

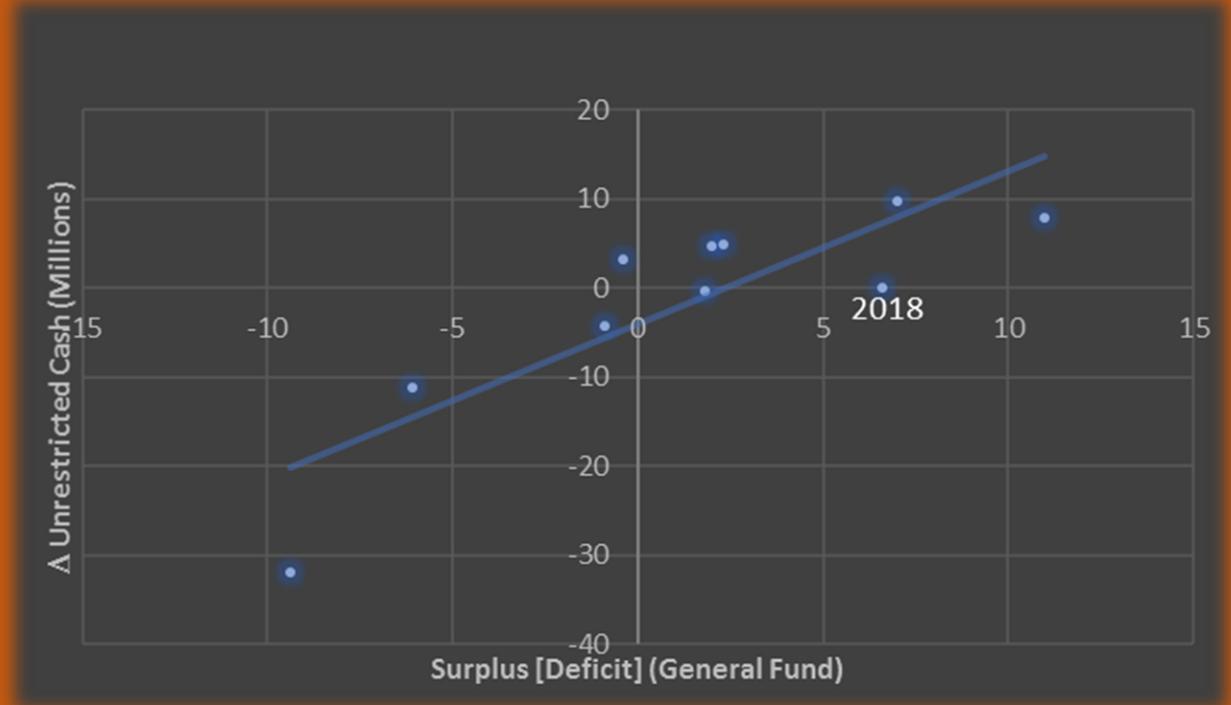


# 2020 Budget Hearing

Velda Jones-Potter, City Treasurer

# 2020 Economic Outlook

- Positive overall— employment in City expected to rebound and wages to rise 3-3.5% over next two years (QCEW Data).
- FY'19 projected surplus: \$12,238,788 (General & W/S Funds).
- Finance Director focused on working capital and collections.
- Treasury expects to close 2019 in stronger cash position over 2018.
- Dovish Federal Reserve; expecting an increase in rates; keeping an eye on debt savings and opportunities to create liquidity at lowest possible cost.





