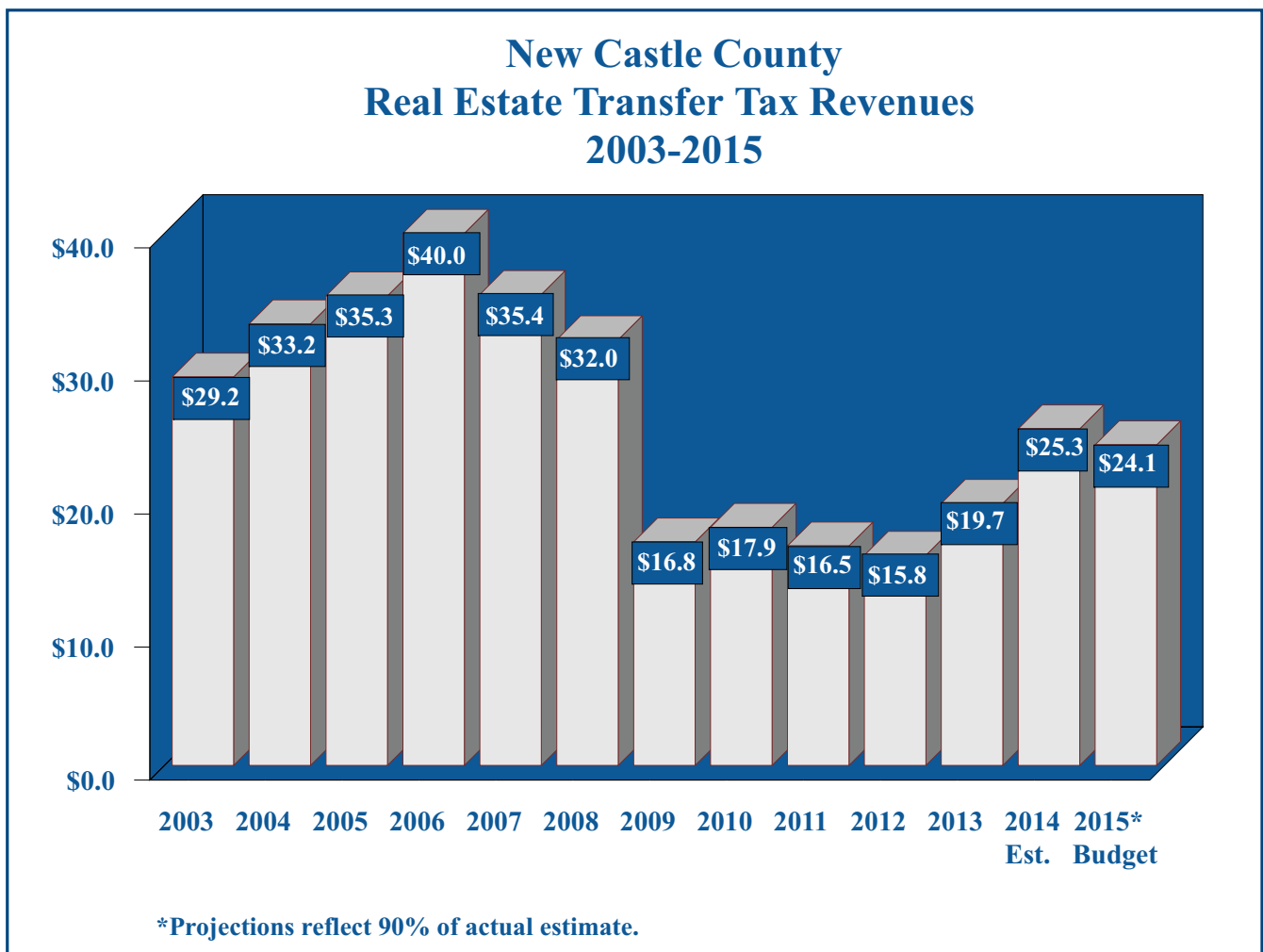


√ **Real Estate Transfer Tax**

Fund: General

The General Assembly of the State of Delaware passed House Bill 727 in 1991, giving New Castle County Government the power and authority to impose and collect a tax upon the transfer of real property situated within the unincorporated areas of the County. This authority was limited to one percent, and exempts first-time homebuyers (in addition to other State exemptions). The County enacted the one percent transfer tax by adopting Ordinance 91-030 effective April 10, 1991. In June 1998, the State transferred to the County a portion of the State’s real estate transfer tax (one-half percent) for a total County transfer tax of one and one-half percent. The County enacted enabling legislation in July 1998.

