

Kent County Levy Court

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



Regional Resource Recovery Facility Nutrient Removal & Capacity Expansion Upgrade



LEVY COURT COMMISSIONERS

Hon. P Brooks Banta
President
Hon. Terry Pepper
Vice President

Hon. Allan F. Angel
Hon. Eric L. Buckson
Hon. James E. Hosfelt
Hon. Glen M. Howell
Hon. George "Jody" Sweeney

Michael J. Petit de Mange
County Administrator



Michael J. Petit de Mange, AICP
County Administrator

Kent County
Administrative Complex
555 Bay Road
Dover, Delaware 19901
(Handicapped Accessible)
(302) 744-2305
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Office of the Administrator

WASTEWATER TREATMENT: *A Quality of Life Imperative*

Dear Citizens:

On November 18, 2016 the Kent County Department of Public Works celebrated the completion of a major expansion project at the Kent County Regional Resource Recovery Facility in Frederica, Delaware. This endeavor, dubbed the "***Nutrient Removal & Capacity Expansion Upgrade Project***", began construction in September of 2014 and includes two (2) additional 1.3 Million Gallon Clarifier Basins, a 17,000 Square Foot Effluent Water Filter Building, and a 2,550 Square Foot Control Building. This Project involved the installation of over 10,000 Linear Feet of new pipe, 6,500 Cubic Yards of concrete, 1,200 Tons of hot mix asphalt pavement, and over 2,000 Tons of filter sand. The Cover of this Budget Book features this Project and highlights some of the major improvements.

The Regional Resource Recovery Facility is now achieving over 99% removal of total suspended solids and dramatic improvements to the quality of discharge water through enhanced filtering, bacteria removal, and infrared disinfection. In 2016 this Facility processed an average of 13 Million gallons of wastewater each day. The \$23.5 Million Project increases the processing capacity of the Facility to 20 Million gallons per day. The completion of this Project represents a major advancement in environmental stewardship and positions Central Delaware for growth and high quality wastewater services for many years to come.

On behalf of the Levy Court and all the Citizens of Kent County I would like to congratulate our Public Works Team for an outstanding Project under the leadership of County Engineer Andrew Jakubowitch, PE. With this message I would also like to express sincere gratitude to Project Manager Andy Riggi, PE for his tireless devotion, cost saving ingenuity, and determination to see this project through from start to finish. Mr. Riggi's work ethic, attention to detail, and "can-do" spirit is unrivaled and greatly valued within Kent County Government.

We welcome your feedback on this Project and all facilities and services provided by Kent County as we strive for continual improvement in the delivery of meaningful services for our Citizens. Thank you.

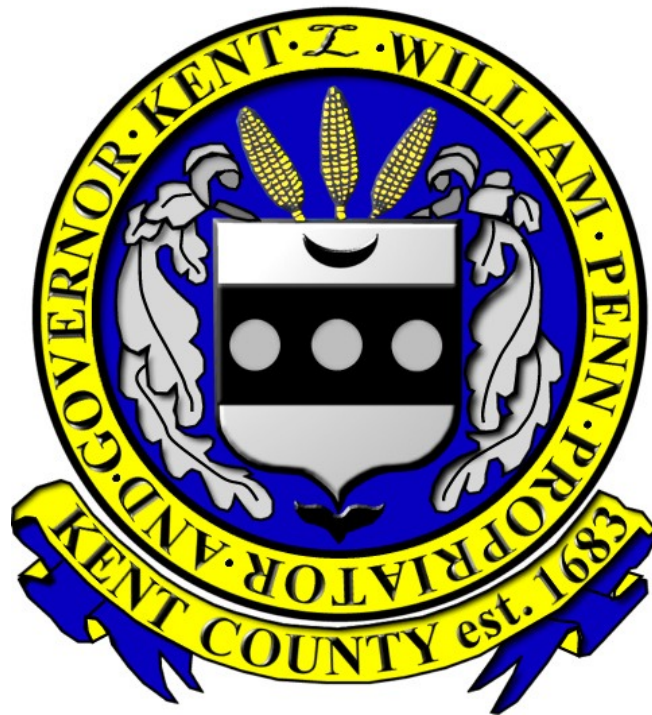
Sincerely,

Michael J. Petit de Mange, AICP

County Administrator

"Serving Kent County With Pride"

Kent County, Delaware
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018



Prepared by Kent County Department of Finance

Susan L. Durham, Director

Mary Karol, Assistant Director

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INTRODUCTORY SECTION



This section includes the following:

Letter of Transmittal

Organizational Chart

List of Elected Officials

County Administrator and Department Directors



*Kent County Administrative Complex
555 Bay Road, Dover, DE 19901*

December 5, 2018

To the Honorable Kent County Levy Court President, members of the Kent County Levy Court, and the citizens of Kent County:

We are pleased to submit the Comprehensive Annual Financial Report of Kent County Levy Court, Delaware for the fiscal year ended June 30, 2018. This report includes annual financial statements as required by Delaware Law, presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Barbacane, Thornton & Company LLP, Certified Public Accountants, have issued unmodified opinions on the Kent County Levy Court's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Kent County

Kent County, established in 1683, is the central of three counties in the State of Delaware. It is bordered on the north by New Castle County, Delaware; on the east by the Delaware Bay; on the south by Sussex County, Delaware; and on the west by the State of Maryland. Total land area is 595 square miles comprising approximately 30 percent of the land area in the State of Delaware. Kent County serves a population estimated to be 182,083 in the year 2018. Kent County is an incorporated political subdivision of the State of Delaware, with certain powers of taxation as conferred by State Legislature.

Kent County has a Commission form of government called the Levy Court. The seven-member Levy Court is composed of six commissioners elected from districts and one commissioner elected at large. Terms of office are staggered and last four years. The Levy Court has legislative powers granted by the State. In addition to the elected Levy Court, there are four “row” officers elected County-wide. These officers are the Clerk of the Peace, Recorder of Deeds, Register of Wills, and Sheriff. Terms of office are staggered and last four years. The County Administrator and five department managers are appointed by, and serve at the pleasure of, the Levy Court. Together these “row” offices and departments administer the offices and services that are the responsibility of the County.

The County is financially and operationally responsible to meet the statutory requirements of the Delaware Constitution and the Delaware Code. These requirements include building construction permits and inspection, commissioner oversight and general administration, comptroller review, court support services, subpoena service, deed recordation and related legal documents, emergency medical services (advanced life support), engineering services including garbage collection management, sewer service, and street light districts, land management, land use enforcement procedures, library services, marriage licensing, park services, property assessment, property tax collection for County and school districts, and wills registration.

Kent County Levy Court adopts an annual appropriated budget pursuant to the Delaware Code, Title 9, §4110 for the fiscal year no later than April 30 preceding the beginning of the fiscal year on July 1. The budget is prepared by fund, function, and department. Department managers have the ability to move monies between budget line items within certain limitations. If a situation occurs that exceeds the limitations, the approval of the County Administrator or the County Commissioners is required.

Economic Conditions of Kent County

Kent County is home of the State’s County Seat and the State’s Capital City of Dover and is conveniently located in the Middle Atlantic region within an eight-hour drive of thirty percent

of the U.S. population. Significant economic sectors to the County are state and local government, federal government and military, service-related industries, manufacturing, and agriculture. Kent County's major employers include Dover Air Force Base, State of Delaware and Bayhealth. Major manufacturers located within the County's boundaries are Baltimore Aircoil, Dentsply Caulk, Eagle Group, Edgewell Personal Care, HandyTube, Hirsh Industries, ILC Dover, Kraft Heinz, Perdue Farms, Procter & Gamble, and PPG Industries. Institutions of higher education with a significant economic presence in the County are Delaware State University, Delaware Technical Community College, Wesley College, and Wilmington University.

During the past ten years, the County's unemployment rate has been decreasing, from a high of 9.2% (2010) to a low of 4.7% (2018). This trend is consistent with national and state unemployment rates for the same period. As of June 2018, Kent County's unemployment rate was 4.7% compared to 4.0% nationally and 4.1% for the State of Delaware. Based on economic projections by the Federal Reserve, the unemployment rate is expected to fall to 3.5% in 2019.

Kent County's population has increased in each of the last ten years from 157,740 in 2009 to 182,083 as of June 30, 2018. Population growth was approximately one percent from 2017 to 2018. The median price of a single family home in Kent County was \$216,800 in June 2018, an increase of 8.4% from the median price in June 2017.

Kent County maintains a credit rating of Aa1 from Moody's Investors Service. Factors contributing to this favorable credit rating include a solid economy and tax base, a strong financial position and manageable debt burden.

Over the past ten years, Kent County has experienced a period of recovery from the effects of the 2008-2009 recessionary period. Renewed development is evidenced by the resurgence in the number of building permits issued. From a low point of 2,952 building permits issued in 2012, the number of permits issued each year increased through 2017. The total permits issued in 2017 and 2018 were 3,624 and 3,589, respectively. Real estate sales rebounded as reflected in increased real estate transfer tax revenue from a low of \$2.6 million in fiscal year 2011 to \$5.5 million in fiscal year 2018. Real estate transfer tax revenue in 2018 increased \$481,933 over 2017.

The County has also made investments in community development, including through alliances with local non-profit organizations. In December 2012, the County and the Boys & Girls Club of Delaware reached an understanding to collaborate on a joint construction project just outside Camden, Delaware. The project resulted in the first Kent County Recreation Center field house joining the Boys & Girls Club's new building with a shared lobby and entrance space and

*2018 Comprehensive Annual Financial Report for Kent County, Delaware
Introductory Section*

opened in June 2016. In addition, in March 2013 the County entered into a \$1.00 per year, sixty-year ground lease agreement with the non-profit organization, Kent County Regional Sports Complex Corporation. Approximately eighty-five acres of County-owned land located near the Town of Frederica was developed into a state-of-the-art multipurpose sports complex featuring twelve synthetic turf fields, a 1,500 seat stadium, and completely-outfitted field house. The new “DE Turf” opened in Spring 2017 to host athletes and families from surrounding major metropolitan areas bringing an economic boost to the community.

A financial indicator of the improvement in Kent County’s economy is the increase in property tax revenues from fiscal year 2013 through fiscal year 2018 despite a decrease in the property tax rate from thirty one cents per hundred dollars of assessed value in 2011 to thirty cents in 2012. Fiscal year 2018 property tax revenue is \$11.5 million compared to \$11.3 million in fiscal year 2017. In fiscal year 2018 the number of deeds recorded increased by 3.3% and mortgages recorded decreased by 2.2% from fiscal year 2017.

The last decade has seen many changes as the County government continued to grow and change to meet the needs of its constituents. In fiscal year 2011 the Elected Office of the Receiver of Taxes and County Treasurer was eliminated and former staff and responsibilities were absorbed into the Department of Finance. The Elected Office of the Comptroller was eliminated in January 2017 and its functions transferred under the Department of Finance. In addition, the staff budgeted for the Recorder of Deeds office was reduced from twelve to six members between 2010 and 2011, reflecting the effects of the reduction in work due largely to technological advancements. Due to the staff decreases, Row Office expenditures fell 36.3% from approximately \$3.0 million in fiscal year 2009 to approximately \$1.9 million in fiscal year 2018.

Kent County’s Department of Public Safety saw increasing demand for services during the last decade. The Department of Public Safety added a Paramedic expansion unit in the southeast quadrant of Kent County in fiscal year 2016. Over the past ten years the department’s budgeted staff of seventy in fiscal year 2009 grew to a budgeted staff of seventy-nine in fiscal year 2018. This represents a 12.9% increase in staffing. Expenditures for this department increased 43.1% over the same time period from a low just under \$6.9 million in 2009 to a high of just over \$9.8 million in 2018. While services and expenditures have grown, grant fund revenue from the State of Delaware that aide in funding paramedic services have been reduced. This major source of Public Safety related revenue is dependent upon the State’s annual budget approval. The grant contribution was decreased from a forty percent contribution in 2009 to a thirty percent contribution in 2010 and then became subject to a cap on the dollar amount available to the County in any one fiscal year. In fiscal year 2018, the grant contribution decreased to twenty four percent, subject to a cap.

Kent County’s Department of Public Works added new sewer districts within the County boundaries at a steady rate with twenty-seven districts online and 15,942 EDU’s billed in 2009

and thirty-four districts online and 20,950 EDU's billed in 2018. Budgeted staff increased from sixty-five to seventy employees for the same period. In fiscal year 2017, the Department of Public Works completed a \$23.5 million dollar expansion project at the Kent County Regional Resource Recovery Facility in Frederica, Delaware which increased the facility's processing capacity from 16 million to 20 million gallons per day.

Kent County completed several major capital improvements within the past ten years. Some notable items include construction of the County's first Recreation Center building for \$5.5 million in June 2016, replacement of Public Safety's building HVAC system with a new Geothermal system for \$873,381 in 2013, and purchase of a Library building for \$1.8 million in 2010.

Long-Term Financial Planning and Major Initiatives

Kent County Levy Court Commissioners, the County Administrator and other senior staff participate in long-term strategic planning each year during the County's annual budget preparation. Key topics related to County population growth and current and projected economic conditions, economic development, advanced life support services, community services investments and other capital investments are identified and addressed in the budget process. Planning for capital expenditures is completed in each budget year's cycle to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Cost projections are presented in the annual budget for five years into the future. This process gives the County the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly.

Effective July 2011, the County added the Office of Economic Development within its Administration Department. The purpose of the office is to provide support services to existing businesses in Kent County that will assist with business retention and expansion efforts while also seeking to attract new businesses that compliment a target list of industries focused on tourism, education, entrepreneurship, health care, manufacturing, and agriculture.

The County added a new policy in September 2014 as Policy 30-1 Establishment of Community Projects Contribution Fund. At the discretion of Levy Court limited capital financing assistance may be provided to non-County owned capital projects that are determined to be of significant public benefit and importance to the citizens of Kent County. As of the end of fiscal year 2018, \$628,168 has been provided to various organizations for projects within the County. Also in September 2014, Levy Court lent its support to the State of Delaware's new code section Title 22, Chapter 19 Downtown Development Districts Act. Through fiscal year 2018, the County provided matching grant funds in the amount of \$149,742 as incentives to help spur private investment in commercial business districts and surrounding neighborhoods to improve the commercial vitality of downtowns.

Kent County Levy Court has adopted a comprehensive set of financial policies. During the past ten year period, one new policy was adopted that is of particular note. Kent County adopted a Fund Balance Policy (County Policy 22-11) in June 2012 to address the designation and use of fund balances. This policy recognizes that certain commitments and assignments of unrestricted fund balances will help ensure that there will be adequate financial resources to protect the County against unanticipated expenditures. Kent County Levy Court designated a retention goal for unassigned fund balance of 50% of the most recently adopted General Fund expenditure budget. In the event that the unassigned fund balance falls below the 50% goal, a plan will be developed to increase the reserve to the established minimum level within three years. The retention goal for unassigned fund balance based on the County's fiscal year 2018 adopted budget is \$14.1 million and this goal has been met. The County has met the retention goal every fiscal year since the policy was adopted.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank all County departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Kent County Levy Court President and Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Kent County Levy Court's finances.

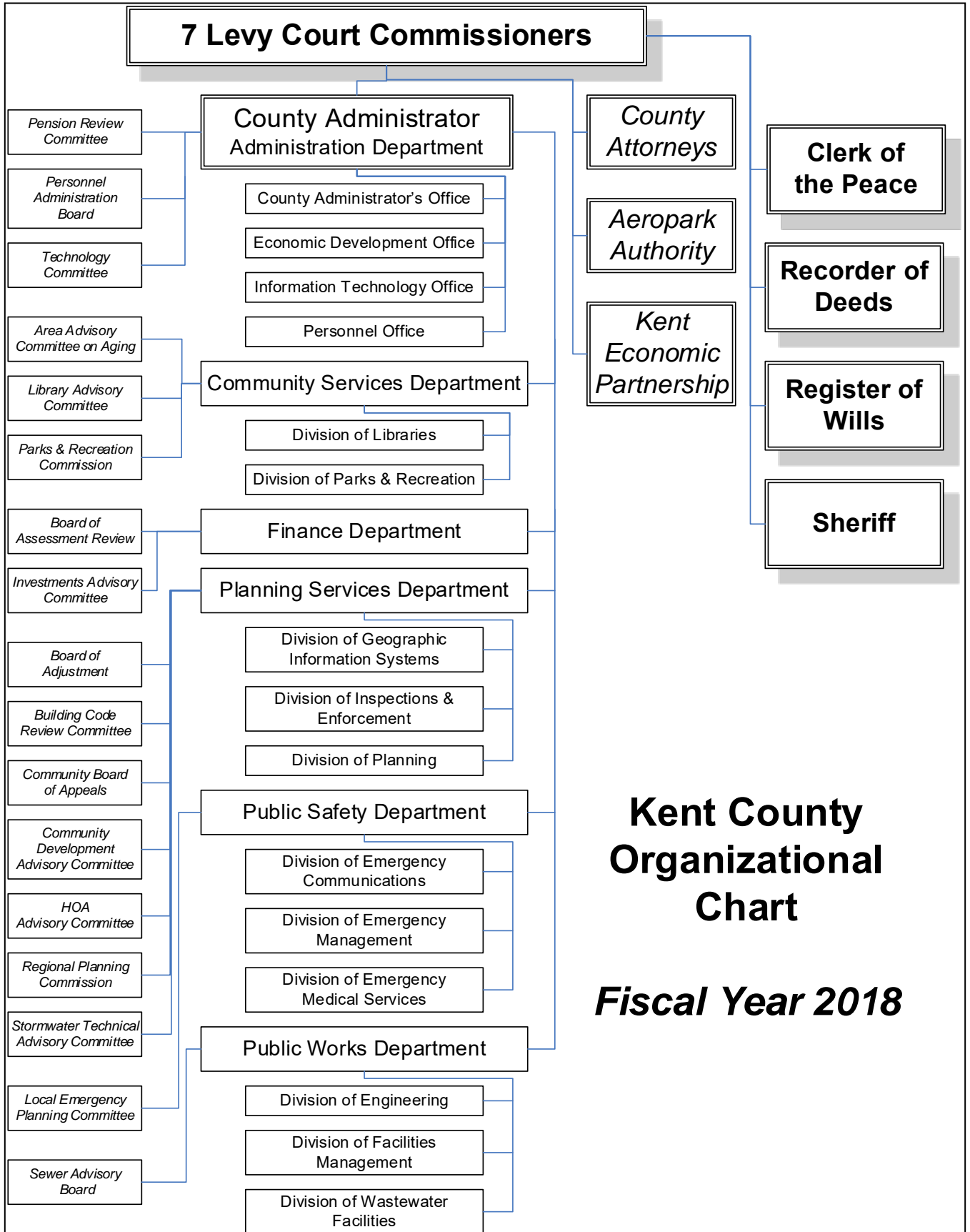
Respectfully submitted,



Michael J. Petit de Mange
County Administrator



Susan L. Durham
Finance Director



KENT COUNTY LEVY COURT COMMISSIONERS

Hon. P. Brooks Banta

President

1st Levy Court District



Hon. James E. Hosfelt Jr.

2nd Levy Court District



Hon. Allan F. Angel

3rd Levy Court District



Hon. Eric L. Buckson

4th Levy Court District



Hon. George “Jody” Sweeney

5th Levy Court District



Hon. Glen M. Howell

6th Levy Court District



Hon. Terry L. Pepper

Vice-President

At Large



List of Elected Officials -Kent County Row Officers

Clerk of the Peace

Hon. Brenda A. Wootten

Recorder of Deeds

Hon. Betty Lou McKenna

Register of Wills

Hon. Harold K. Brode

Sheriff

Hon. Jason A. Mollohan

**Kent County Administrator and Department Directors Appointed by
Kent County Levy Court**

County Administrator

Michael J. Petit de Mange, AICP

Department Directors

Administration Department	Michael J. Petit de Mange, AICP, County Administrator
Community Services Department	Jeremy Sheppard, MBA
Finance Department	Susan Durham, CPA
Planning Services Department	Sarah E. Keifer, AICP
Public Safety Department	Chief Colin T. Faulkner
Public Works Department	Diana T. Golt, P.E.

FINANCIAL SECTION



This section includes the following:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplementary Information

INDEPENDENT AUDITOR'S REPORT

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December 19, 2018

Board of Commissioners
Kent County, Delaware
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kent County, Delaware ("the County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Commissioners
Kent County, Delaware

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kent County, Delaware, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison schedule for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note O to the financial statements, Kent County has adopted the requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement modifies the accounting for the County's other postemployment benefits. As a result, the beginning governmental activities, business-type activities, and proprietary funds net position have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 - 25; the schedule of changes in net pension liability, related ratios, and investment returns on page 76; the pension funded status and funding progress on page 77; the schedule of changes in net OPEB liability and related ratios on page 79; and the OPEB funded status and funding progress on page 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining

Board of Commissioners
Kent County, Delaware

nonmajor, governmental, proprietary, and fiduciary fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor, governmental, proprietary, and fiduciary fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and fiduciary fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

KENT COUNTY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2018

The Levy Court Commissioners of Kent County, Delaware, ("the County"), are pleased to present to readers of the financial statements of Kent County this narrative overview and analysis of the financial activities of Kent County for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the financial statements and notes to the financial statements.

Financial Highlights

Government-Wide

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$201,947,036 (net position), an increase of \$3,777,196 from the previous year.

Fund Level

- As of the close of the fiscal year, the County reported combined ending fund balances in governmental funds of \$55,169,531 an increase of \$3,485,643 from the previous year. Of the current ending fund balances, General Fund reported \$44,192,539 as unassigned, \$710,455 as nonspendable, \$834,869 as restricted, and \$3,910,386 as assigned. In the Capital Projects Fund, \$5,365,619 is reported as restricted and \$7,610 is reported as nonspendable. In the Other Governmental Funds, \$148,053 is reported as restricted.

Long-Term Liabilities

- At the end of the current fiscal year, the County had total bonded debt outstanding of \$53,577,073 a decrease of \$2,430,903 from the previous year. All of the bonded debt is backed by the full faith and credit of the County government. Governmental activities report \$3,837,680 and business-type activities report \$49,739,392 of general obligation bonds.
- On November 10, 2015, the County approved a \$5,000,000 loan agreement with WSFS Bank with a 15 year amortization period and a floating interest rate based upon LIBOR plus 1.2%. At the end of the current fiscal year, the County had total note payable of \$4,238,266.
- The County adheres to GASB Statement No. 68, Accounting and Financial Reporting for Pensions which was implemented in Fiscal Year 2015, which generally requires state and local governments whose employees are provided with defined benefit pensions to account for and report the annual pension cost and outstanding pension obligations. The County reported a net pension liability totaling \$16,109,233 and \$17,290,370 at June 30, 2018 and June 30, 2017 respectively.
- The County adheres to GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions which was implemented in Fiscal Year 2018, which generally requires state and local governments whose employees are provided with defined benefit OPEB plans to account for and report the annual OPEB cost and outstanding OPEB obligations. The County reported a net OPEB liability totaling \$13,021,326 at June 30, 2018.
- The County maintains an Aa1 rating from Moody's Investors Service for general obligation debt.
- Additional information on the County's long-term debt can be found in the notes to the financial statements.

Capital Assets. As of June 30, 2018, the County has invested \$161,675,145 net of accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for Fiscal Year 2018 totaled \$9,792,091.

Kent County's Capital Assets as of June 30, 2018 and 2017
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,842,973	\$ 8,842,973	\$ 7,358,664	\$ 7,339,024	\$ 16,201,637	\$ 16,181,997
Construction in Progress	286,804	275,111	8,976,045	9,336,693	9,262,849	9,611,804
Site Improvements	6,313,095	6,683,296	90,807	157,090	6,403,902	6,840,386
Pipeline	-	-	49,432,177	50,922,115	49,432,177	50,922,115
Buildings	23,010,005	23,771,157	17,008,124	16,428,804	40,018,129	40,199,961
Equipment and Furniture	1,263,225	1,610,482	39,093,226	42,830,687	40,356,451	44,441,169
Total Capital Assets	\$ 39,716,102	\$ 41,183,019	\$ 121,959,043	\$ 127,014,413	\$ 161,675,145	\$ 168,197,432

Major capital asset events which continued through the current fiscal year including current year expenditures for governmental activities included the following:

- Purchase of land and buildings to include: Kesselring Recreation Center window glass for lobby reception and gymnasium in the amount of \$15,650.
- Additions for site improvements to include: Hunn Nature Park for trail development in the amount of \$18,154 and Kesselring Recreation Center trail development in the amount of \$15,589.
- Purchase of furniture and equipment to include one emergency response Suburban vehicle for Public Safety for \$63,142, one Lucas device chest compression system for Emergency Medical Services for \$13,967, a security network video recorder for the County Administrative building for \$22,238, one air conditioner for the Library server room for \$5,945, and one zero-turn lawn mower for Facilities Management for \$7,456.
- Addition for software include: ArcGIS Enterprise Advanced for GIS in the amount of \$20,000 and PulsePoint cardiac distress alert system for Public Safety in the amount of \$10,000.
- Construction in Progress is comprised of the Computer Aided Mass Appraisal system project in the amount of \$275,155 and Public Safety West Dover location project in the amount of \$11,649.

