

Kent County Levy Court

LEVY COURT COMMISSIONERS

Hon. Terry L. Pepper, President

Hon. Allan F. Angel, Vice President

Hon. W. Paul Hertz Jr.

Hon. Jeffrey W. Hall

Hon. Robert J. Scott

Hon. H. Joanne Masten

Hon. George "Jody" Sweeney

Kevin R. Sipple,
County Administrator

**ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR
THE FISCAL YEAR ENDING JUNE 30, 2024**

SERVING KENT COUNTY WITH PRIDE

Kent County, Delaware
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024



Prepared by Kent County Department of Finance

Susan L. Durham, Director

Mary Karol, Assistant Director

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INTRODUCTORY SECTION



This section includes the following:

Letter of Transmittal

Organizational Chart

List of Elected Officials

County Administrator and Department Directors



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

February 27, 2025

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 Annual Comprehensive Financial Report of Kent County Levy Court, Delaware for the fiscal year ended June 30, 2024. 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 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.

CliftonLarsonAllen LLP, an independent firm of certified public accountants, has provided an unmodified opinion on the Kent County Levy Court's financial statements for the year ended June 30, 2024. 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 586 square miles comprising approximately 30 percent of the land area in the State of Delaware. Kent County serves a population estimated to be 189,789 in the year 2024. 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 the Director of Finance are appointed by, and serve at the pleasure of, the Levy Court. In addition, four department directors are appointed by the County Administrator. Together the County Administrator, “row” officers and department directors 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, 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, and Wilmington University.

Kent County's population continues to increase year-over-year from 171,987 in 2015 to 189,789 as of June 30, 2024. Population in 2024 was nine percent higher than in 2015. The median age of the population shows a slightly increasing trend from a median age of 37.3 in 2015 to a median age of 39 in 2024.

Kent County maintains a credit rating of Aa1 from Moody's Investors Service. Factors contributing to this favorable credit rating include a robust financial position, a small debt burden, a substantial tax base, and a healthy wealth and income profile.

Kent County experienced negative economic impacts due to the global Covid-19 pandemic, which was declared a national emergency beginning March 1, 2020. The Covid-19 public health emergency caused increased unemployment, reduced business revenue, and affected governments' means of providing services to its citizens. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 which established the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). These Fiscal Recovery Funds included resources for State and Local governments, including counties, to respond to the Covid-19 public health emergency and its economic impacts. In fiscal years 2021 & 2022 Kent County received approximately \$35.5 million in CSLFRF from the U.S. Treasury to provide resources to respond to the pandemic and its economic effects. During fiscal year 2024, the County disbursed over \$5.4 million of these funds on various projects including \$1.1 million to Volunteer Fire Companies.

Kent County's employment picture rebounded from the effects of the Covid-19 pandemic as economic conditions improved upon restoration of normal business operations. Prior to the pandemic the County's unemployment rate was decreasing, from a high of 8.0% (2013) to a low of 4.2% (2019). In 2020 due to adverse economic effects from the global Coronavirus pandemic the County's unemployment rate peaked at 14.0%. As of June 2024, Kent County's unemployment rate was 5.5% compared to 4.4% for the State of Delaware and 3.6% for the nation.

Real estate activity in the County continued at a favorable pace in fiscal year 2024. The Recorder of Deeds office recorded 4,957 deeds and 5,824 mortgages. Real estate transfer tax revenue in fiscal year 2024 was \$8.1 million, slightly lower than the prior year's revenue representing an 8% decrease.

*2024 Comprehensive Annual Financial Report for Kent County Levy Court, Delaware
Introductory Section*

Kent County's residents enjoy low property tax rates and no sales tax. The County had the first property tax rate increase in over ten years increasing from thirty cents per hundred dollars of assessed value to thirty-six cents per hundred dollars of assessed value. Property taxes generated revenue of \$14.8 million in fiscal year 2024 and remain a significant source of funding for the County.

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 2022, the County opened a new paramedic station located on the west side of Dover to provide services to County residents. This new location involved the purchase of land, site improvements, and the renovation of an existing building for a total cost of approximately \$1.7 million. Over the past ten years the Department of Public Safety's budgeted staff of seventy-two in fiscal year 2015 grew to a budgeted staff of eighty-eight in fiscal year 2024. This represents a 22.2% increase in staffing. Expenditures for this department increased 60.1% over the same time period from a low of \$8.6 million in 2015 to a high of \$13.9 million in 2024.

Kent County's Department of Public Works added new sewer districts within the County boundaries at a steady rate with thirty-two districts online and 13,508 EDU's billed in 2015 and thirty-five districts online and 25,079.9 EDU's billed in 2024. Budgeted staff increased from sixty-eight to seventy-three 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 major capital improvements completed within the past ten years included the addition of a restroom/concession building located at the Big Oak County Park ballfields for \$152,578 in 2021, 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.

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.

During fiscal year 2022 the County began a major property reassessment project. Tyler Technologies was hired to conduct real estate assessments of all Kent County properties. Public meetings were held in the fall of 2021, followed by the initiation of data collection. The project was completed in the fall of 2024.

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 2024, \$19,432 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 2024, the County provided matching grant funds in the amount of \$83,583 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. The County's Fund Balance Policy (County Policy 22-11) addresses 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 2024 adopted budget is \$18.6 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.

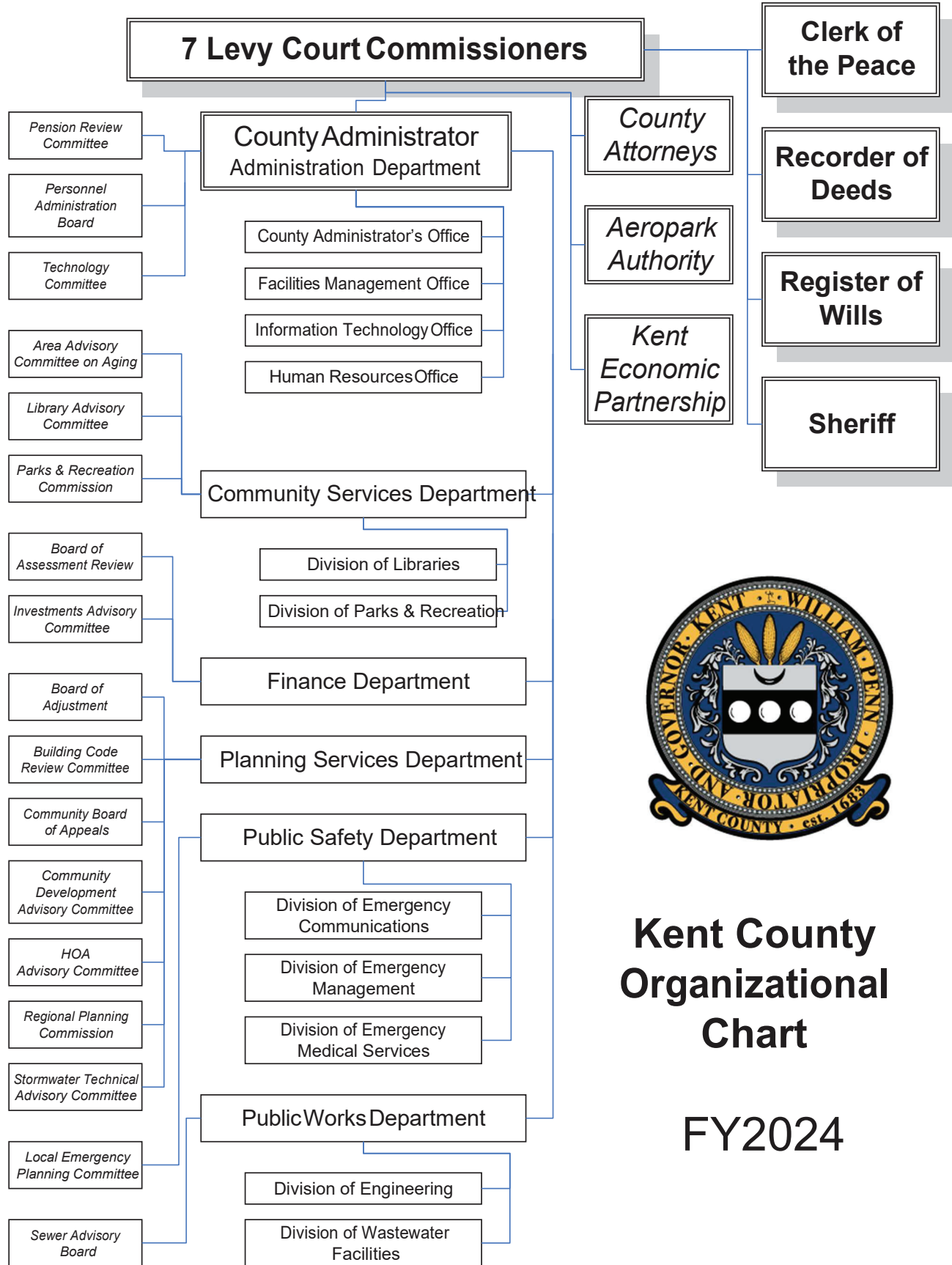
Respectfully submitted,



Kevin R. Sipple
County Administrator



Susan L. Durham
Director of Finance



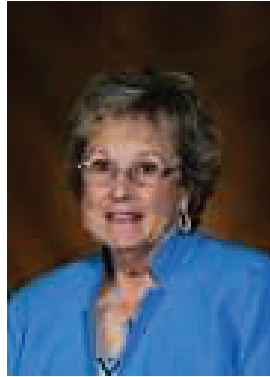
Kent County Organizational Chart

FY2024

KENT COUNTY LEVY COURT COMMISSIONERS

Hon. Joanne Masten

1st Levy Court District



Hon. Jeffrey W. Hall

2nd Levy Court District



Hon. Allan F. Angel

3rd Levy Court District

Vice President



Hon. Robert J. Scott

4th Levy Court District



**Hon. George “Jody”
Sweeney**

5th Levy Court District



Hon. W. Paul Hertz Jr.

6th Levy Court District



Hon. Terry L. Pepper

President

At Large



List of Elected Officials -Kent County Row Officers

Clerk of the Peace	Hon. Brenda A. Wootten
Recorder of Deeds	Hon. Eugenia Thornton
Register of Wills	Hon. Harold K. Brode
Sheriff	Hon. Norman R. Barlow

Kent County Administrator and Department Directors

County Administrator

Kevin R. Sipple**

Department Directors

Administration Department	Kevin R. Sipple County Administrator
Community Services Department	Jeremy Sheppard, MBA
Finance Department	Susan Durham, CPA
Planning Services Department	Sarah E. Keifer, AICP
Public Safety Department	Chief John Tinger*
Public Works Department	Diana T. Golt, P.E.

*Acting as of October 1, 2024

**Acting as of October 1, 2024, appointed February 12, 2025

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 AUDITORS' REPORT

Board of Commissioners
Kent County, Delaware
Dover, Delaware

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note W of the financial statements, the beginning fund balance of the ARPA fund and beginning net position of the Governmental Activities have been restated to correct an error in the 2023 financial statements. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), and the required supplementary information other than the MD&A, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining fund statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining fund statements and schedule of expenditures of federal are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Commissioners
Kent County, Delaware

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025, 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 the County's 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
February 27, 2025

KENT COUNTY, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2024

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, 2024. 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 \$236,960,736 (net position), an increase of \$12,277,708 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 \$77,445,258 an increase of \$5,018,825 from the previous year. Of the current ending fund balances, General Fund reported \$56,312,396 as unassigned, \$219,976 as nonspendable, \$2,389,684 as restricted, and \$5,283,750 as assigned. In the ARPA Fund, \$1,810,264 is reported as assigned. In the Capital Projects Fund, \$9,973,626 is reported as assigned and \$798,659 is reported as nonspendable. In the Other Governmental Funds, \$656,903 is reported as restricted.

Long-Term Liabilities

- At the end of the current fiscal year, the County had total bonded debt outstanding of \$54,294,112, a decrease of \$829,574 from the previous year. All of the bonded debt is backed by the full faith and credit of the County government. Governmental activities report \$2,696,057 and business-type activities report \$4,020,059 of general obligation bonds and \$47,577,996 in bonds from direct borrowings.
- 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 on LIBOR plus 1.2%. Since the LIBOR ceased to exist, the loan agreement was amended to base the interest rate on the Secured Overnight Financing Rate (SOFR) plus 1.2%. At the end of the current fiscal year, the County had total note payable of \$2,719,828.
- The County has leases subject to GASB Statement No. 87, Leases. This standard requires the recognition of a lease liability for certain leases. At the end of the current fiscal year, the County had total lease liability of \$302,328. This includes \$295,771 for Governmental activities and \$6,557 for Business type activities.
- The County has subscription-based information technology arrangements (SBITAs) subject to GASB Statement No. 96. This standard requires the recognition of subscription liability for certain SBITAs. At the end of the current fiscal year, the County has a total subscription liability of \$114,944 for Governmental activities.
- The County adheres to GASB Statements 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 liability. The County reported a net pension liability totaling \$25,854,045 and \$33,241,301 at June 30, 2024 and June 30, 2023 respectively.
- The County adheres to GASB Statements 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 liability. The County reported a net OPEB liability totaling \$21,139,450 and \$22,370,070 at June 30, 2024 and June 30, 2023 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, 2024, the County has invested \$148,538,520 net of accumulated depreciation and amortization, in a broad range of capital assets (see table below). Depreciation and amortization charges for Fiscal Year 2024 totaled \$10,517,427.

Kent County’s Capital Assets as of June 30, 2024 and 2023
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 9,230,248	\$ 9,230,248	\$ 7,573,472	\$ 7,481,622	\$ 16,803,720	\$ 16,711,870
Construction in Progress	2,278,608	766,756	19,378,138	21,573,864	21,656,746	22,340,620
Site Improvements	4,532,141	4,916,971	1,494	3,745	4,533,635	4,920,716
Pipeline	-	-	49,614,270	47,242,542	49,614,270	47,242,542
Buildings	19,619,976	20,419,599	12,115,815	12,908,297	31,735,791	33,327,896
Equipment and Furniture	2,466,702	2,447,825	21,326,762	23,326,280	23,793,464	25,774,105
Right To Use Leased Equip	284,774	533,501	6,385	86,791	291,159	620,292
Subscription Based Information Technology Arrangements	109,735	272,711	-	-	109,735	272,711
Total Capital Assets	\$ 38,522,184	\$ 38,587,611	\$ 110,016,336	\$ 112,623,141	\$ 148,538,520	\$ 151,210,752

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

- Purchase of furniture and equipment to include: one vehicle in the amount of \$27,530 for Assessment; two vehicles in the amount of \$75,080 for Facilities Management, one vehicle totaling \$26,422 for Sheriff; three emergency response vehicles totaling \$146,658 for Emergency Medical Services; one vehicle for \$47,799 for Parks; emergency vehicle conversion and snow plow for \$32,968 for Emergency Management; one tractor with loader totaling \$35,101 for Facilities Management; two zero-turn mowers for \$66,813 for Parks; an electric golf cart for \$10,059 for Recreation; a P/A system for \$31,402 for Recreation turf field; server hardware and desktop replacements totaling \$128,483 through Information Technology; a Lucas device for \$17,618, Sapphire Pumps totaling \$11,750, and Motorola Radios totaling \$31,279 for Emergency Medical Services, and audio visual upgrades totaling \$26,597 for Emergency Management.
- Addition of donated equipment to include: software for Emergency Communications in the amount of \$103,620; Emergency Management in the amount of \$9,960 for mobile broadband kit; and \$158,669 for Emergency Medical Services for a vehicle conversion, simulator, body armor, and software.
- Construction in Progress is comprised of the Information Technology Enterprise Solution in the amount of \$1,209,308 and Information Technology ESRI hardware and software in the amount of \$109,002; pavilions at Big Oak Park for \$27,920; HVAC Ventilation Projects at the Library, Emergency Medical Services, and the Administrative Complex totaling \$727,601, and Administrative Complex maintenance building in the amount of \$204,523, and Emergency Communications consoles in the amount of \$254.

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

- Paris Villa/London Village sewer extension was completed in the amount of \$4,978,557.
- Whispering Pines sewer extension was completed in the amount of \$606,285.
- New pumps were purchased for PS8, PS20A, PS30B, PS20B, PS6 and two pumps at PS40 cost \$148,401.
- Purchase of a Wilo Pump at PS3 cost \$203,280.
- Wilo pump purchase for PS2 cost \$98,372.
- Flygt pump purchase for PS7 in the amount of \$80,266.
- Replacement of a pump and a flow meter/bypass upgrade at PS13 in the amount of \$117,789.
- Purchase of a VFD and pump repairs for PS4 in the amount of \$89,817.
- Rebuild of a Wilo pump for PS3 cost \$39,989.
- Grinder pump replacement at LS5B cost \$24,760.
- Replacement of comminutor at PS25 in the amount of \$19,303.
- Muffin Monster motor for PS33 cost \$8,119.
- Purchase of an E-One explosion proof pump for DAFB cost \$7,886.
- Purchase of 50 actuator valves w/disconnect switches for the Basin cost \$181,288.
- Scada system upgrade costing \$97,759.
- Replacement networking equipment for the Plant cost \$71,759.
- RPS #1 repair at the plant costing \$13,580.
- Wilo Pump was purchased for the Scrubber in Biosolids in the amount of \$8,840.
- Purchase of a self-propelled boom lift costing \$66,500.
- Purchase of a 3 ton outdoor heat pump for the blower building costing \$6,995.
- Purchase of (2) 2023 Ford F150s for Engineering and Operations and a 2024 Ford F150 for maintenance in the amount of \$125,144.
- Purchase of a self-priming portable pump in the amount of \$59,969.
- Purchase of (2) hot oil pumps for Biosolids in the amount of \$14,890.
- Purchase of a dishwasher for the lab in the amount of \$11,608.
- Purchase of a refrigerated sampler for Operations costing \$9,987.
- Purchase of a handheld GPS for Engineering cost \$5,169.
- Donated assets of land, building and equipment for PS39 in the amount of \$545,218.
- Construction in Progress is comprised of the septage receiving project at Dover Products, Smyrna piping replacement and the Puncheon Run extension. Also included in construction in progress is the TMDL compliance project, purchase of several generators and at the Treatment Plant the blower system upgrade, generators, biosolids capacity expansion, bio conveyors, UV gate, grit chamber and the wastewater master plan.

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 that 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, revenue 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, trash collection services and stormwater maintenance.

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 a fiduciary to account for resources held for the benefit of parties outside the County. The county has a custodial 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:

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 120,829,027	\$ 118,123,954	\$ 108,653,021	\$ 98,875,175	\$ 229,482,048	\$ 216,999,129
Capital Assets	38,522,184	38,587,611	110,016,336	112,623,141	148,538,520	151,210,752
Total Assets	159,351,211	156,711,565	218,669,357	211,498,316	378,020,568	368,209,881
Total Deferred Outflows of Resources	8,280,915	17,397,462	2,404,395	5,100,530	10,685,310	22,497,992
Long-Term Liabilities	42,614,223	50,095,453	60,095,226	62,685,455	102,709,449	112,780,908
Other Liabilities	24,458,938	28,363,128	6,058,520	5,943,341	30,517,458	34,306,469
Total Liabilities	67,073,161	78,458,581	66,153,746	68,628,796	133,226,907	147,087,377
Total Deferred Inflows of Resources	17,785,744	17,914,321	732,491	1,023,147	18,518,235	18,937,468
Net Position:						
Net Investment in Capital Assets	32,686,469	31,945,235	58,281,799	59,898,621	90,968,268	91,843,856
Restricted	3,046,587	16,497,247	69,192,275	59,465,254	72,238,862	75,962,501
Unrestricted	47,040,165	29,293,643	26,713,441	27,583,028	73,753,606	56,876,671
Total Net Position	\$ 82,773,221	\$ 77,736,125	\$ 154,187,515	\$ 146,946,903	\$ 236,960,736	\$ 224,683,028

The largest components of the County’s current and other assets of \$229,482,048 are cash and investments totaling \$201,296,307 of which \$74,839,169 is reported as restricted assets in the Sewer Fund and \$1,400,000 is reported as restricted in the General Fund. Of the total long-term liabilities of \$102,709,449, bonds payable net of deferred charges accounts for \$51,339,841, net pension liability accounts for \$25,854,045, net OPEB liability accounts for \$21,139,450, note payable accounts for \$2,379,476, compensated absences accounts for \$1,898,156, leases payable accounts for \$48,050 and subscriptions payable for \$50,431. Due to Other Governments totaling \$4,178,709 and unearned revenue totaling \$15,646,240 are the largest components in other liabilities of \$30,517,458. Total deferred inflows of resources are \$18,667,426 which primarily consists of unavailable tax revenue totaling \$16,358,102.

Kent County's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program Revenues:						
Charges for Services	\$ 8,649,546	\$ 8,722,805	\$ 29,891,346	\$ 26,722,078	\$ 38,540,892	\$ 35,444,883
Operating Grants and Contributions	9,469,766	5,031,596	-	52,639	9,469,766	5,084,235
Capital Grants and Contributions	906,895	248,844	9,429,190	7,235,119	10,336,085	7,483,963
General Revenues:						
Property Taxes	14,883,077	12,686,012	-	-	14,883,077	12,686,012
Real Estate Transfer Tax	8,122,761	8,903,210	-	-	8,122,761	8,903,210
Grant Revenue	-	9,084,105	-	-	-	9,084,105
Residential Telephone Surcharge	292,516	247,514	-	-	292,516	247,514
Investment Earnings	5,038,833	3,746,539	4,336,028	2,942,775	9,374,861	6,689,314
Other Revenue and Gains (Losses)	460,429	874,406	22,024	90,308	482,453	964,714
Total Revenues	47,823,823	49,545,031	43,678,588	37,042,919	91,502,411	86,587,950
EXPENSES						
General Government	5,613,516	8,021,493	-	-	5,613,516	8,021,493
Special Grants/Programs	5,359,324	11,259,370	-	-	5,359,324	11,259,370
Community Services	6,206,089	6,736,061	-	-	6,206,089	6,736,061
Planning Services	7,056,988	7,604,503	-	-	7,056,988	7,604,503
Public Safety	15,202,844	14,958,806	-	-	15,202,844	14,958,806
Row Offices	2,922,633	2,906,752	-	-	2,922,633	2,906,752
Economic Development	146,224	699,511	-	-	146,224	699,511
Debt Service	279,109	268,195	-	-	279,109	268,195
Sewer	-	-	28,641,953	27,904,005	28,641,953	27,904,005
Street Light	-	-	1,235,320	1,152,924	1,235,320	1,152,924
Trash	-	-	5,873,060	5,409,305	5,873,060	5,409,305
Landfill	-	-	29,649	9,424	29,649	9,424
Storm Water Maintenance	-	-	657,994	8,508	657,994	8,508
Total Expenses	42,786,727	52,454,691	36,437,976	34,484,166	79,224,703	86,938,857
Increase (Decrease) in Net Position	\$ 5,037,096	\$ (2,909,660)	\$ 7,240,612	\$ 2,558,753	\$ 12,277,708	\$ (350,907)

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 \$12,277,708 over the course of this fiscal year’s operations. Net position for governmental activities increased by \$5,037,096 in FY2024 as compared to a decrease of \$2,909,660 in FY 2023. Revenue was \$1,721,208 lower in FY 2024 than in FY 2023. This was primarily because of the decrease in General Revenue/Grant Revenue of \$9,084,105; increase in Investment Income by \$1,292,294 in FY 2024 over FY 2023 and increase in Operating Grants related to programs \$4,438,170 in FY 2024 over FY2023. Expenses were approximately \$9,667,964 lower in FY 2024 primarily because of \$5.9 million decrease in Special Grants/Programs, \$2.4 million decrease in General Government, and \$244,038 increase in Public Safety, \$547,713 decrease in Community Services and \$547,515 decrease in Planning Services.

