

Kent County Levy Court

LEVY COURT COMMISSIONERS

Hon. Terry L. Pepper, President

Hon. Allan F. Angel, Vice President

Hon. Eric L. Buckson

Hon. Jeffrey W. Hall

Hon. Glen M. Howell

Hon. Joanne Masten

Hon. George “Jody” Sweeney

Michael J. Petit de Mange,
County Administrator

**Annual Comprehensive Financial Report for
the Fiscal Year Ending June 30, 2022**

SERVING KENT COUNTY WITH PRIDE

Kent County, Delaware
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022



Prepared by Kent County Department of Finance

Susan L. Durham, Director

Mary Karol, Assistant Director

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal2
Organizational Chart.....8
List of Elected Officials9
County Administrator and Department Directors.....11

FINANCIAL SECTION

Independent Auditor’s Report.....13

Management’s Discussion and Analysis16

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position26

Statement of Activities.....27

Fund Financial Statements:

Balance Sheet – Governmental Funds28

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position29

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds.....30

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of
Activities31

Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund.....32

Statement of Net Position – Proprietary Funds.....34

Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds.....35

Statement of Cash Flows – Proprietary Funds.....36

Statement of Net Position – Fiduciary Funds38

Statement of Changes in Fiduciary Net Position39

Table of Contents - continued

Notes to the Financial Statements	40
Required Supplementary Information	
Schedule of Changes in Net Pension Liability, Related Ratios and Investment Returns	80
Schedule of Employer Pension Contributions	82
Schedule of Changes in Net OPEB Liability and Related Ratios.....	84
Schedule of Employer OPEB Contributions.....	85
Supplementary Information	
Combining Balance Sheet – Non-Major Governmental Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	89
Combining Statement of Net Position – Non-Major Proprietary Funds.....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Non-Major Proprietary Funds.....	91
Combining Statement of Cash Flows – Non-Major Proprietary Funds.....	92
Combining Statement of Net Position – Pension and Post Retiree Benefits Funds	93
Combining Statement of Changes in Net Position – Pension and Post Retiree Benefits Funds	94
 STATISTICAL SECTION	
Statistical Section Summary.....	96
 <u>Financial Trends:</u>	
Net Position by Component.....	97
Changes in Net Position.....	98
Fund Balances of Governmental Funds.....	101
Changes in Fund Balances of Governmental Funds	102

Table of Contents - continued

Tax Revenue by Source – Governmental Funds.....103

Revenue Capacity:

Assessed and Estimated Actual Value of Taxable Property 104

Property Tax Rates – Direct and Overlapping Governments105

Principal Property Taxpayers.....106

Property Tax Levies and Collections.....107

Debt Capacity:

Ratios of Outstanding Debt by Type108

Ratios of General Bonded Debt Outstanding.....109

Direct and Overlapping Governmental Activities Debt.....110

Legal Debt Margin Information.....111

Demographic and Economic Information:

Demographic and Economic Statistics112

Employment by Selected Industry (Major Employers)113

Operating Information:

Full-time Equivalent Employees by Function114

Operating Indicators by Function/Program115

Capital Asset Statistics by Function/Program.....119

SINGLE AUDIT

Independent Auditor’s Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards.....121

Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
Uniform Guidance123

Schedule of Expenditures of Federal Awards.....126

Notes to Schedule of Expenditures of Federal Awards128

Schedule of Findings and Recommendations130

INTRODUCTORY SECTION



This section includes the following:

Letter of Transmittal

Organizational Chart

List of Elected Officials

County Administrator and Department Directors



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

December 20, 2022

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, 2022. 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, 2022. 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 182,481 in the year 2022. 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 167,303 in 2013 to 182,481 as of June 30, 2022. Population in 2022 was nine percent higher than in 2013. The median age of the population shows a slightly increasing trend from a median age of 37.8 in 2013 to a median age of 38.8 in 2022.

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 year 2022 Kent County received its second tranche of approximately \$17.6 million in CSLFRF from the U.S. Treasury to provide resources to respond to the pandemic and its economic effects. During fiscal year 2022 the County disbursed over \$3.0 million of these funds to local businesses under its Small Business & Tourism Industry grant program.

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 2022, Kent County's unemployment rate was 6.0% compared to 4.9% 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 2022. The Recorder of Deeds office recorded 6,852 deeds and 10,264 mortgages. Real estate transfer tax revenue in fiscal year 2022 was \$11.0 million, exceeding the prior year's revenue by \$2.3 million, representing a 26% increase.

*2022 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 property tax rate has remained at thirty cents per hundred dollars of assessed value for over ten years. Property taxes generated revenue of \$12.5 million in fiscal year 2022 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-one in fiscal year 2013 grew to a budgeted staff of seventy-nine in fiscal year 2022. This represents an 11.3% increase in staffing. Expenditures for this department increased 64.9% over the same time period from a low of \$8.2 million in 2013 to a high of \$13.5 million in 2022.

Kent County's Department of Public Works added new sewer districts within the County boundaries at a steady rate with twenty-nine districts online and 18,537 EDU's billed in 2013 and thirty-four districts online and 23,637 EDU's billed in 2022. Budgeted staff increased from sixty-seven to seventy-two 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. Final completion of the project is expected around 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 2022, \$893,033 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 2022, the County provided matching grant funds in the amount of \$496,825 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 2022 adopted budget is \$16.8 million and this goal has been met. The County has met the retention goal every fiscal year since the policy was adopted.