In Fiscal Year 2015 the Real Estate Transfer Tax is budgeted to yield \$24,101,192. The chart below shows transfer tax activity for 2003-2015.



√ **Sewer Charges and Fees**

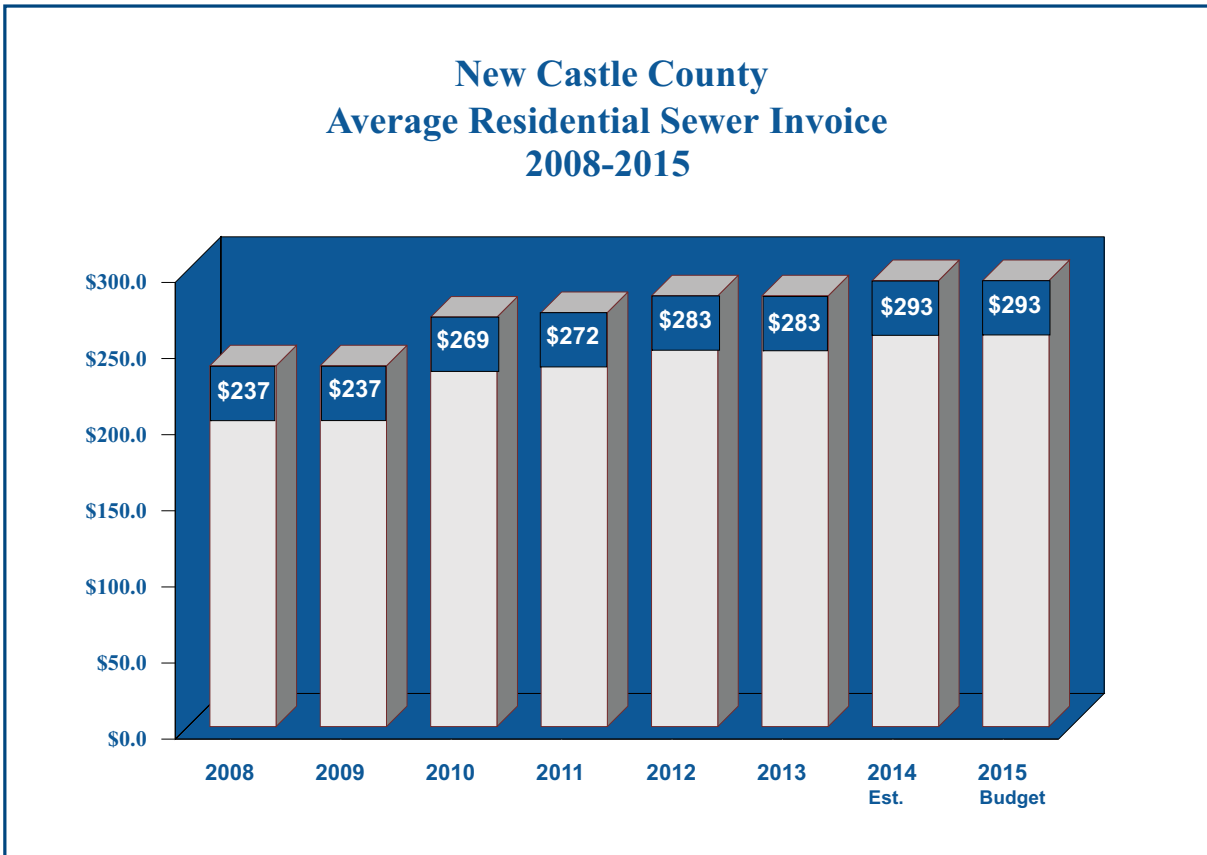
Fund: Sewer

The Sewer Fund is an enterprise fund which self-supports wastewater and environmental services within New Castle County.

Sewer Charges, both current and delinquent (\$62,700,000), Other Service Charges (\$8,304,308), and Interest Earnings (\$1,340,000) are projected to yield \$72,344,308. An additional \$1,337,448 will be added to available cash balances.