The net position of the County’s business-type activities increased by \$7,240,612. This increase in net position was 182.97% higher than the increase in net position in Fiscal Year 2023. The increase in net position of \$4,681,859 between Fiscal Year 2024 and Fiscal Year 2023 was primarily a result of an increase in charges for services of approximately \$3.17 million in Fiscal Year 2024 as compared to Fiscal Year 2023 combined with an increase of expenses of \$1,953,810 in Fiscal Year 2024 as compared to Fiscal Year 2023.

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 \$64,205,806 of which \$56,312,396 was unassigned, \$219,976 was nonspendable, \$5,283,750 was assigned, and \$2,389,684 was restricted of which \$11,833 was for library tax, \$46,939 was for grants, \$845,835 was for restricted technology fees, \$53,669 was for recreational areas, \$31,408 was for APFO EMS, and \$1,400,000 for conduit debt service.

Overall revenue increased \$2,972,442 from Fiscal Year 2023 to Fiscal Year 2024. Property tax revenue increased \$2,034,691 in Fiscal Year 2024 due to an increase in the tax rate from \$.30 to \$.36 per \$100 assessed. Real estate transfer taxes decreased \$780,449 which is due to a decline in the housing market. Fees for services increased \$44,410 primarily because of increases in Sheriff 4% Sale Fees of \$170,240 and Inspection fees of \$718,631. There were decreases of approximately \$639,020 overall in fees for the Recorder of Deeds Office, \$39,100 in County Motion Fees and Expenses, \$13,200 in Sheriff fees, and in Register of Wills fees of \$158,427. Grant revenue increased \$1,403,460 primarily because of the use of ARPA funds for General Fund projects. Interest and dividends increased approximately \$1,190,167 due to the significant increase in interest rates. Other revenue decreased approximately \$63,000 when compared to Fiscal Year 2023.

General Fund expenditures increased \$1,907,352 (6.01%) in Fiscal Year 2024 when compared to Fiscal Year 2023. Public Safety and General Government had expenditure increases of \$1,564,011 and \$464,538 respectively. Public Safety expenses mainly increased due to increases in personnel costs, operating supplies, and maintenance expenses. General Government expenses mainly increased due to increases in personnel costs, and maintenance expenses.

General Fund – Comparison to Budget. Overall revenue collections were higher than the final budget by 12.23%. Real estate transfer tax came in over the final budget by \$2,122,761 or 35.38%. Fees for services were higher than the final budget by \$827,289 or 11.09%. Interest and dividends were over the final budget by \$1,924,694 or 120.29%. Other revenue was under the final budget by \$167,410 or 62.23%.

Overall, operating expenditures were under the final budget by 8.67% primarily due to strict cost controls imposed on countywide spending. The functions that were most under their final budget were Public Safety by 9.37% and Special Grants and Programs which was 30.79% under the final budget but their balances will be carried over into the next fiscal year.

Kent County's General Fund Budget to Actual Comparison

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2024 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 14,977,900	\$ 14,977,900	\$ 14,842,927	\$ (134,973)
Real Estate Transfer Tax	6,000,000	6,000,000	8,122,761	2,122,761
Telephone Surcharge	270,000	270,000	292,516	22,516
Grants	4,593,700	5,790,434	5,648,463	(141,971)
Fees for Services	7,477,300	7,460,697	8,287,986	827,289
Interest and Dividends	1,600,000	1,600,000	3,524,694	1,924,694
Rental Income	24,200	24,200	23,412	(788)
Other Revenues	269,000	269,000	101,590	(167,410)
Total Revenues	<u>35,212,100</u>	<u>36,392,231</u>	<u>40,844,349</u>	<u>4,452,118</u>
EXPENDITURES				
General Government	3,454,600	3,695,079	3,411,815	283,264
Special Grants and Programs	2,483,100	3,283,100	2,272,177	1,010,923
Community Services	4,414,000	5,552,008	5,346,133	205,875
Planning Services	5,640,700	5,720,700	5,393,646	327,054
Public Safety	14,770,600	15,111,076	13,695,255	1,415,821
Row Offices	2,748,000	2,753,800	2,529,937	223,863
Contingency	500,000	59,575	-	59,575
Debt Service				
Principal	540,200	286,394	701,304	(414,910)
Interest	133,400	387,206	302,119	85,087
Total Expenditures	<u>34,684,600</u>	<u>36,848,938</u>	<u>33,652,386</u>	<u>3,196,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>527,500</u>	<u>(456,707)</u>	<u>7,191,963</u>	<u>7,648,670</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	1,650,300	-	24,751	(24,751)
Transfers out	(2,576,400)	(2,694,673)	(888,100)	1,806,573
Total Other Financing (Uses)	<u>(926,100)</u>	<u>(2,694,673)</u>	<u>(863,349)</u>	<u>1,781,822</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (398,600)</u>	<u>\$ (3,151,380)</u>	<u>\$ 6,328,614</u>	<u>\$ 9,430,492</u>

Capital Projects Fund. The operating revenue for this fund increased \$870,139 from Fiscal Year 2023 to Fiscal Year 2024. This increase in operating revenue was mainly due to an increase in grant revenue of \$658,052 and other revenue of \$155,622. Overall, the expenditures decreased by \$1,164,646 from Fiscal Year 2023 to Fiscal Year 2024. The largest expenditure during Fiscal Year 2024 was \$787,789 for the Real Property Assessment project. Capital outlay was \$962,662 in Fiscal Year 2023 as opposed to \$1,529,593 in Fiscal Year 2024, an increase of \$566,931.

Community Development Block Grant. Total revenue for this fund in Fiscal Year 2024 was \$772,292, a decrease of \$72,384 from Fiscal Year 2023 primarily due to decreases in grant funding from drawdowns for reimbursement. The expenditures were \$1,333,842, a decrease of \$219,097 from Fiscal Year 2023.

American Rescue Plan Act Fund. In Fiscal Year 2021, the County created a new American Rescue Plan Act Fund for the Federal funds intended to combat the COVID-19 pandemic, including public health and economic impacts. During FY21, the County received \$17,557,780 in ARPA SLFRF funds but did not spend anything. In FY 22, the County received their 2nd and final tranche of \$17,557,780 for a total of \$35,115,560. During FY2023, \$10,767,847 of the funds were expensed. During Fiscal Year 2024, \$5,739,055 of the funds were expensed. During FY23, the County received \$50,000 from the Local Assistance and Tribal Contingency Fund (LATCF). None of the LATCF funds were expended in FY23 or in FY24.

Non-Major Governmental Funds. The non-major funds consist of one almost defunct special revenue fund- Farmer's Home Administration Grant and one capital project fund- Aeropark. Farmer's Home Administration Grant has not received any funding since 2019. Aeropark revenue decreased because there was a sale of land in FY23.

Proprietary Funds

Sewer Fund. This fund experienced an operating loss of \$5,263,547 in Fiscal Year 2024 as compared to an operating loss of \$6,996,845 in Fiscal Year 2023. Operating revenue was \$2,467,284 more in Fiscal Year 2024 than in Fiscal Year 2023. District user fee revenue was \$968,432 higher in Fiscal Year 2024 than in Fiscal Year 2023. This was primarily a result of growth in district users. Contract user revenue increased by \$1,894,701 and this was a result of more flows billed in Fiscal Year 2024 than Fiscal Year 2023. The user fee uniform rates for Fiscal Year 2024 increased 10% over Fiscal Year 2023. Sewer permits, operating grants, and other revenue were \$144,636 lower in Fiscal Year 2024 as compared to Fiscal Year 2023. Operating expenses were \$733,986 higher in Fiscal Year 2024 than Fiscal Year 2023. This increase in operating expenses is primarily attributed to an increase in contractual service of \$969,090, an increase of \$267,728 in maintenance, an increase of \$246,904 in indirect costs and operational insurance and a decrease of \$723,465 in salaries and benefits.

Trash Fund. The Trash Fund, another major enterprise fund, has the primary function of trash collection. This fund experienced an operating gain of \$187,470 in Fiscal Year 2024 and compared to an operating gain of \$272,295 in Fiscal Year 2023. Revenues increased by \$378,930 from Fiscal Year 2023 to Fiscal Year 2024. During Fiscal Year 2024 there were approximately 17,790 trash customers of which 73.27% had yard waste pickup. The increase in revenue in Fiscal Year 2024 is directly related to the growth in the number of customers in the Trash Fund and an increase in trash rates. Expenses increased by \$463,755 from Fiscal Year 2023 to Fiscal Year 2024 primarily due to contractual services (trash pick up costs) increasing \$365,370 in Fiscal Year 2024 over Fiscal Year 2023.

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 since the 1970s. Costs associated with the Landfill Fund consist mainly of site monitoring costs and related legal expenses. These expenses increased \$20,225 in Fiscal Year 2024. 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 2024, the Storm Water Management Fund had operating revenue of \$146,657 and operating expenses of \$657,994 which resulted in an operating loss of \$511,337. The Street Light Fund has an operating gain of \$86,654 in Fiscal Year 2024. Revenues were more in Fiscal Year 2024 than Fiscal Year 2023 as a result of a slight increase in the number of street light customers. Expenses in Fiscal Year 2024 were \$82,396 higher than Fiscal Year 2023. In Fiscal Year 2024, utility expenses were \$83,643 more than in Fiscal Year 2023.

Internal Service Fund. The internal service fund - Medical Trust Fund – had an operating gain of \$781,517 in Fiscal Year 2024 as compared to an operating loss of \$22,393 in Fiscal Year 2023. The operating gain in Fiscal Year 2024 is a result of employer contributions increasing \$1,227,852 in Fiscal Year 2024 compared to Fiscal Year 2023 while expenses increased \$449,969 in Fiscal Year 2024 compared to Fiscal Year 2023.

General Fund Budgetary Highlights

The County adopted its Fiscal Year 2024 budget on June 13, 2023, 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 \$36,392,231 of revenues; \$36,848,938 of expenditures, and \$2,694,673 of other financing uses. The actual results were revenues \$4,452,118 above budget and expenditures \$3,196,552 below budget.

Economic Factor's 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 2024 was 5.5% which was 0.3% higher than the unemployment rate in June 2023 which was 5.3%.

During Fiscal Year 2024, the County continued to see some growth in the housing market but it was slower than FY2023. Interest rates increased significantly, and the revenues related to housing continued to decrease in FY2024. The General Fund costs were held tight. Revenue was \$3,873,758 higher in Fiscal Year 2024 than Fiscal Year 2023 which was a result of increases in property tax revenue, grant revenue and interest revenue. During Fiscal Year 2024 the County expenditures were \$1,907,352 higher than Fiscal Year 2023 and this was primarily related to the increase in Public Safety expenses and General Government expenses.

When adopting the General Fund budget for Fiscal Year 2025, the County continued to keep a tight hold on the expenditures. There was a 2% cost of living allocation (COLA) and a 2% step increase for employees with a satisfactory evaluation. Due to the property reassessment, the Levy Court decreased the tax rate to \$.572 for Fiscal Year 2025.

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@kentcountyde.gov. The Assistant Director of Finance can be contacted via email at mary.karol@kentcountyde.gov. Kent County's website address is www.kentcountyde.gov.



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KENT COUNTY, DELAWARE

STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 98,565,981	\$ 26,461,756	\$ 125,027,737
Receivables	18,368,417	4,626,971	22,995,388
Internal Balances	1,166,299	(1,166,299)	-
Due from Other Governments	290,565	3,612,142	3,902,707
Inventory	84,331	225,828	310,159
Prepaid Expenses and Other Assets	953,434	53,454	1,006,888
Non - Current Assets			
Restricted Assets:			
Cash and Investments	1,400,000	74,839,169	76,239,169
Capital Assets, Net			
Land	9,230,248	7,573,472	16,803,720
Construction in Progress	2,278,608	19,378,138	21,656,746
Land and Site Improvements	4,532,141	1,494	4,533,635
Pipeline	-	49,614,270	49,614,270
Buildings	19,619,976	12,115,815	31,735,791
Equipment and Furniture	2,466,702	21,326,762	23,793,464
Right To Use Leased Equipment	284,774	6,385	291,159
Subscription Based IT Assets	109,735	-	109,735
Total Assets	159,351,211	218,669,357	378,020,568
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items Related to Pension	4,902,427	1,405,795	6,308,222
Deferred Items Related to OPEB	3,370,458	987,684	4,358,142
Deferred Charges on Refunding	8,030	10,916	18,946
Total Deferred Outflows of Resources	8,280,915	2,404,395	10,685,310
LIABILITIES			
Current Liabilities			
Accounts Payable	2,155,323	2,299,685	4,455,008
Accrued Expenses	1,110,156	392,830	1,502,986
Due to Other Governments	4,178,709	-	4,178,709
Retainage Payable	17,145	360,745	377,890
Other Liabilities	525,301	132,497	657,798
Compensated Absences	63,366	22,047	85,413
Bonds Payable, Net	236,054	2,718,217	2,954,271
Note Payable	340,352	-	340,352
Leases Payable	251,222	3,056	254,278
Subscriptions Payable	64,513	-	64,513
Unearned Revenue	15,516,797	129,443	15,646,240
Long Term Liabilities			
Net Pension Liability	20,049,810	5,804,235	25,854,045
Net OPEB Liability	16,221,751	4,917,699	21,139,450
Compensated Absences	1,408,203	489,953	1,898,156
Bonds Payable, Net	2,460,003	48,879,838	51,339,841
Note Payable	2,379,476	-	2,379,476
Leases Payable	44,549	3,501	48,050
Subscriptions Payable	50,431	-	50,431
Total Liabilities	67,073,161	66,153,746	133,226,907
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	16,343,069	15,033	16,358,102
Deferred Items Related to Leases	-	280,301	280,301
Deferred Items Related to Pension	342,800	99,238	442,038
Deferred Items Related to OPEB	1,099,875	337,919	1,437,794
Total Deferred Inflows of Resources	17,785,744	732,491	18,518,235
NET POSITION			
Net Investment in Capital Assets	32,686,469	58,281,799	90,968,268
Restricted for:			
Capital Projects	656,903	-	656,903
Conduit Debt Service	1,400,000	-	1,400,000
Recreation Areas	53,669	-	53,669
APFO-EMS	31,408	-	31,408
Library Tax	11,833	-	11,833
LEPC Grant	4,845	-	4,845
Technology Fee-Deeds	338,334	-	338,334
Technology Fee-General Fund	507,501	-	507,501
Library Standards Grant	42,094	-	42,094
Capital Projects - Equipment Replacement	-	359,583	359,583
Capital Projects - Expansion Sewer Facilities	-	68,832,692	68,832,692
Unrestricted	47,040,165	26,713,441	73,753,606
Total Net Position	\$ 82,773,221	\$ 154,187,515	\$ 236,960,736

KENT COUNTY, DELAWARE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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	\$ 5,613,516	\$ 423,121	\$ 257,447	\$ 809,827	\$ (4,123,121)	\$ -	\$ (4,123,121)
Special Grants/Programs	5,359,324	-	4,187,147	-	(1,172,177)	-	(1,172,177)
Community Services	6,206,089	495,699	241,031	40,380	(5,428,979)	-	(5,428,979)
Planning Services	7,056,988	2,377,677	734,156	-	(3,945,155)	-	(3,945,155)
Public Safety	15,202,844	54,147	4,049,985	56,688	(11,042,024)	-	(11,042,024)
Row Offices	2,922,633	5,298,902	-	-	2,376,269	-	2,376,269
Economic Development	146,224	-	-	-	(146,224)	-	(146,224)
Interest on Long-Term Debt	279,109	-	-	-	(279,109)	-	(279,109)
Total Governmental Activities	42,786,727	8,649,546	9,469,766	906,895	(23,760,520)	-	(23,760,520)
Business-Type Activities:							
Sewer	28,641,953	22,349,651	-	9,429,190	-	3,136,888	3,136,888
Street Light	1,235,320	1,321,974	-	-	-	86,654	86,654
Trash	5,873,060	6,060,530	-	-	-	187,470	187,470
Landfill (Note K)	29,649	12,534	-	-	-	(17,115)	(17,115)
Storm Water Maintenance	657,994	146,657	-	-	-	(511,337)	(511,337)
Total Business-Type Activities	36,437,976	29,891,346	-	9,429,190	-	2,882,560	2,882,560
Total Primary Government	\$ 79,224,703	\$ 38,540,892	\$ 9,469,766	\$ 10,336,085	(23,760,520)	2,882,560	(20,877,960)
General Revenues:							
Taxes:							
Property Taxes					14,883,077	-	14,883,077
Real Estate Transfer Tax					8,122,761	-	8,122,761
Residential Telephone Surcharge					292,516	-	292,516
Investment Earnings					5,038,833	4,336,028	9,374,861
Other Revenues including Capital Asset Sales Gains/(Losses)					460,429	22,024	482,453
					<u>28,797,616</u>	<u>4,358,052</u>	<u>33,155,668</u>
					5,037,096	7,240,612	12,277,708
Changes in Net Position							
Net Position At Beginning Of Year, as originally reported					76,834,809	146,946,903	223,781,712
Adjustment					901,316	-	901,316
Net Position At Beginning Of Year, as adjusted					<u>77,736,125</u>	<u>146,946,903</u>	<u>224,683,028</u>
Net Position At End Of Year					<u>\$ 82,773,221</u>	<u>\$ 154,187,515</u>	<u>\$ 236,960,736</u>

KENT COUNTY, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	American Recovery Plan Act Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 69,216,003	\$ 17,874,385	\$ 9,977,909	\$ 493,624	\$ 657,827	\$ 98,219,748
Receivables						
Accounts	78,118	-	155,622	149,191	-	382,931
Taxes	17,121,384	-	-	-	-	17,121,384
Due From Other Funds	2,194,176	-	496,638	-	-	2,690,814
Due from Other Governments	133,826	-	-	156,739	-	290,565
Inventory	35,672	-	48,659	-	-	84,331
Prepaid Expenditures and Other Assets	184,304	-	750,000	19,130	-	953,434
Total Assets	\$ 88,963,483	\$ 17,874,385	\$ 11,428,828	\$ 818,684	\$ 657,827	\$ 119,743,207
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 503,832	\$ -	\$ 402,866	\$ 123	\$ -	\$ 906,821
Accrued Expenses	709,990	-	-	8,776	-	718,766
Due to Other Funds	1,751,591	668,335	13,532	539,583	924	2,973,965
Due to Other Governments	4,178,709	-	-	-	-	4,178,709
Retainage Payable	-	-	17,145	-	-	17,145
Unearned Revenue	-	15,395,786	223,000	121,011	-	15,739,797
Other Liabilities	525,301	-	-	-	-	525,301
Total Liabilities	7,669,423	16,064,121	656,543	669,493	924	25,060,504
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	17,088,254	-	-	-	-	17,088,254
Unavailable Revenue - Other	-	-	-	149,191	-	149,191
Total Deferred Inflows of Resources	17,088,254	-	-	149,191	-	17,237,445
Fund Balances:						
Nonspendable:						
Inventory	35,672	-	48,659	-	-	84,331
Prepaid Expenditures	184,304	-	750,000	-	-	934,304
Restricted:						
Capital Projects Funds	-	-	-	-	656,903	656,903
Conduit Debt Service	1,400,000	-	-	-	-	1,400,000
Recreational Areas	53,669	-	-	-	-	53,669
APFO-EMS	31,408	-	-	-	-	31,408
Library Tax	11,833	-	-	-	-	11,833
LEPC Grant	4,845	-	-	-	-	4,845
Technology Fee - Deeds Office	338,334	-	-	-	-	338,334
Technology Fee - General Fund	507,501	-	-	-	-	507,501
Library Standards Grant	42,094	-	-	-	-	42,094
Assigned:						
Capital Projects Funds	-	1,810,264	9,973,626	-	-	11,783,890
Encumbrances	1,000,989	-	-	-	-	1,000,989
Operating Needs	2,839,882	-	-	-	-	2,839,882
Legal Contingency	600,200	-	-	-	-	600,200
Library	682,346	-	-	-	-	682,346
Deeds Maintenance Fees	49,384	-	-	-	-	49,384
Sheriff Auctioneer Fees	48,200	-	-	-	-	48,200
Local Government Fees	60,000	-	-	-	-	60,000
Donations	2,749	-	-	-	-	2,749
Unassigned	56,312,396	-	-	-	-	56,312,396
Total Fund Balances	64,205,806	1,810,264	10,772,285	-	656,903	77,445,258
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 88,963,483	\$ 17,874,385	\$ 11,428,828	\$ 818,684	\$ 657,827	\$ 119,743,207

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

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

Total Fund Balances for Governmental Funds		\$ 77,445,258
Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the funds. Capital assets net of accumulated depreciation and amortization as detailed in the footnotes are included in the Statement of Net Position. outlays exceeded depreciation or amortization in the year ended June 30, 2024.		38,522,184
Other items that are applicable to a future reporting period and, therefore are reported as deferred outflows of resources or deferred inflows or resources.		
Deferred Outflows:		
Deferred Items Related to Pension	\$ 4,902,427	
Deferred Items Related to OPEB	3,370,458	
Deferred Charges on Refunding	8,030	
Deferred Inflows:		
Deferred Items Related to Pension	(342,800)	
Deferred Items Related to OPEB	<u>(1,099,875)</u>	6,838,240
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.		2,451,809
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 other items that are attributable to a future period, therefore, are reported as deferred inflow of revenues in the governmental funds.		
Property Taxes	\$ 745,185	
Grants	223,000	
Other Revenue	<u>149,191</u>	1,117,376
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	\$ (20,049,810)	
Net OPEB Liability	(16,221,751)	
Notes Payable	(2,719,828)	
Compensated Absences	(1,471,569)	
Accrued Interest on Long Term Debt	(31,916)	
Leases Payable	(295,771)	
SBITA Payable	(114,944)	
Bonds Payable, Net of Bond Discounts	<u>(2,696,057)</u>	<u>(43,601,646)</u>
Total Net Position of Governmental Activities		<u><u>\$ 82,773,221</u></u>

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	American Recovery Plan Act Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 14,842,927	\$ -	\$ -	\$ -	\$ -	\$ 14,842,927
Real Estate Transfer Tax	8,122,761	-	-	-	-	8,122,761
Residential Telephone Surcharge	292,516	-	-	-	-	292,516
Grants	5,648,463	3,087,147	906,895	734,156	-	10,376,661
Fees For Services	8,287,986	-	-	-	-	8,287,986
Interest and Dividends	3,524,694	908,948	500,551	-	28,414	4,962,607
Rental Income	23,412	-	-	-	-	23,412
Other Revenues	101,590	-	-	38,136	-	139,726
Total Revenues	40,844,349	3,996,095	1,407,446	772,292	28,414	47,048,596
EXPENDITURES						
Current:						
General Government	3,411,815	-	1,996,964	-	-	5,408,779
Special Grants and Programs	2,272,177	3,087,147	-	-	-	5,359,324
Community Services	5,346,133	-	112,196	-	-	5,458,329
Planning Services	5,393,646	-	35,667	1,333,842	-	6,763,155
Public Safety	13,695,255	-	152,878	-	-	13,848,133
Row Offices	2,529,937	-	163,247	-	-	2,693,184
Economic Development	-	-	143,015	-	3,209	146,224
Debt Service:						
Principal	701,304	-	-	-	-	701,304
Interest and Fiscal Charges	302,119	-	-	-	-	302,119
Capital Outlay	-	-	1,529,593	-	-	1,529,593
Total Expenditures	33,652,386	3,087,147	4,133,560	1,333,842	3,209	42,210,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,191,963	908,948	(2,726,114)	(561,550)	25,205	4,838,452
OTHER FINANCING SOURCES (USES)						
Proceeds From Insurance Reimbursement	-	-	155,622	-	-	155,622
Transfers In	24,751	-	326,550	561,550	-	912,851
Transfers Out	(888,100)	-	-	-	-	(888,100)
Total Other Financing Sources (Uses)	(863,349)	-	482,172	561,550	-	180,373
Net Change in Fund Balances	6,328,614	908,948	(2,243,942)	-	25,205	5,018,825
Fund Balances At Beginning of Year, as previously reported	57,877,192	-	13,016,227	-	631,698	71,525,117
Adjustment	-	901,316	-	-	-	901,316
Fund Balances-Beginning as Adjusted	57,877,192	901,316	13,016,227	-	631,698	72,426,433
Fund Balances At End Of Year	\$ 64,205,806	\$ 1,810,264	\$ 10,772,285	\$ -	\$ 656,903	\$ 77,445,258

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, 2024**

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

Net Change In Fund Balances - Total Governmental Funds \$ 5,018,825

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 or amortization expense. This is the amount by which capital outlays exceeded depreciation or amortization in the year ended June 30, 2024.