Acknowledgements

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

Respectfully submitted,

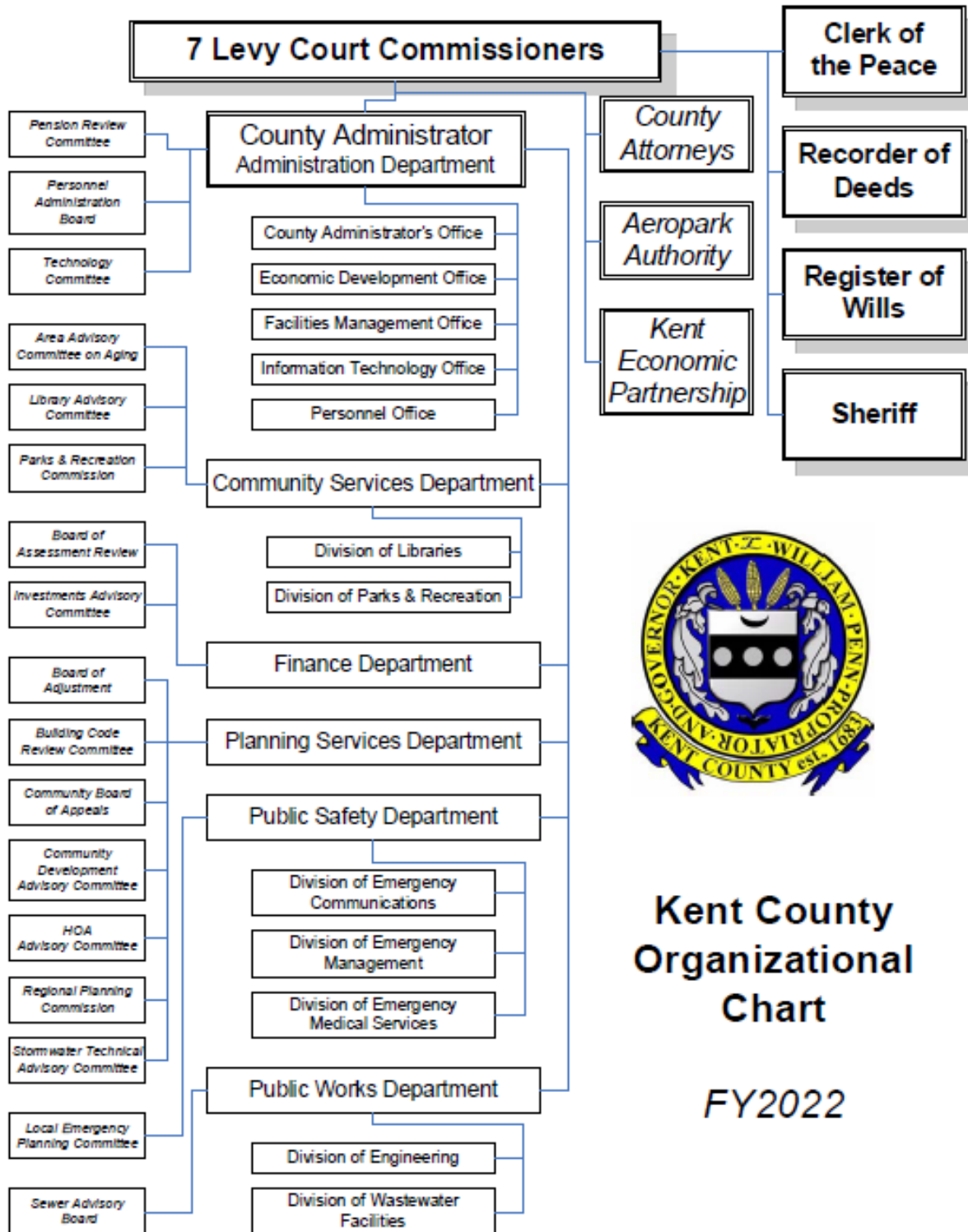


Michael J. Petit de Mange
County Administrator



Susan L. Durham
Finance Director

Fiscal Year 2022 KCLC Organization Chart



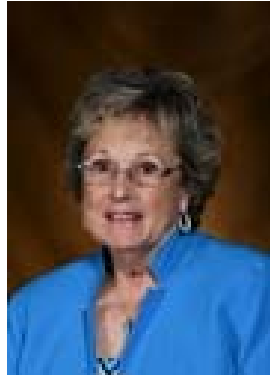
Kent County Organizational Chart

FY2022

KENT COUNTY LEVY COURT COMMISSIONERS

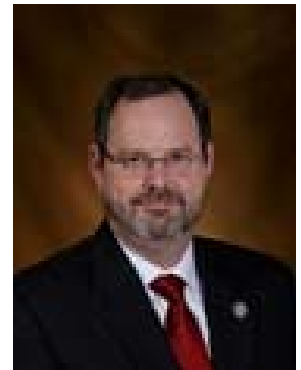
Hon. Joanne Masten

1st Levy Court District



Hon. Jeffrey W. Hall

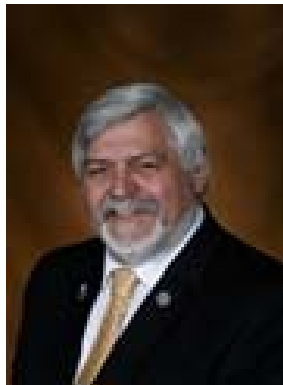
2nd Levy Court District



Hon. Allan F. Angel

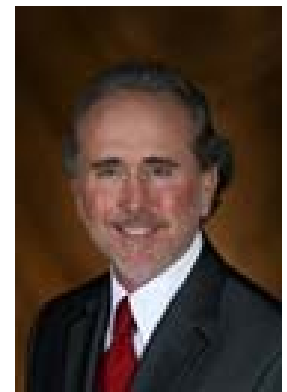
3rd Levy Court District

Vice President



Hon. Eric L. Buckson

4th Levy Court District



**Hon. George “Jody”
Sweeney**

5th Levy Court District



Hon. Glen M. Howell

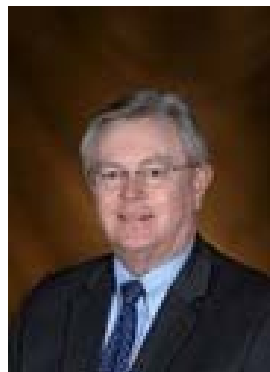
6th Levy Court District



Hon. Terry L. Pepper

President

At Large



List of Elected Officials -Kent County Row Officers

Clerk of the Peace

Hon. Brenda A. Wootten

Recorder of Deeds

Hon. Betty Lou McKenna

Register of Wills

Hon. Harold K. Brode

Sheriff

Hon. Brian E. Lewis

Kent County Administrator and Department Directors

County Administrator

Michael J. Petit de Mange, AICP

Department Directors

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

FINANCIAL SECTION



This section includes the following:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplementary Information



INDEPENDENT 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, 2022, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective 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 Kent County, Delaware 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 A to the financial statements, the 2021 financial statements have been restated for the implementation of GASB Statement No. 87, *Leases* and to correct a misstatement. Our opinion is 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 management's discussion and analysis, the Schedule of Changes in Net Pension Liability, Related Ratios, and Investment Returns, the Schedule of Employer Pension Contributions, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Employer OPEB Contributions 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 introductory section, combining fund statements, statistical section and schedule of expenditures of federal is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

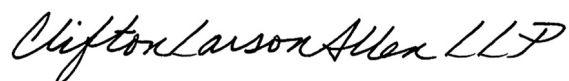
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of 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 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

Baltimore, Maryland
December 20, 2022 **December 20, 2022**

KENT COUNTY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2022

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, 2022. 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 \$225,033,935 (net position), an increase of \$8,362,748 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 \$71,175,569 an increase of \$5,765,210 from the previous year. Of the current ending fund balances, General Fund reported \$47,703,230 as unassigned, \$176,592 as nonspendable, \$4,094,502 as restricted, and \$4,800,544 as assigned. In the Capital Projects Fund, \$13,424,470 is reported as assigned and \$761,134 is reported as nonspendable. In the Other Governmental Funds, \$215,097 is reported as restricted.

Long-Term Liabilities

- At the end of the current fiscal year, the County had total bonded debt outstanding of \$53,643,486 an increase of \$198,864 from the previous year. All of the bonded debt is backed by the full faith and credit of the County government. Governmental activities report \$2,904,351 and business-type activities report \$4,330,648 of general obligation bonds and \$46,408,487 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 upon LIBOR plus 1.2%. At the end of the current fiscal year, the County had total note payable of \$3,118,439.
- 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 \$805,865. This includes \$796,787 for Governmental activities and \$9,078 for Business type activities.
- The County adheres to GASB Statement No. 68, Accounting and Financial Reporting for Pensions which was implemented in Fiscal Year 2015, which generally requires state and local governments whose employees are provided with defined benefit pensions to account for and report the annual pension cost and outstanding pension liability. The County reported a net pension liability totaling \$18,584,747 and \$20,297,714 at June 30, 2022 and June 30, 2021 respectively.
- The County adheres to GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions which was implemented in Fiscal Year 2018, which generally requires state and local governments whose employees are provided with defined benefit OPEB plans to account for and report the annual OPEB cost and outstanding OPEB liability. The County reported a net OPEB liability totaling \$22,224,528 and \$14,795,239 at June 30, 2022 and June 30, 2021 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, 2022, the County has invested \$150,738,700 net of accumulated depreciation and amortization, in a broad range of capital assets (see table below). Depreciation and amortization charges for Fiscal Year 2022 totaled \$10,289,023.

Kent County's Capital Assets as of June 30, 2022 and 2021
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 9,253,595	\$ 9,064,297	\$ 7,481,622	\$ 7,481,622	\$ 16,735,217	\$ 16,545,919
Construction in Progress	120,264	790,832	14,880,318	10,191,084	15,000,582	10,981,916
Site Improvements	5,105,077	5,292,373	8,962	17,146	5,114,039	5,309,519
Pipeline	-	-	50,025,116	52,882,416	50,025,116	52,882,416
Buildings	21,186,693	20,987,929	14,002,826	14,388,699	35,189,519	35,376,628
Equipment and Furniture	2,335,994	2,970,144	25,546,080	28,880,299	27,882,074	31,850,443
Right To Use Leased Equip	783,076	-	9,077	-	792,153	-
Total Capital Assets	\$ 38,784,699	\$ 39,105,575	\$ 111,954,001	\$ 113,841,266	\$ 150,738,700	\$ 152,946,841

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

- Purchase of land, buildings, and site improvements to include land located in West Dover for \$189,298, building renovations in the amount of \$985,828, and site improvements for \$205,731 for Public Safety.
- Purchase of furniture and equipment to include: four vehicles in the amount of \$99,284 for Inspections & Enforcement; two emergency response vehicles for \$78,850 for Emergency Medical Services; one vehicle for \$24,392 for Sheriff, surveillance system for \$25,834 at Big Oak Park, compact utility tractor for \$26,150 for Parks and Recreation, two radios for \$11,007 for Emergency Medical Services, a zero-turn mower for \$8,856 for Facilities Management, and a Computer Aided Mass Appraisal system for \$435,845 for Assessment.
- Addition of donated equipment for Emergency Communications in the amount of \$6,485 for a computer server and \$35,371 for seven portable radios, for Emergency Management in the amount of \$45,291 for equipment upgrades in the operations center and a truck for \$41,663, and for Emergency Medical Services a cardiac monitor and eight portable radios in the amount of \$84,269 and \$45,054.
- Construction in Progress is comprised of the Information Technology Enterprise Solution in the amount of \$88,951; Big Oak Park and Brown’s Branch Park surveillance systems in the amount of \$19,850, Kesselring wetland bridge in the amount of \$11,301, and Administrative Complex maintenance building in the amount of \$162.
- Addition of Right-to-Use leases for Administration \$32,329, Human Resources \$5,527, Economic Development \$9,518, Finance \$7,103, Information Technology \$5,893, Planning Department \$13,216, Emergency Communications \$5,517, and Emergency Medical Services \$1,168,774.

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

- Completion of the North Aeration Basin improvements at the plant in the amount of \$848,439.
- Purchase of an ATS, Wilo pump and grinder renewal for PS3 cost \$187,400.
- Two Wilo pumps and a grinder assembly installation at PS15A in the amount of \$30,788.
- Roof replacements at PS4 and PS15 costing a total of \$36,167.
- New pumps were purchased for PS5A, PS8B, PS6B, PS6A, PS20B, and PS9A in the amount of \$76,541.
- Electrical upgrade and installation of a Wilo pump and grinder were performed at PS29 in the amount of \$27,879.
- Grinder motor was installed at PS7 costing \$27,125.
- Purchase of a VFD and check valve for PS4 in the amount of \$19,131.
- PLC upgrade performed at PS15 in the amount of \$4,610.
- Scada upgrade at PS28A in the amount of \$5,472.