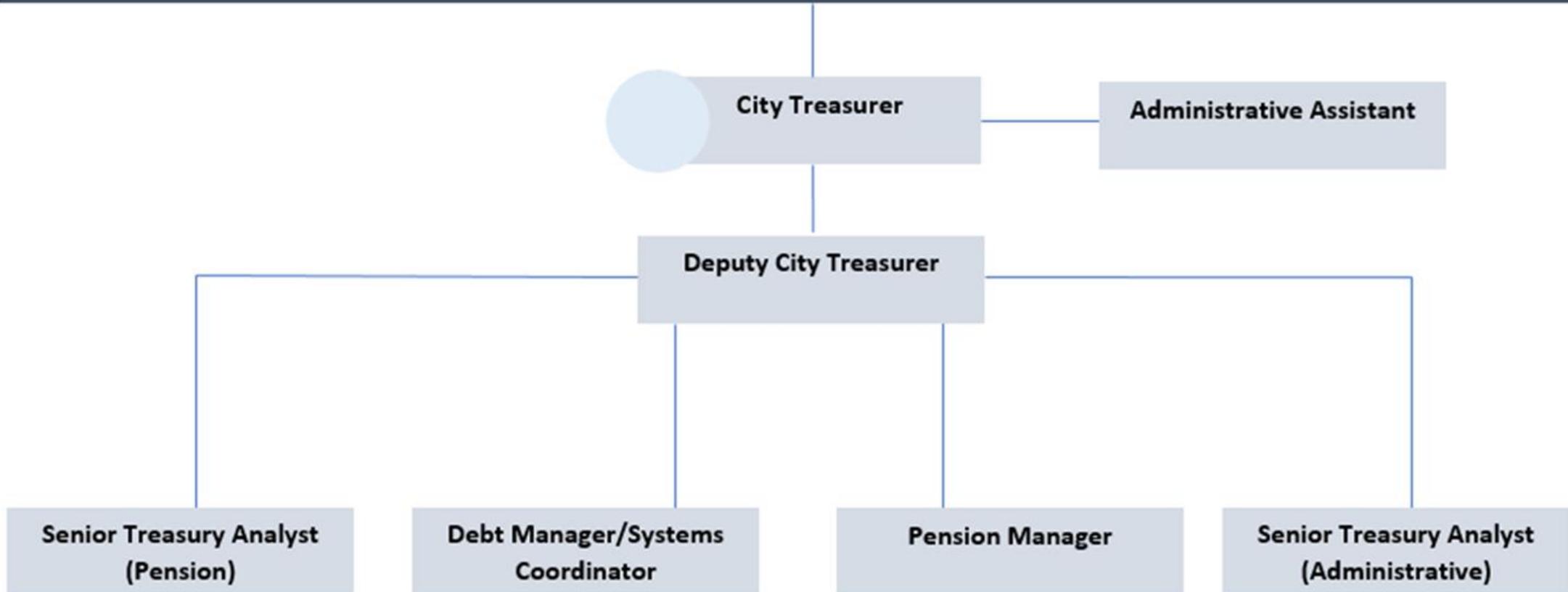
# Office Overview

- **Cash Management**
- **Investing**
- **Financing**
- **Pension System/Fund Management**