Major capital asset events which continued through the current fiscal year including current year expenses for business-type activities included the following:

- Completion of the Milford Neck sewer extension in the amount of \$1,514,616.
- Purchase and installation of a new liner for the South Aeration Basin totaling \$949,877.
- Repair of the North Aeration Basin in the amount of \$197,529.
- Lighting upgrade at the Treatment Plant totaling \$71,685.
- Filter Media start up at the Treatment Plant costing \$161,650.
- Purchase of a septage receiving machine for PS1 in the amount of \$55,171.
- Purchase and installation of a Flowserve pump at PS4 in the amount of \$53,726.
- Purchase and installation of a control cabinet at LS3 totaling \$27,922.
- Treatment Plant Scada upgrades in the amount of \$31,260.
- Wetwell improvements at LS3, LS4 and PS5 totaling \$25,116.
- Purchase of a generator for LS5 in the amount of \$15,300.
- Replacement of a pump hoist beam at PS22 in the amount of \$14,290.
- Purchase and installation of a Flygt pump at PS20D in the amount of \$13,968.
- Purchase and installation of a Hydromatic pump at PS24A in the amount of \$11,797.
- Purchase and installation of a new grinder at PS20D in the amount of \$12,345.
- Purchase and installation of a grinder pump at PS43 in the amount of \$12,250.

- Purchase and installation of a Wilo pump at PS20 in the amount of \$10,825.
- Replacement circuit breaker for PS4 totaling \$9,185.
- Purchase and installation of 4 Homa pumps 2 for PS11B and 2 for PS5B with thermal and seal go switches in the amount of \$6,385 each.
- Repair of the Messina Hill pipeline costing \$13,075.
- Site improvements at PS20B, PS21A, PS7, PS13 and PS4 totaling \$39,344.
- Purchase of 6 sludge blankets for the Treatment Plant totaling \$26,115.
- Heating/Air Conditioning repair for Building K at the Treatment plant totaling \$6,295.
- Treatment Plant well replacement costing \$5,493.
- Purchase of a 2018 sewer camera & crawler in the amount of \$34,000.
- Purchase and installation of 2 Wilo Mixer at the digesters in the amount of \$11,031 each.
- Purchase of a 2018 Chevy 2500 Express Cargo Van in the amount of \$27,175.
- Purchase of a Big Tex 20' trailer costing \$10,208.
- Repair of 2008 Pumper Truck (V53) costing \$6,026.
- Purchase of a hydraulic ironworker w/die & punch package in the amount of \$10,915.
- Purchase of a refrigerated sampler costing \$5,995.
- Purchase of an autoclave for the lab in the amount of \$5,863.
- Construction in Progress is comprised of the septage receiving project at Dover Products and the US13 Forcemain rehabilitation. Also included in construction in progress is the TMDL compliance project, upgrades to PS9 and LS6, and at the Treatment Plant the blower system upgrade. Sewer extensions for Hilltop, Paris Villa, London Village and Weatherstone are also included in construction in progress.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Kent County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Kent County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- **Governmental Activities** – Most of the County's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general administration, special grants and programs, community services, planning services, public safety, economic development, and constitutional row offices that provide the following services: recordation of deeds, registration of wills, marriage licenses and ceremonies, and sheriff sales.
- **Business-Type Activities** – The County charges fees to customers to help cover all or most of the cost of certain services it provides. The County provides sewer, street light, and trash collection services.

Fund Financial Statements. The fund financial statements provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for non-major funds can be found as supplementary statements following the financial statement notes. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary.

- **Governmental Funds** – Most of the County's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short-term. Governmental funds include the General Fund, Special Revenue and Capital Project funds.
- **Proprietary Funds** – When the County charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds report activities that provide supplies and services to the general public – sewer, street light, storm water management and trash services. The Internal Service fund reports activities that provide service for the County's health insurance fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.
- **Fiduciary Funds** – The County acts as a fiduciary to account for resources held for the benefit of parties outside the County. The County has an agency fund to collect and remit property taxes to various government agencies and pension funds comprised of the pension benefit fund and the OPEB (other post employment benefits) fund. These funds are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent assets available to the County to finance its operations.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. The RSI presents information detailing the changes in the net pension and OPEB liabilities, ratios related to the net pension and OPEB liabilities, investment returns, and the contributions made to and the funding status of the County's pension and OPEB plans.

Other Information. Other information includes combining financial statements for non-major governmental funds, non-major proprietary funds, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements but unlike major funds are not reported individually on the governmental fund financial statements and on the proprietary fund financial statements.

Financial Analysis of the Government as a Whole

Net Position. A year-to-year comparison of net position is as follows:

Kent County's Net Position as of June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 73,910,261	\$ 68,563,554	\$ 66,194,378	\$ 60,762,669	\$ 140,104,639	\$ 129,326,223
Capital Assets	39,716,102	41,183,019	121,959,043	127,014,413	161,675,145	168,197,432
Total Assets	113,626,363	109,746,573	188,153,421	187,777,082	301,779,784	297,523,655
Total Deferred Outflows of Resources	12,561,526	7,151,673	3,703,824	2,081,258	16,265,350	9,232,931
Long-Term Liabilities	31,538,784	22,953,110	54,874,531	54,331,035	86,413,315	77,284,145
Other Liabilities	4,691,510	4,057,187	9,589,752	10,384,715	14,281,262	14,441,902
Total Liabilities	36,230,294	27,010,297	64,464,283	64,715,750	100,694,577	91,726,047
Total Deferred Inflows of Resources	14,651,957	12,217,173	751,564	130,224	15,403,521	12,347,397
Net Position:						
Net Investment in						
Capital Assets	31,337,025	32,299,538	73,083,701	76,060,519	104,420,726	108,360,057
Restricted	6,348,541	5,411,163	32,270,031	33,217,050	38,618,572	38,628,213
Unrestricted	37,620,072	39,960,075	21,287,666	15,734,797	58,907,738	55,694,872
Total Net Position	\$ 75,305,638	\$ 77,670,776	\$ 126,641,398	\$ 125,012,366	\$ 201,947,036	\$ 202,683,142

The largest components of the County’s current and other assets of \$140,104,639 are cash and investments totaling \$115,525,013 of which \$39,287,197 is reported as restricted assets in the Sewer Fund. Of the total long-term liabilities of \$86,413,315, bonds payable net of deferred charges accounts for \$51,762,010, net pension liability accounts for \$16,109,233, net OPEB liability accounts for \$13,021,326, and note payable accounts for \$3,925,632. Due to Other Governments totaling \$3,054,424 and unearned revenue totaling \$6,038,796 are the largest components in other liabilities of \$14,281,262. Total deferred inflows of resources are \$12,872,363 which primarily consists of unavailable property tax revenue totaling \$12,505,634.

Kent County's Changes in Net Position

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 9,061,146	\$ 8,923,477	\$ 24,034,676	\$ 21,456,415	\$ 33,095,822	\$ 30,379,892
Operating Grants and Contributions	2,282,169	3,205,518	-	-	2,282,169	3,205,518
Capital Grants and Contributions	17,625	42,602	5,525,059	4,866,348	5,542,684	4,908,950
General Revenues:						
Property Taxes	11,533,734	11,310,977	-	-	11,533,734	11,310,977
Real Estate Transfer Tax	5,472,284	4,990,351	-	-	5,472,284	4,990,351
Residential Telephone Surcharge	270,015	270,015	-	-	270,015	270,015
Investment Earnings	793,735	356,483	644,171	288,692	1,437,906	645,175
Other Revenue and Gains (Losses)	606,896	606,596	7,544	(176,556)	614,440	430,040
Interfund Transfers	-	127,437	-	(127,437)	-	-
Total Revenues	30,037,604	29,833,456	30,211,450	26,307,462	60,249,054	56,140,918
EXPENSES						
General Government	2,942,129	3,598,230	-	-	2,942,129	3,598,230
Special Grants/Programs	1,906,961	2,029,897	-	-	1,906,961	2,029,897
Community Services	4,614,095	4,689,550	-	-	4,614,095	4,689,550
Planning Services	5,996,208	5,825,458	-	-	5,996,208	5,825,458
Public Safety	10,967,163	10,162,928	-	-	10,967,163	10,162,928
Row Offices	2,107,468	1,926,973	-	-	2,107,468	1,926,973
Economic Development	156,026	358,382	-	-	156,026	358,382
Debt Service	240,105	215,890	-	-	240,105	215,890
Sewer	-	-	22,257,349	19,963,041	22,257,349	19,963,041
Street Light	-	-	1,003,452	963,961	1,003,452	963,961
Trash	-	-	4,265,251	3,727,545	4,265,251	3,727,545
Landfill	-	-	9,673	10,680	9,673	10,680
Storm Water Maintenance	-	-	5,978	6,792	5,978	6,792
Total Expenses	28,930,155	28,807,308	27,541,703	24,672,019	56,471,858	53,479,327
Increase in Net Position	\$ 1,107,449	\$ 1,026,148	\$ 2,669,747	\$ 1,635,443	\$ 3,777,196	\$ 2,661,591

Changes in Net Position. A year-to-year comparison of changes in net position is as follows:

The County’s combined change in net position was an increase of \$3,777,196 over the course of this fiscal year’s operations. The change in the governmental activities net position increased \$1,107,449. This increase in net position was 7.92% higher than the increase in net position in Fiscal Year 2017. The increase in net position in Fiscal Year 2018 was higher than the increase in net position in Fiscal Year 2017 as a result of the following: Expenditures were 0.43% higher in Fiscal Year 2018 as compared to Fiscal Year 2017. There was a 0.68% increase in Fiscal Year 2018 total revenue as compared to Fiscal Year 2017 total revenue. Real estate transfer tax was up 9.66% from Fiscal Year 2017 and inspection fees were up 5.77% from the prior fiscal year. The sheriff fees decreased by 17.58% in Fiscal Year 2018 as compared to Fiscal Year 2017.

The net position of the County’s business-type activities increased by \$2,669,747. This increase in net position was 63.24% higher than the increase in net position in Fiscal Year 2017. The increase in net position of \$1,107,449 between Fiscal Year 2018 and Fiscal year 2017 was primarily a result of a 14.84% increase in revenue in Fiscal year 2018 as compared to Fiscal Year 2017 combined with an increase of expenses of 11.63% in Fiscal Year 2018 as compared to Fiscal Year 2017. The increase in revenue in Fiscal Year 2018 was primarily due to an increase in capital grants and contributions of 13.54% in Fiscal Year 2018 as compared to Fiscal Year 2017.

Financial Analysis of the County's Funds

Governmental Funds

General Fund – Comparison to Prior Year. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, General Fund reported fund balance of \$49,648,249 of which \$44,192,539 was unassigned, \$710,455 was nonspendable, \$3,910,386 was assigned, and \$834,869 was restricted of which \$594,757 was for library tax, \$149,005 was for grants, \$84,805 was for restricted technology fees, \$4,391 was for recreational areas and \$1,911 was for APFO EMS.

Overall revenue increased \$431,184 from Fiscal Year 2017 to Fiscal Year 2018. Property tax revenue increased \$248,560 in Fiscal Year 2018 due to a small amount of growth in the tax assessment rolls and an increase in collection of delinquent taxes. Real estate transfer taxes increased \$481,933 which is a continued indicator of growth. Fees for services increased \$179,737 primarily as a result of the increases in Recorder of Deeds Fees and inspection fees. Grant revenue decreased \$970,390 as a result of a decrease in the amount of revenue received from the Paramedic grant of \$712,337. Interest and dividends increased \$399,548. Other revenue increased \$119,908 over Fiscal Year 2017.

General Fund expenditures increased \$926,293 (3.94%) in Fiscal Year 2018 when compared to Fiscal Year 2017. Public Safety and Planning Services had expenditure increases of \$678,530 and \$228,848 respectively. Public Safety expenses mainly increased due to increases in personnel costs. Planning Services expenses mainly increased due to personnel costs and grant expenditures.

General Fund – Comparison to Budget. Overall revenue collections were higher than the final budget by 6.12%. Property taxes exceeded the final budget by \$196,142 or 1.73%. Real estate transfer tax came in over the final budget by \$372,284 or 7.30%. Grants came in under the final budget by \$663,229 or 35.33%. Fees for services exceeded the final budget by \$1,123,201 or 14.15%. Interest and dividends were over the final budget by \$498,402 or 226.55%. Other revenue was over the final budget by \$128,854 or 42.81%.

Overall, operating expenditures were under budget by 12.37% primarily due to strict cost controls imposed on county wide spending. Community Services were under the final budget by 13.14%. General Government was 5.29% under the final budget; Special Grants and Programs were 18.42% under the final budget but their balances will be carried over into the next fiscal year; Planning Services were 9.63% under the final budget; Public Safety and Row Offices were 4.71% and 6.40% under final budget respectively.

Kent County's General Fund Budget to Actual Comparison

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2018 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 11,309,500	\$ 11,309,500	\$ 11,505,642	\$ 196,142
Real Estate Transfer Tax	5,100,000	5,100,000	5,472,284	372,284
Telephone Surcharge	270,000	270,000	270,015	15
Grants	1,850,800	1,877,110	1,213,881	(663,229)
Fees for Services	7,904,400	7,936,110	9,059,311	1,123,201
Interest and Dividends	220,000	220,000	718,402	498,402
Rental Income	23,200	23,200	23,186	(14)
Other Revenues	301,000	301,000	429,854	128,854
Total Revenues	<u>26,978,900</u>	<u>27,036,920</u>	<u>28,692,575</u>	<u>1,655,655</u>
EXPENDITURES				
General Government	2,521,600	2,576,886	2,440,478	136,408
Special Grants and Programs	1,912,000	2,337,642	1,906,961	430,681
Community Services	4,155,500	4,234,599	3,678,099	556,500
Planning Services	4,382,800	4,492,577	4,059,838	432,739
Public Safety	10,195,300	10,236,318	9,753,677	482,641
Row Offices	1,991,700	2,008,316	1,879,728	128,588
Contingency	1,300,000	1,286,564	-	1,286,564
Debt Service				
Principal	543,100	486,152	486,119	33
Interest	203,000	259,948	259,947	1
Total Expenditures	<u>27,205,000</u>	<u>27,919,002</u>	<u>24,464,847</u>	<u>3,454,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(226,100)</u>	<u>(882,082)</u>	<u>4,227,728</u>	<u>5,109,810</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	-	25,000	25,000	-
Transfers out	(1,090,600)	(1,090,600)	(1,289,214)	(198,614)
Total Other Financing (Uses)	<u>(1,090,600)</u>	<u>(1,065,600)</u>	<u>(1,264,214)</u>	<u>(198,614)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (1,316,700)</u>	<u>\$ (1,947,682)</u>	<u>\$ 2,963,514</u>	<u>\$ 4,911,196</u>

Capital Projects Fund. The revenue for this fund increased \$4,479 from Fiscal Year 2017 to Fiscal Year 2018. This 5.70% increase in revenue was a net result of a decrease in grant revenue of \$24,977 in Fiscal Year 2018 over Fiscal Year 2017 and an increase in interest income from \$36,004 in Fiscal Year 2017 to \$65,460 in Fiscal Year 2018. Overall the expenditures decreased by \$1,664,547 from Fiscal Year 2017 to Fiscal Year 2018. Some of the largest expenditures during Fiscal Year 2018 were \$63,142 for vehicle for Public Safety and \$22,238 for a security network video recorder for the County Administration Building. Capital outlay was \$1,077,147 in Fiscal Year 2017 as opposed to \$78,934 in Fiscal Year 2018, a decrease of \$998,213.

Community Development Block Grant. Total revenue for this fund in Fiscal Year 2018 was \$1,181,790 a decrease of \$58,470 from Fiscal Year 2017 primarily due to a decrease in grant funding. The expenditures were \$1,608,404, an increase of \$4,398 from Fiscal Year 2017.

Non-Major Governmental Funds. The non-major funds consist of one special revenue fund – Farmer's Home Administration Grant and one capital project fund - Aeropark. Farmer's Home Administration Grant continues to be funded by an annual grant award of approximately \$25,000. Aeropark expenditures remain steady because there are no major projects moving forward.

Proprietary Funds

Sewer Fund. This fund experienced an operating loss of \$2,678,668 as compared to an operating loss of \$1,931,282 in Fiscal Year 2017. Operating revenue was \$1,581,135 higher in Fiscal Year 2018 than in Fiscal Year 2017. User fee revenue was \$1,480,528 higher in Fiscal Year 2018. This was primarily a result of growth in district user revenue of \$203,956 and contract user revenue being \$500,475 higher in Fiscal Year 2018 than Fiscal Year 2017, and an increase in industrial user revenue of \$1,348. The user fee uniform rates remained the same for Fiscal Year 2018 as Fiscal Year 2017. Sewer permits and other revenue were \$100,607 higher in FY 2018 as compared to Fiscal Year 2017. Operating expenses were \$2,328,521 higher in Fiscal Year 2018 than Fiscal Year 2017. This increase in operating expenses is primarily attributed to the net result between an increase of \$621,623 in salaries and benefits, an increase of \$1,044,852 in depreciation expense, an increase of \$434,208 in maintenance, parts, and supplies, an increase of \$153,361 in contractual services, a decrease of \$36,077 in vehicle expenses, and an increase of \$23,482 in miscellaneous expenses.

Trash Fund. The Trash Fund, another major enterprise fund, has the primary function of trash collection. This fund experienced an operating gain of \$185,603 in Fiscal Year 2018 as compared to an operating loss of \$228,645 in Fiscal Year 2017. Revenues increased by \$951,954 from Fiscal Year 2017 to Fiscal Year 2018. During Fiscal Year 2018 there were 14,671 trash customers of which 75.77% had yard waste pickup. Another reason for the increase in revenue in Fiscal Year 2018 is directly related to the growth in the number of customers in the Trash Fund. Expenses increased by \$537,706 from Fiscal Year 2017 to Fiscal Year 2018 primarily due to contractual services increasing \$542,458 in Fiscal Year 2018 over Fiscal Year 2017.

Non-Major Enterprise Funds. The non-major enterprise funds consist of the Street Light Fund, Landfill Fund, and Storm Water Management Fund. The Landfill Fund has not actively provided waste material disposal service since the 1970's. Costs associated with the Landfill Fund consist mainly of site monitoring costs and related legal expenses. These expenses went down \$1,007 in Fiscal Year 2018. The Storm Water Management Fund was created during Fiscal Year 2016 for the purpose of helping to maintain the storm water infrastructure in Kent County and to levy and collect the storm water maintenance tax. During Fiscal Year 2018, the Storm Water Management Fund had operating revenue of \$54,908 and operating expenses of \$5,978 which resulted in an operating income of \$48,930. The Street Light Fund had an operating gain of \$25,506 in Fiscal Year 2018. Revenues were more in Fiscal Year 2018 than Fiscal Year 2017 as a result of a slight increase in the number of customers. Expenses in Fiscal Year 2018 were \$39,491 higher than Fiscal Year 2017. In Fiscal Year 2018, utility expenses were \$34,672 greater than in Fiscal Year 2017.

Internal Service Fund. The internal service fund - Medical Trust Fund – had an operating gain of \$908,807 in Fiscal Year 2018 as compared to an operating loss of \$30,286 in Fiscal Year 2017. The operating gain is a result of employer contributions increasing \$986,426 in Fiscal Year 2018 compared to Fiscal Year 2017 while Medical insurance premiums and claims increased \$100,379 in Fiscal Year 2018 compared to Fiscal Year 2017.

General Fund Budgetary Highlights

The County adopted its Fiscal Year 2018 budget on May 9, 2017, and amended it to meet operational needs during the year. The County's practice is to a) amend budgeted revenue only for grants and special programs or new revenue streams and b) amend budgeted expenditures primarily to approve new spending authority.

The final budget contained \$27,036,920 of revenues; \$27,919,002 of expenditures, \$25,000 of other financing sources and \$1,289,214 of other financing uses. The actual results were revenues \$1,655,655 above budget and expenditures \$3,454,155 below budget.

Economic Factors and Next Year's Budget Rates

The significant economic sectors to the County are (1) state and local government, (2) federal government and military, (3) service related industries, (4) manufacturing and (5) agriculture. The prominent role of government and the military is related to the location of the State Capital and a major military base within the borders of the County. Economic projections utilized as a basis for the County's Master Development Plan show a continuation of the trend toward governmental, manufacturing, and service activities. Kent County's unemployment rate in June 2018 was 4.7% which was 1.0% lower than the unemployment rate in June 2017 which was 5.7%. Per capita income has leveled out.

During Fiscal Year 2018, the County continued to see some growth in the housing market and the interest rates increased slightly. The General Fund costs were held tight. Revenue was \$431,184 higher in Fiscal Year 2018 than Fiscal Year 2017 which was a net result of an increase in realty transfer tax and recorder of deeds fees and a decrease in sheriff fees. During Fiscal Year 2018 the County expenditures were \$926,293 higher than Fiscal Year 2017 and this was primarily related to the increase in public safety expenses and increases in the pension and other post-employment benefit contributions.

When adopting the General Fund budget for Fiscal Year 2018, the County continued to keep a tight hold on the expenditures. There was a 1% cost of living allocation (COLA) and a one-time supplement of \$500 in compensation budgeted for all employees and 2% step increase for employees with a satisfactory evaluation. With the continued success of the County's strict purchasing policy and minimization of growth in staffing the County was able to maintain the tax rate of \$.30 for Fiscal Year 2018.

Requests for Information

The financial report is designed to provide a general overview of Kent County Levy Court's finances to the citizens of Kent County, Delaware and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to Susan Durham, Director of Finance, or Mary Karol, Assistant Director of Finance at 555 Bay Road, Dover, DE 19901. The Director of Finance can also be contacted via email at susan.durham@co.kent.de.us. The Assistant Director of Finance can be contacted via email at mary.karol@co.kent.de.us. Kent County's website address is www.co.kent.de.us.