Category	FY 2013 Actual	FY 2014 Estimate	FY 2015 Approved
Sewer Services Current	\$56,313,200	\$56,766,631	\$59,200,000
Sewer Services Delinquent	3,720,114	2,780,629	3,500,000
Interest	1,525,492	1,121,116	1,340,000
Other Service Charges	5,966,101	7,777,418	8,304,308
Total	\$67,524,907	\$68,445,794	\$72,344,308

The typical residential customer is billed a composite flow rate of \$5.74033 per 1,000 gallons (average 51,042 gallons) which is estimated to be \$293, or 80 cents per day.



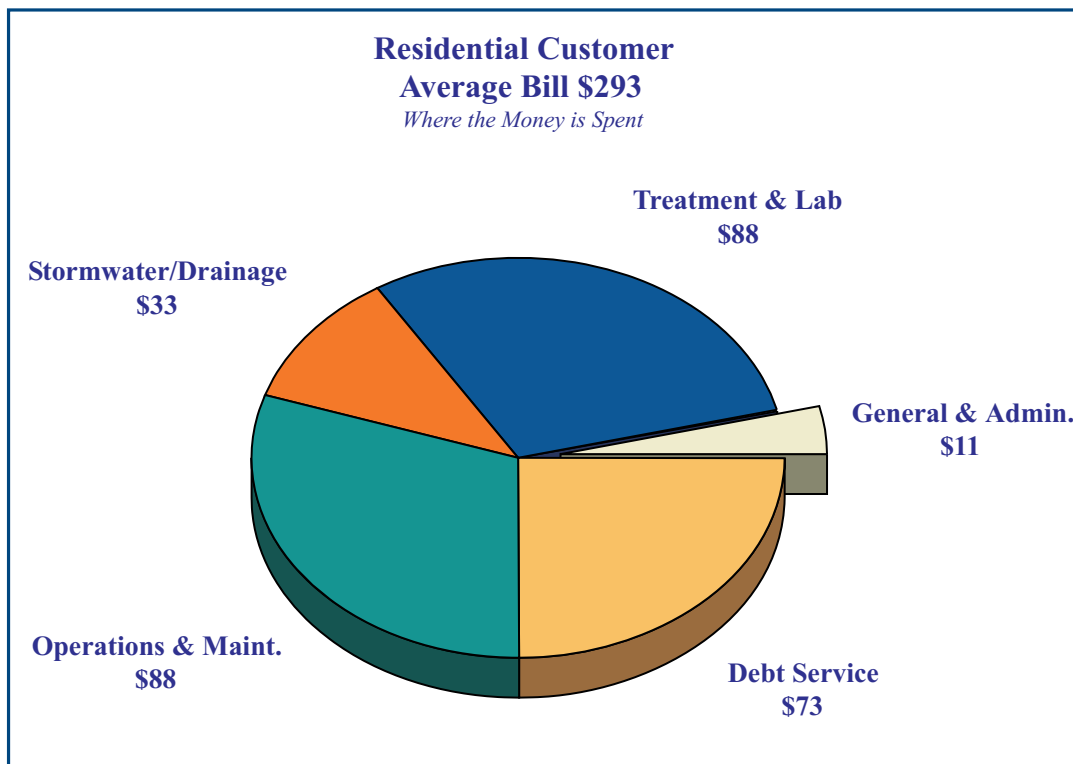
√ **Sewer Charges and Fees** *(Continued)*

Fund: Sewer

The amount estimated to be received from the fiscal year 2015 billing from all users is \$59,200,000. In addition, delinquent collections are anticipated to total \$3,500,000. The display below shows gross billing estimated for 2015.

Gross Billing Estimate		
	Fiscal 2015	
	No. of Accts.	Gross Billing
Residential	116,888	\$28,971,562
Industrial	22	8,400,000
Commercial	3,541	11,380,804
Apartments	223	7,555,914
Contract	5	4,900,000
Gross Billing	120,679	\$61,208,280
Allow for Delinquent		(\$2,008,280)
Net Billing		\$59,200,000

New Castle County calculates residential sewer charges based on water usage data provided by various water suppliers. Of the four most recent quarterly readings, New Castle County uses the two quarters of lowest consumption, adds them together and doubles this sum to create an annual billing consumption. This annual billing consumption, which appears on the bill, is multiplied by the rate (less than \$5.75 per 1,000 gallons). The following chart shows how the sewer charge revenues are spent.



