

December , 2008

Dear :

I am writing you regarding New Castle County's financial situation and the impact it will have on next year's budget.

Since the beginning of the current fiscal year on July 1, the County's revenue estimates have dropped \$16 million primarily due to the drop in the real estate transfer tax (RTT), Deeds Office transactions and residential building permits and additions. The County's current year general fund projected budget shortfall has risen from \$17 million to nearly \$32 million at year-end, which represents a budget deficit of 19% of the County's general operating budget. Without new revenue initiatives or service reductions, the County's reserves will be exhausted in FY 2010, two years sooner than would have been the case without the drop in revenue.

In response to the lowered revenue estimates, the County Executive announced a number of cost-saving measures that were immediately implemented – hiring freeze, reductions in overtime and capital spending, mandatory furloughs, closing libraries and layoffs of seasonal and part-time employees. These reductions are only the beginning of a series of moves we must make to improve our situation.

To address this shortfall, we will need to reduce spending across the entire government. All departments, row offices and council have been asked to submit a reduced budget for next year.

Last year, your organization received financial support from New Castle County. Given our current financial situation, we can no longer continue to provide funding at past levels. Your organization should start preparing now for a reduced level of financial support from New Castle County.

As we continue to work on our FY2010 budget, we will keep you apprised of any and all developments.

If you have any questions, please contact me at 302-395-5104 or Acting Chief Financial Officer Ed Milowicki at (302) 395-5153.

Sincerely,

Jeffrey Bullock
Chief Administrative Officer
New Castle County