KENT COUNTY, DELAWARE

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 58,865,118	\$ 17,372,698	\$ 76,237,816
Receivables	13,423,565	9,349,810	22,773,375
Internal Balances	250,680	(250,680)	-
Due from Other Governments	583,124	236,102	819,226
Inventory	26,905	166,051	192,956
Prepaid Expenses and Other Assets	760,869	33,200	794,069
Non - Current Assets			
Restricted Assets:			
Cash and Investments	-	39,287,197	39,287,197
Capital Assets, Net			
Land	8,842,973	7,358,664	16,201,637
Construction in Progress	286,804	8,976,045	9,262,849
Land and Site Improvements	6,313,095	90,807	6,403,902
Pipeline	-	49,432,177	49,432,177
Buildings	23,010,005	17,008,124	40,018,129
Equipment and Furniture	1,263,225	39,093,226	40,356,451
Total Assets	113,626,363	188,153,421	301,779,784
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items Related to Pension	6,693,286	1,924,230	8,617,516
Deferred Items Related to OPEB	5,848,501	1,752,764	7,601,265
Deferred Charges on Refunding	19,739	26,830	46,569
Total Deferred Outflows of Resources	12,561,526	3,703,824	16,265,350
LIABILITIES			
Current Liabilities			
Accounts Payable	305,284	1,015,733	1,321,017
Accrued Expenses	374,019	316,701	690,720
Due to Other Governments	3,054,424	-	3,054,424
Retainage Payable	-	162,024	162,024
Other Liabilities	14,454	1,369	15,823
Compensated Absences	50,053	16,410	66,463
Bonds Payable, Net	260,139	2,359,222	2,619,361
Note Payable	312,634	-	312,634
Unearned Revenue	320,503	5,718,293	6,038,796
Long Term Liabilities			
Net Pension Liability	12,492,708	3,616,525	16,109,233
Net OPEB Liability	10,018,759	3,002,567	13,021,326
Compensated Absences	1,201,274	393,840	1,595,114
Bonds Payable, Net	3,900,411	47,861,599	51,762,010
Note Payable	3,925,632	-	3,925,632
Total Liabilities	36,230,294	64,464,283	100,694,577
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	12,505,634	-	12,505,634
Unavailable Revenue - Other	-	127,819	127,819
Deferred Items Related to Pension	1,962,913	568,245	2,531,158
Deferred Items Related to OPEB	183,410	54,967	238,377
Deferred Charges on Refunding	-	533	533
Total Deferred Inflows of Resources	14,651,957	751,564	15,403,521
NET POSITION			
Net Investment in Capital Assets	31,337,025	73,083,701	104,420,726
Restricted for:			
Capital Projects	5,513,672	-	5,513,672
Recreation Areas	4,391	-	4,391
APFO-EMS	1,911	-	1,911
Library Tax	594,757	-	594,757
Rodent Grant	7,786	-	7,786
Vacant & Abandoned Property Grant	59,755	-	59,755
Technology Fee-Deeds	33,922	-	33,922
Technology Fee-General Fund	50,883	-	50,883
Library Standards Grant	81,464	-	81,464
Capital Projects - Equipment Replacement	-	321,605	321,605
Capital Projects - Expansion Sewer Facilities	-	31,948,426	31,948,426
Unrestricted	37,620,072	21,287,666	58,907,738
Total Net Position	\$ 75,305,638	\$ 126,641,398	\$ 201,947,036

KENT COUNTY, DELAWARE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Grants and Contributions		Primary Government		
			Operating	Capital	Governmental Activities	BusinessType Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 2,942,129	\$ 255,705	\$ -	\$ -	\$ (2,686,424)	\$ -	\$ (2,686,424)
Special Grants/Programs	1,906,961	-	-	-	(1,906,961)	-	(1,906,961)
Community Services	4,614,095	613,588	14,481	-	(3,986,026)	-	(3,986,026)
Planning Services	5,996,208	1,731,555	1,068,287	-	(3,196,366)	-	(3,196,366)
Public Safety	10,967,163	152,775	1,199,401	12,320	(9,602,667)	-	(9,602,667)
Row Offices	2,107,468	6,284,633	-	-	4,177,165	-	4,177,165
Economic Development	156,026	22,890	-	5,305	(127,831)	-	(127,831)
Interest on Long-Term Debt	240,105	-	-	-	(240,105)	-	(240,105)
Total Governmental Activities	28,930,155	9,061,146	2,282,169	17,625	(17,569,215)	-	(17,569,215)
Business-Type Activities:							
Sewer	22,257,349	18,497,652	-	5,525,059	-	1,765,362	1,765,362
Street Light	1,003,452	1,028,958	-	-	-	25,506	25,506
Trash	4,265,251	4,450,854	-	-	-	185,603	185,603
Landfill (Note J)	9,673	2,304	-	-	-	(7,369)	(7,369)
Storm Water Maintenance	5,978	54,908	-	-	-	48,930	48,930
Total Business-Type Activities	27,541,703	24,034,676	-	5,525,059	-	2,018,032	2,018,032
Total Primary Government	\$ 56,471,858	\$ 33,095,822	\$ 2,282,169	\$ 5,542,684	(17,569,215)	2,018,032	(15,551,183)
General Revenues:							
Taxes:							
Property Taxes					11,533,734	-	11,533,734
Real Estate Transfer Tax					5,472,284	-	5,472,284
Residential Telephone Surcharge					270,015	-	270,015
Investment Earnings					793,735	644,171	1,437,906
Other Revenues including Capital Asset Sales Gains/(Losses)					606,896	7,544	614,440
Interfund Transfers					-	-	-
					<u>18,676,664</u>	<u>651,715</u>	<u>19,328,379</u>
					1,107,449	2,669,747	3,777,196
					<u>74,198,189</u>	<u>123,971,651</u>	<u>198,169,840</u>
					<u>\$ 75,305,638</u>	<u>\$ 126,641,398</u>	<u>\$ 201,947,036</u>

KENT COUNTY, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 51,340,726	\$ 5,362,057	\$ 502,139	\$ 180,516	\$ 57,385,438
Receivables					
Accounts	109,245	-	-	-	109,245
Taxes	13,311,507	-	-	-	13,311,507
Due From Other Funds	1,080,671	4,872	-	-	1,085,543
Due from Other Governments	245,317	5,443	331,114	1,250	583,124
Inventory	19,295	7,610	-	-	26,905
Prepaid Expenditures and Other Assets	691,160	-	69,709	-	760,869
Total Assets	\$ 66,797,921	\$ 5,379,982	\$ 902,962	\$ 181,766	\$ 73,262,631
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 296,179	\$ 6,648	\$ 73	\$ -	\$ 302,900
Accrued Expenses	294,907	-	6,178	-	301,085
Due to Other Funds	220,090	105	592,733	21,935	834,863
Due to Other Governments	2,984,715	-	69,709	-	3,054,424
Unearned Revenue	66,466	-	234,269	11,778	312,513
Other Liabilities	14,454	-	-	-	14,454
Total Liabilities	3,876,811	6,753	902,962	33,713	4,820,239
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	13,272,861	-	-	-	13,272,861
Total Deferred Inflows of Resources	13,272,861	-	-	-	13,272,861
Fund Balances:					
Nonspendable:					
Inventory	19,295	7,610	-	-	26,905
Prepaid Expenditures	691,160	-	69,709	-	760,869
Restricted:					
Capital Projects Funds	-	5,365,619	-	148,053	5,513,672
Recreational Areas	4,391	-	-	-	4,391
APFO-EMS	1,911	-	-	-	1,911
Library Tax	594,757	-	-	-	594,757
Rodent Grant	7,786	-	-	-	7,786
Vacant & Abandoned Property Grant	59,755	-	-	-	59,755
Technology Fee - Deeds Office	33,922	-	-	-	33,922
Technology Fee - General Fund	50,883	-	-	-	50,883
Library Standards Grant	81,464	-	-	-	81,464
Assigned:					
Encumbrances	301,792	-	-	-	301,792
Operating Needs	2,340,050	-	-	-	2,340,050
Legal Contingency	950,000	-	-	-	950,000
Library	155,000	-	-	-	155,000
Deeds Maintenance Fees	39,162	-	-	-	39,162
Sheriff Auctioneer Fees	60,000	-	-	-	60,000
Local Government Fees	60,000	-	-	-	60,000
Donations	4,382	-	-	-	4,382
Unassigned	44,192,539	-	(69,709)	-	44,122,830
Total Fund Balances	49,648,249	5,373,229	-	148,053	55,169,531
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 66,797,921	\$ 5,379,982	\$ 902,962	\$ 181,766	\$ 73,262,631

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

The Total Net Position reported for governmental activities in the Statement of Net Position is different because:

Total Fund Balances for Governmental Funds		\$ 55,169,531
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the Statement of Net Position.		39,716,102
Other assets that are applicable to a future reporting period and, therefore are reported as deferred outflows of resources		
Deferred Items Related to Pension	\$ 6,693,286	
Deferred Items Related to OPEB	5,848,501	
Deferred Charges on Refunding	19,739	12,561,526
Internal service fund is used by management to manage health insurance costs including benefits provided by the County and dependent care paid for by the employees and retirees. The benefits provided by the County are allocated monthly to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. The increase is equal to the internal service fund net position.		1,445,267
Some of the County's taxes and other revenues will be collected after year-end, but are not available soon enough to pay the current year's expenditures and, therefore, are reported as deferred inflow of revenues in the governmental funds.		
Property Taxes	\$ 767,227	
Deferred Items Related to Pension	\$ (1,962,913)	
Deferred Items Related to OPEB	(183,410)	(1,379,096)
Long-term liabilities applicable to the governmental activities are not due and payable in the current year and, accordingly are not reported as fund liabilities.		
Net Pension Liability	\$ (12,492,708)	
Net OPEB Liability	(10,018,759)	
Notes Payable	(4,238,266)	
Compensated Absences	(1,251,327)	
Accrued Interest on Long Term Debt	(46,082)	
Bonds Payable, Net of Bond Discounts	(4,160,550)	(32,207,692)
Total Net Position of Governmental Activities		\$ 75,305,638

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 11,505,642	\$ -	\$ -	\$ -	\$ 11,505,642
Real Estate Transfer Tax	5,472,284	-	-	-	5,472,284
Residential Telephone Surcharge	270,015	-	-	-	270,015
Grants	1,213,881	17,625	1,049,475	18,812	2,299,793
Fees For Services	9,059,311	-	-	-	9,059,311
Interest and Dividends	718,402	65,460	-	1,694	785,556
Rental Income	23,186	-	-	-	23,186
Other Revenues	429,854	-	132,315	22,890	585,059
Total Revenues	<u>28,692,575</u>	<u>83,085</u>	<u>1,181,790</u>	<u>43,396</u>	<u>30,000,846</u>
EXPENDITURES					
Current:					
General Government	2,440,478	68,516	-	-	2,508,994
Special Grants and Programs	1,906,961	-	-	-	1,906,961
Community Services	3,678,099	44,842	-	-	3,722,941
Planning Services	4,059,838	-	1,608,404	18,812	5,687,054
Public Safety	9,753,677	74,592	-	-	9,828,269
Row Offices	1,879,728	230	-	-	1,879,958
Economic Development	-	153,929	-	2,097	156,026
Debt Service:					
Principal	486,119	-	-	-	486,119
Interest and Fiscal Charges	259,947	-	-	-	259,947
Capital Outlay	-	78,934	-	-	78,934
Total Expenditures	<u>24,464,847</u>	<u>421,043</u>	<u>1,608,404</u>	<u>20,909</u>	<u>26,515,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,227,728</u>	<u>(337,958)</u>	<u>(426,614)</u>	<u>22,487</u>	<u>3,485,643</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	25,000	862,600	426,614	-	1,314,214
Transfers Out	(1,289,214)	(25,000)	-	-	(1,314,214)
Total Other Financing Sources (Uses)	<u>(1,264,214)</u>	<u>837,600</u>	<u>426,614</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,963,514	499,642	-	22,487	3,485,643
Fund Balances At Beginning of Year	46,684,735	4,873,587	-	125,566	51,683,888
Fund Balances At End Of Year	<u>\$ 49,648,249</u>	<u>\$ 5,373,229</u>	<u>\$ -</u>	<u>\$ 148,053</u>	<u>\$ 55,169,531</u>

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change In Fund Balances - Total Governmental Funds **\$ 3,485,643**

Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the year ended June 30, 2018.

Capital Outlays	\$ 203,834	
Depreciation	<u>(1,670,751)</u>	(1,466,917)

Changes in deferred inflows/outflows related to pensions and changes in the net pension liability are reported as pension expense in the statement of activities. (1,482,586)

Changes in deferred inflows/outflows related to OPEB and changes in the net OPEB liability are reported as OPEB expense in the statement of activities. (881,081)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The following are the net changes in these non-current resources.

Property Taxes	\$ <u>28,092</u>	28,092
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The repayment of principal is an expenditure in the governmental funds, but is a reduction to the liability in the Statement of Net Position.

Principal - Bonds and Notes Payable	\$ <u>486,119</u>	486,119
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Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following are the impact of the net changes in balances.

Compensated Absences	\$ 1,351	
Accrued interest on long-term debt	<u>1,557</u>	2,908

Deferred charges related to bonds is an expenditure in the governmental funds, but are assets and liabilities in the Statement of Net Position and amortized over the life of the bond. Only the current year expenditure per the amortization schedules is recognized as an expense in the Statement of Activities.

Deferred Charges - Bond Premium	\$ 21,288	
Deferred Charges - Loss On Refunding	<u>(3,003)</u>	18,285

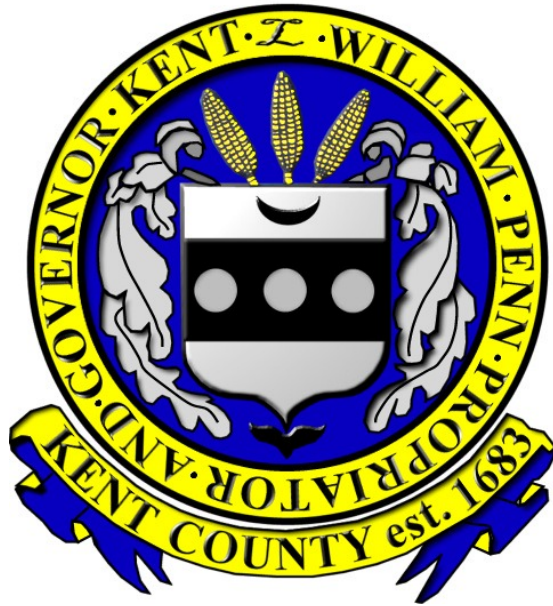
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 916,986

Change In Net Position of Governmental Activities **\$ 1,107,449**

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 11,309,500	\$ 11,309,500	\$ 11,505,642	\$ 196,142
Real Estate Transfer Tax	5,100,000	5,100,000	5,472,284	372,284
Residential Telephone Surcharge	270,000	270,000	270,015	15
Grants	1,850,800	1,877,110	1,213,881	(663,229)
Fees For Services	7,904,400	7,936,110	9,059,311	1,123,201
Interest and Dividends	220,000	220,000	718,402	498,402
Rental Income	23,200	23,200	23,186	(14)
Other Revenues	301,000	301,000	429,854	128,854
Total Revenues	<u>26,978,900</u>	<u>27,036,920</u>	<u>28,692,575</u>	<u>1,655,655</u>
EXPENDITURES				
Current:				
General Government	2,521,600	2,576,886	2,440,478	136,408
Special Grants and Programs	1,912,000	2,337,642	1,906,961	430,681
Community Services	4,155,500	4,234,599	3,678,099	556,500
Planning Services	4,382,800	4,492,577	4,059,838	432,739
Public Safety	10,195,300	10,236,318	9,753,677	482,641
Row Offices	1,991,700	2,008,316	1,879,728	128,588
Contingency	1,300,000	1,286,564	-	1,286,564
Debt Service:				
Principal	543,100	486,152	486,119	33
Interest	203,000	259,948	259,947	1
Total Expenditures	<u>27,205,000</u>	<u>27,919,002</u>	<u>24,464,847</u>	<u>3,454,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(226,100)</u>	<u>(882,082)</u>	<u>4,227,728</u>	<u>5,109,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	25,000	25,000	
Transfers out	(1,090,600)	(1,090,600)	(1,289,214)	(198,614)
Total Other Financing Sources (Uses)	<u>(1,090,600)</u>	<u>(1,065,600)</u>	<u>(1,264,214)</u>	<u>(198,614)</u>
Net Change in Fund Balance	<u>\$ (1,316,700)</u>	<u>\$ (1,947,682)</u>	<u>2,963,514</u>	<u>\$ 4,911,196</u>
Fund Balance at Beginning of Year			<u>46,684,735</u>	
Fund Balance at End of Year			<u>\$ 49,648,249</u>	



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KENT COUNTY, DELAWARE

STATEMENT OF NET
POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 14,254,311	\$ 1,585,730	\$ 1,532,657	\$ 17,372,698	\$ 1,479,680
Receivables					
Accounts	152,529	-	-	152,529	2,813
Fees and Services	3,483,836	4,599,990	1,113,455	9,197,281	-
Due from Other Funds	93,599	-	139,371	232,970	-
Due from Other Governments	236,102	-	-	236,102	-
Inventory	166,051	-	-	166,051	-
Prepaid Expenses and Other Assets	33,200	-	-	33,200	-
Total Current Assets	18,419,628	6,185,720	2,785,483	27,390,831	1,482,493
Non-Current Assets:					
Restricted Assets:					
Cash and Investments	39,287,197	-	-	39,287,197	-
Capital Assets, Net					
Land	7,355,664	-	3,000	7,358,664	-
Construction in Progress	8,976,045	-	-	8,976,045	-
Land and Site Improvements	90,807	-	-	90,807	-
Pipeline	49,432,177	-	-	49,432,177	-
Buildings	17,008,124	-	-	17,008,124	-
Equipment and Furniture	39,071,331	21,895	-	39,093,226	-
Total Non-Current Assets	161,221,345	21,895	3,000	161,246,240	-
Total Assets	179,640,973	6,207,615	2,788,483	188,637,071	1,482,493
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items Related to Pension	1,924,230	-	-	1,924,230	-
Deferred Items Related to OPEB	1,752,764	-	-	1,752,764	-
Deferred Charges on Refunding	26,830	-	-	26,830	-
Total Deferred Outflows of Resources	3,703,824	-	-	3,703,824	-
LIABILITIES					
Current Liabilities					
Accounts Payable	650,972	307,050	57,711	1,015,733	29,236
Accrued Expenses	316,701	-	-	316,701	-
Retainage Payable	77,168	84,856	-	162,024	-
Due to Other Funds	438,689	20,910	24,051	483,650	-
Due to Other Governments	-	-	-	-	-
Other Liabilities	-	-	1,369	1,369	-
Compensated Absences	16,410	-	-	16,410	-
Unearned Revenue	-	4,476,910	1,241,383	5,718,293	7,990
Bonds Payable	2,359,222	-	-	2,359,222	-
Total Current Liabilities	3,859,162	4,889,726	1,324,514	10,073,402	37,226
Non-Current Liabilities:					
Net Pension Liability	3,616,525	-	-	3,616,525	-
Net OPEB Liability	3,002,567	-	-	3,002,567	-
Compensated Absences	393,840	-	-	393,840	-
Bonds Payable, Net of Bond Discounts/Premiums	47,861,599	-	-	47,861,599	-
Total Non-Current Liabilities	54,874,531	-	-	54,874,531	-
Total Liabilities	58,733,693	4,889,726	1,324,514	64,947,933	37,226
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Other	127,819	-	-	127,819	-
Deferred Items Related to Pension	568,245	-	-	568,245	-
Deferred Items Related to OPEB	54,967	-	-	54,967	-
Deferred Charges on Refunding	533	-	-	533	-
Total Deferred Inflows Of Resources	751,564	-	-	751,564	-
NET POSITION					
Net Investment in Capital Assets	73,058,806	21,895	3,000	73,083,701	-
Restricted for:					
Capital Projects - Equipment Replacement	321,605	-	-	321,605	-
Capital Projects - Expansion Sewer Facilities	31,948,426	-	-	31,948,426	-
Unrestricted	18,530,703	1,295,994	1,460,969	21,287,666	1,445,267
Total Net Position	\$ 123,859,540	\$ 1,317,889	\$ 1,463,969	\$ 126,641,398	\$ 1,445,267

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds		Internal Service Fund
OPERATING REVENUES					
Fees for Services	\$ 17,512,777	\$ 4,450,541	\$ 1,083,866	\$ 23,047,184	\$ -
Permits	152,768	-	-	152,768	-
Other Revenue	832,107	313	2,304	834,724	36,877
Employer Contributions	-	-	-	-	5,690,718
Employee Contributions	-	-	-	-	758,119
Total Operating Revenues	18,497,652	4,450,854	1,086,170	24,034,676	6,485,714
OPERATING EXPENSES					
Salaries and Benefits	6,881,683	150,956	128,438	7,161,077	-
Contractual Services	640,574	3,978,142	3,856	4,622,572	-
Travel	15,822	-	-	15,822	-
Utilities	1,770,126	-	823,113	2,593,239	-
Maintenance, Parts and Supplies	1,917,760	75,643	6,083	1,999,486	-
Vehicle Expense	132,303	3,004	814	136,121	-
Operating Insurance and Indirect Costs	1,587,366	51,338	55,704	1,694,408	-
Miscellaneous Expenses	116,280	329	-	116,609	-
Depreciation Expense	8,114,406	5,839	1,095	8,121,340	-
Medical Insurance Premiums	-	-	-	-	4,773,806
Medical Claims	-	-	-	-	774,449
Trustee Fee and Wire Charges	-	-	-	-	28,652
Total Operating Expenses	21,176,320	4,265,251	1,019,103	26,460,674	5,576,907
Operating Income (Loss)	(2,678,668)	185,603	67,067	(2,425,998)	908,807
NON-OPERATING REVENUES (EXPENSES)					
Interest and Dividends	592,730	31,884	19,557	644,171	8,179
Interest and Fiscal Charges	(1,081,029)	-	-	(1,081,029)	-
Gain on Sale of Land and Equipment	7,544	-	-	7,544	-
Total Non-Operating Revenues (Expenses)	(480,755)	31,884	19,557	(429,314)	8,179
Net Income (Loss) before Contributions	(3,159,423)	217,487	86,624	(2,855,312)	916,986
Capital Contributions:					
Capital Grant	763,601	-	-	763,601	-
Impact Fees	4,576,682	-	-	4,576,682	-
Developers Aid In Construction	184,776	-	-	184,776	-
Change in Net Position	2,365,636	217,487	86,624	2,669,747	916,986
Net Position At Beginning Of Year - Restated	121,493,904	1,100,402	1,377,345	123,971,651	528,281
Net Position At End Of Year	\$ 123,859,540	\$ 1,317,889	\$ 1,463,969	\$ 126,641,398	\$ 1,445,267

KENT COUNTY, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Internal Service Fund
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 18,789,125	\$ 4,424,376	\$ 1,032,905	\$ 24,246,406
Payments to Suppliers	(5,340,366)	(4,419,166)	(821,583)	(10,581,115)
Payments to Employees	(6,750,539)	(213,730)	-	(6,964,269)
Internal Activity - payments to other funds	(1,630,843)	-	(183,483)	-
Net Cash Provided (Used) by Operating Activities	5,067,377	(208,520)	27,839	4,886,696
Cash Flows From Capital and Related Financing Activities:				
Proceeds from Capital Grant	948,683	-	-	948,683
Proceeds from Bonded Indebtedness	679,042	-	-	679,042
Proceeds from Sale of Equipment and Land	7,544	-	-	7,544
Acquisition and Construction of Capital Assets	(3,044,570)	-	-	(3,044,570)
Interest/Fiscal Charges Paid on Bonds	(1,118,670)	-	-	(1,118,670)
Retirement of Debt	(2,411,065)	-	-	(2,411,065)
Developers Aid In Construction	184,776	-	-	184,776
Impact Fees Collected	4,570,720	-	-	4,570,720
Net Cash Provided (Used) by Capital and Related Financing Activities	(183,540)	-	-	(183,540)
Cash Flows From Investing Activities:				
Interest and Dividends	592,730	31,884	19,557	644,171
Net Cash Provided By Investing Activities	592,730	31,884	19,557	644,171
Net Increase (Decrease) In Cash and Cash Equivalents	5,476,567	(176,636)	47,396	5,347,327
Cash and Cash Equivalents At Beginning Of Year	48,064,941	1,762,366	1,485,261	51,312,568
Cash and Cash Equivalents At End Of Year	\$ 53,541,508	\$ 1,585,730	\$ 1,532,657	\$ 56,659,895
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Statement of Net Position				
Current Assets: Cash and Investments	\$ 14,254,311	\$ 1,585,730	\$ 1,532,657	\$ 17,372,698
Non Current Assets: Cash and Investments	39,287,197	-	-	39,287,197
Total Cash and Investments	\$ 53,541,508	\$ 1,585,730	\$ 1,532,657	\$ 56,659,895

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (2,678,668)	\$ 185,603	\$ 67,067	\$ (2,425,998)	\$ 908,806
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	8,114,406	5,839	1,095	8,121,340	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(753,645)	(120,879)	(11,513)	(886,037)	(1,167)
(Increase) Decrease in Due From Other Funds	496,660	-	(54,894)	441,766	320,084
(Increase) Decrease in Prepaid Expenses and Other Assets	(41,767)	-	-	(41,767)	-
(Increase) Decrease in Deferred Items Related to Pension/OPEB	(1,073,581)	-	-	(1,073,581)	-
Increase (Decrease) in Accounts Payable	(514,332)	(439,680)	12,465	(941,547)	(611)
Increase (Decrease) in Retainage Payable	1,093	78,170	-	79,263	-
Increase (Decrease) in Medical Claims Payable	-	-	-	-	(7,662)
Increase (Decrease) in Accrued Expenses	2,044	-	-	2,044	-
Increase (Decrease) in Unearned Revenue	-	94,401	13,142	107,543	1,244
Increase (Decrease) in Net Pension Liability	(265,165)	-	-	(265,165)	-
Increase (Decrease) in Net OPEB Liability	1,482,073	-	-	1,482,073	-
Increase (Decrease) in Compensated Absences	(14,227)	-	-	(14,227)	-
Increase (Decrease) in Unavailable Revenue	(1,465)	-	-	(1,465)	-
Increase (Decrease) in Deferred Items Related to Pension/OPEB	549,923	-	-	549,923	-
Increase (Decrease) in Due To Other Funds	(235,972)	(11,974)	477	(247,469)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,067,377</u>	<u>\$ (208,520)</u>	<u>\$ 27,839</u>	<u>\$ 4,886,696</u>	<u>\$ 1,220,694</u>
Non-Cash Capital and Related Financing Activities:					
Capital Assets Acquired Through the Incurrence of Accounts and Retainage Payable	\$ 22,494	\$ -	\$ -	\$ 22,494	\$ -
New Loan Receipts from Loan Receivables	(464,042)	-	-	(464,042)	-
Total Non-Cash Capital and Related Financing Activities	<u>\$ (441,548)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (441,548)</u>	<u>\$ -</u>

KENT COUNTY, DELAWARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Pension and Post Retiree Funds</u>	<u>Agency Fund</u>
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ -	\$ 1,588,427
Receivables		
Interest	7,072	-
Investments	<u>58,992,508</u>	<u>-</u>
Total Assets	<u>58,999,580</u>	<u>\$ 1,588,427</u>
LIABILITIES		
Accounts Payable	27,357	\$ -
Due to Other Governments	-	802,192
Tax Sale Proceeds Payable	-	124,926
Other Liabilities	<u>-</u>	<u>661,309</u>
Total Liabilities	<u>27,357</u>	<u>\$ 1,588,427</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	41,639,399	
Post Retiree Benefits	<u>17,332,824</u>	
Total Net Position	<u>\$ 58,972,223</u>	

KENT COUNTY, DELAWARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension And Post Retiree Funds</u>
ADDITIONS	
Employee Contributions	\$ 186,970
Employer Contributions	3,922,823
Interest and Dividends	548,752
Net Appreciation in Fair Value of Investments	<u>3,768,583</u>
Total Additions	<u>8,427,128</u>
DEDUCTIONS	
Pension Benefits	2,604,518
OPEB Benefits	871,057
Administrative Expense	<u>187,331</u>
Total Deductions	<u>3,662,906</u>
Change In Net Position	4,764,222
Net Position - Beginning of Year	<u>54,208,001</u>
Net Position - End of Year	<u><u>\$ 58,972,223</u></u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The County has adopted all GASB Statements through No. 86 as required. The following summarizes the County's significant accounting policies.