Capital Outlays	\$ 2,517,401	
Depreciation and Amortization	<u>(2,464,817)</u>	52,584

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset less accumulated depreciation.

(118,011)

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.

(242,083)

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.

(1,569,634)

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	\$ 40,150	
Other Revenue - Mortgage	<u>149,191</u>	189,341

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	\$ 387,174	
Lease Financing	<u>416,734</u>	803,908

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	\$ 21,413	
Accrued interest on long-term debt	<u>3,111</u>	24,524

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>(1,390)</u>	19,898

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.

857,743

Change In Net Position of Governmental Activities \$ 5,037,096

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 14,977,900	\$ 14,977,900	\$ 14,842,927	\$ (134,973)
Real Estate Transfer Tax	6,000,000	6,000,000	8,122,761	2,122,761
Residential Telephone Surcharge	270,000	270,000	292,516	22,516
Grants	4,593,700	5,790,434	5,648,463	(141,971)
Fees For Services	7,477,300	7,460,697	8,287,986	827,289
Interest and Dividends	1,600,000	1,600,000	3,524,694	1,924,694
Rental Income	24,200	24,200	23,412	(788)
Other Revenues	269,000	269,000	101,590	(167,410)
Total Revenues	<u>35,212,100</u>	<u>36,392,231</u>	<u>40,844,349</u>	<u>4,452,118</u>
EXPENDITURES				
Current:				
General Government	3,454,600	3,695,079	3,411,815	283,264
Special Grants and Programs	2,483,100	3,283,100	2,272,177	1,010,923
Community Services	4,414,000	5,552,008	5,346,133	205,875
Planning Services	5,640,700	5,720,700	5,393,646	327,054
Public Safety	14,770,600	15,111,076	13,695,255	1,415,821
Row Offices	2,748,000	2,753,800	2,529,937	223,863
Contingency	500,000	59,575	-	59,575
Debt Service:				
Principal	540,200	286,394	701,304	(414,910)
Interest	133,400	387,206	302,119	85,087
Total Expenditures	<u>34,684,600</u>	<u>36,848,938</u>	<u>33,652,386</u>	<u>3,196,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>527,500</u>	<u>(456,707)</u>	<u>7,191,963</u>	<u>7,648,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,650,300	-	24,751	(24,751)
Transfers out	(2,576,400)	(2,694,673)	(888,100)	1,806,573
Total Other Financing Sources (Uses)	<u>(926,100)</u>	<u>(2,694,673)</u>	<u>(863,349)</u>	<u>1,781,822</u>
Net Change in Fund Balance	<u>\$ (398,600)</u>	<u>\$ (3,151,380)</u>	<u>6,328,614</u>	<u>\$ 9,430,492</u>
Fund Balance at Beginning of Year			<u>57,877,192</u>	
Fund Balance at End of Year			<u>\$ 64,205,806</u>	



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KENT COUNTY, DELAWARE

STATEMENT OF NET
POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Activities - Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 21,617,364	\$ 2,888,904	\$ 1,955,488	\$ 26,461,756	\$ 1,746,233
Receivables					
Accounts and Leases	343,361	-	-	343,361	864,102
Interest	514	-	-	514	-
Fees and Services	3,495,176	648,480	139,440	4,283,096	-
Due from Other Funds	377,119	-	-	377,119	1,449,450
Due from Other Governments	3,612,142	-	-	3,612,142	-
Inventory	225,828	-	-	225,828	-
Prepaid Expenses and Other Assets	53,454	-	-	53,454	-
Total Current Assets	29,724,958	3,537,384	2,094,928	35,357,270	4,059,785
Non-Current Assets:					
Restricted Assets:					
Cash and Investments	74,839,169	-	-	74,839,169	-
Capital Assets, Net					
Land	7,570,472	-	3,000	7,573,472	-
Construction in Progress	19,378,138	-	-	19,378,138	-
Land and Site Improvements	1,494	-	-	1,494	-
Pipeline	49,614,270	-	-	49,614,270	-
Buildings	12,115,815	-	-	12,115,815	-
Equipment	21,326,762	-	-	21,326,762	-
Right-To-Use Leased Equipment	6,385	-	-	6,385	-
Total Non-Current Assets	184,852,505	-	3,000	184,855,505	-
Total Assets	214,577,463	3,537,384	2,097,928	220,212,775	4,059,785
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items Related to Pension	1,405,795	-	-	1,405,795	-
Deferred Items Related to OPEB	987,684	-	-	987,684	-
Deferred Charges on Refunding	10,916	-	-	10,916	-
Total Deferred Outflows of Resources	2,404,395	-	-	2,404,395	-
LIABILITIES					
Current Liabilities					
Accounts Payable	1,736,982	479,957	82,746	2,299,685	1,607,976
Accrued Expenses	392,830	-	-	392,830	-
Retainage Payable	140,841	219,904	-	360,745	-
Due to Other Funds	1,421,330	29,454	92,634	1,543,418	-
Due to Other Governments	-	-	-	-	-
Other Liabilities	-	-	132,497	132,497	-
Leases Payable	3,056	-	-	3,056	-
Compensated Absences	22,047	-	-	22,047	-
Unearned Revenue	-	-	129,443	129,443	-
Bonds Payable	2,718,217	-	-	2,718,217	-
Total Current Liabilities	6,435,303	729,315	437,320	7,601,938	1,607,976
Non-Current Liabilities:					
Net Pension Liability	5,804,235	-	-	5,804,235	-
Net OPEB Liability	4,917,699	-	-	4,917,699	-
Leases Payable	3,501	-	-	3,501	-
Compensated Absences	489,953	-	-	489,953	-
Bonds Payable, Net	48,879,838	-	-	48,879,838	-
Total Non-Current Liabilities	60,095,226	-	-	60,095,226	-
Total Liabilities	66,530,529	729,315	437,320	67,697,164	1,607,976
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Other	15,033	-	-	15,033	-
Deferred Items Related to Pension	99,238	-	-	99,238	-
Deferred Items Related to OPEB	337,919	-	-	337,919	-
Deferred Items Related to Leases	280,301	-	-	280,301	-
Total Deferred Inflows Of Resources	732,491	-	-	732,491	-
NET POSITION					
Net Investment in Capital Assets	58,278,799	-	3,000	58,281,799	-
Restricted for:					
Capital Projects - Equipment Replacement	359,583	-	-	359,583	-
Capital Projects - Expansion Sewer Facilities	68,832,692	-	-	68,832,692	-
Unrestricted	22,247,764	2,808,069	1,657,608	26,713,441	2,451,809
Total Net Position	\$ 149,718,838	\$ 2,808,069	\$ 1,660,608	\$ 154,187,515	\$ 2,451,809

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds			Governmental	
	Sewer Fund	Trash Collection	Other Enterprise Funds	Internal Service Fund	
			Total		
OPERATING REVENUES					
Fees for Services	\$ 21,487,247	\$ 6,060,275	\$ 1,468,631	\$ 29,016,153	\$ -
Permits	295,280	-	-	295,280	-
Other Revenue	567,124	255	12,534	579,913	-
Employer Contributions	-	-	-	-	8,283,135
Employee Contributions	-	-	-	-	971,432
Total Operating Revenues	22,349,651	6,060,530	1,481,165	29,891,346	9,254,567
OPERATING EXPENSES					
Salaries and Benefits	8,644,504	162,515	150,072	8,957,091	-
Contractual Services	2,704,639	5,442,325	665,177	8,812,141	-
Travel	6,478	-	-	6,478	-
Utilities	2,477,668	352	1,023,444	3,501,464	-
Maintenance, Parts and Supplies	2,949,067	202,876	14,875	3,166,818	-
Vehicle Expense	199,851	6,035	2,082	207,968	-
Operating Insurance and Indirect Costs	2,570,442	58,957	67,313	2,696,712	-
Miscellaneous Expenses	7,939	-	-	7,939	-
Depreciation and Amortization Expense	8,052,610	-	-	8,052,610	-
Medical Insurance Premiums	-	-	-	-	7,225,966
Medical Claims	-	-	-	-	1,225,769
Trustee Fee and Wire Charges	-	-	-	-	21,315
Total Operating Expenses	27,613,198	5,873,060	1,922,963	35,409,221	8,473,050
Operating Income (Loss)	(5,263,547)	187,470	(441,798)	(5,517,875)	781,517
NON-OPERATING REVENUES (EXPENSES)					
Interest and Dividends	4,073,021	175,974	87,033	4,336,028	76,226
Interest and Fiscal Charges	(1,028,755)	-	-	(1,028,755)	-
Gain on Sale of Land and Equipment	46,775	-	-	46,775	-
Total Non-Operating Revenues (Expenses)	3,091,041	175,974	87,033	3,354,048	76,226
Net Income (Loss) before Capital Contributions	(2,172,506)	363,444	(354,765)	(2,163,827)	857,743
Capital Contributions:					
Capital Grant	1,971,267	-	-	1,971,267	-
Donated Capital Assets	545,218	-	-	545,218	-
Impact Fees	6,768,924	-	-	6,768,924	-
Developers Aid In Construction	143,781	-	-	143,781	-
Total Capital Contributions	9,429,190	-	-	9,429,190	-
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	-	(24,751)	(24,751)	-
Change in Net Position	7,256,684	363,444	(379,516)	7,240,612	857,743
Net Position At Beginning Of Year	142,462,154	2,444,625	2,040,124	146,946,903	1,594,066
Net Position At End Of Year	\$ 149,718,838	\$ 2,808,069	\$ 1,660,608	\$ 154,187,515	\$ 2,451,809

KENT COUNTY, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 21,753,719	\$ 6,005,907	\$ 1,461,989	\$ 29,221,615	\$ 6,894,444
Payments to Suppliers	(9,400,954)	(5,465,715)	(1,557,732)	(16,424,401)	(7,055,873)
Payments to Employees	(6,877,787)	-	-	(6,877,787)	-
Internal Activity - payments to other funds	(1,940,947)	(213,763)	(154,327)	(2,309,037)	-
Net Cash Provided (Used) by Operating Activities	3,534,031	326,429	(250,070)	3,610,390	(161,429)
Cash Flows From Non-Capital Financing Activities:					
Transfers to Other Funds	-	-	(24,751)	(24,751)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	(24,751)	(24,751)	-
Cash Flows From Capital and Related Financing Activities:					
Proceeds from Capital Grant	2,549,564	-	-	2,549,564	-
Proceeds from Bonded Indebtedness	2,324,080	-	-	2,324,080	-
Proceeds from Sale of Equipment and Land	46,775	-	-	46,775	-
Acquisition and Construction of Capital Assets	(5,209,704)	-	-	(5,209,704)	-
Interest/Fiscal Charges Paid on Bonds	(1,052,632)	-	-	(1,052,632)	-
Retirement of Debt	(2,545,418)	-	-	(2,545,418)	-
Developers Aid In Construction	143,781	-	-	143,781	-
Impact Fees Collected	6,768,924	-	-	6,768,924	-
Net Cash Provided (Used) by Capital and Related Financing Activities	3,025,370	-	-	3,025,370	-
Cash Flows From Investing Activities:					
Interest and Dividends	4,073,021	175,974	87,033	4,336,028	76,226
Net Cash Provided By Investing Activities	4,073,021	175,974	87,033	4,336,028	76,226
Net Increase (Decrease) In Cash and Cash Equivalents	10,632,422	502,403	(187,788)	10,947,037	(85,203)
Cash and Cash Equivalents At Beginning Of Year	85,824,111	2,386,501	2,143,276	90,353,888	1,831,436
Cash and Cash Equivalents At End Of Year	\$ 96,456,533	\$ 2,888,904	\$ 1,955,488	\$ 101,300,925	\$ 1,746,233
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Statement of Net Position					
Current Assets: Cash and Investments	\$ 21,617,364	\$ 2,888,904	\$ 1,955,488	\$ 26,461,756	\$ 1,746,233
Non Current Assets: Cash and Investments	74,839,169	-	-	74,839,169	-
Total Cash and Investments	\$ 96,456,533	\$ 2,888,904	\$ 1,955,488	\$ 101,300,925	\$ 1,746,233

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds		Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (5,263,547)	\$ 187,470	\$ (441,798)	\$ (5,517,875)	\$ 781,517
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	8,052,610	-	-	8,052,610	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(122,741)	(54,623)	(6,642)	(184,006)	(840,250)
(Increase) Decrease in Due From Other Funds	(182,535)	-	-	(182,535)	(1,449,450)
(Increase) Decrease in Prepaid Expenses and Other Assets	(93,303)	-	-	(93,303)	-
(Increase) Decrease in Deferred Outflow Items Related to Pension/OPEB	2,694,247	-	-	2,694,247	-
Increase (Decrease) in Accounts Payable	91,552	77,044	15,349	183,945	1,242,780
Increase (Decrease) in Retainage Payable	-	108,829	-	108,829	-
Increase (Decrease) in Lease Payable	(79,197)	-	-	(79,197)	-
Increase (Decrease) in Medical Claims Payable	-	-	-	-	174,397
Increase (Decrease) in Accrued Expenses	20,627	-	-	20,627	-
Increase (Decrease) in Deferred Liability	-	-	132,497	132,497	(70,423)
Increase (Decrease) in Unearned Revenue	-	-	(12,534)	(12,534)	-
Increase (Decrease) in Net Pension Liability	(1,658,439)	-	-	(1,658,439)	-
Increase (Decrease) in Net OPEB Liability	(290,314)	-	-	(290,314)	-
Increase (Decrease) in Compensated Absences	26,232	-	-	26,232	-
Increase (Decrease) in Unavailable Revenue	(1,465)	-	-	(1,465)	-
Increase(Decrease) In Deferred Inflow Items Related to Pension/OPEB	(289,191)	-	-	(289,191)	-
Increase (Decrease) in Due To Other Funds	629,495	7,709	63,058	700,262	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,534,031</u>	<u>\$ 326,429</u>	<u>\$ (250,070)</u>	<u>\$ 3,610,390</u>	<u>\$ (161,429)</u>
Non-Cash Capital and Related Financing Activities:					
Non Cash Donated Capital Assets	\$ 545,218	\$ -	\$ -	\$ 545,218	\$ -
Total Non-Cash Capital and Related Financing Activities	<u>\$ 545,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,218</u>	<u>\$ -</u>

KENT COUNTY, DELAWARE

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>Pension and Post Retiree Funds</u>	<u>Custodial Funds</u>
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ -	\$ 917,647
Receivables		
Member Contributions	221,378	-
Interest	12,962	-
Investments	<u>93,975,038</u>	<u>-</u>
Total Assets	<u>94,209,378</u>	<u>917,647</u>
LIABILITIES		
Accounts Payable	22,783	-
Due to Other Governments	-	401,735
Tax Sale Proceeds Payable	-	134,948
Other Liabilities	<u>-</u>	<u>380,964</u>
Total Liabilities	<u>22,783</u>	<u>917,647</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	61,288,595	-
Post Retiree Benefits	<u>32,898,000</u>	<u>-</u>
Total Net Position	<u><u>\$ 94,186,595</u></u>	<u><u>\$ -</u></u>

KENT COUNTY, DELAWARE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Pension And Post Retiree Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Employee Contributions	\$ 413,640	\$ -
Employer Contributions	10,489,287	-
Investment Income (Loss):		
Net Appreciation (Depreciation) in		
Fair Value of Investments	9,761,956	-
Interest and Dividends	666,840	-
Other	11,749	-
Total Investment Earnings	10,440,545	-
Less: Investment Costs	(231,605)	-
Net Investment Income (Loss)	10,208,940	-
Tax Collections for Other Governments	-	87,749,627
	-	-
Total Additions	<u>21,111,867</u>	<u>87,749,627</u>
DEDUCTIONS		
Pension Benefits	4,161,436	-
Refund of Member Contributions	15,627	-
OPEB Benefits	1,962,620	-
Administrative Expense	176,939	-
Payment of Taxes to Other Governments	-	87,749,627
	-	-
Total Deductions	<u>6,316,622</u>	<u>87,749,627</u>
Change In Net Position	14,795,245	-
Net Position - Beginning of Year	<u>79,391,350</u>	<u>-</u>
Net Position - End of Year	<u>\$ 94,186,595</u>	<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 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. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, entities for which the County is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the County's operations and so data from these units are combined with data from the County, the primary government.

The Kent County Aeropark Development Authority's (the Authority), a blended component unit, was formed to develop, promote and administer the Kent County Aeropark. The board of directors consists of seven members who are appointed by the Kent County Levy Court Commissioners. The activity for the authority is included in the Aeropark Fund. Separate financial statements of the blended component units are not prepared.

The County's officials are responsible for appointing the members of the board of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. The Kent Economic Partnership is a related organization that is excluded from the reporting entity.

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 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. For governmental fund types, the County considers all revenues to be available if they are 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 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 **American Rescue Plan Act Fund** accounts for Federal funds intended to combat the COVID-19 pandemic, including public health and economic impacts. President Biden signed the American Rescue Plan Act of 2021 on March 11, 2021, which established the Coronavirus State and Local Fiscal Recovery Funds. These Fiscal Recovery Funds provided Kent County with resources to respond to the COVID-19 public health emergency and its economic impacts.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 Trust and OPEB (other post-employment benefits) Trust which accumulates resources for pension benefit payments and other post-employment benefits to qualified Kent County Levy Court employees and their beneficiaries. The financial information presented for Kent County Employee Retirement Program is as of and for the year ended December 31, 2023, the Plan's fiscal year end.

The **Custodial Fund** accounts for assets held by the County in a custodial capacity.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 investment 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 the DE Local Government OPEB Investment Trust. 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 County was invested in the Delaware Local Government OPEB Investment Trust, an investment vehicle established for local government entities in Delaware to pool funds to maximize returns and reduce costs. Assets of the trust are managed by the Delaware Public Employees' Benefit Systems and its Board of Directors. There are no limitations or restrictions on withdrawals from the pool. The fair value of the County's position in the external investment pool is valued at the proportionate share of the pool's underlying assets. The Trust is not rated and investments of the trust are limited to those allowed by State statutes.

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 unearned revenue. The amounts expected to be collected within the first 60 days after the fiscal year ended June 30, 2024 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 earned but are included with the property tax billing.

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 and assets restricted for conduit debt service 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 or debt obligation. Impact fees and related investment income are restricted for projects that will increase the 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 acquisition 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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:

<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
Right to Use Equipment	3 - 5
Subscription based information technology arrangements	2 - 5

Right to use leased assets of the County are amortized using the straight-line method over the shorter of the lease term or the useful lives of the related assets. Subscription-based information technology arrangements are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets 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 and the deferred items related to pension (Note L) and OPEB (Note M) 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 assets 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 items that qualify for reporting in this category and they are unavailable revenue – property tax, deferred items related to leases, 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 consist of transmission debt refinance prepaid by Kitts Hummock for South Central transmission line, deferred items related to OPEB and unclaimed tax sale proceeds. In the enterprise funds (sewer fund) at both the fund level and government-wide financial statements, deferred inflows of resources consist of farm, hunting, and tower space leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**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 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.

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.

Leases-Lessee

The County is a lessee for noncancellable leases of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or lease term.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

Leases-Lessor

The County is a lessor for noncancellable leases of real estate and equipment. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and assumptions are the same as lessee transaction.

The County monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset, receivable, deferred inflows of resources and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription-Based Information Technology Arrangements (SBITAs)

The County has entered into subscription-based information technology arrangements (SBITAs) for the right to use other parties' information technology software, alone or in combination with tangible capital assets, as specified in contracts for a period of time. The County recognizes a subscription liability and an intangible right-to-use subscription asset in the Statement of Net Position. The County recognizes subscription liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the lesser of the subscription term or useful life.

