



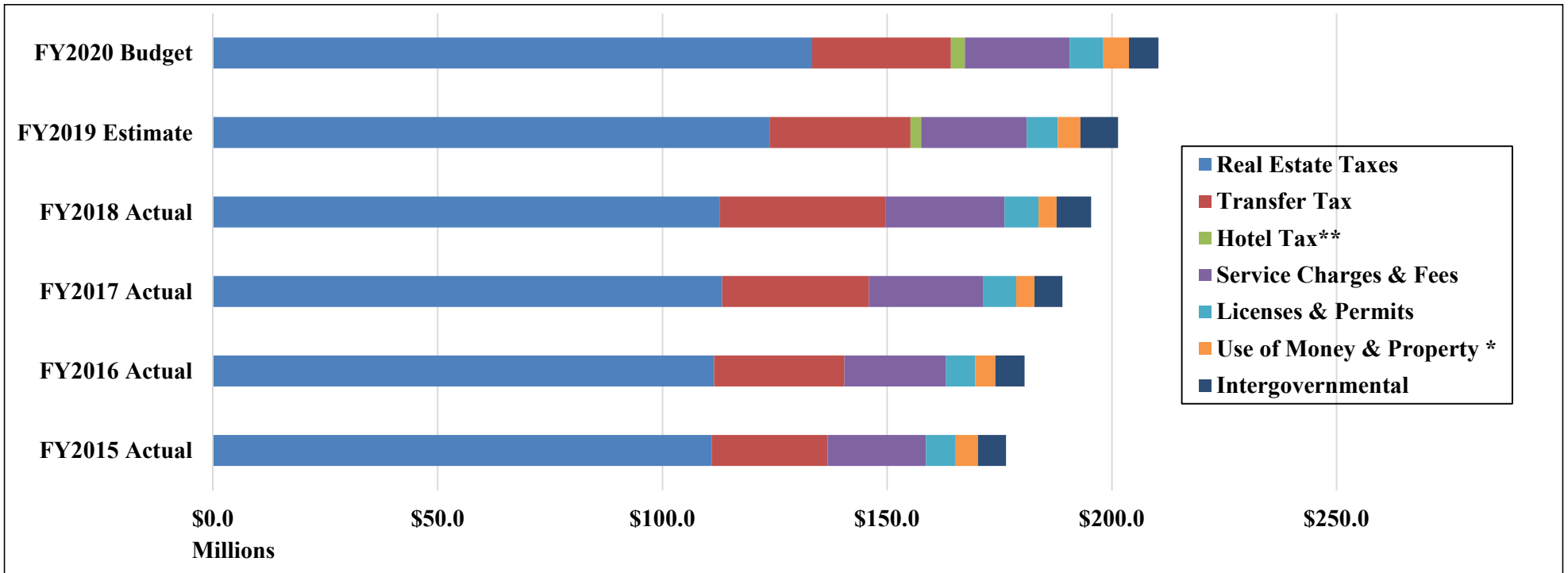
Fiscal Year 2020 Recommended Budget Presentation to County Council

REVENUE SUMMARY, CONTINGENCIES AND DEBT SERVICE

SOURCES OF FUNDS SUMMARY

Sources	General Fund	Sewer Fund	Light Fund	Crossing Guard Fund	FY2020 Recommended
Real Estate Taxes	\$133,299,000	\$0	\$0	\$0	\$133,299,000
Realty Transfer Tax	30,875,000	0	0	0	30,875,000
Hotel Tax	3,100,000	0	0	0	3,100,000
Sewer Charges and Fees	0	80,565,089	0	0	80,565,089
Use of Money and Property	7,718,026	1,598,000	0	0	9,316,026
Service Charges and Fees	23,312,133	0	0	0	23,312,133
Licenses and Permits	7,528,000	0	0	0	7,528,000
Intergovernmental Revenue	6,630,103	0	0	0	6,630,103
Special Assessments	0	0	6,086,569	3,329,763	9,416,332
Available Cash Balances	0	4,107,355	294,996	395,000	4,797,351
Subtotal	\$212,462,262	\$86,270,444	\$6,381,565	\$3,724,763	\$308,839,034
Interfund Capital Transfer	(4,745,828)	(2,792,571)	0	0	(7,538,399)
Sources of Funds	\$207,716,434	\$83,477,873	\$6,381,565	\$3,724,763	\$301,300,635

HISTORICAL GENERAL FUND REVENUE BASE



	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Estimate	FY2020 Budget
Real Estate Taxes	111.0	111.5	113.3	112.8	123.8	133.3
Transfer Tax	25.8	29.0	32.7	36.9	31.4	30.9
Hotel Tax**	0.0	0.0	0.0	0.0	2.4	3.1
Service Charges & Fees	21.9	22.6	25.3	26.4	23.5	23.3
Licenses & Permits	6.6	6.5	7.4	7.6	6.9	7.5
Use of Money & Property *	5.0	4.5	4.1	4.0	5.0	5.7
Intergovernmental	6.2	6.5	6.2	7.7	8.4	6.6
Total	176.5	180.6	189.0	195.4	201.4	210.4

