

Kent County

Levy Court

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Hon. George "Jody" Sweeney

Michael J. Petit de Mange,
County Administrator

Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2019

Kent County, Delaware
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019



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 6, 2019

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, 2019. 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, 2019. 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 181,864 in the year 2019. 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, 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 through a budget ordinance prior to July 1 of each year, which is the beginning of the County’s fiscal year. 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, and Procter & Gamble. 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 4.2% (2019). This trend is consistent with national and state unemployment rates for the same period. As of June 2019, Kent County's unemployment rate was 4.2% compared to 3.7% nationally and 3.6% for the State of Delaware. Based on economic projections by the Federal Reserve, the unemployment rate is expected to be 3.7% in 2020.

Kent County's population has increased in each of the last ten years from 162,847 in 2010 to 181,864 as of June 30, 2019. Population growth was approximately one percent from 2018 to 2019.

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

Following the 2008-2009 recessionary period, Kent County experienced a period of recovery. Renewed development was evidenced by the resurgence in the number of building permits issued from a low of 2,952 building permits issued in fiscal year 2012 to a high of 3,624 building permits issued in fiscal year 2017. The total permits issued in fiscal years 2018 and 2019 showed a slight decline to 3,589 and 3,447, respectively. Real estate transfer tax revenue trended up 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 fiscal year 2019 is \$5.4 million and decreased by \$66,791 from 2018.

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 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 and hosts 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 2019 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 2019 property tax revenue is \$11.8 million compared to \$11.5 million in fiscal year 2018.

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 18.0% from approximately \$2.5 million in fiscal year 2010 to approximately \$2.1 million in fiscal year 2019.

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. In fiscal year 2019, the County purchased land and a building located on the west side of Dover to serve as an additional Paramedic station upon the completion of renovations. Over the past ten years the department’s budgeted staff of sixty-nine in fiscal year 2010 grew to a budgeted staff of seventy-nine in fiscal year 2019. This represents a 14.5% increase in staffing. Expenditures for this department increased 44.8% over the same time period from a low just under \$7.1 million in 2010 to a high of just over \$10.2 million in 2019. 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 thirty percent 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 16,503 EDU’s billed in 2010 and thirty-four districts online and 21,591 EDU’s billed in 2019. Budgeted staff increased from

sixty-one to seventy-one 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.

During fiscal year 2019, the County adopted the 2018 Kent County Comprehensive Plan. The 2018 Comprehensive Plan developed around a theme of sustainable economic growth and job creation. The policies and implementation actions in the Plan are intended to guide development and investment in the County to support economic growth and enhance quality of life for all residents. The plan is developed and updated every ten years per requirements of State of Delaware Title 9 Chapter 49 Subchapter II. The Quality of Life Act. Through the process of comprehensive planning, the County is able to guide and control future growth and development, preserve, promote and improve the public health, safety, comfort, good order, appearance, convenience, law enforcement and fire prevention and general welfare; facilitate the adequate and efficient provision of transportation, water, sewage, schools, parks, recreational facilities, housing and other requirements and services; and conserve, develop, utilize and protect natural resources within its jurisdiction.

*2019 Comprehensive Annual Financial Report for Kent County, Delaware
Introductory Section*

The County added a new policy in September 2014 known 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 2019, \$698,521 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 2019, the County provided matching grant funds in the amount of \$254,128 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 2019 adopted budget is \$15.4 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.

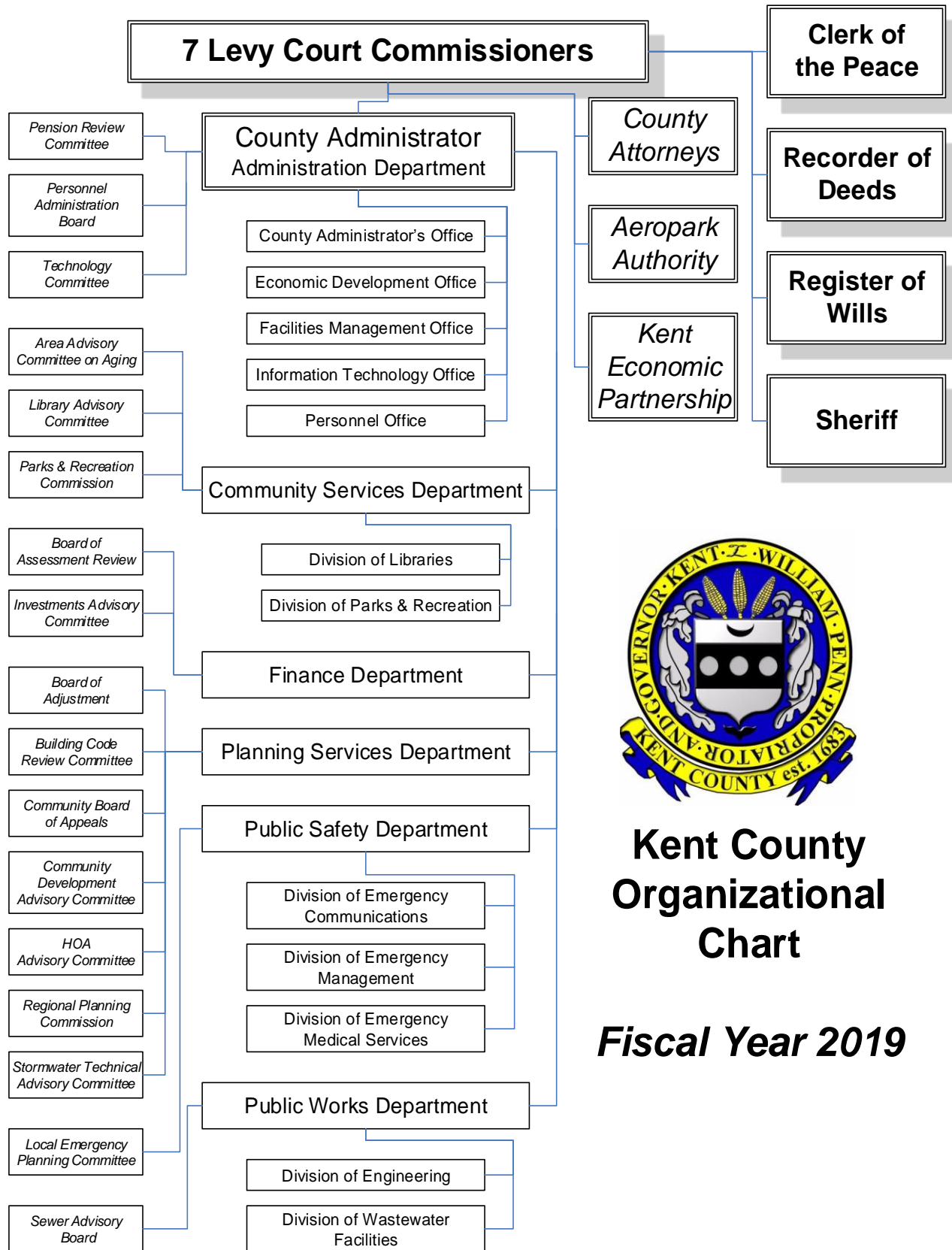
Respectfully submitted,



Michael J. Petit de Mange
County Administrator



Susan L. Durham
Finance Director



Kent County Organizational Chart

Fiscal Year 2019

KENT COUNTY LEVY COURT COMMISSIONERS

Hon. P. Brooks Banta

President

1st Levy Court District



Hon. Jeffrey W. Hall

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. Brian E. Lewis

**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
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

December 6, 2019

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, 2019, 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

Board of Commissioners
Kent County, Delaware

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.

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, 2019, 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.

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 schedule of employer pension contributions on page 78; the schedule of changes in net OPEB liability and related ratios on page 80; and the schedule of employer OPEB contributions on page 81 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 governmental, proprietary, 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 6, 2019 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, 2019

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, 2019. 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 \$205,303,615 (net position), an increase of \$3,356,579 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 \$58,645,988 an increase of \$3,476,457 from the previous year. Of the current ending fund balances, General Fund reported \$44,497,430 as unassigned, \$743,197 as nonspendable, \$1,207,865 as restricted, and \$3,786,532 as assigned. In the Capital Projects Fund, \$8,234,001 is reported as restricted and \$5,050 is reported as nonspendable. In the Other Governmental Funds, \$171,913 is reported as restricted.

Long-Term Liabilities

- At the end of the current fiscal year, the County had total bonded debt outstanding of \$51,063,206 a decrease of \$2,513,867 from the previous year. All of the bonded debt is backed by the full faith and credit of the County government. Governmental activities report \$3,598,827 and business-type activities report \$47,464,379 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 \$4,017,241.
- 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 \$28,473,093 and \$16,109,233 at June 30, 2019 and June 30, 2018 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 \$18,179,282 and \$13,021,326 at June 30, 2019 and June 30, 2018 respectively.
- 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, 2019, the County has invested \$157,007,633 net of accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for Fiscal Year 2019 totaled \$9,695,423.

Kent County's Capital Assets as of June 30, 2019 and 2018
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 8,925,857	\$ 8,842,973	\$ 7,367,419	\$ 7,358,664	\$ 16,293,276	\$ 16,201,637
Construction in Progress	554,591	286,804	10,606,770	8,976,045	11,161,361	9,262,849
Site Improvements	5,908,286	6,313,095	43,311	90,807	5,951,597	6,403,902
Pipeline	-	-	47,975,587	49,432,177	47,975,587	49,432,177
Buildings	22,351,748	23,010,005	16,409,815	17,008,124	38,761,563	40,018,129
Equipment and Furniture	1,300,745	1,263,225	35,563,504	39,093,226	36,864,249	40,356,451
Total Capital Assets	\$ 39,041,227	\$ 39,716,102	\$ 117,966,406	\$ 121,959,043	\$ 157,007,633	\$ 161,675,145

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: Public Safety property located in West Dover with land in the amount of \$82,884 and building in the amount of \$119,197.
- Purchase of furniture and equipment to include: one emergency response Suburban vehicle for Public Safety for \$65,393, security system upgrade at the Emergency Medical Services headquarters building for \$55,400, security system upgrade in the County Administrative building for \$29,965, one vehicle for Inspections & Enforcement for \$19,294, one vehicle for Sheriff for \$19,054, one Mercedes Sprinter vehicle converted into a mobile library for \$144,426, one vehicle for Library for \$23,115, security system upgrade and new window shade in the Library for \$8,872 and \$7,240, respectively, and one x-ray scanner machine for the Recreation Center lobby for \$13,750.
- Addition of donated equipment for Emergency Medical Services in the amount of \$13,276 for one Lucas device chest compression system.
- Additions for software include: InformaCast intercom notification upgrade to phone system in the County Administrative Building in the amount of \$5,051.
- Additions for hardware include: One new AS400 IBM Power 9 iSeries machine in the amount of \$21,610; one back up data recovery appliance in the amount of \$21,052, and two servers in the amount of \$16,347 for Information Technology.
- Construction in Progress is comprised of the Computer Aided Mass Appraisal system project in the amount of \$322,321; Hunn Nature Park Roadway, Trails, Parking, Bridge project in the amount of \$116,945; Recorder of Deeds Hardware and Software replacement in the amount of \$115,179; and Public Safety’s West Dover station project in the amount of \$146.

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

- Completion of Phase 2 of Hilltop sewer extension in the amount of \$303,930.
- Line Repair at Carroll’s Corner in the amount of \$247,507.
- Manhole repair in Cheswold costing \$188,174.
- Repair of 2 pumps and JWC muffin monster at PS3 totaling \$144,843.
- Purchase of a 2015 Case 621F Wheel Loader with Bucket in the amount of \$117,113.
- Roof repair at the Solids Handling Building in the amount of \$78,350.
- Repair of the Serpentix Conveyor System at the Treatment Plant costing \$25,731.
- Repair of the Sand Filter Pump/motor #3 in the amount of \$31,697.
- Purchase and installation of a 500 HP Baldor Reliance motor at the Blower Building in the amount of \$22,272.

- Purchase and installation of a control cabinet at PS9 totaling \$45,124.
- Wetwell improvements at LS6 totaling \$26,117.
- Remaining cost to complete Milford Neck sewer extension \$34,638.
- Purchase and installation of a Taskmaster Grinder at PS16 in the amount of \$35,594.
- Purchase and installation of 2 Eccentric Plug Valves at PS4 in the amount of \$18,336 each.
- Repair of PS14 Flygt Pump totaling \$24,812.
- Purchase and installation of a HOMA pump with adapter & switch at PS44 in the amount of \$15,734.
- Purchase and installation of a Flygt 4" submersible pump at PS18 in the amount of \$14,485.
- Manhole repair on Locust Grove Rd. totaling \$19,437.
- Purchase and installation of a Flygt pump at PS20D, Pump 2 in the amount of \$13,968.
- Purchase and installation of 2 Ebara pumps with cable LS6E in the amount of \$6,053 each.
- Air Conditioning repair for Building D, Floor 3 at the Treatment plant totaling \$6,457.
- Heating repair for Building D, Floors 1 & 2 at the Treatment plant totaling \$7,995.
- Repair kit and parts for the Flygt Pump at PS13B costing \$7,767.
- Sewer extension on Ria Way in Old Field Village totaling \$6,500.
- Rebuild Grinder Motor at PS25 in the amount of \$5,018.
- Purchase of 2 Wilo Pumps for PS29 in the amount of \$5,514 each.
- Purchase of a Hydromatic Pump for PS12E in the amount of \$5,823.
- Purchase of a VFD and keyboard for PS1 totaling \$5,401.
- Purchase of a soft start for blower 2 at the Treatment Plant in the amount of \$5,188.
- Purchase of a Sewer Line Rapid Assessment Tool in the amount of \$24,460.
- Purchase of a basket strainer for the DSWA line in the amount of \$5,177.
- Purchase of a Pickup Broom for the John Deere tractor in the amount of \$5,000.
- Additional material for the Plant Lighting Project totaling \$1,666.
- Donated Assets for PS8 totaled \$974,945.
- Construction in Progress' is comprised of the septage receiving project at Dover Products, the PS12 upgrade, the Puncheon Run extension and the US13 Forcemain rehabilitation. Also included in construction in progress is the TMDL compliance project and at the Treatment Plant the blower system upgrade, clarifiers, grit chamber and digestors. Sewer extensions for 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, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 77,485,624	\$ 73,910,261	\$ 76,233,129	\$ 66,194,378	\$ 153,718,753	\$ 140,104,639
Capital Assets	39,041,227	39,716,102	117,966,406	121,959,043	157,007,633	161,675,145
Total Assets	116,526,851	113,626,363	194,199,535	188,153,421	310,726,386	301,779,784
Total Deferred Outflows of Resources	20,254,309	12,561,526	5,959,088	3,703,824	26,213,397	16,265,350
Long-Term Liabilities	44,612,178	31,538,784	56,517,332	54,874,531	101,129,510	86,413,315
Other Liabilities	4,721,607	4,691,510	10,898,344	9,589,752	15,619,951	14,281,262
Total Liabilities	49,333,785	36,230,294	67,415,676	64,464,283	116,749,461	100,694,577
Total Deferred Inflows of Resources	14,298,697	14,651,957	588,010	751,564	14,886,707	15,403,521
Net Position:						
Net Investment in						
Capital Assets	31,140,703	31,337,025	71,419,362	73,083,701	102,560,065	104,420,726
Restricted	9,613,779	6,348,541	38,107,757	32,270,031	47,721,536	38,618,572
Unrestricted	32,394,196	37,620,072	22,627,818	21,287,666	55,022,014	58,907,738
Total Net Position	\$ 73,148,678	\$ 75,305,638	\$ 132,154,937	\$ 126,641,398	\$ 205,303,615	\$ 201,947,036

The largest components of the County’s current and other assets of \$153,718,753 are cash and investments totaling \$129,470,974 of which \$45,175,639 is reported as restricted assets in the Sewer Fund. Of the total long-term liabilities of \$101,129,510, bonds payable net of deferred charges accounts for \$49,141,413, net pension liability accounts for \$28,473,093, net OPEB liability accounts for \$18,179,282, and note payable accounts for \$3,700,292. Due to Other Governments totaling \$2,915,600 and unearned revenue totaling \$6,260,919 are the largest components in other liabilities of \$15,619,951. Total deferred inflows of resources are \$14,886,707 which primarily consists of unavailable property tax revenue totaling \$12,706,843.