Key estimates and judgments related to subscriptions include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses the federal bank loan prime borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 in 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, 2024, 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.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY– CONTINUED

- 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 represent 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.

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>198,535,417</u>	<u>203,065,268</u>
Total Deposits	<u>\$ 198,785,417</u>	<u>\$ 203,315,268</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:

<u>Investments Measured at Fair Value:</u>	<u>Fair Value</u>	<u>Level 1</u>
Corporate Stocks	\$ 9,002,531	\$ 9,002,531
<u>Investments Measured at Amortized Cost:</u>		
Certificates of Deposit	207,353	
Money Market Mutual Funds	<u>3,692,740</u>	
Total Investments Measured at Amortized Cost	<u>3,900,093</u>	
<u>Investments Measured at Net Asset Value (NAV):</u>		
Collective Trusts	84,426,000	
Total Investments	<u>\$ 97,328,624</u>	

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

<u>Balance</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Collective Trusts \$ <u>84,426,000</u>	\$ <u>-</u>	Daily or Monthly	20-30 days

Collective Trusts consists of seven trusts that focus on real estate, fixed income, or equity. The objectives of these funds are to:

- Invest in diversified real estate consisting primarily of high quality, well-leased real estate properties.
- Outperform various benchmarks such as the MSCI World Index ex-U.S. or S&P 500.

NOTE C – DEPOSITS AND INVESTMENTS- CONTINUED

These investments are valued at the net asset value (NAV) of units of the collective trust. The NAV, as provided by the trustee or investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

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.

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, 2024, 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	<u>\$ 207,353</u>	<u>\$ 101,500</u>	<u>\$105,853</u>
Total Investments	<u>\$ 207,353</u>	<u>\$ 101,500</u>	<u>\$105,853</u>

Concentration of Credit Risk

In addition to the above disclosures, as of June 30, 2024, 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, 2024, the County had \$32,898,000 invested with the Delaware Local Government OPEB Investment Trust. The Trust 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.

NOTE C – DEPOSITS AND INVESTMENTS- CONTINUED

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

Deposits	\$ 198,785,417
Investments	97,328,624
Petty Cash Amounts	2,750
Cash on Hand	<u>42,800</u>
Total	<u>\$ 296,159,591</u>
Unrestricted	\$ 125,027,738
Restricted	76,239,168
Fiduciary Funds	<u>94,892,685</u>
Total Cash and Investments	<u>\$ 296,159,591</u>

NOTE D – CAPITAL ASSETS

1. Primary Government-

The capital asset activity for Governmental Activities for the year ended June 30, 2024, was as follows:

	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated				
Land	\$ 9,230,248	\$ -	\$ -	\$ 9,230,248
Construction in Progress	766,756	1,529,593	(17,741)	2,278,608
Total Capital Assets Not Being Depreciated	<u>9,997,004</u>	<u>1,529,593</u>	<u>(17,741)</u>	<u>11,508,856</u>
Capital Assets Being Depreciated / Amortized				
Land and Site Improvements	10,026,051	-	-	10,026,051
Buildings	31,631,458	-	-	31,631,458
Equipment and Furniture	10,742,914	987,808	(311,971)	11,418,751
Total Capital Assets Being Depreciated / Amortized	<u>52,400,423</u>	<u>987,808</u>	<u>(311,971)</u>	<u>53,076,260</u>
Less Accumulated Depreciation / Amortization for:				
Site Improvements	5,109,080	384,830	-	5,493,910
Buildings	11,211,859	799,623	-	12,011,482
Equipment and Furniture	8,295,089	968,931	(311,971)	8,952,049
Total Accumulated Depreciation / Amortization	<u>24,616,028</u>	<u>2,153,384</u>	<u>(311,971)</u>	<u>26,457,441</u>
Total Capital Assets Being Depreciated / Amortized, Net	<u>27,784,395</u>	<u>(1,165,576)</u>	<u>-</u>	<u>26,618,819</u>
Right-to-use Equipment				
Right-to-use Equipment	1,247,877	-	-	1,247,877
Less Accumulated Amortization for:				
Right-to-use Equipment	714,376	248,727	-	963,103
Total Right-to-use Equipment, Net	<u>533,501</u>	<u>(248,727)</u>	<u>-</u>	<u>284,774</u>
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	385,552	-	(150,405)	235,147
Less Accumulated Amortization for:				
Subscription Based Information Technology Arrangements	112,841	62,706	(50,135)	125,412
Total Subscription Based Information Technology Arrangements, Net	<u>272,711</u>	<u>(62,706)</u>	<u>(100,270)</u>	<u>109,735</u>
Governmental Activities Capital Assets, Net	<u>38,587,611</u>	<u>52,584</u>	<u>(118,011)</u>	<u>38,522,184</u>

NOTE D – CAPITAL ASSETS - CONTINUED

The capital asset activity for Business-Type Activities for the year ended June 30, 2024, was as follows:

	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated				
Land	\$ 7,481,622	\$ 91,850	\$ -	\$ 7,573,472
Construction in Progress	21,573,864	7,504,985	(9,700,711)	19,378,138
Total Capital Assets Not Being Depreciated	<u>29,055,486</u>	<u>7,596,835</u>	<u>(9,700,711)</u>	<u>26,951,610</u>
Capital Assets Being Depreciated / Amortized				
Land and Site Improvements	5,982,562	-	-	5,982,562
Pipeline	107,143,100	5,284,896	-	112,427,996
Buildings	41,973,069	380,333	-	42,353,402
Equipment and Furniture	89,670,885	1,884,452	(365,787)	91,189,550
Total Capital Assets Being Depreciated / Amortized	<u>244,769,616</u>	<u>7,549,681</u>	<u>(365,787)</u>	<u>251,953,510</u>
Less Accumulated Depreciation / Amortization for:				
Site Improvements	5,978,817	2,251	-	5,981,068
Pipeline	59,900,558	2,913,168	-	62,813,726
Buildings	29,064,772	1,172,815	-	30,237,587
Equipment and Furniture	66,344,605	3,883,970	(365,787)	69,862,788
Total Accumulated Depreciation / Amortization	<u>161,288,752</u>	<u>7,972,204</u>	<u>(365,787)</u>	<u>168,895,169</u>
Total Capital Assets Being Depreciated / Amortized, Net	<u>83,480,864</u>	<u>(422,523)</u>	<u>-</u>	<u>83,058,341</u>
Right-to-use Equipment				
Right-to-use Equipment	266,056	-	-	266,056
Less Accumulated Amortization for:				
Right-to-use Equipment	179,265	80,406	-	259,671
Total Right-to-use Equipment, Net	<u>86,791</u>	<u>(80,406)</u>	<u>-</u>	<u>6,385</u>
Business-Type Activities Capital Assets, Net	<u>\$ 112,623,141</u>	<u>\$ 7,093,906</u>	<u>\$ (9,700,711)</u>	<u>\$ 110,016,336</u>

NOTE D – CAPITAL ASSETS - CONTINUED

Amortization / Depreciation expense was charged to the following activities:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 707,221	Sewer Fund	\$ 8,052,610
Community Services	681,413	Trash Fund	<u>-</u>
Planning Services	33,581		
Public Safety	949,999		<u>\$ 8,052,610</u>
Row Offices	<u>92,603</u>		
	<u>\$ 2,464,817</u>		

NOTE E – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances arise primarily from the General Fund’s role as receiver, investor, and disbursing agent of cash. All payments arise from transactions that are short term. The composition of interfund balances as of June 30, 2024, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	American Rescue Plan Fund	\$ 98,674
	Capital Projects Fund	13,532
	CDBG	539,583
	Non-Major Governmental Funds	924
	Sewer Fund	1,419,653
	Trash Collection Fund	29,244
	Non-Major Proprietary Funds	92,565
Capital Projects Fund	General Fund	300,737
	American Rescue Plan Fund	194,225
	Sewer Fund	1,677
Sewer Fund	General Fund	1,404
	American Rescue Plan Fund	375,436
	Trash Collection Fund	210
	Non-Major Proprietary Funds	69
Internal Service Fund	General Fund	<u>1,449,450</u>
	Total	<u>\$ 4,517,383</u>

Interfund transfers from the General Fund consist of operating transfers to fund projects in the Capital Projects Fund and to fund the County’s share of grant-funded, special revenue programs. Interfund transfers from the Sewer Fund to the General Fund consist of the Sewer Fund portion of cost allocations. Interfund transfers from the American Rescue Plan Fund to the Sewer Fund consist of ARPA funded projects in the Sewer Fund.

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Community Development Block Grant</u>	<u>Total</u>
General Fund	\$ -	\$ 326,550	\$ 561,550	\$ 888,100
Stormwater Fund	24,751	-	-	24,751
Total Interfund Transfers	<u>\$ 24,751</u>	<u>\$ 326,550</u>	<u>\$ 561,550</u>	<u>\$ 912,851</u>

NOTE F – GROW AMERICA FUND

Grow America Fund – Prepaid Expenditures

The County established the Grow Kent County Delaware Fund, part of the Grow America Fund, Inc. (GAF), to provide loans to promote economic development in Kent County. This small business lending program is intended to help recruit businesses and expand existing businesses. The County deposited \$750,000 with GAF along with \$250,000 of grant funds provided by Discover Bank through the Delaware Community Foundation. The total lending ability will be up to \$4,000,000 because of the SBA 75% loan guarantee. Deposits not yet used for loans with GAF are restricted for small business lending. The County’s loan balance was \$0.00 at June 30, 2024, with interest at 1% per annum. The County deposit of \$750,000 is included in prepaid expenditures within the Governmental Funds balance sheet.

NOTE G – LEASES RECEIVABLE AND PAYABLE

Leases Receivable

The County, acting as lessor, leases buildings, farmland, and tower space under long-term, non-cancelable lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from three months to six years. During the year ended June 30, 2024, the County recognized \$94,288 and \$8,857 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 97,359	\$ 6,678	\$ 104,037
2026	79,628	4,938	84,566
2027	36,930	2,855	39,785
2028	22,669	2,081	24,750
2029	23,281	1,469	24,750
2030-2034	<u>35,327</u>	<u>1,798</u>	<u>37,125</u>
Total minimum lease payments	<u>\$295,194</u>	<u>\$ 19,819</u>	<u>\$315,013</u>

There are no future minimum lease payments to be received for governmental activities.

Leases Payable

The County leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027 and do not provide for renewal options.

Total future minimum lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 251,222	\$ 3,616	\$ 3,056	\$ 144	\$ 258,038
2026	44,549	136	2,242	52	46,979
2027	-	-	1,259	13	1,272
Total minimum lease payments	<u>\$ 295,771</u>	<u>\$ 3,752</u>	<u>\$ 6,557</u>	<u>\$ 209</u>	<u>\$ 306,289</u>

NOTE G – LEASES RECEIVABLE AND PAYABLE - CONTINUED

Right to use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 1,247,877	\$ 266,056
Less: accumulated amortization	<u>(963,103)</u>	<u>(259,671)</u>
	<u>\$ 284,774</u>	<u>\$ 6,385</u>

NOTE H – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County has entered into subscription-based information technology arrangements (SBITAs) for Microsoft licenses and land records management software. The SBITA arrangements expire at various dates through 2026 and provide for renewal options.

The future subscription payments under SBITA arrangements are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 64,513	\$ 4,067	\$ 68,580
2026	<u>50,431</u>	<u>1,003</u>	<u>51,434</u>
Total minimum lease payments	<u>\$114,944</u>	<u>\$ 5,070</u>	<u>\$120,014</u>

NOTE I – SHORT-TERM DEBT

The County has no short-term borrowing, no open lines of credit, and no unused lines of credit.

NOTE J – LONG-TERM DEBT

1. Changes in Long-Term Liabilities

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.

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 2,705,643	\$ -	\$ (204,729)	\$ 2,500,914	\$ 214,766
Plus: Net Bond Premiums	216,432	-	(21,289)	195,143	21,288
Total General Obligation					
Bonds Payable	2,922,075	-	(226,018)	2,696,057	236,054
Net Pension Liability	25,778,627	-	(5,728,817)	20,049,810	-
Net OPEB Liability	17,162,057	-	(940,306)	16,221,751	-
Notes from direct borrowings	2,902,272	-	(182,444)	2,719,828	340,352
Leases Payable	548,375	-	(252,604)	295,771	251,222
Subscriptions Payable	279,074	-	(164,130)	114,944	64,513
Compensated Absences	1,492,982	42,708	(64,121)	1,471,569	63,366
Governmental Activity					
Long-Term Liabilities	<u>\$ 51,085,462</u>	<u>\$ 42,708</u>	<u>\$ (7,558,440)</u>	<u>\$ 43,569,730</u>	<u>\$ 955,507</u>
Business-Type Activities:					
General Obligation Bonds Payable	\$ 4,034,356	\$ -	\$ (305,270)	\$ 3,729,086	\$ 320,235
Plus: Net Bond Premiums	322,716	-	(31,743)	290,973	31,742
Total General Obligation					
Bonds Payable	4,357,072	-	(337,013)	4,020,059	351,977
Bonds from direct borrowings	47,844,539	1,973,604	(2,240,147)	47,577,996	2,366,240
Net Pension Liability	7,462,674	-	(1,658,439)	5,804,235	-
Net OPEB Liability	5,208,013	-	(290,314)	4,917,699	-
Leases Payable	85,754	-	(79,197)	6,557	3,056
Compensated Absences	485,768	38,243	(12,011)	512,000	22,047
Business-Type Activity					
Long-Term Liabilities	<u>\$ 65,443,820</u>	<u>\$ 2,011,847</u>	<u>\$ (4,617,121)</u>	<u>\$ 62,838,546</u>	<u>\$ 2,743,320</u>

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 40 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.

The 2015 Series General Obligation Bonds, outstanding balance of \$6,230,000, is shared between the County's governmental and business-type activities. The full faith and credit of the County is pledged to the punctual payment of the principal and interest on these bonds. In the event the County fails to make timely payments of the principal or interest on the 2015 Bonds, the registered owners of the 2015 Bonds, on which default in payment default has occurred may sue the County for breach of contract.

The outstanding bonds from direct borrowings in the amount of \$47,577,997 are related to business-type activities. The bonds are backed by the County's full faith and credit. Events of default include (a) failure to pay any payment of principal, interest, and/or any administrative fee when due and (b) the borrower's failure to perform or observe any of the other covenant,

NOTE J – LONG-TERM DEBT – CONTINUED

agreements or conditions of the agreement. Upon default, the lender may declare the entire principal amount and interest immediately due and payable.

The County has always paid principal and interest on its bonds in a timely manner.

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%.

The outstanding note from direct borrowing related to governmental activities of \$2,719,828 contains events of default, including failure to make any payment when due and failure to comply with or to perform any other term, obligation, covenant, or condition contained in the note or any other agreement between the lender and the borrower. In the event of default, the lender may declare the entire unpaid principal balance under the note and all accrued unpaid interest immediately due.

The County’s loan agreement with WSFS 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, 2024, the County met the financial covenant.

The County has always paid principal and interest on its note in a timely manner.

NOTE J – LONG-TERM DEBT – CONTINUED

The following is a summary of general obligation bonds and direct borrowings outstanding at June 30, 2024:

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2024</u>
General Obligation Bonds Payable				
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%	6,230,000
Plus:		Unamortized bond premium on 2015 bond issues		<u>486,116</u>
Subtotal General Obligation Bonds Payable				6,716,116
Bonds from direct borrowings				
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%	7,400
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%	58,332
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%	507,559
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%	2,535,162
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%	202,042
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%	96,753
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%	5,873,926

NOTE J – 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, 2024</u>
Bonds from direct borrowings, continued				
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%	804,760
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%	2,024,613
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%	1,897,724
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%	85,584
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%	3,602,757
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%	4,597,195
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%	3,109,805
2023 June 2043	722,856	2023A Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Whispering Pines MHP Septic Elimination Principal and Interest Due In Semi-Annual Installments	2.00%	703,389

NOTE J – 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, 2024</u>
Bonds from direct borrowings, continued				
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%	433,333
2013 August 2033	1,423,107	2013 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-East Dover Wastewater Construction Principal Due In Semi Annual Installments	2.00%	261,514
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%	81,259
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%	2,453,276
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%	4,114,486
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%	406,920
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%	189,702
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%	85,256
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%	1,973,398

NOTE J – 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, 2024</u>
Bonds from direct borrowings, continued				
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%	3,358,216
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%	1,331,279
2019 December 2041	1,023,000	2019 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- Air Blower Optimization Project Principal Due In Semi-Annual Installments Beginning July 2022	2.00%	786,206
2022 April 2062	198,000	Series 2022A-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Paris Villa & London Village Sanitary Sewer Expansion project Principal and Interest Due in Quarterly Installments Beginning July 2022	1.500%	190,644
2021 January 2043	1,640,000	2021 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- Plant Wide Power Backup Project Principal Due In Semi Annual Installments Beginning June 2023	2.00%	1,272,866
2023 March 2063	3,000,000	Series 2023A-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Aeration Upgrade and Plant Wide Generator Principal and Interest Due in Quarterly Installments Beginning June 2023	1.75%	2,743,281
2022	17,000,000	2022 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- Biosolids Capacity Expansion Principal Due In Semi Annual Installments	2.00%	1,789,359
Subtotal Bonds from direct borrowings				47,577,996
Notes from direct borrowings				
2015 September 2030	5,000,000	Series 2015, WSFS Loan Principal and Interest Due in Quarterly Installments Beginning December 2015	Variable	2,719,828
Subtotal Bonds and Notes from direct borrowings				50,297,824
Total Long-Term Debt				\$ 57,013,940

NOTE J – LONG-TERM DEBT – CONTINUED

The annual debt service requirements to maturity for principal and interest for bonds and note payable as of June 30, 2024, are as follows:

Year Ending June 30	Governmental Activities			
	General Obligation Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	214,765	90,568	340,352	29,529
2026	216,773	81,937	345,205	24,675
2027	226,808	73,349	350,128	19,753
2028	234,837	64,693	355,082	14,799
2029-2033	1,312,679	182,225	1,329,061	14,765
2034-2038	295,052	5,532	-	-
2039-2043	-	-	-	-
Total	2,500,914	<u>\$ 498,305</u>	2,719,828	<u>\$ 103,522</u>
Less: Funds Not Drawn	-		-	
Total	<u>\$ 2,500,914</u>		<u>\$ 2,719,828</u>	

Year Ending June 30	Business-Type Activities			
	General Obligation Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	320,235	135,045	2,366,240	964,380
2026	323,227	122,175	2,806,928	1,064,848
2027	338,192	109,370	3,210,371	1,179,226
2028	350,163	96,463	3,270,536	1,119,062
2029	359,141	83,164	3,335,076	1,054,523
2030-2034	2,038,128	196,798	13,365,780	4,386,372
2035-2039	-	-	11,486,978	3,163,242
2040-2044	-	-	11,640,486	1,915,042
2045-2049	-	-	6,920,000	833,134
2050-2054	-	-	2,827,135	368,399
2055-2059	-	-	1,672,256	150,055
2060-2064	-	-	766,968	27,296
Total	3,729,086	<u>\$ 743,015</u>	63,668,754	<u>\$ 16,225,576</u>
Less: Funds Not Drawn	-		(16,090,758)	
Total	<u>\$ 3,729,086</u>		<u>\$ 47,577,996</u>	

NOTE K – 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, deferred items related to leases, 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, deferred items related to leases, 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.

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	\$ 16,605,381	15,911,679
Library Taxes	467,098	415,671
Suburban Park Taxes	15,775	15,719
Deferred Item - Mortgage	149,191	149,191
Deferred Items Related to Pension	-	342,800
Deferred Items Related to OPEB	-	1,099,875
Total Deferred Inflows Of Resources	<u>\$ 17,237,445</u>	<u>\$ 17,934,935</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	\$ 15,033	\$ 15,033
Deferred Items Related to Leases	280,301	280,301
Deferred Items Related to Pension	99,238	99,238
Deferred Items Related to OPEB	337,919	337,919
Total Deferred Inflows Of Resources	<u>\$ 732,491</u>	<u>\$ 732,491</u>

NOTE L – 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>ARPA Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventory	\$ 35,672	\$ -	\$ 48,659	\$ -	\$ 84,331
Prepaid Expenditures	184,304	-	750,000	-	934,304
Total Nonspendable	219,976	-	798,659	-	1,018,635
Restricted:					
Capital Projects	-	-	-	656,903	656,903
Conduit Debt Service	1,400,000	-	-	-	1,400,000
Recreational	53,669	-	-	-	53,669
APFO-EMS	31,408	-	-	-	31,408
Library Tax	11,833	-	-	-	11,833
LEPC Grant	4,845	-	-	-	4,845
Technology Fee-Deeds	338,334	-	-	-	338,334
Technology Fee-General Fund	507,501	-	-	-	507,501
Library Standards Grant	42,094	-	-	-	42,094
Total Restricted	2,389,684	-	-	656,903	3,046,587
Assigned:					
Capital Projects	-	1,810,264	9,973,626	-	11,783,890
Encumbrances	1,000,989	-	-	-	1,000,989
Operating Needs	2,839,882	-	-	-	2,839,882
Legal Contingency	600,200	-	-	-	600,200
Library	682,346	-	-	-	682,346
Recorder of Deeds Maintenance Fees	49,384	-	-	-	49,384
Sheriff Auctioneer Fees	48,200	-	-	-	48,200
Local Government Fees	60,000	-	-	-	60,000
Donations	2,749	-	-	-	2,749
Total Assigned	5,283,750	1,810,264	9,973,626	-	17,067,640
Unassigned	56,312,396	-	-	-	56,312,396
Total Fund Balances	\$ 64,205,806	\$ 1,810,264	\$ 10,772,285	\$ 656,903	\$ 77,445,258

NOTE M – CAPITAL IMPROVEMENT COMMITMENTS

The following is a summary of the significant capital improvement commitments of the County as of June 30, 2024:

Governmental Activities

Capital Project Fund:

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
IT ERP (Enterprise Solution)	\$ 1,847,100	\$ 1,216,285	\$ 630,815
IT ERP (Enterprise Solution)	1,113,094	521,478	591,616
HVAC Ventilation Project- Complex	641,051	39,024	602,027
HVAC Ventilation Project- Public Safety	253,446	25,488	227,958
HVAC Ventilation Project- Community Services	201,515	142,583	58,932
Less Capitalized/Expensed in Prior Years	-	-	-
	<u>\$ 4,056,206</u>	<u>\$ 1,944,858</u>	<u>\$ 2,111,348</u>

In the Capital Projects Fund, Kent County has incurred costs in the amount of \$167,260 that were not under a formal construction commitment as of June 30, 2024.