* Excludes use of RTT Reserves

**Hotel Tax was enacted August 1, 2018

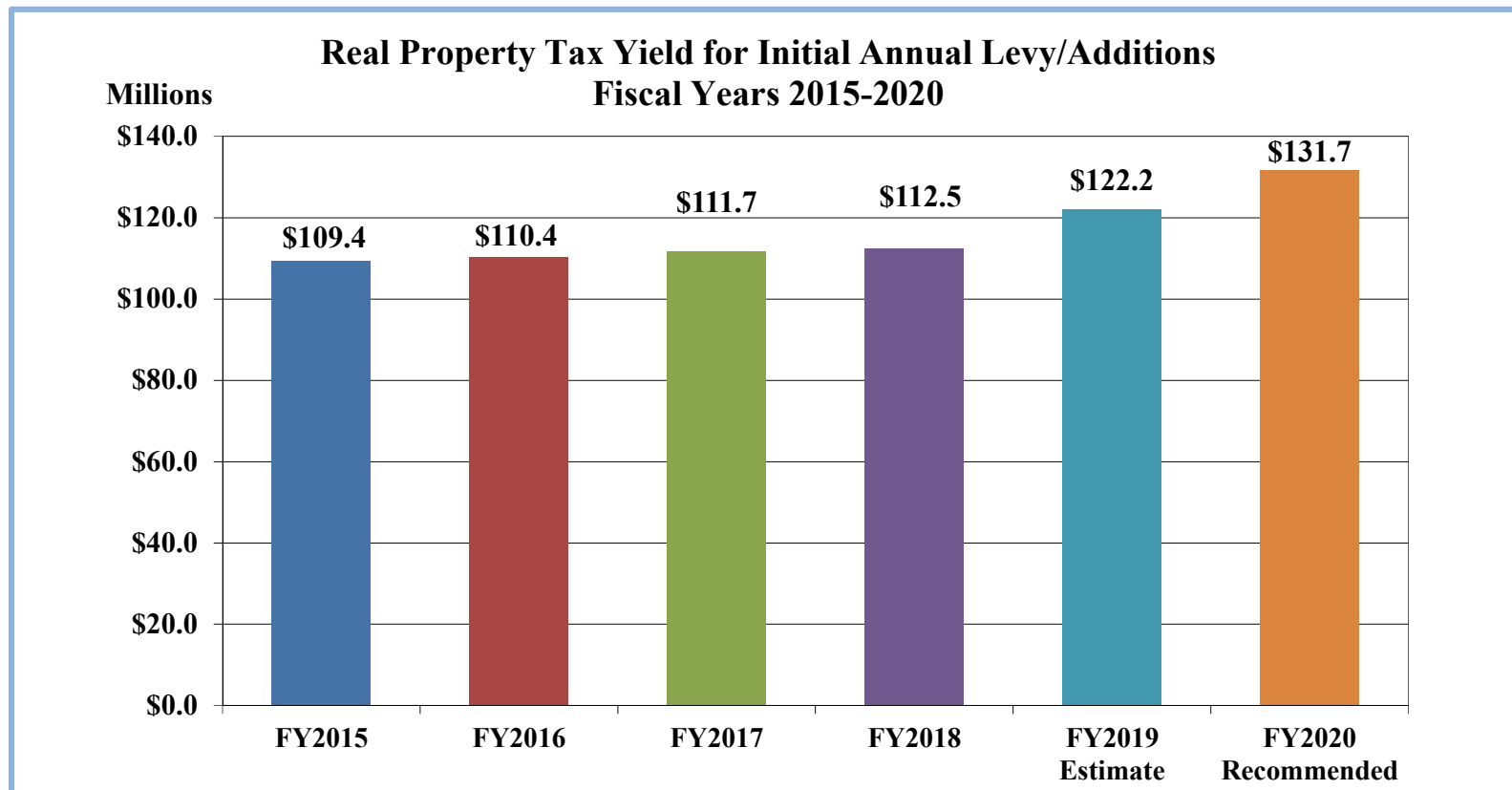
FUND: GENERAL

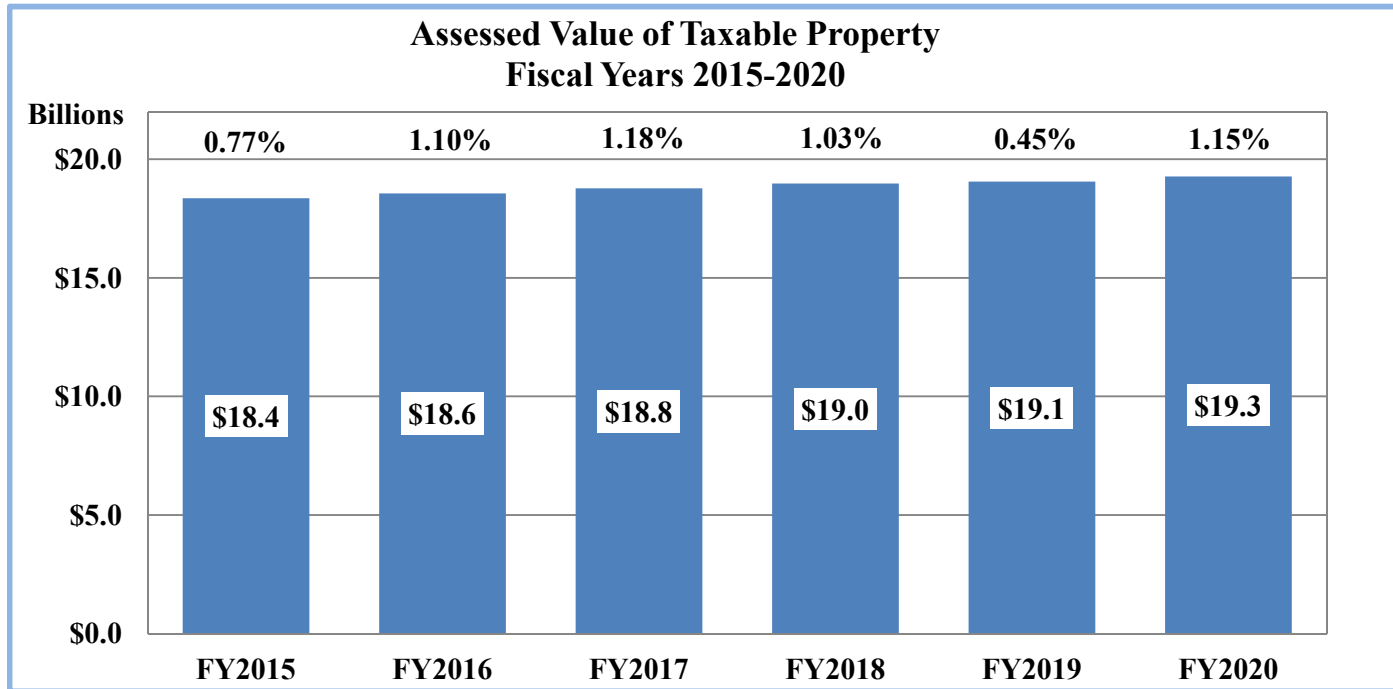
REAL PROPERTY TAXES

Real Property Taxes were estimated based on the net assessed value of \$19,274,353,853 as of March 13, 2019, at 80.40 cents per \$100 and 99% collection rate. Estimates also include \$155,000,000 in additional assessed value as a result of anticipated quarterly additions. The resulting estimated property tax revenue for Fiscal Year 2020 is \$131,747,000. The average and median residential bills are based on a tax rate of 80.40 cents per \$100 of assessed value. The average unincorporated residential bill will be \$610 annually. The median residential bill will be \$526 annually.

Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Initial Annual Levy/Additions	112,545,740	122,200,000	131,747,000
Prior Year Taxes/Penalties	387,355	1,627,000	1,552,000
Total	112,933,095	123,827,000	133,299,000

FY2018 includes prior year credits for Boxwood Road Plant and Verizon.





Assessed real property values partially or totally exempt from the real property tax total \$5.1 billion or 20.9% of the gross \$24.4 billion property assessments. The largest component of exempt property is the general exemptions category which is \$4.2 billion or 83.3% of the exemptions granted.

