FY 2014 DEPARTMENTAL HIGHLIGHTS

	Total Operating Budget (in Millions)
COUNTY COUNCIL Legislation Audit	\$3.4
COUNTY EXECUTIVE Direction and Control Office of Economic Development	\$2.1
DEPARTMENT OF ADMINISTRATION Law Administrative Services	\$19.9
Finance Human Resources	
ROW OFFICES Prothonotary, Register in Chancery, Register of Wills Recorder of Deeds, Sheriff, Clerk of the Peace	\$6.6
DEPARTMENT OF SPECIAL SERVICES Administration Internal Services Administration Fleet Operations Facilities Maintenance Property Maintenance Environmental Operations Construction Support Sewer Maintenance Plant Operations Environmental Compliance Engineering	\$61.4
DEPARTMENT OF LAND USE Administration Planning Licensing Customer Service and Enforcement	\$12.1
DEPARTMENT OF COMMUNITY SERVICES Administration Community Resources Libraries Community Development & Housing	\$17.5
DEPARTMENT OF PUBLIC SAFETY Administration Police Operations School Crossing Guards Emergency Communications Emergency Medical Services Emergency Management Volunteer Fire, Rescue & Ambulance Services	\$84.6



■ Budget Highlights

The County debt service budget of \$39,142,102 is \$1,724,540 less than the FY 2013 appropriations. During Fiscal Year 2014, debt service expenditures will be incurred by the General Fund (\$20,273,544), and Sewer Fund (\$18,868,557) which includes state loans (\$183,330).

Debt Management

Bond Ratings: Fitch, Inc. "AAA", Moody's "Aaa", Standard & Poor's "AAA"

Concentrated efforts have been made to maintain and improve the County's "high-grade" ratings for its general obligation bonds through innovations in financial and debt administration. On February 2, 2001, Standard & Poor's of New York upgraded New Castle County from "AA" to the prestigious "AAA." On October 2, 2002 Fitch Ratings of New York upgraded New Castle County to "AAA," and six days later on October 8, 2002, Moody's Investors Service also announced that New Castle County had earned its Triple-A rating. These AAA ratings were reaffirmed again in August 2012 by all three agencies. Attaining the top bond rating from all three rating agencies reflects the strong financial management and planning capabilities, and the quality of its elected and administrative leadership, as well as its activity, wealth and social characteristics. These high-grade ratings will reduce the cost of raising capital for County projects and will result in a substantial savings for the County taxpayers. The County will continue to seek ways to improve and maintain these ratings so as to provide the finest quality services and lowest cost.

Legal Debt Margin

Title 9 of the Delaware Code Section 1163(a)(7) establishes a debt ceiling of three percent of the assessed value of taxable real estate, excluding debt for certain special assessments and enterprise funds.

The County has traditionally made prudent use of its debt authority. Based on the April 1, 2013, assessed taxable value, the three percent debt limit would permit \$545,636,947 in debt as of July 1, 2013. The amount of outstanding debt applicable to the three percent debt limit is \$175,028,735. There is an additional \$227,651,265 of enterprise fund debt outstanding not subject to the debt limit in accordance with Title 9 of the Delaware Code. This includes the \$2,676,975 Revolving Loan payable to the State of Delaware for Sewer and Stormwater projects.

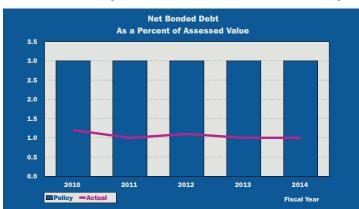
The following table presents the County's debt position as a percent of assessed taxable value.