**Component Units**

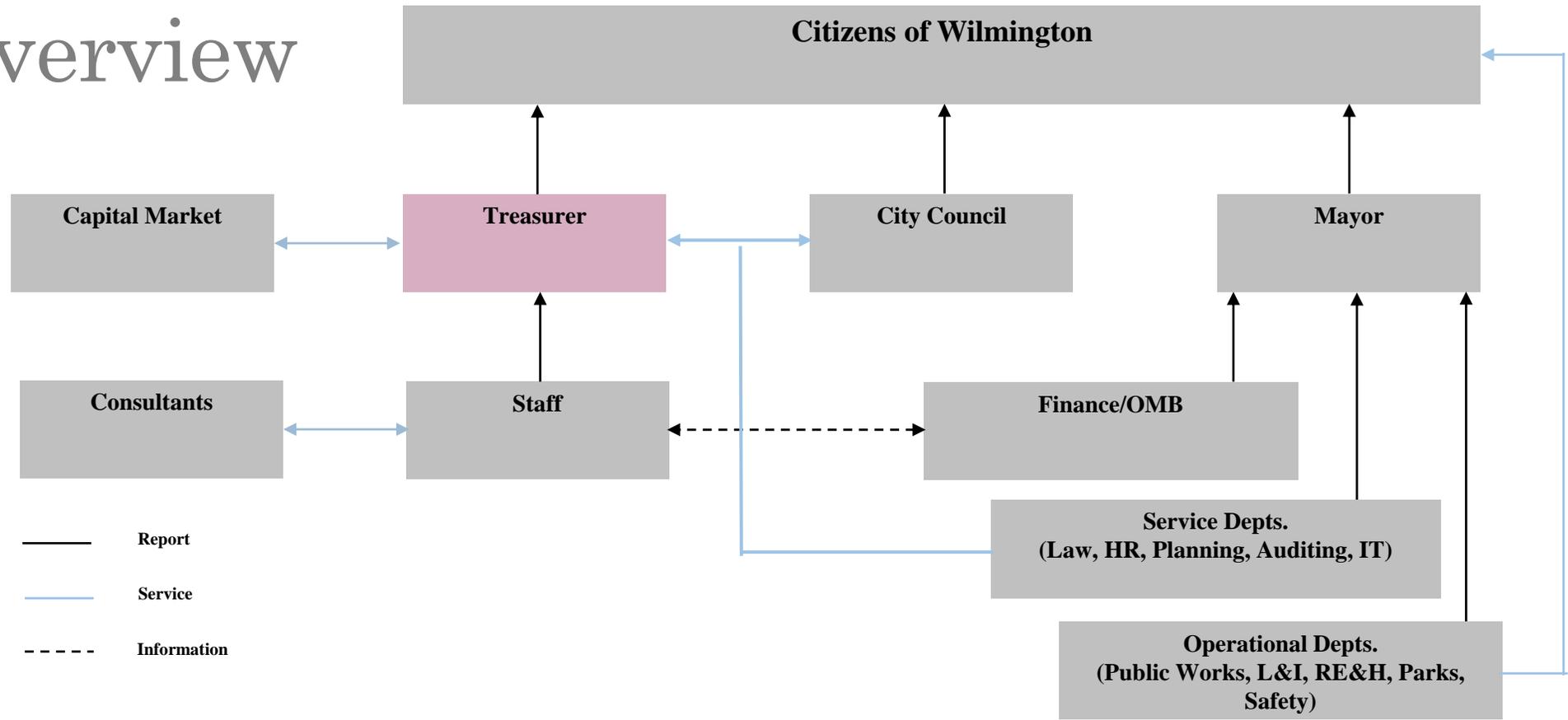
<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>	<b>Discrete Component Units</b>
<p><b>Major</b></p> <p>General Economic Strategic Housing Strategic Capital Project Fund</p> <p><b>Non-Major/Special</b></p> <p>Park Recreational Cable Television Community Development Home Partnership Program Home for People with Aids Neighborhood Stabilization Criminal Justice Program Cable Television</p>	<p><b>Enterprise</b></p> <p>Water/Sewer</p> <p><b>Internal/Service</b></p> <p>Data-Processing Document Management Mail Service Duplication and Reprod. Mapping and Graphics Motor Vehicle Communications</p> <p><b>Self-Insurance</b></p> <p>Risk Management Workers' Comp Health and Welfare</p>	<p>Pension Trust OPEB</p>	<p>UDAG Rock Manor</p> <p>Parking Authority Downtown Visions Riverfront BID Christina Gateway</p>
<p>CityFest Park Commission</p>	<p>Landbank</p>	<p>Park Trust</p>	

# Citizens of Wilmington





# Office Overview



## 2020 Budget Hearing Velda Jones-Potter, City Treasurer

# Mission and Values

Maintain effective monetary policy that maximizes the City's value and meets the needs of Wilmington taxpayers.

S | Stewardship

T | Transparency

E | Equity

P | Prudence

2020 Budget Hearing  
Velda Jones-Potter, City Treasurer



# Which value is most important?

Visual settings 

 Respond at **PolleV.com/veldajonespo575**  Text **VELDAJONESPO575** to **22333** once to join, then

Activate 

Show results 

Lock 

Clear results 

Stewardship **A**

Transparency **B**

Equity **C**

Prudence **D**

# 2020 Vision

**Bolster Economic Return on the City's Financial Resources (1) and Promote Financial Literacy (2) through Transformed Fiscal Stewardship and Operational Excellence (3)**



Goal 1:  
**Bolster Return**

Goal 2:  
**Financial Literacy**



Goal 3:  
**Operational Excellence**



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Velda Jones-Potter, City Treasurer