Kent County's Changes in Net Position

	Governmental		Business-type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services	\$ 8,307,046	\$ 9,061,146	\$ 26,268,420	\$ 24,034,676	\$ 34,575,466	\$ 33,095,822
Operating Grants and Contributions	3,214,924	2,282,169	4,296	-	3,219,220	2,282,169
Capital Grants and Contributions	50,000	17,625	6,661,459	5,525,059	6,711,459	5,542,684
General Revenues:						
Property Taxes	11,774,010	11,533,734	-	-	11,774,010	11,533,734
Real Estate Transfer Tax	5,405,493	5,472,284	-	-	5,405,493	5,472,284
Residential Telephone Surcharge	270,015	270,015	-	-	270,015	270,015
Investment Earnings	1,362,419	793,735	1,185,717	644,171	2,548,136	1,437,906
Other Revenue and Gains (Losses)	420,057	606,896	5,377	7,544	425,434	614,440
Total Revenues	30,803,964	30,037,604	34,125,269	30,211,450	64,929,233	60,249,054
EXPENSES						
General Government	4,726,073	2,942,129	-	-	4,726,073	2,942,129
Special Grants/Programs	1,842,569	1,906,961	-	-	1,842,569	1,906,961
Community Services	4,990,912	4,614,095	-	-	4,990,912	4,614,095
Planning Services	6,140,000	5,996,208	-	-	6,140,000	5,996,208
Public Safety	12,444,819	10,967,163	-	-	12,444,819	10,967,163
Row Offices	2,376,442	2,107,468	-	-	2,376,442	2,107,468
Economic Development	176,890	156,026	-	-	176,890	156,026
Debt Service	263,219	240,105	-	-	263,219	240,105
Sewer	-	-	23,132,702	22,257,349	23,132,702	22,257,349
Street Light	-	-	1,002,685	1,003,452	1,002,685	1,003,452
Trash	-	-	4,444,288	4,265,251	4,444,288	4,265,251
Landfill	-	-	22,799	9,673	22,799	9,673
Storm Water Maintenance	-	-	9,256	5,978	9,256	5,978
Total Expenses	32,960,924	28,930,155	28,611,730	27,541,703	61,572,654	56,471,858
Increase (Decrease) in Net Position	\$ (2,156,960)	\$ 1,107,449	\$ 5,513,539	\$ 2,669,747	\$ 3,356,579	\$ 3,777,196

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 \$3,356,579 over the course of this fiscal year’s operations. Net position for governmental activities decreased by \$2,156,960 in FY 2019 as compared to an increase of \$1,107,449 in FY 2018. Revenue was approximately \$776,000 higher in FY 2019 than in FY 2018 primarily because of an increase in grant revenue, investment earnings and tax revenue.

The net position of the County’s business-type activities increased by \$5,513,539. This increase in net position was 106.52% higher than the increase in net position in Fiscal Year 2018. The increase in net position of \$2,843,792 between Fiscal Year 2019 and Fiscal year 2018 was primarily a result of a 12.95% increase in revenue in Fiscal year 2019 as compared to Fiscal Year 2018 combined with an increase of expenses of 3.89% in Fiscal Year 2019 as compared to Fiscal Year 2018. The increase in revenue in Fiscal Year 2019 was primarily due to an increase in capital grants and contributions of 20.57% in Fiscal Year 2019 as compared to Fiscal Year 2018.

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 \$50,235,024 of which \$44,497,430 was unassigned, \$743,197 was nonspendable, \$3,786,532 was assigned, and \$1,207,865 was restricted of which \$913,712 was for library tax, \$71,281 was for grants, \$187,570 was for restricted technology fees, \$32,815 was for recreational areas and \$2,487 was for APFO EMS.

Overall revenue increased \$950,946 from Fiscal Year 2018 to Fiscal Year 2019. Property tax revenue increased \$240,276 in Fiscal Year 2019 due to a small amount of growth in the tax assessment rolls and an increase in collection of delinquent taxes. Real estate transfer taxes decreased \$66,791 which is an indicator growth has leveled off. Fees for services decreased \$754,100 primarily as a result of the decreases in Recorder of Deeds Fees, Sheriff fees, and inspection fees. Grant revenue increased \$1,235,476 as a result of an increase in the amount of revenue received from the Paramedic grant of \$757,543. Interest and dividends increased \$463,392. Other revenue increased \$2,237 over Fiscal Year 2018.

General Fund expenditures increased \$416,548 (1.70%) in Fiscal Year 2019 when compared to Fiscal Year 2018. Public Safety and Community Services had expenditure increases of \$406,802 and \$124,457 respectively. Public Safety expenses mainly increased due to increases in personnel costs. Community Services expenses mainly increased due to increases in indirect costs and operating supplies.

General Fund – Comparison to Budget. Overall revenue collections were higher than the final budget by 3.71%. Property taxes exceeded the final budget by \$161,660 or 1.39%. Real estate transfer tax came in over the final budget by \$205,493 or 3.95%. Grants came in over the final budget by \$469,375 or 23.71%. Fees for services were lower than the final budget by \$419,667 or 4.95%. Interest and dividends were over the final budget by \$506,794 or 75.08%. Other revenue was over the final budget by \$135,691 or 45.78%.

Overall, operating expenditures were under budget by 10.88% primarily due to strict cost controls imposed on county wide spending. Community Services were under the final budget by 13.38%. General Government was 7.56% under the final budget; Special Grants and Programs were 18.51% under the final budget but their balances will be carried over into the next fiscal year; Planning Services were 8.44% under the final budget; Public Safety and Row Offices were 3.84% and 4.98% under final budget respectively.

Kent County's General Fund Budget to Actual Comparison

	Original Budget	Final Budget	2019 Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 11,661,000	\$ 11,661,000	\$ 11,822,660	\$ 161,660
Real Estate Transfer Tax	5,200,000	5,200,000	5,405,493	205,493
Telephone Surcharge	270,000	270,000	270,015	15
Grants	1,908,500	1,979,982	2,449,357	469,375
Fees for Services	8,476,000	8,478,592	8,058,925	(419,667)
Interest and Dividends	675,000	675,000	1,181,794	506,794
Rental Income	23,200	23,200	23,186	(14)
Other Revenues	296,000	296,400	432,091	135,691
Total Revenues	28,509,700	28,584,174	29,643,521	1,059,347
EXPENDITURES				
General Government	2,575,100	2,575,100	2,380,311	194,789
Special Grants and Programs	1,951,750	2,261,160	1,842,569	418,591
Community Services	4,281,400	4,389,922	3,802,556	587,366
Planning Services	4,380,000	4,399,991	4,028,828	371,163
Public Safety	10,503,600	10,566,550	10,160,479	406,071
Row Offices	2,011,700	2,023,262	1,922,503	100,759
Contingency	1,000,000	958,180	-	958,180
Debt Service				
Principal	551,500	459,927	459,876	51
Interest	192,700	284,273	284,273	-
Total Expenditures	27,447,750	27,918,365	24,881,395	3,036,970
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,061,950	665,809	4,762,126	4,096,317
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(3,402,000)	(4,221,426)	(4,175,351)	46,075
Total Other Financing (Uses)	(3,402,000)	(4,221,426)	(4,175,351)	46,075
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,340,050)	\$ (3,555,617)	\$ 586,775	\$ 4,142,392

Capital Projects Fund. The revenue for this fund increased \$121,816 from Fiscal Year 2018 to Fiscal Year 2019. This 146.62% increase in revenue was a result increases in grant revenue and interest income of \$32,375 and \$89,441 respectively. Overall the expenditures increased by \$741,962 from Fiscal Year 2018 to Fiscal Year 2019. Some of the largest expenditures during Fiscal Year 2019 were \$144,426 for a vehicle for a mobile library and \$202,081 for the purchase of land and a building for a new Public Safety building in west Dover. Capital outlay was \$78,934 in Fiscal Year 2018 as opposed to \$392,888 in Fiscal Year 2019, an increase of \$313,954.

Community Development Block Grant. Total revenue for this fund in Fiscal Year 2019 was \$931,560 a decrease of \$250,230 from Fiscal Year 2018 primarily due to a decrease in grant funding. The expenditures were \$1,282,985, a decrease of \$325,419 from Fiscal Year 2018.

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. The County did not receive the 2018 Farmer's Home Administration Grant. Aeropark expenditures remain steady because there are no major projects moving forward.

Proprietary Funds

Sewer Fund. This fund experienced an operating loss of \$1,488,728 as compared to an operating loss of \$2,678,668 in Fiscal Year 2018. Operating revenue was \$2,102,278 higher in Fiscal Year 2019 than in Fiscal Year 2018. User fee revenue was \$2,114,187 higher in Fiscal Year 2019. This was primarily a result of growth in district user revenue of \$239,644 and contract user revenue being \$1,661,348 higher in Fiscal Year 2019 than Fiscal Year 2018, and a decrease in industrial user revenue of \$1,461. The user fee uniform rates remained the same for Fiscal Year 2019 as Fiscal Year 2018. Sewer permits, operating grants, and other revenue were \$11,909 lower in FY 2019 as compared to Fiscal Year 2018. Operating expenses were \$912,338 higher in Fiscal Year 2019 than Fiscal Year 2018. This increase in operating expenses is primarily attributed to the net result between an increase of \$959,529 in salaries and benefits, a decrease of \$30,992 in depreciation expense, an increase of \$94,275 in maintenance, parts, and supplies, a decrease of \$244,289 in contractual services, an increase of \$21,465 in vehicle expenses, and a decrease of \$88,454 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 \$127,165 in Fiscal Year 2019 as compared to an operating gain of \$185,603 in Fiscal Year 2018. Revenues increased by \$120,599 from Fiscal Year 2018 to Fiscal Year 2019. During Fiscal Year 2019 there were 15,180 trash customers of which 75.11% had yard waste pickup. Another reason for the increase in revenue in Fiscal Year 2019 is directly related to the growth in the number of customers in the Trash Fund. Expenses increased by \$179,037 from Fiscal Year 2018 to Fiscal Year 2019 primarily due to contractual services increasing \$173,300 in Fiscal Year 2019 over Fiscal Year 2018.

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 increased \$13,126 in Fiscal Year 2019. 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 2019, the Storm Water Management Fund had operating revenue of \$60,886 and operating expenses of \$9,256 which resulted in an operating income of \$51,630. The Street Light Fund had an operating gain of \$27,005 in Fiscal Year 2019. Revenues were more in Fiscal Year 2019 than Fiscal Year 2018 as a result of a slight increase in the number of customers. Expenses in Fiscal Year 2019 were \$767 lower than Fiscal Year 2018. In Fiscal Year 2019, utility expenses were \$11,387 less than in Fiscal Year 2018.

Internal Service Fund. The internal service fund - Medical Trust Fund – had an operating loss of \$96,911 in Fiscal Year 2019 as compared to an operating gain of \$908,807 in Fiscal Year 2018. The operating loss is a result of employer contributions increasing \$41,500 in Fiscal Year 2019 compared to Fiscal Year 2018 while Medical insurance premiums and claims increased \$1,031,723 in Fiscal Year 2019 compared to Fiscal Year 2018.

General Fund Budgetary Highlights

The County adopted its Fiscal Year 2019 budget on May 8, 2018, 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 \$28,584,174 of revenues; \$27,918,365 of expenditures, and \$4,221,426 of other financing uses. The actual results were revenues \$1,059,347 above budget and expenditures \$3,036,970 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 2019 was 4.2% which was 0.5% lower than the unemployment rate in June 2018 which was 4.7%. Per capita income has leveled out.

During Fiscal Year 2019, 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 \$950,946 higher in Fiscal Year 2019 than Fiscal Year 2018 which was a net result of an increase in property tax revenue and decreases in sheriff, inspection, and Recorder of Deeds fees. During Fiscal Year 2019 the County expenditures were \$416,548 higher than Fiscal Year 2018 and this was primarily related to the increase in public safety expenses and the increase in the pension contribution.

When adopting the General Fund budget for Fiscal Year 2019, the County continued to keep a tight hold on the expenditures. There was a 2% cost of living allocation (COLA) and 1% half-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 2019.

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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 62,161,876	\$ 22,133,459	\$ 84,295,335
Receivables	13,943,221	9,176,026	23,119,247
Internal Balances	528,968	(528,968)	-
Due from Other Governments	103,312	71,690	175,002
Inventory	23,318	175,933	199,251
Prepaid Expenses and Other Assets	724,929	29,350	754,279
Non - Current Assets			
Restricted Assets:			
Cash and Investments	-	45,175,639	45,175,639
Capital Assets, Net			
Land	8,925,857	7,367,419	16,293,276
Construction in Progress	554,591	10,606,770	11,161,361
Land and Site Improvements	5,908,286	43,311	5,951,597
Pipeline	-	47,975,587	47,975,587
Buildings	22,351,748	16,409,815	38,761,563
Equipment and Furniture	1,300,745	35,563,504	36,864,249
Total Assets	116,526,851	194,199,535	310,726,386
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items Related to Pension	12,774,921	3,684,806	16,459,727
Deferred Items Related to OPEB	7,462,260	2,251,001	9,713,261
Deferred Charges on Refunding	17,128	23,281	40,409
Total Deferred Outflows of Resources	20,254,309	5,959,088	26,213,397
LIABILITIES			
Current Liabilities			
Accounts Payable	357,345	2,100,833	2,458,178
Accrued Expenses	440,626	297,596	738,222
Due to Other Governments	2,915,600	-	2,915,600
Retainage Payable	-	174,121	174,121
Other Liabilities	14,616	1,369	15,985
Compensated Absences	51,535	15,382	66,917
Bonds Payable, Net	266,161	2,406,899	2,673,060
Note Payable	316,949	-	316,949
Unearned Revenue	358,775	5,902,144	6,260,919
Long Term Liabilities			
Net Pension Liability	22,080,882	6,392,211	28,473,093
Net OPEB Liability	13,959,911	4,219,371	18,179,282
Compensated Absences	1,236,843	398,587	1,635,430
Bonds Payable, Net	3,634,250	45,507,163	49,141,413
Note Payable	3,700,292	-	3,700,292
Total Liabilities	49,333,785	67,415,676	116,749,461
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	12,706,843	-	12,706,843
Unavailable Revenue - Other	-	126,355	126,355
Deferred Items Related to Pension	1,469,158	425,307	1,894,465
Deferred Items Related to OPEB	122,696	36,222	158,918
Deferred Charges on Refunding	-	126	126
Total Deferred Inflows of Resources	14,298,697	588,010	14,886,707
NET POSITION			
Net Investment in Capital Assets	31,140,703	71,419,362	102,560,065
Restricted for:			
Capital Projects	8,405,914	-	8,405,914
Recreation Areas	32,815	-	32,815
APFO-EMS	2,487	-	2,487
Library Tax	913,712	-	913,712
Rodent Grant	2,124	-	2,124
Technology Fee-Deeds	75,028	-	75,028
Technology Fee-General Fund	112,542	-	112,542
Library Standards Grant	69,157	-	69,157
Capital Projects - Equipment Replacement	-	327,622	327,622
Capital Projects - Expansion Sewer Facilities	-	37,780,135	37,780,135
Unrestricted	32,394,196	22,627,818	55,022,014
Total Net Position	\$ 73,148,678	\$ 132,154,937	\$ 205,303,615