- Two new pumps installed at RPS #1 at the treatment plant in the amount of \$131,111.
- Installation of 2 Pista Grit Retrofit systems for the Grit Chamber costing \$140,452.
- Installation of a new Reliance 500 HP motor the in the Blower building costing \$17,100.
- Purchase of 2 pug mill mixers for the treatment plant costing \$19,452.
- Purchase of a 40 HP motor for blower #1 in the Solids Handling Building costing \$5,266.
- New pump for the Biosolids scrubber costing \$7,073.
- Purchase of a 2022 Chevy Silverado V#40 in the amount of \$27,330.
- Lettering Cost for 2021 Chevy Silverado (V49) costing \$175.
- Purchased a John Deere Z994R Commercial Ztrack for the Treatment Plant costing \$13,350.
- Purchased a Kubota Utility Vehicle for the Operators at the Treatment Plant in the amount of \$18,054.
- There were no donated assets in FY22.
- Construction in Progress' is comprised of the septage receiving project at Dover Products, pump for PS26, PS29A electrical upgrade for new radios, and the Puncheon Run extension. Also included in construction in progress is the TMDL compliance project and at the Treatment Plant the blower system upgrade, generators, basin actuator valve, influent screen, biosolids capacity expansion and the wastewater master plan. Sewer extensions for Paris Villa and London Village and Fieldstone Village Mobile Home Park are also included in construction in progress.
- Addition of Right-to-Use leases for copiers \$17,407.

Overview of the Financial Statements

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

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

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

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

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

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

Kent County's Net Position as of June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 127,666,718	\$ 109,424,408	\$ 94,047,388	\$ 86,962,980	\$ 221,714,106	\$ 196,387,388
Capital Assets	38,784,699	39,105,575	111,954,001	113,841,266	150,738,700	152,946,841
Total Assets	166,451,417	148,529,983	206,001,389	200,804,246	372,452,806	349,334,229
Total Deferred Outflows of Resources	15,047,910	14,239,234	4,465,752	4,234,376	19,513,662	18,473,610
Long-Term Liabilities	39,154,163	35,522,364	58,247,553	56,568,551	97,401,716	92,090,915
Other Liabilities	41,352,220	29,177,829	5,382,772	4,776,095	46,734,992	33,953,924
Total Liabilities	80,506,383	64,700,193	63,630,325	61,344,646	144,136,708	126,044,839
Total Deferred Inflows of Resources	20,347,159	22,365,151	2,448,666	2,726,166	22,795,825	25,091,317
Net Position:						
Net Investment in Capital Assets	31,683,667	31,329,672	60,616,787	64,412,503	92,300,454	95,742,175
Restricted	17,734,069	18,840,031	53,143,508	47,958,369	70,877,577	66,798,400
Unrestricted	31,228,049	25,534,170	30,627,855	28,596,938	61,855,904	54,131,108
Total Net Position	\$ 80,645,785	\$ 75,703,873	\$ 144,388,150	\$ 140,967,810	\$ 225,033,935	\$ 216,671,683

The largest components of the County’s current and other assets of \$221,714,106 are cash and investments totaling \$197,278,988 of which \$58,889,441 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 \$97,401,716, bonds payable net of deferred charges accounts for \$51,444,835, net pension liability accounts for \$18,584,747, net OPEB liability accounts for \$22,224,528, note payable accounts for \$2,787,589, compensated absences accounts for \$1,805,563 and leases payable accounts for \$554,454. Due to Other Governments totaling \$4,571,708 and unearned revenue totaling \$32,370,964 are the largest components in other liabilities of \$46,734,992. Total deferred inflows of resources are \$22,772,923 which primarily consists of unavailable property tax revenue totaling \$13,696,435.

Kent County's Changes in Net Position

	Governmental		Business-type		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for Services	\$ 9,955,613	\$ 9,308,041	\$ 26,797,137	\$ 28,064,769	\$ 36,752,750	\$ 37,372,810
Operating Grants and Contributions	5,176,686	3,381,200	20,295	120,735	5,196,981	3,501,935
Capital Grants and Contributions	492,008	93,480	6,567,740	6,504,806	7,059,748	6,598,286
General Revenues:						
Property Taxes	12,491,603	12,191,693	-	-	12,491,603	12,191,693
Real Estate Transfer Tax	11,035,462	8,725,475	-	-	11,035,462	8,725,475
Grant Revenue	3,337,114	56,494	-	-	3,337,114	56,494
Residential Telephone Surcharge	270,015	270,015	-	-	270,015	270,015
Investment Earnings	292,141	162,520	313,109	162,213	605,250	324,733
Other Revenue and Gains (Losses)	816,689	531,483	4,160	2,382	820,849	533,865
Total Revenues	43,867,331	34,720,401	33,702,441	34,854,905	77,569,772	69,575,306
EXPENSES						
General Government	5,474,699	4,471,686	-	-	5,474,699	4,471,686
Special Grants/Programs	5,681,333	2,443,752	-	-	5,681,333	2,443,752
Community Services	4,860,058	4,189,281	-	-	4,860,058	4,189,281
Planning Services	6,212,727	5,554,650	-	-	6,212,727	5,554,650
Public Safety	13,551,322	12,058,871	-	-	13,551,322	12,058,871
Row Offices	2,614,912	2,389,456	-	-	2,614,912	2,389,456
Economic Development	366,981	264,467	-	-	366,981	264,467
Debt Service	162,898	148,154	-	-	162,898	148,154
Sewer	-	-	23,955,381	23,220,780	23,955,381	23,220,780
Street Light	-	-	1,083,750	1,072,349	1,083,750	1,072,349
Trash	-	-	5,197,292	4,951,779	5,197,292	4,951,779
Landfill	-	-	9,326	9,324	9,326	9,324
Storm Water Maintenance	-	-	36,345	35,902	36,345	35,902
Total Expenses	38,924,930	31,520,317	30,282,094	29,290,134	69,207,024	60,810,451
Increase (Decrease) in Net Position	\$ 4,942,401	\$ 3,200,084	\$ 3,420,347	\$ 5,564,771	\$ 8,362,748	\$ 8,764,855

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 \$8,362,748 over the course of this fiscal year’s operations. Net position for governmental activities increased by \$4,942,401 in FY2022. This increase in net position for governmental activities was \$1,742,317 (54%) higher than the increase in FY2021. Revenue was approximately \$9,170,000 higher in FY2022 than in FY2021 primarily because of an increase in grant revenue and realty transfer taxes. Expenses were approximately \$7,404,600 higher in FY2022 primarily because of \$3.2 million increase in Special Grants/Programs, \$1 million increase in General Government, and \$1.5 million increase in Public Safety, \$671,000 in Community Services and \$658,000 in Planning Services.

The net position of the County’s business-type activities increased by \$3,420,347. This increase in net position was 38.5% lower than the increase in net position in Fiscal Year 2021. The decrease in net position of \$2,144,424 between Fiscal Year 2022 and Fiscal year 2021 was primarily a result of a decrease in charges for services of \$1,267,600 in Fiscal Year 2022 as compared to Fiscal Year 2021 combined with an increase of expenses of \$992,000 in Fiscal Year 2022 as compared to Fiscal Year 2021.

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 \$56,774,868 of which \$47,703,230 was unassigned, \$176,592 was nonspendable, \$4,800,544 was assigned, and \$4,094,502 was restricted of which \$1,934,437 was for library tax, \$68,626 was for grants, \$637,070 was for restricted technology fees, \$40,933 was for recreational areas, \$13,436 was for APFO EMS, and \$1,400,000 for conduit debt service.

Overall revenue increased \$5,045,702 from Fiscal Year 2021 to Fiscal Year 2022. Property tax revenue increased \$243,990 in Fiscal Year 2022 due to a small amount of growth in the tax assessment rolls. Real estate transfer taxes increased \$2,309,987 which is an indicator of growth. Fees for services increased \$686,639 primarily because of approximate increases in Sheriff 4% Sale Fees of \$333,600, Parks & Rec fees of \$198,700 and Register of Wills fees of \$238,900. There was an approximate decrease in Recorder of Deeds fees of \$136,700 and in I&E fees of \$220,000. Grant revenue increased \$1,546,567, primarily because of an increase in the amount of revenue received from the Paramedic grant of approximately \$1,292,000. Interest and dividends increased approximately \$96,500. Other revenue increased approximately \$124,200 when compared to Fiscal Year 2021.

General Fund expenditures increased \$1,987,166 (7.27%) in Fiscal Year 2022 when compared to Fiscal Year 2021. Public Safety and Community Services had expenditure increases of \$1,088,546 and \$602,450 respectively. Public Safety expenses mainly increased due to increases in personnel costs, supplies, and donated assets. Community Services expenses mainly increased due to increases in personnel costs, legal and contractual costs, and reciprocal borrowing.

General Fund – Comparison to Budget. Overall revenue collections were higher than the final budget by 26.93%. Real estate transfer tax came in over the final budget by \$4,635,462 or 72.43%. Grants exceeded the final budget by \$996,009 or 28.60%. Fees for services were higher than the final budget by \$2,282,286 or 30.08%. Interest and dividends were over the final budget by \$68,414 or 40.24%. Other revenue was over the final budget by \$180,660 or 57.79%.