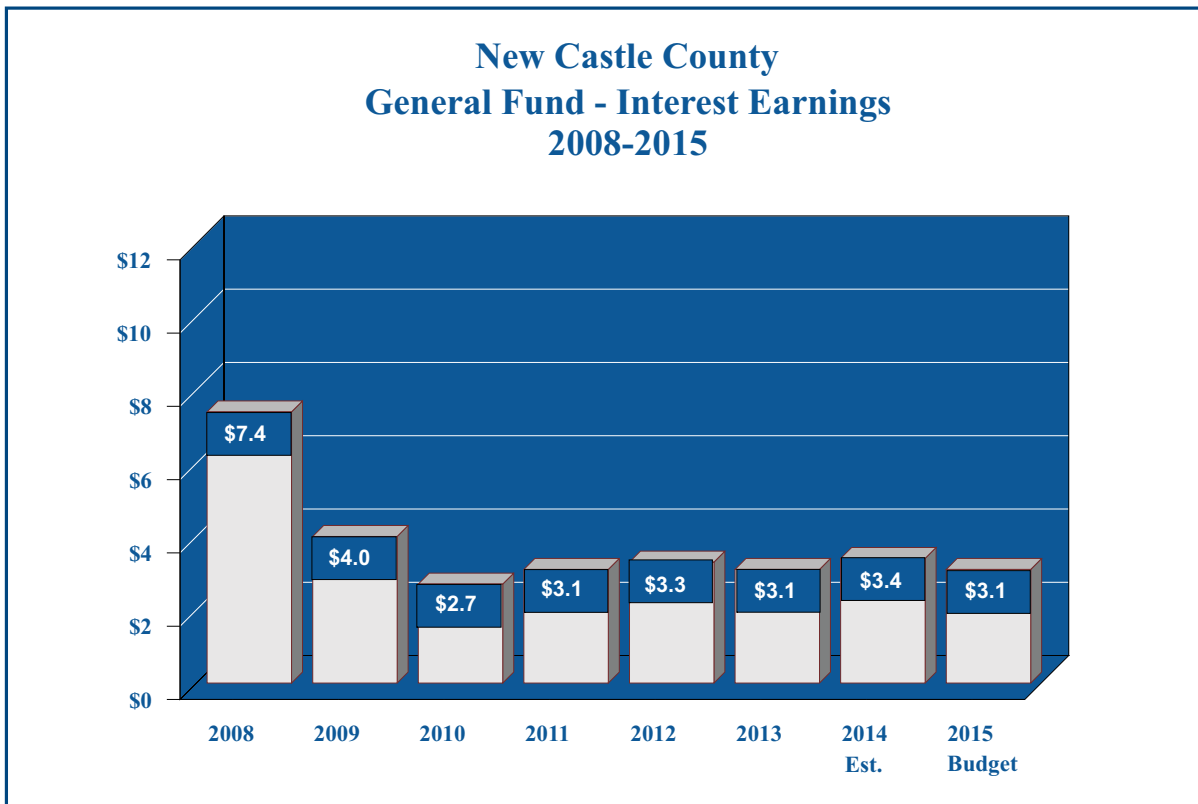
√ **Use of Money and Property**

Fund: General and Sewer

Use of Money and Property revenues (\$4,987,736) are \$941,498 higher than the prior year budget based on the following:

Category	FY 2013 Actual	FY 2014 Estimate	FY 2015 Approved
Interest Earnings	\$3,105,540	\$3,429,236	\$3,104,150
Impact Fees	0	0	853,000
City of Wilmington C/C Bldg.	475,235	611,875	535,376
Rentals	315,346	326,735	495,210
Total	\$3,896,121	\$4,367,846	\$4,987,736

This chart presents General Fund - Interest Earnings for Fiscal Years 2008-2015.
(excludes Row Offices)