KENT COUNTY, DELAWARE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 4,726,073	\$ 238,908	\$ -	\$ -	\$ (4,487,165)	\$ -	\$ (4,487,165)
Special Grants/Programs	1,842,569	-	-	-	(1,842,569)	-	(1,842,569)
Community Services	4,990,912	485,335	186,318	50,000	(4,269,259)	-	(4,269,259)
Planning Services	6,140,000	1,707,254	765,567	-	(3,667,179)	-	(3,667,179)
Public Safety	12,444,819	135,295	2,263,039	-	(10,046,485)	-	(10,046,485)
Row Offices	2,376,442	5,717,364	-	-	3,340,922	-	3,340,922
Economic Development	176,890	22,890	-	-	(154,000)	-	(154,000)
Interest on Long-Term Debt	263,219	-	-	-	(263,219)	-	(263,219)
Total Governmental Activities	32,960,924	8,307,046	3,214,924	50,000	(21,388,954)	-	(21,388,954)
Business-Type Activities:							
Sewer	23,132,702	20,595,634	4,296	6,661,459	-	4,128,687	4,128,687
Street Light	1,002,685	1,029,690	-	-	-	27,005	27,005
Trash	4,444,288	4,571,453	-	-	-	127,165	127,165
Landfill (Note J)	22,799	10,757	-	-	-	(12,042)	(12,042)
Storm Water Maintenance	9,256	60,886	-	-	-	51,630	51,630
Total Business-Type Activities	28,611,730	26,268,420	4,296	6,661,459	-	4,322,445	4,322,445
Total Primary Government	\$ 61,572,654	\$ 34,575,466	\$ 3,219,220	\$ 6,711,459	(21,388,954)	4,322,445	(17,066,509)
General Revenues:							
Taxes:							
Property Taxes					11,774,010	-	11,774,010
Real Estate Transfer Tax					5,405,493	-	5,405,493
Residential Telephone Surcharge					270,015	-	270,015
Investment Earnings					1,362,419	1,185,717	2,548,136
Other Revenues including Capital Asset Sales Gains/(Losses)					420,057	5,377	425,434
					<u>19,231,994</u>	<u>1,191,094</u>	<u>20,423,088</u>
					(2,156,960)	5,513,539	3,356,579
Changes in Net Position							
Net Position At Beginning Of Year					<u>75,305,638</u>	<u>126,641,398</u>	<u>201,947,036</u>
Net Position At End Of Year					<u>\$ 73,148,678</u>	<u>\$ 132,154,937</u>	<u>\$ 205,303,615</u>

KENT COUNTY, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 51,702,228	\$ 8,322,428	\$ 466,002	\$ 193,992	\$ 60,684,650
Receivables					
Accounts	104,943	-	350,809	-	455,752
Taxes	13,477,039	-	-	-	13,477,039
Due From Other Funds	1,160,501	6,364	-	-	1,166,865
Due from Other Governments	89,162	-	-	14,150	103,312
Inventory	18,268	5,050	-	-	23,318
Prepaid Expenditures and Other Assets	724,929	-	-	-	724,929
Total Assets	\$ 67,277,070	\$ 8,333,842	\$ 816,811	\$ 208,142	\$ 76,635,865
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 261,332	\$ 94,658	\$ 73	\$ -	\$ 356,063
Accrued Expenses	285,724	-	4,724	-	290,448
Due to Other Funds	72,148	133	541,165	24,451	637,897
Due to Other Governments	2,915,600	-	-	-	2,915,600
Unearned Revenue	67,207	-	270,849	11,778	349,834
Other Liabilities	14,615	-	-	-	14,615
Total Liabilities	3,616,626	94,791	816,811	36,229	4,564,457
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	13,425,420	-	-	-	13,425,420
Total Deferred Inflows of Resources	13,425,420	-	-	-	13,425,420
Fund Balances:					
Nonspendable:					
Inventory	18,268	5,050	-	-	23,318
Prepaid Expenditures	724,929	-	-	-	724,929
Restricted:					
Capital Projects Funds	-	8,234,001	-	171,913	8,405,914
Recreational Areas	32,815	-	-	-	32,815
APFO-EMS	2,487	-	-	-	2,487
Library Tax	913,712	-	-	-	913,712
Rodent Grant	2,124	-	-	-	2,124
Technology Fee - Deeds Office	75,028	-	-	-	75,028
Technology Fee - General Fund	112,542	-	-	-	112,542
Library Standards Grant	69,157	-	-	-	69,157
Assigned:					
Encumbrances	400,398	-	-	-	400,398
Operating Needs	2,125,700	-	-	-	2,125,700
Legal Contingency	950,000	-	-	-	950,000
Library	155,000	-	-	-	155,000
Deeds Maintenance Fees	29,852	-	-	-	29,852
Sheriff Auctioneer Fees	60,000	-	-	-	60,000
Local Government Fees	60,000	-	-	-	60,000
Donations	5,582	-	-	-	5,582
Unassigned	44,497,430	-	-	-	44,497,430
Total Fund Balances	50,235,024	8,239,051	-	171,913	58,645,988
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 67,277,070	\$ 8,333,842	\$ 816,811	\$ 208,142	\$ 76,635,865

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

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

Total Fund Balances for Governmental Funds		\$ 58,645,988
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.		39,041,227
Other assets that are applicable to a future reporting period and, therefore are reported as deferred outflows of resources		
Deferred Items Related to Pension	\$ 12,774,921	
Deferred Items Related to OPEB	7,462,260	
Deferred Charges on Refunding	<u>17,128</u>	20,254,309
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.		1,370,959
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	\$ 718,577	
Deferred Items Related to Pension	(1,469,158)	
Deferred Items Related to OPEB	<u>(122,696)</u>	(873,277)
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	\$ (22,080,882)	
Net OPEB Liability	(13,959,911)	
Notes Payable	(4,017,241)	
Compensated Absences	(1,288,378)	
Accrued Interest on Long Term Debt	(43,705)	
Bonds Payable, Net of Bond Discounts	<u>(3,900,411)</u>	<u>(45,290,528)</u>
Total Net Position of Governmental Activities		<u><u>\$ 73,148,678</u></u>

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 11,822,660	\$ -	\$ -	\$ -	\$ 11,822,660
Real Estate Transfer Tax	5,405,493	-	-	-	5,405,493
Residential Telephone Surcharge	270,015	-	-	-	270,015
Grants	2,449,357	50,000	752,667	12,900	3,264,924
Fees For Services	8,058,925	-	-	-	8,058,925
Interest and Dividends	1,181,794	154,901	-	3,121	1,339,816
Rental Income	23,186	-	-	-	23,186
Other Revenues	432,091	-	178,893	22,890	633,874
Total Revenues	29,643,521	204,901	931,560	38,911	30,818,893
EXPENDITURES					
Current:					
General Government	2,380,311	177,272	-	-	2,557,583
Special Grants and Programs	1,842,569	-	-	-	1,842,569
Community Services	3,802,556	185,239	-	-	3,987,795
Planning Services	4,028,828	19,294	1,282,985	12,900	5,344,007
Public Safety	10,160,479	79,340	-	-	10,239,819
Row Offices	1,922,503	134,233	-	-	2,056,736
Economic Development	-	174,739	-	2,151	176,890
Debt Service:					
Principal	459,876	-	-	-	459,876
Interest and Fiscal Charges	284,273	-	-	-	284,273
Capital Outlay	-	392,888	-	-	392,888
Total Expenditures	24,881,395	1,163,005	1,282,985	15,051	27,342,436
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,762,126	(958,104)	(351,425)	23,860	3,476,457
OTHER FINANCING SOURCES (USES)					
Transfers In	-	3,823,926	351,425	-	4,175,351
Transfers Out	(4,175,351)	-	-	-	(4,175,351)
Total Other Financing Sources (Uses)	(4,175,351)	3,823,926	351,425	-	-
Net Change in Fund Balances	586,775	2,865,822	-	23,860	3,476,457
Fund Balances At Beginning of Year	49,648,249	5,373,229	-	148,053	55,169,531
Fund Balances At End Of Year	\$ 50,235,024	\$ 8,239,051	\$ -	\$ 171,913	\$ 58,645,988

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, 2019**

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

Net Change In Fund Balances - Total Governmental Funds **\$ 3,476,457**

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, 2019.

Capital Outlays	\$ 933,713	
Depreciation	<u>(1,606,171)</u>	(672,458)

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. (3,012,784)

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. (2,266,679)

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>(48,650)</u>	(48,650)
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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>459,878</u>	459,878
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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	\$ (37,051)	
Accrued interest on long-term debt	<u>2,377</u>	(34,674)

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	\$ 21,286	
Deferred Charges - Loss On Refunding	<u>(2,611)</u>	18,675

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. (74,308)

Change In Net Position of Governmental Activities **\$ (2,156,960)**

KENT COUNTY, DELAWARE

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 11,661,000	\$ 11,661,000	\$ 11,822,660	\$ 161,660
Real Estate Transfer Tax	5,200,000	5,200,000	5,405,493	205,493
Residential Telephone Surcharge	270,000	270,000	270,015	15
Grants	1,908,500	1,979,982	2,449,357	469,375
Fees For Services	8,476,000	8,478,592	8,058,925	(419,667)
Interest and Dividends	675,000	675,000	1,181,794	506,794
Rental Income	23,200	23,200	23,186	(14)
Other Revenues	296,000	296,400	432,091	135,691
Total Revenues	<u>28,509,700</u>	<u>28,584,174</u>	<u>29,643,521</u>	<u>1,059,347</u>
EXPENDITURES				
Current:				
General Government	2,575,100	2,575,100	2,380,311	194,789
Special Grants and Programs	1,951,750	2,261,160	1,842,569	418,591
Community Services	4,281,400	4,389,922	3,802,556	587,366
Planning Services	4,380,000	4,399,991	4,028,828	371,163
Public Safety	10,503,600	10,566,550	10,160,479	406,071
Row Offices	2,011,700	2,023,262	1,922,503	100,759
Contingency	1,000,000	958,180	-	958,180
Debt Service:				
Principal	551,500	459,927	459,876	51
Interest	192,700	284,273	284,273	-
Total Expenditures	<u>27,447,750</u>	<u>27,918,365</u>	<u>24,881,395</u>	<u>3,036,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,061,950</u>	<u>665,809</u>	<u>4,762,126</u>	<u>4,096,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,402,000)	(4,221,426)	(4,175,351)	46,075
Total Other Financing Sources (Uses)	<u>(3,402,000)</u>	<u>(4,221,426)</u>	<u>(4,175,351)</u>	<u>46,075</u>
Net Change in Fund Balance	<u>\$ (2,340,050)</u>	<u>\$ (3,555,617)</u>	586,775	<u>\$ 4,142,392</u>
Fund Balance at Beginning of Year			<u>49,648,249</u>	
Fund Balance at End of Year			<u>\$ 50,235,024</u>	



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KENT COUNTY, DELAWARE

STATEMENT OF NET
POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 18,488,758	\$ 1,868,088	\$ 1,776,613	\$ 22,133,459	\$ 1,477,226
Receivables					
Accounts	129,846	-	-	129,846	10,430
Fees and Services	3,122,147	4,779,582	1,144,451	9,046,180	-
Due from Other Funds	104,638	-	-	104,638	-
Due from Other Governments	71,690	-	-	71,690	-
Inventory	175,933	-	-	175,933	-
Prepaid Expenses and Other Assets	29,350	-	-	29,350	-
Total Current Assets	22,122,362	6,647,670	2,921,064	31,691,096	1,487,656
Non-Current Assets:					
Restricted Assets:					
Cash and Investments	45,175,639	-	-	45,175,639	-
Capital Assets, Net					
Land	7,364,419	-	3,000	7,367,419	-
Construction in Progress	10,606,770	-	-	10,606,770	-
Land and Site Improvements	43,311	-	-	43,311	-
Pipeline	47,975,587	-	-	47,975,587	-
Buildings	16,409,815	-	-	16,409,815	-
Equipment and Furniture	35,547,447	16,057	-	35,563,504	-
Total Non-Current Assets	163,122,988	16,057	3,000	163,142,045	-
Total Assets	185,245,350	6,663,727	2,924,064	194,833,141	1,487,656
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items Related to Pension	3,684,806	-	-	3,684,806	-
Deferred Items Related to OPEB	2,251,001	-	-	2,251,001	-
Deferred Charges on Refunding	23,281	-	-	23,281	-
Total Deferred Outflows of Resources	5,959,088	-	-	5,959,088	-
LIABILITIES					
Current Liabilities					
Accounts Payable	1,714,305	324,772	61,756	2,100,833	107,755
Accrued Expenses	297,596	-	-	297,596	-
Retainage Payable	6,271	167,850	-	174,121	-
Due to Other Funds	566,610	31,526	35,470	633,606	-
Due to Other Governments	-	-	-	-	-
Other Liabilities	-	-	1,369	1,369	-
Compensated Absences	15,382	-	-	15,382	-
Unearned Revenue	-	4,641,081	1,261,063	5,902,144	8,942
Bonds Payable	2,406,899	-	-	2,406,899	-
Total Current Liabilities	5,007,063	5,165,229	1,359,658	11,531,950	116,697
Non-Current Liabilities:					
Net Pension Liability	6,392,211	-	-	6,392,211	-
Net OPEB Liability	4,219,371	-	-	4,219,371	-
Compensated Absences	398,587	-	-	398,587	-
Bonds Payable, Net of Bond Discounts/Premiums	45,507,163	-	-	45,507,163	-
Total Non-Current Liabilities	56,517,332	-	-	56,517,332	-
Total Liabilities	61,524,395	5,165,229	1,359,658	68,049,282	116,697
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Other	126,355	-	-	126,355	-
Deferred Items Related to Pension	425,307	-	-	425,307	-
Deferred Items Related to OPEB	36,222	-	-	36,222	-
Deferred Charges on Refunding	126	-	-	126	-
Total Deferred Inflows Of Resources	588,010	-	-	588,010	-
NET POSITION					
Net Investment in Capital Assets	71,400,305	16,057	3,000	71,419,362	-
Restricted for:					
Capital Projects - Equipment Replacement	327,622	-	-	327,622	-
Capital Projects - Expansion Sewer Facilities	37,780,135	-	-	37,780,135	-
Unrestricted	19,583,971	1,482,441	1,561,406	22,627,818	1,370,959
Total Net Position	\$ 129,092,033	\$ 1,498,498	\$ 1,564,406	\$ 132,154,937	\$ 1,370,959

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Activities - Internal Service Fund
OPERATING REVENUES					
Fees for Services	\$ 19,626,964	\$ 4,571,393	\$ 1,090,576	\$ 25,288,933	\$ -
Permits	120,098	-	-	120,098	-
Operating Grants	4,296	-	-	4,296	-
Other Revenue	848,572	60	10,757	859,389	35,327
Employer Contributions	-	-	-	-	5,732,218
Employee Contributions	-	-	-	-	737,277
Total Operating Revenues	20,599,930	4,571,453	1,101,333	26,272,716	6,504,822
OPERATING EXPENSES					
Salaries and Benefits	7,841,212	137,180	135,069	8,113,461	-
Contractual Services	396,285	4,151,442	17,928	4,565,655	-
Travel	5,808	-	-	5,808	-
Utilities	1,867,533	-	811,726	2,679,259	-
Maintenance, Parts and Supplies	2,012,035	93,108	11,470	2,116,613	-
Vehicle Expense	153,768	3,774	1,219	158,761	-
Operating Insurance and Indirect Costs	1,700,777	52,776	57,328	1,810,881	-
Miscellaneous Expenses	27,827	169	-	27,996	-
Depreciation Expense	8,083,413	5,839	-	8,089,252	-
Medical Insurance Premiums	-	-	-	-	5,580,154
Medical Claims	-	-	-	-	999,824
Trustee Fee and Wire Charges	-	-	-	-	21,755
Total Operating Expenses	22,088,658	4,444,288	1,034,740	27,567,686	6,601,733
Operating Income (Loss)	(1,488,728)	127,165	66,593	(1,294,970)	(96,911)
NON-OPERATING REVENUES (EXPENSES)					
Interest and Dividends	1,098,429	53,444	33,844	1,185,717	22,603
Interest and Fiscal Charges	(1,044,044)	-	-	(1,044,044)	-
Gain on Sale of Land and Equipment	5,377	-	-	5,377	-
Total Non-Operating Revenues (Expenses)	59,762	53,444	33,844	147,050	22,603
Net Income (Loss) before Contributions	(1,428,966)	180,609	100,437	(1,147,920)	(74,308)
Capital Contributions:					
Capital Grant	415,773	-	-	415,773	-
Donated Capital Assets	974,945	-	-	974,945	-
Impact Fees	5,206,143	-	-	5,206,143	-
Developers Aid In Construction	64,598	-	-	64,598	-
Change in Net Position	5,232,493	180,609	100,437	5,513,539	(74,308)
Net Position At Beginning Of Year	123,859,540	1,317,889	1,463,969	126,641,398	1,445,267
Net Position At End Of Year	\$ 129,092,033	\$ 1,498,498	\$ 1,564,406	\$ 132,154,937	\$ 1,370,959