Overall, operating expenditures were under the final budget by 10.56% primarily due to strict cost controls imposed on county wide spending. The functions that were most under their final budget were Community Services by 17.69% and Special Grants and Programs which was 23.41% 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>2022 Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 12,445,400	\$ 12,445,400	\$ 12,480,729	\$ 35,329
Real Estate Transfer Tax	6,400,000	6,400,000	11,035,462	4,635,462
Telephone Surcharge	270,000	270,000	270,015	15
Grants	2,811,200	3,482,444	4,478,453	996,009
Fees for Services	7,562,300	7,587,692	9,869,978	2,282,286
Interest and Dividends	170,000	170,000	238,414	68,414
Rental Income	23,800	23,800	90,458	66,658
Other Revenues	309,000	312,617	493,277	180,660
Total Revenues	<u>29,991,700</u>	<u>30,691,953</u>	<u>38,956,786</u>	<u>8,264,833</u>
EXPENDITURES				
General Government	2,862,600	2,922,628	2,767,976	154,652
Special Grants and Programs	2,322,700	3,092,300	2,368,460	723,840
Community Services	4,753,000	4,867,903	4,006,630	861,273
Planning Services	5,046,200	5,046,246	4,828,234	218,012
Public Safety	12,088,700	12,664,188	12,188,785	475,403
Row Offices	2,591,600	2,598,425	2,482,965	115,460
Contingency	1,000,000	833,300	-	833,300
Debt Service				
Principal	578,600	578,600	513,414	65,186
Interest	168,900	168,900	163,044	5,856
Total Expenditures	<u>31,412,300</u>	<u>32,772,490</u>	<u>29,319,508</u>	<u>3,452,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,420,600)</u>	<u>(2,080,537)</u>	<u>9,637,278</u>	<u>11,717,815</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	-	33,137	33,137	-
Transfers out	(2,116,200)	(2,866,592)	(2,817,294)	49,298
Total Other Financing (Uses)	<u>(2,116,200)</u>	<u>(2,833,455)</u>	<u>(2,784,157)</u>	<u>49,298</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (3,536,800)</u>	<u>\$ (4,913,992)</u>	<u>\$ 6,853,121</u>	<u>\$ 11,767,113</u>

Capital Projects Fund. The operating revenue for this fund increased \$430,815 from Fiscal Year 2021 to Fiscal Year 2022. This 253% jump in revenue was a result of an increase in grant revenue of \$116,275, an increase in interest income of \$30,860 and an increase in other revenue of \$283,680. Overall, the expenditures increased by \$595,260 from Fiscal Year 2021 to Fiscal Year 2022. The largest expenditure during Fiscal Year 2022 was \$1,037,683 for the new EMS station in West Dover. Capital outlay was \$1,667,463 in Fiscal Year 2021 as opposed to \$1,171,968 in Fiscal Year 2022, a decrease of \$495,495.

Community Development Block Grant. Total revenue for this fund in Fiscal Year 2022 was \$694,239 an increase of \$215,611 from Fiscal Year 2021 primarily due to increases in grant funding from drawdowns for reimbursement. The expenditures were \$1,150,741, an increase of \$321,242 from Fiscal Year 2021.

American Rescue Plan Act Fund. In Fiscal Year 2021, the County created a new American Rescue Plan Act Fund for 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 funds but did not spend anything. In FY22 the County received their 2nd and final tranche of \$17,557,780 for a total of \$35,115,560. During FY2022 \$3,312,873 of the funds were expensed for programs eligible under the State and Local Fiscal Recovery Funds (SLFRF) program guidance.

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 expenditures remain steady because there are no major projects moving forward.

Proprietary Funds

Sewer Fund. This fund experienced an operating loss of \$2,669,495 in Fiscal Year 2022 as compared to an operating loss of \$161,156 in Fiscal Year 2021. Operating revenue was \$1,764,549 less in Fiscal Year 2022 than in Fiscal Year 2021. District user fee revenue was \$285,000 higher in Fiscal Year 2022 than Fiscal Year 2021. This was primarily a result of growth in district users. Contract user revenue was down \$1,624,354 and this was a result of less flows billed in Fiscal Year 2022 than Fiscal Year 2021. The user fee uniform rates for Fiscal Year 2022 remained the same as Fiscal Year 2021. Sewer permits, operating grants, and other revenue were \$214,995 less in Fiscal Year 2022 as compared to Fiscal Year 2021. Operating expenses were \$743,790 higher in Fiscal Year 2022 than Fiscal Year 2021. This increase in operating expenses is primarily attributed to an increase of \$435,509 in salaries and benefits, and an increase of \$211,524 in operating supplies.

Trash Fund. The Trash Fund, another major enterprise fund, has the primary function of trash collection. This fund experienced an operating gain of \$140,100 in Fiscal Year 2022 as compared to an operating loss of \$54,202 in Fiscal Year 2021. Revenues increased by \$439,815 from Fiscal Year 2021 to Fiscal Year 2022. During Fiscal Year 2022 there were 16,734 trash customers of which 72.86% had yard waste pickup. The increase in revenue in Fiscal Year 2022 is directly related to the growth in the number of customers in the Trash Fund. Expenses increased by \$245,513 from Fiscal Year 2021 to Fiscal Year 2022 primarily due to contractual services increasing \$206,976 in Fiscal Year 2022 over Fiscal Year 2021.

Non-Major Enterprise Funds. The non-major enterprise funds consist of the Street Light Fund, Landfill Fund, and Storm Water Management Fund. The Landfill Fund has not actively provided waste material disposal service since the 1970's. Costs associated with the Landfill Fund consist mainly of site monitoring costs and related legal expenses. These expenses increased \$2 in Fiscal Year 2022. 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 2022, the Storm Water Management Fund had operating revenue of \$116,156 and operating expenses of \$36,345 which resulted in an operating income of \$79,811. The Street Light Fund had an operating gain of \$34,479 in Fiscal Year 2022. Revenues were less in Fiscal Year 2022 than Fiscal Year 2021 as a result of a slight decrease in the user fee rates. Expenses in Fiscal Year 2022 were \$11,401 higher than Fiscal Year 2021. In Fiscal Year 2022, utility expenses were \$9,267 more than in Fiscal Year 2021.

Internal Service Fund. The internal service fund - Medical Trust Fund – had an operating loss of \$20,746 in Fiscal Year 2022 as compared to an operating loss of \$836,697 in Fiscal Year 2021. The operating loss is much less in Fiscal Year 2022 as a result of employer contributions increasing \$1,196,999 in Fiscal Year 2022 compared to Fiscal Year 2021 while medical insurance premiums and claims increased \$480,159 in Fiscal Year 2022 compared to Fiscal Year 2021.

General Fund Budgetary Highlights

The County adopted its Fiscal Year 2022 budget on April 27, 2021 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 \$30,691,953 of revenues; \$32,772,490 of expenditures, and \$2,833,455 of other financing uses. The actual results were revenues \$8,264,833 above budget and expenditures \$3,452,982 below budget.

Economic Factors and Next Year's Budget Rates

The significant economic sectors to the County are (1) state and local government, (2) federal government and military, (3) service-related industries, (4) manufacturing and (5) agriculture. The prominent role of government and the military is related to the location of the State Capital and a major military base within the borders of the County. Economic projections utilized as a basis for the County's Master Development Plan show a continuation of the trend toward governmental, manufacturing, and service activities. Kent County's unemployment rate in June 2022 was 6.0% which was 1.8% lower than the unemployment rate in June 2021 which was 7.8%.

During Fiscal Year 2022, the County continued to see some growth in the housing market. Interest rates increased and the revenues related to housing started to decrease by the end of FY2022. The General Fund costs were held tight. Revenue was \$5,045,702 higher in Fiscal Year 2022 than Fiscal Year 2021 which was a net result of increases in real estate transfer tax revenue and Recorder of Deeds fees revenue and grant revenue. During Fiscal Year 2022 the County expenditures were \$1,987,166 higher than Fiscal Year 2021 and this was primarily related to the increase in public safety expenses and community services expenses.

When adopting the General Fund budget for Fiscal Year 2023, 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. With the continued success of the County's strict purchasing policy and minimization of growth in staffing the County was able to maintain the tax rate of \$.30 for Fiscal Year 2023.

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.co.kent.de.us.

KENT COUNTY, DELAWARE

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 109,240,193	\$ 27,749,354	\$ 136,989,547
Receivables	14,488,564	4,613,624	19,102,188
Internal Balances	1,014,194	(1,014,194)	-
Due from Other Governments	586,041	3,605,373	4,191,414
Inventory	23,838	180,965	204,803
Prepaid Expenses and Other Assets	913,888	22,825	936,713
Non - Current Assets			
Restricted Assets:			
Cash and Investments	1,400,000	58,889,441	60,289,441
Capital Assets, Net			
Land	9,253,595	7,481,622	16,735,217
Construction in Progress	120,264	14,880,318	15,000,582
Land and Site Improvements	5,105,077	8,962	5,114,039
Pipeline	-	50,025,116	50,025,116
Buildings	21,186,693	14,002,826	35,189,519
Equipment and Furniture	2,335,994	25,546,080	27,882,074
Right To Use Leased Equipment	783,076	9,077	792,153
Total Assets	166,451,417	206,001,389	372,452,806
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items Related to Pension	6,514,157	1,872,375	8,386,532
Deferred Items Related to OPEB	8,522,750	2,578,421	11,101,171
Deferred Charges on Refunding	11,003	14,956	25,959
Total Deferred Outflows of Resources	15,047,910	4,465,752	19,513,662
LIABILITIES			
Current Liabilities			
Accounts Payable	1,476,326	1,790,322	3,266,648
Accrued Expenses	711,223	331,704	1,042,927
Due to Other Governments	4,571,708	-	4,571,708
Retainage Payable	54,738	503,267	558,005
Other Liabilities	1,470,404	-	1,470,404
Compensated Absences	63,515	17,731	81,246
Bonds Payable, Net	198,708	2,592,121	2,790,829
Note Payable	330,850	-	330,850
Leases Payable	248,412	2,999	251,411
Unearned Revenue	32,226,336	144,628	32,370,964
Long Term Liabilities			
Net Pension Liability	14,412,469	4,172,278	18,584,747
Net OPEB Liability	17,050,850	5,173,678	22,224,528
Compensated Absences	1,411,517	394,046	1,805,563
Bonds Payable, Net	2,943,363	48,501,472	51,444,835
Note Payable	2,787,589	-	2,787,589
Leases Payable	548,375	6,079	554,454
Total Liabilities	80,506,383	63,630,325	144,136,708
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	13,678,473	17,962	13,696,435
Deferred Items Related to Leases	22,966	477,085	500,051
Deferred Items Related to Pension	5,014,486	1,451,646	6,466,132
Deferred Items Related to OPEB	1,631,234	501,973	2,133,207
Total Deferred Inflows of Resources	20,347,159	2,448,666	22,795,825
NET POSITION			
Net Investment in Capital Assets	31,683,667	60,607,709	92,291,376
Restricted for:			
Capital Projects	13,639,567	-	13,639,567
Conduit Debt Service	1,400,000	-	1,400,000
Recreation Areas	40,933	-	40,933
APFO-EMS	13,436	-	13,436
Library Tax	1,934,437	-	1,934,437
LEPC Grant	1,000	-	1,000
Technology Fee-Deeds	254,828	-	254,828
Technology Fee-General Fund	382,242	-	382,242
Library Standards Grant	67,626	-	67,626
Capital Projects - Equipment Replacement	-	333,285	333,285
Capital Projects - Expansion Sewer Facilities	-	52,810,223	52,810,223
Unrestricted	31,228,049	30,636,933	61,864,982
Total Net Position	\$ 80,645,785	\$ 144,388,150	\$ 225,033,935