	Exempt Assessment Value	Exempt Real Property Tax
General *	\$ 4,238,856,550	\$ 23,174,042
Residential	700,335,844	5,030,134
Farm	132,378,200	1,060,276
Commercial	15,250,095	44,213
Industrial	701,300	1,944
Apartment	-	-
Utility	-	-
Total	\$ 5,087,521,989	\$ 29,310,609

*General exemptions include government, religious, health, educational, charitable historical and miscellaneous (civics, volunteer fire, etc.).

Real Property Tax Revenue Estimate	
Reconciliation (In Millions)	
*Local Service Function Budget	\$79.8
**General Obligation Budget	\$51.9
Total	\$131.7
Prior Year Real Estate Tax Collections	\$1.0
Tax Penalties	\$0.6
Total Real Estate Taxes	<u>\$133.3</u>

	Cents per \$100 Assessed Valuation		
	*LSFB Rate	**GOB Rate	Total Rate
Unincorporated	53.29	27.11	80.40
Arden	48.61	27.11	75.72
Ardencroft	48.61	27.11	75.72
Ardentown	48.61	27.11	75.72
Bellefonte	52.15	27.11	79.26
Delaware City	4.81	27.11	31.92
Elsmere	4.81	27.11	31.92
Middletown	4.81	27.11	31.92
Newark	1.93	27.11	29.04
New Castle	4.81	27.11	31.92
Newport	8.43	27.11	35.54
Odessa	10.61	27.11	37.72
Townsend	7.55	27.11	34.66
Wilmington	0.00	27.11	27.11