KENT COUNTY, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds		Internal Service Fund
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 20,810,116	\$ 4,556,032	\$ 1,229,389	\$ 26,595,537	\$ 6,498,157
Payments to Suppliers	(3,597,998)	(4,148,253)	(838,456)	(8,584,707)	(6,523,214)
Payments to Employees	(6,110,744)	(178,864)	-	(6,289,608)	-
Internal Activity - payments to other funds	(1,379,718)	-	(180,821)	(1,560,539)	-
Net Cash Provided (Used) by Operating Activities	9,721,656	228,915	210,112	10,160,683	(25,057)
Cash Flows From Capital and Related					
Financing Activities:					
Proceeds from Capital Grant	580,185	-	-	580,185	-
Proceeds from Bonded Indebtedness	94,000	-	-	94,000	-
Proceeds from Sale of Equipment and Land	50,216	-	-	50,216	-
Acquisition and Construction of Capital Assets	(3,238,503)	-	-	(3,238,503)	-
Interest/Fiscal Charges Paid on Bonds	(1,084,821)	-	-	(1,084,821)	-
Retirement of Debt	(2,369,014)	-	-	(2,369,014)	-
Developers Aid In Construction	64,598	-	-	64,598	-
Impact Fees Collected	5,206,143	-	-	5,206,143	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(697,196)	-	-	(697,196)	-
Cash Flows From Investing Activities:					
Interest and Dividends	1,098,429	53,444	33,844	1,185,717	22,603
Net Cash Provided By Investing Activities	1,098,429	53,444	33,844	1,185,717	22,603
Net Increase (Decrease) In Cash and Cash Equivalents	10,122,889	282,359	243,956	10,649,204	(2,454)
Cash and Cash Equivalents At Beginning Of Year	53,541,508	1,585,730	1,532,657	56,659,895	1,479,680
Cash and Cash Equivalents At End Of Year	\$ 63,664,397	\$ 1,868,089	\$ 1,776,613	\$ 67,309,099	\$ 1,477,226
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Statement of Net Position					
Current Assets: Cash and Investments	\$ 18,488,758	\$ 1,868,089	\$ 1,776,613	\$ 22,133,460	\$ 1,477,226
Non Current Assets: Cash and Investments	45,175,639	-	-	45,175,639	-
Total Cash and Investments	\$ 63,664,397	\$ 1,868,089	\$ 1,776,613	\$ 67,309,099	\$ 1,477,226

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds		Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (1,488,728)	\$ 127,165	\$ 66,593	\$ (1,294,970)	\$ (96,911)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	8,083,413	5,839	-	8,089,252	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	384,372	(179,592)	(30,995)	173,785	(7,617)
(Increase) Decrease in Due From Other Funds	(11,039)	-	139,371	128,332	-
(Increase) Decrease in Prepaid Expenses and Other Assets	(6,032)	-	-	(6,032)	-
(Increase) Decrease in Deferred Items Related to Pension/OPEB	(2,258,813)	-	-	(2,258,813)	-
Increase (Decrease) in Accounts Payable	1,063,333	17,722	4,045	1,085,100	(1,102)
Increase (Decrease) in Retainage Payable	1,095	82,994	-	84,089	-
Increase (Decrease) in Medical Claims Payable	-	-	-	-	79,621
Increase (Decrease) in Accrued Expenses	(6,928)	-	-	(6,928)	-
Increase (Decrease) in Unearned Revenue	-	164,171	19,679	183,850	952
Increase (Decrease) in Net Pension Liability	2,775,686	-	-	2,775,686	-
Increase (Decrease) in Net OPEB Liability	1,216,804	-	-	1,216,804	-
Increase (Decrease) in Compensated Absences	3,719	-	-	3,719	-
Increase (Decrease) in Unavailable Revenue	(1,464)	-	-	(1,464)	-
Increase (Decrease) in Deferred Items Related to Pension/OPEB	(161,683)	-	-	(161,683)	-
Increase (Decrease) in Due To Other Funds	127,921	10,616	11,419	149,956	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,721,656</u>	<u>\$ 228,915</u>	<u>\$ 210,112</u>	<u>\$ 10,160,683</u>	<u>\$ (25,057)</u>
Non-Cash Capital and Related Financing Activities:					
Capital Assets Acquired Through the Incurrence of Donated Capital Assets	\$ 974,945	\$ -	\$ -	\$ 974,945	\$ -
Total Non-Cash Capital and Related Financing Activities	<u>\$ 974,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,945</u>	<u>\$ -</u>

KENT COUNTY, DELAWARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Pension and Post Retiree Funds</u>	<u>Agency Fund</u>
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ 715	\$ 1,726,935
Receivables		
Interest	7,555	-
Investments	<u>62,831,915</u>	<u>-</u>
Total Assets	<u>62,840,185</u>	<u>\$ 1,726,935</u>
LIABILITIES		
Accounts Payable	33,985	\$ -
Due to Other Governments	-	741,821
Tax Sale Proceeds Payable	-	124,926
Other Liabilities	<u>-</u>	<u>860,188</u>
Total Liabilities	<u>33,985</u>	<u>\$ 1,726,935</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	44,475,099	
Post Retiree Benefits	<u>18,331,101</u>	
Total Net Position	<u>\$ 62,806,200</u>	

KENT COUNTY, DELAWARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Pension And Post Retiree Funds</u>
ADDITIONS	
Employee Contributions	\$ 207,941
Employer Contributions	4,183,274
Interest and Dividends	453,824
Net Appreciation in Fair Value of Investments	<u>3,313,536</u>
Total Additions	<u>8,158,575</u>
DEDUCTIONS	
Pension Benefits	2,920,678
OPEB Benefits	1,192,265
Administrative Expense	<u>211,655</u>
Total Deductions	<u>4,324,598</u>
Change In Net Position	3,833,977
Net Position - Beginning of Year	<u>58,972,223</u>
Net Position - End of Year	<u><u>\$ 62,806,200</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. 88 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, 2019 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 three items that qualify for reporting in this category – the deferred charge on refunding reported and the deferred items related to pension (Note K) and OPEB (Note L) 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 pension and 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, 2019, 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>128,864,299</u>	<u>130,399,428</u>
Total Deposits	<u>\$ 129,114,299</u>	<u>\$ 130,649,428</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, 2019:

<u>Investments Measured at Fair Value:</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Money Market Mutual Funds	\$ 1,727,287	\$ 1,727,287	\$ -
Corporate Stocks	42,332,143	42,332,143	-
Real Estate Equity Funds	<u>1,918,609</u>	<u>1,918,609</u>	-
	<u>45,978,039</u>	<u>45,978,039</u>	-
<u>External Investment Pools Measured at Fair Value:</u>			
DE Local Government Retirement Investment Pool	<u>18,344,876</u>	-	<u>18,344,876</u>
Total Investments Measured at Fair Value	<u>64,322,915</u>	<u>\$ 45,978,039</u>	<u>\$ 18,344,876</u>
<u>Investments Measured at Amortized Cost:</u>			
Certificates of Deposit	<u>413,515</u>		
Total Investments	<u>\$ 64,736,430</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, 2019, 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	\$ 413,515	\$ 101,861	\$ 311,654
Total Investments	<u>\$ 413,515</u>	<u>\$ 101,861</u>	<u>\$ 311,654</u>

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, 2019, 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, 2019, the County had \$18,344,876 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	\$ 129,114,299
Investments	64,736,430
Petty Cash Amounts	3,000
Cash on Hand	<u>176,810</u>
Total	<u>\$ 194,030,539</u>
Unrestricted	\$ 84,295,335
Restricted	45,175,639
Fiduciary Funds	<u>64,559,565</u>
Total Cash and Investments	<u>\$ 194,030,539</u>

NOTE D – CAPITAL ASSETS

1. Primary Government-

The capital asset activity for Governmental Activities for the year ended June 30, 2019, was as follows:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 8,842,973	\$ 82,884	\$ -	\$ 8,925,857
Construction in Progress	286,804	279,435	(11,648)	554,591
Total Capital Assets Not Being Depreciated	<u>9,129,777</u>	<u>362,319</u>	<u>(11,648)</u>	<u>9,480,448</u>
Capital Assets Being Depreciated				
Land and Site Improvements	9,426,738		-	9,426,738
Buildings	30,298,792	119,197	-	30,417,989
Equipment and Furniture	9,870,803	463,845	(67,089)	10,267,559
Total Capital Assets Being Depreciated	<u>49,596,333</u>	<u>583,042</u>	<u>(67,089)</u>	<u>50,112,286</u>
Less Accumulated Depreciation for:				
Site Improvements	3,113,643	404,809	-	3,518,452
Buildings	7,288,787	777,454	-	8,066,241
Equipment and Furniture	8,607,578	423,908	(64,672)	8,966,814
Total Accumulated Depreciation	<u>19,010,008</u>	<u>1,606,171</u>	<u>(64,672)</u>	<u>20,551,507</u>
Total Capital Assets Being Depreciated, Net	<u>30,586,325</u>	<u>(1,023,129)</u>	<u>(2,417)</u>	<u>29,560,779</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,716,102</u>	<u>\$ (660,810)</u>	<u>\$ (14,065)</u>	<u>\$ 39,041,227</u>

NOTE D – CAPITAL ASSETS - CONTINUED

The capital asset activity for Business-Type Activities for the year ended June 30, 2019, was as follows:

	July 1, 2018	Increases	Decreases	June 30, 2019
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 7,358,664	\$ 8,755	\$ -	\$ 7,367,419
Construction in Progress	8,976,045	2,410,767	(780,042)	10,606,770
Total Capital Assets Not Being Depreciated	<u>16,334,709</u>	<u>2,419,522</u>	<u>(780,042)</u>	<u>17,974,189</u>
Capital Assets Being Depreciated				
Land and Site Improvements	5,982,562	-	-	5,982,562
Pipeline	95,806,126	970,077	-	96,776,203
Buildings	39,922,640	635,217	-	40,557,857
Equipment and Furniture	85,214,791	896,680	(397,608)	85,713,863
Total Capital Assets Being Depreciated	<u>226,926,119</u>	<u>2,501,974</u>	<u>(397,608)</u>	<u>229,030,485</u>
Less Accumulated Depreciation for:				
Site Improvements	5,891,755	47,496	-	5,939,251
Pipeline	46,373,949	2,426,667	-	48,800,616
Buildings	22,914,516	1,233,526	-	24,148,042
Equipment and Furniture	46,121,565	4,381,563	(352,769)	50,150,359
Total Accumulated Depreciation	<u>121,301,785</u>	<u>8,089,252</u>	<u>(352,769)</u>	<u>129,038,268</u>
Total Capital Assets Being Depreciated, Net	<u>105,624,334</u>	<u>(5,587,278)</u>	<u>(44,839)</u>	<u>99,992,217</u>
Business-Type Activities Capital Assets, Net	<u>\$ 121,959,043</u>	<u>\$ (3,167,756)</u>	<u>\$ (824,881)</u>	<u>\$ 117,966,406</u>

Depreciation expense was charged to the following activities:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 482,970	Sewer Fund	\$ 8,083,413
Community Services	701,252	Trash Fund	5,839
Planning Services	36,404	Landfill Fund	-
Public Safety	367,476		
Row Offices	18,069		
	<u>\$ 1,606,171</u>		<u>\$ 8,089,252</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, 2019, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 133
	CDBG	541,165
	Non-Major Governmental Funds	24,451
	Sewer Fund	562,358
	Trash Collection Fund	12,011
	Non-Major Proprietary Funds	20,383
Capital Projects Fund	General Fund	2,112
	Sewer Fund	4,252
Sewer Fund	General Fund	70,036
	Trash Collection Fund	19,515
	Non-Major Proprietary Funds	15,087
Total		<u>\$ 1,271,503</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.

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>Capital Projects Fund</u>	<u>Community Development Block Grant</u>
General Fund	\$ 3,823,926	\$ 351,425
Total Interfund Transfers	<u>\$ 3,823,926</u>	<u>\$ 351,425</u>

NOTE F – LONG-TERM DEBT

1. Changes in Long-Term Liabilities

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 3,837,680	\$ -	\$ (238,853)	\$ 3,598,827	\$ 244,873
Plus: Net Bond Premiums	322,870	-	(21,286)	301,584	21,288
Total Bonds Payable	4,160,550	-	(260,139)	3,900,411	266,161
Net Pension Liability	12,492,708	9,588,174	-	22,080,882	-
Net OPEB Liability	10,018,759	3,941,152	-	13,959,911	-
Note Payable	4,238,266	-	(221,025)	4,017,241	316,949
Compensated Absences	1,251,327	37,051	-	1,288,378	51,535
Governmental Activity Long-Term Liabilities	<u>\$ 32,161,610</u>	<u>\$ 13,566,377</u>	<u>\$ (481,164)</u>	<u>\$ 45,246,823</u>	<u>\$ 634,645</u>
Business-Type Activities:					
Bonds Payable	\$ 49,739,393	\$ 94,000	\$ (2,369,014)	\$ 47,464,379	\$ 2,375,156
Plus: Net Bond Premiums	481,428	-	(31,745)	449,683	31,743
Total Bonds Payable	50,220,821	94,000	(2,400,759)	47,914,062	2,406,899
Net Pension Liability	3,616,525	2,775,686	-	6,392,211	-
Net OPEB Liability	3,002,567	1,216,804	-	4,219,371	-
Compensated Absences	410,250	3,719	-	413,969	15,382
Business-Type Activity Long-Term Liabilities	<u>\$ 57,250,163</u>	<u>\$ 4,090,209</u>	<u>\$ (2,400,759)</u>	<u>\$ 58,939,613</u>	<u>\$ 2,422,281</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, 2019, 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, 2019:

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2019</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%	\$ 47,989
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%	75,226
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%	78,586
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%	79,723
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%	70,737
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%	579,335
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%	2,957,387
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%	223,009

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, 2019</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%	106,592
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%	9,902,634
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%	886,185
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%	2,531,502
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%	2,089,051
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%	96,840
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%	4,145,797
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%	5,301,598

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, 2019</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%	4,819,653
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%	331,768
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%	766,667
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%	374,002
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%	115,348
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%	8,965,000
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%	2,724,009
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%	3,044,675

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, 2019</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%	445,717
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%	210,932
2018 April 25, 2058	94,000	Series 2018C-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Hilltop Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning March 2019	2.125%	93,244
	Subtotal Bonds			<u>51,063,206</u>
2015 September 2030	5,000,000	Series 2015, WSFS Loan Principal and Interest Due in Quarterly Installments Beginning December 2015	Variable	4,017,241
Plus:	Unamortized bond premium on 2015 bond issues			751,267
	Total Long-Term Debt			<u><u>\$ 55,831,714</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, 2019, are as follows:

Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 561,822	\$ 181,093	\$ 2,375,156	\$ 1,070,554
2021	578,528	168,903	2,431,743	1,020,701
2022	518,885	157,573	2,348,298	971,780
2023	529,558	146,057	2,344,343	922,902
2024	540,205	133,363	2,352,222	873,197
2025-2029	2,884,992	464,773	12,240,671	3,594,137
2030-2034	2,002,078	136,935	9,306,527	2,322,207
2035-2039	-	-	4,744,289	1,547,605
2040-2044	-	-	4,631,165	999,123
2045-2049	-	-	4,227,518	466,771
2050-2054	-	-	1,635,787	132,737
2055-2058	-	-	508,587	12,788
Total	7,616,068	\$ 1,388,697	49,146,306	\$ 13,934,502
Less:				
Funds Not Drawn	-		(1,681,927)	
Total	\$ 7,616,068		\$ 47,464,379	

