

Kent County Levy Court



SERVING KENT COUNTY WITH PRIDE



**The New Kent County Mobile Library –
Coming to a Stop Near You!**

LEVY COURT COMMISSIONERS

Hon. P. Brooks Banta,
President

Hon. Terry L. Pepper,
Vice President

Hon. Allan F. Angel

Hon. Eric L. Buckson

Hon. Jeffrey W. Hall

Hon. Glen M. Howell

Hon. George "Jody" Sweeney

Michael J. Petit de Mange,
County Administrator

*Comprehensive Annual Financial Report for the
Fiscal Year Ending June 30, 2020*

Kent



County

Office of the Administrator

Michael J. Petit de Mange, AICP
County Administrator

Kent County
Administrative Complex
555 Bay Road
Dover, Delaware 19901
(Handicapped Accessible)
(302) 744-2305
FAX: (302) 736-2279

LIBRARY SERVICES: *Promoting Literacy & Access to Knowledge*

Dear Citizens:

On February 2, 2019 the Kent County Division of Library Services celebrated the arrival of our brand new Mobile Library Unit, affectionately nicknamed "*Linus*" (pictured on the Cover). This significant capital investment in Library Services is an expression of the commitment of Kent County Levy Court to provide outstanding public services for our Residents.

In 1988, Levy Court established the Kent County Division of Library Services and began to offer regional bookmobile services. The County-wide bookmobile service quickly gained popularity with Citizens and remains in high demand throughout the County as an important and valued resource that reaches cities, small towns, and rural communities with access to a wide range of quality library materials throughout the year.

Linus is the 4th generation Kent County Bookmobile and replaces 3rd generation "*Lucy*" our former bookmobile which was retired in 2018 after 24 Years of service. The new Mobile Library will continue our tradition of delivering books, periodicals, audio-books, and movies to residents throughout the County on a weekly basis. As a contemporary bookmobile, *Linus* is equipped with a Mobile Wi-Fi Hot Spot to provide patrons with access to the Internet, along with onboard public access computer workstations, limited printing services, and a retractable awning for expanded outdoor space during warm weather months.

On behalf of Kent County Levy Court and our Division of Library Services, I would like to invite all Citizens to get to know *Linus* and Kent County Public Library, "*The Friendly Library on the Highway*". A complete schedule of Library Services and Events can be found on our website at www.co.kent.de.us/kc-library. At Kent County, we endeavor to provide high quality facilities and outstanding customer service at a value that exceeds expectations. We believe that *Linus* is another example of our commitment to you our Citizens.

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

Sincerely,

Michael J. Petit de Mange, AICP
County Administrator

"Serving Kent County With Pride"

Kent County, Delaware
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020



Prepared by Kent County Department of Finance

Susan L. Durham, Director

Mary Karol, Assistant Director

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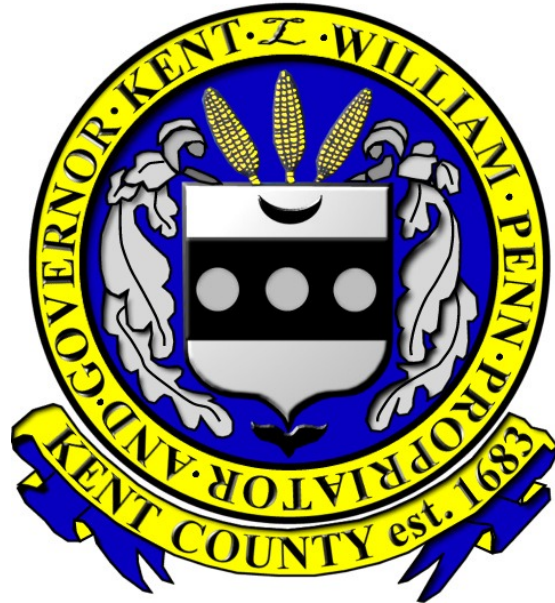
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SINGLE AUDIT

| | |
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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 10, 2020

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, 2020. 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, 2020. 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 178,650 in the year 2020. 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 nine years, the County's unemployment rate was decreasing, from a high of 8.7% (2011) to a low of 4.2% (2019). However, due to the Coronavirus pandemic, the County's unemployment rate rose dramatically in 2020. This trend is consistent with national and state unemployment rates for the same period. As of June 2020, Kent County's unemployment rate was 14.0% compared to 11.1% nationally and 12.9% for the State of Delaware.

Kent County's population has increased in each of the last ten years from 165,309 in 2011 to 178,650 as of June 30, 2020. Population growth was less than one percent from 2019 to 2020.

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

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 3,779 building permits issued in fiscal year 2020. Real estate transfer tax revenue trended up from a low of \$2.6 million in fiscal year 2011 to \$5.9 million in fiscal year 2020. Real estate transfer tax revenue in fiscal year 2020 increased 8.6% over fiscal year 2019.

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

*2020 Comprehensive Annual Financial Report for Kent County, Delaware
Introductory Section*

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 Kent County’s improving economy is the increase in property tax revenues from fiscal year 2013 through fiscal year 2020 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 2020 property tax revenue is \$12.1 million compared to \$11.8 million in fiscal year 2019.

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. Row Office expenditures fell 14.6% from approximately \$2.5 million in fiscal year 2011 to approximately \$2.1 million in fiscal year 2020.

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-eight in fiscal year 2011 grew to a budgeted staff of seventy-nine in fiscal year 2020. This represents a 16.2% increase in staffing. Expenditures for this department increased 52.8% over the same time period from a low just under \$7.1 million in 2011 to a high of \$10.8 million in 2020.

Kent County’s Department of Public Works added new sewer districts within the County boundaries at a steady rate with twenty-eight districts online and 17,049 EDU’s billed in 2011 and thirty-four districts online and 21,176 EDU’s billed in 2020. Budgeted staff increased from sixty-four 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 major capital improvements within the past ten years. Two notable items are the construction of the County’s first Recreation Center building for \$5.5 million in June 2016 and the replacement of Public Safety’s building HVAC system with a new Geothermal system for \$873,381 in 2013.

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.

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 2020, \$711,887 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 2020, the County provided matching grant funds in the amount of \$352,628 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 2020 adopted budget is \$15.8 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.

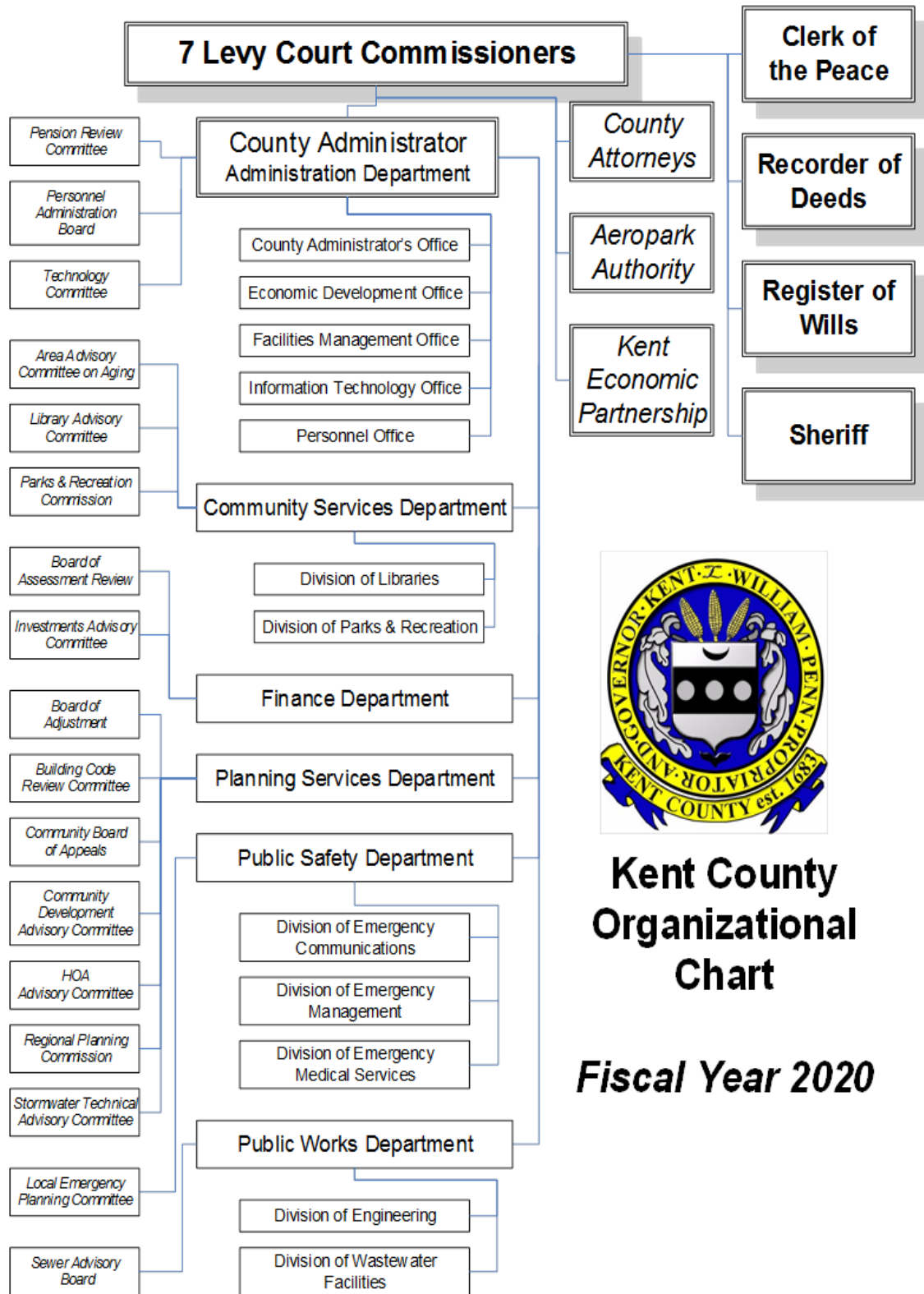
Respectfully submitted,



Michael J. Petit de Mange
County Administrator



Susan L. Durham
Finance Director



**Kent County
Organizational
Chart
Fiscal Year 2020**

KENT COUNTY LEVY COURT COMMISSIONERS

Hon. P. Brooks Banta

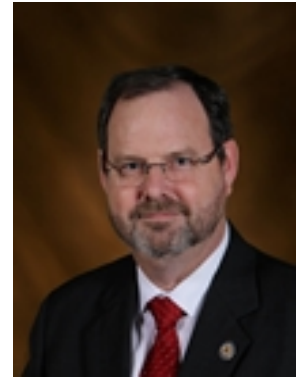
President

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



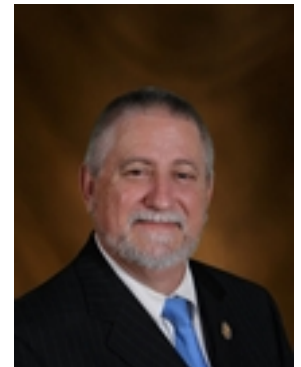
**Hon. George “Jody”
Sweeney**

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, CPA |
| Planning Services Department | Sarah E. Keifer, AICP |
| Public Safety Department | Chief Colin T. Faulkner |
| Public Works Department | Diana T. Golt, P.E. |

FINANCIAL SECTION



This section includes the following:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplementary Information



INDEPENDENT AUDITOR'S REPORT

December 10, 2020

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, 2020, 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

Board of Commissioners
Kent County, Delaware

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

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, 2020, 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.

Board of Commissioners
Kent County, Delaware

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 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 10, 2020 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 solely 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 the effectiveness of 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

BARBACANE, THORNTON & COMPANY LLP

KENT COUNTY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2020

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, 2020. 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 \$206,108,804 (net position), an increase of \$839,663 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 \$60,317,654 an increase of \$1,671,666 from the previous year. Of the current ending fund balances, General Fund reported \$44,773,546 as unassigned, \$940,657 as nonspendable, \$1,088,020 as restricted, and \$3,898,069 as assigned. In the Capital Projects Fund, \$9,404,742 is reported as restricted and \$17,707 is reported as nonspendable. In the Other Governmental Funds, \$194,913 is reported as restricted.

Long-Term Liabilities

- At the end of the current fiscal year, the County had total bonded debt outstanding of \$55,366,095 an increase of \$4,302,889 from the previous year. All of the bonded debt is backed by the full faith and credit of the County government. Governmental activities report \$3,353,954 and business-type activities report \$52,012,141 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 \$3,759,715.
- 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 \$23,992,545 and \$28,473,093 at June 30, 2020 and June 30, 2019 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 \$16,235,391 and \$18,179,282 at June 30, 2020 and June 30, 2019 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, 2020, the County has invested \$157,268,217 net of accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for Fiscal Year 2020 totaled \$9,688,539.

Kent County's Capital Assets as of June 30, 2020 and 2019
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 9,064,297 | \$ 8,925,857 | \$ 7,469,962 | \$ 7,367,419 | \$ 16,534,259 | \$ 16,293,276 |
| Construction in Progress | 468,621 | 520,117 | 8,795,554 | 10,606,770 | 9,264,175 | 11,126,887 |
| Site Improvements | 5,644,727 | 5,908,286 | 27,289 | 43,311 | 5,672,016 | 5,951,597 |
| Pipeline | - | - | 54,529,325 | 47,975,587 | 54,529,325 | 47,975,587 |
| Buildings | 21,573,698 | 22,351,748 | 15,543,441 | 16,409,815 | 37,117,139 | 38,761,563 |
| Equipment and Furniture | 1,592,387 | 1,300,745 | 32,558,916 | 35,563,504 | 34,151,303 | 36,864,249 |
| Total Capital Assets | \$ 38,343,730 | \$ 39,006,753 | \$ 118,924,487 | \$ 117,966,406 | \$ 157,268,217 | \$ 156,973,159 |

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 site improvements to include: Public Safety property located in West Dover with land in the amount of \$138,440 and Hunn Nature Park pedestrian bridge in the amount of \$137,273.
- Purchase of furniture and equipment to include: audio visual system upgrade for the County Administration Complex for \$383,244, one utility vehicle for Parks for \$14,300, video surveillance upgrade at Wheatley station for \$18,150, one Lucas medical device for \$13,389, one drone for \$5,999, and two emergency response Suburban vehicles for \$134,631 for Emergency Medical Services.
- Addition of donated equipment for Emergency Communications in the amount of \$45,206 for a video downlink equipment system on the Mobile Command Vehicle and in the amount of \$20,810 for four APX8500 radios.
- Additions for hardware include: two servers in the amount of \$22,775 and two network disk trays in the amount of \$22,700 for Information Technology; and hardware upgrades in the amount of \$82,085 for the Recorder of Deeds office.
- Construction in Progress is comprised of the Computer Aided Mass Appraisal system project in the amount of \$399,563; Big Oak Ball Field Restroom in the amount of \$1,134; Kesselring Bridge in the amount of \$11,301 and Public Safety’s West Dover station project in the amount of \$56,623.

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

- Completion of Weatherstone sewer extension in the amount of \$1,673,364.
- US Rt 13 Forcemain Rehab, Phase 1 of the project was completed costing \$7,059,473
- Paving at the Wastewater Treatment Plant in the amount of \$275,916.
- Purchase of a 2020 Peterbuilt Dump Truck in the amount of \$185,404.
- Purchase of a 2020 Western Star Pumper Truck in the amount of \$168,833.
- Purchase of a 2019 Ford F350 Utility Truck w/crane costing \$78,868.
- Purchase of a 130HP Flygt pump for PS14 in the amount of \$62,674.
- Relocation of NE Front St., Milford pipeline in the amount of \$69,041.
- Two Homa pumps purchased for PS19 costing \$18,127 each.
- PS12 electrical cabinet and upgrade costing \$37,142.
- PS3, pump #2 repair in the amount of \$29,442.
- PS4, pump #2 repair in the amount of \$21,998
- PS24A bypass and flow meter costing \$21,925.
- PS24A channel monster repair costing \$20,611.
- PS24B muffin monster renewal and new 7.5 HP Flygt pump in the amount of \$21,525.

- PS41 Flygt pump in the amount of \$16,464.
- Replacement of PS3 isolation valve and slide gate costing \$12,166.
- PS29 Homa grinder pump w/thermal and seal fail switch and VFD costing \$8,304.
- PS8 muffin monster renewal in the amount of \$8,003.
- New hydromatic pump for LS8 in the amount of \$5,354.
- New Flygt pump for LS2 costing \$6,842.
- Installation of a submersible mixer with heat and moisture sensor relays for Digestors 5 and 6 at the treatment plant w/miscellaneous parts and labor costing \$30,505 each.
- Grit chamber upgrade at the treatment plant in the amount of \$66,342.
- RPS 2 Flygt pump repair in the amount of \$18,616.
- Purchase and installation of a new air conditioning unit at the Blower Building in the amount of \$13,400.
- Baffle wall replacement at clarifier #4 in the amount of \$11,063.
- New Wilo scrubber pump for Biosolids costing \$6,445.
- Sandfilter Filtrax system at the treatment plant in the amount of \$6,175.
- Blower #3 soft start with electrical components in the amount of \$5,791.
- Repair of portable Godwin pump costing \$5,865.
- Purchased an EnviroSight Quickview Air HD zoom camera system for the plant costing \$18,098.
- Purchased confined space safety equipment costing \$19,532.
- Purchase gas monitors w/docking stations and rechargeable batteries in the amount of \$15,600.
- Purchased a Trimble GPS unit with accessories in the amount of \$6,289.
- Donated Assets for PS19B Forty Nine Pines totaled \$391,607 and Northeast Front St., Milford in the amount of \$366,644.
- Construction in Progress' is comprised of the septage receiving project at Dover Products, the Puncheon Run extension, PS1 pump repair, PS4 suction valves, local limits evaluations, Garden Lane to PS3 pipe evaluation and the US13 Forcemain rehabilitation-Silver Lake Repair. Also included in construction in progress is the TMDL compliance project and at the Treatment Plant the blower system upgrade, generators, RSP#1 repair and biosolids capacity expansion. Sewer extensions for Paris Villa and London Village 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, 2020 and 2019

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------------------------|--------------------------------|----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other Assets | \$ 80,519,714 | \$ 77,485,624 | \$ 83,233,947 | \$ 76,233,129 | \$ 163,753,661 | \$ 153,718,753 |
| Capital Assets | 38,343,730 | 39,006,753 | 118,924,487 | 117,966,406 | 157,268,217 | 156,973,159 |
| Total Assets | 118,863,444 | 116,492,377 | 202,158,434 | 194,199,535 | 321,021,878 | 310,691,912 |
| Total Deferred Outflows of Resources | 16,550,394 | 20,254,309 | 4,870,983 | 5,959,088 | 21,421,377 | 26,213,397 |
| Long-Term Liabilities | 39,278,162 | 44,612,178 | 59,500,662 | 56,517,332 | 98,778,824 | 101,129,510 |
| Other Liabilities | 5,479,578 | 4,721,607 | 10,580,574 | 10,898,344 | 16,060,152 | 15,619,951 |
| Total Liabilities | 44,757,740 | 49,333,785 | 70,081,236 | 67,415,676 | 114,838,976 | 116,749,461 |
| Total Deferred Inflows of Resources | 19,552,309 | 14,298,697 | 1,943,166 | 588,010 | 21,495,475 | 14,886,707 |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 30,964,594 | 31,106,229 | 67,874,220 | 71,419,362 | 98,838,814 | 102,525,591 |
| Restricted | 10,687,675 | 9,613,779 | 41,696,425 | 38,107,757 | 52,384,100 | 47,721,536 |
| Unrestricted | 29,451,520 | 32,394,196 | 25,434,370 | 22,627,818 | 54,885,890 | 55,022,014 |
| Total Net Position | \$ 71,103,789 | \$ 73,114,204 | \$ 135,005,015 | \$ 132,154,937 | \$ 206,108,804 | \$ 205,269,141 |

The largest components of the County’s current and other assets of \$163,753,661 are cash and investments totaling \$133,639,955 of which \$48,670,578 is reported as restricted assets in the Sewer Fund. Of the total long-term liabilities of \$98,778,824, bonds payable net of deferred charges accounts for \$53,244,692, net pension liability accounts for \$23,992,545, net OPEB liability accounts for \$16,235,391, and note payable accounts for \$3,438,103. Due to Other Governments totaling \$3,513,779 and unearned revenue totaling \$6,499,911 are the largest components in other liabilities of \$16,060,152. Total deferred inflows of resources are \$21,495,475 which primarily consists of unavailable property tax revenue totaling \$13,061,122.