1. Financial Reporting Entity

Kent County Levy Court, the governing body of Kent County, Delaware, consists of seven elected commissioners and operates under the laws of the State of Delaware. The following significant services are provided by the County: community services, planning services, public safety, tax collections, sewer operations, street lights, trash collection, storm water management, economic development, general administrative services and constitutional row offices which provide services that include issuing marriage licenses, recordation of deeds and wills, and sheriff sales. The County does not have any component units.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as non-major funds.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (non-exchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds report only assets and liabilities as they do not have a measurement focus, but do use the accrual basis of accounting.

Government Fund Financial Statements

The government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the period they become both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For governmental fund types, the County considers all revenues to be available if they are

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

collected within 60 days after fiscal year-end. Revenues considered susceptible to accrual include property taxes, interest and dividends and grants associated with the current fiscal year. All other revenue items are considered measurable and available only when cash is received by the County.

Expenditures are recorded when the related fund liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Long-term debt and acquisitions under capital leases are reported as other financing sources.

The County reports the following major governmental funds:

The **General Fund** is the primary operating fund of the County. It accounts for all financial resources of the County except those resources required to be accounted for in another fund. The general tax revenues of the County, as well as other resources received and not designated for a specified purpose, are accounted for in the General Fund.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition and construction, including construction period debt service, of major capital facilities or projects (other than those financed by Proprietary Funds).

The **Community Development Block Grant** program provides annual grants to finance housing rehabilitation, community facilities and public works improvements, which serve low to moderate-income persons in Kent County. These are federal funds allocated through the Delaware State Housing Authority.

The County reports the following major enterprise funds:

The **Sewer Fund** accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges. The Sewer Fund operates and maintains sewage collection and treatment systems.

The **Trash Collection Fund** accounts for the collection of garbage within garbage collection districts in Kent County as authorized by the State, under Title 9, Chapter 47, of the Delaware Code. The fund is intended to be self-supporting through user charges. Garbage collection fee rates are uniform for all districts and are based on the contractual cost of collection and a small administrative fee.

The County also reports the following funds:

The **Internal Service Fund** (proprietary type) is used to account for the financing of health and dental insurance provided by the County to other funds of the County on a cost-reimbursement basis. In addition, employee contributions to the health insurance plan and related expenses are accounted for within this fund.

The **Pension And Post Retiree Benefits Funds** (fiduciary type) account for the activities of the Kent County Levy Court Pension Plan and OPEB (other post-employment benefits) Plan which accumulates resources for pension benefit payments and other post-employment benefits to qualified Kent County Levy Court employees and their beneficiaries.

The **Agency Fund** accounts for assets held by the County in a custodial capacity (assets equal liabilities) and does not present results of operations or have a measurement focus.

With limited exceptions, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The sewer fund recognizes as operating revenues the portion of connection fees related to the cost to connect customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Assets, Liabilities and Net Position or Equity**Cash and Cash Equivalents, Deposits, and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Separate bank deposits are maintained for each fund. The County also maintains an investments pool available for use by all funds. Deposits and investments are stated at fair value. Income earned by the investment pool is allocated to each fund in proportion to its contribution to the pool. Collateral for deposits in excess of FDIC Insurance is held at WSFS (Wilmington Savings Fund Society).

The County is authorized by statute to invest in: 1) Certificates of Deposits from financial institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or, to the extent not insured, collateralized by U.S. government securities; 2) U.S. government securities; 3) Obligations issued or guaranteed by any agency controlled by or acting as an instrumentality of the United States of America; 4) Fully collateralized repurchase agreements; 5) U.S. Government securities mutual funds. These funds must invest exclusively in a portfolio of securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities and repurchase agreements with any member bank of the Federal Reserve System or primary dealer in U.S. Government Securities; 6) Investment portfolios in the State of Delaware Investment Pool.

During the fiscal year the County invested with WSFS Bank, TD Bank, Wilmington Trust, Artisans' Bank and DE Local Government OPEB Pool. These institutions invest funds in U.S. Government Securities, obligations issued or guaranteed by agencies controlled by or acting as an instrumentality of the United States, and Repurchase Agreements.

The Pension and Post Retiree Fund is authorized by statute to invest in U.S. Treasury Bonds and Notes, corporate obligations, core real estate commingled investments and common stocks.

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at amortized cost. In establishing the fair value of investments, the County uses the following hierarchy. The lowest available level of valuation available is used for all investments.

Level 1 - Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 - Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Receivables and Payables

Property taxes

The County property tax year runs from June 1 – May 31. Tax rates are set in late April during the adoption of the annual budget. Taxes are due and payable by September 30. After the due date, interest is charged on the delinquent portion at one and one half percent per month. Property taxes on real estate become an enforceable lien on the property as of October 1 if unpaid.

The County bills and collects its own property taxes, and revenues are recognized in the government funds in the period in which they become susceptible to accrual, that is, when they become measurable and available. Outstanding tax levies are offset on the government fund balance sheet by deferred inflows of resources. Annual, interim and delinquent real estate taxes as yet uncollected are included as deferred revenue. The amounts expected to be collected within the first 60 days after the fiscal year ended June 30, 2018 are recorded as revenue. Delinquent taxes are considered fully collectible; and, therefore, no allowance for uncollectible taxes is provided.

Sewer charges, street light charges, storm water management, and trash collection charges are recorded when billed.

Due to/from Other Funds which are recorded in the fund financial statements is the year-end outstanding balance of a variety of transactions among funds to finance operations, service debt and otherwise meet obligations as they become due.

Internal Balances are the residual balances outstanding between governmental activities and business-type activities as reported in the government-wide statements.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of the Enterprise Fund consist of expendable supplies held for consumption, which are recorded as expenditures or expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets

Assets obtained from impact fees and sewer district equipment replacement (SDER) fees are classified as restricted assets on the statement of net position because they are maintained in separate cash and investment accounts and their use is limited by ordinance. Impact fees and related investment income are restricted for projects that will increase capacity of the sewer facilities. SDER fee was discontinued after the June 15, 2005 quarterly billing. SDER is restricted for the purpose of replacing sewer equipment when it becomes worn or ineffective.

Capital Assets

Capital assets including property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County has defined capital assets as assets with a minimum cost of \$5,000 and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the estimated useful lives of the related assets. The County records three months', six months', nine months', or twelve months' depreciation depending on acquisition date in the year the asset is acquired. The County generally uses the following estimated useful lives unless an asset's life has been adjusted based on actual experience:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

<u>Asset Class</u>	<u>Years</u>
Land and Site Improvements	10 - 25
Pipeline	25 - 50
Buildings	20 - 50
Building Improvements	20
Carpeting	10
Vehicles, Equipment	4 - 10
Computer Software, Hardware	3 - 5
Emergency Equipment	10 - 20

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has two items that qualify for reporting in this category – the deferred charge on refunding reported and the deferred items related to pension (Note K) both of which are reported in the government-wide statement of net position, business-type activities and the statement of net position proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred over the shorter of the life of the refunded or refunding debt. Pension contributions made subsequent to the measurement date, and therefore not reflected in the net pension liability under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension liability and net OPEB liability, including changes in assumptions, differences between actual and expected experience, and differences between actual and expected investment returns, are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources on the entity-wide and proprietary fund statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The County has five items that qualify for reporting in this category and they are unavailable revenue – property tax, unavailable revenue - other, deferred items related to pension and OPEB, and deferred items related to deferred gain on refunding. In the governmental fund financial statements and government-wide financial statements, deferred inflows of resources primarily include property taxes. In the governmental activities in the government-wide statements there are also deferred inflows of resources for deferred items related to OPEB. In the enterprise funds (street light fund and trash fund) at both the fund level and government-wide financial statements, deferred inflows of resources consists of transmission debt refinance prepaid by Kitts Hummock for South Central transmission line, deferred items related to OPEB and unclaimed tax sale proceeds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Compensated absences are those earned but unused absences for which employees will be paid, such as vacation and sick leave. Employees are granted vacation and sick leave in varying amounts. It is the County's policy to permit employees to accumulate up to six months of earned but unused sick leave and up to 30 days of vacation leave for hourly employees and 60 days for exempt employees. The County pays 50 percent of accumulated sick leave up to 45 days to those employees retiring. The accumulated sick leave liability is based on the amount that is expected to be paid out upon retirement.

For governmental activities, changes in vested or accumulated vacation leave and eligible sick leave are reported as an expenditure in the statement of activities. Vested or accumulated vacation leave that is expected to be liquidated within one year is reported as a current liability in the government-wide financial statements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources within one year are reported in the government-wide financial statements as a long-term liability.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In the proprietary funds, vested or accumulated vacation leave and sick leave of those employees eligible to retire are recorded as an expense and liability of those funds as the benefits accrue to employees.

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premiums and discounts.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Balances

The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is “Net Position” on the government-wide, proprietary, and fiduciary fund statements and as “Fund Balance” on governmental fund statements. Net Position is classified as “Net Investment in Capital Assets,” legally “Restricted” for a specific purpose or “Unrestricted”.

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent because they are in nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., inventory, prepaid expenses, endowments).

Restricted – amounts that can be spent only for specific purposes and are limited by the Delaware Code, state or federal laws, or externally imposed conditions by grantors or creditors - (e.g., grants or donations and constraints imposed through a debt covenant).

Committed – amounts that can be used only for specific purposes determined by Levy Court ordinance, resolution, or policy (e.g. future anticipated costs). These constraints can be removed or changed by equal levels of action. Action or constraint resources should occur prior to fiscal year end.

Assigned – amounts that are intended for a particular purpose such as future benefits funding or segregation of an amount intended to be used at some time in the future. These decisions can be made by the Levy Court, County Administrator, or Finance Director.

Unassigned – amounts available for consumption or not restricted in any manner.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the County has provided otherwise in its commitment or assignment actions.

The County is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The County’s minimum fund balance policy requires that the unassigned fund balance equal or exceed fifty percent of the most recently adopted general fund expenditures budget.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**1. Budgetary Accounting and Control**

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. Formal budgetary integration is employed as a management control device during the year for the Governmental Fund Types. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. As of November 1 of each year, County department and division heads are required to submit to the County Administrator preliminary operating budgets for the fiscal year commencing the following July 1. The operating budgets submitted include proposed expenditures and the means of financing them as well as narrative justification for increases of operating expenditures. Mission statements and goals and objectives are also submitted.
- c. The submitted budgets are then subjected to a detailed review by the budget review committee which consists of the County Administrator, the Finance Director, and the Budget Supervisor. This review process, which continues through January, includes meetings with the department and division heads making comparisons with prior years' spending patterns and forecasting future needs.
- d. On March 1 the County Administrator submits a budget to the Levy Court Commissioners entitled "The County Administrator's Proposed Budget."
- e. Throughout the month of March there are several public committee meetings for discussion of the proposed budget. As required by County Ordinance, the proposed budget is made available for public inspection for at least 14 days prior to the date of adoption. Simultaneous with the budget adoption, the tax rates for the next fiscal year are adopted.
- f. After the legal adoption of the budget, all supplemental budget appropriations are presented at the bi-weekly Commissioners' meetings for approval. The County's legal level of budgetary control is at the departmental level. Management may only make budget amendments within their respective departments in accordance with the County's budget amendment policies. All amendments above the departmental level, i.e., interdepartmental and functional, require the formal approval of the County Administrator and/or the County Commissioners. The original budget adopted for the fiscal year ended June 30, 2018, and the budget as revised for budget amendments during the year, are presented as part of the budget versus actual schedules presented in these financial statements.
- g. Appropriations lapse at fiscal year end for all funds except the capital projects funds and special revenue funds with extended contract years. The County legally adopts project-length budgets for its capital projects funds, wherein appropriations automatically carry forward to the next fiscal year and are not subject to annual cancellation and reappropriation.

NOTE C – DEPOSITS AND INVESTMENTS

The County maintains separate bank accounts for each fund. There is an investment pool available for use by all funds. Each fund type's portion of the investment pool and their individual bank accounts are displayed on the combined balance sheet under the caption "Cash and Investments." Restricted cash and investments represents deposits and investments that are held by the County subject to specific grant or loan imposed restrictions or their use is limited by ordinance. The pension funds cash and investments are held separately.

NOTE C – DEPOSITS AND INVESTMENTS - CONTINUED

The summary below identifies the investment type of the deposits and investments of the County.

<u>Deposits</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured Deposits	\$ 250,000	\$ 250,000
Uninsured Deposits - Collateral held by pledging financial institution or by its trust department or agent but not in the County's name	<u>114,919,742</u>	<u>115,889,535</u>
Total Deposits	<u>\$ 115,169,742</u>	<u>\$ 116,139,535</u>

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County had the following recurring fair value measurements as of June 30, 2018:

<u>Investments Measured at Fair Value:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money Market Mutual Funds	\$ 1,705,318	\$ 1,705,318	\$ -
Corporate Stocks	39,636,009	39,636,009	-
Real Estate Equity Funds	<u>1,798,037</u>	<u>1,798,037</u>	<u>-</u>
	<u>43,139,364</u>	<u>43,139,364</u>	<u>-</u>
<u>External Investment Pools Measured at Fair Value:</u>			
DE Local Government Retirement Investment Pool	<u>17,332,824</u>	<u>-</u>	<u>17,332,824</u>
Total Investments Measured at Fair Value	<u>60,472,188</u>	<u>\$ 43,139,364</u>	<u>\$ 17,332,824</u>
<u>Investments Measured at Amortized Cost:</u>			
Certificates of Deposit	<u>408,019</u>		
Total Investments	<u>\$ 60,880,207</u>		

Credit Risk

All money market funds have a Moody’s rating of Aaa. A bank sponsored collateral pool for governmental entities is 102% collateralized with U.S. Treasury and federal agency securities.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the County may be unable to recover deposits or recover collateral deposits that are in the possession of an outside party. All County deposits are required by law to be federally insured through the Federal Deposit Insurance Corporation (FDIC) or, to the extent not insured, collateralized by direct obligations of the United States of America as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits.

The face value of the pooled collateral must equal at least 100 percent of the public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial Credit Risk – Investments – Custodial credit risk for investments exists when in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk.

NOTE C – DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. It is the County's policy to hold investments until maturity unless there is an economic reason to do otherwise. U.S. Treasury and U.S. Treasury – Stripped Investments are held by the Sewer Fund. Certificates of Deposit are held by the Landfill Fund. As of June 30, 2018, some of the County's investments had the following maturity dates:

<u>Investments</u>	<u>Amortized Value</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>
Certificates of Deposit	\$ 408,019	\$ 101,492	\$ 306,527
Total Investments	\$ 408,019	\$ 101,492	\$ 306,527

U.S. Agencies (government and other) investments are held by the pension plan in a commingled fund. The investment breakdown and maturities are not available.

Concentration of Credit Risk

In addition to the above disclosures, as of June 30, 2018, the pension plan did not have 5% or more of plan net position invested in any one issuer. The pension plan investments consist of U.S. Agencies, mutual fund investments, and corporate bonds of which only the corporate bonds are included in the concentration of credit risk disclosure.

As of June 30, 2018, the County had \$17,332,824 from its Retiree Benefits Fund invested with the Delaware Local Government Retirement Investment Pool (DERIP). DERIP is an external investment pool operated by the Delaware Public Employees' Benefit System and participation in the pool is voluntary. The financial statements and further information on the investment pool can be obtained from the State Board of Pensions McArdle Building, 860 Silver Lake Blvd., Dover, Delaware 19904.

The following provides a reconciliation between the amounts disclosed in the above footnote and the amounts presented in the Statement of Net Position.

Deposits	\$ 115,169,742
Investments	60,880,207
Petty Cash Amounts	3,000
Cash on Hand	<u>52,999</u>
Total	<u>\$ 176,105,948</u>
Unrestricted	\$ 76,237,816
Restricted	39,287,197
Fiduciary Funds	<u>60,580,935</u>
Total Cash and Investments	<u>\$ 176,105,948</u>

NOTE D – CAPITAL ASSETS

1. Primary Government-

The capital asset activity for Governmental Activities for the year ended June 30, 2018, was as follows:

	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated				
Land	\$ 8,842,973	\$ -	\$ -	\$ 8,842,973
Construction in Progress	275,111	29,847	(18,154)	286,804
Total Capital Assets Not Being Depreciated	<u>9,118,084</u>	<u>29,847</u>	<u>(18,154)</u>	<u>9,129,777</u>
Capital Assets Being Depreciated				
Land and Site Improvements	9,392,995	33,743	-	9,426,738
Buildings	30,283,142	15,650	-	30,298,792
Equipment and Furniture	9,762,265	142,748	(34,210)	9,870,803
Total Capital Assets Being Depreciated	<u>49,438,402</u>	<u>192,141</u>	<u>(34,210)</u>	<u>49,596,333</u>
Less Accumulated Depreciation for:				
Site Improvements	2,709,699	403,944	-	3,113,643
Buildings	6,511,985	776,802	-	7,288,787
Equipment and Furniture	8,151,783	490,005	(34,210)	8,607,578
Total Accumulated Depreciation	<u>17,373,467</u>	<u>1,670,751</u>	<u>(34,210)</u>	<u>19,010,008</u>
Total Capital Assets Being Depreciated, Net	<u>32,064,935</u>	<u>(1,478,610)</u>	<u>-</u>	<u>30,586,325</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,183,019</u>	<u>\$ (1,448,763)</u>	<u>\$ (18,154)</u>	<u>\$ 39,716,102</u>

NOTE D – CAPITAL ASSETS - CONTINUED

The capital asset activity for Business-Type Activities for the year ended June 30, 2018, was as follows:

	<u>July 1,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2018</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 7,339,024	\$ 19,640	\$ -	\$ 7,358,664
Construction in Progress	9,336,693	3,120,244	(3,480,892)	8,976,045
Total Capital Assets Not Being Depreciated	<u>16,675,717</u>	<u>3,139,884</u>	<u>(3,480,892)</u>	<u>16,334,709</u>
Capital Assets Being Depreciated				
Land and Site Improvements	5,982,562	-	-	5,982,562
Pipeline	94,892,786	913,340	-	95,806,126
Buildings	38,206,084	1,716,556	-	39,922,640
Equipment and Furniture	84,497,855	777,082	(60,146)	85,214,791
Total Capital Assets Being Depreciated	<u>223,579,287</u>	<u>3,406,978</u>	<u>(60,146)</u>	<u>226,926,119</u>
Less Accumulated Depreciation for:				
Site Improvements	5,825,472	66,283	-	5,891,755
Pipeline	43,970,671	2,403,278	-	46,373,949
Buildings	21,777,280	1,137,236	-	22,914,516
Equipment and Furniture	41,667,168	4,514,543	(60,146)	46,121,565
Total Accumulated Depreciation	<u>113,240,591</u>	<u>8,121,340</u>	<u>(60,146)</u>	<u>121,301,785</u>
Total Capital Assets Being Depreciated, Net	<u>110,338,696</u>	<u>(4,714,362)</u>	<u>-</u>	<u>105,624,334</u>
Business-Type Activities Capital Assets, Net	<u>\$ 127,014,413</u>	<u>\$ (1,574,478)</u>	<u>\$ (3,480,892)</u>	<u>\$ 121,959,043</u>

Depreciation expense was charged to the following activities:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 540,265	Sewer Fund	\$ 8,114,406
Community Services	679,051	Trash Fund	5,839
Planning Services	38,135	Landfill Fund	1,095
Public Safety	384,661		
Row Offices	28,639		
	<u>\$ 1,670,751</u>		<u>\$ 8,121,340</u>

NOTE E – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances arise primarily from the General Fund’s role as receiver, investor, and disbursing officer of cash. All payments arise from transactions that are short term. The composition of interfund balances as of June 30, 2018, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 105
	CDBG	592,733
	Non-Major Governmental Funds	21,935
	Sewer Fund	438,150
	Trash Collection Fund	10,248
	Non-Major Proprietary Funds	17,500
Capital Projects Fund	General Fund	4,333
	Sewer Fund	539
Sewer Fund	General Fund	76,386
	Trash Collection Fund	10,662
	Non-Major Proprietary Funds	6,551
Non-Major Proprietary Fund	General Fund	139,371
Total		<u>\$ 1,318,513</u>

Interfund transfers from the General Fund consist of operating transfers to fund projects in the Capital Projects Fund and to fund the County’s share of grant-funded, special revenue programs. Interfund transfers from the Capital Projects Fund consist of operating transfers due to the creation of the Emerging Enterprise Development Center in the General Fund.

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Community Development Block Grant</u>
General Fund	\$ -	\$ 862,600	\$ 426,614
Capital Projects Fund	25,000	-	-
Total Interfund Transfers	<u>\$ 25,000</u>	<u>\$ 862,600</u>	<u>\$ 426,614</u>

NOTE F – LONG-TERM DEBT

1. Changes in Long-Term Liabilities

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 4,072,517	\$ -	\$ (234,837)	\$ 3,837,680	\$ 238,851
Plus: Net Bond Premiums	344,158	-	(21,288)	322,870	21,288
Total Bonds Payable	4,416,675	-	(256,125)	4,160,550	260,139
Net Pension Liability	13,408,680		(915,972)	12,492,708	-
Net OPEB Liability	5,073,479	4,945,280	-	10,018,759	-
Note Payable	4,489,548	-	(251,282)	4,238,266	312,634
Compensated Absences	1,252,678		(1,351)	1,251,327	50,053
Governmental Activity Long-Term Liabilities	<u>\$ 28,641,060</u>	<u>\$ 4,945,280</u>	<u>\$ (1,424,730)</u>	<u>\$ 32,161,610</u>	<u>\$ 622,826</u>
Business-Type Activities:					
Bonds Payable	\$ 51,935,458	\$ 215,000	\$ (2,411,065)	\$ 49,739,393	\$ 2,327,479
Plus: Net Bond Premiums	513,171	-	(31,743)	481,428	31,743
Total Bonds Payable	52,448,629	215,000	(2,442,808)	50,220,821	2,359,222
Net Pension Liability	3,881,690		(265,165)	3,616,525	-
Net OPEB Liability	1,520,494	1,482,073	-	3,002,567	-
Compensated Absences	424,477		(14,227)	410,250	16,410
Business-Type Activity Long-Term Liabilities	<u>\$ 58,275,290</u>	<u>\$ 1,697,073</u>	<u>\$ (2,722,200)</u>	<u>\$ 57,250,163</u>	<u>\$ 2,375,632</u>

The fund responsible for incurring the long-term liability pays the obligation. The primary governmental user is the General Fund and the primary Business-Type user is the Sewer Fund.

2. General Obligation Bonds

Kent County issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds have been issued for both governmental and business-type activities; they are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 20 to 30 year serial bonds with varying amounts of principal due each year. There are certain limitations and restrictions contained in the various bond indentures including call provisions. The County is in compliance with the limitations and restrictions.

3. Notes Payable

On June 23, 2015, the Levy Court Commissioners adopted Ordinance 15-08 which authorized the issuance of up to \$5,000,000 of general obligation bonds for the funding of the Kent County Recreation Center. On November 10, 2015, the County approved a \$5,000,000 loan agreement with WSFS Bank with a 15 year amortization period and a floating interest rate based upon LIBOR plus 1.2%.

4. Financial Covenant

The County's loan agreement provides for a financial covenant. The County must maintain a Debt Service Coverage Ratio of not less than 1.5 as measured on its annual audited financial statements. For the year ended June 30, 2018, the County met the financial covenant.