KENT COUNTY, DELAWARE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 5,474,699	\$ 386,030	\$ 30,315	\$ 5,000	\$ (5,053,354)	\$ -	\$ (5,053,354)
Special Grants/Programs	5,681,333	-	234,000	-	(5,447,333)	-	(5,447,333)
Community Services	4,860,058	344,117	236,751	37,008	(4,242,182)	-	(4,242,182)
Planning Services	6,212,727	1,935,521	680,795	-	(3,596,411)	-	(3,596,411)
Public Safety	13,551,322	109,333	3,994,825	200,000	(9,247,164)	-	(9,247,164)
Row Offices	2,614,912	7,180,612	-	-	4,565,700	-	4,565,700
Economic Development	366,981	-	-	250,000	(116,981)	-	(116,981)
Interest on Long-Term Debt	162,898	-	-	-	(162,898)	-	(162,898)
Total Governmental Activities	38,924,930	9,955,613	5,176,686	492,008	(23,300,623)	-	(23,300,623)
Business-Type Activities:							
Sewer	23,955,381	20,222,732	20,295	6,567,740	-	2,855,386	2,855,386
Street Light	1,083,750	1,118,229	-	-	-	34,479	34,479
Trash	5,197,292	5,337,392	-	-	-	140,100	140,100
Landfill (Note K)	9,326	2,628	-	-	-	(6,698)	(6,698)
Storm Water Maintenance	36,345	116,156	-	-	-	79,811	79,811
Total Business-Type Activities	30,282,094	26,797,137	20,295	6,567,740	-	3,103,078	3,103,078
Total Primary Government	\$ 69,207,024	\$ 36,752,750	\$ 5,196,981	\$ 7,059,748	(23,300,623)	3,103,078	(20,197,545)
General Revenues:							
Taxes:							
Property Taxes					12,491,603	-	12,491,603
Real Estate Transfer Tax					11,035,462	-	11,035,462
Grant Revenue					3,337,114	-	3,337,114
Residential Telephone Surcharge					270,015	-	270,015
Investment Earnings					292,141	313,109	605,250
Other Revenues including Capital Asset Sales Gains/(Losses)					816,689	4,160	820,849
Total General Revenues					28,243,024	317,269	28,560,293
Changes in Net Position					4,942,401	3,420,347	8,362,748
Net Position At Beginning Of Year Restated					75,703,384	140,967,803	216,671,187
Net Position At End Of Year					\$ 80,645,785	\$ 144,388,150	\$ 225,033,935

KENT COUNTY, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	American Recovery Plan Act Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 61,817,615	\$ 32,063,655	\$ 14,432,510	\$ 334,148	\$ 215,875	\$ 108,863,803
Receivables						
Accounts	17,336	-	-	-	-	17,336
Taxes	14,440,057	-	-	-	-	14,440,057
Lease	-	-	-	-	22,966	22,966
Due From Other Funds	1,499,107	-	40,984	-	-	1,540,091
Due from Other Governments	104,571	-	37,663	443,807	-	586,041
Inventory	12,704	-	11,134	-	-	23,838
Prepaid Expenditures and Other Assets	163,888	-	750,000	-	-	913,888
Total Assets	\$ 78,055,278	\$ 32,063,655	\$ 15,272,291	\$ 777,955	\$ 238,841	\$ 126,408,020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 246,619	\$ 190,763	\$ 1,031,881	\$ 1,228	\$ -	\$ 1,470,491
Accrued Expenses	515,336	-	-	10,152	-	525,488
Due to Other Funds	37,143	711	68	487,197	778	525,897
Due to Other Governments	4,571,708	-	-	-	-	4,571,708
Retainage Payable	-	-	54,738	-	-	54,738
Unearned Revenue	106,446	31,802,688	-	279,378	-	32,188,512
Other Liabilities	1,400,911	69,493	-	-	-	1,470,404
Total Liabilities	6,878,163	32,063,655	1,086,687	777,955	778	40,807,238
DEFERRED INFLOWS OF RESOURCES						
Deferred Items Related to Leases	-	-	-	-	22,966	22,966
Unavailable Revenue - Property Taxes	14,402,247	-	-	-	-	14,402,247
Total Deferred Inflows of Resources	14,402,247	-	-	-	22,966	14,425,213
Fund Balances:						
Nonspendable:						
Inventory	12,704	-	11,134	-	-	23,838
Prepaid Expenditures	163,888	-	750,000	-	-	913,888
Restricted:						
Capital Projects Funds	-	-	-	-	215,097	215,097
Conduit Debt Service	1,400,000	-	-	-	-	1,400,000
Recreational Areas	40,933	-	-	-	-	40,933
APFO-EMS	13,436	-	-	-	-	13,436
Library Tax	1,934,437	-	-	-	-	1,934,437
LEPC Grant	1,000	-	-	-	-	1,000
Technology Fee - Deeds Office	254,828	-	-	-	-	254,828
Technology Fee - General Fund	382,242	-	-	-	-	382,242
Library Standards Grant	67,626	-	-	-	-	67,626
Assigned:						
Capital Projects Funds	-	-	13,424,470	-	-	13,424,470
Encumbrances	700,989	-	-	-	-	700,989
Operating Needs	2,835,300	-	-	-	-	2,835,300
Legal Contingency	950,000	-	-	-	-	950,000
Library	135,574	-	-	-	-	135,574
Deeds Maintenance Fees	60,000	-	-	-	-	60,000
Sheriff Auctioneer Fees	51,508	-	-	-	-	51,508
Local Government Fees	60,000	-	-	-	-	60,000
Donations	7,173	-	-	-	-	7,173
Unassigned	47,703,230	-	-	-	-	47,703,230
Total Fund Balances	56,774,868	-	14,185,604	-	215,097	71,175,569
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 78,055,278	\$ 32,063,655	\$ 15,272,291	\$ 777,955	\$ 238,841	\$ 126,408,020

KENT COUNTY, DELAWARE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

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

Total Fund Balances for Governmental Funds		\$ 71,175,569
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.		38,784,699
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	\$ 6,514,157	
Deferred Items Related to OPEB	8,522,750	
Deferred Charges on Refunding	11,003	
Deferred Inflows:		
Deferred Items Related to Pension	(5,014,486)	
Deferred Items Related to OPEB	<u>(1,631,234)</u>	8,402,190
Interest on leases applicable to the governmental activities that is accrued at year end but not received during the current year are not reported as fund assets.		333
Internal service fund is used by management to manage health insurance costs including benefits provided by the County and dependent care paid for by the employees and retirees. The benefits provided by the County are allocated monthly to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. The increase is equal to the internal service fund net position.		1,558,382
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	\$ 723,774	
Grants	<u>34,533</u>	758,307
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	\$ (14,412,469)	
Net OPEB Liability	(17,050,850)	
Notes Payable	(3,118,439)	
Compensated Absences	(1,475,032)	
Accrued Interest on Long Term Debt	(38,047)	
Leases Payable	(796,787)	
Bonds Payable, Net of Bond Discounts	<u>(3,142,071)</u>	<u>(40,033,695)</u>
Total Net Position of Governmental Activities		<u><u>\$ 80,645,785</u></u>

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	American Recovery Plan Act Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 12,480,729	\$ -	\$ -	\$ -	\$ -	\$ 12,480,729
Real Estate Transfer Tax	11,035,462	-	-	-	-	11,035,462
Residential Telephone Surcharge	270,015	-	-	-	-	270,015
Grants	4,478,453	3,312,873	516,249	680,795	-	8,988,370
Fees For Services	9,869,978	-	-	-	-	9,869,978
Interest and Dividends	238,414	-	50,904	-	751	290,069
Rental Income	90,458	-	-	-	-	90,458
Other Revenues	493,277	-	33,680	13,444	-	540,401
Total Revenues	38,956,786	3,312,873	600,833	694,239	751	43,565,482
EXPENDITURES						
Current:						
General Government	2,767,976	-	1,734,100	-	-	4,502,076
Special Grants and Programs	2,368,460	3,312,873	-	-	-	5,681,333
Community Services	4,006,630	-	42,596	-	-	4,049,226
Planning Services	4,828,234	-	99,284	1,150,741	-	6,078,259
Public Safety	12,188,785	-	578,963	-	-	12,767,748
Row Offices	2,482,965	-	24,392	-	-	2,507,357
Economic Development	-	-	366,493	-	2,491	368,984
Debt Service:						
Principal	513,414	-	-	-	-	513,414
Interest and Fiscal Charges	163,044	-	-	-	-	163,044
Capital Outlay	-	-	1,171,968	-	-	1,171,968
Total Expenditures	29,319,508	3,312,873	4,017,796	1,150,741	2,491	37,803,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,637,278	-	(3,416,963)	(456,502)	(1,740)	5,762,073
OTHER FINANCING SOURCES (USES)						
Transfers In	33,137	-	2,360,792	456,502	-	2,850,431
Transfers Out	(2,817,294)	-	(30,000)	-	-	(2,847,294)
Total Other Financing Sources (Uses)	(2,784,157)	-	2,330,792	456,502	-	3,137
Net Change in Fund Balances	6,853,121	-	(1,086,171)	-	(1,740)	5,765,210
Fund Balances At Beginning of Year	49,921,747	-	15,271,775	-	216,837	65,410,359
Fund Balances At End Of Year	\$ 56,774,868	\$ -	\$ 14,185,604	\$ -	\$ 215,097	\$ 71,175,569

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, 2022**

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

Net Change In Fund Balances - Total Governmental Funds **\$ 5,765,210**

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, 2022.