Kent County's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------------------|-------------------------|-----------------------|--------------------------|---------------------|-------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 8,118,238 | \$ 8,307,046 | \$ 24,847,156 | \$ 26,268,420 | \$ 32,965,394 | \$ 34,575,466 |
| Operating Grants and Contributions | 3,084,699 | 3,214,924 | 21,035 | 4,296 | 3,105,734 | 3,219,220 |
| Capital Grants and Contributions | 55,344 | 50,000 | 5,751,035 | 6,661,459 | 5,806,379 | 6,711,459 |
| General Revenues: | | | | | | |
| Property Taxes | 12,065,530 | 11,774,010 | - | - | 12,065,530 | 11,774,010 |
| Real Estate Transfer Tax | 5,870,702 | 5,405,493 | - | - | 5,870,702 | 5,405,493 |
| Residential Telephone Surcharge | 270,015 | 270,015 | - | - | 270,015 | 270,015 |
| Investment Earnings | 935,269 | 1,362,419 | 814,419 | 1,185,717 | 1,749,688 | 2,548,136 |
| Other Revenue and Gains (Losses) | 368,588 | 420,057 | 4,875 | 5,377 | 373,463 | 425,434 |
| Total Revenues | 30,768,385 | 30,803,964 | 31,438,520 | 34,125,269 | 62,206,905 | 64,929,233 |
| EXPENSES | | | | | | |
| General Government | 4,142,457 | 4,726,073 | - | - | 4,142,457 | 4,726,073 |
| Special Grants/Programs | 2,004,667 | 1,842,569 | - | - | 2,004,667 | 1,842,569 |
| Community Services | 5,400,087 | 4,990,912 | - | - | 5,400,087 | 4,990,912 |
| Planning Services | 5,974,260 | 6,140,000 | - | - | 5,974,260 | 6,140,000 |
| Public Safety | 12,359,504 | 12,444,819 | - | - | 12,359,504 | 12,444,819 |
| Row Offices | 2,445,956 | 2,376,442 | - | - | 2,445,956 | 2,376,442 |
| Economic Development | 232,777 | 176,890 | - | - | 232,777 | 176,890 |
| Debt Service | 219,092 | 263,219 | - | - | 219,092 | 263,219 |
| Sewer | - | - | 22,798,301 | 23,132,702 | 22,798,301 | 23,132,702 |
| Street Light | - | - | 1,034,513 | 1,002,685 | 1,034,513 | 1,002,685 |
| Trash | - | - | 4,715,066 | 4,444,288 | 4,715,066 | 4,444,288 |
| Landfill | - | - | 9,139 | 22,799 | 9,139 | 22,799 |
| Storm Water Maintenance | - | - | 31,423 | 9,256 | 31,423 | 9,256 |
| Total Expenses | 32,778,800 | 32,960,924 | 28,588,442 | 28,611,730 | 61,367,242 | 61,572,654 |
| Increase (Decrease) in Net Position | \$ (2,010,415) | \$ (2,156,960) | \$ 2,850,078 | \$ 5,513,539 | \$ 839,663 | \$ 3,356,579 |

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 \$839,663 over the course of this fiscal year’s operations. Net position for governmental activities decreased by \$2,010,415 in FY 2020 as compared to a decrease of \$2,156,960 in FY 2019. Revenue was approximately \$36,000 lower in FY 2020 than in FY 2019 primarily because a combination of decreases in grant revenue, charges for services, and investment earnings and increases in property tax revenue and real estate transfer taxes.

The net position of the County’s business-type activities increased by \$2,850,078. This increase in net position was 48.31% lower than the increase in net position in Fiscal Year 2019. The decrease in net position of \$2,663,461 between Fiscal Year 2020 and Fiscal year 2019 was primarily a result of a 7.87% decrease in revenue in Fiscal year 2020 as compared to Fiscal Year 2019 combined with a decrease of expenses of 0.09% in Fiscal Year 2020 as compared to Fiscal Year 2019. The decrease in revenue in Fiscal Year 2020 was primarily due to a decrease in capital grants and contributions of 13.67% in Fiscal Year 2020 as compared to Fiscal Year 2019.

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 \$50,700,292 of which \$44,773,546 was unassigned, \$940,657 was nonspendable, \$3,898,069 was assigned, and \$1,088,020 was restricted of which \$688,069 was for library tax, \$54,774 was for grants, \$308,905 was for restricted technology fees, \$32,815 was for recreational areas and \$3,457 was for APFO EMS.

Overall revenue increased \$95,112 from Fiscal Year 2019 to Fiscal Year 2020. Property tax revenue increased \$203,502 in Fiscal Year 2020 due to a small amount of growth in the tax assessment rolls and an increase in collection of delinquent taxes. Real estate transfer taxes increased \$465,209 which is an indicator of growth. Fees for services decreased \$12,523 primarily as a result of a decrease in Sheriff fees and increases in Recorder of Deeds fees and inspection fees. Grant revenue decreased \$53,063, primarily as a result of a decrease in the amount of revenue received from the Paramedic grant of \$134,646. Interest and dividends decreased \$371,837. Other revenue decreased \$136,926 when compared to Fiscal Year 2019.

General Fund expenditures increased \$1,657,113 (6.66%) in Fiscal Year 2020 when compared to Fiscal Year 2019. Public Safety and Community Services had expenditure increases of \$488,117 and \$491,032 respectively. Public Safety expenses mainly increased due to increases in personnel costs. Community Services expenses mainly increased due to increases in personnel costs and operating insurances.

General Fund – Comparison to Budget. Overall revenue collections were higher than the final budget by 0.71%. Property taxes exceeded the final budget by \$268,962 or 2.29%. Real estate transfer tax came in over the final budget by \$370,702 or 6.74%. Grants came in over the final budget by \$117,633 or 5.16%. Fees for services were lower than the final budget by \$147,976 or 1.81%. Interest and dividends were under the final budget by \$490,043 or 37.70%. Other revenue was under the final budget by \$12,835 or 4.17%.

Overall, operating expenditures were under the final budget by 11.52% primarily due to strict cost controls imposed on county wide spending. Community Services were under the final budget by 9.76%. General Government was 10.62% under the final budget; Special Grants and Programs were 20.63% under the final budget but their balances will be carried over into the next fiscal year; Planning Services were 7.16% under the final budget; Public Safety and Row Offices were 6.12% and 5.58% under final budget respectively.

Kent County's General Fund Budget to Actual Comparison

| | Original Budget | Final Budget | 2020 Actual | Variance with Final Budget - Positive (Negative) |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------|------------------------|---------------------------------------------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 11,757,200 | \$ 11,757,200 | \$ 12,026,162 | \$ 268,962 |
| Real Estate Transfer Tax | 5,500,000 | 5,500,000 | 5,870,702 | 370,702 |
| Telephone Surcharge | 270,000 | 270,000 | 270,015 | 15 |
| Grants | 2,136,800 | 2,278,661 | 2,396,294 | 117,633 |
| Fees for Services | 8,187,500 | 8,194,378 | 8,046,402 | (147,976) |
| Interest and Dividends | 1,300,000 | 1,300,000 | 809,957 | (490,043) |
| Rental Income | 23,200 | 23,200 | 23,936 | 736 |
| Other Revenues | 308,000 | 308,000 | 295,165 | (12,835) |
| Total Revenues | 29,482,700 | 29,631,439 | 29,738,633 | 107,194 |
| EXPENDITURES | | | | |
| General Government | 2,708,700 | 2,812,023 | 2,513,498 | 298,525 |
| Special Grants and Programs | 2,121,300 | 2,525,710 | 2,004,667 | 521,043 |
| Community Services | 4,468,100 | 4,758,213 | 4,293,588 | 464,625 |
| Planning Services | 4,587,100 | 4,569,640 | 4,242,332 | 327,308 |
| Public Safety | 11,269,500 | 11,342,563 | 10,648,596 | 693,967 |
| Row Offices | 2,215,900 | 2,216,629 | 2,092,912 | 123,717 |
| Contingency | 1,000,000 | 913,723 | - | 913,723 |
| Debt Service | | | | |
| Principal | 561,900 | 561,900 | 502,399 | 59,501 |
| Interest | 294,000 | 294,000 | 240,516 | 53,484 |
| Total Expenditures | 29,226,500 | 29,994,401 | 26,538,508 | 3,455,893 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 256,200 | (362,962) | 3,200,125 | 3,563,087 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Transfers out | (2,381,900) | (2,755,116) | (2,734,857) | 20,259 |
| Total Other Financing (Uses) | (2,381,900) | (2,755,116) | (2,734,857) | 20,259 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | | | | |
| | \$ (2,125,700) | \$ (3,118,078) | \$ 465,268 | \$ 3,583,346 |

Capital Projects Fund. The revenue for this fund decreased \$41,351 from Fiscal Year 2019 to Fiscal Year 2020. This 20.18% decrease in revenue was a result of an increase in grant revenue of \$5,344 and a decrease in interest income of \$46,695. Overall the expenditures increased by \$159,763 from Fiscal Year 2019 to Fiscal Year 2020. Some of the largest expenditures during Fiscal Year 2020 were \$137,273 for a pedestrian bridge at the Hunn Nature Park, \$383,244 for the audio visual upgrade for the County Administration Complex, and \$138,440 for the purchase of land for a new Public Safety location in west Dover. Capital outlay was \$392,888 in Fiscal Year 2019 as opposed to \$245,830 in Fiscal Year 2020, a decrease of \$147,058.

Community Development Block Grant. Total revenue for this fund in Fiscal Year 2020 was \$703,972 a decrease of \$227,588 from Fiscal Year 2019 primarily due to decreases in grant funding and other revenue. The expenditures were \$1,096,213, a decrease of \$186,772 from Fiscal Year 2019.

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

Proprietary Funds

Sewer Fund. This fund experienced an operating loss of \$2,762,909 as compared to an operating loss of \$1,488,728 in Fiscal Year 2019. Operating revenue was \$1,585,882 lower in Fiscal Year 2020 than in Fiscal Year 2019. User fee revenue was \$1,452,324 lower in Fiscal Year 2020. This was primarily a result of growth in district user revenue of \$779,147 and contract user revenue being \$1,748,843 lower in Fiscal Year 2020 than Fiscal Year 2019, and a decrease in industrial user revenue of \$1,200. The user fee uniform rates for Fiscal Year 2020 increased by 10% over the Fiscal Year 2019 rates. Sewer permits, operating grants, and other revenue were \$133,558 lower in FY 2020 as compared to Fiscal Year 2019. Operating expenses were \$311,701 lower in Fiscal Year 2020 than Fiscal Year 2019. This decrease in operating expenses is primarily attributed to the net result between an increase of \$36,171 in salaries and benefits, a decrease of \$26,470 in depreciation expense, an increase of \$154,856 in operating insurances and indirect costs, a decrease of \$228,632 in maintenance, parts, and supplies, a decrease of \$206,195 in contractual services, a decrease of \$8,664 in vehicle expenses, and a decrease of \$11,295 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 \$12,697 in Fiscal Year 2020 as compared to an operating gain of \$127,615 in Fiscal Year 2019. Revenues increased by \$156,310 from Fiscal Year 2019 to Fiscal Year 2020. During Fiscal Year 2020 there were 15,652 trash customers of which 74.32% had yard waste pickup. Another reason for the increase in revenue in Fiscal Year 2020 is directly related to the growth in the number of customers in the Trash Fund. Expenses increased by \$270,778 from Fiscal Year 2019 to Fiscal Year 2020 primarily due to contractual services increasing \$255,228 in Fiscal Year 2020 over Fiscal Year 2019.

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 decreased \$13,660 in Fiscal Year 2020. 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 2020, the Storm Water Management Fund had operating revenue of \$109,920 and operating expenses of \$31,423 which resulted in an operating income of \$78,497. The Street Light Fund had an operating loss of \$20,346 in Fiscal Year 2020. Revenues were less in Fiscal Year 2020 than Fiscal Year 2019 as a result of a decrease in rates for over 30% of the districts. Expenses in Fiscal Year 2020 were \$31,828 higher than Fiscal Year 2019. In Fiscal Year 2020, utility expenses were \$28,209 more than in Fiscal Year 2019.

Internal Service Fund. The internal service fund - Medical Trust Fund – had an operating gain of \$217,101 in Fiscal Year 2020 as compared to an operating loss of \$96,911 in Fiscal Year 2019. The operating gain is a result of employer contributions increasing \$619,016 in Fiscal Year 2020 compared to Fiscal Year 2019 while Medical insurance premiums and claims increased \$310,418 in Fiscal Year 2020 compared to Fiscal Year 2019.

General Fund Budgetary Highlights

The County adopted its Fiscal Year 2020 budget on May 14, 2019, 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 \$29,631,439 of revenues; \$29,994,401 of expenditures, and \$2,775,116 of other financing uses. The actual results were revenues \$107,194 above budget and expenditures \$3,455,893 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 2020 was 14.0% which was 9.8% higher than the unemployment rate in June 2019 which was 4.2%. Per capita income has leveled out.

During Fiscal Year 2020, the County continued to see some growth in the housing market and the interest rates decreased. The General Fund costs were held tight. Revenue was \$95,112 higher in Fiscal Year 2020 than Fiscal Year 2019 which was a net result of increases in property tax revenue and real estate transfer tax and decreases in interest and in other revenue. During Fiscal Year 2020 the County expenditures were \$1,657,113 higher than Fiscal Year 2019 and this was primarily related to the increase in public safety expenses and community services expenses.

When adopting the General Fund budget for Fiscal Year 2020, the County continued to keep a tight hold on the expenditures. There was a 2% cost of living allocation (COLA) for employees. 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 2020.

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, 2020

| | Primary Government | | |
|-----------------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | \$ 63,884,505 | \$ 21,084,872 | \$ 84,969,377 |
| Receivables | 14,210,172 | 9,328,711 | 23,538,883 |
| Internal Balances | 1,306,987 | (1,306,987) | - |
| Due from Other Governments | 159,686 | 5,242,272 | 5,401,958 |
| Inventory | 37,760 | 189,000 | 226,760 |
| Prepaid Expenses and Other Assets | 920,604 | 25,501 | 946,105 |
| Non - Current Assets | | | |
| Restricted Assets: | | | |
| Cash and Investments | - | 48,670,578 | 48,670,578 |
| Capital Assets, Net | | | |
| Land | 9,064,297 | 7,469,962 | 16,534,259 |
| Construction in Progress | 468,621 | 8,795,554 | 9,264,175 |
| Land and Site Improvements | 5,644,727 | 27,289 | 5,672,016 |
| Pipeline | - | 54,529,325 | 54,529,325 |
| Buildings | 21,573,698 | 15,543,441 | 37,117,139 |
| Equipment and Furniture | 1,592,387 | 32,558,916 | 34,151,303 |
| Total Assets | 118,863,444 | 202,158,434 | 321,021,878 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Items Related to Pension | 9,769,176 | 2,814,671 | 12,583,847 |
| Deferred Items Related to OPEB | 6,766,389 | 2,036,156 | 8,802,545 |
| Deferred Charges on Refunding | 14,829 | 20,156 | 34,985 |
| Total Deferred Outflows of Resources | 16,550,394 | 4,870,983 | 21,421,377 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 440,784 | 1,316,338 | 1,757,122 |
| Accrued Expenses | 468,305 | 325,270 | 793,575 |
| Due to Other Governments | 3,492,632 | 21,147 | 3,513,779 |
| Retainage Payable | - | 263,487 | 263,487 |
| Other Liabilities | 14,616 | - | 14,616 |
| Compensated Absences | 58,467 | 17,941 | 76,408 |
| Bonds Payable, Net | 278,204 | 2,541,438 | 2,819,642 |
| Note Payable | 321,612 | - | 321,612 |
| Unearned Revenue | 404,958 | 6,094,953 | 6,499,911 |
| Long Term Liabilities | | | |
| Net Pension Liability | 18,606,217 | 5,386,328 | 23,992,545 |
| Net OPEB Liability | 12,474,600 | 3,760,791 | 16,235,391 |
| Compensated Absences | 1,403,196 | 464,897 | 1,868,093 |
| Bonds Payable, Net | 3,356,046 | 49,888,646 | 53,244,692 |
| Note Payable | 3,438,103 | - | 3,438,103 |
| Total Liabilities | 44,757,740 | 70,081,236 | 114,838,976 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue - Property Taxes | 13,061,122 | - | 13,061,122 |
| Unavailable Revenue - Other | - | 20,891 | 20,891 |
| Deferred Items Related to Pension | 4,164,377 | 1,205,547 | 5,369,924 |
| Deferred Items Related to OPEB | 2,326,810 | 716,728 | 3,043,538 |
| Total Deferred Inflows of Resources | 19,552,309 | 1,943,166 | 21,495,475 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 30,964,594 | 67,874,220 | 98,838,814 |
| Restricted for: | | | |
| Capital Projects | 9,599,655 | - | 9,599,655 |
| Recreation Areas | 32,815 | - | 32,815 |
| APFO-EMS | 3,457 | - | 3,457 |
| Library Tax | 688,069 | - | 688,069 |
| Rodent Grant | 179 | - | 179 |
| LEPC Grant | 368 | - | 368 |
| Technology Fee-Deeds | 123,562 | - | 123,562 |
| Technology Fee-General Fund | 185,343 | - | 185,343 |
| Library Standards Grant | 54,227 | - | 54,227 |
| Capital Projects - Equipment Replacement | - | 334,473 | 334,473 |
| Capital Projects - Expansion Sewer Facilities | - | 41,361,952 | 41,361,952 |
| Unrestricted | 29,451,520 | 25,434,370 | 54,885,890 |
| Total Net Position | \$ 71,103,789 | \$ 135,005,015 | \$ 206,108,804 |

KENT COUNTY, DELAWARE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| 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 | \$ 4,142,457 | \$ 264,070 | \$ 1,406 | \$ - | \$ (3,876,981) | \$ - | \$ (3,876,981) |
| Special Grants/Programs | 2,004,667 | - | - | - | (2,004,667) | - | (2,004,667) |
| Community Services | 5,400,087 | 268,411 | 208,491 | 37,194 | (4,885,991) | - | (4,885,991) |
| Planning Services | 5,974,260 | 1,867,719 | 688,404 | - | (3,418,137) | - | (3,418,137) |
| Public Safety | 12,359,504 | 54,961 | 2,186,398 | 18,150 | (10,099,995) | - | (10,099,995) |
| Row Offices | 2,445,956 | 5,640,187 | - | - | 3,194,231 | - | 3,194,231 |
| Economic Development | 232,777 | 22,890 | - | - | (209,887) | - | (209,887) |
| Interest on Long-Term Debt | 219,092 | - | - | - | (219,092) | - | (219,092) |
| Total Governmental Activities | 32,778,800 | 8,118,238 | 3,084,699 | 55,344 | (21,520,519) | - | (21,520,519) |
| Business-Type Activities: | | | | | | | |
| Sewer | 22,798,301 | 18,993,013 | 21,035 | 5,751,035 | - | 1,966,782 | 1,966,782 |
| Street Light | 1,034,513 | 1,014,167 | - | - | - | (20,346) | (20,346) |
| Trash | 4,715,066 | 4,727,763 | - | - | - | 12,697 | 12,697 |
| Landfill (Note J) | 9,139 | 2,293 | - | - | - | (6,846) | (6,846) |
| Storm Water Maintenance | 31,423 | 109,920 | - | - | - | 78,497 | 78,497 |
| Total Business-Type Activities | 28,588,442 | 24,847,156 | 21,035 | 5,751,035 | - | 2,030,784 | 2,030,784 |
| Total Primary Government | \$ 61,367,242 | \$ 32,965,394 | \$ 3,105,734 | \$ 5,806,379 | (21,520,519) | 2,030,784 | (19,489,735) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes | | | | | 12,065,530 | - | 12,065,530 |
| Real Estate Transfer Tax | | | | | 5,870,702 | - | 5,870,702 |
| Residential Telephone Surcharge | | | | | 270,015 | - | 270,015 |
| Investment Earnings | | | | | 935,269 | 814,419 | 1,749,688 |
| Other Revenues including Capital Asset Sales Gains/(Losses) | | | | | 368,588 | 4,875 | 373,463 |
| | | | | | 19,510,104 | 819,294 | 20,329,398 |
| | | | | | (2,010,415) | 2,850,078 | 839,663 |
| | | | | | | | |
| Net Position At Beginning Of Year - Restated | | | | | 73,114,204 | 132,154,937 | 205,269,141 |
| Net Position At End Of Year | | | | | \$ 71,103,789 | \$ 135,005,015 | \$ 206,108,804 |