Funding Summaries

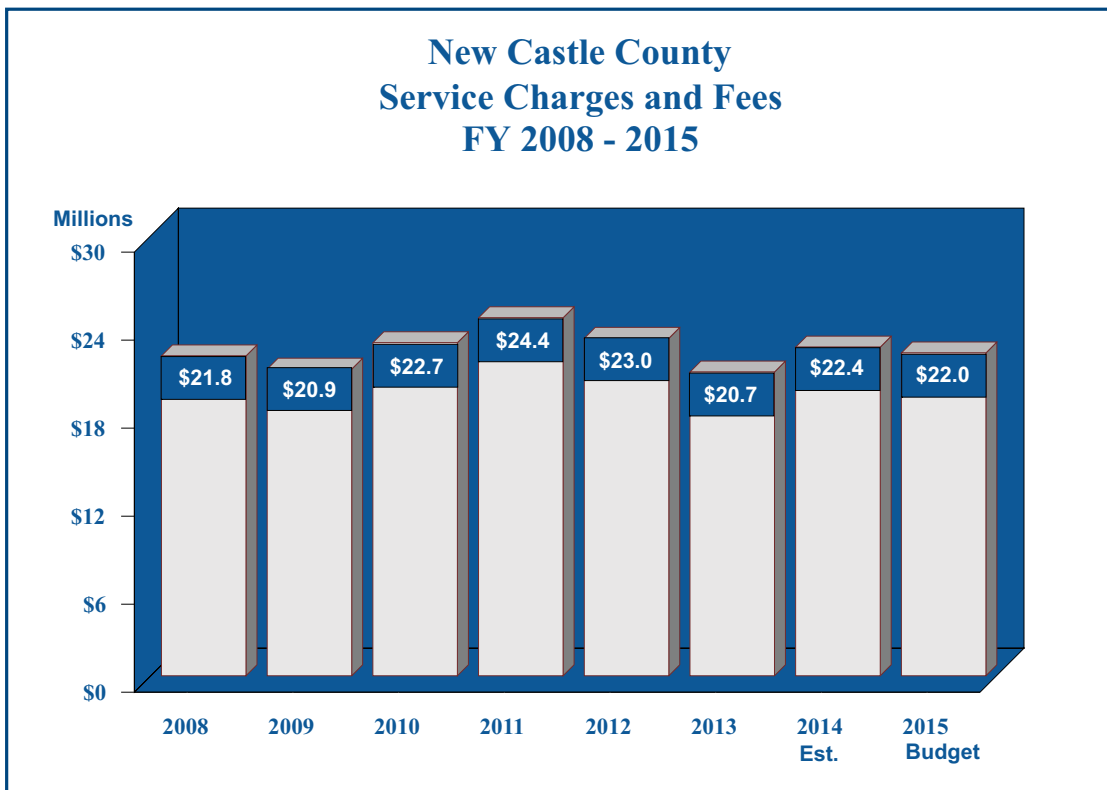
√ **Service Charges and Fees**

Fund: General

Service charges and fees (\$22,006,056), which are all General Fund revenues, are \$63,694 more than the 2014 budget.

Category	FY 2013 Actual	FY 2014 Estimate	FY 2015 Approved
Sheriff	\$4,196,440	\$4,987,146	\$5,062,704
Deeds	7,311,816	6,069,423	6,889,598
Wills	3,125,144	3,826,984	3,371,200
Recreation	1,011,154	1,131,014	1,043,759
Public Safety (911 Fees, Traffic Fines, Emgcy.Comm.)	2,073,756	2,169,585	2,285,605
Zoning Fees	1,306,956	1,207,058	1,394,750
Miscellaneous	1,644,796	3,000,758	1,958,440
Total	\$20,670,062	\$22,391,968	\$22,006,056

The following table presents service charges and fees for an eight-year period. See **Page 64** for additional detail of revenue activity.



Funding Summaries

√ **Licenses and Permits**

Fund: General

Licenses and Permits revenues (\$6,113,397) are estimated to increase \$380,700 from the FY 2014 budget.