	Outstanding		Per	cent
Type	Debt	Assessed Taxable Value	Currently	Allowable
Subject to Debt Margin	\$175,028,735	\$18.2 Billion	1.0%	3.0%
All Debt	\$402,680,000	\$18.2 Billion	2.0%	N/A

Performance Measures

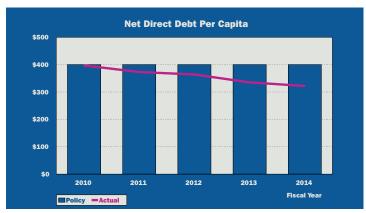
Active debt management provides fiscal advantages to the citizens of the County. Overuse of debt places a burden on the financial resources of the County and its taxpayers. The following legislative fundamentals and administrative guidelines provide a framework and limit on debt utilization.

(1) Debt shall not exceed 3 percent of taxable assessed evaluation (Legislative)...



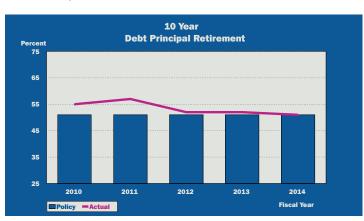
Fiscal 2014 - 1.0% Fiscal 2013 - 1.0% Fiscal 2012 - 1.1%

(2) Net direct debt shall not exceed \$400 per capita (Administrative)...



Fiscal 2014 - \$322 Fiscal 2013 - \$335 Fiscal 2012 - \$364

(3) Debt principal to be retired in 10 years shall not fall below 51% (Administrative)...

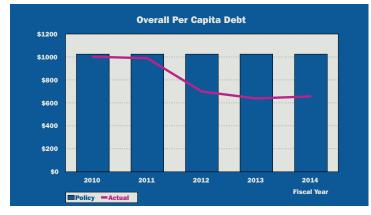


Fiscal 2014 - 51.0% Fiscal 2013 - 52.0% Fiscal 2012 - 52.0%

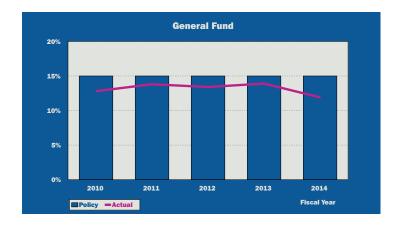
Performance Measures (Continued)

(4) Overall per capita debt (direct plus overlapping) shall not exceed the \$1,025 median for similar sized counties (Administrative).





(5) Annual debt service requirements shall not exceed 15% for the General Fund and 20% for the Sewer Fund (Key Financial Policy #2) limitations (Legislative). Debt service as a percentage of the General and Sewer Funds is as follows for the Fiscal Years 2012 through 2014 Operating Budgets.



Fiscal 2014 - 11.9% Fiscal 2013 - 13.9% Fiscal 2012 - 13.4%

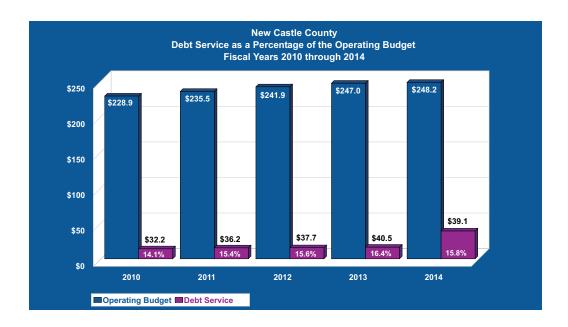


Fiscal 2014 - 25.9% Fiscal 2013 - 24.2%* Fiscal 2012 - 21.0%*

^{*} Includes federal mandated sewer rehabilitation in Brandywine Hundred.

Debt Service as a Percentage of the Operating Budget

New Castle County's debt service funding in the Operating Budget for the past five years and the current year as a percentage of the Operating Budget is presented in the following chart:

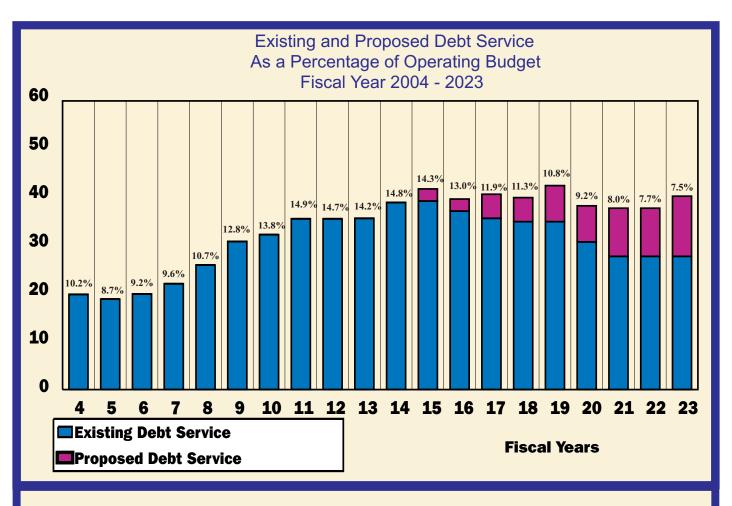


	Maximum % Per KFP #2	% For FY 2014
General Fund	15%	11.9%
Sewer Fund (G.O. Bond)*	20%	25.5%
Sewer Fund (All Debt)*	20%	25.9%

^{*} Includes federal mandated sewer rehabilitation in Brandywine Hundred.

Debt Service as a Percentage of the Operating Budget (Continued)

Presented below is the Existing and Proposed Debt Service as a Percentage of Operating Budget for Fiscal Years 2004-2023. The County anticipates future debt offerings of \$50,000,000 every other year beginning Fiscal Year 2013 with an estimated operating budget growth of 3.0% a year. The County predicts a decrease in debt service annual principal and interest payments beginning with FY 2016. The chart reflects this decrease in Debt Service payments as well as the reduction in the percentage of Debt Service to Operating Budget through the Fiscal Year 2022.



This chart reflects principal and interest payments as well as projected payments based on debt offerings of \$50 Million every other year thereafter beginning in FY 2015.

Operating growth in FY 2015 is estimated at 3.0% a year.

General Obligation Bonds

All outstanding bonds are general obligations of the County. The full faith and credit of the County are pledged for the payment of the principal and interest on the Bonds. The payment of principal and interest on general obligations of the County is made pursuant to appropriations by the County Council. The County has always paid principal and interest on its debt obligations in a timely manner. The County government is authorized to levy on all real property taxable by the County such ad valorem taxes as may be necessary to pay Bonds and the interest thereon without limitation as to rate or amount except that, as provided in Title 9, Delaware Code Sec. 8002, when any total reassessment of taxable properties within the County becomes effective, the County property tax rate levied for the immediately ensuing fiscal year may not yield property tax revenues greater than 15% in excess of the total County property tax revenues imposed for the immediately preceding fiscal year. The annual debt service payments for the Sewer Fund will be paid by sewer user fees.

The following schedules present the County's debt service requirements:

- Schedule #1 Presents the FY 2014 debt service requirements by debt issues;
- Schedule #2 Presents the total outstanding General Obligation Bonds of the County;
- Schedule #3 Presents the outstanding General Obligation Bonds regulated by the 3% debt restrictions;
- Schedule #4 Presents the outstanding debt service requirements for the Sewer Fund not restricted by the 3% debt limit;
- Schedule #5 Presents the outstanding General Obligation Bonds for the Sewer Fund not restricted by the 3% debt limit;
- Schedule #6 Presents the outstanding State Revolving Loan for the Sewer Fund not restricted by the 3% debt limit;
- Schedule #7 Presents the outstanding State Revolving Loan for the Sewer Fund not restricted by the 3% debt limit.