# Strategic Goals and Objectives

Strategic Goal	Strategic Objective	Cash Mangement	Investing	Financing	Pension Systems	Information Systems	Community Engagement
Goal 1: <b>Bolster Economic Return</b>	1.1 Optimize Liquidity Ratios						
	1.2 Increase Return on Assets						
	1.3 Steadily Decrease Net Debt						
Goal 2: <b>Promote Financial Literacy</b>	2.1 Increase Transparency						
	2.2 Broaden Programmatic Reach						
	2.3 Launch Two New Initiatives						
Goal 3: <b>Operational Excellence</b>	3.1 Improve Cash Flow Forecasts						
	3.2 Decrease Cost of Capital						
	3.3 Finalize Office-Wide Policies						



2020 Budget Hearing

Velda Jones-Potter, City Treasurer

# Treasurer's Message to Taxpayers



Performance

MS&E and  
Personal  
Services

Budget  
Questions



2020 Budget Hearing

Velda Jones-Potter, City Treasurer

**Question 3:** The City has \$441.6M in total funds, \$427M in investments and \$14.8M in **cash on hand**, discuss the **safe guards** in place to best protect the City funds to ensure the City has **sound investment policies**.



2020 Budget Hearing

Velda Jones-Potter, City Treasurer

## City Deposits/Investments (Millions)



Question 3.  
Continued



2020 Budget Hearing  
Velda Jones-Potter, City Treasurer

# Question 3 (Continued)

## Investment Policy:

Treasurer adheres to City's Investment Policy (no risk exposure).  
Manages cash and projections to optimize investment return.

## Safeguards (Controls that prevent risk of fraud and error to ensure compliance, efficiency, and fair statements):

- Fraud protection mechanisms
- Dual-approvals and other controls
- Strictly managed signer control
- Transaction monitoring



- 2018: Budget: \$18,339,433 Actual: \$18,139,368 - 98.9%
- 2019: Budgetary savings from structuring of new money issuance and delayed fire purchases: \$1.2MM

- NDD

	2017	2018	2019
\$	138,118	\$ 128,387	\$ 115,311

- Proceeds: \$47 Million unspent, \$22 Million from New Issuance; \$2 Million of the 2018 proceeds expended since issuance in October, 2018

# Debt Overview



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 Velda Jones-Potter, City Treasurer

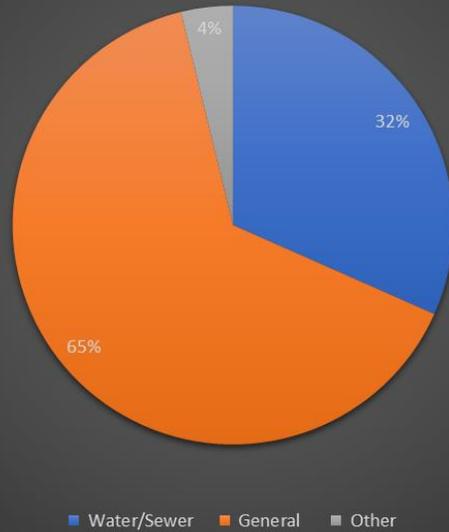
# Debt Service

## FY'20: \$19,929,289

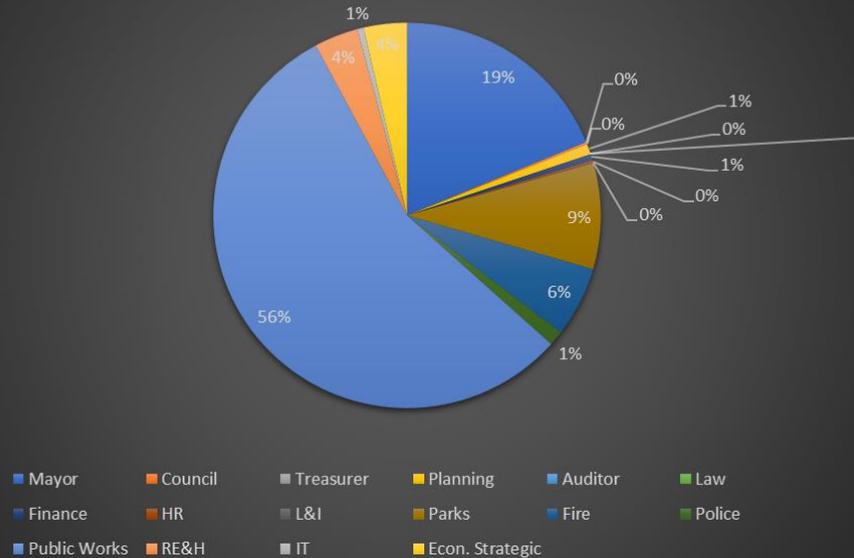
- Existing Debt
- \$89,000 real savings from 2018 refunding
- \$15 MM DNREC issuance, Wetland Park
- 5-year Capital Lease – Fire Purchase
- Carryover budgetary savings (BAN)