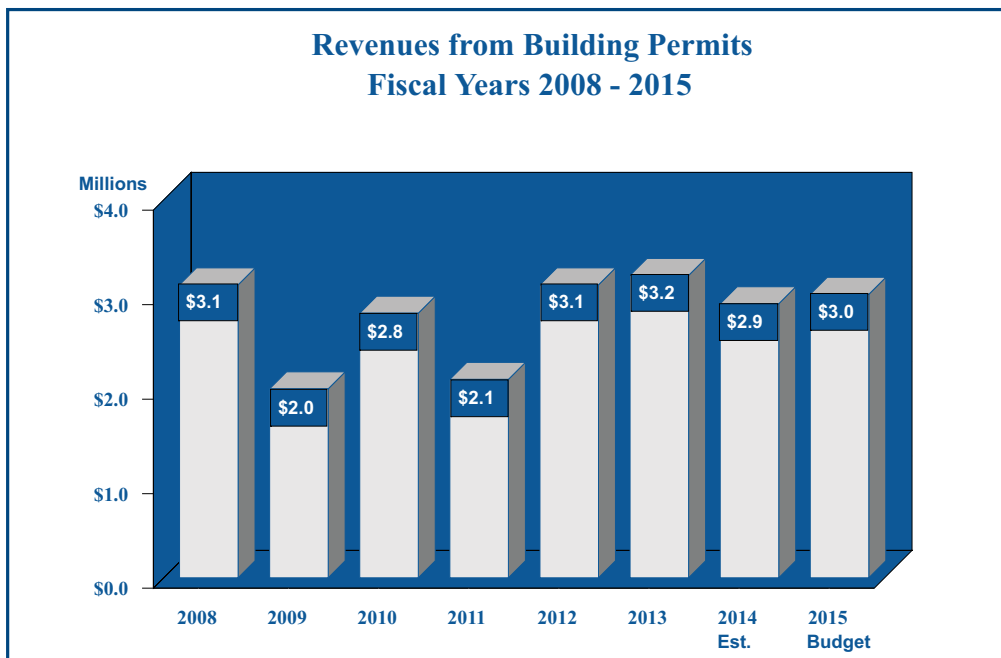
Licenses & Permits

Category	FY 2013 Actual	FY 2014 Estimate	FY 2015 Approved
Building Permits	\$3,200,471	\$2,946,022	\$3,040,103
Contractor/Business Licenses	1,175,150	1,129,230	1,215,000
Other Permits & Licenses	1,751,381	1,811,289	1,858,294
Total	\$6,127,002	\$5,886,541	\$6,113,397

The table below shows a comparison of the number of building permits and average valuation for CY 2013 compared to CY 2012 by type.

Building Permits

Type of Permit	CY 2012 #Permits Issued	CY 2013 #Permits Issued	Valuation CY 2012 (Millions)	Valuation CY 2013 (Millions)
Residential	655	808	\$98	\$94
Alterations/Additions	1,848	1,828	\$18	\$16
Commercial/Industrial	666	719	\$262	\$178