Schedule #1
FY 2014 Debt Service Requirements
BY ISSUE

	Original	Outstanding	FY 2014	FY 2014	FY 2014
Existing Debt	Issue	07/01/2013	Principal	Interest	Total P/I
General Fund:					
2002 General Obligation	\$21,377,400.00	\$5,458,100.00	\$1,565,800.00	\$240,114.38	\$1,805,914.38
2004 General Obligation	60,125,051.00	4,324,679.55	4,324,679.55	108,356.04	4,433,035.59
2006A General Obligation	68,605,000.00	10,140,000.00	3,215,000.00	376,750.00	3,591,750.00
2007A General Obligation	55,086,875.00	46,536,875.00	1,990,000.00	2,035,085.94	4,025,085.94
2009A General Obligation	31,687,682.50	24,189,080.00	1,172,421.00	1,099,452.46	2,271,873.46
2010A General Obligation	15,580,000.00	15,175,000.00	420,000.00	726,600.00	1,146,600.00
2010B RZEDB General Obligation	7,500,000.00	7,500,000.00	0.00	318,051.30	318,051.30
2012A General Obligation	11,260,000.00	11,260,000.00	400,000.00	374,450.00	774,450.00
2012B General Obligation	45,195,000.00	45,195,000.00	0.00	1,858,309.70	1,854,613.60
2012C General Obligation (Taxable)	5,250,000.00	5,250,000.00	0.00	52,170.28	52,170.28
Total General Fund	\$321,667,008.50	\$175,028,734.55	\$13,087,900.55	\$7,189,340.10	\$20,273,544.55
Sewer Fund:					
2002 General Obligation	\$5,177,600.00	\$1,321,900.00	\$379,200.00	\$58,164.37	\$437,364.37
2004 General Obligation	40,509,949.00	3,415,320.45	3,415,320.45	85,251.12	3,500,571.57
2007A General Obligation	38,478,125.00	33,348,125.00	1,195,000.00	1,461,270.32	2,656,270.32
2009A General Obligation	75,417,317.50	69,170,920.00	1,472,579.00	3,335,760.04	4,808,339.04
2010A General Obligation	24,440,000.00	23,260,000.00	1,210,000.00	1,083,600.00	2,293,600.00
2010B RZEDB General Obligation	43,410,000.00	43,410,000.00	0.00	2,086,282.30	2,086,282.30
2012A General Obligation	48,455,000.00	48,455,000.00	945,000.00	1,671,300.00	2,616,300.00
2012B General Obligation	2,660,000.00	2,660,000.00	0.00	101,340.30	101,340.30
2012C General Obligation (Taxable)	<u>2,610,000.00</u>	<u>2,610,000.00</u>	<u>180,000.00</u>	<u>5,159.70</u>	185,159.70
Subtotal Sewer Fund	\$281,157,991.50	\$227,651,265.45	\$8,797,099.45	\$9,888,128.15	\$18,685,227.60
State Revolving Loan:					
Bridleshire Farms & Belltown Sewer Upgrade	\$2,098,637.75	\$1,966,596.07	\$91,762.89	\$38,875.37	\$130,638.26
Stormwater Basin	410,000.00	365,285.94	45,612.81	<u>7,078.79</u>	52,691.60
Total Sewer Fund	\$283,666,629.25	\$229,983,147.46	\$8,934,475.15	\$9,934,082.31	\$18,868,557.46
TOTAL ALL FUNDS	\$605,333,637.75	\$405,011,882.01	<u>\$22,022,375.70</u>	<u>\$17,123,422.41</u>	\$39,142,102.01