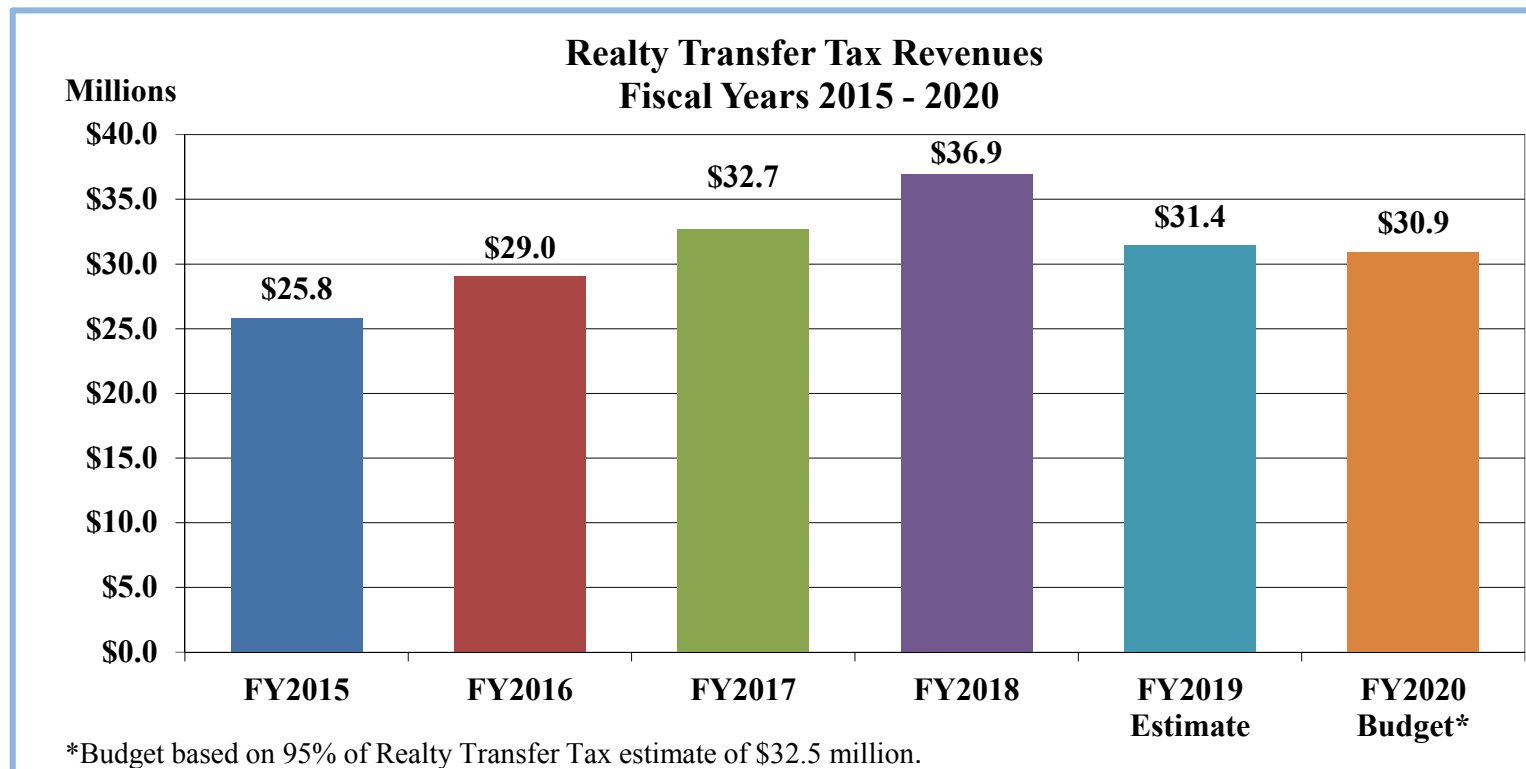
FUND: GENERAL

REALTY TRANSFER TAX

The Realty Transfer Tax rate for Fiscal Year 2020 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 2020 are based on 95% of the total real estate transfer tax estimated to be received in Fiscal Year 2020.

In 1991, the State General Assembly gave New Castle County the 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 home buyers (in addition to other State exemptions). The County enacted (Ordinance 91-030) the one percent transfer tax effective April 10, 1991. In June 1998, the State transferred to the County one-half percent of the State's realty transfer tax, for a total County transfer tax of one and one-half percent.

In May 2018, the County enacted (Ordinance 18-052) capping the amount of transfer tax that can be used for budget estimates at 95% of the transfer tax estimate for the fiscal year. Additionally, the State General Assembly gave New Castle County the authority and New Castle County enacted a ceiling on Realty Transfer Tax exemption for first-time homebuyers up to the lesser of the value of the property or \$400,000.



FUND: GENERAL**HOTEL TAX**

The Hotel Tax was estimated based on a 3% lodging tax for hotel, motel and tourist home stays.

In June 2018, the State General Assembly gave New Castle County the authority and the County enacted (Ordinance 18-071) a lodging tax on hotel, motel and tourist home stays, which took effect August 1, 2018.

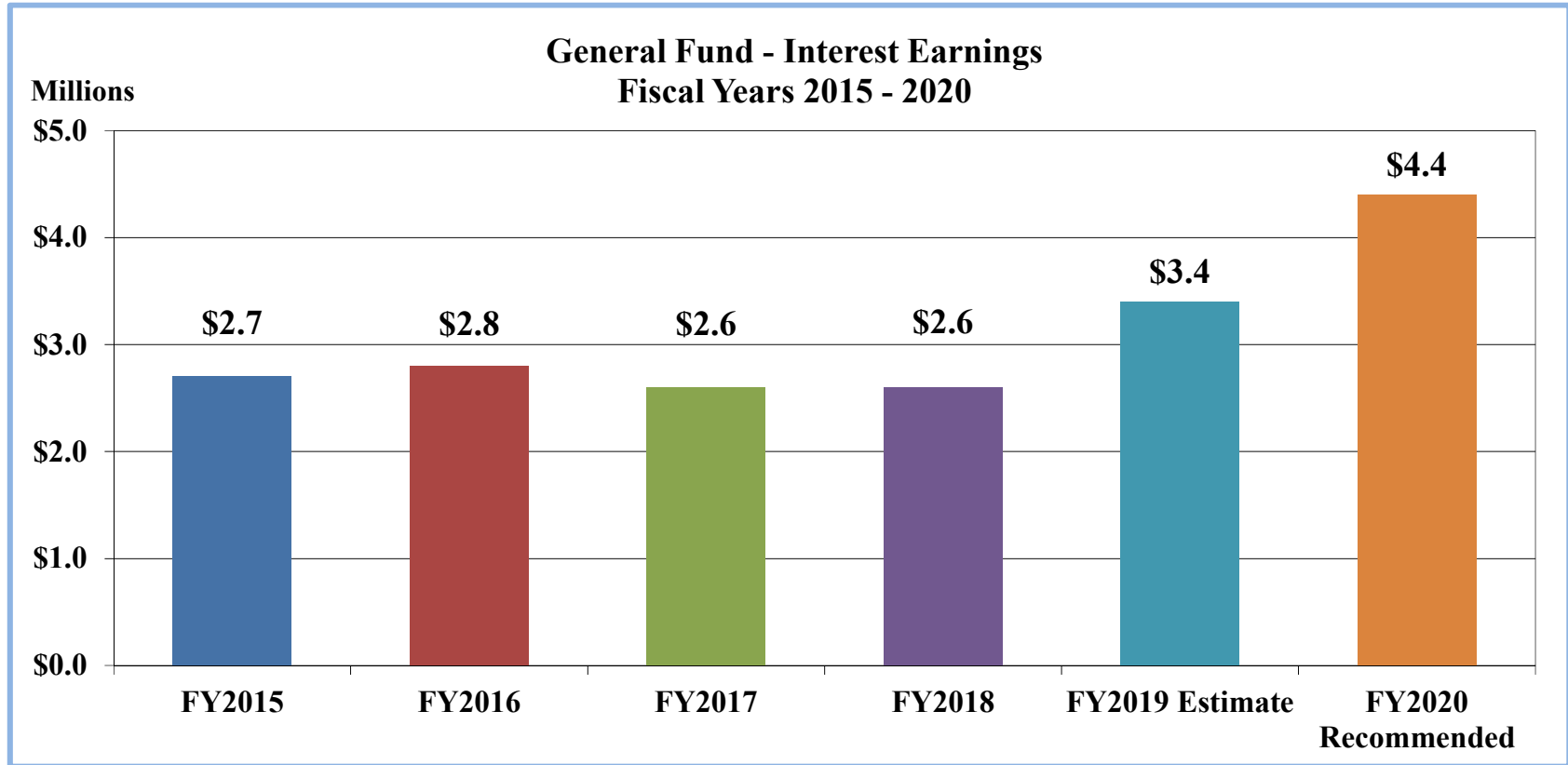
Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Hotel Tax	0	2,400,000	3,100,000
Total	0	2,400,000	3,100,000