√ **Intergovernmental Revenue**

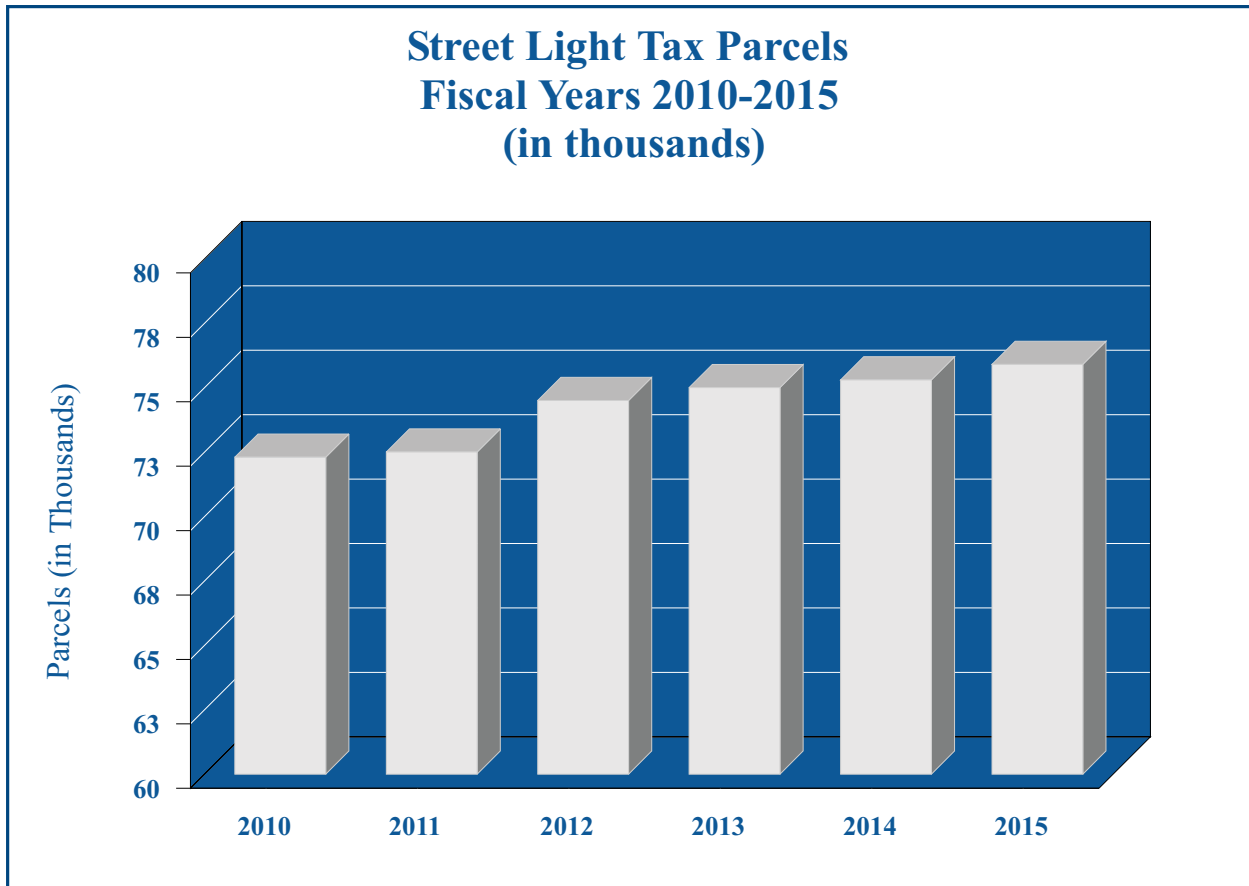
Fund: General

Intergovernmental Revenue (\$5,778,862) is primarily from the State of Delaware for reimbursement of the County’s paramedic program (\$4,697,000). The paramedic reimbursement in FY 2015 from the State of Delaware is 30%. In addition, the County will receive a state reimbursement (\$251,424) for Office of Chancery operating costs. Other revenues include real estate transfer tax collection fees from the State and other incorporated municipalities (\$344,500), indirect cost recoveries from Federal/State grant programs (\$115,000), recovery bond interest reimbursement (\$141,460), payment in lieu of taxes (\$17,261), and other miscellaneous reimbursements (\$212,217).

√ **Special Assessments**

Fund: Light Tax

Special Assessments revenues consist of \$5,526,979 in light tax revenue. These assessments are for street lighting installed by Delmarva Power in new and existing communities. Approximately 56% of all unincorporated improved parcels benefit from street lighting.



Funding Summaries

√ **Special Assessments** *(Continued)*

Fund: Light Tax

The following are the street light tax rates for FY 2015:

	Tax Rate in Cents Per \$100 of Assessed Valuation
Wood Incandescent	1.000
Wood Mercury	7.380
Metal Mercury	12.600
Ornamental Mercury	10.370
Turn of Century	13.950
Limited Installation	4.690

√ **Special Assessments**

Fund: Crossing Guard

Special Assessments revenues for the Crossing Guard Fund consist of \$3,866,114 in tax revenues and \$76,429 for the use of available cash balances. A separate rate is established each year through County ordinance for five school districts (Brandywine, Red Clay, Christina, Colonial and Appoquinimink) to support school crossing guard services.

The following are the school crossing guard tax rates for each school district for FY 2015:

	Tax Rate in Cents Per \$100 of Assessed Valuation
Brandywine	2.145
Red Clay	2.378
Christina	2.668
Colonial	2.157
Appoquinimink	2.808

√ **Reserves**

Fund: General and Sewer

The following legislated reserves are enacted by County Council.

Tax Stabilization Reserve Account (Ord 05-038)	\$50,978,906
Sewer Rate Stabilization Reserve Account (Ord 05-038)	13,855,934
General Fund Budget Reserve Account (Rainy Day Fund, Ord 01-035)	33,641,626
Sewer Fund Budget Reserve Account (Rainy Day Fund, Ord 01-035)	<u>14,201,372</u>

TOTAL

\$112,677,838

√ **Estimated Grants for FY 2015****Fund: Grants**

In addition to the General and Special Operating Funds, New Castle County anticipates the following grants for FY 2015.