NOTE F –LONG-TERM DEBT – CONTINUED

The following is a summary of general obligation bonds outstanding at June 30, 2018:

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2018</u>
1981 August 2021	\$ 362,900	1981 Farmers Home Administration Bond, Sewer Fund-Dykes Branch District, Due in Annual Installments with Interest Due Semi-Annually	5.00%	\$ 65,990
1984 July 2024	273,700	1984 Farmers Home Administration Bond, Sewer Fund-Bowers District, Due in Annual Installments with Interest Due Semi-Annually	5.00%	87,044
1994 August 2034	132,700	1994 Farmers Home Administration Bond, Sewer Fund-Little Creek District, Due in Annual Installments with Interest Due Semi-Annually	4.50%	82,120
2000 September 2021 March 2022	475,000	2000 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Kenton \$375,000/NESSD \$100,000, Principal and Interest Due In Semi-Annual Installments	1.50%	106,516
2001 June 2021	392,400	2001 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Bowers, Principal and Interest Due in Semi-Annual Installments Beginning December 2006	3.00%	104,557
2004 April 2044	720,900	2004 USDA Rural Utilities Service Bond, Sewer Fund-Northeast Sewer District, Due in Quarterly Installments with Interest Due Quarterly	4.375%	591,910
2005 February 2049	3,545,202	Series 2005 21st Century Fund General Obligation Bond, Sewer Fund-Hartly Principal and Interest Due in Semi-Annual Installments Beginning February 2012 Cash Draws will be made periodically through December 2011.	1.20%	3,038,843
2009 April 2049	254,000	Series 2009A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Bakers Choice Principal and Interest Due in Quarterly Installments Beginning July 2009	4.125%	226,714

NOTE F – LONG-TERM DEBT – CONTINUED

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2018</u>
2009 April 2049	121,000	Series 2009B-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Bakers Choice Principal and Interest Due in Quarterly Installments Beginning July 2009	4.25%	108,320
2010 September 2030	14,905,418	Series 2010-ARRA/SRF, Delaware Water Pollution Control Revolving Fund General Fund Obligation Note, Sewer Fund-Renewable Energy Project, Principal and Interest Due in Semi-Annual Installments Beginning March 2011	2.00%	10,661,378
2010 March 2050	1,000,000	Series 2010-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Brookdale Heights and Hideaway Acres, Principal and Interest Due in Quarterly Installments Beginning June 2010	4.00%	900,615
2010 November 2050	3,900,000	Series 2010-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Southern By Pass, Principal and Interest Due in Quarterly Installments Beginning November 2011	2.25%	2,626,232
2010 November 2050	2,289,935	Series 2010A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Kitts Hummock, Principal and Interest Due in Quarterly Installments Beginning November 2011	3.75%	2,123,215
2010 November 2050	110,065	Series 2010B-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Kitts Hummock, Principal and Interest Due Quarterly	2.25%	98,943
2010 December 2050	5,000,000	Series 2010A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning March 2013	2.25%	4,247,284
2010 December 2050	6,442,000	Series 2010A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning March 2013	2.25%	5,433,242

NOTE F – LONG-TERM DEBT – CONTINUED

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2018</u>
2010 December 2032	6,918,700	Series 2010-ARRA/SRF, Delaware Water Pollution Control Revolving Fund General Fund Obligation Note, Sewer Fund-WWTP Expansion & Nutrient Removal Principal and Interest Due in Semi-Annual Installments Beginning September 2011	3.61%	5,151,508
2012 August 2022	633,000	2012 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Murderkill Wetland/Nutrient Reduction Principal and Interest Due In Semi-Annual Installments	2.00%	401,631
2012 August 2030	1,200,000	2012 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Spring Creek Land Conservation Principal Due In Semi-Annual Installments	0.00%	833,333
2013 August 2033	1,423,107	2013 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-East Dover Wastewater Construction Principal Due In Semi Annual Installments	2.00%	395,188
2013 October 2034	946,000	2013 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Hilltop Mobile Home Wastewater Collection Principal Due In Semi-Annual Installments	1.00%	121,964
2015 September 2033	11,270,000	2015 Series General Obligation Bonds Sewer Fund-60.22%/General Fund-39.78%, Due in Annual Installments with Interest Due Semi-Annually	2.00%-4.00%	9,560,000
2016 January 2056	5,000,000	Series 2016A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning April 2017	1.875%	3,237,573
2016 January 2056	2,838,000	Series 2016A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning April 2017	1.875%	2,704,952

NOTE F – LONG-TERM DEBT – CONTINUED

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2018</u>
2017 October 1, 2057	453,000	Series 2018A-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Milford Neck Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning July 2018	2.125%	453,000
2018 April 25, 2058	215,000	Series 2018B-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Milford Neck Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning July 2018	1.375%	215,000
	Subtotal Bonds			<u>53,577,072</u>
2015 September 2030	5,000,000	Series 2015, WSFS Loan Principal and Interest Due in Quarterly Installments Beginning December 2015	Variable	4,238,266
Plus:	Unamortized bond premium on 2015 bond issues			804,298
	Total Long-Term Debt			<u><u>\$ 58,619,636</u></u>

NOTE F – LONG-TERM DEBT – CONTINUED

The annual debt service requirements to maturity for principal and interest for bonds and note payable as of June 30, 2018, are as follows:

Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 551,486	\$ 192,664	\$ 2,327,479	\$ 1,116,571
2020	561,822	181,093	2,373,400	1,068,810
2021	578,528	168,903	2,429,942	1,019,002
2022	518,885	157,573	2,355,255	970,122
2023	529,558	146,057	2,342,712	921,033
2024-2028	2,824,155	532,665	12,037,987	3,844,329
2029-2033	2,216,460	196,841	10,476,281	2,546,468
2035-2038	295,052	5,532	5,109,515	1,657,053
2039-2043	-	-	4,665,363	1,102,159
2044-2048	-	-	4,597,102	565,477
2049-2053	-	-	1,886,094	169,526
2053-2058	-	-	820,189	26,596
Total	8,075,946	\$ 1,581,328	51,421,319	\$ 15,007,146
Less:				
Funds Not Drawn	-		(1,681,927)	
Total	\$ 8,075,946		\$ 49,739,392	

NOTE G – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources consist of revenues that have not met all requirements of revenue recognition. In the governmental fund financial statements and in governmental activities in the government-wide financial statements, deferred inflows of resources primarily include property taxes that are levied to finance the subsequent fiscal year and deferred items related to pension and OPEB. In the enterprise funds (street light fund and trash fund), deferred inflows of resources consists of Kitts Hummock transmission debt refinance prepayment for South Central debt service, unclaimed tax sale proceeds, impact fees, deferred charges on refunding, and deferred items related to pension and OPEB.

The difference between the deferred inflows of resources balance in the governmental fund financial statements and in governmental activities in the government-wide financial statements is a result of the governmental fund financial statements being reported on a modified accrual basis and the government-wide financial statements being reported on a full accrual basis.

NOTE G – DEFERRED INFLOWS OF RESOURCES– CONTINUED

Deferred inflows of resources as of year-end arising from the County’s major and non-major governmental funds are as follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government- Wide Statements</u>
	<u>General</u>	<u>Governmental Activities</u>
Property Taxes	\$ 12,405,504	\$ 11,699,202
Library Taxes	851,686	790,800
Suburban Park Taxes	15,671	15,632
Deferred Items Related to Pension	-	1,962,913
Deferred Items Related to OPEB	-	183,410
Total Deferred Inflows Of Resources	<u>\$ 13,272,861</u>	<u>\$ 14,651,957</u>

Deferred inflows of resources as of year-end arising from the County’s major and non-major enterprise funds are as follows:

	<u>Enterprise Fund Financial Statements</u>	<u>Government- Wide Statements</u>
	<u>Sewer</u>	<u>Business-Type Activities</u>
Trnsmsn Debt Refinance	\$ 23,429	\$ 23,429
Impact Fees	104,000	104,000
Unclaimed Tax Sale Proceeds	390	390
Deferred Items Related to Pension	568,245	568,245
Deferred Items Related to OPEB	54,967	54,967
Deferred Charges on Refunding	533	533
Total Deferred Inflows Of Resources	<u>\$ 751,564</u>	<u>\$ 751,564</u>

NOTE H – FUND BALANCES – GOVERNMENTAL FUNDS

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance categories that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Inventory	\$ 19,295	\$ 7,610	\$ -	\$ 26,905
Prepaid Expenses	691,160	-	69,709	760,869
Total Nonspendable	710,455	7,610	69,709	787,774
Restricted:				
Capital Projects	-	5,365,619	148,053	5,513,672
Recreational	4,391	-	-	4,391
APFO-EMS	1,911	-	-	1,911
Library Tax	594,757	-	-	594,757
Rodent Grant	7,786	-	-	7,786
Vacant & Abandoned Property Grant	59,755	-	-	59,755
Technology Fee-Deeds	33,922	-	-	33,922
Technology Fee-General Fund	50,883	-	-	50,883
Library Standards Grant	81,464	-	-	81,464
Total Restricted	834,869	5,365,619	148,053	6,348,541
Assigned:				
Encumbrances	301,792	-	-	301,792
Operating Needs	2,340,050	-	-	2,340,050
Legal Contingency	950,000	-	-	950,000
Library	155,000	-	-	155,000
Recorder of Deeds Maintenance Fees	39,162	-	-	39,162
Sheriff Auctioneer Fees	60,000	-	-	60,000
Local Government Fees	60,000	-	-	60,000
Donations	4,382	-	-	4,382
Total Assigned	3,910,386	-	-	3,910,386
Unassigned	44,192,539	-	(69,709)	44,122,830
Total Fund Balances	\$ 49,648,249	\$ 5,373,229	\$ 148,053	\$ 55,169,531

NOTE I – CAPITAL IMPROVEMENT COMMITMENTS

The following is a summary of the significant capital improvement commitments of the County as of June 30, 2018:

Governmental Activities

The Capital Projects Fund has incurred costs in the amount of \$286,804 that were not under a formal construction commitment as of June 30, 2018.

Enterprise Funds

Sewer Fund:

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
Blower System Upgrade	\$ 350,000	\$ 48,955	\$ 301,045
TMDL	430,000	159,157	270,843
Weatherstone	76,150	921	75,229
NE Front St, Milford	46,101	6,833	39,268
London Village	47,307	7,136	40,171
Paris Villa	49,666	353	49,313
North Milford Neck	1,473,401	33,583	1,439,818
Dover Products	198,660	24,448	174,212
US 13 Forcemain Rehabilitation	203,948	135,409	68,539
Hilltop Phase II	295,829	295,829	-
Pipeline Condition Assessment	98,600	56,650	41,950
General Labor and Equipment Contract	7,485,157	105,004	7,380,153
Less Capitalized/Expensed in Prior Years			(6,777,642)
	\$ 10,754,819	\$ 874,278	\$ 3,102,899

In the Sewer Fund, Kent County has incurred costs in the amount of \$5,873,146 that were not under a formal construction commitment as of June 30, 2018.

NOTE J – CONTINGENCIES AND COMMITMENTS**Contingencies**

In August 1990, the Environmental Protection Agency (EPA) placed the Houston Landfill site, which was operated by the County in the 1970s for the disposal of residential and commercial solid waste, on EPA's National Priorities List (NPL) pursuant to section 105 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9605. (The Houston Landfill has not actively provided waste material disposal service since the 1970's). The County appealed the listing of the site by the EPA on technical grounds. Despite the pendency of the appeal, the County along with six other potentially responsible parties (PRPs) entered into an administrative consent order with EPA in September 1991 to conduct a Remedial Investigation and Feasibility Study (RI/FS) for the purpose of examining the extent of contamination, if any, from the site. The other PRPs were Reichhold Chemicals, PPG Industries, DuPont, Eastern Waste Industries, Playtex and the United States Air Force.

In May 1992, the U.S. Court of Appeals for the District of Columbia Circuit ruled that EPA had acted in an arbitrary and capricious manner in placing the Houston Landfill on the NPL. As a result, EPA advised the County in August 1992 that it did not intend to repropose the site to the NPL and released the County and the other PRPs from their obligations under the consent order.

In May 1993, the Delaware Department of Natural Resources and Environmental Control (DNREC) indicated its intent to address the site under the Delaware Hazardous Substance Cleanup Act (HSCA). The County and nine other PRPs (which now include Johnson Controls, General Metalcraft and the Delaware Department of Transportation) negotiated a judicial consent decree with DNREC requiring the PRPs to conduct a more limited RI/FS under HSCA. The RI/FS consent decree was executed in June 1994 and entered by the Superior Court in September 1994. The RI/FS has been completed and was submitted to DNREC in September 1996.

The RI/FS recommended continued monitoring of the site, the establishment of groundwater management zones, and deed restrictions but no active remediation. In June 1997, DNREC approved the RI/FS and issued a "Proposed Plan of Remedial Action for the Houston Landfill Site" which is consistent with the recommendations in RI/FS. A final plan consistent with the proposed plan was issued by DNREC on February 27, 1998. On April 28, 1998, the County and the other Respondents to the RI/FS Consent Decree filed a termination petition with DNREC requesting DNREC's concurrence that all requirements under the Consent Decree have been satisfied. DNREC's legal counsel has stated that the RI/FS Consent Decree should be dismissed and replaced with another Consent Decree that addresses monitoring and maintenance for the Houston Landfill site. On November 28, 1998, the Respondents submitted a draft monitoring and maintenance plan for the site to DNREC which was approved by DNREC on July 9, 1999. The Respondents conducted additional monitoring during 2009.

On May 25, 2012, DNREC approved the Operation & Maintenance Plan. In December of 2012, the Respondents reached a consensus with DNREC and among themselves regarding the 30 year implementation period of the Operation & Maintenance Plan. Subsequently all parties entered into a Memorandum of Understanding dated March 7, 2013 under which the County would assume the maintenance and monitoring responsibilities under said plan for the remaining years. In exchange for this commitment, the County received a lump sum payment of \$180,000 from the other Respondents. Unless one of the re-opener clauses under the Memorandum is exercised by DNREC, this payment will be sufficient to cover the long term maintenance and monitoring costs.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The County cannot determine the amount, if any, of claims that may be disallowed by the grantors, although the County expects such amounts, if any, to be immaterial.

NOTE K – PENSION AND POST RETIREE FUNDS**1. Plan Description**

All full-time employees are eligible for coverage under the Kent County pension plan, a single-employer defined benefit pension plan established by ordinance of the Kent County Levy Court in accordance with state statutes. The County's financial report reflecting the pension plan financial activity may be obtained at the County's Administrative Offices during regular business hours.

An actuarial valuation of the pension plan prepared by Nyhart, as of January 1, 2018, was based on the following membership data:

Active Employees	291
Retired	181
Survivors	29
Disabled	2
Deferred Vested	<u>102</u>
 TOTAL	 <u><u>605</u></u>

The plan provides pension benefits and death and disability benefits. Normal retirement is age 62; early retirement is after 30 years of service, or age 55 with 20 years of service, or age 60 with 15 years of service. Benefits vest after five years of service; or, at least three years of service and age plus service equals at least 50. For employees hired after June 29, 2010, benefits vest after eight years of service. For disability, the vested benefit is payable under the same years of service requirements as normal and early retirement with the period of disability being included in years of service. The death benefit is 50 percent of the deceased employee's vested accrued benefit at date of death payable when the deceased would first have been eligible to retire. The benefit is 2 percent of average compensation for each year of service (average compensation is compensation averaged over the three consecutive years of service which produces the highest average). For employees hired after December 21, 2010, the benefit is 1.85 percent of average compensation for each year of service.

Effective July 2009, employees are required to contribute one percent (1%) of their base salary to the plan, and employees hired after December 21, 2010 are required to contribute 3 percent (3%) of their base salary above \$6,000 to the plan. Employees may make voluntary contributions of up to 10 percent of their annual salary.

The County's annual contribution to the pension plan is determined by an annual actuarial valuation. The contribution recommended in the actuarial valuation is budgeted for the next fiscal year following the date of the actuarial valuation.

2. Summary of Significant Accounting Policies and Plan Asset Matters

The Kent County Pension Fund financial statements are prepared on the accrual basis of accounting. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments in securities are presented at fair value. Fair value was determined from quotations for investments traded in active securities markets.

No investment in any one organization represents 5 percent or more of the net position available for pension benefits.

There are no investments in, loans to, or leases with parties related to the pension plan.

NOTE K – PENSION AND POST RETIREE FUNDS - CONTINUED

3. Contributions Required and Contributions Made

Historically, the County utilized a funding policy that accounted for current benefit accruals and amortized any unfunded liability under the Projected Unit Credit (“PUC”) actuarial cost method over a 30 year period. However, the County has elected to adopt a new funding policy which utilizes the Entry Age Normal (“EAN”) actuarial cost method as a level percentage of payroll for current benefit accruals, and amortizes any unfunded liability over a 20 year period. In addition and consistent with GASB Nos. 67 and 68, the unfunded liability is determined using the market value of asset which is a change from the actuarial value of assets used under the prior funding policy. This update was made to better align the funding policy with accounting and financial reporting under GASB 67/68.

Total contribution to the pension plan in fiscal year 2018 was \$2,743,160 of which \$186,970 was the employee contribution and \$2,556,190 was the employer contribution. This contribution was based on the January 1, 2017 actuarial valuation by Nyhart.

Separate pension funds financial statements are presented below as required by GASB Statement No. 34.

KENT COUNTY, DELAWARE

STATEMENT OF FIDUCIARY NET POSITION
PENSION/OPEB TRUST FUNDS
June 30, 2018

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ASSETS		
Restricted Assets:		
Receivables		
Interest	\$ 7,072	\$ -
Investments	41,659,684	17,332,824
Total Assets	<u>41,666,756</u>	<u>17,332,824</u>
LIABILITIES		
Accounts Payable	27,357	-
Total Liabilities	<u>27,357</u>	<u>-</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	41,639,399	-
Post Retiree Benefits	-	17,332,824
Total Net Position	<u>\$ 41,639,399</u>	<u>\$ 17,332,824</u>

NOTE K – PENSION AND POST RETIREE FUNDS – CONTINUED

KENT COUNTY, DELAWARE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION/OPEB TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ADDITIONS		
Employee Contributions	\$ 186,970	\$ -
Employer Contributions	2,556,190	1,366,633
Interest and Dividends	165,718	383,034
Net Appreciation (Depreciation) in Fair Value of Investments	<u>3,052,340</u>	<u>716,243</u>
Total Additions	<u>5,961,218</u>	<u>2,465,910</u>
DEDUCTIONS		
Pension Benefits	2,604,518	-
OPEB Benefits	-	871,057
Administrative Expense	<u>181,760</u>	<u>5,571</u>
Total Deductions	<u>2,786,278</u>	<u>876,628</u>
Change In Net Position	3,174,940	1,589,282
Net Position - Beginning of Year	<u>38,464,459</u>	<u>15,743,542</u>
Net Position - End of Year	<u>\$ 41,639,399</u>	<u>\$ 17,332,824</u>

NOTE K – PENSION AND POST RETIREE FUNDS - CONTINUED

4. Pension Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The asset and target allocation as of June 30, 2018, and best estimates of arithmetic real rates of return for each major asset classes are summarized in the following table:

Asset Class	Asset Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Composite	42.26%	40.00%	8.40%
International Equity Composite	9.94%	10.00%	9.40%
Emerging Markets Equity Composite	2.42%	2.50%	11.80%
Bond Composite	27.77%	30.00%	3.75%
High Yield Fixed Income Composite	3.72%	3.50%	6.30%
Real Estate Composite	4.32%	4.00%	7.10%
Global Tactical Asset Allocation	9.57%	10.00%	7.10%
	100.00%	100.00%	

The pension plan's policy in regards to the allocation of invested plan assets is established and may be amended by the County. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The above was the County's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

5. Discount Rate

The discount rate used to measure the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments is applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

6. Net Pension Liability

The County's net pension liability is measured, and the total pension liability used to calculate the net pension liability is determined by the actuarial valuation as of January 1, 2018. The net pension liability is \$16,109,233, measured as the difference between the total pension liability of \$56,506,230 and the fiduciary net position of \$40,396,997.

NOTE K – PENSION AND POST RETIREE FUNDS – CONTINUED

The County's total pension liability used to calculate the net pension liability is determined by the actuarial valuation. The changes in the net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 52,233,204	\$ 34,942,834	\$ 17,290,370
Changes for the year:			
Service cost	1,022,745	-	1,022,745
Interest	4,030,916	-	4,030,916
Differences between expected and actual experience	251,213	-	251,213
Change in assumptions*	1,456,423	-	1,456,423
Contributions-employer	-	1,979,945	(1,979,945)
Contributions-employee	-	186,515	(186,515)
Net investment income	-	5,830,044	(5,830,044)
Benefit payments, including refunds of employee contributions	(2,488,271)	(2,488,271)	-
Administrative expenses	-	(54,070)	54,070
Net Changes	4,273,026	5,454,163	(1,181,137)
Balances at end of year	\$ 56,506,230	\$ 40,396,997	\$ 16,109,233

*The change in assumptions is the change in actuarial funding method from the Projected Unit Credit Method to the Individual Entry Age Normal Method, level as a percentage of pay.

7. Sensitivity of the Net pension Liability to changes in Discount Rate

The following represents the Plan's net pension liability of the County, calculated using the discount rate of 7.50%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	\$ 23,084,522	\$ 16,109,233	\$ 10,270,807

NOTE K – PENSION AND POST RETIREE FUNDS – CONTINUED

8. Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. This rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the plan's investments to the ending fair value of pension plan investments. For the 2018 year, the annual money-weighted rate of return on the investments, net of investment expense, is 8.29%.

The schedule of changes in the pension liability schedule of County contributions, and a schedule of investment returns are presented as required supplementary information, ("RSI") following the notes to the financial statements.

9. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2018, the County recognized pension expense of \$1,911,781. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 275,065	\$ 21,926
Change of assumptions	4,560,010	
Net Difference between projected and actual earnings on pension plan investments	1,226,251	2,509,232
Contributions subsequent to the measurement date- January 2, 2018 - June 30, 2018	<u>2,556,190</u>	
	<u>\$ 8,617,516</u>	<u>\$ 2,531,158</u>

An amount of \$2,556,190 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date (January 1, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2019	\$	1,987,679
2020		1,304,332
2021		523,941
2022		<u>(285,784)</u>
	<u>\$</u>	<u>3,530,168</u>

NOTE K – PENSION AND POST RETIREE FUNDS – CONTINUED

10. Actuarial Methods and Significant Assumptions

The information presented in schedules above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2018
Actuarial Cost Method:	Entry Age Cost Method- Percent of Pay
Amortization Method:	20-year closed amortization of Unfunded Accrued Liability (Fresh start at 1/1/2017)
Remaining amortization period:	20 years
Asset valuation method:	Gains or losses on the Market Value of Assets are recognized over five years, subject to a 20% corridor around the Market Value of Assets
Actuarial assumptions:	
Investment rate of return:	7.50%, net of investment expenses
Discount rate:	7.50%
Projected salary increases:	Age-graded scale ranging from 5.50% to 3.00% per annum
Cost of living adjustments:	0.00%
Mortality Tables:	
Healthy:	RP-2014 Total Mortality Table with fully generational improvements projected from 2006 based on assumptions from the Social Security Administration's 2017 Trustee's Report
Disabled:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on assumptions from the Social Security Administration's 2017 Trustee's Report

NOTE L - OTHER POST-RETIREMENT BENEFITS**1. Plan Description**

In addition to the pension benefits described in Note K, the County provides post-employment health care benefits to former employees retiring from active service. This is all employees who retire from the County after 30 years of service or after attaining age 55 with at least 20 years of service, age 60 with at least 15 years of service, or age 62 with at least 5 years of service unless hired after June 29, 2010 which would need at least 8 years of service. Eligible retirees reaching Medicare age receive a County paid Medicare supplement including prescription coverage.

Currently, 126 retirees meet these eligibility requirements, of which 109 retirees and 24 spouses/dependents receive health insurance benefits and 17 retirees waived benefits. The County has a premium based health insurance plan which provides up to 100 percent coverage of validated claims (depending on the plan chosen) for medical, dental, and hospitalization costs incurred by pre-Medicare retirees. Expenditures for post-retirement health care benefits are based on monthly premiums charged by the medical insurance provider and estimated annual coverage for the County's self-insured dental plan. In fiscal year 2009, the County began payment of the post-retirement health care from the Other Post-Employment Benefits (OPEB) Fund. During fiscal year 2018, expenditures of \$930,136 were recognized for post-retirement health care of which \$862,058 was paid out of the OPEB fund. The \$68,078 balance of retiree benefits was paid from the operating budgets of General Fund in the amount of \$54,190 and Sewer Fund in the amount of \$13,888.

2. Funding Policy

The County has implemented GASB No 74 and 75 starting with the 2018 fiscal year. Beginning with 2011 the cost method used to determine the funded status of the Plan and the annual contribution requirements was the Projected Unit Credit Actuarial Cost Method. However, the County has elected to adopt a new funding policy which utilizes the Entry Age Normal ("EAN") actuarial cost method as a level percentage of payroll for current benefit accruals, and amortizes any unfunded liability over a 30 year period. In addition and consistent with GASB Nos. 74 and 75, the unfunded liability is determined using the market value of assets which is a change from the actuarial value of assets used under the prior funding policy. Entry Age Normal actuarial cost method is consistent with the method used for the Pension Plan of Kent County.

3. Investment Policy

The OPEB Plan funds are invested with the Delaware Local Government Retirement Investment Pool (DERIP). DERIP is an external investment pool operated by the Delaware Public Employees' Benefit System.

4. Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 6.96%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016 with liabilities projected to the June 30, 2018 measurement date on a "no loss/no gain" basis.

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

Actuarial assumptions.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	For fiscal year ending June 30, 2018, a June 30, 2018 measurement date was used.
Valuation Date:	July 1, 2016 with liabilities projected to the June 30, 2018 measurement date on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	30 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.50%, net of investment expenses, including inflation
Projected salary increases:	3.5% per year
Inflation Rate:	3.0% per year
Retirement age	In the 2018 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	7.0 percent initial, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent
Mortality Tables:	RP-2000 Combined Mortality Table with mortality improvement projected to 2016 using Scale AA

Discount rate.