General Fund D/S at 8%, well below 17.5% statutory limit.

Debt Service by Fund



Debt Service by Department



2020 Budget Hearing  
Velda Jones-Potter, City Treasurer

## **Background:**

- \$3.4 Million Loan Matures in September, 2019.
- Treasurer has made more than \$120,000 in unbudgeted interest payments with \$10,000 accruing every month.

## **Treasury's Plan**

- \$1.2 Million paid 4/8/2019, against debt service expense line
- \$1.3 Million paid as part of an interfund loan (Ord. # 19-008)
- \$0.9 Million paid in July from budgeted debt service expense in FY'20

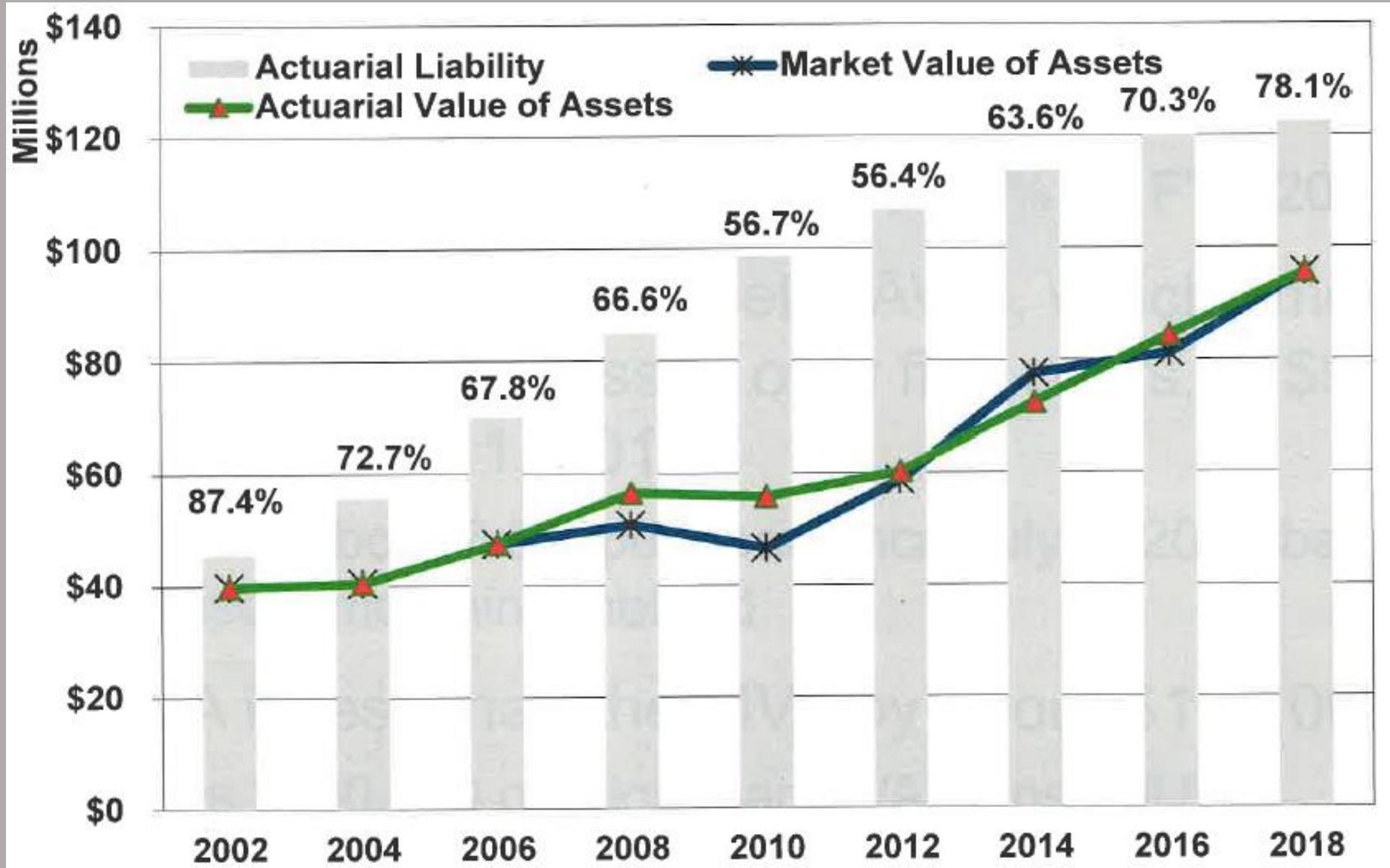
Fiscal Impact: Reduces Direct Debt by \$3.4 Million, avoids additional unbudgeted interest expense, retains general fund surplus of \$1.6MM