KENT COUNTY, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General Fund | Capital Projects Fund | Community Development Block Grant | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------------------------------------------------|----------------------|-----------------------------|-----------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 52,294,456 | \$ 9,252,282 | \$ 446,211 | \$ 219,453 | \$ 62,212,402 |
| Receivables | | | | | |
| Accounts | 13,599 | 282 | 324,986 | - | 338,867 |
| Taxes | 13,857,431 | - | - | - | 13,857,431 |
| Due From Other Funds | 1,809,680 | 211,446 | - | - | 2,021,126 |
| Due from Other Governments | 135,113 | 24,572 | - | - | 159,685 |
| Inventory | 20,053 | 17,707 | - | - | 37,760 |
| Prepaid Expenditures and Other Assets | 920,604 | - | - | - | 920,604 |
| Total Assets | \$ 69,050,936 | \$ 9,506,289 | \$ 771,197 | \$ 219,453 | \$ 79,547,875 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 355,515 | \$ 83,817 | \$ 24 | \$ - | \$ 439,356 |
| Accrued Expenses | 349,519 | - | 4,841 | - | 354,360 |
| Due to Other Funds | 219,517 | 23 | 481,837 | 12,762 | 714,139 |
| Due to Other Governments | 3,492,632 | - | - | - | 3,492,632 |
| Unearned Revenue | 99,778 | - | 284,495 | 11,778 | 396,051 |
| Other Liabilities | 14,616 | - | - | - | 14,616 |
| Total Liabilities | 4,531,577 | 83,840 | 771,197 | 24,540 | 5,411,154 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenue - Property Taxes | 13,819,067 | - | - | - | 13,819,067 |
| Total Deferred Inflows of Resources | 13,819,067 | - | - | - | 13,819,067 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventory | 20,053 | 17,707 | - | - | 37,760 |
| Prepaid Expenditures | 920,604 | - | - | - | 920,604 |
| Restricted: | | | | | |
| Capital Projects Funds | - | 9,404,742 | - | 194,913 | 9,599,655 |
| Recreational Areas | 32,815 | - | - | - | 32,815 |
| APFO-EMS | 3,457 | - | - | - | 3,457 |
| Library Tax | 688,069 | - | - | - | 688,069 |
| Rodent Grant | 179 | - | - | - | 179 |
| LEPC Grant | 368 | - | - | - | 368 |
| Technology Fee - Deeds Office | 123,562 | - | - | - | 123,562 |
| Technology Fee - General Fund | 185,343 | - | - | - | 185,343 |
| Library Standards Grant | 54,227 | - | - | - | 54,227 |
| Assigned: | | | | | |
| Encumbrances | 500,399 | - | - | - | 500,399 |
| Operating Needs | 2,151,100 | - | - | - | 2,151,100 |
| Legal Contingency | 950,000 | - | - | - | 950,000 |
| Library | 135,574 | - | - | - | 135,574 |
| Deeds Maintenance Fees | 36,314 | - | - | - | 36,314 |
| Sheriff Auctioneer Fees | 60,000 | - | - | - | 60,000 |
| Local Government Fees | 60,000 | - | - | - | 60,000 |
| Donations | 4,682 | - | - | - | 4,682 |
| Unassigned | 44,773,546 | - | - | - | 44,773,546 |
| Total Fund Balances | 50,700,292 | 9,422,449 | - | 194,913 | 60,317,654 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 69,050,936 | \$ 9,506,289 | \$ 771,197 | \$ 219,453 | \$ 79,547,875 |

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

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

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------|
| Total Fund Balances for Governmental Funds | | \$ 60,317,654 |
| 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. | | 38,343,730 |
| Other assets that are applicable to a future reporting period and, therefore are reported as deferred outflows of resources | | |
| Deferred Items Related to Pension | \$ 9,769,176 | |
| Deferred Items Related to OPEB | 6,766,389 | |
| Deferred Charges on Refunding | 14,829 | 16,550,394 |
| 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. | | 1,602,968 |
| 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 | \$ 757,945 | |
| Deferred Items Related to Pension | (4,164,377) | |
| Deferred Items Related to OPEB | (2,326,810) | (5,733,242) |
| 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 | \$ (18,606,217) | |
| Net OPEB Liability | (12,474,600) | |
| Notes Payable | (3,759,715) | |
| Compensated Absences | (1,461,663) | |
| Accrued Interest on Long Term Debt | (41,270) | |
| Bonds Payable, Net of Bond Discounts | (3,634,250) | (39,977,715) |
| Total Net Position of Governmental Activities | | \$ 71,103,789 |

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | Capital Projects Fund | Community Development Block Grant | Other Governmental Funds | Total Governmental Funds |
|----------------------------------------------------------------------|----------------------|-----------------------------|-----------------------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 12,026,162 | \$ - | \$ - | \$ - | \$ 12,026,162 |
| Real Estate Transfer Tax | 5,870,702 | - | - | - | 5,870,702 |
| Residential Telephone Surcharge | 270,015 | - | - | - | 270,015 |
| Grants | 2,396,294 | 55,344 | 677,554 | 10,850 | 3,140,042 |
| Fees For Services | 8,046,402 | - | - | - | 8,046,402 |
| Interest and Dividends | 809,957 | 108,206 | - | 2,198 | 920,361 |
| Rental Income | 23,936 | - | - | - | 23,936 |
| Other Revenues | 295,165 | - | 26,418 | 22,890 | 344,473 |
| Total Revenues | <u>29,738,633</u> | <u>163,550</u> | <u>703,972</u> | <u>35,938</u> | <u>30,642,093</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 2,513,498 | 603,806 | - | - | 3,117,304 |
| Special Grants and Programs | 2,004,667 | - | - | - | 2,004,667 |
| Community Services | 4,293,588 | 60,250 | - | - | 4,353,838 |
| Planning Services | 4,242,332 | 34,363 | 1,096,213 | 10,850 | 5,383,758 |
| Public Safety | 10,648,596 | 146,404 | - | - | 10,795,000 |
| Row Offices | 2,092,912 | 1,426 | - | - | 2,094,338 |
| Economic Development | - | 230,689 | - | 2,088 | 232,777 |
| Debt Service: | | | | | |
| Principal | 502,399 | - | - | - | 502,399 |
| Interest and Fiscal Charges | 240,516 | - | - | - | 240,516 |
| Capital Outlay | - | 245,830 | - | - | 245,830 |
| Total Expenditures | <u>26,538,508</u> | <u>1,322,768</u> | <u>1,096,213</u> | <u>12,938</u> | <u>28,970,427</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>3,200,125</u> | <u>(1,159,218)</u> | <u>(392,241)</u> | <u>23,000</u> | <u>1,671,666</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | 2,342,616 | 392,241 | - | 2,734,857 |
| Transfers Out | <u>(2,734,857)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,734,857)</u> |
| Total Other Financing Sources (Uses) | <u>(2,734,857)</u> | <u>2,342,616</u> | <u>392,241</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 465,268 | 1,183,398 | - | 23,000 | 1,671,666 |
| Fund Balances At Beginning of Year | <u>50,235,024</u> | <u>8,239,051</u> | <u>-</u> | <u>171,913</u> | <u>58,645,988</u> |
| Fund Balances At End Of Year | <u>\$ 50,700,292</u> | <u>\$ 9,422,449</u> | <u>\$ -</u> | <u>\$ 194,913</u> | <u>\$ 60,317,654</u> |

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net Change In Fund Balances - Total Governmental Funds **\$ 1,671,666**

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, 2020.

| | | |
|-----------------|--------------------|-----------|
| Capital Outlays | \$ 987,507 | |
| Depreciation | <u>(1,625,757)</u> | (638,250) |

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. (2,226,299)

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. (1,414,674)

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>\$ 39,368</u> | 39,368 |
|----------------|------------------|--------|

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>\$ 502,399</u> | 502,399 |
|-------------------------------------|-------------------|---------|

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 | \$ (173,285) | |
| Accrued interest on long-term debt | <u>2,435</u> | (170,850) |

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

| | | |
|--------------------------------------|----------------|--------|
| Deferred Charges - Bond Premium | \$ 21,288 | |
| Deferred Charges - Loss On Refunding | <u>(2,299)</u> | 18,989 |

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. 232,009

Change In Net Position of Governmental Activities **\$ (2,010,415)**

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------------------------------------------|-------------------------|-----------------------|----------------------|---------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property Taxes | \$ 11,757,200 | \$ 11,757,200 | \$ 12,026,162 | \$ 268,962 |
| Real Estate Transfer Tax | 5,500,000 | 5,500,000 | 5,870,702 | 370,702 |
| Residential Telephone Surcharge | 270,000 | 270,000 | 270,015 | 15 |
| Grants | 2,136,800 | 2,278,661 | 2,396,294 | 117,633 |
| Fees For Services | 8,187,500 | 8,194,378 | 8,046,402 | (147,976) |
| Interest and Dividends | 1,300,000 | 1,300,000 | 809,957 | (490,043) |
| Rental Income | 23,200 | 23,200 | 23,936 | 736 |
| Other Revenues | 308,000 | 308,000 | 295,165 | (12,835) |
| Total Revenues | <u>29,482,700</u> | <u>29,631,439</u> | <u>29,738,633</u> | <u>107,194</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 2,708,700 | 2,812,023 | 2,513,498 | 298,525 |
| Special Grants and Programs | 2,121,300 | 2,525,710 | 2,004,667 | 521,043 |
| Community Services | 4,468,100 | 4,758,213 | 4,293,588 | 464,625 |
| Planning Services | 4,587,100 | 4,569,640 | 4,242,332 | 327,308 |
| Public Safety | 11,269,500 | 11,342,563 | 10,648,596 | 693,967 |
| Row Offices | 2,215,900 | 2,216,629 | 2,092,912 | 123,717 |
| Contingency | 1,000,000 | 913,723 | - | 913,723 |
| Debt Service: | | | | |
| Principal | 561,900 | 561,900 | 502,399 | 59,501 |
| Interest | 294,000 | 294,000 | 240,516 | 53,484 |
| Total Expenditures | <u>29,226,500</u> | <u>29,994,401</u> | <u>26,538,508</u> | <u>3,455,893</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>256,200</u> | <u>(362,962)</u> | <u>3,200,125</u> | <u>3,563,087</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (2,381,900) | (2,755,116) | (2,734,857) | 20,259 |
| Total Other Financing Sources (Uses) | <u>(2,381,900)</u> | <u>(2,755,116)</u> | <u>(2,734,857)</u> | <u>20,259</u> |
| Net Change in Fund Balance | <u>\$ (2,125,700)</u> | <u>\$ (3,118,078)</u> | 465,268 | <u>\$ 3,583,346</u> |
| Fund Balance at Beginning of Year | | | <u>50,235,024</u> | |
| Fund Balance at End of Year | | | <u>\$ 50,700,292</u> | |



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KENT COUNTY, DELAWARE

STATEMENT OF NET
POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - |
|--------------------------------------------------|---------------------------------------------|---------------------|------------------------------|-----------------------|------------------------------|
| | Sewer Fund | Trash Collection | Other Enterprise Funds | Total | Internal Service Fund |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Investments | \$ 17,197,668 | \$ 2,034,721 | \$ 1,852,483 | \$ 21,084,872 | \$ 1,672,103 |
| Receivables | | | | | |
| Accounts | 114,859 | - | - | 114,859 | 13,874 |
| Fees and Services | 3,109,091 | 4,905,467 | 1,199,294 | 9,213,852 | - |
| Due from Other Funds | 37,753 | - | - | 37,753 | - |
| Due from Other Governments | 5,242,272 | - | - | 5,242,272 | - |
| Inventory | 189,000 | - | - | 189,000 | - |
| Prepaid Expenses and Other Assets | 25,501 | - | - | 25,501 | - |
| Total Current Assets | 25,916,144 | 6,940,188 | 3,051,777 | 35,908,109 | 1,685,977 |
| Non-Current Assets: | | | | | |
| Restricted Assets: | | | | | |
| Cash and Investments | 48,670,578 | - | - | 48,670,578 | - |
| Capital Assets, Net | | | | | |
| Land | 7,466,962 | - | 3,000 | 7,469,962 | - |
| Construction in Progress | 8,795,554 | - | - | 8,795,554 | - |
| Land and Site Improvements | 27,289 | - | - | 27,289 | - |
| Pipeline | 54,529,325 | - | - | 54,529,325 | - |
| Buildings | 15,543,441 | - | - | 15,543,441 | - |
| Equipment and Furniture | 32,548,698 | 10,218 | - | 32,558,916 | - |
| Total Non-Current Assets | 167,581,847 | 10,218 | 3,000 | 167,595,065 | - |
| Total Assets | 193,497,991 | 6,950,406 | 3,054,777 | 203,503,174 | 1,685,977 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Items Related to Pension | 2,814,671 | - | - | 2,814,671 | - |
| Deferred Items Related to OPEB | 2,036,156 | - | - | 2,036,156 | - |
| Deferred Charges on Refunding | 20,156 | - | - | 20,156 | - |
| Total Deferred Outflows of Resources | 4,870,983 | - | - | 4,870,983 | - |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 928,976 | 336,565 | 50,797 | 1,316,338 | 74,102 |
| Accrued Expenses | 325,270 | - | - | 325,270 | - |
| Retainage Payable | 7,528 | 255,959 | - | 263,487 | - |
| Due to Other Funds | 1,265,083 | 35,183 | 44,474 | 1,344,740 | - |
| Due to Other Governments | 21,147 | - | - | 21,147 | - |
| Compensated Absences | 17,941 | - | - | 17,941 | - |
| Unearned Revenue | 173 | 4,776,292 | 1,318,488 | 6,094,953 | 8,907 |
| Bonds Payable | 2,541,438 | - | - | 2,541,438 | - |
| Total Current Liabilities | 5,107,556 | 5,403,999 | 1,413,759 | 11,925,314 | 83,009 |
| Non-Current Liabilities: | | | | | |
| Net Pension Liability | 5,386,328 | - | - | 5,386,328 | - |
| Net OPEB Liability | 3,760,791 | - | - | 3,760,791 | - |
| Compensated Absences | 464,897 | - | - | 464,897 | - |
| Bonds Payable, Net of Bond Discounts/Premiums | 49,888,646 | - | - | 49,888,646 | - |
| Total Non-Current Liabilities | 59,500,662 | - | - | 59,500,662 | - |
| Total Liabilities | 64,608,218 | 5,403,999 | 1,413,759 | 71,425,976 | 83,009 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenue - Other | 20,891 | - | - | 20,891 | - |
| Deferred Items Related to Pension | 1,205,547 | - | - | 1,205,547 | - |
| Deferred Items Related to OPEB | 716,728 | - | - | 716,728 | - |
| Total Deferred Inflows Of Resources | 1,943,166 | - | - | 1,943,166 | - |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 66,501,341 | - | 3,000 | 66,504,341 | - |
| Restricted for: | | | | | |
| Capital Projects - Equipment Replacement | 334,473 | - | - | 334,473 | - |
| Capital Projects - Expansion Sewer Facilities | 41,361,952 | - | - | 41,361,952 | - |
| Unrestricted | 23,619,824 | 1,546,407 | 1,638,018 | 26,804,249 | 1,602,968 |
| Total Net Position | \$ 131,817,590 | \$ 1,546,407 | \$ 1,641,018 | \$ 135,005,015 | \$ 1,602,968 |

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | | Total | Governmental |
|------------------------------------------------|---------------------------------------------|---------------------|------------------------|-----------------------|-----------------------|
| | Sewer Fund | Trash Collection | Other Enterprise Funds | | Internal Service Fund |
| OPERATING REVENUES | | | | | |
| Fees for Services | \$ 18,174,640 | \$ 4,727,763 | \$ 1,124,087 | \$ 24,026,490 | \$ - |
| Permits | 140,382 | - | - | 140,382 | - |
| Operating Grants | 21,035 | - | - | 21,035 | - |
| Other Revenue | 677,991 | - | 2,293 | 680,284 | - |
| Employer Contributions | - | - | - | - | 6,351,234 |
| Employee Contributions | - | - | - | - | 775,726 |
| Total Operating Revenues | 19,014,048 | 4,727,763 | 1,126,380 | 24,868,191 | 7,126,960 |
| OPERATING EXPENSES | | | | | |
| Salaries and Benefits | 7,877,383 | 140,578 | 139,920 | 8,157,881 | - |
| Contractual Services | 190,090 | 4,406,670 | 3,823 | 4,600,583 | - |
| Travel | 7,151 | - | - | 7,151 | - |
| Utilities | 1,844,718 | - | 839,935 | 2,684,653 | - |
| Maintenance, Parts and Supplies | 1,783,403 | 105,850 | 32,543 | 1,921,796 | - |
| Vehicle Expense | 145,104 | 2,644 | 878 | 148,626 | - |
| Operating Insurance and Indirect Costs | 1,855,633 | 53,400 | 57,976 | 1,967,009 | - |
| Miscellaneous Expenses | 16,532 | 85 | - | 16,617 | - |
| Depreciation Expense | 8,056,943 | 5,839 | - | 8,062,782 | - |
| Medical Insurance Premiums | - | - | - | - | 5,958,662 |
| Medical Claims | - | - | - | - | 931,734 |
| Trustee Fee and Wire Charges | - | - | - | - | 19,463 |
| Total Operating Expenses | 21,776,957 | 4,715,066 | 1,075,075 | 27,567,098 | 6,909,859 |
| Operating Income (Loss) | (2,762,909) | 12,697 | 51,305 | (2,698,907) | 217,101 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest and Dividends | 753,900 | 35,212 | 25,307 | 814,419 | 14,908 |
| Interest and Fiscal Charges | (1,021,344) | - | - | (1,021,344) | - |
| Gain on Sale of Land and Equipment | 4,875 | - | - | 4,875 | - |
| Total Non-Operating Revenues (Expenses) | (262,569) | 35,212 | 25,307 | (202,050) | 14,908 |
| Net Income (Loss) before Contributions | (3,025,478) | 47,909 | 76,612 | (2,900,957) | 232,009 |
| Capital Contributions: | | | | | |
| Capital Grant | 90,716 | - | - | 90,716 | - |
| Donated Capital Assets | 758,251 | - | - | 758,251 | - |
| Impact Fees | 4,818,652 | - | - | 4,818,652 | - |
| Developers Aid In Construction | 83,416 | - | - | 83,416 | - |
| Change in Net Position | 2,725,557 | 47,909 | 76,612 | 2,850,078 | 232,009 |
| Net Position At Beginning Of Year | 129,092,033 | 1,498,498 | 1,564,406 | 132,154,937 | 1,370,959 |
| Net Position At End Of Year | \$ 131,817,590 | \$ 1,546,407 | \$ 1,641,018 | \$ 135,005,015 | \$ 1,602,968 |

KENT COUNTY, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|-------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------|---------------------------------------|--------------------------------------|
| | Sewer Fund | Trash Collection | Other Enterprise Funds | Internal Service Fund |
| | | | Total | |
| Cash Flows From Operating Activities: | | | | |
| Receipts from Customers and Users | \$ 20,464,431 | \$ 4,737,088 | \$ 1,128,963 | \$ 26,330,482 |
| Payments to Suppliers | (4,989,663) | (4,415,847) | (889,708) | (10,295,218) |
| Payments to Employees | (8,151,891) | - | - | (8,151,891) |
| Internal Activity - payments to other funds | (947,785) | (189,821) | (188,692) | (1,326,298) |
| Net Cash Provided (Used) by Operating Activities | 6,375,092 | 131,420 | 50,563 | 6,557,075 |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Proceeds from Capital Grant | (5,079,866) | - | - | (5,079,866) |
| Proceeds from Bonded Indebtedness | 6,964,135 | - | - | 6,964,135 |
| Proceeds from Sale of Equipment and Land | 4,875 | - | - | 4,875 |
| Acquisition and Construction of Capital Assets | (8,262,612) | - | - | (8,262,612) |
| Interest/Fiscal Charges Paid on Bonds | (1,058,517) | - | - | (1,058,517) |
| Retirement of Debt | (2,416,373) | - | - | (2,416,373) |
| Developers Aid In Construction | 83,416 | - | - | 83,416 |
| Impact Fees Collected | 4,839,799 | - | - | 4,839,799 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (4,925,143) | - | - | (4,925,143) |
| Cash Flows From Investing Activities: | | | | |
| Interest and Dividends | 753,900 | 35,212 | 25,307 | 814,419 |
| Net Cash Provided By Investing Activities | 753,900 | 35,212 | 25,307 | 814,419 |
| Net Increase (Decrease) In Cash and Cash Equivalents | 2,203,849 | 166,632 | 75,870 | 2,446,351 |
| Cash and Cash Equivalents At Beginning Of Year | 63,664,397 | 1,868,089 | 1,776,613 | 67,309,099 |
| Cash and Cash Equivalents At End Of Year | \$ 65,868,246 | \$ 2,034,721 | \$ 1,852,483 | \$ 69,755,450 |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position | | | | |
| Statement of Net Position | | | | |
| Current Assets: Cash and Investments | \$ 17,197,668 | \$ 2,034,721 | \$ 1,852,483 | \$ 21,084,872 |
| Non Current Assets: Cash and Investments | 48,670,578 | - | - | 48,670,578 |
| Total Cash and Investments | \$ 65,868,246 | \$ 2,034,721 | \$ 1,852,483 | \$ 69,755,450 |