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	\$ 12,543,552	\$ 11,885,546
Library Taxes	866,248	805,686
Suburban Park Taxes	15,620	15,611
Deferred Items Related to Pension	-	1,469,158
Deferred Items Related to OPEB	-	122,696
Total Deferred Inflows Of Resources	<u>\$ 13,425,420</u>	<u>\$ 14,298,697</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>
Trmsmsn Debt Refinance	\$ 21,965	\$ 21,965
Impact Fees	104,000	104,000
Unclaimed Tax Sale Proceeds	390	390
Deferred Items Related to Pension	425,307	425,307
Deferred Items Related to OPEB	36,222	36,222
Deferred Charges on Refunding	126	126
Total Deferred Inflows Of Resources	<u>\$ 588,010</u>	<u>\$ 588,010</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	\$ 18,268	\$ 5,050	\$ -	\$ 23,318
Prepaid Expenditures	724,929	-	-	724,929
Total Nonspendable	743,197	5,050	-	748,247
Restricted:				
Capital Projects	-	8,234,001	171,913	8,405,914
Recreational	32,815	-	-	32,815
APFO-EMS	2,487	-	-	2,487
Library Tax	913,712	-	-	913,712
Rodent Grant	2,124	-	-	2,124
Technology Fee-Deeds	75,028	-	-	75,028
Technology Fee-General Fund	112,542	-	-	112,542
Library Standards Grant	69,157	-	-	69,157
Total Restricted	1,207,865	8,234,001	171,913	9,613,779
Assigned:				
Encumbrances	400,398	-	-	400,398
Operating Needs	2,125,700	-	-	2,125,700
Legal Contingency	950,000	-	-	950,000
Library	155,000	-	-	155,000
Recorder of Deeds Maintenance Fees	29,852	-	-	29,852
Sheriff Auctioneer Fees	60,000	-	-	60,000
Local Government Fees	60,000	-	-	60,000
Donations	5,582	-	-	5,582
Total Assigned	3,786,532	-	-	3,786,532
Unassigned	44,497,430	-	-	44,497,430
 Total Fund Balances	 \$ 50,235,024	 \$ 8,239,051	 \$ 171,913	 \$ 58,645,988

NOTE I – CAPITAL IMPROVEMENT COMMITMENTS

The following is a summary of the significant capital improvement commitments of the County as of June 30, 2019:

Governmental Activities

Capital Project Fund:

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
IT Appraisal Software (CAMA)	\$ 567,990	\$ 300,142	\$ 267,848
Hunn Wetland Bridge	11,500	1,725	9,775
	\$ 579,490	\$ 301,867	\$ 277,623

The Capital Projects Fund has incurred costs in the amount of \$276,968 that were not under a formal construction commitment as of June 30, 2019.

Enterprise Funds

Sewer Fund:

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
Blower System Upgrade	\$ 404,213	\$ 41,407	\$ 362,806
TMDL	430,000	76,443	353,557
Weatherstone	76,150	801	75,349
NE Front St, Milford	46,101	2,351	43,750
London Village	47,307	7,136	40,171
Paris Villa	49,666	353	49,313
Screen Replacement at WWTP	18,900	18,089	811
Dover Products	198,660	11,819	186,841
US 13 Forcemain Rehabilitation	6,913,844	5,607,872	1,305,972
Local Limits Evaluation	55,000	55,000	-
Biosolids Capacity Expansion	159,301	159,301	-
Puncheon Run Extension	134,500	132,442	2,058
General Labor and Equipment Contract	8,123,157	182,317	7,940,840
Less Capitalized/Expensed in Prior Years			(7,338,685)
	\$ 16,656,799	\$ 6,295,331	\$ 3,022,783

In the Sewer Fund, Kent County has incurred costs in the amount of \$7,583,987 that were not under a formal construction commitment as of June 30, 2019.

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	201
Survivors	27
Disabled	2
Deferred Vested	<u>96</u>
TOTAL	<u><u>617</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 2019 was \$3,024,582 of which \$207,941 was the employee contribution and \$2,816,641 was the employer contribution. This contribution was based on the January 1, 2018 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, 2019**

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ 715	\$ -
Receivables		
Interest	7,555	-
Investments	<u>44,500,814</u>	<u>18,331,101</u>
Total Assets	<u>44,509,084</u>	<u>18,331,101</u>
LIABILITIES		
Accounts Payable	<u>33,985</u>	-
Total Liabilities	<u>33,985</u>	<u>-</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	44,475,099	-
Post Retiree Benefits	<u>-</u>	<u>18,331,101</u>
Total Net Position	<u>\$ 44,475,099</u>	<u>\$ 18,331,101</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, 2019

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ADDITIONS		
Employee Contributions	\$ 207,941	\$ -
Employer Contributions	2,816,641	1,366,633
Interest and Dividends	157,252	296,572
Net Appreciation (Depreciation) in Fair Value of Investments	<u>2,773,195</u>	<u>540,341</u>
Total Additions	<u>5,955,029</u>	<u>2,203,546</u>
DEDUCTIONS		
Pension Benefits	2,920,678	-
OPEB Benefits	-	1,192,265
Administrative Expense	<u>198,651</u>	<u>13,004</u>
Total Deductions	<u>3,119,329</u>	<u>1,205,269</u>
Change In Net Position	2,835,700	998,277
Net Position - Beginning of Year	<u>41,639,399</u>	<u>17,332,824</u>
Net Position - End of Year	<u>\$ 44,475,099</u>	<u>\$ 18,331,101</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, 2019, 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	43.82%	40.00%	5.80%
International Equity Composite	8.96%	10.00%	6.30%
Emerging Markets Equity Composite	2.38%	2.50%	9.10%
Total Fixed Income Composite	31.16%	33.50%	1.40%
Real Estate Composite	4.31%	4.00%	4.20%
Global Tactical Asset Allocation	9.37%	10.00%	4.50%
	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, 2019.

5. Discount Rate

The discount rate used to measure the total pension liability is 7.25%. 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, 2019. The net pension liability is \$28,473,093, measured as the difference between the total pension liability of \$66,245,049 and the fiduciary net position of \$37,771,956.

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	\$ 56,506,230	\$ 40,396,997	\$ 16,109,233
Changes for the year:			
Service cost	1,085,268	-	1,085,268
Interest	4,215,078	-	4,215,078
Differences between expected and actual experience	559,396	-	559,396
Change in assumptions*	6,659,996	-	6,659,996
Contributions-employer	-	2,542,916	(2,542,916)
Contributions-employee	-	200,244	(200,244)
Net investment income	-	(2,512,711)	2,512,711
Benefit payments, including refunds of employee contributions	(2,780,919)	(2,780,919)	-
Administrative expenses	-	(74,571)	74,571
Net Changes	9,738,819	(2,625,041)	12,363,860
Balances at end of year	\$ 66,245,049	\$ 37,771,956	\$ 28,473,093

*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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 37,028,773	\$ 28,473,093	\$ 21,352,583

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 2019 year, the annual money-weighted rate of return on the investments, net of investment expense, is 7.05%.

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, 2019, the County recognized pension expense of \$3,884,956. At June 30, 2019, 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	\$ 598,244	\$ 12,541
Change of assumptions	7,986,387	-
Net Difference between projected and actual earnings on pension plan investments	5,058,455	1,881,924
Contributions subsequent to the measurement date- January 2, 2019 - June 30, 2019	<u>2,816,641</u>	<u>-</u>
	<u>\$ 16,459,727</u>	<u>\$ 1,894,465</u>

An amount of \$2,816,641 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date (January 1, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ending June 30:		
2020	\$	3,855,865
2021		3,075,474
2022		2,265,749
2023		<u>2,551,533</u>
	<u>\$</u>	<u>11,748,621</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, 2019
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:	7.25%, net of investment expenses
Discount rate:	7.25%
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 2018 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 2018 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, 132 retirees meet these eligibility requirements, of which 115 retirees and 27 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 2019, expenditures of \$1,248,474 were recognized for post-retirement health care of which \$1,182,764 was paid out of the OPEB fund. The \$65,710 balance of retiree benefits was paid from the operating budgets of General Fund in the amount of \$50,233 and Sewer Fund in the amount of \$15,477.

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, 2019, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 4.80%. 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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2019.

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

Actuarial assumptions.

The total OPEB liability in the June 30, 2019 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, 2019, a June 30, 2019 measurement date was used.
Valuation Date:	June 30, 2019 with no adjustments to get to the June 30, 2019 measurement date. Liabilities as of July 1, 2018 are based on an actuarial valuation date of June 30, 2016 projected to July 1, 2018 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	29 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 2019 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	8.0 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	\$ 30,356,932	\$ 17,335,606	\$ 13,021,326
Changes for the year:			
Service cost	978,528	-	978,528
Interest	2,306,663	-	2,306,663
Differences between expected and actual experience	636,633	-	636,633
Change in assumptions*	2,952,416	-	2,952,416
Contributions-employer	-	1,366,633	(1,366,633)
Net investment income	-	836,738	(836,738)
Change of benefit terms	474,250		474,250
Benefit payments, including refunds			
Benefit payments	(1,181,271)	(1,181,271)	-
Administrative expenses	-	(12,837)	12,837
Net Changes	6,167,219	1,009,263	5,157,956
Balances at end of year	\$ 36,524,151	\$ 18,344,869	\$ 18,179,282

* 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% bi-annually until reaching the long-term expected rate of return of the OPEB Trust of 7.00%. The change resulted in an increase in liabilities. The next change will be effective June 30, 2020.

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	\$ 22,856,685	\$ 18,179,282	\$ 14,276,127

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 8.00% 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 (7.00% decreasing to an ultimate rate of 3.50%) or 1.00% higher (9.00% decreasing to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

	1% Decrease in Trend Rate (7.00%)	Current Trend Rate (8.00%)	1% Increase in Trend Rate (9.00%)
Net OPEB Liability	\$ 14,039,313	\$ 18,179,282	\$ 23,187,942

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

For the year ended June 30, 2019 the County recognized OPEB expense of \$2,966,501. At June 30, 2019, 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	\$ 4,557,169	\$ -
Change of assumptions	4,720,358	-
Net Difference between projected and actual earnings on pension plan investments	435,734	158,918
	<u>\$ 9,713,261</u>	<u>\$ 158,918</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:

2020	\$ 1,867,379
2021	1,867,379
2022	1,946,837
2023	1,926,870
2024	1,433,161
Thereafter	512,717
	<u>\$ 9,554,343</u>

NOTE M - RISK MANAGEMENT

1. Health Insurance

The County contracted with Aetna thru Delaware Valley Health Trust (DVHT) to provide health insurance for the County’s active employees and retirees thru June 30, 2019. Effective July 1, 2019, employees and non-Medicare eligible retirees enrolling in health insurance coverage paid 7% of the monthly premium for individual coverage. Medicare eligible retirees paid \$0.

The County is self-insured for dental care benefits. The dental care benefits employees receive are \$2,000 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, 2019, the balance of this reserve totaled \$327,622.
- 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, 2019, the balance of this reserve totaled \$37,780,135 of which \$27,894,778 is for the main system capital improvement and \$9,885,357 is for district capital improvement.

Equipment Replacement Reserve	\$ 327,622
Expansion Reserve	<u>37,780,135</u>
Total Restricted Net Position	<u>\$ 38,107,757</u>

NOTE O – 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, 2019, the balances of the outstanding bonds were as follows:

<u>Bond</u>	<u>Issue Amount</u>	<u>Balance Outstanding June 30, 2019</u>
1999 Wesley College	\$ 1,250,000	\$ 49,683
1999 Dover ALF, LLC "Heritage"	7,500,000	4,720,000
2005 Wesley College	2,900,000	254,821
2008A, 2008B Providence Creek Academy Charter School	13,150,000	6,080,000
2011 Charter School, Inc.	3,930,000	3,305,000
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>\$ 120,175,000</u>	<u>\$ 105,854,504</u>

NOTE P – 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, 2019, the County abated property taxes totaling \$189. The tax abatement agreement is as follows:

- A 20 percent property tax abatement to a convenience store for land and a building. The abatement amounted to \$189.

NOTE Q – SUBSEQUENT EVENTS

On July 9, 2019, the Levy Court Commissioners approved the agreement of sale for a property at the price of \$155,000 or the appraised value as determined by the Certified Real Estate Appraisal, whichever is less, for the purpose of creating a paramedic station on the west side of Kent County.

On July 23, 2019, the Levy Court Commissioners awarded the 2019 Paving Rehabilitation Project at the Kent County Regional Resource Recovery Facility in the amount of \$290,000.

On November 12, 2019, the Levy Court Commissioners approved an ordinance authorizing the issuance of up to \$1,023,000 of the County's General Obligation Bond for the purpose of (i) financing or reimbursing the County for the purchase of two turbo blowers to replace two existing multi-stage blowers at the County Regional Recovery Facility; and (ii) paying the cost of the issuance of the bond.

On November 12, 2019, the Levy Court Commissioners also approved an ordinance authorizing the issuance of up to \$1,420,000 of the County's General Obligation Bond for the purpose of (i) financing or reimbursing the County for the costs of the rehabilitation of a force main by slip lining approximately 2.8 miles of 24# pre-stressed concrete cylinder pipeline located in the median of US Route 13 and (ii) paying the costs of the issuance of the bond.

Also, on November 12, 2019, the Levy Court Commissioners approved an ordinance which provides for an employee contribution of five (5%) percent of base salary on a pre-tax basis in excess of \$6,000 to the Kent County Employee Retirement Programs for employees hired after January 1, 2020.

The County has evaluated all subsequent events through December 6, 2019, 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, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Total Pension Liability					
Service cost	\$ 1,085,268	\$ 1,022,745	\$ 937,737	\$ 827,074	\$ 1,033,726
Interest on total pension liability	4,215,078	4,030,916	3,677,882	3,398,722	2,852,131
Differences between expected and actual experience	559,396	251,213	(15,793)	(31,129)	485,747
Changes of assumptions	6,659,996	1,456,423	3,747,942	1,426,791	3,771,993
Benefit payments, including refunds of member contributions	(2,780,919)	(2,488,271)	(2,300,696)	(2,184,547)	(2,052,529)
Net change in total pension liability	9,738,819	4,273,026	6,047,072	3,436,911	6,091,068
Total pension liability, beginning	56,506,230	52,233,204	46,186,132	42,749,221	36,658,153
Total pension liability, ending (a)	66,245,049	56,506,230	52,233,204	46,186,132	42,749,221
Fiduciary Net Position					
Employer contributions	2,556,190	1,979,945	1,634,883	1,416,774	1,314,726
Member contributions	186,970	186,515	187,079	156,272	163,928
Net investment income	(2,512,711)	5,830,044	2,314,335	158,235	2,358,943
Benefit payments, including refunds of member contributions	(2,780,919)	(2,488,271)	(2,300,696)	(2,184,547)	(2,052,529)
Administrative expenses	(74,571)	(54,070)	(33,546)	(36,842)	(190,972)
Net change in plan fiduciary net position	(2,625,041)	5,454,163	1,802,055	(490,108)	1,594,096
Fiduciary net position, beginning	40,396,997	34,942,834	33,140,779	33,630,887	32,036,791
Fiduciary net position, ending (b)	\$ 37,771,956	\$ 40,396,997	\$ 34,942,834	\$ 33,140,779	\$ 33,630,887
Net pension liability, ending = (a) - (b)	\$ 28,473,093	\$ 16,109,233	\$ 17,290,370	\$ 13,045,353	\$ 9,118,334
Fiduciary net position as a % of total pension liability	57.02%	71.49%	66.90%	71.75%	78.67%
Covered payroll	14,837,958	14,633,137	14,428,663	14,111,982	13,578,928
Net pension liability as a % of covered payroll	191.89%	110.09%	119.83%	92.44%	67.15%
Annual money weighted rate of return, net of investment expense	7.05%	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.