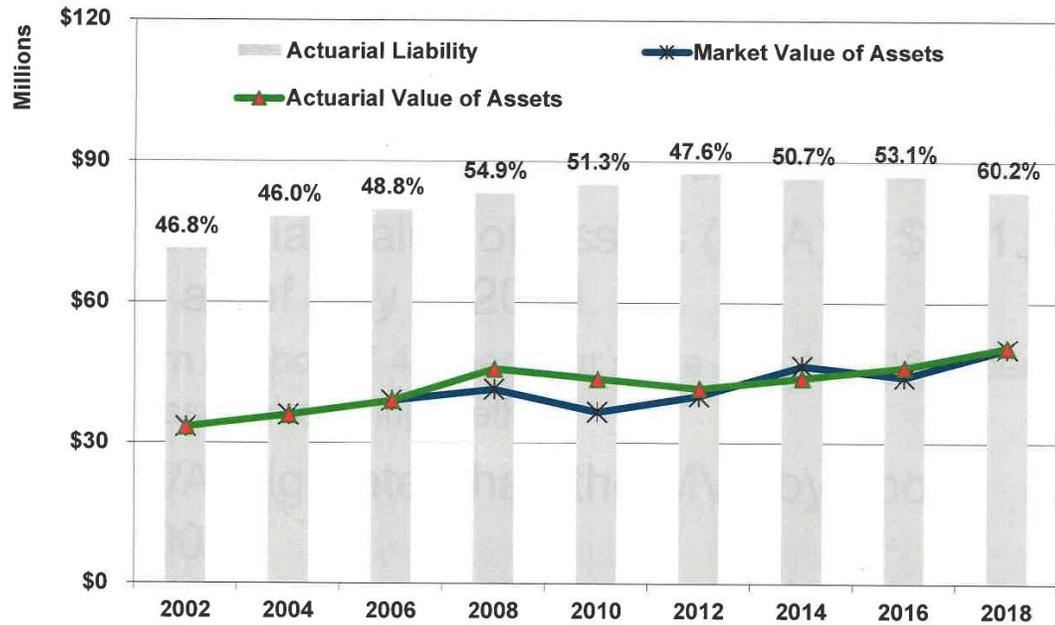
## **Mayor's Plan: Refinance \$3.4MM unsecured loan with 20 year bond.**