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2020

| | Business-Type Activities - Enterprise Funds | | | Total | Governmental Activities - Internal Service Fund |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------|------------------------------|---------------------|-------------------------------------------------------------|
| | Sewer Fund | Trash Collection | Other Enterprise Funds | | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income (Loss) | \$ (2,762,909) | \$ 12,697 | \$ 51,305 | \$ (2,698,907) | \$ 217,101 |
| Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation | 8,056,943 | 5,839 | - | 8,062,782 | - |
| Change in Assets and Liabilities: | | | | | |
| (Increase) Decrease in Accounts Receivable | 28,043 | (125,885) | (54,843) | (152,685) | (3,444) |
| (Increase) Decrease in Due From Other Funds | 66,885 | - | - | 66,885 | - |
| (Increase) Decrease in Prepaid Expenses and Other Assets | (9,218) | - | - | (9,218) | - |
| (Increase) Decrease in Deferred Outflow Items Related to Pension/OPEB | 1,084,980 | - | - | 1,084,980 | - |
| Increase (Decrease) in Accounts Payable | (785,329) | 11,793 | (10,959) | (784,495) | 146 |
| Increase (Decrease) in Retainage Payable | 1,257 | 88,109 | - | 89,366 | - |
| Increase (Decrease) in Medical Claims Payable | - | - | - | - | (33,799) |
| Increase (Decrease) in Accrued Expenses | 36,106 | - | - | 36,106 | - |
| Increase (Decrease) in Deferred Liability | - | - | (1,369) | (1,369) | - |
| Increase (Decrease) in Unearned Revenue | 173 | 135,210 | 57,425 | 192,808 | (35) |
| Increase (Decrease) in Net Pension Liability | (1,005,883) | - | - | (1,005,883) | - |
| Increase (Decrease) in Net OPEB Liability | (458,580) | - | - | (458,580) | - |
| Increase (Decrease) in Compensated Absences | 68,869 | - | - | 68,869 | - |
| Increase (Decrease) in Unavailable Revenue | (105,464) | - | - | (105,464) | - |
| Increase(Decrease) In Deferred Inflow Items Related to Pension/OPEB | 1,460,746 | - | - | 1,460,746 | - |
| Increase (Decrease) in Due To Other Funds | 698,473 | 3,657 | 9,004 | 711,134 | - |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 6,375,092</u> | <u>\$ 131,420</u> | <u>\$ 50,563</u> | <u>\$ 6,557,075</u> | <u>\$ 179,969</u> |
| Non-Cash Capital and Related Financing Activities: | | | | | |
| Capital Assets Acquired Through the Incurrence of Donated Capital Assets | \$ 758,251 | \$ - | \$ - | \$ 758,251 | \$ - |
| Total Non-Cash Capital and Related Financing Activities | <u>\$ 758,251</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 758,251</u> | <u>\$ -</u> |

KENT COUNTY, DELAWARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

| | <u>Pension and Post Retiree Funds</u> | <u>Agency Fund</u> |
|---------------------------------|-------------------------------------------|---------------------|
| ASSETS | | |
| Restricted Assets: | | |
| Cash and Short Term Investments | \$ 503 | \$ 1,242,121 |
| Receivables | | |
| Interest | 8,418 | - |
| Investments | <u>66,451,557</u> | <u>-</u> |
| Total Assets | <u>66,460,478</u> | <u>\$ 1,242,121</u> |
| LIABILITIES | | |
| Accounts Payable | 39,877 | \$ - |
| Due to Other Governments | - | 598,723 |
| Tax Sale Proceeds Payable | - | 124,926 |
| Other Liabilities | <u>-</u> | <u>518,472</u> |
| Total Liabilities | <u>39,877</u> | <u>\$ 1,242,121</u> |
| NET POSITION | | |
| Held in Trust for: | | |
| Pension Benefits | 46,241,528 | |
| Post Retiree Benefits | <u>20,179,073</u> | |
| Total Net Position | <u>\$ 66,420,601</u> | |

KENT COUNTY, DELAWARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Pension And Post Retiree Funds</u> |
|-----------------------------------------------|--------------------------------------------------|
| ADDITIONS | |
| Employee Contributions | \$ 200,045 |
| Employer Contributions | 5,362,504 |
| Interest and Dividends | 419,263 |
| Net Appreciation in Fair Value of Investments | <u>2,363,459</u> |
| Total Additions | <u>8,345,271</u> |
| DEDUCTIONS | |
| Pension Benefits | 3,106,774 |
| OPEB Benefits | 1,354,131 |
| Administrative Expense | <u>269,965</u> |
| Total Deductions | <u>4,730,870</u> |
| Change In Net Position | 3,614,401 |
| Net Position - Beginning of Year | <u>62,806,200</u> |
| Net Position - End of Year | <u><u>\$ 66,420,601</u></u> |

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County conform in all material respects to accounting principles generally accepted in the United States of America (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, 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 or May 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, 2020 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, 2020, 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>132,445,328</u> | <u>132,537,073</u> |
| Total Deposits | <u>\$ 132,695,328</u> | <u>\$ 132,787,073</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, 2020:

| <u>Investments Measured at Fair Value:</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> |
|-----------------------------------------------------------------|-----------------------|----------------------|----------------------|
| Money Market Mutual Funds | \$ 1,919,180 | \$ 1,919,180 | \$ - |
| Corporate Stocks | 44,075,086 | 44,075,086 | - |
| Real Estate Equity Funds | <u>1,950,320</u> | <u>1,950,320</u> | - |
| | <u>47,944,586</u> | <u>47,944,586</u> | - |
| <u>External Investment Pools Measured at Fair Value:</u> | | | |
| DE Local Government Retirement Investment Pool | <u>20,186,245</u> | - | <u>20,186,245</u> |
| Total Investments Measured at Fair Value | <u>68,130,831</u> | <u>\$ 47,944,586</u> | <u>\$ 20,186,245</u> |
| <u>Investments Measured at Amortized Cost:</u> | | | |
| Certificates of Deposit | <u>416,233</u> | | |
| Total Investments | <u>\$ 68,547,064</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, 2020, 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 | \$ 416,233 | \$ 208,394 | \$ 207,839 |
| Total Investments | \$ 416,233 | \$ 208,394 | \$ 207,839 |

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, 2020, 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, 2020, the County had \$20,186,245 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 | \$ 132,695,328 |
| Investments | 68,547,064 |
| Petty Cash Amounts | 3,000 |
| Cash on Hand | 88,744 |
| Total | <u>\$ 201,334,136</u> |
| Unrestricted | \$ 84,969,377 |
| Restricted | 48,670,578 |
| Fiduciary Funds | 67,694,181 |
| Total Cash and Investments | <u>\$ 201,334,136</u> |

NOTE D – CAPITAL ASSETS

1. Primary Government-

The capital asset activity for Governmental Activities for the year ended June 30, 2020, was as follows:

| | <u>July 1, 2019</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2020</u> |
|---------------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 8,925,857 | \$ 138,440 | \$ - | \$ 9,064,297 |
| Construction in Progress | 520,117 | 167,862 | (219,358) | 468,621 |
| Total Capital Assets Not Being Depreciated | <u>9,445,974</u> | <u>306,302</u> | <u>(219,358)</u> | <u>9,532,918</u> |
| Capital Assets Being Depreciated | | | | |
| Land and Site Improvements | 9,426,738 | 137,273 | - | 9,564,011 |
| Buildings | 30,417,989 | - | - | 30,417,989 |
| Equipment and Furniture | 10,267,559 | 763,290 | (1,189,823) | 9,841,026 |
| Total Capital Assets Being Depreciated | <u>50,112,286</u> | <u>900,563</u> | <u>(1,189,823)</u> | <u>49,823,026</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | 3,518,452 | 400,832 | - | 3,919,284 |
| Buildings | 8,066,241 | 778,050 | - | 8,844,291 |
| Equipment and Furniture | 8,966,814 | 446,875 | (1,165,050) | 8,248,639 |
| Total Accumulated Depreciation | <u>20,551,507</u> | <u>1,625,757</u> | <u>(1,165,050)</u> | <u>21,012,214</u> |
| Total Capital Assets Being Depreciated, Net | <u>29,560,779</u> | <u>(725,194)</u> | <u>(24,773)</u> | <u>28,810,812</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 39,006,753</u> | <u>\$ (418,892)</u> | <u>\$ (244,131)</u> | <u>\$ 38,343,730</u> |

NOTE D – CAPITAL ASSETS - CONTINUED

The capital asset activity for Business-Type Activities for the year ended June 30, 2020, was as follows:

| | July 1, 2019 | Increases | Decreases | June 30, 2020 |
|----------------------------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Business-Type Activities: | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 7,367,419 | \$ 102,543 | \$ - | \$ 7,469,962 |
| Construction in Progress | 10,606,770 | 7,244,942 | (9,056,158) | 8,795,554 |
| Total Capital Assets Not Being Depreciated | <u>17,974,189</u> | <u>7,347,485</u> | <u>(9,056,158)</u> | <u>16,265,516</u> |
| Capital Assets Being Depreciated | | | | |
| Land and Site Improvements | 5,982,562 | - | - | 5,982,562 |
| Pipeline | 96,776,203 | 9,099,086 | - | 105,875,289 |
| Buildings | 40,557,857 | 342,378 | - | 40,900,235 |
| Equipment and Furniture | 85,713,863 | 1,288,072 | (14,999) | 86,986,936 |
| Total Capital Assets Being Depreciated | <u>229,030,485</u> | <u>10,729,536</u> | <u>(14,999)</u> | <u>239,745,022</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | 5,939,251 | 16,022 | - | 5,955,273 |
| Pipeline | 48,800,616 | 2,545,348 | - | 51,345,964 |
| Buildings | 24,148,042 | 1,208,752 | - | 25,356,794 |
| Equipment and Furniture | 50,150,359 | 4,292,660 | (14,999) | 54,428,020 |
| Total Accumulated Depreciation | <u>129,038,268</u> | <u>8,062,782</u> | <u>(14,999)</u> | <u>137,086,051</u> |
| Total Capital Assets Being Depreciated, Net | <u>99,992,217</u> | <u>2,666,754</u> | <u>-</u> | <u>102,658,971</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 117,966,406</u> | <u>\$ 10,014,239</u> | <u>\$ (9,056,158)</u> | <u>\$ 118,924,487</u> |

Depreciation expense was charged to the following activities:

| Governmental Activities: | | Business-Type Activities: | |
|---------------------------------|---------------------|----------------------------------|---------------------|
| General Government | \$ 499,326 | Sewer Fund | \$ 8,056,943 |
| Community Services | 712,518 | Trash Fund | <u>5,839</u> |
| Planning Services | 29,108 | | |
| Public Safety | 351,886 | | <u>\$ 8,062,782</u> |
| Row Offices | <u>32,919</u> | | |
| | <u>\$ 1,625,757</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, 2020, was as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|------------------------------|---------------------|
| General Fund | Capital Projects Fund | \$ 23 |
| | CDBG | 481,837 |
| | Non-Major Governmental Funds | 12,762 |
| | Sewer Fund | 1,263,073 |
| | Trash Collection Fund | 20,288 |
| | Non-Major Proprietary Funds | 31,697 |
| Capital Projects Fund | General Fund | 209,436 |
| | Sewer Fund | 2,010 |
| Sewer Fund | General Fund | 10,081 |
| | Trash Collection Fund | 14,895 |
| | Non-Major Proprietary Funds | 12,777 |
| Total | | <u>\$ 2,058,879</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 | \$ 2,342,616 | \$ 392,241 |
| Total Interfund Transfers | <u>\$ 2,342,616</u> | <u>\$ 392,241</u> |

NOTE F – LONG-TERM DEBT

1. Changes in Long-Term Liabilities

| | Balance July 1, 2019 | Additions | Reductions | Balance June 30, 2020 | Due Within One Year |
|-------------------------------------------------|-------------------------|---------------------|-----------------------|--------------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 3,598,827 | \$ - | \$ (244,873) | \$ 3,353,954 | \$ 256,916 |
| Plus: Net Bond Premiums | 301,584 | - | (21,288) | 280,296 | 21,288 |
| Total Bonds Payable | 3,900,411 | - | (266,161) | 3,634,250 | 278,204 |
| Net Pension Liability | 22,080,882 | - | (3,474,665) | 18,606,217 | - |
| Net OPEB Liability | 13,959,911 | - | (1,485,311) | 12,474,600 | - |
| Note Payable | 4,017,241 | - | (257,526) | 3,759,715 | 321,612 |
| Compensated Absences | 1,288,378 | 173,285 | - | 1,461,663 | 58,467 |
| Governmental Activity Long-Term Liabilities | <u>\$ 45,246,823</u> | <u>\$ 173,285</u> | <u>\$ (5,483,663)</u> | <u>\$ 39,936,445</u> | <u>\$ 658,283</u> |
| Business-Type Activities: | | | | | |
| Bonds Payable | \$ 47,464,379 | \$ 6,964,135 | \$ (2,416,373) | \$ 52,012,141 | \$ 2,509,695 |
| Plus: Net Bond Premiums | 449,683 | - | (31,740) | 417,943 | 31,743 |
| Total Bonds Payable | 47,914,062 | 6,964,135 | (2,448,113) | 52,430,084 | 2,541,438 |
| Net Pension Liability | 6,392,211 | - | (1,005,883) | 5,386,328 | - |
| Net OPEB Liability | 4,219,371 | - | (458,580) | 3,760,791 | - |
| Compensated Absences | 413,969 | 68,869 | - | 482,838 | 17,941 |
| Business-Type Activity Long-Term Liabilities | <u>\$ 58,939,613</u> | <u>\$ 7,033,004</u> | <u>\$ (3,912,576)</u> | <u>\$ 62,060,041</u> | <u>\$ 2,559,379</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, 2020, 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, 2020:

| <u>Date of Issue/ Maturity</u> | <u>Amount of Original Issue</u> | <u>Description</u> | <u>Interest Rates</u> | <u>Balance Outstanding June 30, 2020</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% | \$ 29,083 |
| 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% | 63,040 |
| 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% | 74,889 |
| 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% | 52,526 |
| 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% | 35,895 |
| 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% | 566,201 |
| 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% | 2,874,950 |
| 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% | 219,173 |

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, 2020</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% | 104,767 |
| 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% | 9,128,639 |
| 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% | 871,170 |
| 2010 November 2050 | 3,900,000 | Series 2010-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Southern ByPass, Principal and Interest Due in Quarterly Installments Beginning November 2011 | 2.25% | 2,434,621 |
| 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% | 2,053,236 |
| 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% | 95,040 |
| 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% | 4,042,007 |
| 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% | 5,166,967 |

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, 2020</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% | 4,484,472 |
| 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% | 260,501 |
| 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% | 700,000 |
| 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% | 352,391 |
| 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% | 108,665 |
| 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% | 8,355,000 |
| 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% | 2,671,869 |
| 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% | 3,036,663 |

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, 2020</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% | 438,277 |
| 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% | 206,807 |
| 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% | 91,713 |
| 2019 June 2041 | 2,423,100 | 2019 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- US Route 13 Forcemain Rehabilitation Principal Due In Semi Annual Installments | 2.601% | 2,208,106 |
| 2020 December 2060 | 3,582,000 | Series 2020A-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- US13 Forcemain Rehab Principal and Interest Due in Quarterly Installments Beginning March 2021 | 3.125% | 3,582,000 |
| 2020 December 2060 | 1,420,000 | Series 2020B-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- US13 Forcemain Rehab Principal and Interest Due in Quarterly Installments Beginning March 2021 | 2.750% | 1,057,427 |
| | Subtotal Bonds | | | <u>55,366,095</u> |
| 2015 September 2030 | 5,000,000 | Series 2015, WSFS Loan Principal and Interest Due in Quarterly Installments Beginning December 2015 | Variable | 3,759,715 |
| Plus: | Unamortized bond premium on 2015 bond issues | | | <u>698,239</u> |
| | Total Long-Term Debt | | | <u>\$ 59,824,049</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, 2020, are as follows:

| Year Ending June 30 | General Obligation Bonds and Note Payable | | | |
|---------------------------|-------------------------------------------|--------------|-----------------------------|---------------|
| | Governmental Activities | | Business-Type Activities | |
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 578,528 | \$ 168,903 | \$ 2,509,695 | \$ 1,148,520 |
| 2022 | 518,885 | 157,573 | 2,498,950 | 1,182,394 |
| 2023 | 529,558 | 146,057 | 2,507,525 | 1,129,198 |
| 2024 | 540,205 | 133,363 | 2,519,563 | 1,075,104 |
| 2025 | 555,117 | 120,097 | 2,531,654 | 1,018,838 |
| 2026-2030 | 2,948,096 | 395,752 | 13,423,919 | 4,240,323 |
| 2031-2035 | 1,443,280 | 85,880 | 8,690,235 | 2,886,058 |
| 2036-2040 | - | - | 6,041,488 | 2,048,909 |
| 2041-2045 | - | - | 5,363,553 | 1,347,275 |
| 2046-2050 | - | - | 4,449,646 | 724,308 |
| 2051-2055 | - | - | 2,362,070 | 332,960 |
| 2055-2060 | - | - | 1,157,777 | 98,719 |
| 2061 | - | - | 98,957 | 1,097 |
| Total | 7,113,669 | \$ 1,207,625 | 54,155,032 | \$ 17,233,703 |
| Less: | | | | |
| Funds Not Drawn | - | | (2,142,891) | |
| Total | \$ 7,113,669 | | \$ 52,012,141 | |

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 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 | \$ 12,911,544 | \$ 12,215,954 |
| Library Taxes | 891,718 | 829,473 |
| Suburban Park Taxes | 15,805 | 15,695 |
| Deferred Items Related to Pension | - | 4,164,377 |
| Deferred Items Related to OPEB | - | 2,326,810 |
| Total Deferred Inflows Of Resources | <u>\$ 13,819,067</u> | <u>\$ 19,552,309</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> |
| Transmission Debt Refinance | \$ 20,501 | \$ 20,501 |
| Unclaimed Tax Sale Proceeds | 390 | 390 |
| Deferred Items Related to Pension | 1,205,547 | 1,205,547 |
| Deferred Items Related to OPEB | 716,728 | 716,728 |
| Total Deferred Inflows Of Resources | <u>\$ 1,943,166</u> | <u>\$ 1,943,166</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 | \$ 20,053 | \$ 17,707 | \$ - | \$ 37,760 |
| Prepaid Expenditures | 920,604 | - | - | 920,604 |
| Total Nonspendable | 940,657 | 17,707 | - | 958,364 |
| Restricted: | | | | |
| Capital Projects | - | 9,404,742 | 194,913 | 9,599,655 |
| Recreational | 32,815 | - | - | 32,815 |
| APFO-EMS | 3,457 | - | - | 3,457 |
| Library Tax | 688,069 | - | - | 688,069 |
| Rodent Grant | 179 | - | - | 179 |
| LEPC Grant | 368 | - | - | 368 |
| Technology Fee-Deeds | 123,562 | - | - | 123,562 |
| Technology Fee-General Fund | 185,343 | - | - | 185,343 |
| Library Standards Grant | 54,227 | - | - | 54,227 |
| Total Restricted | 1,088,020 | 9,404,742 | 194,913 | 10,687,675 |
| Assigned: | | | | |
| Encumbrances | 500,399 | - | - | 500,399 |
| Operating Needs | 2,151,100 | - | - | 2,151,100 |
| Legal Contingency | 950,000 | - | - | 950,000 |
| Library | 135,574 | - | - | 135,574 |
| Recorder of Deeds Maintenance Fees | 36,314 | - | - | 36,314 |
| Sheriff Auctioneer Fees | 60,000 | - | - | 60,000 |
| Local Government Fees | 60,000 | - | - | 60,000 |
| Donations | 4,682 | - | - | 4,682 |
| Total Assigned | 3,898,069 | - | - | 3,898,069 |
| Unassigned | 44,773,546 | - | - | 44,773,546 |
| Total Fund Balances | \$ 50,700,292 | \$ 9,422,449 | \$ 194,913 | \$ 60,317,654 |

NOTE I – CAPITAL IMPROVEMENT COMMITMENTS

The following is a summary of the significant capital improvement commitments of the County as of June 30, 2020:

Governmental Activities

Capital Project Fund:

| Project Name | Estimated Project Cost | Remaining Contract Commitments To Date | Costs Incurred To Date |
|------------------------------|---------------------------|-------------------------------------------------|------------------------------|
| IT Appraisal Software (CAMA) | \$ 528,390 | \$ 122,900 | \$ 405,490 |
| EMS West Dover Building | \$ 57,476 | \$ 8,484 | \$ 48,992 |
| Kesseling Wetland Bridge | 12,500 | 1,250 | 11,250 |
| | \$ 598,366 | \$ 132,634 | \$ 465,732 |

The Capital Projects Fund has incurred costs in the amount of \$2,889 that were not under a formal construction commitment as of June 30, 2020.