FUND: GENERAL

USE OF MONEY AND PROPERTY

Interest income was estimated using cash flow projections and current interest rates which are expected to remain essentially unchanged in Fiscal Year 2020. Rent received from the City of Wilmington at the City/County Building is reimbursed at 70% of operating costs of the facility.

Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Interest Earnings	2,569,619	3,440,530	4,400,480
Impact Fees	427,000	400,000	400,000
RTT - Debt Service	7,000,000	6,350,000	2,031,849
Rentals, Concessions and Sale of Assets	1,014,006	1,144,549	885,697
Total	11,010,625	11,335,079	7,718,026

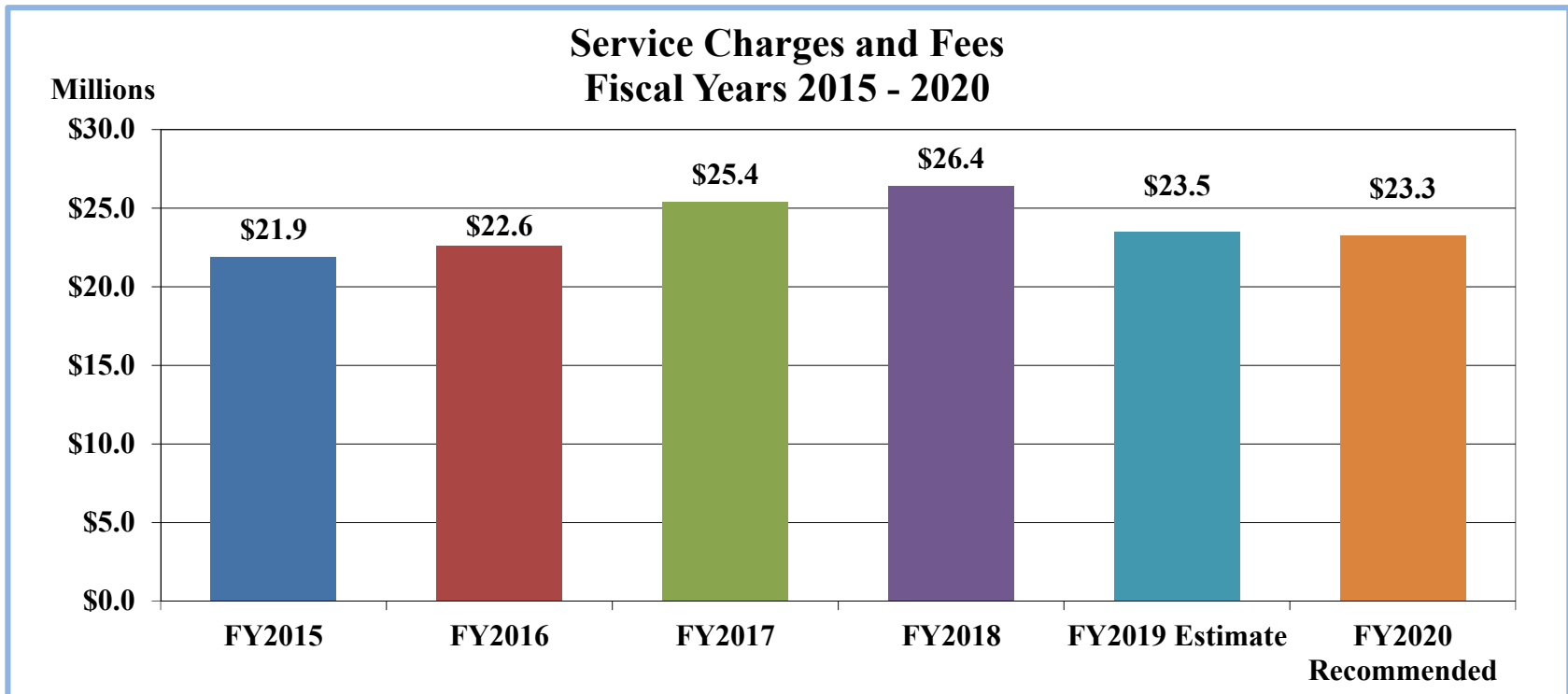


FUND: GENERAL

SERVICE CHARGES AND 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.

Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Sheriff	6,053,668	4,484,343	4,996,736
Deeds	7,326,927	6,810,000	6,660,000
Wills	4,089,355	3,385,600	3,457,200
Recreation	1,194,278	1,311,862	1,327,987
Public Safety (911 Fees, Traffic fines, Emerg. Comm.)	1,983,000	1,980,605	2,003,605
Zoning Fees	1,708,500	1,811,330	1,608,300
Miscellaneous	4,018,127	3,743,380	3,258,305
Total	26,373,855	23,527,120	23,312,133



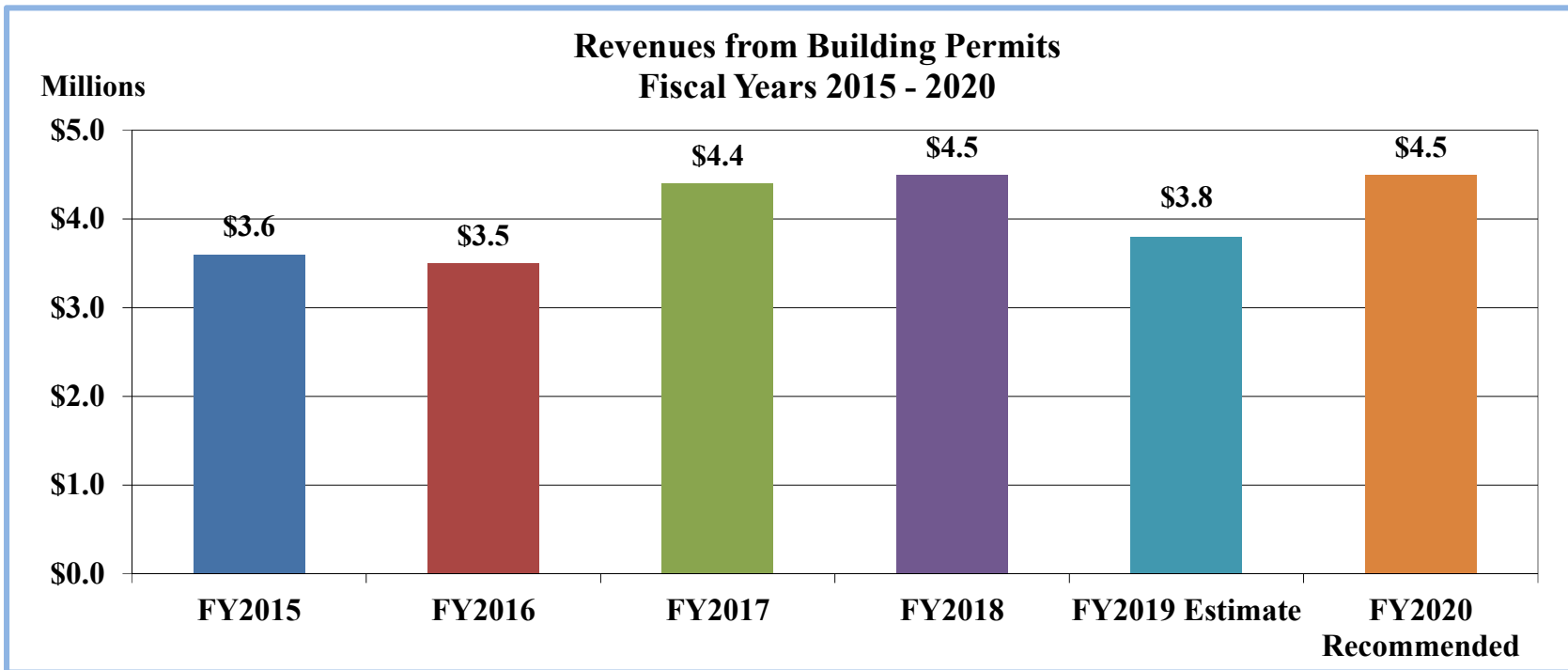
FUND: GENERAL

LICENSES AND PERMITS

Licenses and permits were estimated based on recent activity, current revenues and projected Land Use fee increases. The estimate reflects the continuation of the current trend in the construction market.

Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Building Permits	4,481,700	3,766,919	4,510,000
Contractor/Business Licenses	1,145,750	1,155,000	1,107,000
Other Permits & Licenses	1,966,476	1,996,033	1,911,000
Total	7,593,926	6,917,952	7,528,000

Building Permits	CY2017 # Permits Issued	CY2018 # Permits Issued
Residential	1,145	937
Alterations/Additions	2,304	2,203
Commercial/Industrial	644	628



FUND: GENERAL**INTERGOVERNMENTAL REVENUE**

The State reimbursement for Emergency Medical Services was computed at 30% of the Fiscal Year 2018 paramedic expenses, including applicable debt service and risk management costs.