Enterprise Funds

Sewer Fund:

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
Aeration Optimization Upgrade & Plant-Wide Generator Project	\$ 6,068,962	\$ 156,059	\$ 5,912,903
Biosolids Capacity Expansion	18,942,773	16,643,810	2,298,963
Puncheon Run Extension	409,357	73,621	335,736
Wastewater Facilities Master Plan	192,500	21,581	170,919
Filter Building Air Piping Mvmnt/Ext Review	10,000	6,154	3,846
Pipeline Condition Investigation	15,000	8,590	6,410
UV Gate Framing	6,710	1,449	5,261
Pipeline Inspection CCTV & Trailer	197,173	197,173	-
Septage Receiving Project	9,151	8,235	916
General Labor and Equipment Contract	4,183,040	1,355,417	2,827,623
Less Capitalized/Expensed in Prior Years	-	-	(2,136,558)
	<u>\$ 30,034,666</u>	<u>\$ 18,472,089</u>	<u>\$ 9,426,019</u>

In the Sewer Fund, Kent County has incurred costs in the amount of \$9,952,119 that were not under a formal construction commitment as of June 30, 2024.

NOTE N – 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 O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM

1. Plan Description

All full-time employees are eligible for coverage under the Kent County Employee Retirement Program, a single-employer defined benefit pension plan established by ordinance of the Kent County Levy Court in accordance with state statutes.

An actuarial valuation of the pension plan prepared by Milliman, as of January 1, 2024, was based on the following membership data:

Active Employees	309
Retired, Disabled, & Beneficiaries	285
Deferred Vested	<u>87</u>
 TOTAL	 <u><u>681</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.

The Kent County Employee Retirement Program does not issue a separate stand-alone set of financial statements. The fiscal year end for the fiduciary component unit is December 31, 2023.

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.

The Pension Trust held five investment funds representing 5 percent (5%) or more of the net position available for pension benefits as of December 31, 2023.

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

NOTE O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM - 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.

The County’s contribution rate for the fiscal year ended June 30, 2024, was based upon the actuarial valuation as a percent of payroll. Total recommended contribution to the pension plan in fiscal year 2024 was \$3,911,152 of which the County contributed \$4,340,152. The actuary recommended that the employee contributions in the amount of \$413,640 were contributed as additional funds. This contribution was based on the January 1, 2023 actuarial valuation by Milliman.

Separate pension and post retirement benefits 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**

	12/31/23	6/30/24
	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ASSETS		
Restricted Assets:		
Receivables		
Member Contributions	\$ 221,378	\$ -
Interest	12,962	-
Investments	<u>61,077,038</u>	<u>32,898,000</u>
Total Assets	<u>61,311,378</u>	<u>32,898,000</u>
LIABILITIES		
Accounts Payable	<u>22,783</u>	-
Total Liabilities	<u>22,783</u>	-
NET POSITION		
Held in Trust for:		
Pension Benefits	61,288,595	-
Post Retiree Benefits	<u>-</u>	<u>32,898,000</u>
Total Net Position	<u>\$ 61,288,595</u>	<u>\$ 32,898,000</u>

NOTE O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – CONTINUED

KENT COUNTY, DELAWARE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION/OPEB TRUST FUNDS

	<u>12/31/23</u> <u>Pension Fund</u>	<u>6/30/24</u> <u>Post Retiree</u> <u>Benefits Fund</u>
ADDITIONS		
Employee Contributions	\$ 413,640	\$ -
Employer Contributions	7,968,196	2,521,091
Investment Income (Loss):		
Net Appreciation (Depreciation) in		
Fair Value of Investments	7,146,686	2,615,270
Interest and Dividends	214,626	452,214
Other	10,437	1,312
Total Investment Earnings	<u>7,371,749</u>	<u>3,068,796</u>
Less: Investment Costs	<u>(142,977)</u>	<u>(88,628)</u>
Net Investment Income (Loss)	<u>7,228,772</u>	<u>2,980,168</u>
Total Additions	<u>15,610,608</u>	<u>5,501,259</u>
DEDUCTIONS		
Pension Benefits	4,161,436	-
Refund of Member Contributions	15,627	-
OPEB Benefits	-	1,962,620
Administrative Expense	<u>155,371</u>	<u>21,568</u>
Total Deductions	<u>4,332,434</u>	<u>1,984,188</u>
Change In Net Position	11,278,174	3,517,071
Net Position - Beginning of Year	<u>50,010,421</u>	<u>29,380,929</u>
Net Position - End of Year	<u>\$ 61,288,595</u>	<u>\$ 32,898,000</u>

NOTE O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM - 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, 2024 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
Large Cap Composite	35.70%	30.00%	9.10%
SMID Cap Composite	10.70%	10.00%	9.80%
International Equity Composite	8.60%	10.00%	9.40%
Emerging Markets Equity Composite	1.90%	2.50%	10.70%
Total Fixed Income Composite	25.80%	28.50%	4.90%
Real Estate Composite	3.40%	4.00%	6.10%
Global Tactical Asset Allocation	8.90%	10.00%	5.50%
Opportunistic	5.00%	5.00%	10.20%
	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, 2024.

5. Discount Rate

The discount rate used to measure the total pension liability is 6.75%. 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 as of December 31, 2023, and the total pension liability used to calculate the net pension liability is determined by the actuarial valuation as of January 1, 2024. The net pension liability is \$25,854,045 measured as the difference between the total pension liability of \$87,130,117 and the fiduciary net position of \$61,276,072.

Plan fiduciary net position as a percentage of the total pension liability was 70.33%.

NOTE O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – 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	\$ 83,251,722	\$ 50,010,421	\$ 33,241,301
Changes for the year:			
Service cost	1,654,367	-	1,654,367
Interest	5,592,487	-	5,592,487
Effect of economic/demographic gains or losses	808,604	-	808,604
Effect of assumptions changes or inputs*	-	-	-
Contributions-employer	-	7,968,196	(7,968,196)
Contributions-employee	-	413,640	(413,640)
Net investment income	-	7,168,981	(7,168,981)
Benefit payments, including refunds of employee contributions	(4,177,063)	(4,177,063)	-
Administrative expenses	-	(108,103)	108,103
Net Changes	3,878,395	11,265,651	(7,387,256)
Balances at end of year	\$ 87,130,117	\$ 61,276,072	\$ 25,854,045

*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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Liability	\$ 36,546,080	\$ 25,854,045	\$ 16,892,303

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 2024 year, the annual money-weighted rate of return on the investments, net of investment expense, is 13.96%

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.

NOTE O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – CONTINUED

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

For the year ended June 30, 2024, the County recognized pension expense of \$312,164. At June 30, 2024, 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	\$ 2,723,550	\$ 69,408
Change of assumptions	38,671	372,630
Net Difference between projected and actual earnings on pension plan investments	<u>3,546,001</u>	<u>-</u>
	<u>\$ 6,308,222</u>	<u>\$ 442,038</u>

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

Year ending June 30:

2024	\$ 2,092,986
2025	2,020,029
2026	2,448,494
2027	<u>(695,325)</u>
	<u>\$ 5,866,184</u>

NOTE O – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – 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:

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

Valuation Date:	January 1, 2023
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	20-year closed amortization of Unfunded Accrued Liability (Fresh start at 1/1/2017)
Remaining amortization period:	20 years
Asset valuation method:	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
<u>Actuarial assumptions:</u>	
Investment rate of return:	6.75%, net of investment expenses
Discount rate:	6.75%
Projected salary increases:	Age-graded scale ranging from 7.50% to 3.50% per annum
Cost of living adjustments:	None
Mortality Tables For Healthy & Disabled:	SOA PRI-2012 Mortality Tables, amount weighted for general employees for males and females with separate rates for employees, healthy annuitants, and survivors. All mortality rates are projected on a generational basis using the mortality improvements scale MP-2021.

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2023 through December 31, 2023.

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

In addition to the pension benefits described in Note O, the County provides post-employment health care benefits to former employees retiring from active service. The plan is a single employer defined benefit plan. 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, 175 retirees meet these eligibility requirements, of which 150 retirees and 27 spouses/dependents receive health insurance benefits and 25 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 2024, expenditures of \$2,046,473 were recognized for post-retirement health care of which \$1,962,620 was paid out of the OPEB fund. The \$83,853 balance of retiree benefits was paid from the operating budgets of General Fund in the amount of \$65,053 and Sewer Fund in the amount of \$18,800.

The OPEB plan does not issue a separate stand-alone set of financial statements.

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 OPEB Investment Trust. The Trust is an external investment pool operated by the Delaware Public Employees Benefit System.

<u>Asset Class</u>	<u>10-year Average Allocation</u>
Domestic Equity	33.6%
International Equity	13.9%
Fixed Income	25.3%
Cash and Short-Term	5.5%
Alternative Investments	<u>21.7%</u>
	100.0%

4. Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 10.3%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE P - OTHER POST-RETIREMENT BENEFITS – CONTINUED

5. Net OPEB Liability

The County's net OPEB liability is measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability is determined by the actuarial valuation as of June 30, 2024. The net OPEB liability is \$21,139,450 measured as the difference between the total OPEB liability of \$54,051,548 and the fiduciary net position of \$32,912,097.

Plan fiduciary net position as a percentage of the total OPEB liability was 60.89%.

Actuarial assumptions.

The total OPEB liability in the June 30, 2024 valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

METHODS AND ASSUMPTIONS TO DETERMINE CONTRIBUTION RATES FOR OPEB

Measurement Date:	For fiscal year ending June 30, 2024, a June 30, 2024 measurement date was used.
Valuation Date:	June 30, 2024 with no adjustments to get to the June 30, 2024 measurement date. Liabilities as of July 1, 2023 are based on an actuarial valuation date of June 30, 2022 projected to July 1, 2023 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	25 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.00%, net of investment expenses, including inflation
Projected salary increases:	Salary rates of increase vary by service based on a study of actual experience for the plan from January 1, 2017 - December 31, 2021.
Inflation Rate:	2.3% per year
Retirement age	In the 2024 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	Based on Society of Actuaries Getzen Model with adjustments for administrative expenses, aging factors, and healthcare reform provisions.
Mortality Tables:	SOA Pri-2012 Mortality Tables, adjusted to base year 2012, headcount weighted for males and females with separate rates for employees, healthy annuitants and disabled annuitants. All mortality rates are projected on a generational basis using the mortality improvements scale MP-2021. As a generational table, it reflects mortality improvements both before and after the measurement date. The mortality tables were updated from RP-2014 to Pri-2012 from the prior GASB Measurement.

NOTE P - OTHER POST-RETIREMENT BENEFITS – CONTINUED

Discount rate

The discount rate used to measure the total OPEB liability was 7.00% in this year's evaluation. The projection of cash flows are 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.

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	\$ 51,751,000	\$ 29,380,929	\$ 22,370,071
Changes for the year:			
Service cost	1,408,917	-	1,408,917
Interest	3,637,866	-	3,637,866
Differences between expected and actual experience	25,514	-	25,514
Change in assumptions*	(350,000)	-	(350,000)
Contributions-employer	-	2,952,581	(2,952,581)
Net investment income	-	3,004,130	(3,004,130)
Change of benefit terms	-	-	-
Benefit payments	(2,421,749)	(2,421,749)	-
Administrative expenses	-	(3,794)	3,794
Net Changes	2,300,548	3,531,168	(1,230,620)
Balances at end of year	\$ 54,051,548	\$ 32,912,097	\$ 21,139,451

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

The following presents the net OPEB liability (NOL) 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	\$ 27,945,288	\$ 21,139,450	\$ 15,476,710

A one percent decrease in the discount rate increases the NOL by 30%. A one percent increase in the discount rate decreases NOL by 25%.

NOTE P - OTHER POST-RETIREMENT BENEFITS – CONTINUED

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, 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 or 1.00% higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Net OPEB Liability	\$ 14,443,307	\$ 21,139,450	\$ 29,329,301

A one percent decrease in the discount rate decreases the NOL by 27%. A one percent increase in the discount rate increases NOL by 33%.

For the year ended June 30, 2024 the County recognized OPEB expense of \$2,054,248. At June 30, 2024, 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	\$ 247,069	\$ 1,147,116
Change of assumptions	3,391,683	290,678
Net Difference between projected and actual earnings on pension plan investments	719,390	-
	<u>\$ 4,358,142</u>	<u>\$ 1,437,794</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:

2025	\$ 1,022,650
2026	2,196,076
2027	77,870
2028	(326,752)
2029	(49,496)
	<u>\$ 2,920,348</u>

NOTE Q – DEFERRED COMPENSATION PLAN

Kent County Employee Flexible Spending Account Program

During 1996, the County adopted the Kent County Employee Flexible Spending Account Program (FSA Program). The FSA program allows employees to accumulate assets on a pre-tax basis to pay for medical, dental and child or elder daycare expenses. The FSA Program is open to all employees whose regular work schedule is for at least thirty-five hours per week. ASIFlex is the independent administrator of the FSA program and the County pays an administrative fee of four dollars per month per employee enrolled in the plan. Employees can contribute a maximum of \$2,850 per plan year for medical and dental expenses and a maximum of \$5,000 per plan year for child or elder daycare expenses. Contributions are made from biweekly payroll reductions. Employee contributions for the year ended June 30, 2024 were \$58,959.

NOTE Q – DEFERRED COMPENSATION PLAN - CONTINUED

Kent County Employees Deferred Compensation 457(b) Account

The County maintains an Internal Revenue Code (IRC) Section 457 plan (457 Plan), a defined contribution plan, for all permanent employees. Section 457 requires that the assets and income of the plans be held in trust for the exclusive benefit of participants and their beneficiaries. Eligible employees may elect to contribute, up to the maximum annual contribution per law into the 457 Plan. The County does not make any contributions to the Plan and the International City Management Association- Retirement Corporation (ICMA-RC) is the independent administrator and holds the plan assets. Employee contributions for the year ended June 30, 2024 were \$473,222.

NOTE R - 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 through June 30, 2024. 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.

Changes in employee dental and health claims liability amounts in fiscal year 2024 were as follows:

	<u>Internal Service Fund</u>	
	<u>FY2024</u>	<u>FY2023</u>
Unpaid claims, July 1	\$ 185,076	\$ 147,688
Incurred claims, including incurred but not reported claims/reduction in estimated liabilities	1,093,050	1,014,901
Claim payments	<u>(918,652)</u>	<u>(977,513)</u>
Unpaid claims, June 30	<u>\$ 359,474</u>	<u>\$ 185,076</u>

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 S - 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, 2024, the balance of this reserve totaled \$359,583.
- 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, 2024, the balance of this reserve totaled \$68,832,692 of which \$51,551,753 is for the main system capital improvement and \$17,280,939 is for district capital improvement.

Equipment Replacement Reserve	\$ 359,583
Expansion Reserve	<u>68,832,692</u>
 Total Restricted Net Position	 <u>\$ 69,192,275</u>

NOTE T – 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. These conduit bonds are not subject to the debt limit imposed on the County by the Delaware Code and are payable solely from payments made by the borrowing entities. 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. In Fiscal Year 2024, the County received an issuer fee of \$21,200 from the Academy of Dover Charter School Refunding Revenue Bonds Series 2024.

On June 30, 2024, the balances of the outstanding bonds were as follows:

Bond	Issue Amount	Balance Outstanding June 30, 2024
1999 Dover ALF, LLC "Heritage"	\$ 7,500,000	\$ 3,035,000
2008A, 2008B Providence Creek Academy Charter School	13,150,000	10,081,301
2016 Kent County Regional Sports Complex	20,760,000	19,650,000
2018A DSU Student Housing and Dining Facility	70,160,000	69,360,000
2021A Charter School Refunding	2,750,000	2,680,000
American Legion Ambulance Station 64 Series 2021	1,184,702	1,001,372
2024A, 2024B Academy of Dover Charter School	<u>4,240,000</u>	<u>4,182,628</u>
Total	<u>\$ 119,744,702</u>	<u>\$ 109,990,301</u>

NOTE U – 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, 2024, the County abated property taxes totaling \$30,109. The tax abatement agreements are as follows:

- A 60 percent property tax abatement to manufacturing company for land and buildings. The abatement amounted to \$6,198.
- A 80 percent property tax abatement to manufacturing company for land and buildings. The abatement amounted to \$23,911.

NOTE V – SUBSEQUENT EVENTS

On August 13, 2024, the Levy Court Commissioners voted to authorize the issuance of a Kent County General Obligation Bond in an amount not to exceed \$6,894,015 for the US 13 Forcemain Puncheon Run to Rising Sun Road Project. The Commissioners also voted to proceed with the acquisition of a 3.2 acre parcel at 401 Energy Lane in Dover, DE for \$770,000, for the purpose of constructing an EMS Station.

On November 19, 2024, the Levy Court Commissioners approved the bid award for the construction of the Harrington and Frederica EMS stations along with the storage building for the County Command Vehicle to Bancroft Construction for the total sum of \$5,322,200.

On December 3, 2024, the Levy Court Commissioners approved the bid award for the Gravity Pipeline Condition Assessment Contract to Duke’s Root Control, Inc. in an amount of \$3,000,000 and the bid award for the Central Septage Receiving Construction to M2 Construction LLC in the amount of \$4,949,490.

On December 17, 2024, the Kent County Levy Court entered into a settlement agreement with a former County employee, which will result in a substantial financial obligation.

The County has evaluated all subsequent events through February 27, 2025, the date the financial statements were available to be issued.

NOTE W – CORRECTION OF AN ERROR OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During Fiscal Year 2024, it was determined that the interest in the ARPA fund had not been recorded appropriately. The ARPA interest of \$901,316, had been recorded as a Deferred Liability in the ARPA fund, and should have been recognized as interest. The effect of correcting that error is shown in the table below.

Adjustments to and Restatements of Beginning Balances

During Fiscal Year 2024, error correction resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	Governmental Activities	ARPA Fund
June 30, 2023, As Previously Reported	\$ 76,834,809	\$ -
Error Correction	901,316	901,316
June 30, 2023, As Adjusted or Restated	<u>\$ 77,736,125</u>	<u>\$ 901,316</u>

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

	Measurement Date									
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Total Pension Liability										
Service cost	\$ 1,654,367	\$ 1,477,162	\$ 1,388,658	\$ 1,273,075	\$ 1,253,123	\$ 1,085,268	\$ 1,022,745	\$ 937,737	\$ 827,074	\$ 1,033,726
Interest on total pension liability	5,592,487	5,667,874	5,169,912	4,996,561	4,784,313	4,215,078	4,030,916	3,677,882	3,398,722	2,852,131
Differences between expected and actual experience	808,604	1,960,311	3,766,573	(347,032)	281,579	559,396	251,213	(15,793)	(31,129)	485,747
Changes of assumptions*	-	(582,408)	135,352	(337,804)	(310,030)	6,659,996	1,456,423	3,747,942	1,426,791	3,771,993
Benefit payments, including refunds of member contributions	(4,177,063)	(3,875,457)	(3,492,352)	(3,187,435)	(3,015,302)	(2,780,919)	(2,488,271)	(2,300,696)	(2,184,547)	(2,052,529)
Net change in total pension liability	3,878,395	4,647,482	6,968,143	2,397,365	2,993,683	9,738,819	4,273,026	6,047,072	3,436,911	6,091,068
Total pension liability, beginning	83,251,722	78,604,240	71,636,097	69,238,732	66,245,049	56,506,230	52,233,204	46,186,132	42,749,221	36,658,153
Total pension liability, ending (a)	87,130,117	83,251,722	78,604,240	71,636,097	69,238,732	66,245,049	56,506,230	52,233,204	46,186,132	42,749,221
Fiduciary Net Position										
Employer contributions	7,968,196	3,857,126	3,857,126	3,208,055	2,816,641	2,556,190	1,979,945	1,634,883	1,416,774	1,314,726
Member contributions	413,640	434,643	268,668	200,045	207,941	186,970	186,515	187,079	156,272	163,928
Net investment income	7,168,981	(10,313,765)	8,125,455	5,951,935	7,565,324	(2,512,711)	5,830,044	2,314,335	158,235	2,358,943
Benefit payments, including refunds of member contributions	(4,177,063)	(3,875,457)	(3,492,352)	(3,187,435)	(3,015,302)	(2,780,919)	(2,488,271)	(2,300,696)	(2,184,547)	(2,052,529)
Administrative expenses	(108,103)	(111,619)	(77,787)	(80,404)	(100,373)	(74,571)	(54,070)	(33,546)	(36,842)	(190,972)
Net change in plan fiduciary net position	11,265,651	(10,009,072)	8,681,110	6,092,196	7,474,231	(2,625,041)	5,454,163	1,802,055	(490,108)	1,594,096
Fiduciary net position, beginning	50,010,421	60,019,493	51,338,383	45,246,187	37,771,956	40,396,997	34,942,834	33,140,779	33,630,887	32,036,791
Fiduciary net position, ending (b)	\$ 61,276,072	\$ 50,010,421	\$ 60,019,493	\$ 51,338,383	\$ 45,246,187	\$ 37,771,956	\$ 40,396,997	\$ 34,942,834	\$ 33,140,779	\$ 33,630,887
Net pension liability, ending = (a) - (b)	\$ 25,854,045	\$ 33,241,301	\$ 18,584,747	\$ 20,297,714	\$ 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	70.33%	60.07%	76.36%	71.67%	65.35%	57.02%	71.49%	66.90%	71.75%	78.67%
Covered payroll	18,568,411	17,207,539	16,352,842	15,186,067	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	139.24%	193.18%	113.65%	133.66%	157.81%	191.89%	110.09%	119.83%	92.44%	67.15%
Annual money weighted rate of return, net of investment expense	7.30%	7.62%	6.84%	6.35%	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.