Enterprise Funds

| Project Name | Estimated Project Cost | Remaining Contract Commitments To Date | Costs Incurred To Date |
|------------------------------------------|---------------------------|-------------------------------------------------|------------------------------|
| Blower System Upgrade | \$ 961,713 | \$ 557,535 | \$ 404,178 |
| London Village | 100,000 | 38,039 | 61,961 |
| Paris Villa | 100,000 | 72,841 | 27,159 |
| Screen Replacement at WWTP | 18,900 | 6,744 | 12,156 |
| Dover Products | 198,660 | 11,819 | 186,841 |
| US 13 Forcemain Rehabilitation | 2,012,694 | 90,944 | 1,921,750 |
| Local Limits Evaluation | 55,000 | 4,750 | 50,250 |
| Biosolids Capacity Expansion | 159,301 | 12,039 | 147,262 |
| Puncheon Run Extension | 134,500 | 102,191 | 32,309 |
| General Labor and Equipment Contract | 2,583,040 | 1,740,266 | 842,774 |
| Less Capitalized/Expensed in Prior Years | | | (724,025) |
| | \$ 6,323,808 | \$ 2,637,168 | \$ 2,962,615 |

In the Sewer Fund, Kent County has incurred costs in the amount of \$5,832,939 that were not under a formal construction commitment as of June 30, 2020.

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, 2020, was based on the following membership data:

| | |
|------------------|--------------------------|
| Active Employees | 288 |
| Retired | 206 |
| Survivors | 29 |
| Disabled | 2 |
| Deferred Vested | <u>94</u> |
| TOTAL | <u><u>619</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. 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 hired after January 1, 2020 are required to contribute 5 percent (5%) 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 2020 was \$3,408,100 of which \$200,045 was the employee contribution and \$3,208,055 was the employer contribution. This contribution was based on the January 1, 2019 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, 2020**

| | <u>Pension Fund</u> | <u>Post Retiree Benefits Fund</u> |
|---------------------------------|----------------------|---------------------------------------|
| ASSETS | | |
| Restricted Assets: | | |
| Cash and Short Term Investments | \$ 503 | \$ - |
| Receivables | | |
| Interest | 8,418 | - |
| Investments | <u>46,272,484</u> | <u>20,179,073</u> |
| Total Assets | <u>46,281,405</u> | <u>20,179,073</u> |
| LIABILITIES | | |
| Accounts Payable | <u>39,877</u> | - |
| Total Liabilities | <u>39,877</u> | - |
| NET POSITION | | |
| Held in Trust for: | | |
| Pension Benefits | 46,241,528 | - |
| Post Retiree Benefits | <u>-</u> | <u>20,179,073</u> |
| Total Net Position | <u>\$ 46,241,528</u> | <u>\$ 20,179,073</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, 2020

| | <u>Pension Fund</u> | <u>Post Retiree Benefits Fund</u> |
|-----------------------------------------------------------------|----------------------|---------------------------------------|
| ADDITIONS | | |
| Employee Contributions | \$ 200,045 | \$ - |
| Employer Contributions | 3,208,055 | 2,154,449 |
| Interest and Dividends | 183,386 | 235,877 |
| Net Appreciation (Depreciation) in Fair Value of Investments | <u>1,477,453</u> | <u>886,006</u> |
| Total Additions | <u>5,068,939</u> | <u>3,276,332</u> |
| DEDUCTIONS | | |
| Pension Benefits | 3,106,774 | - |
| OPEB Benefits | - | 1,354,131 |
| Administrative Expense | <u>195,736</u> | <u>74,229</u> |
| Total Deductions | <u>3,302,510</u> | <u>1,428,360</u> |
| Change In Net Position | 1,766,429 | 1,847,972 |
| Net Position - Beginning of Year | <u>44,475,099</u> | <u>18,331,101</u> |
| Net Position - End of Year | <u>\$ 46,241,528</u> | <u>\$ 20,179,073</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, 2020, 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 | 44.42% | 40.00% | 5.50% |
| International Equity Composite | 7.87% | 10.00% | 6.40% |
| Emerging Markets Equity Composite | 2.29% | 2.50% | 8.30% |
| Total Fixed Income Composite | 32.17% | 33.50% | 1.10% |
| Real Estate Composite | 4.22% | 4.00% | 3.90% |
| Global Tactical Asset Allocation | 9.03% | 10.00% | 4.00% |
| | 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, 2020.

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, 2020. The net pension liability is \$23,992,545, measured as the difference between the total pension liability of \$69,238,732 and the fiduciary net position of \$45,246,187.

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 | \$ 66,245,049 | \$ 37,771,956 | \$ 28,473,093 |
| Changes for the year: | | | |
| Service cost | 1,253,123 | - | 1,253,123 |
| Interest | 4,784,313 | - | 4,784,313 |
| Differences between expected and actual experience | 281,579 | - | 281,579 |
| Change in assumptions* | (310,030) | - | (310,030) |
| Contributions-employer | - | 2,816,641 | (2,816,641) |
| Contributions-employee | - | 207,941 | (207,941) |
| Net investment income | - | 7,565,324 | (7,565,324) |
| Benefit payments, including refunds of employee contributions | (3,015,302) | (3,015,302) | - |
| Administrative expenses | - | (100,373) | 100,373 |
| Net Changes | 2,993,683 | 7,474,231 | (4,480,548) |
| Balances at end of year | \$ 69,238,732 | \$ 45,246,187 | \$ 23,992,545 |

*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 | \$ 32,771,159 | \$ 23,992,545 | \$ 16,673,115 |

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 2020 year, the annual money-weighted rate of return on the investments, net of investment expense, is 3.64%.

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, 2020, the County recognized pension expense of \$2,610,340. At June 30, 2020, 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 | \$ 661,385 | \$ 3,157 |
| Change of assumptions | 5,328,156 | 248,024 |
| Net Difference between projected and actual earnings on pension plan investments | 3,386,251 | 5,118,743 |
| Contributions subsequent to the measurement date- January 2, 2020 - June 30, 2020 | <u>3,208,055</u> | <u>-</u> |
| | <u>\$ 12,583,847</u> | <u>\$ 5,369,924</u> |

An amount of \$3,208,055 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date (January 1, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

| Year ending June 30: | | |
|----------------------|-----------|------------------|
| 2021 | \$ | 2,103,752 |
| 2022 | | 1,294,027 |
| 2023 | | 1,579,811 |
| 2024 | | <u>(971,722)</u> |
| | <u>\$</u> | <u>4,005,868</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, 2020 |
| 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: | 1.00% compound COLAs are assumed to be given to participants who have or will retire directly from active employment with Kent County |
| Mortality Tables: | |
| Healthy: | RP-2014 Total Mortality Table with fully generational improvements projected from 2006 based on assumptions from the Social Security Administration's 2019 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 2019 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, 135 retirees meet these eligibility requirements, of which 117 retirees and 26 spouses/dependents receive health insurance benefits and 18 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 2020, expenditures of \$1,422,075 were recognized for post-retirement health care of which \$1,354,131 was paid out of the OPEB fund. The \$67,944 balance of retiree benefits was paid from the operating budgets of General Fund in the amount of \$52,268 and Sewer Fund in the amount of \$15,676.

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, 2020, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 5.83%. 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2019, with liabilities projected to June 30, 2020 measurement date on a "no loss/no gain" basis.

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

Actuarial assumptions.

The total OPEB liability in the June 30, 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, 2020, a June 30, 2020 measurement date was used. |
| Valuation Date: | July 1, 2019 with liabilities projected to the June 30, 2020 measurement date on a "no loss/no gain" basis. Liabilities as of July 1, 2019 are based on an actuarial valuation date of July 1, 2019 with no adjustments. |
| 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: | 7.25%, 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 7.25% 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 | \$ 36,524,151 | \$ 18,344,869 | \$ 18,179,282 |
| Changes for the year: | | | |
| Service cost | 1,099,110 | - | 1,099,110 |
| Interest | 2,770,645 | - | 2,770,645 |
| Differences between expected and actual experience | (3,556,895) | - | (3,556,895) |
| Change in assumptions* | 1,007,110 | - | 1,007,110 |
| Contributions-employer | - | 2,154,449 | (2,154,449) |
| Net investment income | - | 1,156,291 | (1,156,291) |
| Change of benefit terms | - | | - |
| Benefit payments, including refunds | | | - |
| Benefit payments | (1,387,734) | (1,387,734) | - |
| Administrative expenses | - | (46,879) | 46,879 |
| Net Changes | (67,764) | 1,876,127 | (1,943,891) |
| Balances at end of year | \$ 36,456,387 | \$ 20,220,996 | \$ 16,235,391 |

* The discount rate has been updated from 7.50% as of July 1, 2019 to 7.25% as of June 30, 2020 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, 2022.

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 (6.25%) | Current Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|--------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|
| Net OPEB Liability | \$ 20,746,272 | \$ 16,235,391 | \$ 12,457,001 |

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

The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 7.50% decreasing to an ultimate rate of 4.50%, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00% lower (6.50% decreasing to an ultimate rate of 3.50%) or 1.00% higher (8.50% decreasing to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

| | 1% Decrease in Trend Rate (6.50%) | Current Trend Rate (7.50%) | 1% Increase in Trend Rate (8.50%) |
|--------------------|-----------------------------------------|----------------------------------|-----------------------------------------|
| Net OPEB Liability | \$ 11,900,478 | \$ 16,235,391 | \$ 21,483,658 |

NOTE L - OTHER POST-RETIREMENT BENEFITS – CONTINUED

For the year ended June 30, 2020 the County recognized OPEB expense of \$1,851,445. At June 30, 2020, 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 | \$ 3,662,136 | \$ 2,964,079 |
| Change of assumptions | 4,621,737 | - |
| Net Difference between projected and actual earnings on pension plan investments | 518,672 | 79,459 |
| | <u>\$ 8,802,545</u> | <u>\$ 3,043,538</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:

| | |
|------|---------------------|
| 2021 | \$ 1,491,631 |
| 2022 | 1,571,089 |
| 2023 | 1,551,122 |
| 2024 | 1,057,413 |
| 2025 | 87,752 |
| | <u>\$ 5,759,007</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, 2020. 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, 2020, the balance of this reserve totaled \$334,473.
- 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, 2020, the balance of this reserve totaled \$41,361,952 of which \$31,551,946 is for the main system capital improvement and \$9,810,006 is for district capital improvement.

| | |
|--------------------------------------|-----------------------------|
| Equipment Replacement Reserve | \$ 334,473 |
| Expansion Reserve | <u>41,361,952</u> |
| Total Restricted Net Position | <u>\$ 41,696,425</u> |

NOTE O – PRIOR PERIOD ADJUSTMENT

As part of its regular annual review of capital assets accounts, the County discovered items carried in Construction in Progress that should have been expensed because the items were low in cost and had a short life expectancy. Accordingly, an adjustment of (\$34,474) was made to decrease capital assets and to decrease the beginning balance of the Net Position of Governmental Activities in the Statement of Activities.

NOTE P – CONDUIT DEBT OBLIGATION

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

On June 30, 2020, the balances of the outstanding bonds were as follows:

| <u>Bond</u> | <u>Issue Amount</u> | <u>Balance Outstanding June 30, 2020</u> |
|---------------------------------------------------------|-----------------------|--------------------------------------------------|
| 1999 Dover ALF, LLC "Heritage" | \$ 7,500,000 | 4,430,000 |
| 2008A, 2008B Providence Creek Academy Charter School | 13,150,000 | 5,748,000 |
| 2011 Charter School, Inc. | 3,930,000 | 3,210,000 |
| 2016 Kent County Regional Sports Complex | 20,760,000 | 20,525,000 |
| 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>\$ 116,025,000</u> | <u>\$ 104,598,000</u> |

NOTE Q – TAX ABATEMENTS

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

For the fiscal year ended June 30, 2020, the County abated property taxes totaling \$94. The tax abatement agreement is as follows:

- A 10 percent property tax abatement to two convenience stores for land and buildings. The abatement amounted to \$94.

NOTE R – SUBSEQUENT EVENTS

On July 14, 2020, the Levy Court Commissioners awarded the chemical contract for supply of Quicklime at the unit bid price of \$190.97 per ton for a two-year period from August 1, 2020 through July 21, 2022. The 2-year contract value is estimated to be \$802,074.

On July 14, 2020, the Levy Court Commissioners also approved a change order for the Engineering Services Agreement for the Air System Optimization Project in the amount of \$133,872.

On August 10, 2020, the Levy Court Commissioners approved the budget request of \$100,000, not to exceed \$150,000, to create the County Administrator's Discretionary Emergency Relief Fund to aid in the clean up from Hurricane Isaias in Kent County.

On August 25, 2020, the Levy Court Commissioners approved the professional services contract for the Forcemain Extension and Relocation project in the amount of \$350,400.

On September 29, 2020, the Levy Court Commissioners awarded the construction contract for the West Kent County Paramedic Substation in the amount of \$792,434.

On October 6, 2020, the Levy Court Commissioners awarded the contract for the North Aeration Basin Liner System in the amount of \$398,782.

In mid-December 2020, the County closed on two bonds with the USDA for the US Route 13 Forcemain project. The Series 2020A-RUS bond will be for \$3,582,000, and the Series 2020B-RUS bond will be for \$1,057,427.

The County has evaluated all subsequent events through December 10, 2020, 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, 2020 | January 1, 2019 | January 1, 2018 | January 1, 2017 | January 1, 2016 | January 1, 2015 |
| Total Pension Liability | | | | | | |
| Service cost | \$ 1,253,123 | \$ 1,085,268 | \$ 1,022,745 | \$ 937,737 | \$ 827,074 | \$ 1,033,726 |
| Interest on total pension liability | 4,784,313 | 4,215,078 | 4,030,916 | 3,677,882 | 3,398,722 | 2,852,131 |
| Differences between expected and actual experience | 281,579 | 559,396 | 251,213 | (15,793) | (31,129) | 485,747 |
| Changes of assumptions | (310,030) | 6,659,996 | 1,456,423 | 3,747,942 | 1,426,791 | 3,771,993 |
| Benefit payments, including refunds of member contributions | (3,015,302) | (2,780,919) | (2,488,271) | (2,300,696) | (2,184,547) | (2,052,529) |
| Net change in total pension liability | 2,993,683 | 9,738,819 | 4,273,026 | 6,047,072 | 3,436,911 | 6,091,068 |
| Total pension liability, beginning | 66,245,049 | 56,506,230 | 52,233,204 | 46,186,132 | 42,749,221 | 36,658,153 |
| Total pension liability, ending (a) | 69,238,732 | 66,245,049 | 56,506,230 | 52,233,204 | 46,186,132 | 42,749,221 |
| Fiduciary Net Position | | | | | | |
| Employer contributions | 2,816,641 | 2,556,190 | 1,979,945 | 1,634,883 | 1,416,774 | 1,314,726 |
| Member contributions | 207,941 | 186,970 | 186,515 | 187,079 | 156,272 | 163,928 |
| Net investment income | 7,565,324 | (2,512,711) | 5,830,044 | 2,314,335 | 158,235 | 2,358,943 |
| Benefit payments, including refunds of member contributions | (3,015,302) | (2,780,919) | (2,488,271) | (2,300,696) | (2,184,547) | (2,052,529) |
| Administrative expenses | (100,373) | (74,571) | (54,070) | (33,546) | (36,842) | (190,972) |
| Net change in plan fiduciary net position | 7,474,231 | (2,625,041) | 5,454,163 | 1,802,055 | (490,108) | 1,594,096 |
| Fiduciary net position, beginning | 37,771,956 | 40,396,997 | 34,942,834 | 33,140,779 | 33,630,887 | 32,036,791 |
| Fiduciary net position, ending (b) | \$ 45,246,187 | \$ 37,771,956 | \$ 40,396,997 | \$ 34,942,834 | \$ 33,140,779 | \$ 33,630,887 |
| Net pension liability, ending = (a) - (b) | \$ 23,992,545 | \$ 28,473,093 | \$ 16,109,233 | \$ 17,290,370 | \$ 13,045,353 | \$ 9,118,334 |
| Fiduciary net position as a % of total pension liability | 65.35% | 57.02% | 71.49% | 66.90% | 71.75% | 78.67% |
| Covered payroll | 15,203,896 | 14,837,958 | 14,633,137 | 14,428,663 | 14,111,982 | 13,578,928 |
| Net pension liability as a % of covered payroll | 157.81% | 191.89% | 110.09% | 119.83% | 92.44% | 67.15% |
| Annual money weighted rate of return, net of investment expense | 3.64% | 7.05% | 8.29% | 11.43% | 2.18% | 2.36% |

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

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 |
|----------------------------|-------------------------------------|------------------------------|----------------------------------|----------------------------------------------------|-------------------------------------------------|
| 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% |
| 2020 | 3,175,598 | 3,408,100 | (232,502) | 13,470,257 | 25.30% |

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

| | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date: | January 1, 2020 |
| 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: | 1.00% compound COLAs are assumed to be given to participants who have or will retire directly from active employment with Kent County |
| Mortality Tables: | |
| Healthy: | RP-2014 Total Mortality Table with fully generational improvements projected from 2006 based on assumptions from the Social Security Administration's 2019 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 2019 Trustee's Report |

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Total OPEB Liability

| | Measurement Date June 30, 2020 | Measurement Date June 30, 2019 | Measurement Date June 30, 2018 |
|-------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| Service cost | \$ 1,099,110 | \$ 978,528 | \$ 692,587 |
| Interest on total OPEB liability | 2,770,645 | 2,306,663 | 1,752,033 |
| Changes of benefit terms | - | 474,250 | - |
| Differences between expected and actual experience | (3,556,895) | 636,633 | 5,566,019 |
| Changes of assumptions | 1,007,110 | 2,952,416 | 877,054 |
| Benefit payments, including refunds of member contributions | (1,387,734) | (1,181,271) | (873,799) |
| Net change in total OPEB liability | (67,764) | 6,167,219 | 8,013,894 |
| Total OPEB liability, beginning | 36,524,151 | 30,356,932 | 22,343,038 |
| Total OPEB liability, ending (a) | 36,456,387 | 36,524,151 | 30,356,932 |

Fiduciary Net Position

| | | | |
|--------------------------------------------------|------------------|------------------|------------------|
| Employer contributions | 2,154,449 | 1,366,633 | 1,366,633 |
| Net investment income | 1,156,291 | 836,738 | 1,099,278 |
| Benefit payments | (1,387,734) | (1,181,271) | (873,799) |
| Administrative expenses | (46,879) | (12,837) | (5,571) |
| Net change in plan fiduciary net position | 1,876,127 | 1,009,263 | 1,586,541 |
| Fiduciary net position, beginning | 18,344,869 | 17,335,606 | 15,749,065 |
| Fiduciary net position, ending (b) | \$ 20,220,996 | \$ 18,344,869 | \$ 17,335,606 |

Net OPEB liability, ending = (a) - (b) \$ 16,235,391 \$ 18,179,282 \$ 13,021,326

| | | | |
|-----------------------------------------------------------------|------------|------------|------------|
| Fiduciary net position as a % of total OPEB liability | 55.47% | 50.23% | 57.11% |
| Covered payroll | 15,627,852 | 15,374,840 | 15,106,839 |
| Net OPEB liability as a % of covered payroll | 103.89% | 118.24% | 86.19% |
| Annual money weighted rate of return, net of investment expense | 5.83% | 4.80% | 6.96% |

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

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.