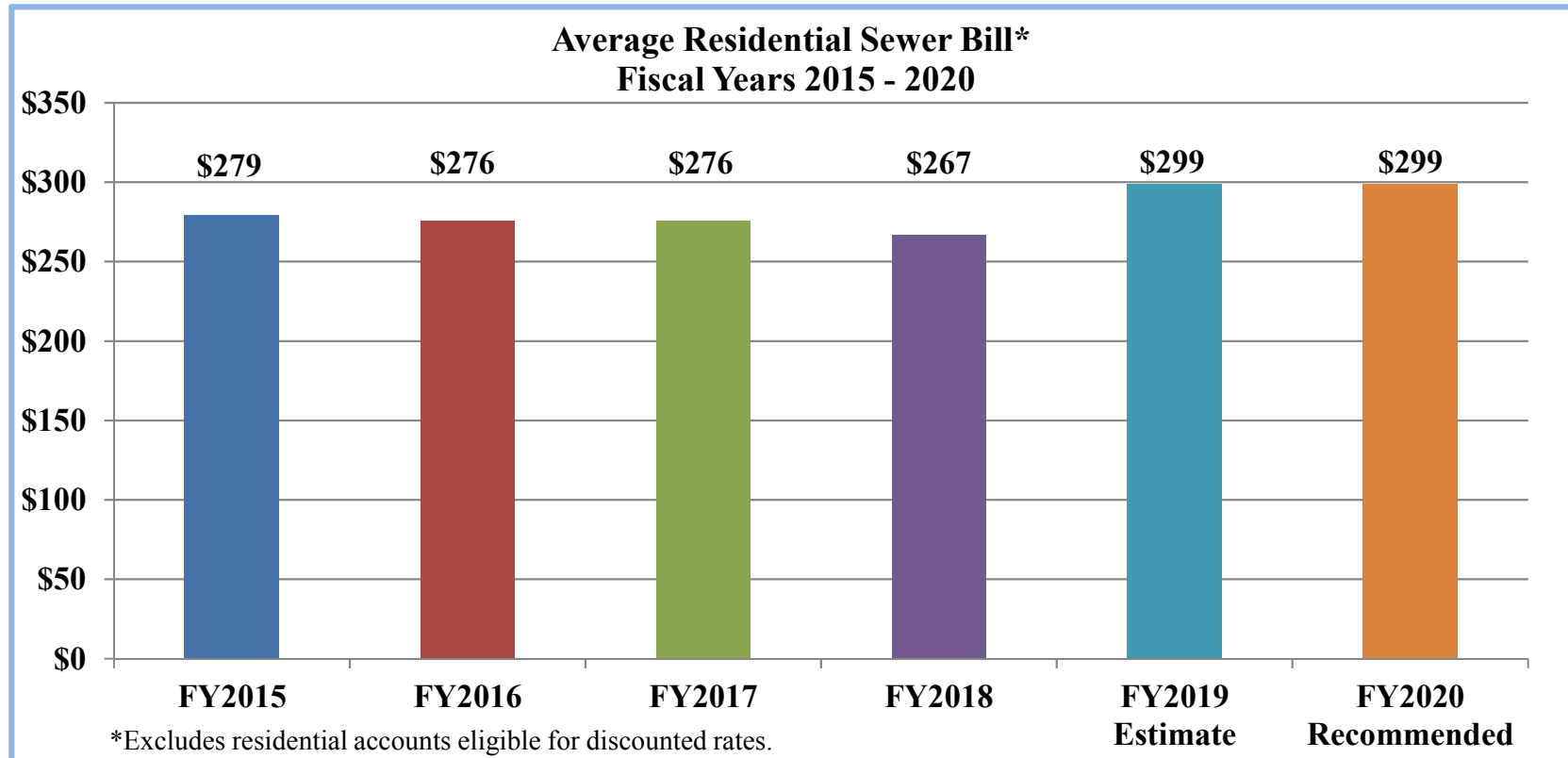
Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Paramedic Reimbursement	5,792,493	6,792,154	5,307,418
Real Estate Transfer Tax Fee	771,929	749,000	749,000
Chancery Reimbursement	275,387	278,512	278,500
Department of Justice	673,266	303,069	0
Indirect Cost Plan	88,000	90,000	90,000
RZEDB Interest Reimbursement	130,863	130,807	130,185
Payment in Lieu of Taxes	0	79,752	75,000
Total	7,731,938	8,423,294	6,630,103

FUND: SEWER

SEWER FUND REVENUES

Sewer Fees were based on the Fiscal Year 2019 residential billings (based on water usage) and commercial and industrial activity and a 96% collection rate. The average residential sewer bill will be \$299.

Category	FY2018 Actual	FY2019 Estimate	FY2020 Recommended
Sewer Services Current	57,850,000	64,750,000	66,900,000
Sewer Services Delinquent	4,400,000	3,500,000	3,500,000
Interest Earnings	1,400,000	1,200,000	1,598,000
Capital Recovery Fees	6,500,000	6,500,000	6,600,000
Other Service Charges	3,536,255	3,610,573	3,565,089
Available Cash Balance	6,823,934	4,012,909	4,107,355
Total	80,510,189	83,573,482	86,270,444



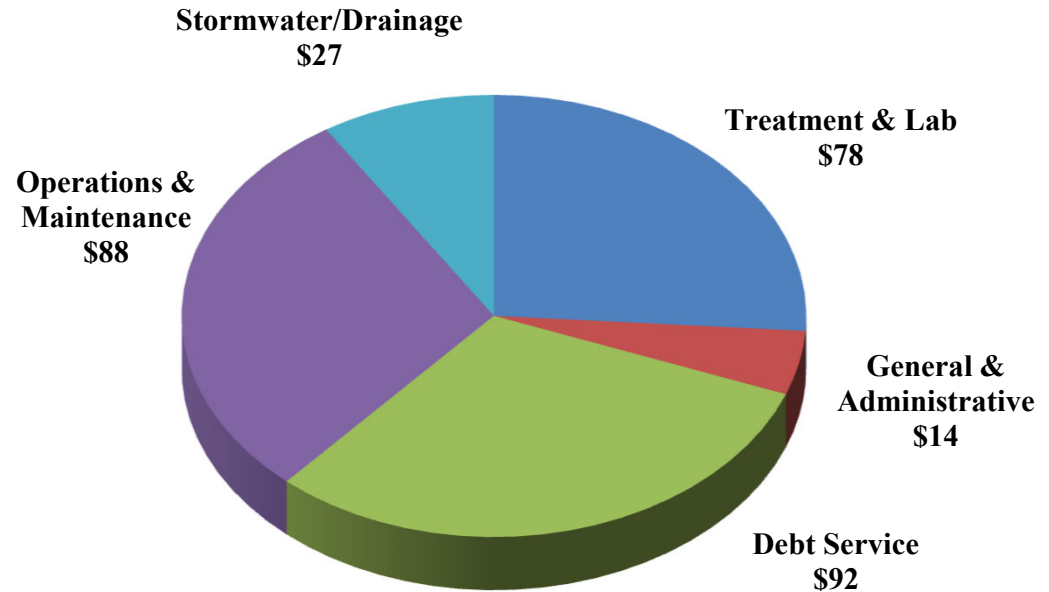
FUND: SEWER

SEWER FUND REVENUES (Continued)

The table below shows a comparison of the number of accounts by type and the billing estimated for Fiscal Year 2020.