Schedule #2 FY 2014 Debt Service Requirements TOTAL ALL FUNDS

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2014	\$22,022,375.70	\$17,123,422.41	\$39,145,798.11
2015	23,205,136.96	16,222,332.91	39,427,469.87
2016	22,047,953.70	15,292,799.04	37,340,734.88
2017	21,460,827.06	14,398,564.07	35,859,408.99
2018	21,668,758.21	13,483,275.55	35,152,033.76
2019	22,596,748.23	12,524,268.10	35,121,016.33
2020	19,354,798.37	11,612,890.31	30,967,688.68
2021	17,126,563.99	10,769,438.26	27,896,002.25
2022	17,897,599.18	9,949,797.96	27,847,397.14
2023	18,734,761.92	9,111,076.14	27,845,838.06
2024	19,526,968.14	8,306,060.07	27,833,028.21
2025	17,109,218.70	7,567,939.96	24,677,158.66
2026	17,806,514.49	6,845,841.32	24,652,355.81
2027	18,543,856.44	6,070,700.67	24,614,557.11
2028	14,586,245.45	5,337,108.71	19,923,354.16
2029	8,978,682.48	4,804,414.58	13,783,097.06
2030	9,336,168.50	4,393,379.96	13,729,548.46
2031	8,153,704.49	4,011,091.37	12,164,795.86
2032	7,650,000.00	3,668,043.45	11,318,043.45
2033	7,935,000.00	3,328,822.35	11,263,822.35
2034	7,450,000.00	2,985,981.25	10,435,981.25
2035	7,745,000.00	2,639,045.05	10,384,045.05
2036	8,055,000.00	2,270,676.20	10,325,676.20
2037	8,385,000.00	1,879,874.70	10,264,874.70
2038	8,730,000.00	1,473,021.80	10,203,021.80
2039	9,090,000.00	1,054,979.95	10,144,979.95
2040	9,460,000.00	625,299.05	10,085,299.05
2041	5,305,000.00	291,441.60	5,596,441.60
2042	2,480,000.00	133,350.00	2,613,350.00
2043	2,570,000.00	44,975.00	2,614,975.00
TOTAL	\$405,011,882.01	\$198,219,911.79	\$603,231,793.80
FUND			
General	\$175,028,734.55	\$54,946,192.32	\$229,974,926.87
Sewer	229,983,147.46	143,273,719.47	373,256,866.93
TOTAL	\$405,011,882.01	\$198,219,911.79	\$603,231,793.80

Schedule #3 FY 2014 Debt Service Requirements GENERAL FUND APPLICABLE TO 3% DEBT LIMIT

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
Ending out 50		Interest	
2014	\$13,087,900.55	\$7,189,340.10	\$20,273,544.55
2015	13,824,413.50	6,628,211.11	20,452,624.61
2016	13,151,871.49	6,061,385.53	19,213,239.16
2017	12,437,584.49	5,546,787.68	17,984,390.03
2018	12,424,761.52	5,030,208.41	17,454,969.93
2019	12,962,828.00	4,477,790.39	17,440,618.39
2020	10,379,375.00	3,974,013.20	14,353,388.20
2021	9,700,000.00	3,507,142.15	13,207,142.15
2022	10,150,000.00	3,040,798.45	13,190,798.45
2023	10,645,000.00	2,552,379.00	13,197,379.00
2024	11,125,000.00	2,084,258.80	13,209,258.80
2025	9,750,000.00	1,672,948.00	11,422,948.00
2026	10,150,000.00	1,278,273.95	11,428,273.95
2027	10,580,000.00	851,628.05	11,431,628.05
2028	6,295,000.00	486,886.60	6,781,886.60
2029	2,685,000.00	285,458.10	2,970,458.10
2030	2,800,000.00	161,252.00	2,961,252.00
2031	1,375,000.00	71,905.80	1,446,905.80
2032	740,000.00	34,050.00	774,050.00
2033	765,000.00	11,475.00	776,475.00
TOTAL	\$175,028,734.55	\$54,946,192.32	\$229,971,230.77

Schedule #4 FY 2014 Debt Service Requirements ALL SEWER FUND NOT APPLICABLE TO 3% DEBT LIMIT