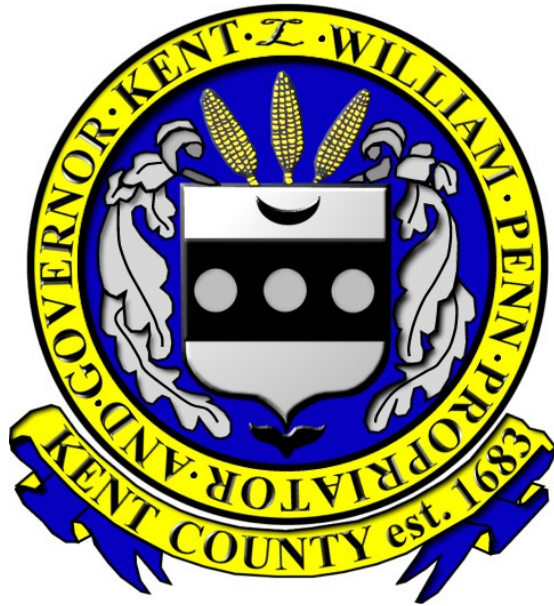
| Fiscal Year Ended June 30, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll as of the Actuarial Valuation Year | Contribution as a Percentage of Covered Payroll |
|----------------------------|-------------------------------------|------------------------------|----------------------------------|----------------------------------------------------|-------------------------------------------------|
| 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% |
| 2020 | 2,154,449 | 2,154,449 | - | 15,627,852 | 13.79% |

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, 2020, a June 30, 2020 measurement date was used. |
| Valuation Date: | July 1, 2019 with liabilities projected to the June 30, 2020 measurement date on a "no loss/no gain" basis. Liabilities as of July 1, 2019 are based on an actuarial valuation date of July 1, 2019 with no adjustments. |
| 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: | 7.25%, 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, 2020**

| | Special Revenue Fund | Capital Project Fund | Total Non-Major Governmental Funds |
|--------------------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------------------------|
| | Farmer's Home Administration Grant | Aeropark Fund | |
| ASSETS | | | |
| Cash and Investments | \$ 12,100 | \$ 207,353 | \$ 219,453 |
| Total Assets | \$ 12,100 | \$ 207,353 | \$ 219,453 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Due to Other Funds | \$ 12,100 | \$ 662 | \$ 12,762 |
| Unearned Revenue | - | 11,778 | 11,778 |
| Total Liabilities | 12,100 | 12,440 | 24,540 |
| Fund Balances: | | | |
| Restricted: | | | |
| Capital Projects | - | 194,913 | 194,913 |
| Total Fund Balances | - | 194,913 | 194,913 |
| Total Liabilities and Fund Balances | \$ 12,100 | \$ 207,353 | \$ 219,453 |

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Special Revenue Fund</u> | <u>Capital Project Fund</u> | <u>Total Non-Major Governmental Funds</u> |
|-------------------------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------------------------|
| | <u>Farmer's Home Administration Grant</u> | <u>Aeropark Fund</u> | |
| REVENUES | | | |
| Grants | \$ 10,850 | \$ - | \$ 10,850 |
| Investment Income | - | 2,198 | 2,198 |
| Other Revenues | - | 22,890 | 22,890 |
| Total Revenues | <u>10,850</u> | <u>25,088</u> | <u>35,938</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Planning Services | 10,850 | - | 10,850 |
| Economic Development | - | 2,088 | 2,088 |
| Total Expenditures | <u>10,850</u> | <u>2,088</u> | <u>12,938</u> |
| Excess of Revenues Over Expenditures | <u>-</u> | <u>23,000</u> | <u>23,000</u> |
| Net Change in Fund Balances | - | 23,000 | 23,000 |
| Fund Balances at Beginning of Year | <u>-</u> | <u>171,913</u> | <u>171,913</u> |
| Fund Balances at End of Year | <u>\$ -</u> | <u>\$ 194,913</u> | <u>\$ 194,913</u> |

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2020

| | <u>Street Light</u> | <u>Landfill</u> | <u>Storm Water Management</u> | <u>Total</u> |
|---------------------------------|-------------------------|-------------------|-----------------------------------|---------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 868,073 | \$ 705,262 | \$ 279,148 | \$ 1,852,483 |
| Receivables | | | | |
| Fees and Services | <u>1,098,631</u> | <u>-</u> | <u>100,663</u> | <u>1,199,294</u> |
| Total Current Assets | <u>1,966,704</u> | <u>705,262</u> | <u>379,811</u> | <u>3,051,777</u> |
| Non-Current Assets: | | | | |
| Capital Assets, Net | | | | |
| Land | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>3,000</u> |
| Total Non-Current Assets | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>3,000</u> |
| Total Assets | <u>1,969,704</u> | <u>705,262</u> | <u>379,811</u> | <u>3,054,777</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 48,947 | - | 1,850 | 50,797 |
| Due to Other Funds | 34,822 | 1,534 | 8,118 | 44,474 |
| Unearned Revenue | <u>1,069,500</u> | <u>149,890</u> | <u>99,098</u> | <u>1,318,488</u> |
| Total Liabilities | <u>1,153,269</u> | <u>151,424</u> | <u>109,066</u> | <u>1,413,759</u> |
| NET POSITION | | | | |
| Investment in Capital Assets | 3,000 | - | - | 3,000 |
| Unrestricted | <u>813,435</u> | <u>553,838</u> | <u>270,745</u> | <u>1,638,018</u> |
| Total Net Position | <u>\$ 816,435</u> | <u>\$ 553,838</u> | <u>\$ 270,745</u> | <u>\$ 1,641,018</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, 2020

| | <u>Street Light</u> | <u>Landfill</u> | <u>Storm Water Management</u> | <u>Total</u> |
|------------------------------------------|-------------------------|-------------------|-----------------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Fees for Services | \$ 1,014,167 | \$ - | \$ 109,920 | \$ 1,124,087 |
| Other Revenue | - | 2,293 | - | 2,293 |
| Total Operating Revenues | <u>1,014,167</u> | <u>2,293</u> | <u>109,920</u> | <u>1,126,380</u> |
| OPERATING EXPENSES | | | | |
| Salaries and Benefits | 139,920 | - | - | 139,920 |
| Contractual Services | - | 3,823 | - | 3,823 |
| Utilities | 839,935 | - | - | 839,935 |
| Maintenance, Parts and Supplies | 680 | 440 | 31,423 | 32,543 |
| Vehicle Expense | 878 | - | - | 878 |
| Operating Insurance and Indirect Costs | 53,100 | 4,876 | - | 57,976 |
| Total Operating Expenses | <u>1,034,513</u> | <u>9,139</u> | <u>31,423</u> | <u>1,075,075</u> |
| Operating Income (Loss) | <u>(20,346)</u> | <u>(6,846)</u> | <u>78,497</u> | <u>51,305</u> |
| NON-OPERATING REVENUES | | | | |
| Interest and Dividends | 13,236 | 8,348 | 3,723 | 25,307 |
| Total Non-Operating Revenues | <u>13,236</u> | <u>8,348</u> | <u>3,723</u> | <u>25,307</u> |
| Net Income (Loss) | (7,110) | 1,502 | 82,220 | 76,612 |
| Net Position at Beginning of Year | <u>823,545</u> | <u>552,336</u> | <u>188,525</u> | <u>1,564,406</u> |
| Net Position at End of Year | <u>\$ 816,435</u> | <u>\$ 553,838</u> | <u>\$ 270,745</u> | <u>\$ 1,641,018</u> |

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | <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 | \$ 1,020,327 | \$ 1 | \$ 108,635 | \$ 1,128,963 |
| Payments to Suppliers | (854,239) | (4,264) | (31,205) | (889,708) |
| Internal Activity - Payment to Other Funds | (188,196) | (4,160) | 3,664 | (188,692) |
| Net Cash Provided (Used) by Operating Activities | <u>(22,108)</u> | <u>(8,423)</u> | <u>81,094</u> | <u>50,563</u> |
| Cash Flows From Investing Activities: | | | | |
| Interest and Dividends | 13,236 | 8,348 | 3,723 | 25,307 |
| Net Cash Provided By Investing Activities | <u>13,236</u> | <u>8,348</u> | <u>3,723</u> | <u>25,307</u> |
| Net Increase (Decrease) In Cash and Cash Equivalents | (8,872) | (75) | 84,817 | 75,870 |
| Cash and Cash Equivalents at Beginning of Year | <u>876,945</u> | <u>705,337</u> | <u>194,331</u> | <u>1,776,613</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 868,073</u> | <u>\$ 705,262</u> | <u>\$ 279,148</u> | <u>\$ 1,852,483</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | \$ (20,346) | \$ (6,846) | \$ 78,497 | \$ 51,305 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Change in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | (64,380) | - | 9,537 | (54,843) |
| Increase (Decrease) in Accounts Payable | (11,177) | - | 218 | (10,959) |
| (Decrease) in Other Liability | (1,369) | - | - | (1,369) |
| Increase (Decrease) in Unearned Revenue | 70,540 | (2,293) | (10,822) | 57,425 |
| Increase in Due To Other Funds | 4,624 | 716 | 3,664 | 9,004 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (22,108)</u> | <u>\$ (8,423)</u> | <u>\$ 81,094</u> | <u>\$ 50,563</u> |



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KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

| | <u>Pension Fund</u> | <u>Post Retiree Benefits Fund</u> | <u>Total</u> |
|---------------------------------|----------------------|---------------------------------------|----------------------|
| ASSETS | | | |
| Restricted Assets: | | | |
| Cash and Short Term Investments | \$ 503 | \$ - | \$ 503 |
| Receivables | | | |
| Interest | 8,418 | - | 8,418 |
| Investments | <u>46,272,484</u> | <u>20,179,073</u> | <u>66,451,557</u> |
| Total Assets | <u>46,281,405</u> | <u>20,179,073</u> | <u>66,460,478</u> |
| LIABILITIES | | | |
| Accounts Payable | <u>39,877</u> | - | <u>39,877</u> |
| Total Liabilities | <u>39,877</u> | - | <u>39,877</u> |
| NET POSITION | | | |
| Held in Trust for: | | | |
| Pension Benefits | 46,241,528 | - | 46,241,528 |
| Post Retiree Benefits | <u>-</u> | <u>20,179,073</u> | <u>20,179,073</u> |
| Total Net Position | <u>\$ 46,241,528</u> | <u>\$ 20,179,073</u> | <u>\$ 66,420,601</u> |

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Pension Fund | Post Retiree Benefits Fund | Total |
|-----------------------------------------------------------------|---------------------|---------------------------------------|---------------|
| ADDITIONS | | | |
| Employee Contributions | \$ 200,045 | \$ - | \$ 200,045 |
| Employer Contributions | 3,208,055 | 2,154,449 | 5,362,504 |
| Interest and Dividends | 183,386 | 235,877 | 419,263 |
| Net Appreciation (Depreciation) in Fair Value of Investments | 1,477,453 | 886,006 | 2,363,459 |
| Total Additions | 5,068,939 | 3,276,332 | 8,345,271 |
| DEDUCTIONS | | | |
| Pension Benefits | 3,106,774 | - | 3,106,774 |
| OPEB Benefits | - | 1,354,131 | 1,354,131 |
| Administrative Expense | 195,736 | 74,229 | 269,965 |
| Total Deductions | 3,302,510 | 1,428,360 | 4,730,870 |
| Change In Net Position | 1,766,429 | 1,847,972 | 3,614,401 |
| Net Position - Beginning of Year | 44,475,099 | 18,331,101 | 62,806,200 |
| Net Position - End of Year | \$ 46,241,528 | \$ 20,179,073 | \$ 66,420,601 |

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.

2020 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 | | | | | | | | | |
|--------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$30,964,594 | \$31,106,229 | \$31,337,025 | \$32,299,538 | \$31,840,271 | \$28,120,342 | \$26,796,027 | \$26,409,608 | \$26,191,732 | \$27,059,292 |
| Restricted | 10,687,675 | 9,613,779 | 6,348,541 | 5,411,163 | 6,221,445 | 9,075,766 | 404,953 | 23,671 | 23,086 | 22,877 |
| Unrestricted | 29,451,520 | 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 |
| Total governmental activities net position | <u>71,103,789</u> | <u>73,114,204</u> | <u>75,305,638</u> | <u>77,670,776</u> | <u>76,644,628</u> | <u>76,437,806</u> | <u>78,123,030</u> | <u>75,376,372</u> | <u>73,100,010</u> | <u>71,490,278</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 67,874,220 | 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 |
| Restricted | 41,696,425 | 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 |
| Unrestricted | 25,434,370 | 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 |
| Total business-type activities net position | <u>135,005,015</u> | <u>132,154,937</u> | <u>126,641,398</u> | <u>125,012,366</u> | <u>123,376,923</u> | <u>112,373,275</u> | <u>110,647,892</u> | <u>107,512,511</u> | <u>103,800,828</u> | <u>100,907,871</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 98,838,814 | 102,525,591 | 104,420,726 | 108,360,057 | 107,589,751 | 99,928,060 | 90,971,091 | 89,282,009 | 89,330,130 | 91,484,923 |
| Restricted | 52,384,100 | 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 |
| Unrestricted | 54,885,890 | 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 |
| Total primary government activities net position | <u>\$206,108,804</u> | <u>\$205,269,141</u> | <u>\$201,947,036</u> | <u>\$202,683,142</u> | <u>\$200,021,551</u> | <u>\$188,811,081</u> | <u>\$188,770,922</u> | <u>\$182,888,883</u> | <u>\$176,900,838</u> | <u>\$172,398,149</u> |

2020 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 | | | | | | | | | |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$4,142,457 | \$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 |
| Special grants/programs | 2,004,667 | 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 |
| Community services | 5,400,087 | 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 |
| Planning services | 5,974,260 | 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 |
| Public safety | 12,359,504 | 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 |
| Row offices | 2,445,956 | 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 |
| Economic development | 232,777 | 176,890 | 156,026 | 358,382 | 1,555,085 | 287,819 | 44,180 | 372,300 | 751,348 | 38,589 |
| Amortization | - | - | - | - | - | 53,254 | 1,856 | 1,854 | 5,068 | 5,068 |
| Interest on long-term debt | 219,092 | 263,219 | 240,105 | 215,890 | 185,646 | 211,113 | 229,542 | 235,652 | 241,405 | 246,579 |
| Total governmental activities expenses | <u>32,778,800</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Sewer | 22,798,301 | 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 |
| Street light | 1,034,513 | 1,002,685 | 1,003,452 | 963,961 | 934,377 | 907,738 | 888,610 | 851,575 | 776,190 | 776,486 |
| Trash | 4,715,066 | 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 |
| Landfill | 9,139 | 22,799 | 9,673 | 10,680 | 9,804 | 10,031 | 23,087 | 32,746 | 33,205 | 39,052 |
| Storm water maintenance | 31,423 | 9,256 | 5,978 | 6,792 | 3,201 | - | - | - | - | - |
| Total business-type activities expenses | <u>28,588,442</u> | <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> |
| Total primary government expenses | <u>61,367,242</u> | <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> |

(continued on next page)

2020 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 | | | | | | | | | |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$264,070 | \$238,908 | \$255,705 | \$138,060 | \$152,376 | \$196,071 | \$196,628 | \$187,643 | \$254,311 | \$108,312 |
| Community services | 268,411 | 485,335 | 613,588 | 398,375 | 336,659 | 346,469 | 348,512 | 377,566 | 361,137 | 349,117 |
| Planning services | 1,867,719 | 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 |
| Public safety | 54,961 | 135,295 | 152,775 | 158,434 | 147,129 | 178,588 | 136,013 | 144,150 | 93,183 | 95,535 |
| Row offices | 5,640,187 | 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 |
| Economic development | 22,890 | 22,890 | 22,890 | 22,890 | 22,890 | - | - | - | - | 18,377 |
| Operating grants and contributions | 3,084,699 | 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 |
| Capital grants and contributions | 55,344 | 50,000 | 17,625 | 42,602 | 164,259 | 80,210 | 311,482 | 215,350 | 38,050 | 32,992 |
| Total governmental activities program revenues | <u>11,258,281</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | 18,993,013 | 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 |
| Street light | 1,014,167 | 1,029,690 | 1,028,958 | 971,634 | 921,826 | 943,856 | 914,032 | 887,352 | 839,036 | 793,836 |
| Trash | 4,727,763 | 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 |
| Landfill | 2,293 | 10,757 | 2,304 | 2,204 | 1,725 | 1,546 | 9,282 | - | - | - |
| Storm water maintenance | 109,920 | 60,886 | 54,908 | 67,160 | 28,560 | - | - | - | - | - |
| Operating grants and contributions | 21,035 | 4,296 | - | - | - | 21,634 | 10,450 | - | - | - |
| Capital grants and contributions | 5,751,035 | 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 |
| Total business-type activities program revenues | <u>30,619,226</u> | <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> |
| Total primary government program revenues | <u>41,877,507</u> | <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> |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | (21,520,519) | (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) |
| Business-type activities | 2,030,784 | 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 |
| Total primary government net (expense) revenue | <u>(\$19,489,735)</u> | <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> |

(continued on next page)

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

Table 2 continued

| | Fiscal Year | | | | | | | | | |
|-----------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General Revenue and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | 12,065,530 | 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 |
| Real estate transfer tax | 5,870,702 | 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 |
| Residential telephone surcharge | 270,015 | 270,015 | 270,015 | 270,015 | 270,015 | 270,015 | 270,014 | 270,015 | 270,015 | 326,606 |
| Investment earnings | 935,269 | 1,362,419 | 793,735 | 356,483 | 189,852 | 125,051 | 120,856 | 135,365 | 98,332 | 137,384 |
| Other revenues including capital asset sales gains/losses | 368,588 | 420,057 | 606,896 | 606,596 | 490,278 | 337,259 | 341,290 | 402,129 | 383,653 | 471,596 |
| Interfund Transfers | - | - | - | 127,437 | - | - | - | - | - | - |
| Total governmental activities | <u>19,510,104</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 814,419 | 1,185,717 | 644,171 | 288,692 | 137,182 | 90,172 | 96,152 | 124,495 | 32,179 | 61,950 |
| Other revenues including capital asset sales gains/losses | 4,875 | 5,377 | 7,544 | (176,556) | 17,579 | 244,056 | 12,860 | 177,085 | - | (11,064) |
| Interfund Transfers | - | - | - | (127,437) | - | - | - | - | - | - |
| Total business-type activities | <u>819,294</u> | <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> |
| Total primary government | <u>\$20,329,398</u> | <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> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | <u>(2,010,415)</u> | <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> |
| Business-type activities | <u>2,850,078</u> | <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> |
| Total primary government | <u>\$839,663</u> | <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> |

2020 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

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

Table 3

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$940,657 | \$743,197 | \$710,455 | \$129,567 | \$728,533 | \$164,537 | \$78,798 | \$95,869 | \$153,412 | \$82,143 |
| Restricted | 1,088,020 | 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 | 3,898,069 | 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 | 44,773,546 | 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 | 50,700,292 | 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 | \$17,707 | \$5,050 | \$77,319 | \$24,324 | \$8,374 | \$6,403 | \$39,102 | \$6,589 | - | - |
| Restricted | 9,599,655 | 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 | \$9,617,362 | \$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 |