### Fiscal Impact:

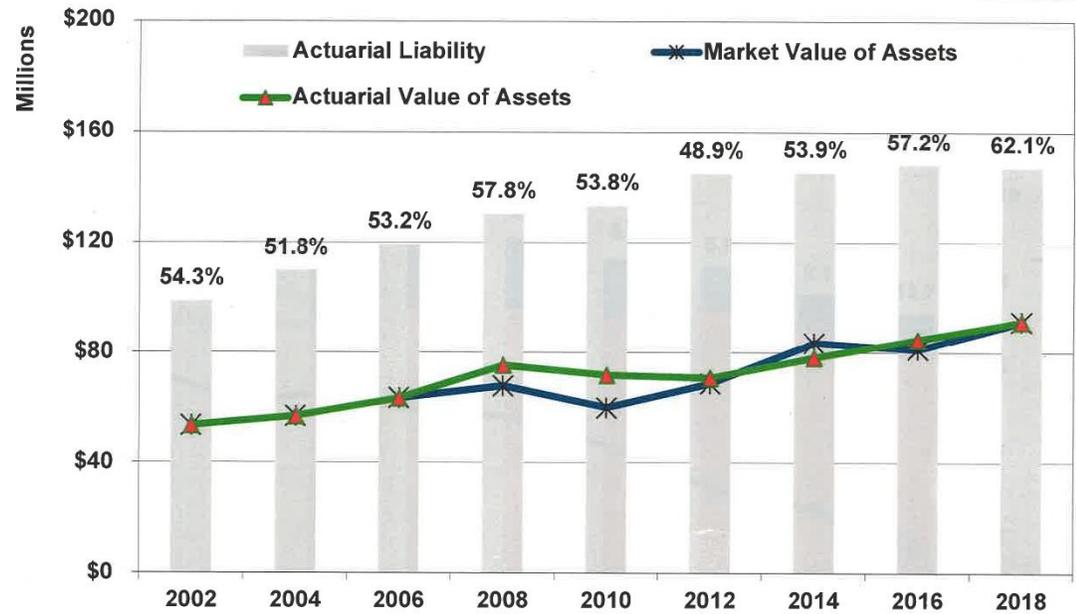
- Upwards \$7 Million cost
- Debt remains on balance sheet
- City collects \$0, WHP pays contractors and banks, taxpayers pay over 20 years for the mistake. Advisors cautioned 'bad publicity' – bad use of City's tax-exempt issuing authority.

# Question 6: Health of Pension





Police



Fire

# Question 6 (Continued)



## Question 5: Self-Insurance Cost

The Post-Employment Healthcare Program was enacted on January 1, 2000 for employees that retire and meet certain eligibility requirements. These eligibility requirements were changed in 2011 in order to limit the future expense to the City.

The Employer Contribution amount for the Retiree Medical Program has increased by \$250,000 each year in order to phase into the Actuarially Determined Contribution.

***The Fiscal Year 2016 valuation reported an Actuarially Determined Contribution amount of \$7.9 million.***

# Question 4: Professional Services

## Professional Services

	<u>General</u>	<u>Special</u>
FY19	\$39,000	\$1,061,700
FY20	\$35,000	\$926,800
	-10%	-13%

## General Fund

Consultants: Policies and Procedures	\$15,000
Trustee Fees: Bond Escrow Agent	\$20,000

## Pension Fund

Trustee Fees: Investment Managers	\$692,000
Actuary and Investment Advisor	\$200,000
Retiree Drug Subsidy	\$18,000
Police/Fire Secretaries	\$16,800



# Question 2: Community Engagement

Community Engagement:

	<u>YTD</u>	<u>Remaining</u>
Grants to Agencies	\$8,000	\$0
Community Services	\$4,750	\$13,250
 SMART SAVERS:		 \$8,000
City-Wide Financial Education for Youth (Del-One)		
 MOVE LLC:		 \$3,000
Financial literacy focused summer program for girls		
 Camp Wall Street:		 \$1,000
Youth Shareholder Initiative		
 Financial Capabilities Coaching and Counseling:		 \$1,250
Home foreclosure, first time home buyer, budgeting, credit building and repair (HOND)		



# Question 1: Salary Adjustments

Financial Responsibility Salary Comparison Study commissioned by City Treasurer (December, 2017)

Revealed functional and gender disparity in pay (Treasurer's Office positions paid 14-28% less than comparable finance related roles in Wilmington City government)

Debt Manager/Systems Coordinator Position was created FY2018. Since, scope and responsibility have expanded.

Proposed salary adjustment to \$73k

General Fund Impact \$4k

***(Benchmarked to senior positions in Finance, Mayor's Office of Management & Budget requiring similar knowledge, skills and abilities: Range \$70 - \$98k)***