Schedule of Employer Pension Contributions

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
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%
2019	2,811,213	2,816,640	(5,427)	14,633,127	19.25%

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

Valuation Date:	January 1, 2019
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:	7.25%, net of investment expenses
Discount rate:	7.25%
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 2018 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 2018 Trustee's Report

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Total OPEB Liability		
Service cost	\$ 978,528	\$ 692,587
Interest on total OPEB liability	2,306,663	1,752,033
Changes of benefit terms	474,250	-
Differences between expected and actual experience	636,633	5,566,019
Changes of assumptions	2,952,416	877,054
Benefit payments, including refunds of member contributions	(1,181,271)	(873,799)
Net change in total OPEB liability	6,167,219	8,013,894
Total OPEB liability, beginning	30,356,932	22,343,038
Total OPEB liability, ending (a)	36,524,151	30,356,932
Fiduciary Net Position		
Employer contributions	1,366,633	1,366,633
Net investment income	836,738	1,099,278
Benefit payments	(1,181,271)	(873,799)
Administrative expenses	(12,837)	(5,571)
Net change in plan fiduciary net position	1,009,263	1,586,541
Fiduciary net position, beginning	17,335,606	15,749,065
Fiduciary net position, ending (b)	\$ 18,344,869	\$ 17,335,606
Net OPEB liability, ending = (a) - (b)	\$ 18,179,282	\$ 13,021,326
Fiduciary net position as a % of total OPEB liability	50.23%	57.11%
Covered payroll	15,374,840	15,106,839
Net OPEB liability as a % of covered payroll	118.24%	86.19%
Annual money weighted rate of return, net of investment expense	4.80%	6.96%

Schedule of Employer OPEB Contributions

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
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%
2019	1,318,229	1,366,633	(48,404)	15,374,840	8.89%

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:

Measurement Date:	For fiscal year ending June 30, 2019, a June 30, 2019 measurement date was used.
Valuation Date:	June 30, 2019 with no adjustments to get to the June 30, 2019 measurement date. Liabilities as of July 1, 2018 are based on an actuarial valuation date of June 30, 2016 projected to July 1, 2018 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	29 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 2019 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	8.0 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, 2019

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
ASSETS			
Cash and Investments	\$ 9,922	\$ 184,070	\$ 193,992
Due from Other Governments	14,150	-	14,150
Total Assets	<u>\$ 24,072</u>	<u>\$ 184,070</u>	<u>\$ 208,142</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 24,072	\$ 379	\$ 24,451
Unearned Revenue	-	11,778	11,778
Total Liabilities	<u>24,072</u>	<u>12,157</u>	<u>36,229</u>
Fund Balances:			
Restricted:			
Capital Projects	-	171,913	171,913
Total Fund Balances	<u>-</u>	<u>171,913</u>	<u>171,913</u>
Total Liabilities and Fund Balances	<u>\$ 24,072</u>	<u>\$ 184,070</u>	<u>\$ 208,142</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Fund	Capital Project Fund	
	Farmer's Home Administration Grant	Aeropark Fund	Total Non-Major Governmental Funds
REVENUES			
Grants	\$ 12,900	\$ -	\$ 12,900
Investment Income	-	3,121	3,121
Other Revenues	-	22,890	22,890
Total Revenues	12,900	26,011	38,911
EXPENDITURES			
Current:			
Planning Services	12,900	-	12,900
Economic Development	-	2,151	2,151
Total Expenditures	12,900	2,151	15,051
Excess of Revenues Over Expenditures	-	23,860	23,860
Net Change in Fund Balances	-	23,860	23,860
Fund Balances at Beginning of Year	-	148,053	148,053
Fund Balances at End of Year	\$ -	\$ 171,913	\$ 171,913

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 876,945	\$ 705,337	\$ 194,331	\$ 1,776,613
Receivables				
Fees and Services	1,034,251	-	110,200	1,144,451
Total Current Assets	<u>1,911,196</u>	<u>705,337</u>	<u>304,531</u>	<u>2,921,064</u>
Non-Current Assets:				
Capital Assets, Net				
Land	3,000	-	-	3,000
Total Non-Current Assets	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total Assets	<u>1,914,196</u>	<u>705,337</u>	<u>304,531</u>	<u>2,924,064</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	60,124	-	1,632	61,756
Due to Other Funds	30,198	818	4,454	35,470
Other Liabilities	1,369	-	-	1,369
Unearned Revenue	998,960	152,183	109,920	1,261,063
Total Liabilities	<u>1,090,651</u>	<u>153,001</u>	<u>116,006</u>	<u>1,359,658</u>
NET POSITION				
Investment in Capital Assets	3,000	-	-	3,000
Unrestricted	820,545	552,336	188,525	1,561,406
Total Net Position	<u>\$ 823,545</u>	<u>\$ 552,336</u>	<u>\$ 188,525</u>	<u>\$ 1,564,406</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, 2019

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
OPERATING REVENUES				
Fees for Services	\$ 1,029,690	\$ -	\$ 60,886	\$ 1,090,576
Other Revenue	-	10,757	-	10,757
Total Operating Revenues	<u>1,029,690</u>	<u>10,757</u>	<u>60,886</u>	<u>1,101,333</u>
OPERATING EXPENSES				
Salaries and Benefits	135,069	-	-	135,069
Contractual Services	-	17,928	-	17,928
Utilities	811,726	-	-	811,726
Maintenance, Parts and Supplies	2,214	-	9,256	11,470
Vehicle Expense	1,219	-	-	1,219
Operating Insurance and Indirect Costs	52,457	4,871	-	57,328
Total Operating Expenses	<u>1,002,685</u>	<u>22,799</u>	<u>9,256</u>	<u>1,034,740</u>
Operating Income (Loss)	<u>27,005</u>	<u>(12,042)</u>	<u>51,630</u>	<u>66,593</u>
NON-OPERATING REVENUES				
Interest and Dividends	20,484	11,122	2,238	33,844
Total Non-Operating Revenues	<u>20,484</u>	<u>11,122</u>	<u>2,238</u>	<u>33,844</u>
Net Income (Loss)	47,489	(920)	53,868	100,437
Net Position at Beginning of Year	<u>776,056</u>	<u>553,256</u>	<u>134,657</u>	<u>1,463,969</u>
Net Position at End of Year	<u>\$ 823,545</u>	<u>\$ 552,336</u>	<u>\$ 188,525</u>	<u>\$ 1,564,406</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ 1,028,945	\$ -	\$ 200,444	\$ 1,229,389
Payments to Suppliers	(812,903)	(17,929)	(7,624)	(838,456)
Internal Activity - Payment to Other Funds	(175,277)	(4,817)	(727)	(180,821)
Net Cash Provided (Used) by Operating Activities	<u>40,765</u>	<u>(22,746)</u>	<u>192,093</u>	<u>210,112</u>
Cash Flows From Investing Activities:				
Interest and Dividends	20,484	11,122	2,238	33,844
Net Cash Provided By Investing Activities	<u>20,484</u>	<u>11,122</u>	<u>2,238</u>	<u>33,844</u>
Net Increase (Decrease) In Cash and Cash Equivalents	61,249	(11,624)	194,331	243,956
Cash and Cash Equivalents at Beginning of Year	815,696	716,961	-	1,532,657
Cash and Cash Equivalents at End of Year	<u>\$ 876,945</u>	<u>\$ 705,337</u>	<u>\$ 194,331</u>	<u>\$ 1,776,613</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 27,005	\$ (12,042)	\$ 51,630	\$ 66,593
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) in Accounts Receivable	17,852	-	(48,847)	(30,995)
(Increase) Decrease in Due From Other Funds	-	-	139,371	139,371
Increase in Accounts Payable	2,413	-	1,632	4,045
Increase (Decrease) in Unearned Revenue	(18,597)	(10,758)	49,034	19,679
(Decrease) in Due To Other Funds	12,092	54	(727)	11,419
Net Cash Provided (Used) by Operating Activities	<u>\$ 40,765</u>	<u>\$ (22,746)</u>	<u>\$ 192,093</u>	<u>\$ 210,112</u>



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KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>	<u>Total</u>
ASSETS			
Restricted Assets:			
Cash and Short Term Investments	\$ 715	\$ -	\$ 715
Receivables			
Interest	7,555	-	7,555
Investments	<u>44,500,814</u>	<u>18,331,101</u>	<u>62,831,915</u>
Total Assets	<u>44,509,084</u>	<u>18,331,101</u>	<u>62,840,185</u>
LIABILITIES			
Accounts Payable	<u>33,985</u>	-	<u>33,985</u>
Total Liabilities	<u>33,985</u>	-	<u>33,985</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	44,475,099	-	44,475,099
Post Retiree Benefits	<u>-</u>	<u>18,331,101</u>	<u>18,331,101</u>
Total Net Position	<u>\$ 44,475,099</u>	<u>\$ 18,331,101</u>	<u>\$ 62,806,200</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Pension Fund	Post Retiree Benefits Fund	Total
ADDITIONS			
Employee Contributions	\$ 207,941	\$ -	\$ 207,941
Employer Contributions	2,816,641	1,366,633	4,183,274
Interest and Dividends	157,252	296,572	453,824
Net Appreciation (Depreciation) in Fair Value of Investments	2,773,195	540,341	3,313,536
Total Additions	5,955,029	2,203,546	8,158,575
DEDUCTIONS			
Pension Benefits	2,920,678	-	2,920,678
OPEB Benefits	-	1,192,265	1,192,265
Administrative Expense	198,651	13,004	211,655
Total Deductions	3,119,329	1,205,269	4,324,598
Change In Net Position	2,835,700	998,277	3,833,977
Net Position - Beginning of Year	41,639,399	17,332,824	58,972,223
Net Position - End of Year	\$ 44,475,099	\$ 18,331,101	\$ 62,806,200

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.

2019 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$31,140,703	\$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
Restricted	9,613,779	6,348,541	5,411,163	6,221,445	9,075,766	404,953	23,671	23,086	22,877	22,634
Unrestricted	32,394,196	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
Total governmental activities net position	73,148,678	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
Business-type activities										
Net investment in capital assets	71,419,362	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
Restricted	38,107,757	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
Unrestricted	22,627,818	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
Total business-type activities net position	132,154,937	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
Primary government										
Net investment in capital assets	102,560,065	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
Restricted	47,721,536	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
Unrestricted	55,022,014	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
Total primary government activities net position	\$205,303,615	\$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

2019 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$4,726,073	\$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
Special grants/programs	1,842,569	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
Community services	4,990,912	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
Planning services	6,140,000	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
Public safety	12,444,819	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
Row offices	2,376,442	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
Economic development	176,890	156,026	358,382	1,555,085	287,819	44,180	372,300	751,348	38,589	107,009
Amortization	-	-	-	-	53,254	1,856	1,854	5,068	5,068	5,068
Interest on long-term debt	263,219	240,105	215,890	185,646	211,113	229,542	235,652	241,405	246,579	251,220
Total governmental activities expenses	<u>32,960,924</u>	<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>
Business-type activities:										
Sewer	23,132,702	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
Street light	1,002,685	1,003,452	963,961	934,377	907,738	888,610	851,575	776,190	776,486	705,241
Trash	4,444,288	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
Landfill	22,799	9,673	10,680	9,804	10,031	23,087	32,746	33,205	39,052	39,483
Storm water maintenance	9,256	5,978	6,792	3,201	-	-	-	-	-	-
Total business-type activities expenses	<u>28,611,730</u>	<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>
Total primary government expenses	<u>61,572,654</u>	<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>

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

Table 2 continued

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$238,908	\$255,705	\$138,060	\$152,376	\$196,071	\$196,628	\$187,643	\$254,311	\$108,312	\$97,626
Community services	485,335	613,588	398,375	336,659	346,469	348,512	377,566	361,137	349,117	433,878
Planning services	1,707,254	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
Public safety	135,295	152,775	158,434	147,129	178,588	136,013	144,150	93,183	95,535	104,685
Row offices	5,717,364	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
Economic development	22,890	22,890	22,890	22,890	-	-	-	-	18,377	48,798
Operating grants and contributions	3,214,924	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
Capital grants and contributions	50,000	17,625	42,602	164,259	80,210	311,482	215,350	38,050	32,992	977,603
Total governmental activities program revenues	<u>11,571,970</u>	<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>
Business-type activities:										
Charges for services:										
Sewer	20,595,634	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
Street light	1,029,690	1,028,958	971,634	921,826	943,856	914,032	887,352	839,036	793,836	763,401
Trash	4,571,453	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
Landfill	10,757	2,304	2,204	1,725	1,546	9,282	-	-	-	-
Storm water maintenance	60,886	54,908	67,160	28,560	-	-	-	-	-	-
Operating grants and contributions	4,296	-	-	-	21,634	10,450	-	-	-	122,495
Capital grants and contributions	6,661,459	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
Total business-type activities program revenues	<u>32,934,175</u>	<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>
Total primary government program revenues	<u>44,506,145</u>	<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>
Net (Expense) Revenue										
Governmental activities	(21,388,954)	(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)
Business-type activities	4,322,445	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
Total primary government net (expense) revenue	<u>(\$17,066,509)</u>	<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>

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2019 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	11,774,010	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
Real estate transfer tax	5,405,493	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
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,015	270,014	270,015	270,015	326,606	257,270
Investment earnings	1,362,419	793,735	356,483	189,852	125,051	120,856	135,365	98,332	137,384	196,105
Other revenues including capital asset sales gains/losses	420,057	606,896	606,596	490,278	337,259	341,290	402,129	383,653	471,596	280,872
Interfund Transfers	-	-	127,437	-	-	-	-	-	-	-
Total governmental activities	<u>19,231,994</u>	<u>18,676,664</u>	<u>17,661,859</u>	<u>16,584,523</u>	<u>15,933,543</u>	<u>15,013,585</u>	<u>14,997,635</u>	<u>14,250,879</u>	<u>14,245,228</u>	<u>14,111,735</u>
Business-type activities:										
Investment earnings	1,185,717	644,171	288,692	137,182	90,172	96,152	124,495	32,179	61,950	85,834
Other revenues including capital asset sales gains/losses	5,377	7,544	(176,556)	17,579	244,056	12,860	177,085	-	(11,064)	14,085
Interfund Transfers	-	-	(127,437)	-	-	-	-	-	-	-
Total business-type activities	<u>1,191,094</u>	<u>651,715</u>	<u>(15,301)</u>	<u>154,761</u>	<u>334,228</u>	<u>109,012</u>	<u>301,580</u>	<u>32,179</u>	<u>50,886</u>	<u>99,919</u>
Total primary government	<u>\$20,423,088</u>	<u>\$19,328,379</u>	<u>\$17,646,558</u>	<u>\$16,739,284</u>	<u>\$16,267,771</u>	<u>\$15,122,597</u>	<u>\$15,299,215</u>	<u>\$14,283,058</u>	<u>\$14,296,114</u>	<u>\$14,211,654</u>
Change in Net Position										
Governmental activities	<u>(2,156,960)</u>	<u>1,107,449</u>	<u>1,026,148</u>	<u>206,822</u>	<u>1,917,353</u>	<u>2,746,658</u>	<u>2,343,840</u>	<u>1,806,024</u>	<u>2,269,819</u>	<u>1,106,069</u>
Business-type activities	<u>5,513,539</u>	<u>2,669,747</u>	<u>1,635,443</u>	<u>11,003,648</u>	<u>2,774,241</u>	<u>3,135,381</u>	<u>3,854,771</u>	<u>2,892,957</u>	<u>5,879,907</u>	<u>7,210,971</u>
Total primary government	<u>\$3,356,579</u>	<u>\$3,777,196</u>	<u>\$2,661,591</u>	<u>\$11,210,470</u>	<u>\$4,691,594</u>	<u>\$5,882,039</u>	<u>\$6,198,611</u>	<u>\$4,698,981</u>	<u>\$8,149,726</u>	<u>\$8,317,040</u>

2019 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	-	-	-	-	-	-	-	-	-	\$22,634
Unreserved	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	31,162,323
Total general fund	-	-	-	-	-	-	-	-	-	31,184,957
All Other Governmental Funds										
Unreserved	-	-	-	-	-	-	-	-	-	8,445,165
Total all other governmental funds	-	-	-	-	-	-	-	-	-	\$8,445,165
General Fund										
Nonspendable	\$743,197	\$710,455	\$129,567	\$728,533	\$164,537	\$78,798	\$95,869	\$153,412	\$82,143	-
Restricted	1,207,865	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	3,786,532	3,910,386	3,398,061	4,444,372	1,926,174	1,518,454	1,575,954	1,776,404	454,000	-
Unassigned	44,497,430	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	50,235,024	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	\$5,050	\$77,319	\$24,324	\$8,374	\$6,403	\$39,102	\$6,589	-	-	-
Restricted	8,405,914	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	\$8,410,964	\$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. Fiscal year 2010 data for new categories is not available.