*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
2015	1,409,118	1,416,774	(7,656)	13,578,928	10.43%
2016	1,514,391	1,634,883	(120,492)	14,111,982	11.59%
2017	1,983,504	1,979,945	3,559	14,428,663	13.72%
2018	2,544,116	2,556,190	(12,074)	14,633,127	17.47%
2019	2,811,213	2,816,641	(5,428)	14,837,958	18.98%
2020	3,175,598	3,208,055	(32,457)	15,203,896	21.10%
2021	3,879,542	3,889,022	(9,480)	15,186,067	25.61%
2022	3,717,980	3,857,126	(139,146)	16,352,842	23.59%
2023	3,611,654	3,628,044	(16,390)	17,207,539	21.08%
2024	3,911,152	4,340,152	(429,000)	18,568,411	23.37%

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

Valuation Date:	January 1, 2023
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	20-year closed amortization of Unfunded Accrued Liability (Fresh start at 1/1/2017)
Remaining amortization period:	20 years
Asset valuation method:	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
<u>Actuarial assumptions:</u>	
Investment rate of return:	6.75%, net of investment expenses
Discount rate:	6.75%
Projected salary increases:	Age-graded scale ranging from 7.50% to 3.50% per annum
Cost of living adjustments:	None
Mortality Tables For Healthy & Disabled:	SOA PRI-2012 Mortality Tables, amount weighted for general employees for males and females with separate rates for employees, healthy annuitants, and survivors. All mortality rates are projected on a generational basis using the mortality improvements scale MP-2021.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Measurement Date June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Total OPEB Liability							
Service cost	\$ 1,408,917	\$ 1,403,122	\$ 1,261,106	\$ 2,086,439	\$ 1,099,110	\$ 978,528	\$ 692,587
Interest on total OPEB liability	3,637,866	3,491,243	3,287,969	2,668,103	2,770,645	2,306,663	1,752,033
Changes of benefit terms	-	-	-	-	-	474,250	-
Differences between expected and actual experience	25,514	(570,213)	269,868	(532,140)	(3,556,895)	636,633	5,566,019
Changes of assumptions	(350,000)	58,000	1,629,000	5,847,668	1,007,110	2,952,416	877,054
Benefit payments, including refunds of member contributions	(2,421,749)	(2,169,152)	(1,965,886)	(1,470,514)	(1,387,734)	(1,181,271)	(873,799)
Net change in total OPEB liability	2,300,548	2,213,000	4,482,057	8,599,556	(67,764)	6,167,219	8,013,894
Total OPEB liability, beginning	51,751,000	49,538,000	45,055,943	36,456,387	36,524,151	30,356,932	22,343,038
Total OPEB liability, ending (a)	54,051,548	51,751,000	49,538,000	45,055,943	36,456,387	36,524,151	30,356,932
Fiduciary Net Position							
Employer contributions	2,952,581	2,875,241	3,052,963	2,735,837	2,154,449	1,366,633	1,366,633
Net investment income	3,004,130	1,365,263	(4,026,521)	8,105,044	1,885,124	836,738	1,099,278
Benefit payments	(2,421,749)	(2,169,152)	(1,965,886)	(1,470,514)	(1,387,734)	(1,181,271)	(873,799)
Administrative expenses	(3,794)	(3,894)	(7,788)	(59,493)	(46,879)	(12,837)	(5,571)
Net change in plan fiduciary net position	3,531,168	2,067,458	(2,947,232)	9,310,874	2,604,960	1,009,263	1,586,541
Fiduciary net position, beginning	29,380,929	27,313,471	30,260,703	20,949,829	18,344,869	17,335,606	15,749,065
Fiduciary net position, ending (b)	\$ 32,912,097	\$ 29,380,929	\$ 27,313,471	\$ 30,260,703	\$ 20,949,829	\$ 18,344,869	\$ 17,335,606
Net OPEB liability, ending = (a) - (b)	\$ 21,139,451	\$ 22,370,071	\$ 22,224,529	\$ 14,795,240	\$ 15,506,558	\$ 18,179,282	\$ 13,021,326
Fiduciary net position as a % of total OPEB liability	60.89%	56.77%	55.14%	67.16%	57.47%	50.23%	57.11%
Covered payroll	18,568,411	17,207,539	16,352,842	15,833,800	15,627,852	15,374,840	15,106,839
Net OPEB liability as a % of covered payroll	113.85%	130.00%	135.91%	93.44%	99.22%	118.24%	86.19%
Annual money weighted rate of return, net of investment expense	10.30%	0.50%	-8.54%	6.50%	5.83%	4.80%	6.96%

Schedule of Employer OPEB Contributions

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

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll as of the Actuarial Valuation Year	Contribution as a Percentage of Covered Payroll
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%
2021	2,735,837	2,735,837	-	15,833,800	17.28%
2022	2,514,908	3,052,963	(538,055)	16,352,842	18.67%
2023	2,521,091	2,875,241	(354,150)	17,207,539	16.71%
2024	3,420,129	2,952,581	467,548	18,568,411	15.90%

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 TO DETERMINE CONTRIBUTION RATES FOR OPEB

Measurement Date:	For fiscal year ending June 30, 2024, a June 30, 2024 measurement date was used.
Valuation Date:	June 30, 2024 with no adjustments to get to the June 30, 2024 measurement date. Liabilities as of July 1, 2023 are based on an actuarial valuation date of June 30, 2022 projected to July 1, 2023 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	25 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.00%, net of investment expenses, including inflation
Projected salary increases:	Salary rates of increase vary by service based on a study of actual experience for the plan from January 1, 2017 - December 31, 2021.
Inflation Rate:	2.3% per year
Retirement age	In the 2024 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	Based on Society of Actuaries Getzen Model with adjustments for administrative expenses, aging factors, and healthcare reform provisions.
Mortality Tables:	SOA Pri-2012 Mortality Tables, adjusted to base year 2012, headcount weighted for males and females with separate rates for employees, healthy annuitants and disabled annuitants. All mortality rates are projected on a generational basis using the mortality improvements scale MP-2021. As a generational table, it reflects mortality improvements both before and after the measurement date. The mortality tables were updated from RP-2014 to Pri-2012 from the prior GASB Measurement.



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KENT COUNTY, DELAWARE

COMBINING BALANCE SHEET
NON-MAJOR
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
ASSETS			
Cash and Investments	\$ 100	\$ 657,727	\$ 657,827
Total Assets	<u>\$ 100</u>	<u>\$ 657,727</u>	<u>\$ 657,827</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 100	\$ 824	\$ 924
Total Liabilities	<u>100</u>	<u>824</u>	<u>924</u>
Fund Balances:			
Restricted:			
Capital Projects	<u>-</u>	<u>656,903</u>	<u>656,903</u>
Total Fund Balances	<u>-</u>	<u>656,903</u>	<u>656,903</u>
Total Liabilities and Fund Balances	<u>\$ 100</u>	<u>\$ 657,727</u>	<u>\$ 657,827</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
REVENUES			
Fees for Services	\$ -	\$ -	\$ -
Investment Income	-	28,414	28,414
Other Revenues	-	-	-
	-	-	-
Total Revenues	-	28,414	28,414
EXPENDITURES			
Current:			
Economic Development	-	3,209	3,209
	-	3,209	3,209
Total Expenditures	-	3,209	3,209
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	25,205	25,205
Net Change in Fund Balances	-	25,205	25,205
Fund Balances at Beginning of Year	-	631,698	631,698
Fund Balances at End of Year	\$ -	\$ 656,903	\$ 656,903

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2024

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,066,544	\$ 696,883	\$ 192,061	\$ 1,955,488
Receivables				
Fees and Services	138,001	-	1,439	139,440
Total Current Assets	<u>1,204,545</u>	<u>696,883</u>	<u>193,500</u>	<u>2,094,928</u>
Non-Current Assets:				
Capital Assets, Net				
Land	3,000	-	-	3,000
Total Non-Current Assets	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total Assets	<u>1,207,545</u>	<u>696,883</u>	<u>193,500</u>	<u>2,097,928</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	82,746	-	-	82,746
Due to Other Funds	29,335	2,296	61,003	92,634
Other Liabilities	-	-	132,497	132,497
Unearned Revenue	-	129,443	-	129,443
Total Liabilities	<u>112,081</u>	<u>131,739</u>	<u>193,500</u>	<u>437,320</u>
NET POSITION				
Investment in Capital Assets	3,000	-	-	3,000
Unrestricted	1,092,464	565,144	-	1,657,608
Total Net Position	<u>\$ 1,095,464</u>	<u>\$ 565,144</u>	<u>\$ -</u>	<u>\$ 1,660,608</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, 2024

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
OPERATING REVENUES				
Fees for Services	\$ 1,321,974	\$ -	\$ 146,657	\$ 1,468,631
Other Revenue	-	12,534	-	12,534
Total Operating Revenues	<u>1,321,974</u>	<u>12,534</u>	<u>146,657</u>	<u>1,481,165</u>
OPERATING EXPENSES				
Salaries and Benefits	150,072	-	-	150,072
Contractual Services	451	20,890	643,836	665,177
Utilities	1,023,444	-	-	1,023,444
Maintenance, Parts and Supplies	685	32	14,158	14,875
Vehicle Expense	2,082	-	-	2,082
Operating Insurance and Indirect Costs	58,586	8,727	-	67,313
Total Operating Expenses	<u>1,235,320</u>	<u>29,649</u>	<u>657,994</u>	<u>1,922,963</u>
Operating Income (Loss)	<u>86,654</u>	<u>(17,115)</u>	<u>(511,337)</u>	<u>(441,798)</u>
NON-OPERATING REVENUES				
Interest and Dividends	62,639	24,394	-	87,033
Total Non-Operating Revenues	<u>62,639</u>	<u>24,394</u>	<u>-</u>	<u>87,033</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	(24,751)	(24,751)
Net Income (Loss)	149,293	7,279	(536,088)	(379,516)
Net Position at Beginning of Year	<u>946,171</u>	<u>557,865</u>	<u>536,088</u>	<u>2,040,124</u>
Net Position at End of Year	<u>\$ 1,095,464</u>	<u>\$ 565,144</u>	<u>\$ -</u>	<u>\$ 1,660,608</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Street Light	Landfill	Storm Water Management	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 1,315,637	\$ -	\$ 146,352	\$ 1,461,989
Payments to Suppliers	(1,011,313)	(20,922)	(525,497)	(1,557,732)
Internal Activity - Payment to Other Funds	(199,735)	(7,474)	52,882	(154,327)
Net Cash Provided (Used) by Operating Activities	<u>104,589</u>	<u>(28,396)</u>	<u>(326,263)</u>	<u>(250,070)</u>
Cash Flows From Non-Capital Financing Activities:				
Transfers to Other Funds	-	-	(24,751)	(24,751)
Cash Flows From Investing Activities:				
Interest and Dividends	62,639	24,394	-	87,033
Net Cash Provided By Investing Activities	<u>62,639</u>	<u>24,394</u>	<u>-</u>	<u>87,033</u>
Net Increase (Decrease) In Cash and Cash Equivalents	167,228	(4,002)	(351,014)	(187,788)
Cash and Cash Equivalents at Beginning of Year	<u>899,316</u>	<u>700,885</u>	<u>543,075</u>	<u>2,143,276</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,066,544</u>	<u>\$ 696,883</u>	<u>\$ 192,061</u>	<u>\$ 1,955,488</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 86,654	\$ (17,115)	\$ (511,337)	\$ (441,798)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(6,337)	-	(305)	(6,642)
Increase (Decrease) in Accounts Payable	15,349	-	-	15,349
(Decrease) in Other Liability	-	-	132,497	132,497
Increase (Decrease) in Unearned Revenue	-	(12,534)	-	(12,534)
Increase in Due To Other Funds	8,923	1,253	52,882	63,058
Net Cash Provided (Used) by Operating Activities	<u>\$ 104,589</u>	<u>\$ (28,396)</u>	<u>\$ (326,263)</u>	<u>\$ (250,070)</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF NET POSITION
PENSION AND POST RETIREE BENEFITS FUNDS**

	<u>12/31/2023</u> <u>Pension Fund</u>	<u>6/30/2024</u> <u>Post Retiree</u> <u>Benefits Fund</u>	<u>Total</u>
ASSETS			
Restricted Assets:			
Receivables			
Member Contributions	\$ 221,378	\$ -	\$ 221,378
Interest	12,962	-	12,962
Investments	<u>61,077,038</u>	<u>32,898,000</u>	<u>93,975,038</u>
Total Assets	<u>61,311,378</u>	<u>32,898,000</u>	<u>94,209,378</u>
LIABILITIES			
Accounts Payable	<u>22,783</u>	-	<u>22,783</u>
Total Liabilities	<u>22,783</u>	-	<u>22,783</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	61,288,595	-	61,288,595
Post Retiree Benefits	<u>-</u>	<u>32,898,000</u>	<u>32,898,000</u>
Total Net Position	<u>\$ 61,288,595</u>	<u>\$ 32,898,000</u>	<u>\$ 94,186,595</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND POST RETIREE BENEFITS FUNDS**

	<u>12/31/2023</u> <u>Pension Fund</u>	<u>6/30/2024</u> <u>Post Retiree</u> <u>Benefits Fund</u>	<u>Total</u>
ADDITIONS			
Employee Contributions	\$ 413,640	\$ -	\$ 413,640
Employer Contributions	7,968,196	2,521,091	10,489,287
Investment Income (Loss):			
Net Appreciation (Depreciation) in			
Fair Value of Investments	7,146,686	2,615,270	9,761,956
Interest and Dividends	214,626	452,214	666,840
Other	10,437	1,312	11,749
Total Investment Earnings	<u>7,371,749</u>	<u>3,068,796</u>	<u>10,440,545</u>
Less: Investment Costs	<u>(142,977)</u>	<u>(88,628)</u>	<u>(231,605)</u>
Net Investment Income (Loss)	<u>7,228,772</u>	<u>2,980,168</u>	<u>10,208,940</u>
Total Additions	<u>15,610,608</u>	<u>5,501,259</u>	<u>21,111,867</u>
DEDUCTIONS			
Pension Benefits	4,161,436	-	4,161,436
Refund of Member Contributions	15,627	-	15,627
OPEB Benefits	-	1,962,620	1,962,620
Administrative Expense	<u>155,371</u>	<u>21,568</u>	<u>176,939</u>
Total Deductions	<u>4,332,434</u>	<u>1,984,188</u>	<u>6,316,622</u>
Change In Net Position	11,278,174	3,517,071	14,795,245
Net Position - Beginning of Year	<u>50,010,421</u>	<u>29,380,929</u>	<u>79,391,350</u>
Net Position - End of Year	<u>\$ 61,288,595</u>	<u>\$ 32,898,000</u>	<u>\$ 94,186,595</u>

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 annual comprehensive 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.

2024 Annual Comprehensive 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental activities										
Net investment in capital assets	\$32,686,469	\$31,945,235	\$31,683,667	\$31,329,672	\$30,964,594	\$31,140,703	\$31,337,025	\$32,299,538	\$31,840,271	\$28,120,342
Restricted	3,046,587	16,497,247	17,734,069	18,840,031	10,687,675	9,613,779	6,348,541	5,411,163	6,221,445	9,075,766
Unrestricted	47,040,165	29,293,643	31,228,049	25,534,170	29,451,520	32,394,196	37,620,072	39,960,075	38,582,912	39,241,698
Total governmental activities net position	<u>82,773,221</u>	<u>77,736,125</u>	<u>80,645,785</u>	<u>75,703,873</u>	<u>71,103,789</u>	<u>73,148,678</u>	<u>75,305,638</u>	<u>77,670,776</u>	<u>76,644,628</u>	<u>76,437,806</u>
Business-type activities										
Net investment in capital assets	58,281,799	59,898,621	60,607,709	64,412,503	67,874,220	71,419,362	73,083,701	76,060,519	75,749,480	71,807,718
Restricted	69,192,275	59,465,254	53,143,508	47,958,369	41,696,425	38,107,757	32,270,031	33,217,050	30,453,228	26,023,719
Unrestricted	26,713,441	27,583,028	30,636,933	28,596,938	25,434,370	22,627,818	21,287,666	15,734,797	17,174,215	14,541,838
Total business-type activities net position	<u>154,187,515</u>	<u>146,946,903</u>	<u>144,388,150</u>	<u>140,967,810</u>	<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>
Primary government										
Net investment in capital assets	90,968,268	91,843,856	92,291,376	95,742,175	98,838,814	102,560,065	104,420,726	108,360,057	107,589,751	99,928,060
Restricted	72,238,862	75,962,501	70,877,577	66,798,400	52,384,100	47,721,536	38,618,572	38,628,213	36,674,673	35,099,485
Unrestricted	73,753,606	56,876,671	61,864,982	54,131,108	54,885,890	55,022,014	58,907,738	55,694,872	55,757,127	53,783,536
Total primary government activities net position	<u>\$236,960,736</u>	<u>\$224,683,028</u>	<u>\$225,033,935</u>	<u>\$216,671,683</u>	<u>\$206,108,804</u>	<u>\$205,303,615</u>	<u>\$201,947,036</u>	<u>\$202,683,142</u>	<u>\$200,021,551</u>	<u>\$188,811,081</u>

2024 Annual Comprehensive 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental activities:										
General government	\$5,613,516	\$8,021,493	\$5,474,699	\$4,471,686	\$4,142,457	\$4,726,073	\$2,942,129	\$3,598,230	\$3,470,183	\$2,751,768
Special grants/programs	5,359,324	11,259,370	5,681,333	2,443,752	2,004,667	1,842,569	1,906,961	2,029,897	2,029,654	2,129,742
Community services	6,206,089	6,736,061	4,860,058	4,189,281	5,400,087	4,990,912	4,614,095	4,689,550	3,803,046	3,650,644
Planning services	7,056,988	7,604,503	6,212,727	5,554,650	5,974,260	6,140,000	5,996,208	5,825,458	5,748,165	5,532,350
Public safety	15,202,844	14,958,806	13,551,322	12,042,763	12,359,504	12,444,819	10,967,163	10,162,928	9,073,597	8,674,656
Row offices	2,922,633	2,906,752	2,614,912	2,389,456	2,445,956	2,376,442	2,107,468	1,926,973	1,896,476	1,861,280
Economic development	146,224	699,511	366,981	264,467	232,777	176,890	156,026	358,382	1,555,085	287,819
Amortization	-	-	-	-	-	-	-	-	-	53,254
Interest on long-term debt	279,109	268,195	162,898	164,262	219,092	263,219	240,105	215,890	185,646	211,113
Total governmental activities expenses	<u>42,786,727</u>	<u>52,454,691</u>	<u>38,924,930</u>	<u>31,520,317</u>	<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>
Business-type activities:										
Sewer	28,641,953	27,904,005	23,955,381	23,220,780	22,798,301	23,132,702	22,257,349	19,963,041	18,231,919	18,243,107
Street light	1,235,320	1,152,924	1,083,750	1,072,349	1,034,513	1,002,685	1,003,452	963,961	934,377	907,738
Trash	5,873,060	5,409,305	5,197,292	4,951,779	4,715,066	4,444,288	4,265,251	3,727,545	3,276,419	3,403,712
Landfill	29,649	9,424	9,326	9,324	9,139	22,799	9,673	10,680	9,804	10,031
Storm water maintenance	657,994	8,508	36,345	35,902	31,423	9,256	5,978	6,792	3,201	-
Total business-type activities expenses	<u>36,437,976</u>	<u>34,484,166</u>	<u>30,282,094</u>	<u>29,290,134</u>	<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>
Total primary government expenses	<u>79,224,703</u>	<u>86,938,857</u>	<u>69,207,024</u>	<u>60,810,451</u>	<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>

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

Table 2 continued

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$423,121	\$306,763	\$386,030	\$350,294	\$264,070	\$238,908	\$255,705	\$138,060	\$152,376	\$196,071
Community services	495,699	404,073	344,117	143,450	268,411	485,335	613,588	398,375	336,659	346,469
Planning services	2,377,677	1,574,562	1,935,521	2,053,414	1,867,719	1,707,254	1,731,555	1,483,054	1,919,683	1,536,031
Public safety	54,147	89,866	109,333	57,729	54,961	135,295	152,775	158,434	147,129	178,588
Row offices	5,298,902	5,944,457	7,180,612	6,679,599	5,640,187	5,717,364	6,284,633	6,722,664	5,674,004	5,449,361
Economic development	-	403,084	-	23,555	22,890	22,890	22,890	22,890	22,890	-
Operating grants and contributions	9,469,766	14,115,701	5,176,686	3,381,200	3,084,699	3,214,924	2,282,169	3,205,518	2,967,151	3,349,706
Capital grants and contributions	906,895	248,844	492,008	93,480	55,344	50,000	17,625	42,602	164,259	80,210
Total governmental activities program revenues	<u>19,026,207</u>	<u>23,087,350</u>	<u>15,624,307</u>	<u>12,782,721</u>	<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>
Business-type activities:										
Charges for services:										
Sewer	22,349,651	19,829,728	20,222,732	21,886,841	18,993,013	20,595,634	18,497,652	16,916,517	17,017,132	16,988,415
Street light	1,321,974	1,094,526	1,118,229	1,178,675	1,014,167	1,029,690	1,028,958	971,634	921,826	943,856
Trash	6,060,530	5,681,600	5,337,392	4,897,577	4,727,763	4,571,453	4,450,854	3,498,900	3,418,268	3,319,649
Landfill	12,534	2,651	2,628	2,634	2,293	10,757	2,304	2,204	1,725	1,546
Storm water maintenance	146,657	113,573	116,156	99,042	109,920	60,886	54,908	67,160	28,560	-
Operating grants and contributions	-	52,639	20,295	120,735	21,035	4,296	-	-	-	21,634
Capital grants and contributions	9,429,190	7,235,119	6,567,740	6,504,806	5,751,035	6,661,459	5,525,059	4,866,348	11,917,096	3,729,501
Total business-type activities program revenues	<u>39,320,536</u>	<u>34,009,836</u>	<u>33,385,172</u>	<u>34,690,310</u>	<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>
Total primary government program revenues	<u>58,346,743</u>	<u>57,097,186</u>	<u>49,009,479</u>	<u>47,473,031</u>	<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>
Net (Expense) Revenue										
Governmental activities	(23,760,520)	(29,367,341)	(23,300,623)	(18,737,596)	(21,520,519)	(21,388,954)	(17,569,215)	(16,635,711)	(16,377,701)	(14,016,190)
Business-type activities	2,882,560	(474,330)	3,103,078	5,400,176	2,030,784	4,322,445	2,018,032	1,650,744	10,848,887	2,440,013
Total primary government net (expense) revenue	<u>(\$20,877,960)</u>	<u>(\$29,841,671)</u>	<u>(\$20,197,545)</u>	<u>(\$13,337,420)</u>	<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>

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2024 Annual Comprehensive 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	14,883,077	12,686,012	12,491,603	12,191,693	12,065,530	11,774,010	11,533,734	11,310,977	11,141,185	10,990,802
Real estate transfer tax	8,122,761	8,903,210	11,035,462	8,725,475	5,870,702	5,405,493	5,472,284	4,990,351	4,493,193	4,210,416
Grant Revenue	-	-	3,337,114	56,494	-	-	-	-	-	-
Residential telephone surcharge	292,516	247,514	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,015
Investment earnings	5,038,833	3,746,539	292,141	162,520	935,269	1,362,419	793,735	356,483	189,852	125,051
Other revenues including capital asset sales gains/losses	460,429	874,406	816,689	531,483	368,588	420,057	606,896	606,596	490,278	337,259
Total governmental activities	28,797,616	26,457,681	28,243,024	21,937,680	19,510,104	19,231,994	18,676,664	17,661,859	16,584,523	15,933,543
Business-type activities:										
Investment earnings	4,336,028	2,942,775	313,109	162,213	814,419	1,185,717	644,171	288,692	137,182	90,172
Other revenues including capital asset sales gains/losses	22,024	90,308	4,160	2,382	4,875	5,377	7,544	(176,556)	17,579	244,056
Interfund Transfers	-	-	-	-	-	-	-	(127,437)	-	-
Total business-type activities	4,358,052	3,033,083	317,269	164,595	819,294	1,191,094	651,715	(15,301)	154,761	334,228
Total primary government	\$33,155,668	\$29,490,764	\$28,560,293	\$22,102,275	\$20,329,398	\$20,423,088	\$19,328,379	\$17,646,558	\$16,739,284	\$16,267,771
Change in Net Position										
Governmental activities	5,037,096	(2,909,660)	4,942,401	3,200,084	(2,010,415)	(2,156,960)	1,107,449	1,026,148	206,822	1,917,353
Business-type activities	7,240,612	2,558,753	3,420,347	5,564,771	2,850,078	5,513,539	2,669,747	1,635,443	11,003,648	2,774,241
Total primary government	\$12,277,708	(\$350,907)	\$8,362,748	\$8,764,855	\$839,663	\$3,356,579	\$3,777,196	\$2,661,591	\$11,210,470	\$4,691,594