The discount rate used to measure the total OPEB liability was 7.5% in this year's evaluation. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

6. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 22,343,038	\$ 15,743,542	\$ 6,599,496
Changes for the year:			
Service cost	692,587	-	692,587
Interest	1,749,251	-	1,749,251
Differences between expected and actual experience	5,566,019	-	5,566,019
Change in assumptions*	877,054	-	877,054
Contributions-employer	-	1,366,633	(1,366,633)
Net investment income	-	1,099,277	(1,099,277)
Benefit payments, including refunds			
Benefit payments	(873,799)	(871,057)	(2,742)
Administrative expenses	-	(5,571)	5,571
Net Changes	8,011,112	1,589,282	6,421,830
Balances at end of year	\$ 30,354,150	\$ 17,332,824	\$ 13,021,326

* The discount rate has been updated from 7.75% as of July 1, 2017 to 7.50% as of June 30, 2018 with the intention to continue to decrease the discount rate by .25% each year until reaching the long-term expected rate of return of the OPEB Trust of 7.00%. The change resulted in an increase in liabilities.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net OPEB Liability	\$ 16,949,449	\$ 13,021,326	\$ 9,748,319

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 7.00% decreasing to an ultimate rate of 4.50%, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00% lower (6.00% decreasing to an ultimate rate of 3.50%) or 1.00% higher (8.00% decreasing to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	\$ 9,085,473	\$ 13,021,326	\$ 17,833,283

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

For the year ended June 30, 2018 the County recognized OPEB expense of \$1,145,136. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,815,569	\$ -
Change of assumptions	2,705,821	-
Net Difference between projected and actual earnings on pension plan investments	79,875	238,377
	<u>\$ 7,601,265</u>	<u>\$ 238,377</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2019	\$ 1,260,700
2020	1,260,700
2021	1,260,700
2022	1,340,158
2023	1,320,191
Thereafter	<u>920,439</u>
	<u>\$ 7,362,888</u>

NOTE M - RISK MANAGEMENT

1. Health Insurance

The County contracted with Highmark Delaware to provide health insurance for the County’s active employees and retirees thru June 30, 2018. Effective July 1, 2015, employees and non-Medicare eligible retirees enrolling in health insurance coverage paid \$30 per month for individual coverage. The County contributed 60% of the remaining cost after the individual coverage amount is determined or \$175 (whichever is greater) monthly toward dependent health care.

The County is self-insured for dental care benefits. The dental care benefits employees receive are \$1,500 per calendar year for eligible dental services. Employees must pay the established nominal premium for dental benefits or opt out of dental coverage. Family coverage is offered to each active employee and retiree. The participants of family coverage are responsible for 100% of the additional premium cost. The payments of dental-related claims are processed through a third-party administrator. Liabilities for unpaid claims are estimated using the actual cost of claims within sixty days after fiscal year-end.

Health care benefits and dental benefits are provided through the Medical Trust Internal Service Fund. Interfund charges with the County are recorded as revenue in the Medical Trust Fund and as an expenditure/expense to the benefiting department.

2. Other Insurance

Kent County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. In the past three fiscal years, the County has had no settlements exceeding the insurance coverage.

NOTE N - RESTRICTED NET POSITION - SEWER FUND

Sewer Fund restricted net position is comprised of the following:

- a) Prior to FY06 there was an annual charge per EDU (equivalent dwelling unit) to the residents of Sanitary Sewer Districts for the purpose of replacing sewer equipment when it becomes worn or ineffective. At June 30, 2018, the balance of this reserve totaled \$321,605.
- b) Impact fees collected from customers and interest earned. By ordinance, impact fees and related investment income are restricted for projects that will increase capacity of the sewer facilities. At June 30, 2018, the balance of this reserve totaled \$31,948,426 of which \$23,666,414 is for the main system capital improvement and \$8,282,012 is for district capital improvement.

Equipment Replacement Reserve	\$ 321,605
Expansion Reserve	<u>31,948,426</u>
Total Restricted Net Position	<u>\$ 32,270,031</u>

NOTE O – RESTATEMENT OF BEGINNING OF YEAR NET POSITION

The County has decreased its July 1, 2017 net position for its governmental activities by \$3,472,587 and business-type activities and sewer fund net position by \$1,040,715 due to the effects of implementing GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions”. The County recorded a beginning deferred outflow for items related to OPEB of \$1,845,439, a beginning deferred inflow for items related to OPEB of \$244,547 and a beginning net OPEB liability of \$5,073,479 for the governmental activities. The County also recorded a beginning deferred outflow for items related to OPEB of \$553,068, a beginning deferred inflow for items related to OPEB of \$73,289 and a beginning net OPEB liability of \$1,520,494 for the business-type activities and sewer fund.

NOTE P – CONDUIT DEBT OBLIGATION

Kent County has participated in the issuance of several private activity revenue bonds for the purpose of capital financing to unrelated third parties. Kent County has no obligation for such debt beyond the resources provided by related loan agreements on whose behalf the bonds were issued. In each case Kent County has assigned the loan agreements to the bondholders, and has not included the bonds or the loans receivable in its financial statements.

On June 30, 2018, the balances of the outstanding bonds were as follows:

<u>Bond</u>	<u>Issue Amount</u>	<u>Balance Outstanding June 30, 2018</u>
1984 Single Family Residential Mortgage	\$ 25,395,575	\$ 5,000
1997 Wesley College	3,500,000	228,361
1999 Wesley College	1,250,000	235,949
1999 Dover ALF, LLC "Heritage"	7,500,000	4,990,000
2005 Wesley College	2,900,000	499,067
2008A, 2008B Providence Creek Academy Charter School	13,150,000	6,230,000
2011 Charter School, Inc.	3,930,000	3,395,000
2016 Kent County Regional Sports Complex	20,760,000	20,760,000
2018A DSU Student Housing and Dining Facility	70,160,000	70,160,000
2018B DSU Student Housing and Dining Facility	525,000	525,000
Total	<u>\$ 149,070,575</u>	<u>\$ 107,028,377</u>

NOTE Q – TAX ABATEMENTS

The Levy Court of Kent County enters into abatement of Kent County real estate taxes for certain qualifying industries and businesses. The authority to establish the Tax Abatement Program is granted to the Levy Court of Kent County by Article VIII, Section 1 of the Constitution of the State of Delaware. The County Real Estate Tax Abatement Program is applicable only to real estate taxes imposed by Kent County. The purpose of the abatements is to provide incentives for qualifying industries and businesses to expand or locate in Kent County, thereby creating new employment opportunities for the citizens of Kent County and ultimately strengthening the County’s tax base.

For the fiscal year ended June 30, 2018, the County abated property taxes totaling \$1,240. The tax abatement agreements are as follows:

- A 10 percent property tax abatement for an addition to a casino. The abatement amounted to \$958.
- A 30 percent property tax abatement to a convenience store for land and a building. The abatement amounted to \$282.

NOTE R – SUBSEQUENT EVENTS

On August 21, 2018, the Levy Court Commissioners approved the agreement of sale for a property in the amount of \$180,000 for the purpose of creating another paramedic station on the west side of Kent County.

On September 11, 2018, the Levy Court Commissioners accepted the funding offers from the State of Delaware Department of Natural Resources and Environmental Control's Delaware Clean Water and Drinking State Revolving Fund (SRF) in the amount of \$2,423,100, and the United States Department of Agriculture Rural Development in the amount of \$3,581,655 for the US Route 13 Sliplining Forcemain Rehabilitation Project.

On September 18, 2018, the Levy Court Commissioners approved Change Order #7 to the General Labor and Equipment Contract in the amount of \$250,000.

The County has evaluated all subsequent events through December 19, 2018, the date the financial statements were available to be issued.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIOS AND INVESTMENT RETURNS

	Measurement Date			
	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Total Pension Liability				
Service cost	\$ 1,022,745	\$ 937,737	\$ 827,074	\$ 1,033,726
Interest on total pension liability	4,030,916	3,677,882	3,398,722	2,852,131
Differences between expected and actual experience	251,213	(15,793)	(31,129)	485,747
Changes of assumptions	1,456,423	3,747,942	1,426,791	3,771,993
Benefit payments, including refunds of member contributions	(2,488,271)	(2,300,696)	(2,184,547)	(2,052,529)
Net change in total pension liability	4,273,026	6,047,072	3,436,911	6,091,068
Total pension liability, beginning	52,233,204	46,186,132	42,749,221	36,658,153
Total pension liability, ending (a)	56,506,230	52,233,204	46,186,132	42,749,221
Fiduciary Net Position				
Employer contributions	1,979,945	1,634,883	1,416,774	1,314,726
Member contributions	186,515	187,079	156,272	163,928
Net investment income	5,830,044	2,314,335	158,235	2,358,943
Benefit payments, including refunds of member contributions	(2,488,271)	(2,300,696)	(2,184,547)	(2,052,529)
Administrative expenses	(54,070)	(33,546)	(36,842)	(190,972)
Net change in plan fiduciary net position	5,454,163	1,802,055	(490,108)	1,594,096
Fiduciary net position, beginning	34,942,834	33,140,779	33,630,887	32,036,791
Fiduciary net position, ending (b)	\$ 40,396,997	\$ 34,942,834	\$ 33,140,779	\$ 33,630,887
Net pension liability, ending = (a) - (b)	\$ 16,109,233	\$ 17,290,370	\$ 13,045,353	\$ 9,118,334
Fiduciary net position as a % of total pension liability	71.49%	66.90%	71.75%	78.67%
Covered payroll	14,633,137	14,428,663	14,111,982	13,578,928
Net pension liability as a % of covered payroll	110.09%	119.83%	92.44%	67.15%
Annual money weighted rate of return, net of investment expense	8.29%	11.43%	2.18%	2.36%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

*The "Change of assumptions" item represents the change in actuarial funding method from the projected unit credit method to the individual entry age normal method, level as a percentage of pay.

Pension Funded Status and Funding Progress

The following required supplementary information is provided with regard to the pension funding progress. The County has annual valuations of the pension fund. The schedule presents the last ten completed valuations covering ten years.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll as of the Actuarial Valuation Year	Contribution as a Percentage of Covered Payroll
2008	\$ 1,221,003	\$ 1,221,003	-	\$ 10,529,866	11.60%
2009	1,221,003	1,530,881	(309,878)	10,529,866	14.54%
2010	2,017,159	2,017,159	-	12,645,748	15.95%
2011	1,419,590	1,434,253	(14,663)	12,031,063	11.92%
2012	1,391,962	1,391,962	-	12,081,149	11.52%
2013	1,334,642	1,334,642	-	12,687,170	10.52%
2014	1,265,985	1,332,476	(66,491)	13,186,023	10.11%
2015	1,409,118	1,416,774	(7,656)	13,470,257	10.52%
2016	1,514,391	1,634,883	(120,492)	13,578,928	12.04%
2017	1,983,504	1,983,504	-	14,111,982	14.06%
2018	2,544,116	2,556,190	(12,074)	14,428,663	17.72%

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

Valuation Date:	January 1, 2018
Actuarial Cost Method:	Entry Age Cost Method- Percent of Pay
Amortization Method:	20-year closed amortization of Unfunded Accrued Liability (Fresh start at 1/1/2017)
Remaining amortization period:	20 years
Asset valuation method:	Gains or losses on the Market Value of Assets are recognized over five years, subject to a 20% corridor around the Market Value of Assets
Actuarial assumptions:	
Investment rate of return:	7.50%, net of investment expenses
Discount rate:	7.50%
Projected salary increases:	Age-graded scale ranging from 5.50% to 3.00% per annum
Cost of living adjustments:	0.00%
Mortality Tables:	
Healthy:	RP-2014 Total Mortality Table with fully generational improvements projected from 2006 based on assumptions from the Social Security Administration's 2017 Trustee's Report
Disabled:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on assumptions from the Social Security Administration's 2017 Trustee's Report

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	Measurement Date June 30, 2018
Total OPEB Liability	
Service cost	\$ 692,587
Interest on total OPEB liability	1,752,033
Differences between expected and actual experience	5,566,019
Changes of assumptions	877,054
Benefit payments, including refunds of member contributions	<u>(873,799)</u>
Net change in total OPEB liability	8,013,894
Total OPEB liability, beginning	<u>22,343,038</u>
Total OPEB liability, ending (a)	<u>30,356,932</u>
Fiduciary Net Position	
Employer contributions	1,366,633
Net investment income	1,099,278
Benefit payments	(873,799)
Administrative expenses	<u>(5,571)</u>
Net change in plan fiduciary net position	1,586,541
Fiduciary net position, beginning	<u>15,749,065</u>
Fiduciary net position, ending (b)	<u>\$ 17,335,606</u>
Net OPEB liability, ending = (a) - (b)	<u>\$ 13,021,326</u>
Fiduciary net position as a % of total OPEB liability	57.11%
Covered payroll	15,106,839
Net OPEB liability as a % of covered payroll	86.19%
Annual money weighted rate of return, net of investment expense	6.96%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

OPEB Funded Status and Funding Progress

The following required supplementary information is provided with regard to the OPEB funding progress. The County has biennial valuations of the OPEB fund. The schedule presents the last ten completed valuations covering ten years.

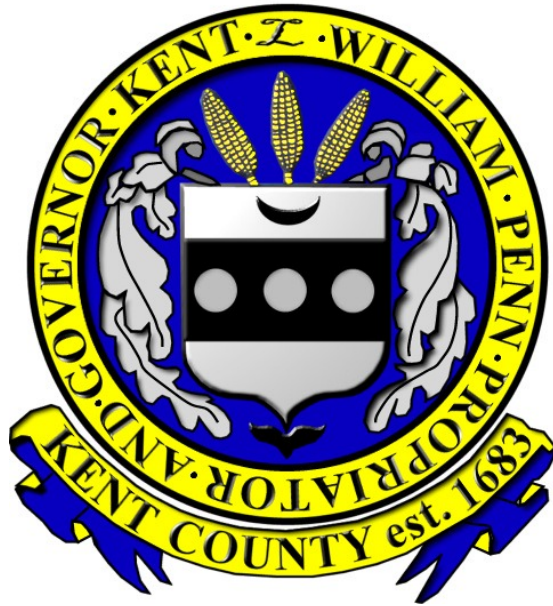
Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll as of the Actuarial Valuation Year	Contribution as a Percentage of Covered Payroll
2009	475,000	475,000	-	10,529,866	4.51%
2010	630,976	630,976	-	12,645,748	4.99%
2011	630,976	630,976	-	12,081,049	5.22%
2012	661,025	661,025	-	12,081,149	5.47%
2013	661,025	661,025	-	13,186,023	5.01%
2014	616,016	616,016	-	13,186,023	4.67%
2015	616,016	616,016	-	13,470,257	4.57%
2016	785,111	785,111	-	13,470,257	5.83%
2017	785,111	785,111	-	14,595,980	5.38%
2018	1,318,229	1,366,633	(48,404)	15,106,839	9.05%

Notes to Schedule

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	30 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.50%, net of investment expenses, including inflation
Projected salary increases:	3.5% per year
Inflation Rate:	3.0% per year
Retirement age	In the 2018 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	7.0 percent initial, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent
Mortality Tables:	RP-2000 Combined Mortality Table with mortality improvement projected to 2016 using Scale AA



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KENT COUNTY, DELAWARE

COMBINING BALANCE SHEET
NON-MAJOR
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
ASSETS			
Cash and Investments	\$ 20,322	\$ 160,194	\$ 180,516
Due from Other Governments	1,250	-	1,250
Total Assets	<u>\$ 21,572</u>	<u>\$ 160,194</u>	<u>\$ 181,766</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 21,572	\$ 363	\$ 21,935
Unearned Revenue	-	11,778	11,778
Total Liabilities	<u>21,572</u>	<u>12,141</u>	<u>33,713</u>
Fund Balances:			
Restricted:			
Capital Projects	-	148,053	148,053
Total Fund Balances	<u>-</u>	<u>148,053</u>	<u>148,053</u>
Total Liabilities and Fund Balances	<u>\$ 21,572</u>	<u>\$ 160,194</u>	<u>\$ 181,766</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Farmer's Home Administration Grant</u>	<u>Aeropark Fund</u>	
REVENUES			
Grants	\$ 18,812	\$ -	\$ 18,812
Investment Income	-	1,694	1,694
Other Revenues	-	22,890	22,890
Total Revenues	<u>18,812</u>	<u>24,584</u>	<u>43,396</u>
EXPENDITURES			
Current:			
Planning Services	18,812	-	18,812
Economic Development	-	2,097	2,097
Total Expenditures	<u>18,812</u>	<u>2,097</u>	<u>20,909</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>22,487</u>	<u>22,487</u>
Net Change in Fund Balances	-	22,487	22,487
Fund Balances at Beginning of Year	<u>-</u>	<u>125,566</u>	<u>125,566</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 148,053</u>	<u>\$ 148,053</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 815,697	\$ 716,960	\$ -	\$ 1,532,657
Receivables				
Fees and Services	1,052,102	-	61,353	1,113,455
Due From Other Funds	-	-	139,371	139,371
Total Current Assets	<u>1,867,799</u>	<u>716,960</u>	<u>200,724</u>	<u>2,785,483</u>
Non-Current Assets:				
Capital Assets, Net				
Land	3,000	-	-	3,000
Equipment and Furniture	-	-	-	-
Total Non-Current Assets	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total Assets	<u>1,870,799</u>	<u>716,960</u>	<u>200,724</u>	<u>2,788,483</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	57,711	-	-	57,711
Due to Other Funds	18,106	764	5,181	24,051
Other Liabilities	1,369	-	-	1,369
Unearned Revenue	1,017,557	162,940	60,886	1,241,383
Total Liabilities	<u>1,094,743</u>	<u>163,704</u>	<u>66,067</u>	<u>1,324,514</u>
NET POSITION				
Investment in Capital Assets	3,000	-	-	3,000
Unrestricted	773,056	553,256	134,657	1,460,969
Total Net Position	<u>\$ 776,056</u>	<u>\$ 553,256</u>	<u>\$ 134,657</u>	<u>\$ 1,463,969</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 NON-MAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
OPERATING REVENUES				
Fees for Services	\$ 1,028,958	\$ -	\$ 54,908	\$ 1,083,866
Other Revenue	-	2,304	-	2,304
Total Operating Revenues	<u>1,028,958</u>	<u>2,304</u>	<u>54,908</u>	<u>1,086,170</u>
OPERATING EXPENSES				
Salaries and Benefits	128,438	-	-	128,438
Contractual Services	-	3,856	-	3,856
Utilities	823,113	-	-	823,113
Maintenance, Parts and Supplies	105	-	5,978	6,083
Vehicle Expense	814	-	-	814
Operating Insurance and Indirect Costs	50,982	4,722	-	55,704
Depreciation Expense	-	1,095	-	1,095
Total Operating Expenses	<u>1,003,452</u>	<u>9,673</u>	<u>5,978</u>	<u>1,019,103</u>
Operating Income (Loss)	<u>25,506</u>	<u>(7,369)</u>	<u>48,930</u>	<u>67,067</u>
NON-OPERATING REVENUES				
Interest and Dividends	12,512	7,045	-	19,557
Total Non-Operating Revenues	<u>12,512</u>	<u>7,045</u>	<u>-</u>	<u>19,557</u>
Net Income (Loss)	38,018	(324)	48,930	86,624
Net Position at Beginning of Year	<u>738,038</u>	<u>553,580</u>	<u>85,727</u>	<u>1,377,345</u>
Net Position at End of Year	<u>\$ 776,056</u>	<u>\$ 553,256</u>	<u>\$ 134,657</u>	<u>\$ 1,463,969</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 1,028,932	\$ -	\$ 3,973	\$ 1,032,905
Payments to Suppliers	(810,599)	(3,856)	(7,128)	(821,583)
Internal Activity - Payment to Other Funds	(181,288)	(5,350)	3,155	(183,483)
Net Cash Provided (Used) by Operating Activities	<u>37,045</u>	<u>(9,206)</u>	<u>-</u>	<u>27,839</u>
Cash Flows From Investing Activities:				
Interest and Dividends	12,512	7,045	-	19,557
Net Cash Provided By Investing Activities	<u>12,512</u>	<u>7,045</u>	<u>-</u>	<u>19,557</u>
Net Increase (Decrease) In Cash and Cash Equivalents	49,557	(2,161)	-	47,396
Cash and Cash Equivalents at Beginning of Year	766,139	719,122	-	1,485,261
Cash and Cash Equivalents at End of Year	<u>\$ 815,696</u>	<u>\$ 716,961</u>	<u>\$ -</u>	<u>\$ 1,532,657</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 25,506	\$ (7,369)	\$ 48,930	\$ 67,067
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	1,095	-	1,095
Change in Assets and Liabilities:				
(Increase) in Accounts Receivable	(10,052)	-	(1,461)	(11,513)
(Increase) Decrease in Due From Other Funds	-	-	(54,894)	(54,894)
Increase in Accounts Payable	13,615	-	(1,150)	12,465
Increase (Decrease) in Unearned Revenue	10,026	(2,304)	5,420	13,142
(Decrease) in Due To Other Funds	(2,050)	(628)	3,155	477
Net Cash Provided (Used) by Operating Activities	<u>\$ 37,045</u>	<u>\$ (9,206)</u>	<u>\$ -</u>	<u>\$ 27,839</u>



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KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>	<u>Total</u>
ASSETS			
Restricted Assets:			
Receivables			
Interest	\$ 7,072	\$ -	\$ 7,072
Investments	<u>41,659,684</u>	<u>17,332,824</u>	<u>58,992,508</u>
Total Assets	<u>41,666,756</u>	<u>17,332,824</u>	<u>58,999,580</u>
LIABILITIES			
Accounts Payable	<u>27,357</u>	<u>-</u>	<u>27,357</u>
Total Liabilities	<u>27,357</u>	<u>-</u>	<u>27,357</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	41,639,399	-	41,639,399
Post Retiree Benefits	<u>-</u>	<u>17,332,824</u>	<u>17,332,824</u>
Total Net Position	<u>\$ 41,639,399</u>	<u>\$ 17,332,824</u>	<u>\$ 58,972,223</u>

KENT COUNTY, DELAWARE

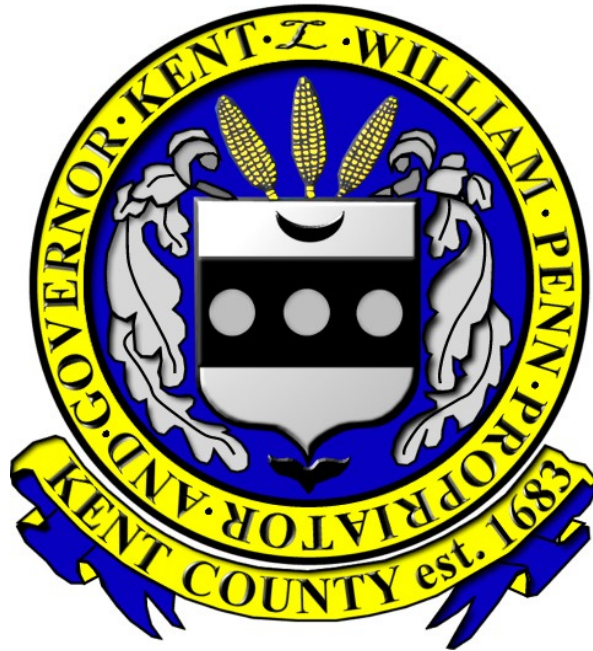
**COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Pension Fund	Post Retiree Benefits Fund	Total
ADDITIONS			
Employee Contributions	\$ 186,970	\$ -	\$ 186,970
Employer Contributions	2,556,190	1,366,633	3,922,823
Interest and Dividends	165,718	383,034	548,752
Net Appreciation (Depreciation) in Fair Value of Investments	3,052,340	716,243	3,768,583
Total Additions	5,961,218	2,465,910	8,427,128
DEDUCTIONS			
Pension Benefits	2,604,518	-	2,604,518
OPEB Benefits	-	871,057	871,057
Administrative Expense	181,760	5,571	187,331
Total Deductions	2,786,278	876,628	3,662,906
Change In Net Position	3,174,940	1,589,282	4,764,222
Net Position - Beginning of Year	38,464,459	15,743,542	54,208,001
Net Position - End of Year	\$ 41,639,399	\$ 17,332,824	\$ 58,972,223



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STATISTICAL SECTION



This section includes the following:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

This part of Kent County, Delaware’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

<u>Contents</u>	<u>Table No.</u>
Financial Trends These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	1 - 5
Revenue Capacity These schedules contain information to help the reader assess the County’s most significant local revenue source, property tax.	6 - 9
Debt Capacity These schedules present information to help the reader assess the affordability of the County’s current level of outstanding debt and the County’s ability to issue additional debt in the future.	10 - 13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the Reader understand the environment within which the County’s financial activities take place.	14 - 15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	16 - 18

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 1

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$31,337,025	\$32,299,538	\$31,840,271	\$28,120,342	\$26,796,027	\$26,409,608	\$26,191,732	\$27,059,292	\$28,024,547	\$24,988,682
Restricted	6,348,541	5,411,163	6,221,445	9,075,766	404,953	23,671	23,086	22,877	22,634	22,600
Unrestricted	37,620,072	39,960,075	38,582,912	39,241,698	50,922,050	48,943,093	46,885,192	44,408,109	39,876,779	41,806,609
Total governmental activities net position	75,305,638	77,670,776	76,644,628	76,437,806	78,123,030	75,376,372	73,100,010	71,490,278	67,923,960	66,817,891
Business-type activities										
Net investment in capital assets	73,083,701	76,060,519	75,749,480	71,807,718	64,175,064	62,872,401	63,138,398	64,425,631	68,925,330	65,974,904
Restricted	32,270,031	33,217,050	30,453,228	26,023,719	23,950,883	22,219,615	20,271,140	18,752,358	16,944,660	16,884,115
Unrestricted	21,287,666	15,734,797	17,174,215	14,541,838	22,521,945	22,420,495	20,391,290	17,729,882	8,800,775	4,600,775
Total business-type activities net position	126,641,398	125,012,366	123,376,923	112,373,275	110,647,892	107,512,511	103,800,828	100,907,871	94,670,765	87,459,794
Primary government										
Net investment in capital assets	104,420,726	108,360,057	107,589,751	99,928,060	90,971,091	89,282,009	89,330,130	91,484,923	96,949,877	90,963,586
Restricted	38,618,572	38,628,213	36,674,673	35,099,485	24,355,836	22,243,286	20,294,226	18,775,235	16,967,294	16,906,715
Unrestricted	58,907,738	55,694,872	55,757,127	53,783,536	73,443,995	71,363,588	67,276,482	62,137,991	48,677,554	46,407,384
Total primary government activities net position	\$201,947,036	\$202,683,142	\$200,021,551	\$188,811,081	\$188,770,922	\$182,888,883	\$176,900,838	\$172,398,149	\$162,594,725	\$154,277,685