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2014	\$8,934,475.15	\$9,934,082.31	\$18,868,557.46
2015	9,380,723.46	9,594,121.80	18,974,845.26
2016	8,896,082.21	9,231,413.51	18,127,495.72
2017	9,023,242.57	8,851,776.39	17,875,018.96
2018	9,243,996.69	8,453,067.14	17,697,063.83
2019	9,633,920.23	8,046,477.71	17,680,397.94
2020	8,975,423.37	7,638,877.11	16,614,300.48
2021	7,426,563.99	7,262,296.11	14,688,860.10
2022	7,747,599.18	6,908,999.51	14,656,598.69
2023	8,089,761.92	6,558,697.14	14,648,459.06
2024	8,401,968.14	6,221,801.27	14,623,769.41
2025	7,359,218.70	5,894,991.96	13,254,210.66
2026	7,656,514.49	5,567,567.37	13,224,081.86
2027	7,963,856.44	5,219,072.62	13,182,929.06
2028	8,291,245.45	4,850,222.11	13,141,467.56
2029	6,293,682.48	4,518,956.48	10,812,638.96
2030	6,536,168.50	4,232,127.96	10,768,296.46
2031	6,778,704.49	3,939,185.57	10,717,890.06
2032	6,910,000.00	3,633,993.45	10,543,993.45
2033	7,170,000.00	3,317,347.35	10,487,347.35
2034	7,450,000.00	2,985,981.25	10,435,981.25
2035	7,745,000.00	2,639,045.05	10,384,045.05
2036	8,055,000.00	2,270,676.20	10,325,676.20
2037	8,385,000.00	1,879,874.70	10,264,874.70
2038	8,730,000.00	1,473,021.80	10,203,021.80
2039	9,090,000.00	1,054,979.95	10,144,979.95
2040	9,460,000.00	625,299.05	10,085,299.05
2041	5,305,000.00	291,441.60	5,596,441.60
2042	2,480,000.00	133,350.00	2,613,350.00
2043	2,570,000.00	44,975.00	2,614,975.00
TOTAL	\$229,983,147.46	\$143,273,719.47	\$373,256,866.93

Schedule #5 FY 2014 Debt Service Requirements SEWER FUND BONDS NOT APPLICABLE TO 3% DEBT LIMIT

Fiscal Year Ending June 30	<u>Principal</u>	Interest	Total Principal & Interest
2014	ФО Т О Т ООО 45	Φο ορο 13ο 15	010.605.005.60
2014	\$8,797,099.45	\$9,888,128.15	\$18,685,227.60
	9,240,856.50	9,550,928.90	18,791,515.40
2016	8,753,128.50	9,191,037.36	17,944,165.86
2017	8,877,415.50	8,814,273.58	17,691,689.08
2018	9,095,238.50	8,418,495.46	17,513,733.96
2019	9,482,172.00	8,014,896.07	17,497,068.07
2020	8,820,625.00	7,610,345.60	16,430,970.60
2021	7,295,000.00	7,236,876.06	14,531,876.06
2022	7,640,000.00	6,885,960.43	14,525,960.43
2023	7,980,000.00	6,537,820.80	14,517,820.80
2024	8,290,000.00	6,203,131.15	14,493,131.15
2025	7,245,000.00	5,878,572.40	13,123,572.40
2026	7,540,000.00	5,553,443.60	13,093,443.60
2027	7,845,000.00	5,207,290.80	13,052,290.80
2028	8,170,000.00	4,840,829.30	13,010,829.30
2029	6,170,000.00	4,512,000.70	10,682,000.70
2030	6,410,000.00	4,227,658.20	10,637,658.20
2031	6,650,000.00	3,937,251.80	10,587,251.80
2032	6,910,000.00	3,633,993.45	10,543,993.45
2033	7,170,000.00	3,317,347.35	10,487,347.35
2034	7,450,000.00	2,985,981.25	10,435,981.25
2035	7,745,000.00	2,639,045.05	10,384,045.05
2036	8,055,000.00	2,270,676.20	10,325,676.20
2037	8,385,000.00	1,879,874.70	10,264,874.70
2038	8,730,000.00	1,473,021.80	10,203,021.80
2039	9,090,000.00	1,054,979.95	10,144,979.95
2040	9,460,000.00	625,299.05	10,085,299.05
2041	5,305,000.00	291,441.60	5,596,441.60
2042	2,480,000.00	133,350.00	2,613,350.00
2043	2,570,000.00	44,975.00	2,614,975.00
TOTAL	\$227,651,265.45	\$142,858,925.76	\$370,510,191.21