Capital Outlays	\$ 1,737,152	
Depreciation and Amortization	<u>(2,057,539)</u>	(320,387)

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. 405,819

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. (1,614,979)

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.

Interest Income	\$ 333	
Property Taxes	10,874	
Grant Revenue	<u>17,438</u>	28,645

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	\$ 513,414	
Lease Financing	<u>183,576</u>	696,990

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	\$ (16,915)	
Accrued interest on long-term debt	<u>669</u>	(16,246)

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>(1,795)</u>	19,493

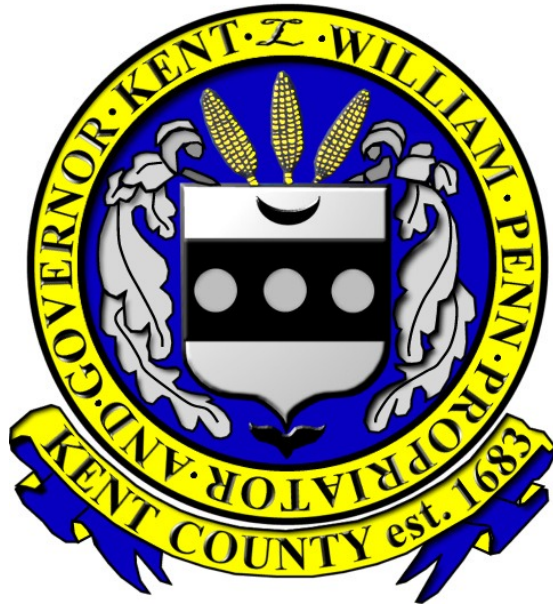
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. (22,144)

Change In Net Position of Governmental Activities **\$ 4,942,401**

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 12,445,400	\$ 12,445,400	\$ 12,480,729	\$ 35,329
Real Estate Transfer Tax	6,400,000	6,400,000	11,035,462	4,635,462
Residential Telephone Surcharge	270,000	270,000	270,015	15
Grants	2,811,200	3,482,444	4,478,453	996,009
Fees For Services	7,562,300	7,587,692	9,869,978	2,282,286
Interest and Dividends	170,000	170,000	238,414	68,414
Rental Income	23,800	23,800	90,458	66,658
Other Revenues	309,000	312,617	493,277	180,660
Total Revenues	29,991,700	30,691,953	38,956,786	8,264,833
EXPENDITURES				
Current:				
General Government	2,862,600	2,922,628	2,767,976	154,652
Special Grants and Programs	2,322,700	3,092,300	2,368,460	723,840
Community Services	4,753,000	4,867,903	4,006,630	861,273
Planning Services	5,046,200	5,046,246	4,828,234	218,012
Public Safety	12,088,700	12,664,188	12,188,785	475,403
Row Offices	2,591,600	2,598,425	2,482,965	115,460
Contingency	1,000,000	833,300	-	833,300
Debt Service:				
Principal	578,600	578,600	513,414	65,186
Interest	168,900	168,900	163,044	5,856
Total Expenditures	31,412,300	32,772,490	29,319,508	3,452,982
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,420,600)	(2,080,537)	9,637,278	11,717,815
OTHER FINANCING SOURCES (USES)				
Transfers In		33,137	33,137	-
Transfers out	(2,116,200)	(2,866,592)	(2,817,294)	49,298
Total Other Financing Sources (Uses)	(2,116,200)	(2,833,455)	(2,784,157)	49,298
Net Change in Fund Balance	\$ (3,536,800)	\$ (4,913,992)	6,853,121	\$ 11,767,113
Fund Balance at Beginning of Year			49,921,747	
Fund Balance at End of Year			\$ 56,774,868	



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KENT COUNTY, DELAWARE

STATEMENT OF NET
POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Activities - Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 23,468,688	\$ 2,217,511	\$ 2,063,155	\$ 27,749,354	\$ 1,776,390
Receivables					
Accounts and Leases	537,131	-	-	537,131	7,872
Interest	850	-	-	850	-
Fees and Services	3,398,321	561,014	116,308	4,075,643	-
Due from Other Funds	25,246	-	-	25,246	-
Due from Other Governments	3,605,373	-	-	3,605,373	-
Inventory	180,965	-	-	180,965	-
Prepaid Expenses and Other Assets	22,825	-	-	22,825	-
Total Current Assets	31,239,399	2,778,525	2,179,463	36,197,387	1,784,262
Non-Current Assets:					
Restricted Assets:					
Cash and Investments	58,889,441	-	-	58,889,441	-
Capital Assets, Net					
Land	7,478,622	-	3,000	7,481,622	-
Construction in Progress	14,880,318	-	-	14,880,318	-
Land and Site Improvements	8,962	-	-	8,962	-
Pipeline	50,025,116	-	-	50,025,116	-
Buildings	14,002,826	-	-	14,002,826	-
Equipment	25,546,080	-	-	25,546,080	-
Right-To-Use Leased Equipment	9,077	-	-	9,077	-
Total Non-Current Assets	170,840,442	-	3,000	170,843,442	-
Total Assets	202,079,841	2,778,525	2,182,463	207,040,829	1,784,262
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items Related to Pension	1,872,375	-	-	1,872,375	-
Deferred Items Related to OPEB	2,578,421	-	-	2,578,421	-
Deferred Charges on Refunding	14,956	-	-	14,956	-
Total Deferred Outflows of Resources	4,465,752	-	-	4,465,752	-
LIABILITIES					
Current Liabilities					
Accounts Payable	1,259,470	468,188	62,664	1,790,322	153,523
Accrued Expenses	331,704	-	-	331,704	-
Retainage Payable	272,918	230,349	-	503,267	-
Due to Other Funds	958,853	31,727	48,860	1,039,440	-
Due to Other Governments	-	-	-	-	-
Leases Payable	2,999	-	-	2,999	-
Compensated Absences	17,731	-	-	17,731	-
Unearned Revenue	-	-	144,628	144,628	72,357
Bonds Payable	2,592,121	-	-	2,592,121	-
Total Current Liabilities	5,435,796	730,264	256,152	6,422,212	225,880
Non-Current Liabilities:					
Net Pension Liability	4,172,278	-	-	4,172,278	-
Net OPEB Liability	5,173,678	-	-	5,173,678	-
Leases Payable	6,079	-	-	6,079	-
Compensated Absences	394,046	-	-	394,046	-
Bonds Payable, Net	48,501,472	-	-	48,501,472	-
Total Non-Current Liabilities	58,247,553	-	-	58,247,553	-
Total Liabilities	63,683,349	730,264	256,152	64,669,765	225,880
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Other	17,962	-	-	17,962	-
Deferred Items Related to Pension	1,451,646	-	-	1,451,646	-
Deferred Items Related to OPEB	501,973	-	-	501,973	-
Deferred Items Related to Leases	477,085	-	-	477,085	-
Total Deferred Inflows Of Resources	2,448,666	-	-	2,448,666	-
NET POSITION					
Net Investment in Capital Assets	60,604,709	-	3,000	60,607,709	-
Restricted for:					
Capital Projects - Equipment Replacement	333,285	-	-	333,285	-
Capital Projects - Expansion Sewer Facilities	52,810,223	-	-	52,810,223	-
Unrestricted	26,665,361	2,048,261	1,923,311	30,636,933	1,558,382
Total Net Position	\$ 140,413,578	\$ 2,048,261	\$ 1,926,311	\$ 144,388,150	\$ 1,558,382