2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

**KENT COUNTY, DELAWARE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Table 2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$2,942,129	\$3,598,230	\$3,470,183	\$2,751,768	\$2,304,636	\$2,567,923	\$2,686,660	\$1,840,974	\$1,903,496	\$2,157,269
Special grants/programs	1,906,961	2,029,897	2,029,654	2,129,742	1,857,709	1,641,823	1,502,929	1,692,586	1,927,973	1,786,920
Community services	4,614,095	4,689,550	3,803,046	3,650,644	3,546,729	3,468,400	3,431,036	3,368,496	3,564,687	3,850,937
Planning services	5,996,208	5,825,458	5,748,165	5,532,350	5,321,429	5,234,297	5,862,709	6,208,631	6,822,174	5,663,677
Public safety	10,967,163	10,162,928	9,073,597	8,674,656	8,315,276	8,193,571	7,768,023	7,453,153	7,526,098	7,162,412
Row offices	2,107,468	1,926,973	1,896,476	1,861,280	1,690,769	1,660,824	1,754,050	2,439,171	2,546,828	2,890,004
Economic development	156,026	358,382	1,555,085	287,819	44,180	372,300	751,348	38,589	107,009	42,672
Amortization	0	-	-	53,254	1,856	1,854	5,068	5,068	5,068	(5,068)
Interest on long-term debt	240,105	215,890	185,646	211,113	229,542	235,652	241,405	246,579	251,220	265,402
Total governmental activities expenses	<u>28,930,155</u>	<u>28,807,308</u>	<u>27,761,852</u>	<u>25,152,626</u>	<u>23,312,126</u>	<u>23,376,644</u>	<u>24,003,228</u>	<u>23,293,247</u>	<u>24,654,553</u>	<u>23,814,225</u>
Business-type activities:										
Sewer	22,257,349	19,963,041	18,231,919	18,243,107	17,311,372	17,363,894	16,714,840	14,989,176	14,622,459	14,542,919
Street light	1,003,452	963,961	934,377	907,738	888,610	851,575	776,190	776,486	705,241	665,831
Trash	4,265,251	3,727,545	3,276,419	3,403,712	2,912,322	2,689,799	2,546,791	3,085,820	2,459,084	2,375,365
Landfill	9,673	10,680	9,804	10,031	23,087	32,746	33,205	39,052	39,483	35,402
Storm water maintenance	5,978	6,792	3,201	-	-	-	-	-	-	-
Total business-type activities expenses	<u>27,541,703</u>	<u>24,672,019</u>	<u>22,455,720</u>	<u>22,564,588</u>	<u>21,135,391</u>	<u>20,938,014</u>	<u>20,071,026</u>	<u>18,890,534</u>	<u>17,826,267</u>	<u>17,619,517</u>
Total primary government expenses	<u>56,471,858</u>	<u>53,479,327</u>	<u>50,217,572</u>	<u>47,717,214</u>	<u>44,447,517</u>	<u>44,314,658</u>	<u>44,074,254</u>	<u>42,183,781</u>	<u>42,480,820</u>	<u>41,433,742</u>

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2018 Comprehensive Annual Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2 continued

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$255,705	\$138,060	\$152,376	\$196,071	\$196,628	\$187,643	\$254,311	\$108,312	\$97,626	\$8,969
Community services	613,588	398,375	336,659	346,469	348,512	377,566	361,137	349,117	433,878	393,005
Planning services	1,731,555	1,483,054	1,919,683	1,536,031	1,632,163	1,765,755	1,506,644	1,376,389	1,469,030	1,512,253
Public safety	152,775	158,434	147,129	178,588	136,013	144,150	93,183	95,535	104,685	91,218
Row offices	6,284,633	6,722,664	5,674,004	5,449,361	5,516,750	5,378,605	6,160,251	5,828,393	4,323,923	4,480,285
Economic development	22,890	22,890	22,890	-	-	-	-	18,377	48,798	15,898
Operating grants and contributions	2,282,169	3,205,518	2,967,151	3,349,706	2,903,651	2,653,780	3,144,797	3,508,723	4,193,344	3,106,337
Capital grants and contributions	17,625	42,602	164,259	80,210	311,482	215,350	38,050	32,992	977,603	464,811
Total governmental activities program revenues	<u>11,360,940</u>	<u>12,171,597</u>	<u>11,384,151</u>	<u>11,136,436</u>	<u>11,045,199</u>	<u>10,722,849</u>	<u>11,558,373</u>	<u>11,317,838</u>	<u>11,648,887</u>	<u>10,072,776</u>
Business-type activities:										
Charges for services:										
Sewer	18,497,652	16,916,517	17,017,132	16,988,415	17,170,963	15,693,959	14,956,540	14,110,335	15,677,597	13,409,064
Street light	1,028,958	971,634	921,826	943,856	914,032	887,352	839,036	793,836	763,401	740,835
Trash	4,450,854	3,498,900	3,418,268	3,319,649	3,146,646	3,051,370	2,981,336	2,650,636	2,574,517	2,514,303
Landfill	2,304	2,204	1,725	1,546	9,282	-	-	-	-	-
Storm water maintenance	54,908	67,160	28,560	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	21,634	10,450	-	-	-	122,495	-
Capital grants and contributions	5,525,059	4,866,348	11,917,096	3,729,501	2,910,387	4,858,524	4,154,892	7,164,748	5,799,309	6,198,709
Total business-type activities program revenues	<u>29,559,735</u>	<u>26,322,763</u>	<u>33,304,607</u>	<u>25,004,601</u>	<u>24,161,760</u>	<u>24,491,205</u>	<u>22,931,804</u>	<u>24,719,555</u>	<u>24,937,319</u>	<u>22,862,911</u>
Total primary government program revenues	<u>40,920,675</u>	<u>38,494,360</u>	<u>44,688,758</u>	<u>36,141,037</u>	<u>35,206,959</u>	<u>35,214,054</u>	<u>34,490,177</u>	<u>36,037,393</u>	<u>36,586,206</u>	<u>32,935,687</u>
Net (Expense) Revenue										
Governmental activities	(17,569,215)	(16,635,711)	(16,377,701)	(14,016,190)	(12,266,927)	(12,653,795)	(12,444,855)	(11,975,409)	(13,005,666)	(13,741,449)
Business-type activities	2,018,032	1,650,744	10,848,887	2,440,013	3,026,369	3,553,191	2,860,778	5,829,021	7,111,052	5,243,394
Total primary government net (expense) revenue	<u>(\$15,551,183)</u>	<u>(\$14,984,967)</u>	<u>(\$5,528,814)</u>	<u>(\$11,576,177)</u>	<u>(\$9,240,558)</u>	<u>(\$9,100,604)</u>	<u>(\$9,584,077)</u>	<u>(\$6,146,388)</u>	<u>(\$5,894,614)</u>	<u>(\$8,498,055)</u>

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2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2 continued

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	11,533,734	11,310,977	11,141,185	10,990,802	10,819,104	10,648,373	10,477,267	10,704,349	10,588,984	8,422,296
Real estate transfer tax	5,472,284	4,990,351	4,493,193	4,210,416	3,462,321	3,541,753	3,021,612	2,605,293	2,788,504	3,069,250
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,014	270,015	270,015	326,606	257,270	266,717
Investment earnings	793,735	356,483	189,852	125,051	120,856	135,365	98,332	137,384	196,105	320,577
Other revenues including capital asset sales gains/losses	606,896	606,596	490,278	337,259	341,290	402,129	383,653	471,596	280,872	204,511
Interfund Transfers	-	127,437	-	-	-	-	-	-	-	-
Total governmental activities	18,676,664	17,661,859	16,584,523	15,933,543	15,013,585	14,997,635	14,250,879	14,245,228	14,111,735	12,283,351
Business-type activities:										
Investment earnings	644,171	288,692	137,182	90,172	96,152	124,495	32,179	61,950	85,834	185,570
Other revenues including capital asset sales gains/losses	7,544	(176,556)	17,579	244,056	12,860	177,085	-	(11,064)	14,085	(187)
Interfund Transfers	-	(127,437)	-	-	-	-	-	-	-	-
Total business-type activities	651,715	(15,301)	154,761	334,228	109,012	301,580	32,179	50,886	99,919	185,383
Total primary government	\$19,328,379	\$17,646,558	\$16,739,284	\$16,267,771	\$15,122,597	\$15,299,215	\$14,283,058	\$14,296,114	\$14,211,654	\$12,468,734
Change in Net Position										
Governmental activities	1,107,449	1,026,148	206,822	1,917,353	2,746,658	2,343,840	1,806,024	2,269,819	1,106,069	(1,458,098)
Business-type activities	2,669,747	1,635,443	11,003,648	2,774,241	3,135,381	3,854,771	2,892,957	5,879,907	7,210,971	5,428,777
Total primary government	\$3,777,196	\$2,661,591	\$11,210,470	\$4,691,594	\$5,882,039	\$6,198,611	\$4,698,981	\$8,149,726	\$8,317,040	\$3,970,679

2018 Comprehensive Annual Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	-	-	-	-	-	-	-	-	\$22,634	\$22,600
Unreserved	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	31,162,323	29,639,959
Total general fund	-	-	-	-	-	-	-	-	31,184,957	29,662,559
All Other Governmental Funds										
Unreserved	-	-	-	-	-	-	-	-	8,445,165	12,034,863
Total all other governmental funds	-	-	-	-	-	-	-	-	\$8,445,165	\$12,034,863
General Fund										
Nonspendable	\$710,455	\$129,567	\$728,533	\$164,537	\$78,798	\$95,869	\$153,412	\$82,143	-	-
Restricted	834,869	414,356	405,211	324,878	404,953	346,655	279,923	22,877	-	-
Committed	-	-	-	466,377	411,903	334,640	161,640	-	-	-
Assigned	3,910,386	3,398,061	4,444,372	1,926,174	1,518,454	1,575,954	1,776,404	454,000	-	-
Unassigned	44,192,539	42,742,751	37,779,156	39,436,838	40,422,288	37,664,228	35,048,646	33,259,590	-	-
Total general fund	49,648,249	46,684,735	43,357,272	42,318,804	42,836,396	40,017,346	37,420,025	33,818,610	-	-
All Other Governmental Funds										
Nonspendable	\$77,319	\$24,324	\$8,374	\$6,403	\$39,102	\$6,589	-	-	-	-
Restricted	5,513,672	4,996,806	5,816,234	8,750,888	6,954,041	7,731,038	8,120,447	9,111,856	-	-
Unassigned	(69,709)	(21,977)	-	-	-	-	-	-	-	-
Total all other governmental funds	\$5,521,282	\$4,999,153	\$5,824,608	\$8,757,291	\$6,993,143	\$7,737,627	\$8,120,447	\$9,111,856	-	-

Note: GASB 54 was implemented in 2011, the previous years' data for new categories is not available

2018 Comprehensive Annual Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property taxes	\$11,505,642	\$11,285,174	\$11,169,794	\$11,006,897	\$10,800,038	\$10,628,512	\$10,437,042	\$10,636,178	\$10,446,328	\$8,363,266
Real estate transfer tax	5,472,284	4,990,351	4,493,193	4,210,416	3,462,321	3,541,753	3,021,612	2,605,293	2,788,504	3,069,250
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,014	270,015	270,015	326,606	257,270	266,717
Grant	2,299,793	3,248,120	3,131,410	3,429,917	3,215,133	2,869,129	3,182,848	3,541,715	5,170,947	3,571,148
Fees for services	9,059,311	8,879,574	8,000,868	7,600,583	7,584,720	7,559,452	8,121,584	7,657,438	6,246,784	6,465,036
Investment income	785,556	355,562	189,768	125,050	120,780	135,209	98,244	137,332	196,023	315,258
Rental income	23,186	23,206	25,214	23,186	23,186	23,186	23,186	23,186	23,186	23,186
Other revenues	585,059	572,647	634,623	382,934	533,503	558,597	518,120	509,595	430,080	199,814
Total revenues	30,000,846	29,624,649	27,914,885	27,048,998	26,009,695	25,585,853	25,672,651	25,437,343	25,559,122	22,273,675
Expenditures										
General government	2,508,994	2,619,095	2,449,734	2,298,729	2,146,936	2,006,474	2,161,774	1,254,207	1,225,242	1,478,311
Special grants and programs	1,906,961	2,029,897	2,029,654	2,129,742	1,857,709	1,641,823	1,502,929	1,692,586	1,927,973	1,786,920
Community services	3,722,941	3,919,945	3,364,778	3,286,031	3,219,480	3,139,070	3,123,137	3,002,012	3,277,193	3,680,715
Planning services	5,687,054	5,531,576	5,574,143	5,429,838	5,305,694	5,265,108	5,856,408	6,194,664	6,758,693	5,617,129
Public safety	9,828,269	9,159,617	8,397,723	8,167,844	7,999,004	8,003,221	7,415,340	7,063,764	7,071,108	6,870,332
Row offices	1,879,958	1,811,765	1,746,378	1,775,271	1,686,840	1,626,109	1,783,031	2,453,329	2,508,274	2,952,400
Economic development	156,026	358,382	1,555,085	287,819	44,180	372,300	751,348	38,589	107,009	42,672
Debt service:										
Bond Issue Costs	-	-	-	53,254	-	-	-	-	-	-
Principal	486,119	507,516	454,545	166,729	161,523	157,236	150,347	145,140	140,854	138,250
Interest and fiscal charges	259,947	235,138	200,693	242,113	231,584	237,592	243,149	248,151	252,595	256,444
Capital outlay	78,934	1,077,147	9,036,367	2,146,144	1,282,179	922,419	75,182	44,557	4,357,481	619,755
Total expenditures	26,515,203	27,250,078	34,809,100	25,983,514	23,935,129	23,371,352	23,062,645	22,136,999	27,626,422	23,442,928
Excess of revenues over (under) expenditures	3,485,643	2,374,571	(6,894,215)	1,065,484	2,074,566	2,214,501	2,610,006	3,300,344	(2,067,300)	(1,169,253)
Other Financing Sources (Uses)										
Transfers in	1,314,214	1,522,811	3,454,710	4,786,473	867,809	1,277,547	521,671	1,695,003	706,731	1,567,215
Proceeds from Loan	-	-	5,000,000	-	-	-	-	-	-	-
Proceeds from Bond Issuance	-	-	-	4,524,126	-	-	-	-	-	-
Bond Premium	-	-	-	393,830	-	-	-	-	-	-
Payments to Refunding Agent	-	-	-	(4,736,884)	-	-	-	-	-	-
Transfers out	(1,314,214)	(1,395,374)	(3,454,710)	(4,786,473)	(867,809)	(1,277,547)	(521,671)	(1,695,003)	(706,731)	(1,567,215)
Total other financing sources (uses)	0	127,437	5,000,000	181,072	-	-	-	-	-	-
Net change in fund balances	\$3,485,643	\$2,502,008	(\$1,894,215)	\$1,246,556	\$2,074,566	\$2,214,501	\$2,610,006	\$3,300,344	(\$2,067,300)	(\$1,169,253)
Debt service as a percentage of noncapital expenditures	2.82%	2.84%	2.54%	1.94%	1.74%	1.76%	1.71%	1.78%	1.69%	1.73%

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KENT COUNTY, DELAWARE
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 5

Fiscal Year	Property Tax	Real Estate Transfer Tax (1)	Total
2018	\$ 11,505,642	\$ 5,472,284	\$ 16,977,926
2017	11,285,174	4,990,351	16,275,525
2016	11,169,794	4,493,193	15,662,987
2015	11,006,897	4,210,416	15,217,313
2014	10,800,038	3,462,321	14,262,359
2013	10,628,512	3,541,753	14,170,265
2012	10,437,042	3,021,612	13,458,654
2011	10,636,178	2,605,293	13,241,471
2010	10,446,328	2,788,504	13,234,832
2009	8,363,266	3,069,250	11,432,516

Note:

(1) Real estate transfer tax is 1.5% of selling price of real estate sold

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KENT COUNTY, DELAWARE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)
2018	\$ 3,669,155,500	\$ 89,494,550	\$ 3,579,660,950	0.30	N/A
2017	3,605,299,600	83,266,434	3,522,033,166	0.30	N/A
2016	3,544,204,100	76,560,568	3,467,643,532	0.30	N/A
2015	3,491,974,200	75,597,936	3,416,376,264	0.30	N/A
2014	3,437,231,100	74,558,083	3,362,673,017	0.30	N/A
2013	3,377,856,800	65,688,100	3,312,168,700	0.30	N/A
2012	3,328,644,200	65,825,600	3,262,818,600	0.30	N/A
2011	3,260,424,500	73,702,700	3,186,721,800	0.31	N/A
2010	3,247,024,800	70,311,000	3,176,713,800	0.31	N/A
2009	3,131,607,800	53,219,800	3,078,388,000	0.25	N/A

Source: Assessment Division and Tax Office, Kent County Levy Court, Delaware

Notes:

(1) Total direct tax rate represents basic County tax rate per \$100

(2) Property in the County is not reassessed annually, therefore the estimated actual value is not available

(3) All taxable parcels in Kent County are valued as of the date of the last reassessment, which is June 1, 1987.

The taxable assessment is obtained by multiplying the 1987 market value by sixty percent (0.60).

KENT COUNTY, DELAWARE
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Table 7

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Direct										
County tax	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3100	\$0.3100	\$0.2500
Library tax (1)	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0370	0.0370	0.0370
Total Direct	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3470	\$0.3470	\$0.2870
School Districts										
Caesar Rodney	\$1.6050	\$1.5650	\$1.2350	\$1.2350	\$1.2450	\$1.2450	\$1.2200	\$1.1650	\$1.1250	\$1.1250
Capital	1.7942	1.8065	1.8115	1.8215	1.8500	1.9090	1.8320	1.7685	1.5435	1.4800
Lake Forest	1.6531	1.4745	1.4498	1.4257	1.3163	1.1569	1.1097	1.1112	1.1600	1.1898
Milford	1.7636	1.9077	1.2626	1.2308	1.2692	1.2165	1.2846	1.3088	1.2422	1.1661
Polytech	0.1522	0.1484	0.1415	0.1372	0.1372	0.1372	0.1351	0.1304	0.1219	0.1219
Smyrna	1.7317	1.7674	1.7835	1.6433	1.4161	1.3240	1.2716	1.2529	1.2600	1.1967
Woodbridge	1.3310	1.3310	1.3310	1.3340	1.3610	1.3720	1.2840	1.2090	1.2130	1.1090
Incorporated Areas										
Bowers Beach	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.3000	\$0.3000
Camden	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.2000	1.2000	0.9000
Cheswold	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Clayton	0.7500	0.7500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500
Dover	0.4050	0.4050	0.4050	0.3378	0.3378	0.3378	0.3378	0.3378	0.3300	0.3300
Farmington	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.5500	0.5500	0.5500
Felton	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.8100	0.7100	0.6100	0.6100
Frederica	1.2500	1.2500	1.2500	1.0000	1.0000	1.0000	0.7500	0.6500	0.6500	0.5200
Harrington	1.0600	1.0600	1.0600	1.0600	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
Hartly	0.7500	0.5000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Houston	0.1500	0.1500	0.1500	0.1500	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Kenton	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Leipsic	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.6500	0.6500
Little Creek	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Magnolia	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Milford	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Smyrna	0.4000	0.4000	0.4000	0.3600	0.3100	0.2900	0.2526	0.2526	0.2526	0.2526
Viola	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Woodside	0.4000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2500	0.2000
Wyoming	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000

Sources: Finance Department, Kent County Levy Court, Delaware; Delaware Economic Development Office, Incorporated Towns and Cities

Notes:

(1) The County library tax is charged to all areas of the County with the exception of Milford school district and the incorporated areas of Smyrna, Dover, and Harrington

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**KENT COUNTY, DELAWARE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 8

	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Dover Downs	\$46,627,200	1	1.30%	\$30,531,500	2	0.99%
Chesapeake Utilities	36,097,100	2	1.01%	37,307,200	1	1.21%
Delmarva Power & Light	34,817,200	3	0.97%	16,396,400	7	0.53%
Diamond State Telephone	19,407,900	4	0.54%	23,758,500	3	0.77%
Wal-Mart Stores	19,131,200	5	0.53%	21,332,300	5	0.69%
Dover Mall	18,671,900	6	0.52%	21,748,600	4	0.71%
Wal-Mart Real Estate Business	17,568,800	7	0.49%	17,060,400	6	0.55%
Dover International Speedway, Inc.	16,580,800	8	0.46%	16,368,600	8	0.53%
General Foods	14,034,700	9	0.39%	13,975,200	9	0.45%
Rudolph/Stephen Von Croy/Von Croy Family Trust	13,308,900	10	0.37%	11,808,400	10	0.38%
	\$236,245,700		6.60%	\$210,287,100		6.83%

Source: Assessment Division, Kent County Levy Court, Delaware

2018 Comprehensive Annual Financial Report for Kent County, Delaware
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**KENT COUNTY, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year	0	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2018	\$ 11,537,363	\$ 11,285,928	97.82%	\$ -	\$ 11,285,928	97.82%
2017	11,336,334	11,094,059	97.86%	140,022	11,234,081	99.10%
2016	11,156,441	10,903,302	97.73%	183,308	11,086,610	99.37%
2015	10,993,270	10,729,902	97.60%	212,379	10,942,281	99.54%
2014	10,823,058	10,521,723	97.22%	258,453	10,780,176	99.60%
2013	10,651,409	10,335,366	97.03%	278,874	10,614,240	99.65%
2012	10,479,907	10,144,374	96.80%	303,575	10,447,949	99.70%
2011	10,705,791	10,357,446	96.75%	318,261	10,675,707	99.72%
2010	10,591,765	10,248,753	96.76%	315,460	10,564,213	99.74%
2009	8,423,529	8,185,405	97.17%	218,599	8,404,004	99.77%

Source: Finance Department, Kent County Levy Court, Delaware

2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income (2)	Population	Debt per Capita
	General Obligation Bonds (1)	Note Payable	General Obligation Bonds (1)				
2018	\$ 4,160,550	\$ 4,238,266	\$ 50,220,821	\$ 58,619,637	0.80%	182,083	\$ 322
2017	4,416,675	4,489,548	52,448,629	61,354,852	0.88%	180,610	340
2016	4,664,771	4,770,256	53,530,384	62,965,411	0.94%	175,110	360
2015	4,910,860	-	49,472,214	54,383,074	0.82%	173,529	313
2014	4,868,378	-	42,397,946	47,266,324	0.75%	171,762	275
2013	5,028,045	-	43,999,246	49,027,291	0.79%	169,381	289
2012	5,183,427	-	44,204,816	49,388,243	0.81%	167,608	295
2011	5,331,920	-	45,125,231	50,457,151	0.87%	165,237	305
2010	5,475,206	-	21,246,636	26,721,842	0.46%	162,978	164
2009	5,614,206	-	15,644,445	21,258,651	0.39%	157,740	135

Source: Finance Department, Kent County Levy Court, Delaware

Population Source: Delaware Population Consortium Annual Population Projections

Notes:

(1) Includes unamortized bond premiums and bond discounts

(2) Personal income is presented in the demographic and economic information

2018 Comprehensive Annual Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 11

Fiscal Year	Taxable Assessed Value	General Obligation Bonds (1)	Percentage of General Obligation Bonds to Taxable Assessed Value	Population	Per Capita
2018	\$ 3,579,660,950	\$ 54,381,371	1.52%	182,083	\$ 299
2017	3,522,033,166	56,865,304	1.61%	180,610	315
2016	3,467,643,532	58,195,155	1.68%	175,110	332
2015	3,416,376,264	54,383,074	1.59%	173,529	313
2014	3,362,673,017	47,266,324	1.41%	171,762	275
2013	3,312,168,700	49,027,291	1.48%	169,381	289
2012	3,262,818,600	49,388,243	1.51%	167,608	295
2011	3,186,721,800	50,457,151	1.58%	165,237	305
2010	3,176,713,800	26,721,842	0.84%	162,978	164
2009	3,078,388,000	21,258,651	0.69%	157,740	135

Sources: Assessment Division and Finance Department, Kent County Levy Court, Delaware
Population Source: Delaware Population Consortium Annual Population Projections

Notes:

(1) Includes unamortized bond premiums and bond discounts

KENT COUNTY, DELAWARE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Kent County Levy Court
School Districts:			
Caesar Rodney	\$22,152,960	100.0%	\$22,152,960
Capital	51,016,775	100.0%	51,016,775
Lake Forest	4,742,595	100.0%	4,742,595
Milford	9,814,955	63.4%	6,222,681
Polytech	10,603,455	100.0%	10,603,455
Smyrna	19,539,636	85.3%	16,667,310
Woodbridge	12,480,690	22.5%	2,808,155
Total School Districts			114,213,931
Incorporated Areas:			
Camden	2,627,810	100.0%	\$2,627,810
Dover	5,877,013	100.0%	5,877,013
Smyrna	7,339,143	85.3%	6,260,289
Total Incorporated Areas:			14,765,112
Subtotal, overlapping debt			\$128,979,043
Kent County Levy Court direct debt	8,398,816	100.0%	8,398,816
Total direct and overlapping debt			\$137,377,859

Sources: Finance Department, Kent County Levy Court, Delaware and State of Delaware Office of the State Treasurer,
 Town of Camden, City of Dover, Town of Smyrna

Notes:

- (1) This report includes general obligation debt. It does not include revenue bonds or short-term debt.
- (2) Overlapping governments are those that coincide, at least in part, with geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Kent County Levy Court, Delaware. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

2018 Comprehensive Annual Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 13

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Taxable assessed value	\$3,579,660,950	\$3,522,033,166	\$3,467,643,532	\$3,416,376,264	\$3,362,673,017	\$3,312,168,700	\$3,262,818,600	\$3,186,721,800	\$3,176,713,800	\$3,078,388,000
Debt limit (12% of taxable assessed value)	\$429,559,314	\$422,643,980	\$416,117,224	\$409,965,152	\$403,520,762	\$397,460,244	\$391,538,232	\$382,406,616	\$381,205,656	\$369,406,560
Amount of debt subject to the debt limit	54,381,371	56,865,304	58,195,155	54,383,074	47,266,324	49,027,291	49,388,243	50,457,151	26,721,842	21,258,651
Legal debt margin	\$375,177,943	\$365,778,676	\$357,922,069	\$355,582,078	\$356,254,438	\$348,432,953	\$342,149,989	\$331,949,465	\$354,483,814	\$348,147,909
Percentage of legal debt margin available	87.34%	86.55%	86.01%	86.73%	88.29%	87.66%	87.39%	86.81%	92.99%	94.25%
Percentage of legal debt margin exhausted	12.66%	13.45%	13.99%	13.27%	11.71%	12.34%	12.61%	13.19%	7.01%	5.75%

Sources: Assessment Division and Finance Department, Kent County Levy Court, Delaware and State of Delaware Code

Notes:

(1) Per Title 9, Delaware Code, Section 4111(e), the outstanding general obligation bonded indebtedness of Kent County secured by the full faith and credit of the County may not exceed 12 percent of the assessed valuation of all real property subject to taxation within the County. The outstanding bonded indebtedness of the County not secured by the County's full faith and credit is without limitation as to amount.