2024 Annual Comprehensive 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$219,976	\$692,476	\$176,592	\$204,079	\$940,657	\$743,197	\$710,455	\$129,567	\$728,533	\$164,537
Restricted	2,389,684	3,616,105	4,094,502	3,360,449	1,088,020	1,207,865	834,869	414,356	405,211	324,878
Committed	-	-	-	-	-	-	-	-	-	466,377
Assigned	5,283,750	4,046,887	4,800,544	5,304,422	3,898,069	3,786,532	3,910,386	3,398,061	4,444,372	1,926,174
Unassigned	56,312,396	49,521,724	47,703,230	41,052,797	44,773,546	44,497,430	44,192,539	42,742,751	37,779,156	39,436,838
Total general fund	<u>64,205,806</u>	<u>57,877,192</u>	<u>56,774,868</u>	<u>49,921,747</u>	<u>50,700,292</u>	<u>50,235,024</u>	<u>49,648,249</u>	<u>46,684,735</u>	<u>43,357,272</u>	<u>42,318,804</u>
All Other Governmental Funds										
Nonspendable	\$798,659	\$766,783	\$761,134	\$9,030	\$17,707	\$5,050	\$77,319	\$24,324	\$8,374	\$6,403
Restricted	656,903	631,698	215,097	15,479,582	9,599,655	8,405,914	5,513,672	4,996,806	5,816,234	8,750,888
Assigned	11,783,890	13,150,760	13,424,470	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(69,709)	(21,977)	-	-
Total all other governmental funds	<u>\$13,239,452</u>	<u>\$14,549,241</u>	<u>\$14,400,701</u>	<u>\$15,488,612</u>	<u>\$9,617,362</u>	<u>\$8,410,964</u>	<u>\$5,521,282</u>	<u>\$4,999,153</u>	<u>\$5,824,608</u>	<u>\$8,757,291</u>

2024 Annual Comprehensive Financial Report for Kent County, Delaware
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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Property taxes	\$14,842,927	\$12,808,236	\$12,480,729	\$12,236,739	\$12,026,162	\$11,822,660	\$11,505,642	\$11,285,174	\$11,169,794	\$11,006,897
Real estate transfer tax	8,122,761	8,903,210	11,035,462	8,725,475	5,870,702	5,405,493	5,472,284	4,990,351	4,493,193	4,210,416
Residential telephone surcharge	292,516	247,514	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,015
Grant	10,376,661	14,176,078	8,988,370	3,514,078	3,140,042	3,264,924	2,299,793	3,248,120	3,131,410	3,429,917
Fees for services	8,287,986	8,243,576	9,869,978	9,183,339	8,046,402	8,058,925	9,059,311	8,879,574	8,000,868	7,600,583
Investment income	4,962,607	3,697,983	290,069	162,355	920,361	1,339,816	785,556	355,562	189,768	125,050
Rental income	23,412	23,862	90,458	52,671	23,936	23,186	23,186	23,206	25,214	23,186
Other revenues	139,726	625,712	540,401	439,051	344,473	633,874	585,059	572,647	634,623	382,934
Total revenues	47,048,596	48,726,171	43,565,482	34,583,723	30,642,093	30,818,893	30,000,846	29,624,649	27,914,885	27,048,998
Expenditures										
General government	5,408,779	5,541,821	4,502,076	2,943,171	3,117,304	2,557,583	2,508,994	2,619,095	2,449,734	2,298,729
Special grants and programs	5,359,324	11,259,370	5,681,333	2,443,752	2,004,667	1,842,569	1,906,961	2,029,897	2,029,654	2,129,742
Community services	5,458,329	5,760,994	4,049,226	3,425,501	4,353,838	3,987,795	3,722,941	3,919,945	3,364,778	3,286,031
Planning services	6,763,155	6,965,070	6,078,259	5,412,436	5,383,758	5,344,007	5,687,054	5,531,576	5,574,143	5,429,838
Public safety	13,848,133	12,749,833	12,767,748	11,793,814	10,795,000	10,239,819	9,828,269	9,159,617	8,397,723	8,167,844
Row offices	2,693,184	2,466,293	2,507,357	2,312,338	2,094,338	2,056,736	1,879,958	1,811,765	1,746,378	1,775,271
Economic development	146,224	699,511	368,984	264,467	232,777	176,890	156,026	358,382	1,555,085	287,819
Debt service:										
Bond Issue Costs	-	-	-	-	-	-	-	-	-	53,254
Principal	701,304	769,765	513,414	765,876	502,399	459,876	486,119	507,516	454,545	166,729
Interest and fiscal charges	302,119	290,918	163,044	186,074	240,516	284,273	259,947	235,138	200,693	242,113
Capital outlay	1,529,593	962,662	1,171,968	1,698,243	245,830	392,888	78,934	1,077,147	9,036,367	2,146,144
Total expenditures	42,210,144	47,466,237	37,803,409	31,245,672	28,970,427	27,342,436	26,515,203	27,250,078	34,809,100	25,983,514
Excess of revenues over (under) expenditures	4,838,452	1,259,934	5,762,073	3,338,051	1,671,666	3,476,457	3,485,643	2,374,571	(6,894,215)	1,065,484
Other Financing Sources (Uses)										
Transfers in	912,851	4,174,163	2,850,431	7,943,197	2,734,857	4,175,351	1,314,214	1,522,811	3,454,710	4,786,473
Proceeds from Insurance	155,622	-	-	-	-	-	-	-	5,000,000	-
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-	4,524,126
Bond Premium	-	-	-	-	-	-	-	-	-	393,830
Payments to Refunding Agent	-	-	-	-	-	-	-	-	-	(4,736,884)
Capital lease issuance	-	-	-	1,168,744	-	-	-	-	-	-
Transfers out	(888,100)	(4,183,233)	(2,847,294)	(8,757,287)	(2,734,857)	(4,175,351)	(1,314,214)	(1,395,374)	(3,454,710)	(4,786,473)
Total other financing sources (uses)	180,373	(9,070)	3,137	354,654	-	-	-	127,437	5,000,000	181,072
Net change in fund balances	\$5,018,825	\$1,250,864	\$5,765,210	\$3,692,705	\$1,671,666	\$3,476,457	\$3,485,643	\$2,502,008	(\$1,894,215)	\$1,246,556
Debt service as a percentage of noncapital expenditures	2.47%	2.28%	1.85%	3.22%	2.59%	2.76%	2.82%	2.84%	2.54%	1.94%

2024 Annual Comprehensive 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
2024	\$ 14,842,927	\$ 8,122,761	\$ 22,965,688
2023	12,808,236	8,903,210	21,711,446
2022	12,480,729	11,035,462	23,516,191
2021	12,236,739	8,725,475	20,962,214
2020	12,026,162	5,870,702	17,896,864
2019	11,822,660	5,405,493	17,228,153
2018	11,285,174	4,990,351	16,275,525
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

Note:

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

2024 Annual Comprehensive 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)
2024	\$ 4,553,667,500	\$ 529,828,811	\$ 4,023,838,689	\$ 0.36	N/A
2023	4,485,357,800	525,962,611	3,959,395,189	0.30	N/A
2022	4,392,457,100	508,818,760	3,883,638,340	0.30	N/A
2021	4,310,743,100	516,171,796	3,794,571,304	0.30	N/A
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

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Direct										
County tax	\$0.3600	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000
Library tax (1)	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330	0.0330
Total Direct	\$0.3930	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330
School Districts										
Caesar Rodney	\$0.3060	\$1.8950	\$1.8750	\$1.8350	\$1.7450	\$1.6650	\$1.6050	\$1.5650	\$1.2350	\$1.2350
Capital	0.4836	2.3891	2.2841	2.1897	2.0482	1.8307	1.7942	1.8065	1.8115	1.8215
Lake Forest	0.2696	1.6122	1.4964	1.5833	1.5887	1.5667	1.6531	1.4745	1.4498	1.4257
Milford	0.2807	1.6615	1.6995	1.7164	1.7308	1.7390	1.7636	1.9077	1.2626	1.2308
Polytech	0.0268	0.1569	0.1571	0.1578	0.1548	0.1541	0.1522	0.1484	0.1415	0.1372
Smyrna	0.3328	2.0766	2.0258	1.7118	1.7358	1.7373	1.7317	1.7674	1.7835	1.6433
Woodbridge	0.3165	1.6800	1.6800	1.6800	1.6800	1.4400	1.3310	1.3310	1.3310	1.3340
Incorporated Areas										
Bowers Beach	\$0.0538	\$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	1.4200
Cheswold	0.1125	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Clayton	1.1500	1.1500	1.1500	0.9750	0.8250	0.7500	0.7500	0.7500	0.6500	0.6500
Dover	0.0455	0.4150	0.4150	0.4050	0.4400	0.4050	0.4050	0.4050	0.4050	0.3378
Farmington	0.1400	0.5500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
Felton	1.2600	1.2600	1.1600	1.0600	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100
Frederica	1.5000	1.5000	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.0000
Harrington	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600
Hartly	0.1012	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.5000	0.2000	0.2000
Houston	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Kenton	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Leipsic	0.0561	0.4226	0.4226	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	0.5900	0.49275	0.49275	0.4828	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Smyrna	0.9400	0.4700	0.4400	0.4400	0.4400	0.4200	0.4000	0.4000	0.4000	0.3600
Viola	0.2500	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Woodside	0.5000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	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 and subsequent)

Notes:

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

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

Table 8

	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
GLP Capital L.P.	\$45,427,100	1	1.13%			
Chesapeake Utilities	42,941,700	2	1.07%	29,368,600	2	0.89%
Delmarva Power & Light	41,394,600	3	1.03%	27,140,000	3	0.82%
Diamond State Telephone	19,435,400	4	0.48%	21,168,600	4	0.64%
Wal-Mart Stores	19,131,200	5	0.48%	19,131,200	5	0.58%
Dover Mall	18,486,400	6	0.46%	16,925,900	7	0.51%
Wal-Mart Real Estate Business	17,571,600	7	0.44%	17,568,800	6	0.53%
Dover International Speedway, Inc.	16,694,000	8	0.41%	16,327,500	8	0.49%
General Foods	14,061,800	9	0.35%	14,006,400	9	0.42%
Rudolph/Stephen Von Croy/Von Croy Family Trust	13,590,900	10	0.34%			
Dover Downs				40,786,600	1	1.23%
Gaming Entertainment Del.				12,240,200	10	0.37%
	\$248,734,700		6.18%	\$214,663,800		6.48%

Source: Assessment Division, Kent County Levy Court, Delaware

2024 Annual Comprehensive 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
2024	14,786,597	14,243,634	96.33%		14,243,634	96.33%
2023	12,691,873	12,501,698	98.50%	122,481	12,624,179	99.47%
2022	12,496,382	12,299,098	98.42%	150,479	12,449,577	99.63%
2021	12,218,325	11,993,603	98.16%	188,807	12,182,410	99.71%
2020	12,046,806	11,830,621	98.21%	183,861	12,014,482	99.73%
2019	11,800,807	11,572,555	98.07%	198,438	11,770,993	99.75%
2018	11,537,363	11,285,928	97.82%	223,675	11,509,603	99.76%
2017	11,336,334	11,094,059	97.86%	215,748	11,309,807	99.77%
2016	11,156,441	10,903,302	97.73%	227,734	11,131,036	99.77%
2015	10,993,270	10,729,902	97.60%	239,870	10,969,772	99.79%

Source: Finance Department, Kent County Levy Court, Delaware

2024 Annual Comprehensive Financial Report for Kent County, Delaware
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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	Lease Payable	Subscriptions Payable (4)	General Obligation Bonds (1)	Lease Payable	Subscriptions Payable (4)				
2024	\$ 2,696,055	\$ 2,719,827	295,771	\$ 114,944	\$ 51,598,055	6,557	\$ -	\$ 57,431,209	0.58%	186,523	308
2023	2,922,075	2,902,272	548,375	279,074	52,201,611	85,754	-	58,939,161	0.62%	186,946	315
2022	3,142,069	3,118,438	796,787	-	51,093,593	9,078	-	58,159,965	0.63%	184,149	316
2021	3,356,046	3,439,166	980,363	-	50,733,784	-	-	58,509,359	0.70%	179,124	327
2020	3,634,250	3,759,715	-	-	52,430,084	-	-	59,824,049	0.77%	180,786	331
2019	3,900,411	4,017,241	-	-	47,914,062	-	-	55,831,714	0.74%	178,550	313
2018	4,160,550	4,238,266	-	-	50,220,821	-	-	58,619,637	0.82%	176,824	332
2017	4,416,675	4,489,548	-	-	52,448,629	-	-	61,354,852	0.91%	174,827	351
2016	4,664,771	4,770,256	-	-	53,530,384	-	-	62,965,411	0.95%	173,533	363
2015	4,910,860	-	-	-	49,472,214	-	-	54,383,074	0.83%	171,987	316
2014	4,868,378	-	-	-	42,397,946	-	-	47,266,324	0.76%	169,416	279

Source: Finance Department, Kent County Levy Court, Delaware
Population Source: U.S. Census Bureau (census.gov)

Notes:

- (1) Includes unamortized bond premiums and bond discounts
- (2) Personal income is presented in the demographic and economic information
- (3) U.S. Census Bureau (census.gov)
- (4) Subscription Based Information Technology Arrangements (SBITAs)

2024 Annual Comprehensive Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 11

Fiscal Year	Taxable Assessed Value	General Obligation Bonds (1)	Percentage of General Obligation Bonds to Taxable Assessed Value	Population (2)	Per Capita
2024	4,023,839,689	54,294,110	1.34%	186,523	291
2023	3,959,395,189	54,235,662	1.36%	186,946	290
2022	3,883,638,340	54,235,662	1.40%	184,149	295
2021	3,794,571,304	54,089,830	1.43%	179,124	302
2020	3,738,121,064	56,064,334	1.50%	180,786	310
2019	3,653,742,286	51,814,473	1.42%	178,550	290
2018	3,579,660,950	54,381,371	1.52%	176,824	308
2017	3,522,033,166	56,865,304	1.61%	174,827	325
2016	3,467,643,532	58,195,155	1.68%	173,533	335
2015	3,416,376,264	54,383,074	1.59%	171,987	316
2014	3,362,673,017	47,266,324	1.41%	169,416	279

Sources: Assessment Division and Finance Department, Kent County Levy Court
U.S. Census Bureau

Notes:

(1) Includes unamortized bond premiums and bond discounts

(2) U.S. Census Bureau (census.gov)

KENT COUNTY, DELAWARE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2024

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Kent County Levy Court</u>
School Districts:			
Caesar Rodney	\$16,755,095	100.0%	\$16,755,095
Capital	66,743,901	100.0%	66,743,901
Lake Forest	2,351,975	100.0%	2,351,975
Milford	17,666,721	61.2%	10,810,046
Polytech	6,442,575	100.0%	6,442,575
Smyrna	15,349,010	86.7%	13,302,562
Woodbridge	6,814,035	21.2%	1,446,188
Total School Districts			<u>117,852,342</u>
Incorporated Areas:			
Camden	2,305,000	100.0%	\$2,305,000
Dover	6,111,209	100.0%	6,111,209
Smyrna	6,011,161	86.7%	5,209,707
Total Incorporated Areas:			<u>13,625,916</u>
Subtotal, overlapping debt			\$131,478,258
Kent County Levy Court direct debt	5,826,597	100.0%	<u>5,826,597</u>
Total direct and overlapping debt			<u><u>\$137,304,855</u></u>

Sources: Finance Department, Kent County Levy Court, Delaware, State of Delaware Office of the State Treasurer,
 Town, City, and District Financial Reports

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.

2024 Annual Comprehensive Financial Report for Kent County, Delaware
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KENT COUNTY, DELAWARE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 13

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Taxable assessed value	\$ 4,023,839,689	\$ 3,959,395,189	\$ 3,883,638,340	\$ 3,794,571,304	\$ 3,738,121,064	\$ 3,653,742,286	\$3,579,660,950	\$3,522,033,166	\$3,467,643,532	\$3,416,376,264
Debt limit (12% of taxable assessed value)	\$482,860,763	\$475,127,423	\$466,036,601	\$455,348,556	\$448,574,528	\$438,449,074	\$429,559,314	\$422,643,980	\$416,117,224	\$409,965,152
Amount of debt subject to the debt limit	54,294,110	55,123,686	54,235,662	54,089,830	56,064,334	51,814,473	54,381,371	56,865,304	58,195,155	54,383,074
Legal debt margin	\$428,566,653	\$420,003,737	\$411,800,939	\$401,258,726	\$392,510,194	\$386,634,601	\$375,177,943	\$365,778,676	\$357,922,069	\$355,582,078
Percentage of legal debt margin available	88.76%	88.40%	88.36%	88.12%	87.50%	88.18%	87.34%	86.55%	86.01%	86.73%
Percentage of legal debt margin exhausted	11.24%	11.60%	11.64%	11.88%	12.50%	11.82%	12.66%	13.45%	13.99%	13.27%

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.

2024 Annual Comprehensive 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)
2024	189,789	39.0	52,494	9,962,783,766	32,948	5.5%
2023	186,946	37.7	51,188	9,569,391,848	32,653	5.3%
2022	184,149	38.8	50,432	9,287,002,368	32,128	6.0%
2021	179,124	41.4	46,600	8,347,178,400	31,553	7.8%
2020	180,786	37.9	43,097	7,791,334,242	32,267	14.0%
2019	178,550	37.9	42,023	7,503,206,650	31,721	4.2%
2018	176,824	37.8	40,304	7,126,714,496	31,372	4.7%
2017	174,827	37.6	38,498	6,730,489,846	30,858	5.7%
2016	173,533	37.1	38,178	6,625,142,874	30,485	5.3%
2015	171,987	37.3	38,114	6,555,112,518	30,527	5.9%

Sources:

(1) U.S. Census Bureau (census.gov)

(2) U.S. Census Bureau (census.gov)

Per census.gov 2021 median age is based on experimental estimates for State of Delaware

(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, labor.delaware.gov

2024 Annual Comprehensive 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	2024 1st Quarter			2015 1st Quarter		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Accommodation and food services	6,320	4	9.0%	5,350	4	8.4%
Administrative and waste services	3,157	6	4.5%	1,945	7	3.1%
Construction	2,726	7	3.9%	2,418	6	3.8%
Finance and insurance	1,733	9	2.5%	1,140	10	1.8%
Government	19,761	1	28.3%	18,752	1	29.4%
Health care and social assistance	10,584	2	15.1%	9,001	3	14.1%
Manufacturing	4,498	5	6.4%	4,666	5	7.3%
Other services, except public administration	1,515	10	2.2%	1,617	9	2.5%
Professional and technical services	2,742	8	3.9%	1,845	8	2.9%
Retail trade	9,169	3	13.1%	9,066	2	14.2%
	<u>62,205</u>		89.0%	<u>55,800</u>		87.7%
Total, All Industries	69,896			63,697		

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration	48	47	47	45	45	43	31	31	31	30
General Administration	14	14	14	13	13	13	13	13	13	13
Economic Development	-	-	-	1	1	1	2	2	2	2
Personnel	4	4	4	4	4	4	4	4	4	4
Information Technology	16	15	15	13	13	13	12	12	12	11
Facilities Management (1)	14	14	14	14	14	12	-	-	-	-
Finance	32	32	30	30	30	30	30	30	29	29
Administration	3	3	3	3	3	3	3	3	3	3
Accounting	13	13	12	12	12	11	11	11	10	10
Assessment	11	11	11	11	11	11	11	11	11	11
Tax Section	5	5	4	4	4	5	5	5	5	5
Community Services	23	23	23	22	22	22	22	22	22	20
Administration	3	3	3	3	2	2	2	2	2	2
Library	6	6	6	6	7	7	7	7	6	6
Parks	8	8	8	7	7	7	8	8	8	8
Recreation (2)	6	6	6	6	6	6	5	5	6	4
Planning Services	33	33	32	34	34	34	36	36	36	37
Administration	3	3	3	3	3	2	2	2	2	2
Geographic Information Systems	3	3	3	4	4	4	5	5	5	5
Inspections & Enforcement (3)	16	16	16	17	17	17	15	15	15	15
Zoning Inspections & Enforcement (3)	-	-	-	-	-	-	1	1	1	1
Planning	6	6	6	6	6	7	8	8	8	9
Grants	5	5	4	4	4	4	4	4	4	4
Manufactured Housing (3)	-	-	-	-	-	-	1	1	1	1
Public Safety	88	88	79	79	79	79	79	79	78	72
Administration	2	2	2	2	2	2	2	2	2	2
Emergency Communications	29	29	25	25	25	25	25	25	24	24
Emergency Management	2	2	2	2	2	2	2	2	2	2
Emergency Medical Services	55	55	50	50	50	50	50	50	50	44
Facilities Management (1)	-	-	-	-	-	-	12	12	12	10
Row Offices	23	23	23	22	22	22	22	24	25	25
Clerk of the Peace	3	3	3	3	3	3	3	3	3	3
Comptroller (4)	-	-	-	-	-	-	-	2	3	3
Recorder of Deeds	6	6	6	6	6	6	6	6	6	6
Register of Wills	6	6	6	5	5	5	5	5	5	5
Sheriff	8	8	8	8	8	8	8	8	8	8
Public Works	73	73	72	71	71	71	70	69	68	68
Engineering	15	15	15	15	15	15	15	14	13	13
Environmental Programs	3	3	3	3	3	3	3	3	3	3
KCWTF-Operations	20	20	19	19	19	19	19	19	19	19
KCWTF-Maintenance	25	25	25	25	25	25	25	25	25	25
KCWTF-Treatment Plant	10	10	10	9	9	9	8	8	8	8
Total	320	319	306	303	303	301	302	303	301	291