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Activities - Internal Service Fund
OPERATING REVENUES					
Fees for Services	\$ 19,350,427	\$ 5,337,327	\$ 1,234,385	\$ 25,922,139	\$ -
Permits	181,286	-	-	181,286	-
Operating Grants	20,295	-	-	20,295	-
Other Revenue	691,019	65	2,628	693,712	52,314
Employer Contributions	-	-	-	-	6,750,423
Employee Contributions	-	-	-	-	878,683
Total Operating Revenues	20,243,027	5,337,392	1,237,013	26,817,432	7,681,420
OPERATING EXPENSES					
Salaries and Benefits	7,898,299	154,907	148,185	8,201,391	-
Contractual Services	159,815	4,847,565	4,690	5,012,070	-
Travel	2,731	-	-	2,731	-
Utilities	1,909,184	562	878,860	2,788,606	-
Maintenance, Parts and Supplies	2,372,807	131,311	38,068	2,542,186	-
Vehicle Expense	209,424	5,127	1,624	216,175	-
Operating Insurance and Indirect Costs	2,132,984	53,342	57,994	2,244,320	-
Miscellaneous Expenses	173	99	-	272	-
Depreciation Expense	8,227,105	4,379	-	8,231,484	-
Medical Insurance Premiums	-	-	-	-	6,724,748
Medical Claims	-	-	-	-	954,004
Trustee Fee and Wire Charges	-	-	-	-	23,414
Total Operating Expenses	22,912,522	5,197,292	1,129,421	29,239,235	7,702,166
Operating Income (Loss)	(2,669,495)	140,100	107,592	(2,421,803)	(20,746)
NON-OPERATING REVENUES (EXPENSES)					
Interest and Dividends	295,718	11,261	6,130	313,109	1,739
Interest and Fiscal Charges	(1,042,859)	-	-	(1,042,859)	-
Gain on Sale of Land and Equipment	4,160	-	-	4,160	-
Total Non-Operating Revenues (Expenses)	(742,981)	11,261	6,130	(725,590)	1,739
Net Income (Loss) before Contributions	(3,412,476)	151,361	113,722	(3,147,393)	(19,007)
Capital Contributions:					
Capital Grant	950,795	-	-	950,795	-
Impact Fees	5,377,036	-	-	5,377,036	-
Developers Aid In Construction	239,909	-	-	239,909	-
Total Capital Contributions	6,567,740	-	-	6,567,740	-
OTHER FINANCING SOURCES					
Transfers In (Out)	-	-	-	-	(3,137)
Change in Net Position	3,155,264	151,361	113,722	3,420,347	(22,144)
Net Position At Beginning Of Year, Restated	137,258,314	1,896,900	1,812,589	140,967,803	1,580,526
Net Position At End Of Year	\$ 140,413,578	\$ 2,048,261	\$ 1,926,311	\$ 144,388,150	\$ 1,558,382

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Activities - Internal Service Fund
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 18,928,885	\$ 5,317,839	\$ 1,234,873	\$ 25,481,597	\$ 7,686,241
Payments to Suppliers	(4,502,795)	(5,081,816)	(913,838)	(10,498,449)	(7,710,992)
Payments to Employees	(6,732,359)	-	-	(6,732,359)	-
Internal Activity - payments to other funds	(1,608,248)	(198,929)	(232,678)	(2,039,855)	-
Net Cash Provided (Used) by Operating Activities	6,085,483	37,094	88,357	6,210,934	(24,751)
Cash Flows From Non-Capital Financing Activities:					
Transfers from Other Funds	-	-	-	-	(3,137)
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-	-	(3,137)
Cash Flows From Capital and Related Financing Activities:					
Proceeds from Capital Grant	77,806	-	-	77,806	-
Proceeds from Bonded Indebtedness	198,000	-	-	198,000	-
Proceeds from Sale of Equipment and Land	4,160	-	-	4,160	-
Acquisition and Construction of Capital Assets	(6,121,785)	-	-	(6,121,785)	-
Interest/Fiscal Charges Paid on Bonds	(1,092,198)	-	-	(1,092,198)	-
Retirement of Debt	(2,538,832)	-	-	(2,538,832)	-
Developers Aid In Construction	239,909	-	-	239,909	-
Impact Fees Collected	5,377,036	-	-	5,377,036	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,855,904)	-	-	(3,855,904)	-
Cash Flows From Investing Activities:					
Interest and Dividends	295,718	11,261	6,130	313,109	1,739
Net Cash Provided By Investing Activities	295,718	11,261	6,130	313,109	1,739
Net Increase (Decrease) In Cash and Cash Equivalents	2,525,297	48,355	94,487	2,668,139	(26,149)
Cash and Cash Equivalents At Beginning Of Year	79,832,832	2,169,156	1,968,668	83,970,656	1,802,539
Cash and Cash Equivalents At End Of Year	\$ 82,358,129	\$ 2,217,511	\$ 2,063,155	\$ 86,638,795	\$ 1,776,390
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Statement of Net Position					
Current Assets: Cash and Investments	\$ 23,468,688	\$ 2,217,511	\$ 2,063,155	\$ 27,749,354	\$ 1,776,390
Non Current Assets: Cash and Investments	58,889,441	-	-	58,889,441	-
Total Cash and Investments	<u>\$ 82,358,129</u>	<u>\$ 2,217,511</u>	<u>\$ 2,063,155</u>	<u>\$ 86,638,795</u>	<u>\$ 1,776,390</u>

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental	
	Sewer Fund	Trash Collection	Other Enterprise Funds	Internal Service Fund	
			Total		
Reconciliation of Operating Income (Loss) to Net					
Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (2,669,495)	\$ 140,100	\$ 107,592	\$ (2,421,803)	\$ (20,746)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	8,227,105	4,379	-	8,231,484	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(1,079,313)	(19,553)	488	(1,098,378)	2,201
(Increase) Decrease in Due From Other Funds	42,671	-	-	42,671	-
(Increase) Decrease in Prepaid Expenses and Other Assets	(1,822)	-	-	(1,822)	-
(Increase) Decrease In Deferred Outflow Items Related to Pension/OPEB	(233,816)	-	-	(233,816)	-
Increase (Decrease) in Accounts Payable	405,007	21,231	9,404	435,642	(1,586)
Increase (Decrease) in Retainage Payable	-	(118,383)	-	(118,383)	-
Increase (Decrease) in Lease Payable	9,078	-	-	9,078	-
Increase (Decrease) in Medical Claims Payable	-	-	-	-	(7,240)
Increase (Decrease) in Accrued Expenses	14,504	-	-	14,504	-
Increase (Decrease) in Deferred Liability	-	-	-	-	2,620
Increase (Decrease) in Unearned Revenue	-	-	(2,628)	(2,628)	-
Increase (Decrease) in Net Pension Liability	(384,561)	-	-	(384,561)	-
Increase (Decrease) in Net OPEB Liability	1,752,631	-	-	1,752,631	-
Increase (Decrease) in Compensated Absences	17,182	-	-	17,182	-
Increase (Decrease) in Unavailable Revenue	(1,464)	-	-	(1,464)	-
Increase(Decrease) In Deferred Inflow Items Related to Pension/OPEB	(276,036)	-	-	(276,036)	-
Increase (Decrease) in Due To Other Funds	263,812	9,320	(26,499)	246,633	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,085,483</u>	<u>\$ 37,094</u>	<u>\$ 88,357</u>	<u>\$ 6,210,934</u>	<u>\$ (24,751)</u>

KENT COUNTY, DELAWARE

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Pension and Post Retiree Funds	Custodial Funds
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ -	\$ 1,034,092
Receivables		
Interest	8,284	-
Investments	87,324,680	-
	-	-
Total Assets	87,332,964	\$ 1,034,092
LIABILITIES		
Accounts Payable	-	\$ -
Due to Other Governments	-	262,450
Tax Sale Proceeds Payable	-	124,926
Other Liabilities	-	646,716
	-	-
Total Liabilities	-	\$ 1,034,092
NET POSITION		
Held in Trust for:		
Pension Benefits	60,019,493	-
Post Retiree Benefits	27,313,471	-
	-	-
Total Net Position	\$ 87,332,964	\$ -

KENT COUNTY, DELAWARE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Pension And Post Retiree Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Employee Contributions	\$ 236,772	\$ -
Employer Contributions	6,624,859	-
Interest and Dividends	513,121	-
Net Appreciation in Fair Value of Investments	3,834,958	-
Tax Collections for Other Governments	-	80,762,216
	<u>-</u>	<u>-</u>
Total Additions	<u>11,209,710</u>	<u>80,762,216</u>
DEDUCTIONS		
Pension Benefits	3,492,352	-
OPEB Benefits	1,647,548	-
Administrative Expense	326,506	-
Payment of Taxes to Other Governments	-	80,762,216
	<u>-</u>	<u>-</u>
Total Deductions	<u>5,466,406</u>	<u>80,762,216</u>
Change In Net Position	5,743,304	-
Net Position - Beginning of Year- Restated	<u>81,589,660</u>	<u>-</u>
Net Position - End of Year	<u>\$ 87,332,964</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 of the non-fiduciary activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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, 2021, 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.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

Restatement of Beginning Net Position

Beginning net position was decreased \$489 for governmental activities and \$7 for business-type activities / Sewer Fund for the implementation of GASB Statement No. 87 to record the impact of recording right-to-use lease assets and related lease liabilities. In addition, beginning net position for the Pension and Post Retiree Funds was decreased by \$6,784,737 to record the impact of the change of fiscal year/reporting period.

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 deferred revenue. The amounts expected to be collected within the first 60 days after the fiscal year ended June 30, 2022 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 are classified as restricted assets on the statement of net position because they are maintained in separate cash and investment accounts and their use is limited by ordinance. Impact fees and related investment income are restricted for projects that will increase capacity of the sewer facilities. SDER fee was discontinued after the June 15, 2005 quarterly billing. SDER is restricted for the purpose of replacing sewer equipment when it becomes worn or ineffective.