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Statistical Section

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

Table 4

| | Fiscal Year | | | | | | | | | |
|---------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Revenues | | | | | | | | | | |
| Property taxes | \$12,026,162 | \$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 |
| Real estate transfer tax | 5,870,702 | 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 |
| Residential telephone surcharge | 270,015 | 270,015 | 270,015 | 270,015 | 270,015 | 270,015 | 270,014 | 270,015 | 270,015 | 326,606 |
| Grant | 3,140,042 | 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 |
| Fees for services | 8,046,402 | 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 |
| Investment income | 920,361 | 1,339,816 | 785,556 | 355,562 | 189,768 | 125,050 | 120,780 | 135,209 | 98,244 | 137,332 |
| Rental income | 23,936 | 23,186 | 23,186 | 23,206 | 25,214 | 23,186 | 23,186 | 23,186 | 23,186 | 23,186 |
| Other revenues | 344,473 | 633,874 | 585,059 | 572,647 | 634,623 | 382,934 | 533,503 | 558,597 | 518,120 | 509,595 |
| Total revenues | 30,642,093 | 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 |
| Expenditures | | | | | | | | | | |
| General government | 3,117,304 | 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 |
| Special grants and programs | 2,004,667 | 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 |
| Community services | 4,353,838 | 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 |
| Planning services | 5,383,758 | 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 |
| Public safety | 10,795,000 | 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 |
| Row offices | 2,094,338 | 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 |
| Economic development | 232,777 | 176,890 | 156,026 | 358,382 | 1,555,085 | 287,819 | 44,180 | 372,300 | 751,348 | 38,589 |
| Debt service: | | | | | | | | | | |
| Bond Issue Costs | - | - | - | - | - | 53,254 | - | - | - | - |
| Principal | 502,399 | 459,876 | 486,119 | 507,516 | 454,545 | 166,729 | 161,523 | 157,236 | 150,347 | 145,140 |
| Interest and fiscal charges | 240,516 | 284,273 | 259,947 | 235,138 | 200,693 | 242,113 | 231,584 | 237,592 | 243,149 | 248,151 |
| Capital outlay | 245,830 | 392,888 | 78,934 | 1,077,147 | 9,036,367 | 2,146,144 | 1,282,179 | 922,419 | 75,182 | 44,557 |
| Total expenditures | 28,970,427 | 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 |
| Excess of revenues over (under) expenditures | 1,671,666 | 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 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 2,734,857 | 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 |
| 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 | (2,734,857) | (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) |
| Total other financing sources (uses) | - | - | - | 127,437 | 5,000,000 | 181,072 | - | - | - | - |
| Net change in fund balances | \$1,671,666 | \$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 |
| Debt service as a percentage of noncapital expenditures | 2.59% | 2.76% | 2.82% | 2.84% | 2.54% | 1.94% | 1.74% | 1.76% | 1.71% | 1.78% |

2020 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 |
|-------------|---------------|---------------------------------|---------------|
| 2020 | \$ 12,026,162 | \$ 5,870,702 | \$ 17,896,864 |
| 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 |

Note:

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

2020 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

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) |
|-------------|-----------------------------|----------------------------------|---------------------------------|------------------------------|---------------------------------------------|
| 2020 | \$ 4,246,451,000 | \$ 508,329,936 | \$ 3,738,121,064 | \$ 0.30 | N/A |
| 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 |

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

Notes:

- (1) Beginning in fiscal year 2019 and moving forward, the County implemented a new computer aided mass appraisal system. As part of this process, recording and reporting features were updated to track 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 and subsequent years include the value of tax exempt properties added to the new system. 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 | | | | | | | | | |
|---------------------------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Direct | | | | | | | | | | |
| County tax | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3000 | \$0.3100 |
| Library tax (1) | 0.0330 | 0.0330 | 0.0330 | 0.0330 | 0.0330 | 0.0330 | 0.0330 | 0.0330 | 0.0330 | 0.0370 |
| Total Direct | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3330 | \$0.3470 |
| School Districts | | | | | | | | | | |
| Caesar Rodney | \$1.7450 | \$1.6650 | \$1.6050 | \$1.5650 | \$1.2350 | \$1.2350 | \$1.2450 | \$1.2450 | \$1.2200 | \$1.1650 |
| Capital | 2.0482 | 1.8307 | 1.7942 | 1.8065 | 1.8115 | 1.8215 | 1.8500 | 1.9090 | 1.8320 | 1.7685 |
| Lake Forest | 1.5887 | 1.5667 | 1.6531 | 1.4745 | 1.4498 | 1.4257 | 1.3163 | 1.1569 | 1.1097 | 1.1112 |
| Milford | 1.7308 | 1.7390 | 1.7636 | 1.9077 | 1.2626 | 1.2308 | 1.2692 | 1.2165 | 1.2846 | 1.3088 |
| Polytech | 0.1548 | 0.1541 | 0.1522 | 0.1484 | 0.1415 | 0.1372 | 0.1372 | 0.1372 | 0.1351 | 0.1304 |
| Smyrna | 1.7358 | 1.7373 | 1.7317 | 1.7674 | 1.7835 | 1.6433 | 1.4161 | 1.3240 | 1.2716 | 1.2529 |
| Woodbridge | 1.6800 | 1.4400 | 1.3310 | 1.3310 | 1.3310 | 1.3340 | 1.3610 | 1.3720 | 1.2840 | 1.2090 |
| Incorporated Areas | | | | | | | | | | |
| Bowers Beach | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 | \$0.6000 |
| Camden | 1.4200 | 1.4200 | 1.4200 | 1.4200 | 1.4200 | 1.4200 | 1.4200 | 1.4200 | 1.4200 | 1.2000 |
| Cheswold | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 |
| Clayton | 0.8250 | 0.7500 | 0.7500 | 0.7500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 | 0.6500 |
| Dover | 0.4400 | 0.4050 | 0.4050 | 0.4050 | 0.4050 | 0.3378 | 0.3378 | 0.3378 | 0.3378 | 0.3378 |
| Farmington | 0.7500 | 0.7500 | 0.7500 | 0.7500 | 0.7500 | 0.7500 | 0.7500 | 0.7500 | 0.7500 | 0.5500 |
| Felton | 0.9100 | 0.9100 | 0.9100 | 0.9100 | 0.9100 | 0.9100 | 0.9100 | 0.9100 | 0.8100 | 0.7100 |
| Frederica | 1.2500 | 1.2500 | 1.2500 | 1.2500 | 1.2500 | 1.0000 | 1.0000 | 1.0000 | 0.7500 | 0.6500 |
| Harrington | 1.0600 | 1.0600 | 1.0600 | 1.0600 | 1.0600 | 1.0600 | 0.7100 | 0.7100 | 0.7100 | 0.7100 |
| Hartly | 0.7500 | 0.7500 | 0.7500 | 0.5000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 |
| Houston | 0.1500 | 0.1500 | 0.1500 | 0.1500 | 0.1500 | 0.1500 | 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 | 0.4225 |
| 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 | 0.4400 | 0.4200 | 0.4000 | 0.4000 | 0.4000 | 0.3600 | 0.3100 | 0.2900 | 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 | 0.4000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 | 0.2000 |
| Wyoming | 1.1000 | 1.1000 | 1.1000 | 1.1000 | 1.1000 | 1.1000 | 1.1000 | 1.1000 | 1.1000 | 1.1000 |

Sources: Finance Department, Kent County Levy Court, Delaware; Delaware Economic Development Office (fiscal years 2017 and prior);
Incorporated Towns and Cities; Delaware Prosperity Partnership (fiscal year 2019, 2020)

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

2020 Comprehensive Annual Financial Report for Kent County, Delaware
 Statistical Section

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

Table 8

| | 2020 | | | 2011 | | |
|------------------------------------------------|------------------------|------|------------------------------------------------|------------------------|------|------------------------------------------------|
| | 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 | 1.26% | \$36,406,100 | 1 | 1.14% |
| Chesapeake Utilities | 44,220,500 | 2 | 1.18% | 28,204,800 | 2 | 0.89% |
| Delmarva Power & Light | 41,977,000 | 3 | 1.12% | 16,998,900 | 5 | 0.53% |
| Diamond State Telephone | 19,407,900 | 4 | 0.52% | 22,677,800 | 3 | 0.71% |
| Wal-Mart Stores | 19,131,200 | 5 | 0.51% | 19,124,300 | 4 | 0.60% |
| Dover Mall | 18,486,400 | 6 | 0.49% | 16,925,900 | 6 | 0.53% |
| Wal-Mart Real Estate Business | 17,568,800 | 7 | 0.47% | 15,381,100 | 8 | 0.48% |
| Dover International Speedway, Inc. | 16,663,800 | 8 | 0.45% | 16,327,500 | 7 | 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 | 0.36% | | | |
| Gaming Entertainment Del. | | | | 12,240,200 | 10 | 0.38% |
| | \$252,039,300 | | 6.74% | \$198,261,800 | | 6.22% |

Source: Assessment Division, Kent County Levy Court, Delaware

2020 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 |
| 2020 | \$ 12,046,806 | \$ 11,830,621 | 98.21% | | \$ 11,830,621 | 98.21% |
| 2019 | 11,800,807 | 11,572,555 | 98.07% | 133,002 | 11,705,557 | 99.19% |
| 2018 | 11,537,363 | 11,285,928 | 97.82% | 185,129 | 11,471,057 | 99.43% |
| 2017 | 11,336,334 | 11,094,059 | 97.86% | 187,422 | 11,281,481 | 99.52% |
| 2016 | 11,156,441 | 10,903,302 | 97.73% | 207,317 | 11,110,619 | 99.59% |
| 2015 | 10,993,270 | 10,729,902 | 97.60% | 228,630 | 10,958,532 | 99.68% |
| 2014 | 10,823,058 | 10,521,723 | 97.22% | 269,694 | 10,791,417 | 99.71% |
| 2013 | 10,651,409 | 10,335,366 | 97.03% | 286,600 | 10,621,966 | 99.72% |
| 2012 | 10,479,907 | 10,144,374 | 96.80% | 309,791 | 10,454,165 | 99.75% |
| 2011 | 10,705,791 | 10,357,446 | 96.75% | 323,184 | 10,680,630 | 99.76% |

Source: Finance Department, Kent County Levy Court, Delaware

2020 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) | | | | | |
| 2020 | \$ 3,634,250 | \$ 3,759,715 | \$ 52,430,084 | | \$ 59,824,049 | 0.78% | 178,650 | \$ 335 |
| 2019 | 3,900,411 | 4,017,241 | 47,914,062 | | 55,831,714 | 0.75% | 178,019 | 314 |
| 2018 | 4,160,550 | 4,238,266 | 50,220,821 | | 58,619,637 | 0.82% | 177,490 | 330 |
| 2017 | 4,416,675 | 4,489,548 | 52,448,629 | | 61,354,852 | 0.90% | 176,755 | 347 |
| 2016 | 4,664,771 | 4,770,256 | 53,530,384 | | 62,965,411 | 0.94% | 175,963 | 358 |
| 2015 | 4,910,860 | - | 49,472,214 | | 54,383,074 | 0.82% | 174,092 | 312 |
| 2014 | 4,868,378 | - | 42,397,946 | | 47,266,324 | 0.75% | 171,974 | 275 |
| 2013 | 5,028,045 | - | 43,999,246 | | 49,027,291 | 0.79% | 169,790 | 289 |
| 2012 | 5,183,427 | - | 44,204,816 | | 49,388,243 | 0.81% | 167,606 | 295 |
| 2011 | 5,331,920 | - | 45,125,231 | | 50,457,151 | 0.87% | 165,309 | 305 |

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

2020 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 |
|--------------------|-------------------------------|-------------------------------------|-------------------------------------------------------------------------|-----------------------|-------------------|
| 2020 | \$ 3,738,121,064 | \$ 56,064,334 | 1.50% | 178,650 | \$ 314 |
| 2019 | 3,653,742,286 | 51,814,473 | 1.42% | 178,019 | 291 |
| 2018 | 3,579,660,950 | 54,381,371 | 1.52% | 177,490 | 306 |
| 2017 | 3,522,033,166 | 56,865,304 | 1.61% | 176,755 | 322 |
| 2016 | 3,467,643,532 | 58,195,155 | 1.68% | 175,963 | 331 |
| 2015 | 3,416,376,264 | 54,383,074 | 1.59% | 174,092 | 312 |
| 2014 | 3,362,673,017 | 47,266,324 | 1.41% | 171,974 | 275 |
| 2013 | 3,312,168,700 | 49,027,291 | 1.48% | 169,790 | 289 |
| 2012 | 3,262,818,600 | 49,388,243 | 1.51% | 167,606 | 295 |
| 2011 | 3,186,721,800 | 50,457,151 | 1.58% | 165,309 | 305 |

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, 2020

Table 12

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Amount Applicable to Kent County Levy Court |
|-------------------------------------------|-------------------------|----------------------------------------|----------------------------------------------------|
| School Districts: | | | |
| Caesar Rodney | \$23,990,850 | 100.0% | \$23,990,850 |
| Capital | 48,426,390 | 100.0% | 48,426,390 |
| Lake Forest | 3,648,505 | 100.0% | 3,648,505 |
| Milford | 7,692,545 | 62.3% | 4,792,456 |
| Polytech | 9,216,495 | 100.0% | 9,216,495 |
| Smyrna | 15,831,341 | 85.4% | 13,519,965 |
| Woodbridge | 10,527,020 | 22.2% | 2,336,998 |
| Total School Districts | | | 105,931,659 |
| Incorporated Areas: | | | |
| Camden | 2,516,386 | 100.0% | \$2,516,386 |
| Dover | 5,371,284 | 100.0% | 5,371,284 |
| Smyrna | 6,814,022 | 85.4% | 5,819,175 |
| Total Incorporated Areas: | | | 13,706,845 |
| Subtotal, overlapping debt | | | \$119,638,504 |
| Kent County Levy Court direct debt | 7,393,965 | 100.0% | 7,393,965 |
| Total direct and overlapping debt | | | \$127,032,469 |

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.

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

Table 13

| | Fiscal Year | | | | | | | | | |
|--------------------------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Taxable assessed value | <u>\$ 3,738,121,064</u> | <u>\$ 3,653,742,286</u> | <u>\$3,579,660,950</u> | <u>\$3,522,033,166</u> | <u>\$3,467,643,532</u> | <u>\$3,416,376,264</u> | <u>\$3,362,673,017</u> | <u>\$3,312,168,700</u> | <u>\$3,262,818,600</u> | <u>\$3,186,721,800</u> |
| Debt limit (12% of taxable assessed value) | \$448,574,528 | \$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 |
| Amount of debt subject to the debt limit | <u>56,064,334</u> | <u>51,814,473</u> | <u>54,381,371</u> | <u>56,865,304</u> | <u>58,195,155</u> | <u>54,383,074</u> | <u>47,266,324</u> | <u>49,027,291</u> | <u>49,388,243</u> | <u>50,457,151</u> |
| Legal debt margin | <u>\$392,510,194</u> | <u>\$386,634,601</u> | <u>\$375,177,943</u> | <u>\$365,778,676</u> | <u>\$357,922,069</u> | <u>\$355,582,078</u> | <u>\$356,254,438</u> | <u>\$348,432,953</u> | <u>\$342,149,989</u> | <u>\$331,949,465</u> |
| Percentage of legal debt margin available | 87.50% | 88.18% | 87.34% | 86.55% | 86.01% | 86.73% | 88.29% | 87.66% | 87.39% | 86.81% |
| Percentage of legal debt margin exhausted | 12.50% | 11.82% | 12.66% | 13.45% | 13.99% | 13.27% | 11.71% | 12.34% | 12.61% | 13.19% |

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.

2020 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) |
|--------------------|-----------------------|-----------------------|------------------------------|----------------------------|-------------------------------------|------------------------------|
| 2020 | 178,650 | 37.9 | 43,097 | 7,699,279,050 | 32,267 | 14.0% |
| 2019 | 178,019 | 37.9 | 42,023 | 7,480,892,437 | 31,721 | 4.2% |
| 2018 | 177,490 | 37.8 | 40,304 | 7,153,556,960 | 31,372 | 4.7% |
| 2017 | 176,755 | 37.6 | 38,498 | 6,804,713,990 | 30,858 | 5.7% |
| 2016 | 175,963 | 37.1 | 38,178 | 6,717,915,414 | 30,485 | 5.3% |
| 2015 | 174,092 | 37.3 | 38,114 | 6,635,342,488 | 30,527 | 5.9% |
| 2014 | 171,974 | 36.8 | 36,882 | 6,342,745,068 | 30,254 | 7.1% |
| 2013 | 169,790 | 37.8 | 36,701 | 6,231,462,790 | 29,989 | 8.0% |
| 2012 | 167,606 | 36.7 | 36,173 | 6,062,811,838 | 29,915 | 8.4% |
| 2011 | 165,309 | 36.1 | 34,941 | 5,776,061,769 | 29,903 | 8.7% |

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

2020 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 | 2020 1st Quarter | | | 2011 1st Quarter | | |
|----------------------------------------------|---------------------|------|---------------------------------------|---------------------|------|---------------------------------------|
| | Number of Employees | Rank | Percentage of Total County Employment | Number of Employees | Rank | Percentage of Total County Employment |
| Government | 19,132 | 1 | 28.5% | 18,521 | 1 | 31.0% |
| Health care and social assistance | 10,332 | 2 | 15.4% | 7,665 | 3 | 12.8% |
| Retail trade | 9,015 | 3 | 13.4% | 8,969 | 2 | 15.0% |
| Accommodation and food services | 6,480 | 4 | 9.7% | 5,027 | 4 | 8.4% |
| Manufacturing | 4,933 | 5 | 7.3% | 3,165 | 5 | 5.3% |
| Construction | 2,659 | 6 | 4.0% | 1,959 | 7 | 3.3% |
| Administrative and waste services | 2,656 | 7 | 4.0% | 2,451 | 6 | 4.1% |
| Professional and technical services | 1,910 | 8 | 2.8% | 1,422 | 9 | 2.4% |
| Other services, except public administration | 1,541 | 9 | 2.3% | 1,815 | 8 | 3.0% |
| Finance and insurance | 1,285 | 10 | 1.9% | 1,145 | 10 | 1.9% |
| | <u>59,943</u> | | 89.3% | <u>52,139</u> | | 87.2% |
| Total, All Industries | 67,123 | | | 59,777 | | |

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 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Administration | 45 | 43 | 31 | 31 | 31 | 30 | 30 | 30 | 28 | 28 |
| General Administration | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Economic Development (1) | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | - | - |
| Personnel | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Information Technology | 13 | 13 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Facilities Management (1a) | 14 | 12 | - | - | - | - | - | - | - | - |
| Finance | 19 | 19 | 19 | 19 | 18 | 18 | 18 | 18 | 18 | 13 |
| Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Accounting | 12 | 11 | 11 | 11 | 10 | 10 | 10 | 10 | 10 | 10 |
| Tax Section (2) | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | - |
| Board of Assessment | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 14 | 14 | 16 |
| Assessment | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 13 |
| Board of Assessment (3) | - | - | - | - | - | - | - | 3 | 3 | 3 |
| Community Services | 22 | 22 | 22 | 22 | 22 | 20 | 20 | 20 | 20 | 21 |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Library | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 |
| Recreation [4] | 6 | 6 | 5 | 5 | 6 | 4 | 4 | 4 | 4 | 4 |
| Planning Services | 34 | 34 | 36 | 36 | 36 | 37 | 38 | 38 | 39 | 39 |
| Administration | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Geographic Information Systems | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 |
| Inspections & Enforcement (5) | 17 | 17 | 15 | 15 | 15 | 15 | 16 | 16 | 16 | 16 |
| Zoning Inspections & Enforcement (5) | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Planning | 6 | 7 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Grants | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Manufactured Housing (5) | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | 79 | 79 | 79 | 79 | 78 | 72 | 72 | 71 | 71 | 68 |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Emergency Communications | 25 | 25 | 25 | 25 | 24 | 24 | 24 | 24 | 24 | 22 |
| Emergency Management | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Emergency Medical Services | 50 | 50 | 50 | 50 | 50 | 44 | 44 | 45 | 45 | 44 |
| Facilities Management (1a) | - | - | 12 | 12 | 12 | 10 | 10 | 10 | 10 | 10 |
| Row Offices | 22 | 22 | 22 | 24 | 25 | 25 | 25 | 25 | 25 | 32 |
| Clerk of the Peace | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Comptroller (6) | - | - | - | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Receiver of Taxes (2) | - | - | - | - | - | - | - | - | - | 7 |
| Recorder of Deeds | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 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 | 71 | 70 | 69 | 68 | 68 | 68 | 67 | 67 | 64 |
| Engineering | 15 | 15 | 15 | 14 | 13 | 13 | 13 | 13 | 13 | 13 |
| Environmental Programs | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| KCWTF-Operations | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| KCWTF-Maintenance | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 23 |
| KCWTF-Treatment Plant | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 6 |
| Total | 303 | 301 | 302 | 303 | 301 | 291 | 292 | 293 | 292 | 291 |