KENT COUNTY, DELAWARE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Property taxes	\$11,822,660	\$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
Real estate transfer tax	5,405,493	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
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,015	270,014	270,015	270,015	326,606	257,270
Grant	3,264,924	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
Fees for services	8,058,925	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
Investment income	1,339,816	785,556	355,562	189,768	125,050	120,780	135,209	98,244	137,332	196,023
Rental income	23,186	23,186	23,206	25,214	23,186	23,186	23,186	23,186	23,186	23,186
Other revenues	633,874	585,059	572,647	634,623	382,934	533,503	558,597	518,120	509,595	430,080
Total revenues	30,818,893	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
Expenditures										
General government	2,557,583	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
Special grants and programs	1,842,569	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
Community services	3,987,795	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
Planning services	5,344,007	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
Public safety	10,239,819	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
Row offices	2,056,736	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
Economic development	176,890	156,026	358,382	1,555,085	287,819	44,180	372,300	751,348	38,589	107,009
Debt service:										
Bond Issue Costs	-	-	-	-	53,254	-	-	-	-	-
Principal	459,876	486,119	507,516	454,545	166,729	161,523	157,236	150,347	145,140	140,854
Interest and fiscal charges	284,273	259,947	235,138	200,693	242,113	231,584	237,592	243,149	248,151	252,595
Capital outlay	392,888	78,934	1,077,147	9,036,367	2,146,144	1,282,179	922,419	75,182	44,557	4,357,481
Total expenditures	27,342,436	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
Excess of revenues over (under) expenditures	3,476,457	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)
Other Financing Sources (Uses)										
Transfers in	4,175,351	1,314,214	1,522,811	3,454,710	4,786,473	867,809	1,277,547	521,671	1,695,003	706,731
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	(4,175,351)	(1,314,214)	(1,395,374)	(3,454,710)	(4,786,473)	(867,809)	(1,277,547)	(521,671)	(1,695,003)	(706,731)
Total other financing sources (uses)	-	-	127,437	5,000,000	181,072	-	-	-	-	-
Net change in fund balances	\$3,476,457	\$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)
Debt service as a percentage of noncapital expenditures	2.76%	2.82%	2.84%	2.54%	1.94%	1.74%	1.76%	1.71%	1.78%	1.69%

2019 Comprehensive Annual Financial Report for Kent County, Delaware
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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
2019	\$ 11,822,660	\$ 5,405,493	\$ 17,228,153
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

Note:

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

2019 Comprehensive Annual Financial Report for Kent County, Delaware
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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 (1)	Less: Tax-Exempt Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)
2019	\$ 4,106,040,700	\$ 452,298,414	\$ 3,653,742,286	\$ 0.30	N/A
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

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

Notes:

- (1) During fiscal year 2019, the County was implementing a new computer aided mass appraisal system. As part of this process, recording and reporting features are being updated to begin tracking all tax-exempt property, including exemptions for property owned by governmental, religious, educational or charitable agencies. Prior to fiscal year 2019, Tax-Exempt Property primarily included exempt properties related to the County's elderly and disability programs. Fiscal year 2019 includes the value of tax exempt properties added to the new system through June 30, 2019. Fiscal year 2018 and prior fiscal years Total Assessed Value and Tax-Exempt Property value continue to be shown under the previous recording and reporting system. The Total Taxable Assessed Value is not affected in any of the fiscal years.
- (2) Total direct tax rate represents basic County tax rate per \$100
- (3) Property in the County is not reassessed annually, therefore the estimated actual value is not available
- (4) 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Direct										
County tax	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3100	\$0.3100
Library tax (1)	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0370	0.0370
Total Direct	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3470	\$0.3470
School Districts										
Caesar Rodney	\$1.6650	\$1.6050	\$1.5650	\$1.2350	\$1.2350	\$1.2450	\$1.2450	\$1.2200	\$1.1650	\$1.1250
Capital	1.8307	1.7942	1.8065	1.8115	1.8215	1.8500	1.9090	1.8320	1.7685	1.5435
Lake Forest	1.5667	1.6531	1.4745	1.4498	1.4257	1.3163	1.1569	1.1097	1.1112	1.1600
Milford	1.7390	1.7636	1.9077	1.2626	1.2308	1.2692	1.2165	1.2846	1.3088	1.2422
Polytech	0.1541	0.1522	0.1484	0.1415	0.1372	0.1372	0.1372	0.1351	0.1304	0.1219
Smyrna	1.7373	1.7317	1.7674	1.7835	1.6433	1.4161	1.3240	1.2716	1.2529	1.2600
Woodbridge	1.4400	1.3310	1.3310	1.3310	1.3340	1.3610	1.3720	1.2840	1.2090	1.2130
Incorporated Areas										
Bowers Beach	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.3000
Camden	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.2000	1.2000
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	0.7500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500
Dover	0.4050	0.4050	0.4050	0.4050	0.3378	0.3378	0.3378	0.3378	0.3378	0.3300
Farmington	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.5500	0.5500
Felton	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.8100	0.7100	0.6100
Frederica	1.2500	1.2500	1.2500	1.2500	1.0000	1.0000	1.0000	0.7500	0.6500	0.6500
Harrington	1.0600	1.0600	1.0600	1.0600	1.0600	0.7100	0.7100	0.7100	0.7100	0.7100
Hartly	0.7500	0.7500	0.5000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Houston	0.1500	0.1500	0.1500	0.1500	0.1500	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	0.4225	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	0.4200	0.4000	0.4000	0.4000	0.3600	0.3100	0.2900	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	0.4000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2500
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 (fiscal years 2017 and prior);
Incorporated Towns and Cities; Delaware Prosperity Partnership (fiscal year 2019)

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

2019 Comprehensive Annual Financial Report for Kent County, Delaware
 Statistical Section

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

Table 8

	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Dover Downs	\$46,946,500	1	1.28%	\$34,826,800	1	1.10%
Chesapeake Utilities	40,042,200	2	1.10%	39,933,400	2	1.26%
Delmarva Power & Light	39,472,400	3	1.08%	16,513,100	7	0.52%
Diamond State Telephone	19,407,900	4	0.53%	23,180,900	3	0.73%
Wal-Mart Stores	19,131,200	5	0.52%	19,124,300	5	0.60%
Dover Mall	18,486,400	6	0.51%	22,462,700	4	0.71%
Wal-Mart Real Estate Business	17,568,800	7	0.48%	17,061,200	6	0.54%
Dover International Speedway, Inc.	16,662,900	8	0.46%	16,337,400	8	0.51%
General Foods	14,034,700	9	0.38%	13,975,200	9	0.44%
Rudolph/Stephen Von Croy/Von Croy Family Trust	13,602,500	10	0.37%			
Gaming Entertainment Del.				12,240,200	10	0.39%
	\$245,355,500		6.72%	\$215,655,200		6.79%

Source: Assessment Division, Kent County Levy Court, Delaware

2019 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

**KENT COUNTY, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year	Total Tax Levy for Fiscal Year	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
2019	\$ 11,800,807	\$ 11,572,555	98.07%		\$ 11,572,555	98.07%
2018	11,537,363	11,285,928	97.82%	157,151	11,443,079	99.18%
2017	11,336,334	11,094,059	97.86%	173,173	11,267,232	99.39%
2016	11,156,441	10,903,302	97.73%	196,585	11,099,887	99.49%
2015	10,993,270	10,729,902	97.60%	220,839	10,950,741	99.61%
2014	10,823,058	10,521,723	97.22%	265,892	10,787,615	99.67%
2013	10,651,409	10,335,366	97.03%	283,764	10,619,130	99.70%
2012	10,479,907	10,144,374	96.80%	307,737	10,452,111	99.73%
2011	10,705,791	10,357,446	96.75%	321,412	10,678,858	99.75%
2010	10,591,765	10,248,753	96.76%	318,120	10,566,873	99.76%

Source: Finance Department, Kent County Levy Court, Delaware

2019 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 (3)	Debt per Capita
	General Obligation Bonds (1)	Note Payable	General Obligation Bonds (1)				
2019	\$ 3,900,411	\$ 4,017,241	\$ 47,914,062	\$ 55,831,714	0.73%	181,864	\$ 307
2018	4,160,550	4,238,266	50,220,821	58,619,637	0.81%	180,396	325
2017	4,416,675	4,489,548	52,448,629	61,354,852	0.89%	178,790	343
2016	4,664,771	4,770,256	53,530,384	62,965,411	0.93%	177,425	355
2015	4,910,860	-	49,472,214	54,383,074	0.81%	175,412	310
2014	4,868,378	-	42,397,946	47,266,324	0.74%	173,091	273
2013	5,028,045	-	43,999,246	49,027,291	0.78%	170,244	288
2012	5,183,427	-	44,204,816	49,388,243	0.81%	167,871	294
2011	5,331,920	-	45,125,231	50,457,151	0.87%	165,309	305
2010	5,475,206	-	21,246,636	26,721,842	0.46%	162,847	164

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
- (3) Delaware Population Consortium Annual Population Projections
Numbers for prior years revised due to release of updated data

2019 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

**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 (2)	Per Capita
2019	\$ 3,653,742,286	\$ 51,814,473	1.42%	181,864	\$ 285
2018	3,579,660,950	54,381,371	1.52%	180,396	301
2017	3,522,033,166	56,865,304	1.61%	178,790	318
2016	3,467,643,532	58,195,155	1.68%	177,425	328
2015	3,416,376,264	54,383,074	1.59%	175,412	310
2014	3,362,673,017	47,266,324	1.41%	173,091	273
2013	3,312,168,700	49,027,291	1.48%	170,244	288
2012	3,262,818,600	49,388,243	1.51%	167,871	294
2011	3,186,721,800	50,457,151	1.58%	165,309	305
2010	3,176,713,800	26,721,842	0.84%	162,847	164

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
- (2) Delaware Population Consortium Annual Population Projections
Numbers for prior years revised due to release of updated data

KENT COUNTY, DELAWARE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Kent County Levy Court
School Districts:			
Caesar Rodney	\$25,938,860	100.0%	\$25,938,860
Capital	46,416,895	100.0%	46,416,895
Lake Forest	4,195,550	100.0%	4,195,550
Milford	8,753,750	62.3%	5,453,586
Polytech	9,909,975	100.0%	9,909,975
Smyrna	17,685,489	85.4%	15,103,407
Woodbridge	11,503,855	22.2%	2,553,856
Total School Districts			109,572,129
Incorporated Areas:			
Camden	2,582,766	100.0%	\$2,582,766
Dover	5,700,000	100.0%	5,700,000
Smyrna	7,042,580	85.4%	6,014,363
Total Incorporated Areas:			14,297,129
Subtotal, overlapping debt			\$123,869,258
Kent County Levy Court direct debt	7,917,652	100.0%	7,917,652
Total direct and overlapping debt			\$131,786,910

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.

2019 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 13

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Taxable assessed value	\$ 3,653,742,286	\$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
Debt limit (12% of taxable assessed value)	\$438,449,074	\$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
Amount of debt subject to the debt limit	51,814,473	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
Legal debt margin	\$386,634,601	\$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
Percentage of legal debt margin available	88.18%	87.34%	86.55%	86.01%	86.73%	88.29%	87.66%	87.39%	86.81%	92.99%
Percentage of legal debt margin exhausted	11.82%	12.66%	13.45%	13.99%	13.27%	11.71%	12.34%	12.61%	13.19%	7.01%

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.

2019 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)
2019	181,864	37.9	42,023	7,642,470,872	31,721	4.2%
2018	180,396	37.8	40,304	7,270,680,384	31,372	4.7%
2017	178,790	37.6	38,498	6,883,057,420	30,858	5.7%
2016	177,425	37.1	38,178	6,773,731,650	30,485	5.3%
2015	175,412	37.3	38,114	6,685,652,968	30,527	5.9%
2014	173,091	36.8	36,882	6,383,942,262	30,254	7.1%
2013	170,244	37.8	36,701	6,248,125,044	29,989	8.0%
2012	167,871	36.7	36,173	6,072,397,683	29,915	8.4%
2011	165,309	36.1	34,941	5,776,061,769	29,903	8.7%
2010	162,847	36.0	35,431	5,769,832,057	29,278	9.2%

Sources:

- (1) Delaware Population Consortium Annual Population Projections
Numbers for prior years revised due to release of updated data
- (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/oelmi

2019 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
EMPLOYMENT BY SELECTED INDUSTRY (MAJOR EMPLOYERS)
CURRENT YEAR AND NINE YEARS AGO

Table 15

Industry Description	2019 1st Quarter			2010 1st Quarter		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Government	18,822	1	28.1%	18,231	1	31.3%
Health care and social assistance	10,165	2	15.2%	7,795	3	13.4%
Retail trade	9,214	3	13.8%	8,235	2	14.1%
Accommodation and food services	6,630	4	9.9%	4,685	4	8.0%
Manufacturing	4,842	5	7.2%	3,086	5	5.3%
Construction	2,611	6	3.9%	1,928	7	3.3%
Administrative and waste services	2,541	7	3.8%	2,573	6	4.4%
Professional and technical services	2,085	8	3.1%	1,479	9	2.5%
Other services, except public administration	1,626	9	2.4%	1,829	8	3.1%
Finance and insurance	1,285	10	1.9%	1,244	10	2.1%
	<u>59,821</u>		89.5%	<u>51,085</u>		87.7%
Total, All Industries	66,867			58,227		

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Administration	43	31	31	31	30	30	30	28	28	29
General Administration	13	13	13	13	13	13	13	13	13	14
Economic Development (1)	1	2	2	2	2	2	2	-	-	-
Personnel	4	4	4	4	4	4	4	4	4	4
Information Technology	13	12	12	12	11	11	11	11	11	11
Facilities Management (1a)	12	-	-	-	-	-	-	-	-	-
Finance	19	19	19	18	18	18	18	18	13	13
Administration	3	3	3	3	3	3	3	3	3	3
Accounting	11	11	11	10	10	10	10	10	10	10
Tax Section (2)	5	5	5	5	5	5	5	5	-	-
Board of Assessment	11	11	11	11	11	11	14	14	16	17
Assessment	11	11	11	11	11	11	11	11	13	14
Board of Assessment (3)	-	-	-	-	-	-	3	3	3	3
Community Services	22	22	22	22	20	20	20	20	21	25
Administration	2	2	2	2	2	2	2	2	2	2
Library	7	7	7	6	6	6	6	6	6	7
Parks	7	8	8	8	8	8	8	8	9	10
Recreation	3	3	3	4	4	4	4	4	4	6
Recreation Center	3	2	2	2	-	-	-	-	-	-
Planning Services	34	36	36	36	37	38	38	39	39	42
Administration	2	2	2	2	2	2	2	2	2	2
Geographic Information Systems	4	5	5	5	5	5	5	6	6	6
Inspections & Enforcement (4)	17	15	15	15	15	16	16	16	16	18
Zoning Inspections & Enforcement (4)	-	1	1	1	1	1	1	1	1	0
Planning	7	8	8	8	9	9	9	9	9	11
Grants	4	4	4	4	4	4	4	4	4	4
Manufactured Housing (4)	-	1	1	1	1	1	1	1	1	1
Public Safety	79	79	79	78	72	72	71	71	68	69
Administration	2	2	2	2	2	2	1	1	1	1
Emergency Communications	25	25	25	24	24	24	24	24	22	20
Emergency Management	2	2	2	2	2	2	1	1	1	2
Emergency Medical Services	50	50	50	50	44	44	45	45	44	46
Facilities Management (1a)		12	12	12	10	10	10	10	10	11
Row Offices	22	22	24	25	25	25	25	25	32	38
Clerk of the Peace	3	3	3	3	3	3	3	3	3	3
Comptroller (5)	-	-	2	3	3	3	3	3	3	3
Receiver of Taxes (2)	-	-	-	-	-	-	-	-	7	7
Recorder of Deeds	6	6	6	6	6	6	6	6	6	12
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	71	70	69	68	68	68	67	67	64	61
Engineering	15	15	14	13	13	13	13	13	13	12
Environmental Programs	3	3	3	3	3	3	3	3	3	3
KCWTF-Operations	19	19	19	19	19	19	19	19	19	21
KCWTF-Maintenance	25	25	25	25	25	25	25	25	23	19
KCWTF-Treatment Plant	9	8	8	8	8	8	7	7	6	6
Total	301	302	303	301	291	292	293	292	291	305