Community Services

Section 8 Housing Choice Vouchers	\$17,200,000
Community Development Block Grant	2,592,205
State Aid - Libraries	1,826,202
Home Program	889,739
Youth Employment Program	87,722
State Aid - Senior Centers	205,375
Emergency Solutions Grant	178,469
Total Community Services	\$22,979,712

Land Use

Historic Preservation	\$15,000
Rat Abatement	15,000
Total Land Use	\$30,000

Public Safety

Ed Byrne JAG Program	\$198,850
Emergency Management - Federal	320,000
Special Law Enforcement Assistance Funds (SLEAF)	100,000
State Aid to Local Law Enforcement (SALLE)	70,000
Emergency Illegal Drug Enforcement (E.I.D.E.)	38,000
Highway Safety	60,000
Emergency Management - PSEG	47,060
COPS Office	190,450
Criminal Justice Council	75,000
DEA Task Force	34,000
USMS Task Force	16,000
Combat Violent Crime	250,000
Total Public Safety	\$1,399,360

TOTAL ESTIMATED GRANTS	\$24,409,072
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**Program Summaries -
Operating Budget (ALL FUNDS)**

Summary by Fund				
Fund	FY 2014	FY 2015	\$ Change	% Change
General Fund	\$167.5	\$174.3	\$6.8	4.08%
Sewer Fund	72.3	72.3	0.0	0.07%
Street Light Fund	5.3	5.5	0.2	4.31%
Crossing Guard Fund	3.7	3.9	0.2	5.89%
	\$248.8	\$256.0	\$7.2	2.95%

Highlights of Significant Appropriation Changes in Fiscal 2015

General Fund

Fiscal 2015 appropriations increased \$6.7 million as follows:

Purpose	Millions	Description
Salaries/Benefits	\$5.5	Employee benefit costs, step/merit increases.
Materials & Supplies	\$0.3	Increase for ammunition, books and animal feed.
Contractual Services	\$1.3	Professional service contracts, leases and software maintenance.
Equipment	(\$0.6)	IS equipment purchases moved to Capital.
Fixed Charges	\$0.4	Increase in Pass Thru Grants to Fire Companies.
Contingencies	\$0.6	Increase in Contingencies (\$0.5 million to Heroin Program).
Debt Service	\$0.2	Debt service schedule.
IGS Credits	(\$1.0)	Increase for Workers Comp credits.
General & Administration Charges	\$0.1	Increase in credit for administrative support.

Sewer Fund

Fiscal 2015 appropriations changes as follows:

Purpose	Millions	Description
Salaries/Benefits	\$0.1	Increase of step merit raises.
Contractual Services	(\$0.1)	Professional service contracts and intergovernmental charges.
Debt Service	\$0.1	Debt service schedule.
General & Administration Charges	(\$0.1)	Cost of administrative support.

Street Light Fund

Fiscal 2015 appropriations increased \$0.2 million as follows:

Purpose	Millions	Description
Communications/Utilities	\$0.2	Utility costs.

Crossing Guard Fund

Fiscal 2015 appropriations increased \$0.2 million as follows:

Purpose	Millions	Description
Salaries/Benefits	\$0.2	Increased costs for Crossing Guards.

■ **Program Summaries Description**

√ **Service Narrative**

Provides a description of the department's or unit's mission (organization) and scope of service(s).

√ **Major Service Level Accomplishments**

Presents major service level accomplishments performed by each organizational unit.

√ **Major Service Level Goals**

Presents major service level goals to be accomplished by the organization for the year. Most service level goals are referenced to the long-term Programmatic and Financial policies in the **Policy Initiatives** tab.

Examples of linkage of departmental/programmatic service level goals to Countywide policy goals and objectives (Policy Initiatives tab) are parenthetically highlighted throughout the program summaries.

√ **Performance Measures**

Presents selected quantitative and/or qualitative performance measurements of the organization and programs. Information is presented for prior year actual, current year estimate and budget year.

√ **Budget Highlights**

Provides highlights of the fiscal year 2015 budget and a discussion of the changes to the fiscal year 2014 budget. Significant budget increases or decreases by line item are explained.

√ **Expenditure & Position Summary**

Presents expenditures and positions for prior year actual, current year estimate and budget year. Details of positions are presented in the **Appendix** tab.