2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 14

Fiscal Year	Population (1)	Median Age (2)	Per Capita Income (3)	Personal Income (4)	Public School Enrollment (5)	Unemployment Rate (6)
2018	182,083	37.8	\$40,304	\$7,338,673,232	31,372	4.7%
2017	180,610	37.6	38,498	6,953,123,780	30,858	5.7%
2016	175,110	37.1	38,178	6,685,349,580	30,485	5.3%
2015	173,529	37.3	38,114	6,613,884,306	30,527	5.9%
2014	171,762	36.8	36,882	6,334,926,084	30,254	7.1%
2013	169,381	37.8	36,701	6,216,452,081	29,989	8.0%
2012	167,608	36.7	36,173	6,062,884,184	29,915	8.4%
2011	165,237	36.1	34,941	5,773,546,017	29,903	8.7%
2010	162,978	36.0	35,431	5,774,473,518	29,278	9.2%
2009	157,740	35.7	34,686	5,471,369,640	28,873	8.7%

Sources:

- (1) Delaware Population Consortium Annual Population Projections
- (2) U.S. Census Bureau (factfinder.census.gov)
- (3) U.S. Department of Commerce, Bureau of Economic Analysis BEA.gov
- (4) Estimated based on population multiplied by per capita income
- (5) Delaware Department of Education
- (6) State of Delaware, www.delawareworks.com/oolmi

2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

**EMPLOYMENT BY SELECTED INDUSTRY (MAJOR EMPLOYERS)
CURRENT YEAR AND NINE YEARS AGO**

Table 15

Industry Description	2018 1st Quarter			2009 1st Quarter		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Government	18,513	1	28.1%	18,188	1	30.4%
Health care and social assistance	9,890	2	15.0%	7,789	3	13.0%
Retail trade	9,321	3	14.1%	9,106	2	15.2%
Accommodation and food services	6,655	4	10.1%	4,833	4	8.1%
Manufacturing	5,014	5	7.6%	3,306	5	5.5%
Administrative and waste services	2,420	6	3.7%	1,937	7	3.2%
Construction	2,371	7	3.6%	2,278	6	3.8%
Professional and technical services	2,044	8	3.1%	1,507	10	2.5%
Other services, except public administration	1,583	9	2.4%	1,848	8	3.1%
Finance and insurance	1,227	10	1.9%	1,535	9	2.6%
	<u>59,038</u>		89.6%	<u>52,327</u>		87.4%
Total, All Industries	65,901			59,870		

Source: Delaware Dept. of Labor and BLS, Quarterly Census of Employment and Wages

Note: The names of top employers is confidential and may not be disclosed to the public pursuant to 20 CFR (Code of Federal Regulations) Part 603. Therefore, information about employment by industry is provided.

KENT COUNTY, DELAWARE
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table 16

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Administration	31	31	31	30	30	30	28	28	29	32
General Administration	13	13	13	13	13	13	13	13	14	15
Economic Development (1)	2	2	2	2	2	2	-	-	-	-
Personnel	4	4	4	4	4	4	4	4	4	5
Information Technology	12	12	12	11	11	11	11	11	11	12
Finance	19	19	18	18	18	18	18	13	13	15
Administration	3	3	3	3	3	3	3	3	3	4
Accounting	11	11	10	10	10	10	10	10	10	11
Tax Section (2)	5	5	5	5	5	5	5	-	-	-
Board of Assessment	11	11	11	11	11	14	14	16	17	16
Assessment	11	11	11	11	11	11	11	13	14	13
Board of Assessment (3)	-	-	-	-	-	3	3	3	3	3
Community Services	22	22	22	20	20	20	20	21	25	26
Administration	2	2	2	2	2	2	2	2	2	2
Library	7	7	6	6	6	6	6	6	7	8
Parks	8	8	8	8	8	8	8	9	10	10
Recreation	3	3	4	4	4	4	4	4	6	6
Recreation Center	2	2	2	-	-	-	-	-	-	-
Planning Services	36	36	36	37	38	38	39	39	42	50
Administration	2	2	2	2	2	2	2	2	2	2
Geographic Information Systems	5	5	5	5	5	5	6	6	6	6
Inspections & Enforcement	15	15	15	15	16	16	16	16	18	21
Zoning Inspections & Enforcement	1	1	1	1	1	1	1	1	0	2
Planning	8	8	8	9	9	9	9	9	11	12
Grants	4	4	4	4	4	4	4	4	4	5
Manufactured Housing	1	1	1	1	1	1	1	1	1	2
Public Safety	79	79	78	72	72	71	71	68	69	70
Administration	2	2	2	2	2	1	1	1	1	1
Emergency Communications	25	25	24	24	24	24	24	22	20	20
Emergency Management	2	2	2	2	2	1	1	1	2	2
Emergency Medical Services	50	50	50	44	44	45	45	44	46	47
Facilities Management	12	12	12	10	10	10	10	10	11	12
Row Offices	22	24	25	25	25	25	25	32	38	39
Clerk of the Peace	3	3	3	3	3	3	3	3	3	3
Comptroller (4)	-	2	3	3	3	3	3	3	3	3
Receiver of Taxes (2)	-	-	-	-	-	-	-	7	7	7
Recorder of Deeds	6	6	6	6	6	6	6	6	12	13
Register of Wills	5	5	5	5	5	5	5	5	5	5
Sheriff	8	8	8	8	8	8	8	8	8	8
Public Works	70	69	68	68	68	67	67	64	61	65
Engineering	15	14	13	13	13	13	13	13	12	18
Environmental Programs (5)	3	3	3	3	3	3	3	3	3	-
KCWTF-Operations	19	19	19	19	19	19	19	19	21	20
KCWTF-Maintenance	25	25	25	25	25	25	25	23	19	21
KCWTF-Treatment Plant	8	8	8	8	8	7	7	6	6	6
Total	302	303	301	291	292	293	292	291	305	325

Source: Kent County Levy Court Budgets

Notes:

- (1) Effective July 2011 the Office of Economic Development was added to the Department of Administration
- (2) Effective June 2011 the elected Office of Receiver of Taxes was eliminated; its functions absorbed by the Finance Department
- (3) Effective January 2013 the salaried Board of Assessment was replaced with an appointed board
- (4) Effective January 2017 the elected Office of the Comptroller was eliminated; its functions absorbed by the Finance Department
- (5) Prior to FY2010 the number of Environmental Programs employees was included in the Engineering line item



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KENT COUNTY, DELAWARE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 17

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
Community Services										
Library										
Population of service area	38,018	40,970	40,970	40,523	40,097	39,719	38,891	38,891	35,879	32,956
Number of public workstations	29	29	29	25	19	19	19	19	14	10
Number of public internet sessions	13,858	14,427	15,306	13,895	15,153	20,486	21,379	20,648	*	24,527
WiFi usage, number of public sign-ins/use	20,401	8,497	6,921	7,200	4,422	*	*	*	none	none
Annual circulation of materials	129,695	131,524	173,670	156,175	153,518	193,199	190,613	174,490	137,546	124,389
eBook circulation	13,156	11,125	10,529	11,265	7,293	4,403	none	none	none	none
Size of collection	50,640	36,986	39,934	41,971	40,945	41,190	46,747	45,680	39,096	*
Annual visitors to library	148,958	153,418	143,564	135,115	105,403	129,918	118,182	146,750	82,725	88,162
Annual number of programs	329	377	332	377	358	298	282	302	309	253
Annual program attendance	9,025	16,423	12,036	13,171	12,852	8,232	10,855	13,077	10,261	5,633
Number of cardholders/borrowers	13,807	12,928	13,995	13,328	12,899	10,878	9,975	9,568	6,987	*
Total weekly hours	63	63	63	63	63	71	71	73	73	72
Bookmobile										
Population of service area	17,207	17,207	17,207	17,019	16,840	16,682	16,334	16,334	19,176	19,176
Annual circulation of materials	4,376	6,910	10,052	15,617	12,091	14,690	19,334	14,535	13,921	16,881
eBook circulation	85	166	282	351	193	156	none	none	none	none
Size of collection	998	981	1,450	1,686	2,041	2,278	3,372	3,296	2,600	*
Annual visitors to bookmobile (1)	1,824	4,532	5,450	8,449	7,386	11,204	16,001	19,880	10,449	9,269
Annual number of programs	12	17	18	10	13	17	5	3	0	11
Annual program attendance	1,616	1,662	1,805	1,094	1,668	2,327	655	47	0	135
Number of borrowers	426	481	484	484	492	502	588	697	534	*
Total weekly hours	25	25	35	35	35	35	35	35	35	31
Parks and Recreation										
Programs:										
Adult	107	133	131	147	158	136	105	*	*	*
Fitness	114	120	96	92	107	131	134	*	*	*
Leagues	63	51	15	10	21	17	14	*	*	*
Recreation Center Drop In (2)	1,149	1,503	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Camps	48	53	51	51	44	47	21	*	*	*

KENT COUNTY, DELAWARE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 17 continued

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
Community Services - continued										
Parks and Recreation										
Programs:										
Tot	99	108	98	108	137	173	151	*	*	*
Youth	150	119	129	160	184	188	172	*	*	*
Trips	24	27	36	40	40	49	34	*	*	*
Special events	10	8	12	8	11	13	12	*	*	*
Tournaments	2	1	1	1	1	2	3	*	*	*
Rental permits-Parks/Recreation Center (2)	19 / 33	17 / 19	19	17	19	12	8	*	*	*
Planning Services										
Administrative applications:										
Minor subdivision	26	35	39	36	36	52	45	34	46	49
Minor lot line adjustment	19	25	28	32	28	23	28	20	22	24
Lot consolidation	15	6	11	10	11	18	8	9	6	8
Administrative variance	7	13	13	9	6	5	16	7	7	9
Home occupation	17	12	20	12	19	15	24	21	22	27
Accessory dwelling	5	8	10	7	12	5	10	8	4	*
Elder Cottage Housing Opportunity (ECHO)	1	1	3	2	1	2	0	5	3	4
Regional Planning Commission applications:										
Conditional use without site plan	9	4	5	7	4	5	10	8	9	6
Conditional use with site plan	8	8	3	8	8	9	3	8	6	16
Site plan	4	9	5	4	4	5	3	5	3	9
Subdivision	1	1	2	1	3	4	0	4	7	5
Subdivision waiver	13	21	17	14	24	17	20	18	14	9
Rezoning	0	1	2	0	2	3	1	0	1	2
Rezoning & comprehensive plan amendment	8	11	5	6	4	4	10	6	2	10
Transfer development rights	0	0	0	0	0	0	0	0	1	0
Agricultural preservation	0	0	1	3	1	1	1	2	1	1
Board of Adjustment applications	39	47	62	29	34	30	40	59	33	54
Building Permits Issued	3,589	3,624	3,602	3,290	3,138	3,266	2,952	3,025	3,134	3,448

KENT COUNTY, DELAWARE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 17 continued

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
Public Safety (3)										
9-1-1 calls	*	87,921	92,734	93,809	88,687	87,409	94,247	97,247	92,146	90,798
DSP non-emergency calls	*	84,326	91,191	93,828	95,768	92,861	95,330	95,304	101,938	107,649
Fire & EMS non-emergency calls	*	49,510	51,566	55,548	56,497	59,708	63,421	65,176	72,071	74,820
DNREC calls	*	11,144	11,489	10,762	11,505	11,976	12,524	12,945	14,074	15,974
EMS dispatches	*	29,518	29,138	27,964	24,949	23,141	23,583	22,164	21,771	21,230
Fire dispatches	*	6,344	6,489	6,298	5,898	5,770	5,897	6,273	6,124	5,754
Public Works										
Sewer customers number of bills mailed 6/15	14,605	14,208	13,690	13,508	13,012	12,500	12,010	11,355	10,822	10,415
Sewer EDU's billed, without lot fees 6/15	20,950.1	20,476.2	19,945.0	19,529.2	18,924.0	18,536.8	18,061.7	17,049.2	16,503.7	15,942.0
Sewer flows processed:										
Total gallons (in millions)	4,788	4,388	4,543	4,711	4,429	4,216	4,273	4,023	5,055	4,097
Contract users portion of total gallons (in millions)	3,667	3,399	3,510	3,669	3,734	3,286	3,296	3,078	3,850	3,226
Number of sewer districts	34	32	32	32	31	29	29	28	27	27
Number of street light districts	138	136	133	133	132	131	127	126	122	117
Number of households served for street lights	14,321	13,874	13,477	13,207	12,883	12,524	12,189	12,075	11,530	10,843
Number of trash collection districts	140	140	138	138	136	136	134	132	128	128
Number of households served for trash collection	14,671	14,285	13,889	13,535	13,087	12,697	12,297	12,014	11,567	11,257
Row Offices										
Clerk of the Peace										
Marriage licenses, resident	1,061	1,105	1,007	1,017	1,061	975	1,051	*	*	*
Marriage licenses, non-resident	50	63	56	54	50	48	58	*	*	*
Certified copy	312	306	288	281	324	269	286	*	*	*
Ceremony fee	453	498	423	467	520	476	278	*	*	*
Recorder of Deeds										
Deeds recorded	5,635	5,457	4,921	4,496	4,255	4,210	4,125	3,678	3,707	3,704
Mortgages recorded	5,941	6,076	5,733	5,303	5,130	7,014	5,590	5,444	5,953	7,213
Miscellaneous documents recorded	10,246	11,025	10,714	9,962	10,897	13,529	11,418	10,337	11,312	13,697

KENT COUNTY, DELAWARE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 17 continued

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Row Offices - continued										
Register of Wills										
Estates opened	539	516	440	489	469	*	*	*	*	*
Estates closed	440	438	442	495	526	*	*	*	*	*
Sheriff										
Service trips for court documents	15,329	15,901	14,683	17,736	21,321	15,929	14,917	14,413	15,273	*
Sheriff foreclosure sales	596	873	699	689	801	620	1,094	1,139	848	*
Personal property sales	25	25	31	35	40	35	40	55	23	*
Sheriff monition sales	223	111	239	199	171	190	215	132	61	*

Source: Kent County Departments

- Notes:
- (1) Bookmobile annual visitors decreased in fiscal years 2016 - 2018 because the bookmobile was frequently off the road for repairs and maintenance
 - (2) FY17 is first full year the new Kent County Recreation Center was in operation
 - (3) Public Safety data is on a calendar year basis

* Information unavailable

2018 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 18

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function/Program										
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Economic Development										
Buildings	2	2	1	-	-	-	-	-	-	-
Acres of land	117	117	111	19	19	19	19	19	19	19
Community Services										
Number of parks	7	7	7	7	7	7	7	7	7	6
Acres of park land	503	503	503	503	503	503	503	503	503	449
Number of suburban parks	3	3	3	3	3	3	3	3	3	3
Number of recreation centers	1	1	1	-	-	-	-	-	-	-
Number of County-owned library buildings (1)	1	1	1	1	1	1	1	1	1	-
Number of County-owned bookmobiles	1	1	1	1	1	1	1	1	1	1
Public Safety										
Number of public safety buildings	2	2	2	2	2	2	2	2	2	2
Public Works										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping and lift stations	101	101	97	97	93	92	92	88	88	88
Miles of force-main piping	177	177	171	171	162	157	167	139	133	131
Miles of gravity piping	237	237	230	230	228	225	222	220	210	195
Acres of farm property (2)	713	871	877	966	966	968	968	968	976	976

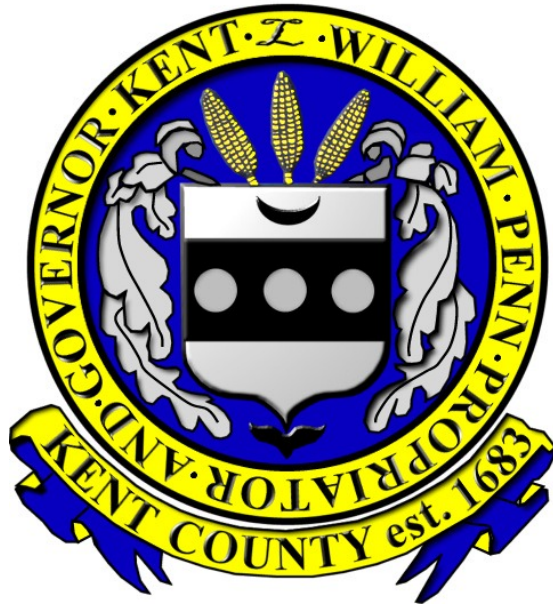
Source: Kent County Finance Department

Notes:

(1) Prior to fiscal year 2010, the County-run library was located in a rented space

(2) Fiscal year 2018 acres of farm property are tillable acres. Fiscal years 2017 and prior include some untillable acres.

SINGLE AUDIT



This section includes the following:

Independent Auditor's Reports

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Schedule of Findings and Recommendations

INDEPENDENT AUDITOR'S
REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

December 19, 2018

Board of Commissioners
Kent County, Delaware
Dover, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kent County, Delaware ("the County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Commissioners
Kent County, Delaware

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

December 19, 2018

Board of Commissioners
Kent County, Delaware
Dover, Delaware

Report on Compliance for the Major Federal Program

We have audited Kent County, Delaware's ("the County") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2018. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Board of Commissioners
Kent County, Delaware

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

**KENT COUNTY LEVY COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENT	LOAN BALANCE
U.S. Department of Agriculture							
Passed through Sussex County, Delaware							
Rural Housing Preservation Grant:							
Grant HPG - 01-16	I	10.433	N/A	10/01/16-10/01/17	\$ 17,561	\$ -	-
Grant HPG - 01-17	I	10.433	N/A	10/01/17-09/30/18	1,250	-	-
Subtotal #10.433					18,811	-	-
Water and Waste Disposal Systems for Rural Communities:							
Milford Neck Septic Elimination - Loan	D	10.760	92-47	N/A	215,000	-	215,000
Milford Neck Septic Elimination - Grant	D	10.760	00-38	N/A	378,098	-	-
Milford Neck Septic Elimination - Grant	D	10.760	00-48	N/A	330,412	-	-
Subtotal #10.760					923,510	-	215,000
Total U.S. Department of Agriculture					942,321	-	215,000
U.S. Department of Housing and Urban Development							
Passed through the Delaware State Housing Authority							
Community Development Block Grants/State's Program:							
Combined CDBG Grant	I	14.228	01-16	07/01/16-12/31/17	363,324	-	-
Combined CDBG Grant	I	14.228	01-17	07/01/17-06/30/18	302,859	-	-
Combined CDBG Grant	I	14.228	N/A	N/A	2,426	-	-
Neighborhood Stabilization Program (NSP) Grant Program Income	I	14.228	N/A	03/23/09-12/31/18	28,589	-	-
Neighborhood Stabilization Program (NSP) Grant Program Income	I	14.228	N/A	N/A	57,947	-	-
Subtotal #14.228					755,145	-	-
HOME Investment Partnerships Program:							
Home Program	I	14.239	HM-01-16	07/01/16-12/31/17	141,198	-	-
Home Program	I	14.239	HM-01-17	07/01/17-6/30/18	213,505	-	-
Subtotal #14.239					354,703	-	-
NSP Grant / Recovery Act Funded Program Income	I	14.256	N/A	N/A	9,163	-	-
Total U.S. Department of Housing and Urban Development					1,119,011	-	-
U.S. Department of the Interior							
Wildlife Refuge Direct Revenue Sharing:							
FY16	D	15.659	N/A	07/01/16-06/30/18	58,980	-	-
FY17	D	15.659	N/A	07/01/17-06/30/18	47,987	-	-
Subtotal #15.659					106,967	-	-
Total U.S. Department of Interior					106,967	-	-

Continued on next page.

**KENT COUNTY LEVY COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES	PASSED THROUGH TO SUB-RECIPIENT	LOAN BALANCE
U.S. Department of Transportation							
Passed through the State of Delaware, Department of Safety and Homeland Security / DE Emergency Management Agency							
Hazardous Materials Emergency Preparedness Training and Planning Grants HMEP 2017	I	20.703	N/A	10/01/17-09/30/18	1,200	-	-
Subtotal #20.703					1,200	-	-
Total U.S. Department of Transportation					1,200	-	-
U.S. Department of Health and Human Services							
Passed through the State of Delaware, Division of Public Health and American Lung Association							
Tobacco Prevention Community Contract							
Tobacco Prevention / PANO Mini-Grant	I	93.305	N/A	10/05/17-06/01/18	1,003	-	-
Total U.S. Department of Health and Human Services					1,003	-	-
U.S. Department of Homeland Security							
Passed through the State of Delaware, Department of Safety and Homeland Security / DE Emergency Management Agency							
Emergency Management Performance Grant: FY17							
Homeland Security Grant Program:							
Tactical Combat Casualty Care Training	I	97.042	EMPG-17-001	10/01/16-12/31/18	137,263	-	-
Advanced Law Enforcement Rapid Response Training	I	97.067	N/A	09/01/16-11/30/19	6,823	-	-
High Rescue Training	I	97.067	N/A	09/01/16-11/30/19	7,300	-	-
Defensive Tactics	I	97.067	N/A	09/01/16-11/30/19	1,000	-	-
Emergency Operations Technology Refresh	I	97.067	FY16-009	06/01/17-06/01/18	3,000	-	-
Subtotal #97.067					12,527	-	-
Total U.S. Department of Homeland Security					30,650	-	-
					167,913	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 2,338,415	\$ -	\$ 215,000

Source Code:

D = Direct Federal Funding

I = Indirect Federal Funding

KENT COUNTY, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes all the federal grant activity of the County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2018.

NOTE 3 LOAN BALANCES INVOLVING FEDERAL FUNDS

During fiscal year 2018, the County was awarded \$453,000 in loan proceeds from the U.S. Department of Agriculture, Farmers' Home Administration, for the Wastewater Treatment Plant upgrades under the FmHA's Water and Waste Disposal System for Rural Communities Program (CFDA #10.760). This loan is not fully drawn down, and expenditures related to it in the amount of \$215,000 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2018 was \$215,000.

NOTE 4 INDIRECT COST RATE

The County has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended June 30, 2018, there were no indirect costs included in the schedule of expenditures of federal awards.

KENT COUNTY, DELAWARE
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 YEAR ENDED JUNE 30, 2018

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ Yes X No

Identification of major program:

CFDA Number

10.760

Name of Federal Program or Cluster

Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)
YEAR ENDED JUNE 30, 2018

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.