

**The Board of Assessors**  
**Village of Arden**  
January 18, 2021

The 2021 Board of Assessors for the Village of Arden met on January 18, 2021 by Zoom.

Present: Denis O'Regan, Elizabeth Varley, Deborah Ricard, Gary Quinton, Tom Wheeler, Brooke Bovard and John Scheflen

Deborah Ricard, Chair, called the meeting to order at 7:30 PM.

The Assessors approved the minutes of its meeting held January 6, 2021.

The Assessors agreed to use the "Community Standard of Living" method of assessment, adopted by Boards of Assessors since the 1970s, to establish the full rental value of leaseholds in Arden for the 2021 assessment.

The Assessors discussed the application of the "A" rate based on lot sizes. They considered a proposal to apply the "A" rate to the first 10,000 square feet of a lot, rather than the first 7116 square feet used by the two prior Boards of Assessors, based on the argument that the change would more fairly reflect the minimum benefit received by all leaseholders from living in Arden. The Assessors determined to apply the "A" rate to the first 7,116 square feet of leaseholds. The Assessors deferred discussion of the amount of the "A" rate to a future meeting.

Elizabeth Varley reported that the Trustees had learned that some lot sizes for a handful of leaseholds were incorrect and that the factors were inaccurately characterized for a few leaseholds in determining assessments in 2020. The Trustees intend to use the corrected data for 2021 land rents. The use of the corrected data would not make a significant difference in the assessments. She asked if the Assessors agreed with this approach. Although the assessments for the 2021 land rents were the work of a prior Board of Assessors, the Assessors agreed that use of the corrected data was appropriate.

Gary Quinton and Denis O'Regan presented a report they had prepared that compared prudent reserve targets established by Boards of Assessors for approximately the past decade with actual reserves and the "A" rates set by those Boards of Assessors. A graph of this data showed that the prudent reserve targets and actual reserves fluctuated widely from year to year. A linear depiction that smoothed out fluctuations showed that linear prudent reserve targets increased while linear actual reserves declined. For fiscal 2022 (using estimates) the estimated actual reserve was substantially below the prudent reserve target (\$150,000). He suggested that it would be desirable to close the gaps between prudent reserve targets and actual reserves to achieve greater consistency.

Denis O'Regan commented that it would be difficult to achieve more consistency. The primary purpose of the prudent reserve was to protect against shortfalls in revenues from uncollected land rent and increased expenses because of increases in New Castle County taxes and fees and school taxes. These taxes comprise a majority of Arden Trust and Village expenses. He noted

also that Assessors must forecast these expenses out two years. For example, the current Board of Assessors, elected in November 2020, will establish in June 2021 a prudent reserve target for the fiscal year that begins in 2022 and ends in 2023. The amounts for County and school taxes for fiscal years ended in 2022 and 2023 will not be known at the time the Assessors set the prudent reserve. For these reasons it will be difficult to close the gap between prudent reserve targets and actual reserves.

Gary Quinton said that about seven years ago the Trustees, Village officers and the Assessors had established a target for the prudent reserve of \$125,000 based primarily on the size of County and school tax bills and uncollected land rents and estimates of annual increases in those amounts. Over two recent years County taxes and school taxes increased 15%, so an increase in the target to \$150,000 might be appropriate.

The Assessors discussed these matters at length. A copy of Gary Quinton's and Denis O'Regan's report is posted on the Board of Assessors' page on the Arden website. The Assessors will meet with the Trustees and the Village Treasurer to discuss the prudent reserve when information on the size of the actual reserve at the end of the current fiscal year and other information are available. They also will work on gaining a "sense of the level" for the aggregate prudent reserve between the Arden trust and the Village that could be used as the prudent reserve target going forward.

The meeting adjourned at 9:15 PM.

John Scheflen  
Secretary