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 2019 Recreation Center positions are reported under Recreation
- (5) Effective July 2018 Zoning I&E and Manufactured Housing were merged into Inspections & Enforcement
- (6) 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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Function/Program | | | | | | | | | | |
| Community Services | | | | | | | | | | |
| Library | | | | | | | | | | |
| Population of service area | 41,924 | 59,532 | 38,018 | 40,970 | 40,970 | 40,523 | 40,097 | 39,719 | 38,891 | 38,891 |
| Number of public workstations | 29 | 29 | 29 | 29 | 29 | 25 | 19 | 19 | 19 | 19 |
| Number of public internet sessions | 8,920 | 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 | 5,658 | * | 20,401 | 8,497 | 6,921 | 7,200 | 4,422 | * | * | * |
| Annual circulation of materials | 90,324 | 133,794 | 129,695 | 131,524 | 173,670 | 156,175 | 153,518 | 193,199 | 190,613 | 174,490 |
| eBook circulation | 19,590 | 14,636 | 13,156 | 11,125 | 10,529 | 11,265 | 7,293 | 4,403 | none | none |
| Size of collection | * | 53,091 | 50,640 | 36,986 | 39,934 | 41,971 | 40,945 | 41,190 | 46,747 | 45,680 |
| Annual visitors to library (1) | 61,230 | 91,845 | 148,958 | 153,418 | 143,564 | 135,115 | 105,403 | 129,918 | 118,182 | 146,750 |
| Annual number of programs | 344 | 325 | 329 | 377 | 332 | 377 | 358 | 298 | 282 | 302 |
| Annual program attendance | 6,271 | 9,575 | 9,025 | 16,423 | 12,036 | 13,171 | 12,852 | 8,232 | 10,855 | 13,077 |
| Number of cardholders/borrowers | 4,983 | 11,275 | 13,807 | 12,928 | 13,995 | 13,328 | 12,899 | 10,878 | 9,975 | 9,568 |
| Total weekly hours | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 71 | 71 | 73 |
| Mobile Library | | | | | | | | | | |
| Population of service area | 17,608 | 17,608 | 17,207 | 17,207 | 17,207 | 17,019 | 16,840 | 16,682 | 16,334 | 16,334 |
| Annual circulation of materials | 1,969 | 2,001 | 4,376 | 6,910 | 10,052 | 15,617 | 12,091 | 14,690 | 19,334 | 14,535 |
| eBook circulation | * | 212 | 85 | 166 | 282 | 351 | 193 | 156 | none | none |
| Size of collection | 623 | 1,015 | 998 | 981 | 1,450 | 1,686 | 2,041 | 2,278 | 3,372 | 3,296 |
| Annual visitors to bookmobile / mobile library (2) | 285 | 428 | 1,824 | 4,532 | 5,450 | 8,449 | 7,386 | 11,204 | 16,001 | 19,880 |
| Annual number of programs | 22 | 17 | 12 | 17 | 18 | 10 | 13 | 17 | 5 | 3 |
| Annual program attendance | 2,840 | 2,837 | 1,616 | 1,662 | 1,805 | 1,094 | 1,668 | 2,327 | 655 | 47 |
| Number of borrowers | 107 | 248 | 426 | 481 | 484 | 484 | 492 | 502 | 588 | 697 |
| Total weekly hours | 20 | 20 | 25 | 25 | 35 | 35 | 35 | 35 | 35 | 35 |
| Parks and Recreation | | | | | | | | | | |
| Programs: | | | | | | | | | | |
| Adult | 84 | 93 | 107 | 133 | 131 | 147 | 158 | 136 | 105 | * |
| Fitness | 100 | 109 | 114 | 120 | 96 | 92 | 107 | 131 | 134 | * |
| Leagues | 65 | 67 | 63 | 51 | 15 | 10 | 21 | 17 | 14 | * |
| Recreation Center Drop In (3) | 996 | 1,405 | 1,149 | 1,503 | n/a | n/a | n/a | n/a | n/a | n/a |
| Camps | 23 | 40 | 48 | 53 | 51 | 51 | 44 | 47 | 21 | * |

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

Table 17 continued

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------------------------------|---------|---------|---------|---------|-------|-------|-------|-------|-------|-------|
| Function/Program | | | | | | | | | | |
| Community Services - continued | | | | | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Programs: | | | | | | | | | | |
| Tot | 95 | 104 | 99 | 108 | 98 | 108 | 137 | 173 | 151 | * |
| Youth | 90 | 124 | 150 | 119 | 129 | 160 | 184 | 188 | 172 | * |
| Trips | 21 | 28 | 24 | 27 | 36 | 40 | 40 | 49 | 34 | * |
| Special events | 10 | 10 | 10 | 8 | 12 | 8 | 11 | 13 | 12 | * |
| Tournaments | 9 | 6 | 2 | 1 | 1 | 1 | 1 | 2 | 3 | * |
| Rental permits-Parks/Recreation Center (3) | 19 / 24 | 23 / 55 | 19 / 33 | 17 / 19 | 19 | 17 | 19 | 12 | 8 | * |
| Planning Services | | | | | | | | | | |
| Administrative applications: | | | | | | | | | | |
| Minor subdivision | 33 | 30 | 26 | 35 | 39 | 36 | 36 | 52 | 45 | 34 |
| Minor lot line adjustment | 28 | 13 | 19 | 25 | 28 | 32 | 28 | 23 | 28 | 20 |
| Lot consolidation | 11 | 11 | 15 | 6 | 11 | 10 | 11 | 18 | 8 | 9 |
| Administrative variance | 9 | 9 | 7 | 13 | 13 | 9 | 6 | 5 | 16 | 7 |
| Home occupation | 15 | 13 | 17 | 12 | 20 | 12 | 19 | 15 | 24 | 21 |
| Accessory dwelling | 7 | 7 | 5 | 8 | 10 | 7 | 12 | 5 | 10 | 8 |
| Elder Cottage Housing Opportunity (ECHO) | 0 | 0 | 1 | 1 | 3 | 2 | 1 | 2 | 0 | 5 |
| Regional Planning Commission applications: | | | | | | | | | | |
| Conditional use without site plan | 6 | 10 | 9 | 4 | 5 | 7 | 4 | 5 | 10 | 8 |
| Conditional use with site plan | 11 | 11 | 8 | 8 | 3 | 8 | 8 | 9 | 3 | 8 |
| Site plan | 2 | 4 | 4 | 9 | 5 | 4 | 4 | 5 | 3 | 5 |
| Subdivision | 1 | 1 | 1 | 1 | 2 | 1 | 3 | 4 | 0 | 4 |
| Subdivision waiver | 9 | 8 | 13 | 21 | 17 | 14 | 24 | 17 | 20 | 18 |
| Rezoning | 1 | 1 | 0 | 1 | 2 | 0 | 2 | 3 | 1 | 0 |
| Rezoning & comprehensive plan amendment | 5 | 14 | 8 | 11 | 5 | 6 | 4 | 4 | 10 | 6 |
| Transfer development rights | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agricultural preservation | 1 | 1 | 0 | 0 | 1 | 3 | 1 | 1 | 1 | 2 |
| Board of Adjustment applications | 41 | 46 | 39 | 47 | 62 | 29 | 34 | 30 | 40 | 59 |
| Building Permits Issued | 3,779 | 3,447 | 3,589 | 3,624 | 3,602 | 3,290 | 3,138 | 3,266 | 2,952 | 3,025 |

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

Table 17 continued

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Function/Program | | | | | | | | | | |
| Public Safety (4) | | | | | | | | | | |
| 9-1-1 calls | * | 93,367 | 90,982 | 87,921 | 92,734 | 93,809 | 88,687 | 87,409 | 94,247 | 97,247 |
| DSP non-emergency calls (5) | * | 94,485 | 95,700 | 84,326 | 91,191 | 93,828 | 95,768 | 92,861 | 95,330 | 95,304 |
| Fire & EMS non-emergency calls | * | 54,218 | 51,199 | 49,510 | 51,566 | 55,548 | 56,497 | 59,708 | 63,421 | 65,176 |
| DNREC calls (5) | - | - | - | 11,144 | 11,489 | 10,762 | 11,505 | 11,976 | 12,524 | 12,945 |
| EMS dispatches | * | 31,564 | 30,695 | 29,518 | 29,138 | 27,964 | 24,949 | 23,141 | 23,583 | 22,164 |
| Fire dispatches | * | 7,084 | 6,724 | 6,344 | 6,489 | 6,298 | 5,898 | 5,770 | 5,897 | 6,273 |
| Public Works | | | | | | | | | | |
| Sewer customers number of bills mailed 6/15 | 15,510 | 15,051 | 14,605 | 14,208 | 13,690 | 13,508 | 13,012 | 12,500 | 12,010 | 11,355 |
| Sewer EDU's billed, without lot fees 6/15 | 22,176.3 | 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 |
| Sewer flows processed: | | | | | | | | | | |
| Total gallons (in millions) | 4,510 | 5,714 | 4,788 | 4,388 | 4,543 | 4,711 | 4,429 | 4,216 | 4,273 | 4,023 |
| Contract users portion of total gallons (in millions) | 3,310 | 4,277 | 3,667 | 3,399 | 3,510 | 3,669 | 3,734 | 3,286 | 3,296 | 3,078 |
| Number of sewer districts | 34 | 34 | 34 | 32 | 32 | 32 | 31 | 29 | 29 | 28 |
| Number of street light districts | 140 | 139 | 138 | 136 | 133 | 133 | 132 | 131 | 127 | 126 |
| Number of households served for street lights | 14,849 | 14,490 | 14,321 | 13,874 | 13,477 | 13,207 | 12,883 | 12,524 | 12,189 | 12,075 |
| Number of trash collection districts | 144 | 141 | 140 | 140 | 138 | 138 | 136 | 136 | 134 | 132 |
| Number of households served for trash collection | 15,652 | 15,180 | 14,671 | 14,285 | 13,889 | 13,535 | 13,087 | 12,697 | 12,297 | 12,014 |
| Row Offices | | | | | | | | | | |
| Clerk of the Peace | | | | | | | | | | |
| Marriage licenses, resident | 835 | 971 | 1,061 | 1,105 | 1,007 | 1,017 | 1,061 | 975 | 1,051 | * |
| Marriage licenses, non-resident | 33 | 49 | 50 | 63 | 56 | 54 | 50 | 48 | 58 | * |
| Certified copy | 397 | 352 | 312 | 306 | 288 | 281 | 324 | 269 | 286 | * |
| Ceremonies performed | 413 | 439 | 453 | 498 | 423 | 467 | 520 | 476 | 278 | * |
| Recorder of Deeds | | | | | | | | | | |
| Deeds recorded | 5,473 | 5,433 | 5,635 | 5,457 | 4,921 | 4,496 | 4,255 | 4,210 | 4,125 | 3,678 |
| Mortgages recorded | 7,552 | 5,687 | 5,941 | 6,076 | 5,733 | 5,303 | 5,130 | 7,014 | 5,590 | 5,444 |
| Miscellaneous documents recorded | 11,450 | 10,043 | 10,246 | 11,025 | 10,714 | 9,962 | 10,897 | 13,529 | 11,418 | 10,337 |

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

Table 17 continued

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------------------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Function/Program | | | | | | | | | | |
| Row Offices - continued | | | | | | | | | | |
| Register of Wills | | | | | | | | | | |
| Estates opened | 471 | 516 | 539 | 516 | 440 | 489 | 469 | * | * | * |
| Estates closed | 438 | 505 | 440 | 438 | 442 | 495 | 526 | * | * | * |
| Sheriff (6) | | | | | | | | | | |
| Service trips for court documents | - | 12,542 | 15,329 | 15,901 | 14,683 | 17,736 | 21,321 | 15,929 | 14,917 | 14,413 |
| Sheriff foreclosure sales | - | 484 | 596 | 873 | 699 | 689 | 801 | 620 | 1,094 | 1,139 |
| Personal property sales | - | 25 | 25 | 25 | 31 | 35 | 40 | 35 | 40 | 55 |
| Sheriff monition sales | - | 92 | 223 | 111 | 239 | 199 | 171 | 190 | 215 | 132 |

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
 - (6) Sheriff elected not to provide information for fiscal year 2020
- * Information unavailable

2020 Comprehensive Annual Financial Report for Kent County, Delaware
Statistical Section

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

Table 18

| Function/Program | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Number of general government buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Economic Development | | | | | | | | | | |
| Buildings | 2 | 2 | 2 | 2 | 1 | - | - | - | - | - |
| Acres of land | 117 | 117 | 117 | 117 | 111 | 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 | 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 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Number of public safety buildings (2) | 3 | 3 | 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 | 107 | 101 | 101 | 101 | 97 | 97 | 93 | 92 | 92 | 88 |
| Miles of force-main piping | 177 | 177 | 177 | 177 | 171 | 171 | 162 | 157 | 167 | 139 |
| Miles of gravity piping | 253 | 243 | 237 | 237 | 230 | 230 | 228 | 225 | 222 | 220 |
| Acres of farm property (3) | 707 | 707 | 713 | 871 | 877 | 966 | 966 | 968 | 968 | 968 |

Source: Kent County Department of Public Works, 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, 2020.
- (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, 2020.
- (3) Fiscal years 2020, 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 10, 2020

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, 2020, 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 10, 2020.

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



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

December 10, 2020

Board of Commissioners
Kent County, Delaware
Dover, Delaware

Report on Compliance for Each 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 programs for the year ended June 30, 2020. The County's major federal programs are 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 programs 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 Each 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 each of its major federal programs for the year ended June 30, 2020.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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


BARBACANE, THORNTON & COMPANY LLP

**KENT COUNTY LEVY COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

| 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> | | | | | | | |
| Rural Housing Preservation Grant: Grant HPG - 01-17 | D | 10.433 | N/A | 10/01/17-09/30/19 | \$ 10,850 | \$ - | \$ - |
| Subtotal #10.433 | | | | | <u>10,850</u> | <u>-</u> | <u>-</u> |
| Water and Waste Disposal Systems for Rural Communities: | | | | | | | |
| Milford Neck Septic Elimination - Grant | D | 10.760 | 00-48 | 01/01/13-06/30/20 | 59,950 | - | - |
| Wastewater Treatment Plant Upgrades - Loan | D | 10.760 | 00-39 | N/A | 3,161,276 | - | 3,036,663 |
| Subtotal #10.760 | | | | | <u>3,221,226</u> | <u>-</u> | <u>3,036,663</u> |
| Total U.S. Department of Agriculture | | | | | <u>3,232,076</u> | <u>-</u> | <u>3,036,663</u> |
| <u>U.S. Department of Interior</u> | | | | | | | |
| Wildlife Refuge Direct Revenue Sharing FY 2019 | D | 15.659 | N/A | 07/01/19-06/30/20 | 47,680 | - | - |
| Total U.S. Department of Interior | | | | | <u>47,680</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 | 07/01/17-07/31/19 | 60,114 | - | - |
| Combined CDBG Grant | I | 14.228 | 01-18 | 07/01/18-12/31/19 | 330,672 | - | - |
| Combined CDBG Grant | I | 14.228 | 01-19 | 07/01/19-06/30/20 | 172,000 | - | - |
| Combined CDBG Grant Program Income | I | 14.228 | N/A | N/A | 25,770 | - | - |
| Neighborhood Stabilization Program (NSP) Grant Program Income | I | 14.228 | N/A | N/A | 492 | - | - |
| Subtotal #14.228 | | | | | <u>589,048</u> | <u>-</u> | <u>-</u> |
| HOME Investment Partnerships Program: | | | | | | | |
| Home Program | I | 14.239 | HM-01-17 | 07/01/17-07/31/19 | 27,678 | - | - |
| Home Program | I | 14.239 | HM-01-18 | 07/01/19-06/30/20 | 87,090 | - | - |
| Subtotal #14.239 | | | | | <u>114,768</u> | <u>-</u> | <u>-</u> |
| NSP Grant / Recovery Act Funded Program Income | I | 14.256 | N/A | N/A | 156 | - | - |
| Total U.S. Department of Housing and Urban Development | | | | | <u>703,972</u> | <u>-</u> | <u>-</u> |
| <u>U.S. Department of Justice</u> | | | | | | | |
| <u>Office of Justice Programs</u> | | | | | | | |
| Passed through the City of Dover, Delaware | | | | | | | |
| BJA FY20 Coronavirus Emergency Supplemental Funding Program | I | 16.034 | 2020-VD-BX-1265 | 01/20/20-01/31/22 | 58,008 | - | - |
| Subtotal #16.034 | | | | | <u>58,008</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, 2020**

| 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. Environmental Protection Agency</u> | | | | | | | |
| Pass through the State of Delaware, Department of Natural Resources and Environmental Control, Division of Water Resources Clean Water State Revolving Funds: | | | | | | | |
| Delaware Water Pollution Control Revolving Fund Loan - U.S. 13 Forcemain | I | 66.458 | 12000100 | N/A | 1,840,014 | - | 1,840,014 |
| Subtotal #66.458 | | | | | <u>1,840,014</u> | <u>-</u> | <u>1,840,014</u> |
| | | | | | | | |
| <u>U.S. Department of Health and Human Services</u> | | | | | | | |
| <u>Center for Disease Control and Prevention</u> | | | | | | | |
| Passed through the State of Delaware, Department of Health and Social Services, Division of Public Health | | | | | | | |
| Injury Prevention and Control Research and State and Community Based Programs (Cooperative Agreement) | I | 93.136 | 19-099 | 07/18/19-09/29/19 | 1,394 | - | - |
| Injury Prevention and Control Research and State and Community Based Programs (Cooperative Agreement) | I | 93.136 | 20-320 | 12/15/19-09/29/20 | 1,578 | - | - |
| Subtotal #93.136 | | | | | <u>2,972</u> | <u>-</u> | <u>-</u> |
| | | | | | | | |
| <u>U.S. Department of Homeland Security</u> | | | | | | | |
| Passed through the State of Delaware, Department of Safety and Homeland Security / DE Emergency Management Agency | | | | | | | |
| Emergency Management Performance Grant: FY17 | I | 97.042 | EMPG-17-001 | 10/01/16-09/30/19 | 17,365 | - | - |
| Emergency Management Performance Grant: FY19 | I | 97.042 | EMPG-19-001 | 10/01/18-06/30/21 | 161,908 | - | - |
| Subtotal #97.042 | | | | | <u>179,273</u> | <u>-</u> | <u>-</u> |
| | | | | | | | |
| Pre Disaster Mitigation | I | 97.047 | PDMC-PL-03-DE-2018-004 | 10/01/18-04/01/22 | 119 | - | - |
| Subtotal #97.047 | | | | | <u>119</u> | <u>-</u> | <u>-</u> |
| | | | | | | | |
| Homeland Security Grant Program: | | | | | | | |
| Tactical Medical Training | I | 97.067 | N/A | 09/01/17-11/30/21 | 7,024 | - | - |
| Advanced Law Enforcement Rapid Response Training | I | 97.067 | N/A | 09/01/17-11/30/21 | 10,439 | - | - |
| Equipment for Unmanned Aerial Vehicle Team | I | 97.067 | N/A | 09/01/17-11/30/21 | 14,708 | - | - |
| National Public Safety Unmanned Aerial System Conference | I | 97.067 | N/A | 09/01/17-11/30/21 | 1,072 | - | - |
| Difficult Airways Training | I | 97.067 | N/A | 09/01/17-11/30/21 | 4,290 | - | - |
| Wheatley Pond Site Security Camera Upgrade | I | 97.067 | N/A | 02/01/19-04/05/20 | 18,150 | - | - |
| Homeland Security Grant Program (equipment and supplies) | I | 97.067 | N/A | 09/01/17-11/30/21 | 113,163 | - | - |
| Subtotal #97.067 | | | | | <u>168,846</u> | <u>-</u> | <u>-</u> |
| Total U.S. Department of Homeland Security | | | | | <u>348,238</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | | <u>\$ 6,232,960</u> | <u>\$ -</u> | <u>\$ 4,876,677</u> |

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, 2020

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, 2020.

NOTE 3 LOAN BALANCES INVOLVING FEDERAL FUNDS

During fiscal year 2014, the County was awarded \$5,000,000 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 \$3,161,276 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2020 was \$3,036,663.

During fiscal year 2020, the County was awarded \$2,423,100 in loan proceeds from the Delaware Department of Natural Resources and Environmental Control, Delaware Water Pollution Control Revolving Fund, for the U.S. Route 13 Forcemain Rehabilitation project under the Capitalization Grants for Clean Water State Revolving Funds Program (CFDA #66.458). This loan is not fully drawn down, and expenditures related to it in the amount of \$1,840,014 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2020 was \$2,208,106 (\$1,840,014 or 83.33 percent federal funds and \$368,092 or 16.67 percent state funds).

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, 2020, there were no indirect costs included in the schedule of expenditures of federal awards.

NOTE 5 NONCASH AWARDS

The amount of equipment and supplies reported on the schedule is the value of the item based on the agencies acquisition price.

KENT COUNTY, DELAWARE
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 YEAR ENDED JUNE 30, 2020

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 programs [*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 programs:

| <i>CFDA Numbers</i> | <i>Name of Federal Program or Cluster</i> |
|---------------------|------------------------------------------------------|
| 10.760 | Wastewater Treatment Plant Upgrades - Loan |
| 66.458 | Delaware Water Pollution Control Revolving Loan Fund |

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, 2020

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.