	Fiscal Year 2020	
	No. of Accounts	Estimate
Residential	121,723	31,830,989
Industrial	22	10,957,751
Commercial	3,681	12,855,706
Apartments	228	8,250,768
Contract	5	5,788,014
Gross Billing	125,659	69,683,228
Allowance for Delinquent Net Billing		2,783,228
		66,900,000

**Residential Customer
Average Bill \$299
Where the Money is Spent**



Special Assessment**Fund: Light Tax**

Special Assessment revenues for the Light Fund consist of \$6,086,569 in tax revenue and \$294,996 in use of available resources, a total of \$6,381,565. Monthly billings are received from Delmarva Power for electric. These assessments are for street lighting installation and operation in new and existing communities. Approximately 60% of all unincorporated improved parcels benefit from street lighting.

Special Assessment**Fund: Crossing Guard**

Special Assessment revenues for the Crossing Guard Fund consist of \$3,329,763 in tax revenues and \$395,000 in use of available cash balances, a total of \$3,724,763. 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.

FUND: GRANT**ESTIMATED GRANTS FOR FY2020**

In addition to the General and Special Operating funds, New Castle County anticipates the following grant funds for FY2020.

Community Services

Section 8 Housing Choice Vouchers	\$ 16,208,000
Community Dev Block Grant	2,534,000
State Aid - Libraries	1,764,000
Home Program	1,000,000
Summer Youth Employment Program	172,000
State Aid - Senior Centers	212,000
Emergency Solutions Grant	177,000
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	\$ 22,067,000

Land Use

Historic Preservation	\$ 13,000
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	\$ 13,000

Public Safety

Ed Byrne JAG program	\$ 199,000
Emergency Management - Federal	335,000
Emergency Management - PSEG	68,000
Special Law Enforcement Assistance Funds (SLEAF)	100,000
State Aide to Local Law Enforcement (SALLE)	70,000
Emergency Illegal Drug Enforcement (E.I.D.E.)	38,000
State Office of Highway Safety	60,000
Criminal Justice Council	135,000
Combat Violent Crime	250,000
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	\$ 1,255,000

Total

\$ 23,335,000

CONTINGENCIES (NON-DEPARTMENTAL)

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:

Type	Amount	Use
COUNCIL CONTINGENCY	200,000	Discretionary use.
EXECUTIVE CONTINGENCY	400,000	Discretionary use.
PERSONNEL CONTINGENCY		
General Fund	641,000	Reimburses departments for salary and severance adjustments as needed.
Sewer Fund	85,000	
ATTRITION CONTINGENCY (1%)		
General Fund	(1,428,917)	Estimated adjustment for county-wide attrition.
Sewer Fund	(206,901)	
ONE-TIME CONTINGENCY		
<u>General Fund</u>		Provides departments with one-time adjustments as needed.
Land Use - Comprehensive Development Plan Update	200,000	
Land Use - Mobile Field Solutions	103,000	
Public Works - Efficiency Reviews	50,000	
Council - Equipment for Live Streaming	37,200	
<u>Sewer Fund</u>		
Public Works - Legal Services	150,000	
TOTALS	230,382	

*Expenditures reflected in Departments where funds are transferred.

AAA Bond Rating

Concentrated efforts have been made to maintain the AAA ratings for the County’s general obligation bonds. In April 2017, all three major rating agencies reaffirmed the County’s triple-A credit rating. Attaining the top rating from all three agencies reflects the County’s strong financial management and planning capabilities and the quality of its elected and administrative leadership. These ratings allow the County to borrow money at the most competitive interest rates, which maximize the County’s ability to invest in critical infrastructure at the lowest cost to improve County services. The County will continue to seek ways to maintain these ratings to provide the finest quality services at the 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 traditionally makes prudent use of its debt authority. Based on the certified 2019 taxable assessed value, the three percent debt limit permits \$578,230,616 in debt. The amount of outstanding debt applicable to the three percent debt limit as of February 28, 2019 is \$154,580,000. Additionally, there is \$299,793,824 of enterprise fund debt outstanding not subject to the debt limit. This includes loans totalling \$8,053,824 payable to the State of Delaware Water Pollution Control Revolving Fund for sewer and stormwater projects.

Policy Statement

Active debt management provides fiscal advantages to the citizens of this 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.

- ✓ Debt subject to legal debt margin shall not exceed 3 percent of taxable assessed valuation (Legislative). Currently 0.8%
- ✓ Net direct debt subject to legal debt margin shall not exceed \$400 per capita (Administrative). Currently \$272
- ✓ General Fund and Sewer Fund debt principal to be retired in 10 years. Currently 50.4%
- ✓ Annual debt service requirements shall not exceed Key Financial Policy #2 limitations as presented in the chart on Page 14 “Debt Service as a Percentage of the Operating Budget.”

Type	Debt	Assessed Taxable Value	Percentage	
			Current	Allowable
Subject to Debt Margin	\$154,580,000	\$19.3 Billion	0.8%	3.0%
All General Obligation Debt	\$454,373,824	\$19.3 Billion	2.4%	N/A

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

Existing and Proposed Debt Service as a Percentage of the Operating Budget Fiscal Years 2010 - 2029

The chart below reflects principal and interest payments for existing debt service, as well as projected debt service payments based on debt offerings of \$82 million in Fiscal Year 2019, \$100 million in Fiscal Year 2021, and \$90 million every two years beginning in Fiscal Year 2023. Operating growth after Fiscal Year 2020 is estimated at 3.0% a year.