Source: Kent County Levy Court Budgets

Notes:

- (1) Effective July 2018 the former Facilities Management Division in the Department of Public Works was reassigned to the Department of Administration
- (2) Effective July 2019 Recreation Center positions are reported under Recreation
- (3) Effective July 2018 Zoning I&E and Manufactured Housing were merged into Inspections & Enforcement
- (4) 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
Community Services										
Library										
Population of service area	61,207	61,207	42,647	42,175	41,924	59,532	38,018	40,970	40,970	40,523
Number of public workstations	42	40	40	27	29	29	29	29	29	25
Number of public internet sessions	6,014	5,764	4,601	1,088	8,920	12,152	13,858	14,427	15,306	13,895
WiFi usage, number of public sign-ins/use	8,382	9,339	9,516	5,375	5,658	*	20,401	8,497	6,921	7,200
Annual circulation of materials	109,148	108,513	96,996	47,939	90,324	133,794	129,695	131,524	173,670	156,175
eBook circulation	31,322	24,312	22,608	20,621	19,590	14,636	13,156	11,125	10,529	11,265
Size of collection	48,680	47,587	46,900	50,473	40,319	53,091	50,640	36,986	39,934	41,971
Annual visitors to library (1)	56,913	50,559	61,874	20,496	61,230	91,845	148,958	153,418	143,564	135,115
Annual number of programs	440	294	517	532	344	325	329	377	332	377
Annual program attendance	12,109	6,681	5,259	9,679	6,271	9,575	9,025	16,423	12,036	13,171
Number of cardholders/borrowers	11,723	9,998	9,480	9,634	4,983	11,275	13,807	12,928	13,995	13,328
Total weekly hours	63	63	63	44	63	63	63	63	63	63
Mobile Library										
Population of service area	18,560	18,560	18,560	17,713	17,608	17,608	17,207	17,207	17,207	17,019
Annual circulation of materials	10,204	5,980	3,343	560	1,969	2,001	4,376	6,910	10,052	15,617
eBook circulation	229	123	121	122	*	212	85	166	282	351
Size of collection	951	305	1,054	1,350	623	1,015	998	981	1,450	1,686
Annual visitors to bookmobile / mobile library (2)	3,341	3,250	2,300	253	285	428	1,824	4,532	5,450	8,449
Annual number of programs	16	11	12	5	22	17	12	17	18	10
Annual program attendance	3,289	2,385	1,858	930	2,840	2,837	1,616	1,662	1,805	1,094
Number of borrowers	298	284	138	135	107	248	426	481	484	484
Total weekly hours	32	32	30	32	20	20	25	25	35	35
Parks and Recreation (3)										
Programs:										
Adult	-	66	48	7	84	93	107	133	131	147
Fitness	25	38	33	4	100	109	114	120	96	92
Leagues	72	75	73	37	65	67	63	51	15	10
Recreation Center Drop In (4)	1,017	1,152	1,092	284	996	1,405	1,149	1,503	n/a	n/a
Camps (8)	8	6	11	0	23	40	48	53	51	51
Arts & Crafts (8)	48	-	-	-	-	-	-	-	-	-
Educational (8)	36	-	-	-	-	-	-	-	-	-
Music & Dance (8)	18	-	-	-	-	-	-	-	-	-
Sports Instruction (8)	90	-	-	-	-	-	-	-	-	-

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

Table 17 continued

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
Community Services - continued										
Parks and Recreation										
Programs:										
Tot (8)	-	19	16	1	95	104	99	108	98	108
Youth (8)	-	22	33	1	90	124	150	119	129	160
Trips	0	0	0	0	21	28	24	27	36	40
Special events	14	3	2	1	10	10	10	8	12	8
Tournaments	4	4	1	0	9	6	2	1	1	1
Rental permits-Parks/Recreation Center (4)	26 / 12	24 / 15	26 / 17	10 / 4	19 / 24	23 / 55	19 / 33	17 / 19	19	17
Planning Services										
Administrative applications:										
Minor subdivision	43	45	47	48	33	30	26	35	39	36
Minor lot line adjustment	23	31	31	27	28	13	19	25	28	32
Lot consolidation	17	11	20	11	11	11	15	6	11	10
Administrative variance	6	10	11	19	9	9	7	13	13	9
Home occupation	6	15	18	15	15	13	17	12	20	12
Accessory dwelling	20	18	14	12	7	7	5	8	10	7
Elder Cottage Housing Opportunity (ECHO)	0	0	0	0	0	0	1	1	3	2
Regional Planning Commission applications:										
Conditional use without site plan	8	9	5	8	6	10	9	4	5	7
Conditional use with site plan	5	6	16	4	11	11	8	8	3	8
Site plan	9	5	5	1	2	4	4	9	5	4
Subdivision	1	1	2	1	1	1	1	1	2	1
Subdivision waiver	8	22	16	7	9	8	13	21	17	14
Rezoning	1	0	0	1	1	1	0	1	2	0
Rezoning & comprehensive plan amendment	8	13	9	5	5	14	8	11	5	6
Transfer development rights	0	0	0	0	0	0	0	0	0	0
Agricultural preservation	1	3	3	3	1	1	0	0	1	3
Board of Adjustment applications	44	44	47	49	41	46	39	47	62	29
Building Permits Issued	2,531	2,474	2,736	3,854	3,779	3,447	3,589	3,624	3,602	3,290

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

Table 17 continued

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
Public Safety (5)										
9-1-1 calls	*	106,240	95,692	99,438	91,939	93,367	90,982	87,921	92,734	93,809
DSP non-emergency calls (6)	*	126,363	101,506	97,628	95,675	94,485	95,700	84,326	91,191	93,828
Fire & EMS non-emergency calls	*	56,450	54,676	58,365	52,804	54,218	51,199	49,510	51,566	55,548
DNREC calls (6)	-	-	-	-	-	-	-	11,144	11,489	10,762
EMS dispatches	*	38,457	37,964	35,632	31,445	31,564	30,695	29,518	29,138	27,964
Fire dispatches	*	8,542	8,529	7,659	6,823	7,084	6,724	6,344	6,489	6,298
Public Works										
Sewer customers number of bills mailed 6/15	17,957	17,281	16,654	16,030	15,510	15,051	14,605	14,208	13,690	13,508
Sewer EDU's billed, without lot fees 6/15	25,079.9	24,456.1	23,637.1	22,792.0	22,176.3	21,591.2	20,950.1	20,476.2	19,945.0	19,529.2
Sewer flows processed:										
Total gallons (in millions)	5,142	4,170	4,554	5,506	4,510	5,714	4,788	4,388	4,543	4,711
Contract users portion of total gallons (in millions)	3,649	3,262	3,289	4,038	3,310	4,277	3,667	3,399	3,510	3,669
Number of sewer districts	35	35	34	34	34	34	34	32	32	32
Number of street light districts	144	143	142	141	140	139	138	136	133	133
Number of households served for street lights	16,101	15,810	15,696	15,326	14,849	14,490	14,321	13,874	13,477	13,207
Number of trash collection districts	152	150	147	145	144	141	140	140	138	138
Number of households served for trash collection	17,789	17,246	16,734	16,184	15,652	15,180	14,671	14,285	13,889	13,535
Row Offices										
Clerk of the Peace										
Marriage licenses, resident	856	917	926	990	835	971	1,061	1,105	1,007	1,017
Marriage licenses, non-resident	40	55	48	60	33	49	50	63	56	54
Certified copy	505	505	670	735	397	352	312	306	288	281
Ceremonies performed	389	353	356	536	413	439	453	498	423	467
Recorder of Deeds										
Deeds recorded	4,957	5,637	6,852	6,623	5,473	5,433	5,635	5,457	4,921	4,496
Mortgages recorded	5,824	6,450	10,264	11,694	7,552	5,687	5,941	6,076	5,733	5,303
Miscellaneous documents recorded	8,199	10,238	14,609	15,406	11,450	10,043	10,246	11,025	10,714	9,962

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

Table 17 continued

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
Row Offices - continued										
Register of Wills										
Estates opened	673	687	635	597	471	516	539	516	440	489
Estates closed	682	577	578	467	438	505	440	438	442	495
Sheriff (7)										
Service trips for court documents	10,405	14,171	17,550	-	-	12,542	15,329	15,901	14,683	17,736
Sheriff foreclosure sales	295	202	230	-	-	484	596	873	699	689
Personal property sales	64	42	24	-	-	25	25	25	31	35
Sheriff monition sales	134	133	108	-	-	92	223	111	239	199

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) Parks and Recreation operations ceased in March 2020 due to the Covid-19 pandemic. Limited operations began September 1, 2020 and full operations resumed June 1, 2021.
 - (4) Fiscal year 2017 is first full year the new Kent County Recreation Center was in operation
 - (5) Public Safety data is on a calendar year basis
 - (6) Public Safety Department's DNREC calls are included in the DSP non-emergency calls category starting in calendar year 2018
 - (7) Sheriff elected not to provide information for fiscal year 2021 and 2020
 - (8) In FY24, Recreation changed the statistical tracking of program categories to align with those of the catalog and Civic Rec, the recreation system software.
- * Information unavailable

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

Table 18

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Function/Program										
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Economic Development										
Buildings	2	2	2	2	2	2	2	2	1	-
Acres of land	111	111	117	117	117	117	117	117	111	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	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)	1	1	1	2	2	2	1	1	1	1
Public Safety										
Number of public safety buildings (2)	3	3	3	3	3	3	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 (3)	108	108	108	107	107	101	101	101	97	97
Miles of force-main piping	181	181	181	177	177	177	177	177	171	171
Miles of gravity piping	263	263	257	253	253	243	237	237	230	230
Acres of farm property (3)	707	707	707	707	707	707	713	871	877	966

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, 2021 and was sold in fiscal year 2022.
- (2) In fiscal year 2019 the County purchased a building located west of the City of Dover. Renovation of the building was completed and placed in service as a paramedic station in fiscal year 2022.
- (3) Fiscal years 2021-2018 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 AUDITORS' 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**

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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-1 that we consider to be a material weakness.

Report on 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 financial statements. 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*.

Kent County’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County’ response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
February 27, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Kent County, Delaware
Dover, Delaware

Report on Compliance for Each Major Federal Program

Opinion on 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 each of the County's major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
February 27, 2025

KENT COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES	PASS- THROUGH TO SUBRECIPIENT
<u>US Department of Agriculture</u>					
Water and Waste Disposal Systems for Rural Communities:					
Paris Villa & London Village Sanitary Sewer Expansion - Grant	D	10.760	43	1,032,876	-
Paris Villa & London Village Sanitary Sewer Expansion - Grant			71632	723,749	-
Subtotal #10.760				1,756,625	-
Total US Department of Agriculture				1,756,625	-
<u>US Department of Housing and Urban Development</u>					
Passed through the State of Delaware, Division of Community Affairs, Division of Housing and Community Development					
Community Development Block Grants/State's Program:					
Combined CDBG Grant	I	14.228	01-20	56,670	-
Combined CDBG Grant	I	14.228	01-21	276,231	-
Combined CDBG Grant	I	14.228	01-22	339,391	-
Combined CDBG Grant	I	14.228	01-23	-	-
Combined CDBG Grant Program Income	I	14.228	N/A	36,484	-
Neighborhood Stabilization Program (NSP) Grant Program Income	I	14.228	01-08	1,496	-
Subtotal #14.228				710,272	-
HOME Investment Partnerships Program:					
Home Program	I	14.239	HM-01-18	61,864	-
Subtotal #14.239				61,864	-
NSP Grant / Recovery Act Funded Program Income	I	14.256	01-09	156	-
Total US Department of Housing & Urban Development				772,292	-
<u>US Department of Interior</u>					
Wildlife Refuge Direct Revenue Sharing FY 2023					
Total US Department of Interior	D	15.659	N/A	46,386	-
				46,386	-
<u>US Department of Transportation</u>					
Passed through the State of Delaware, Department of Safety and Homeland Security / Delaware Emergency Management Agency					
Interagency Hazardous Materials Public Sector Training and Planning Grants	I	20.703	N/A	1,602	-
Total US Department of Transportation				1,602	-
<u>US Department of the Treasury</u>					
Covid19: Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)					
Total US Department of the Treasury	D	21.027	N/A	5,739,055	-
				5,739,055	-

**KENT COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES	PASS- THROUGH TO SUBRECIPIENT
<u>US Environmental Protection Agency</u>					
Passed through the State of Delaware, Department of Natural Resources and Environmental Control, Division of Water Resources					
<u>Clean Water State Revolving Funds Cluster:</u>					
Delaware Water Pollution Control Revolving Fund Loan - Air blower	I	66.458	12000101	45,348	-
Delaware Water Pollution Control Revolving Fund Loan - Plant-wide power backup	I	66.458	12000108	47,871	-
Delaware Water Pollution Control Revolving Fund Loan - Biosolids capacity expansion	I	66.458	12000117	811,143	-
Delaware Water Pollution Control Revolving Fund Loan - Whispering Pines	I	66.458	12000121	586,134	-
Total US Environmental Protection Agency				<u>1,490,496</u>	<u>-</u>
<u>Passed through the State of Delaware, Department of Safety and Homeland Security / Delaware Emergency Management Agency</u>					
Emergency Management Performance Grant: FY22	I	97.042	EMPG-22-001	79,609	-
Emergency Management Performance Grant: FY23	I	97.042	EMPG 23-001	123,191	-
Subtotal #97.042				<u>202,800</u>	<u>-</u>
<u>Homeland Security Grant Program:</u>					
State and Local Cybersecurity Grant Program	I	97.137	FY22-044	98,172	-
Subtotal #97.137				<u>98,172</u>	<u>-</u>
<u>Homeland Security Grant Program:</u>					
Advanced Law Enforcement Rapid Response Training	I	97.067	N/A	17,171	-
Homeland Security Grant Program (equipment and supplies)	I	97.067	N/A	288,980	-
Subtotal #97.067				<u>306,151</u>	<u>-</u>
Total US Department of Homeland Security				<u>607,123</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 10,413,579</u>	<u>\$ -</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, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes Federal grant activity of Kent County, Delaware (the County) and is presented on the modified accrual basis of accounting. Matching funds are excluded from the schedule and the Program Income generated from Federal Grants is classified as Federal Expenditures when spent. The information on this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 LOANS OUTSTANDING

During fiscal year 2020, the County was awarded \$1,023,000 in loan proceeds from the Delaware Department of Natural Resources and Environmental Control, Delaware Water Pollution Control Revolving Fund, for the Air Blower Optimization project under the Capitalization Grants for Clean Water State Revolving Funds Program (ALN #66.458). This loan is not fully drawn down, and expenditures related to it in the amount of \$45,348 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2024 was \$786,206 (\$655,145 or 83.33 percent federal funds and \$131,061 or 16.67 percent state funds).

During fiscal year 2021, the County was awarded \$1,640,000 in loan proceeds from the Delaware Department of Natural Resources and Environmental Control, Delaware Water Pollution Control Revolving Fund, for the Plant-Wide Power Backup project under the Capitalization Grants for Clean Water State Revolving Funds Program (ALN #66.458). This loan is not fully drawn down, and expenditures related to it in the amount of \$47,871 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2024 was \$1,272,866 (\$1,060,679 or 83.33 percent federal funds and \$212,187 or 16.67 percent state funds).

During fiscal year 2023, the County was awarded \$17,000,000 in loan proceeds from the Delaware Department of Natural Resources and Environmental Control, Delaware Water Pollution Control Revolving Fund, for the Biosolids Capacity Expansion project under the Capitalization Grants for Clean Water State Revolving Funds Program (ALN #66.458). This loan is not fully drawn down, and expenditures related to it in the amount of \$811,143 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2024 was \$1,789,359 (\$1,491,073 or 83.33 percent federal funds and \$298,286 or 16.67 percent state funds).

KENT COUNTY, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

During fiscal year 2024, the County was awarded \$722,856 in loan proceeds from the Delaware Department of Natural Resources and Environmental Control, Delaware Water Pollution Control Revolving Fund, for the Whispering Pines Septic Elimination project under the Capitalization Grants for Clean Water State Revolving Funds Program (ALN #66.458). This loan is not fully drawn down, and expenditures related to it in the amount of \$586,134 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2024 was \$703,389 (\$586,134 or 83.33 percent federal funds and \$117,255 or 16.67 percent state funds).

NOTE 4 INDIRECT COSTS

The County did not elect to use the 10% De Minimis cost rate for indirect costs. For the year ended June 30, 2024, 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 QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Independent Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified? yes X none reported
3. Noncompliance material to basic financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified? X yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualify as low-risk auditee? No

KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Finding 2024-001: Revenue Recognition - State and Local Fiscal Recovery Funds

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition

During our review of the ARPA special revenue fund, we noted the following:

- The County's accounting for State and Local Fiscal Recovery Funds resulted in approximately \$1 million in revenue being recorded in the incorrect fiscal year. Consequently, revenue for FY 2024 was understated, and unearned revenue was overstated.

- Interest earned on advanced funding from the State and Local Fiscal Recovery Funds (SLFRF) was incorrectly recorded as other liabilities instead of being recognized as revenue when received.

Criteria or specific requirement

The Internal Control Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are accurately recorded in the appropriate accounting period.

Per the Coronavirus State and Local Fiscal Recovery Funds – Frequently Asked Question 10.1, interest earned on SLFRF award funds is not subject to program restrictions.

Cause

The incorrect timing of revenue recognition occurred due to confusion regarding the timing of cash basis submissions for reimbursement versus when the expenditure was actually incurred, particularly in relation to the nuances of ARPA reporting. The County was unaware that interest earned on SLFRF funds was not subject the same program requirements as the federal funds.

Effect

The incorrect recording of revenue led to the understatement of fiscal year 2024 revenue and an overstatement of unearned revenue, potentially leading to inaccurate financial statements and misinformed decision-making. An adjusting journal entry was recorded in the current year to properly record revenue.

The incorrect reporting of interest on SLFRF funds resulted in a restatement of July 1, 2023 balances totaling approximately \$901,000 and a fiscal year 2024 adjustment totaling approximately \$909,000 to properly recognize the revenue in the correct period in which the revenue was received.

Repeat Finding

No

KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Recommendation

We recommend that Kent County implement additional review layers to prevent such errors in the future. Specifically, management should establish a formalized reconciliation and review process for grant-related transactions to ensure they are accurately captured in the correct accounting period. This process should include timely and periodic reviews by an independent individual to identify and correct any discrepancies. In addition, we recommend management review program guidelines and frequently asked questions provided by federal agencies to ensure grant funds, including interest earned is properly recorded.

Views of Responsible Officials and Planned Corrective Action

We acknowledge the finding and will implement a comprehensive review process to address the issue. Our action plan includes conducting a thorough review of our accounting records related to grant awards and making the necessary adjustments to correct the understatement of revenue and overstatement of unearned revenue for the current reporting period. Additionally, we will implement a more robust review and reconciliation process to ensure that all grant-related transactions are accurately captured in the appropriate accounting periods going forward.

**KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

Reference Number: 2024-002
Federal Agency: U.S. Department of the Treasury
Federal Program: Coronavirus State and Local Fiscal Recovery Funds
(American Rescue Plan Act)
Assistance Listing Number: 21.027
Federal Award Identification Number: Not Available
Federal Award Year: 2024
Pass-Through Agency: N/A
Pass-Through Number: N/A
Compliance Requirement: Suspension and Debarment
Award Period: 7/1/2023 - 6/30/2024
Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance: 2 CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR 180.300 states that an entity may determine suspension and debarment status by:

- (a) Checking SAM (System for Award Management) Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person (7) Distribution of work to individuals and firms or economic considerations.

Control: Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The County could not provide supporting documentation that suspension and debarment status was determined prior to award.

Context:

The suspension and debarment status for three out of seven vendors was not documented.

Questioned costs:

There are no questioned costs related to this finding as the vendors were not federally suspended or debarred.

**KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs Continued

Cause:

The County relied on State policies and procedures for suspension and debarment for State piggyback contracts, rather than applying their own established controls to these contracts.

Effect:

The County is not in compliance with federal suspension and debarment regulations.

Repeat Finding:

The finding is a repeat of a finding in the immediate prior year. Prior year finding number was 2023-001.

Recommendation:

The County should ensure that established policies and procedures related to suspension and debarment are applied to all contracts, even for piggyback agreements adopted from the state.

Views of Responsible Officials and Planned Corrective Action:

The County regularly checks Sam.gov for suspension and debarment transactions. We relied on state policies and procedures regarding the contracts in question as they were piggyback contracts. Moving forward, we will ensure thorough documentation of our reviews to maintain diligence in this area.



DEPARTMENT OF FINANCE

KENT COUNTY, DELAWARE CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2024

Kent County, Delaware respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 1, 2023 – June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2024-001 Revenue Recognition - State and Local Fiscal Recovery Funds

Recommendation: We recommend that Kent County implement additional review layers to prevent revenue recognition errors in the future. Specifically, management should establish a formalized reconciliation and review process for grant-related transactions to ensure they are accurately captured in the correct accounting period. This process should include timely and periodic reviews by an independent individual to identify and correct any discrepancies. In addition, we recommend management review program guidelines and frequently asked questions provided by federal agencies to ensure grant funds, including interest earned is properly recorded.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: We will implement a process whereby grant revenue is subject to a reconciliation process that ensures revenue is recorded in the proper period.

Name(s) of the contact person(s) responsible for corrective action: Susan Durham,
Finance Director

Planned completion date for corrective action plan: March 2025.



DEPARTMENT OF FINANCE

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF THE TREASURY

2024-002 U.S. Department of the Treasury – Assistance Listing No. 21.027

Recommendation: The County should ensure that all established policies and procedures concerning suspension and debarment are consistently applied to every contract, including those that are adopted from state agreements.

Action taken in response to finding: The County regularly checks Sam.gov for suspension and debarment transactions. We relied on state policies and procedures regarding the contracts in question as they were piggy back contracts. Moving forward, we will ensure thorough documentation of our reviews to maintain diligence in this area.

Name of the contact person(s) responsible for corrective action: Susan Durham,
Finance Director

Planned completion date for corrective action plan: March 2025.



DEPARTMENT OF FINANCE

CURRENT YEAR STATUS OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2024

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2023 – 001 Suspension and Debarment

Condition: For 3 out of 7 vendors tested, The County could not provide supporting documentation that suspension and debarment status was determined prior to award.

Status: See current year finding 2024-02

Reason for finding's recurrence:

The County routinely monitors Sam.gov for suspension and debarment transactions. However, the County relied on state policies and procedures for the contracts in question, as they were piggyback contracts. The County should apply its own procedures, even for agreements adopted from the state.

Corrective Action: Moving forward, we will ensure thorough documentation of our reviews to maintain diligence in this area.



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