Schedule #6 FY 2014 Debt Service Requirements State Revolving Loan - Bridleshire Farms/Belltown NOT APPLICABLE TO 3% DEBT LIMIT

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2014	\$91,762.89	\$38,875.37	\$130,638.26
2015	93,607.33	37,030.93	130,638.26
2016	95,488.83	35,149.43	130,638.26
2017	97,408.14	33,230.12	130,638.26
2018	99,366.04	31,272.22	130,638.26
2019	101,363.30	29,274.96	130,638.26
2020	103,400.70	27,237.56	130,638.26
2021	105,479.05	25,159.21	130,638.26
2022	107,599.18	23,039.08	130,638.26
2023	109,761.92	20,876.34	130,638.26
2024	111,968.14	18,670.12	130,638.26
2025	114,218.70	16,419.56	130,638.26
2026	116,514.49	14,123.77	130,638.26
2027	118,856.44	11,781.82	130,638.26
2028	121,245.45	9,392.81	130,638.26
2029	123,682.48	6,955.78	130,638.26
2030	126,168.50	4,469.76	130,638.26
2031	128,704.49	1,933.77	130,638.26
TOTAL	\$1,966,596.07	\$384,892.61	\$2,351,488.68

Schedule #7 FY 2014 Debt Service Requirements State Revolving Loan - Stormwater Basins NOT APPLICABLE TO 3% DEBT LIMIT

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2014	\$45,612.81	\$7,078.79	\$52,691.60
2015	46,529.63	6,161.97	52,691.60
2016	47,464.88	5,226.72	52,691.60
2017	48,418.93	4,272.69	52,691.62
2018	49,392.15	3,299.46	52,691.61
2019	50,384.93	2,306.68	52,691.61
2020	51,397.67	1,293.95	52,691.62
2021	26,084.94	260.84	26,345.78
TOTAL	\$365,285.94	\$29,901.10	\$395,187.04

Authorizations

Future issuance of debt based on available **bond authorizations** as of July 1, 2013, is limited to **\$182.9 million** for the following:

Special Services	
Sewer/Stormwater	\$117,600,904
Facilities/Equipment	363,677
Parks	179,267
Total Special Services	\$118,143,849
Community Services	5,994,443
Public Safety	5,945,989
Administration	3,456,190
County Executive	810,017
TOTAL BOND AUTHORIZATIONS	\$134,350,488

Investment Policy

The investment of capital funds is incorporated into the County's cash management program. All unexpended bond proceeds are deposited in custodial accounts for arbitrage tracking. All other funds are deposited into a consolidated treasurer's account and invested with other funds in order to obtain maximum earnings. The segregation of each project's equity is preserved and available on a daily basis. Each agency managing capital projects is required to submit a monthly capital cash forecast for the ensuing 12 months. This projection includes receipts and disbursements by month for each capital project managed by the agency.

Interest earned on capital funds during the construction period is credited to the general and enterprise funds responsible for the payment of debt service.

√ Budget Highlights

Contingencies (non-departmental) are provided to fund anticipated programs and/or cost adjustments during the fiscal year. The following sets forth those non-departmental contingencies:

Туре	Amount	Need
Council	\$300,000	Discretionary use.
Executive	300,000	Discretionary use.
Severance	300,000	Reimburses department for a portion of separation costs (accrued sick and vacation).
Salary Adjustments	360,000	Reimburses departments for salary increases for employee adjustments.
Total Non-Departmental Contingencies	\$1,260,000	

$\sqrt{}$ Ethics Commission

The New Castle County Ethics Commission, created by the Ethics Code, is responsible for administering and enforcing the Code. It has been operational since late 1990. The Commission's duties include issuing advisory opinions, conducting preliminary inquiries, investigations and hearings concerning alleged Code violations, imposing sanctions if appropriate, and administering the financial interests disclosure process.

The Ethics Commission FY 2014 budget is \$209,098, or \$3,086 under the FY 2013 authorization.