Source: Kent County Levy Court Budgets

Notes:

(1) Effective July 2011 the Office of Economic Development was added to the Department of Administration

(1a) Effective July 2018 the former Facilities Management Division in the Department of Public Works was reassigned 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 July 2018 Zoning I&E and Manufactured Housing were merged into Inspections & Enforcement

(5) Effective January 2017 the elected Office of the Comptroller was eliminated; its functions absorbed by the Finance Department

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

Table 17

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
Community Services										
Library										
Population of service area	59,532	38,018	40,970	40,970	40,523	40,097	39,719	38,891	38,891	35,879
Number of public workstations	29	29	29	29	25	19	19	19	19	14
Number of public internet sessions	12,152	13,858	14,427	15,306	13,895	15,153	20,486	21,379	20,648	*
WiFi usage, number of public sign-ins/use	*	20,401	8,497	6,921	7,200	4,422	*	*	*	none
Annual circulation of materials	133,794	129,695	131,524	173,670	156,175	153,518	193,199	190,613	174,490	137,546
eBook circulation	14,636	13,156	11,125	10,529	11,265	7,293	4,403	none	none	none
Size of collection	53,091	50,640	36,986	39,934	41,971	40,945	41,190	46,747	45,680	39,096
Annual visitors to library (1)	91,845	148,958	153,418	143,564	135,115	105,403	129,918	118,182	146,750	82,725
Annual number of programs	325	329	377	332	377	358	298	282	302	309
Annual program attendance	9,575	9,025	16,423	12,036	13,171	12,852	8,232	10,855	13,077	10,261
Number of cardholders/borrowers	11,275	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	63	71	71	73	73
Bookmobile / Mobile Library										
Population of service area	17,608	17,207	17,207	17,207	17,019	16,840	16,682	16,334	16,334	19,176
Annual circulation of materials	2,001	4,376	6,910	10,052	15,617	12,091	14,690	19,334	14,535	13,921
eBook circulation	212	85	166	282	351	193	156	none	none	none
Size of collection	1,015	998	981	1,450	1,686	2,041	2,278	3,372	3,296	2,600
Annual visitors to bookmobile / mobile library (2)	428	1,824	4,532	5,450	8,449	7,386	11,204	16,001	19,880	10,449
Annual number of programs	17	12	17	18	10	13	17	5	3	0
Annual program attendance	2,837	1,616	1,662	1,805	1,094	1,668	2,327	655	47	0
Number of borrowers	248	426	481	484	484	492	502	588	697	534
Total weekly hours	20	25	25	35	35	35	35	35	35	35
Parks and Recreation										
Programs:										
Adult	93	107	133	131	147	158	136	105	*	*
Fitness	109	114	120	96	92	107	131	134	*	*
Leagues	67	63	51	15	10	21	17	14	*	*
Recreation Center Drop In (3)	1,405	1,149	1,503	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Camps	40	48	53	51	51	44	47	21	*	*

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

Table 17 continued

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
Community Services - continued										
Parks and Recreation										
Programs:										
Tot	104	99	108	98	108	137	173	151	*	*
Youth	124	150	119	129	160	184	188	172	*	*
Trips	28	24	27	36	40	40	49	34	*	*
Special events	10	10	8	12	8	11	13	12	*	*
Tournaments	6	2	1	1	1	1	2	3	*	*
Rental permits-Parks/Recreation Center (3)	23 / 55	19 / 33	17 / 19	19	17	19	12	8	*	*
Planning Services										
Administrative applications:										
Minor subdivision	30	26	35	39	36	36	52	45	34	46
Minor lot line adjustment	13	19	25	28	32	28	23	28	20	22
Lot consolidation	11	15	6	11	10	11	18	8	9	6
Administrative variance	9	7	13	13	9	6	5	16	7	7
Home occupation	13	17	12	20	12	19	15	24	21	22
Accessory dwelling	7	5	8	10	7	12	5	10	8	4
Elder Cottage Housing Opportunity (ECHO)	0	1	1	3	2	1	2	0	5	3
Regional Planning Commission applications:										
Conditional use without site plan	10	9	4	5	7	4	5	10	8	9
Conditional use with site plan	11	8	8	3	8	8	9	3	8	6
Site plan	4	4	9	5	4	4	5	3	5	3
Subdivision	1	1	1	2	1	3	4	0	4	7
Subdivision waiver	8	13	21	17	14	24	17	20	18	14
Rezoning	1	0	1	2	0	2	3	1	0	1
Rezoning & comprehensive plan amendment	14	8	11	5	6	4	4	10	6	2
Transfer development rights	0	0	0	0	0	0	0	0	0	1
Agricultural preservation	1	0	0	1	3	1	1	1	2	1
Board of Adjustment applications	46	39	47	62	29	34	30	40	59	33
Building Permits Issued	3,447	3,589	3,624	3,602	3,290	3,138	3,266	2,952	3,025	3,134

2019 Comprehensive Annual Financial Report for Kent County, Delaware
 Statistical Section

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

Table 17 continued

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
Public Safety (4)										
9-1-1 calls	*	90,982	87,921	92,734	93,809	88,687	87,409	94,247	97,247	92,146
DSP non-emergency calls (5)	*	95,700	84,326	91,191	93,828	95,768	92,861	95,330	95,304	101,938
Fire & EMS non-emergency calls	*	51,199	49,510	51,566	55,548	56,497	59,708	63,421	65,176	72,071
DNREC calls (5)	-	-	11,144	11,489	10,762	11,505	11,976	12,524	12,945	14,074
EMS dispatches	*	30,695	29,518	29,138	27,964	24,949	23,141	23,583	22,164	21,771
Fire dispatches	*	6,724	6,344	6,489	6,298	5,898	5,770	5,897	6,273	6,124
Public Works										
Sewer customers number of bills mailed 6/15	15,051	14,605	14,208	13,690	13,508	13,012	12,500	12,010	11,355	10,822
Sewer EDU's billed, without lot fees 6/15	21,591.2	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
Sewer flows processed:										
Total gallons (in millions)	5,714	4,788	4,388	4,543	4,711	4,429	4,216	4,273	4,023	5,055
Contract users portion of total gallons (in millions)	4,277	3,667	3,399	3,510	3,669	3,734	3,286	3,296	3,078	3,850
Number of sewer districts	34	34	32	32	32	31	29	29	28	27
Number of street light districts	139	138	136	133	133	132	131	127	126	122
Number of households served for street lights	14,490	14,321	13,874	13,477	13,207	12,883	12,524	12,189	12,075	11,530
Number of trash collection districts	141	140	140	138	138	136	136	134	132	128
Number of households served for trash collection	15,180	14,671	14,285	13,889	13,535	13,087	12,697	12,297	12,014	11,567
Row Offices										
Clerk of the Peace										
Marriage licenses, resident	971	1,061	1,105	1,007	1,017	1,061	975	1,051	*	*
Marriage licenses, non-resident	49	50	63	56	54	50	48	58	*	*
Certified copy	352	312	306	288	281	324	269	286	*	*
Ceremonies performed	439	453	498	423	467	520	476	278	*	*
Recorder of Deeds										
Deeds recorded	5,433	5,635	5,457	4,921	4,496	4,255	4,210	4,125	3,678	3,707
Mortgages recorded	5,687	5,941	6,076	5,733	5,303	5,130	7,014	5,590	5,444	5,953
Miscellaneous documents recorded	10,043	10,246	11,025	10,714	9,962	10,897	13,529	11,418	10,337	11,312

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

Table 17 continued

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
Row Offices - continued										
Register of Wills										
Estates opened	516	539	516	440	489	469	*	*	*	*
Estates closed	505	440	438	442	495	526	*	*	*	*
Sheriff										
Service trips for court documents	12,542	15,329	15,901	14,683	17,736	21,321	15,929	14,917	14,413	15,273
Sheriff foreclosure sales	484	596	873	699	689	801	620	1,094	1,139	848
Personal property sales	25	25	25	31	35	40	35	40	55	23
Sheriff monition sales	92	223	111	239	199	171	190	215	132	61

Source: Kent County Departments

Notes:

- (1) Annual visitors to library count in fiscal year 2019 may understate the actual number of visitors due to misalignment of people-counting equipment
 - (2) Bookmobile / Mobile Library annual visitors decreased in fiscal years 2016 - 2019 because the bookmobile was frequently off the road for repairs and maintenance.
 In fiscal year 2019 the old bookmobile was decommissioned and a new mobile library was purchased and put in service.
 - (3) Fiscal year 2017 is first full year the new Kent County Recreation Center was in operation
 - (4) Public Safety data is on a calendar year basis
 - (5) Public Safety Department's DNREC calls are included in the DSP non-emergency calls category starting in calendar year 2018
- * Information unavailable

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

Table 18

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function/Program										
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Economic Development										
Buildings	2	2	2	1	-	-	-	-	-	-
Acres of land	117	117	117	111	19	19	19	19	19	19
Community Services										
Number of parks	7	7	7	7	7	7	7	7	7	7
Acres of park land	503	503	503	503	503	503	503	503	503	503
Number of suburban parks	3	3	3	3	3	3	3	3	3	3
Number of recreation centers	1	1	1	1	-	-	-	-	-	-
Number of County-owned library buildings	1	1	1	1	1	1	1	1	1	1
Number of County-owned bookmobiles and mobile libraries (1)	2	1	1	1	1	1	1	1	1	1
Public Safety										
Number of public safety buildings (2)	3	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	101	97	97	93	92	92	88	88
Miles of force-main piping	177	177	177	171	171	162	157	167	139	133
Miles of gravity piping	243	237	237	230	230	228	225	222	220	210
Acres of farm property (3)	707	713	871	877	966	966	968	968	968	976

Source: Kent County Finance Department

Notes:

- (1) In fiscal year 2019 the County purchased a new mobile library vehicle to replace the old bookmobile. The old bookmobile is not in service as of June 30, 2019.
- (2) In fiscal year 2019 the County purchased a building located west of the City of Dover. The building is to be renovated for use as a paramedic station and is not in service as of June 30, 2019.
- (3) Fiscal year 2019 and 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 6, 2019

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, 2019, 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 6, 2019.

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.

Board of Commissioners
Kent County, Delaware

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.

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 6, 2019

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, 2019. 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 (CFR) 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.

Board of Commissioners
Kent County, Delaware

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.

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, 2019.

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
BARBACANE, THORNTON & COMPANY LLP

**KENT COUNTY LEVY COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENT	LOAN BALANCE
<u>U.S. Department of Agriculture</u>							
Passed through Sussex County, Delaware							
Rural Housing Preservation Grant:							
Grant HPG - 01-17	D	10.433	N/A	10/01/17-09/30/19	\$ 12,900	\$ -	\$ -
Subtotal #10.433					<u>12,900</u>	<u>-</u>	<u>-</u>
Water and Waste Disposal Systems for Rural Communities:							
Hilltop Sanitary Sewer Expansion - Loan	D	10.760	92-44	N/A	94,000	-	93,244
Hilltop Sanitary Sewer Expansion - Grant	D	10.760	00-45	N/A	279,000	-	-
Milford Neck Septic Elimination - Grant	D	10.760	00-48	N/A	34,638	-	-
Subtotal #10.760					<u>407,638</u>	<u>-</u>	<u>93,244</u>
Total U.S. Department of Agriculture					<u>420,538</u>	<u>-</u>	<u>93,244</u>
<u>U.S. Department of Interior</u>							
Wildlife Refuge Direct Revenue Sharing							
FY 2018	D	15.659	N/A	07/01/18-06/30/19	54,992	-	-
Total U.S. Department of Interior					<u>54,992</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>							
Passed through the Delaware State Housing Authority							
Community Development Block Grants/State's Program:							
Combined CDBG Grant	I	14.228	01-17	07/01/17-06/30/19	409,027	-	-
Combined CDBG Grant	I	14.228	01-18	07/01/18-06/30/19	184,823	-	-
Combined CDBG Grant Program Income	I	14.228	N/A	N/A	10,518	-	-
Neighborhood Stabilization Program (NSP) Grant Program Income	I	14.228	N/A	N/A	155,386	-	-
Subtotal #14.228					<u>759,754</u>	<u>-</u>	<u>-</u>
HOME Investment Partnerships Program:							
Home Program	I	14.239	HM-01-17	07/01/17-6/30/19	158,817	-	-
Subtotal #14.239					<u>158,817</u>	<u>-</u>	<u>-</u>
NSP Grant / Recovery Act Funded Program Income	I	14.256	N/A	N/A	768	-	-
Total U.S. Department of Housing and Urban Development					<u>919,339</u>	<u>-</u>	<u>-</u>

Continued on next page.

**KENT COUNTY LEVY COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	GRANT PERIOD	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENT	LOAN BALANCE
<u>U.S. Department of Transportation</u>							
Passed through the State of Delaware, Department of Safety and Homeland Security / Delaware Emergency Management Agency							
Hazardous Materials Emergency Preparedness Training and Planning Grants HMEP 2019	I	20.703	N/A	10/01/18-09/30/19	5,533	-	-
Subtotal #20.703					5,533	-	-
Total U.S. Department of Transportation					5,533	-	-
<u>U.S. Department of Homeland Security</u>							
Passed through the State of Delaware, Department of Safety and Homeland Security / Delaware Emergency Management Agency							
Emergency Management Performance Grant: FY17	I	97.042	EMPG-17-001	10/01/16-09/30/19	11,491	-	-
Emergency Management Performance Grant: FY18	I	97.042	EMPG-18-001	10/01/17-06/30/19	140,000	-	-
Subtotal #97.042					151,491	-	-
Homeland Security Grant Program:							
Tactical Medical Training	I	97.067	N/A	09/01/16-11/30/19	7,553	-	-
Advanced Law Enforcement Rapid Response Training	I	97.067	N/A	09/01/16-11/30/19	6,457	-	-
Difficult Airways Training	I	97.067	N/A	09/01/16-11/30/19	14,000	-	-
Special Operations Medical Association (SOMA) Training	I	97.067	N/A	09/01/16-11/30/19	1,960	-	-
Counter Narcotics and Terrorism Operational Medical Support Training	I	97.067	N/A	09/01/16-11/30/19	2,904	-	-
Subtotal #97.067					32,874	-	-
Total U.S. Department of Homeland Security					184,365	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 1,584,767	\$ -	\$ 93,244

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, 2019

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, 2019.

NOTE 3 LOAN BALANCES INVOLVING FEDERAL FUNDS

During fiscal year 2019, the County was awarded \$94,000 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 \$94,000 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2019 was \$93,244.

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, 2019, 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, 2019

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

Name of Federal Program or Cluster

14.228

Community Development Block Grants

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, 2019

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.