Capital Assets

Capital assets including property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County has defined capital assets as assets with a minimum cost of \$5,000 and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Donated capital assets are recorded at 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	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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has three items that qualify for reporting in this category – the deferred charge on refunding reported and the deferred items related to pension (Note 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 position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The County has 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 consists 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.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 its useful life.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

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

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

- a. Formal budgetary integration is employed as a management control device during the year for the Governmental Fund Types. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. As of November 1 of each year, County department and division heads are required to submit to the County Administrator preliminary operating budgets for the fiscal year commencing the following July 1. The operating budgets submitted include proposed expenditures and the means of financing them as well as narrative justification for increases of operating expenditures. Mission statements and goals and objectives are also submitted.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY– CONTINUED

- 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, 2022, and the budget as revised for budget amendments during the year, are presented as part of the budget versus actual schedules presented in these financial statements.
- g. Appropriations lapse at fiscal year end for all funds except the capital projects funds and special revenue funds with extended contract years. The County legally adopts project-length budgets for its capital projects funds, wherein appropriations automatically carry forward to the next fiscal year and are not subject to annual cancellation and reappropriation.

NOTE C – DEPOSITS AND INVESTMENTS

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

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>194,178,832</u>	<u>200,436,074</u>
Total Deposits	<u>\$ 194,428,832</u>	<u>\$ 200,686,074</u>

NOTE C – DEPOSITS AND INVESTMENTS- CONTINUED

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	\$ 9,101,128	\$ 9,101,128
<u>Investments Measured at Amortized Cost:</u>		
Certificates of Deposit	422,588	
Money Market Mutual Funds	3,627,228	
Total Investments Measured at Amortized Cost	<u>4,049,816</u>	
<u>Investments Measured at Net Asset Value (NAV):</u>		
Collective Trusts	77,774,244	
Total Investments	<u>\$ 90,925,188</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	\$ 77,774,244	\$ -	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.

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.

NOTE C – DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. It is the County's policy to hold investments until maturity unless there is an economic reason to do otherwise. U.S. Treasury and U.S. Treasury – Stripped Investments are held by the Sewer Fund. Certificates of Deposit are held by the Landfill Fund. As of June 30, 2022, 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>\$ 422,588</u>	<u>\$ 108,530</u>	<u>\$ 314,058</u>
Total Investments	<u>\$ 422,588</u>	<u>\$ 108,530</u>	<u>\$ 314,058</u>

Concentration of Credit Risk

In addition to the above disclosures, as of June 30, 2022, 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, 2022, the County had \$27,315,000 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.

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

Deposits	\$ 194,428,830
Investments	90,925,188
Petty Cash Amounts	2,750
Cash on Hand	<u>280,992</u>
Total	<u>\$ 285,637,760</u>
Unrestricted	\$ 136,989,547
Restricted	60,289,441
Fiduciary Funds	<u>88,358,772</u>
Total Cash and Investments	<u>\$ 285,637,760</u>

NOTE D – CAPITAL ASSETS

1. Primary Government-

The capital asset activity for Governmental Activities for the year ended June 30, 2022, was as follows:

	July 1, 2021 (Restated)	Increases	Decreases	June 30, 2022
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 9,064,297	\$ 189,298	\$ -	\$ 9,253,595
Construction in Progress	790,832	1,146,134	(1,816,702)	120,264
Total Capital Assets Not Being Depreciated	<u>9,855,129</u>	<u>1,335,432</u>	<u>(1,816,702)</u>	<u>9,373,859</u>
Capital Assets Being Depreciated /Amortized				
Land and Site Improvements	9,613,766	205,731	-	9,819,497
Buildings	30,612,315	985,828	-	31,598,143
Equipment and Furniture	10,020,623	968,351	(434,900)	10,554,074
Right-to-use Equipment	1,247,877	-	-	1,247,877
Total Capital Assets Being Depreciated / Amortized	<u>51,494,581</u>	<u>2,159,910</u>	<u>(434,900)</u>	<u>53,219,591</u>
Less Accumulated Depreciation /Amortization for:				
Site Improvements	4,321,393	393,027	-	4,714,420
Buildings	9,624,386	787,064	-	10,411,450
Equipment and Furniture	8,083,130	627,873	(492,923)	8,218,080
Right-to-use Equipment	215,226	249,575	-	464,801
Total Accumulated Depreciation / Amortization	<u>22,244,135</u>	<u>2,057,539</u>	<u>(492,923)</u>	<u>23,808,751</u>
Total Capital Assets Being Depreciated / Amortized, Net	<u>29,250,446</u>	<u>102,371</u>	<u>58,023</u>	<u>29,410,840</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,105,575</u>	<u>\$ 1,437,803</u>	<u>\$ (1,758,679)</u>	<u>\$ 38,784,699</u>

NOTE D – CAPITAL ASSETS - CONTINUED

The capital asset activity for Business-Type Activities for the year ended June 30, 2022, was as follows:

	July 1, 2021 (Restated)	Increases	Decreases	June 30, 2022
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 7,481,622	\$ -	\$ -	\$ 7,481,622
Construction in Progress	10,191,084	5,872,513	(1,183,279)	14,880,318
Total Capital Assets Not Being Depreciated	<u>17,672,706</u>	<u>5,872,513</u>	<u>(1,183,279)</u>	<u>22,361,940</u>
Capital Assets Being Depreciated / Amortized				
Land and Site Improvements	5,982,562	-	-	5,982,562
Pipeline	107,067,619	-	-	107,067,619
Buildings	40,946,347	884,606	-	41,830,953
Equipment and Furniture	87,484,157	758,309	(43,025)	88,199,441
Right-to-use Equipment	10,824	6,583	-	17,407
Total Capital Assets Being Depreciated / Amortized	<u>241,491,509</u>	<u>1,649,498</u>	<u>(43,025)</u>	<u>243,097,982</u>
Less Accumulated Depreciation / Amortization for:				
Site Improvements	5,965,416	8,184	-	5,973,600
Pipeline	54,185,203	2,857,300	-	57,042,503
Buildings	26,557,648	1,270,479	-	27,828,127
Equipment and Furniture	58,598,521	4,092,528	(37,688)	62,653,361
Right-to-use Equipment	5,337	2,993	-	8,330
Total Accumulated Depreciation / Amortization	<u>145,312,125</u>	<u>8,231,484</u>	<u>(37,688)</u>	<u>153,505,921</u>
Total Capital Assets Being Depreciated / Amortized, Net	<u>96,179,384</u>	<u>(6,581,986)</u>	<u>(5,337)</u>	<u>89,592,061</u>
Business-Type Activities Capital Assets, Net	<u>\$ 113,852,090</u>	<u>\$ (709,473)</u>	<u>\$ (1,188,616)</u>	<u>\$ 111,954,001</u>

Amortization / Depreciation expense was charged to the following activities:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 578,856	Sewer Fund	\$ 8,227,105
Community Services	691,309	Trash Fund	4,379
Planning Services	19,946		
Public Safety	737,679		<u>\$ 8,231,484</u>
Row Offices	29,749		
	<u>\$ 2,057,539</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, 2022, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	American Rescue Plan Fund	\$ 711
	Capital Projects Fund	68
	CDBG	487,197
	Non-Major Governmental Funds	778
	Sewer Fund	953,853
	Trash Collection Fund	18,800
	Non-Major Proprietary Funds	37,700
Capital Projects Fund	General Fund	35,984
	Sewer Fund	5,000
Sewer Fund	General Fund	1,159
	Trash Collection Fund	12,927
	Non-Major Proprietary Funds	11,160
Total		<u>\$ 1,565,337</u>

Interfund transfers from the General Fund consist of operating transfers to fund projects in the Capital Projects Fund, to fund the County's share of grant-funded, special revenue programs, and to fund medical expenses in the Internal Service Fund.

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Community Development Block Grant</u>	
General Fund	\$ -	\$ 2,360,792	\$ 456,502	\$ 2,817,294
Capital Projects Fund	30,000			30,000
Internal Service Fund	3,137			3,137
Total Interfund Transfers	<u>\$ 33,137</u>	<u>\$ 2,360,792</u>	<u>\$ 456,502</u>	<u>\$ 2,850,431</u>

NOTE F – LOANS RECEIVABLE**Loans Receivable**

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, 2022, with interest at 1% per annum.

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, 2022, the Entity recognized \$113,115 and \$8,734 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:

	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 91,556	\$ 10,970	\$ 102,526
2024	94,289	8,856	103,145
2025	97,360	6,677	104,037
2026	79,627	4,938	84,565
2027	36,930	2,856	39,786
2028-2032	81,277	5,348	86,625
Total minimum lease payments	<u>\$ 481,039</u>	<u>\$ 39,645</u>	<u>\$ 520,684</u>

There are no future minimum lease payments 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:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 248,412	\$ 13,692	\$ 2,999	\$ 156	\$ 265,259
2024	252,604	8,671	2,156	105	263,536
2025	251,222	3,616	1,318	69	256,225
2026	44,549	137	1,346	42	46,074
2027	-	-	1,259	13	1,272
Total minimum lease payments	<u>\$ 796,787</u>	<u>\$ 26,116</u>	<u>\$ 9,078</u>	<u>\$ 385</u>	<u>\$ 832,366</u>

NOTE G – LEASES RECEIVABLE AND PAYABLE - CONTINUED

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

	Governmental Activities	Business-Type Activities
Equipment	\$ 1,247,877	\$ 17,407
Less: accumulated amortization	(464,801)	(8,330)
	<u>\$ 783,076</u>	<u>\$ 9,077</u>

NOTE H – SHORT-TERM DEBT

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

NOTE I – 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.

	Balance July 1, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 3,097,038	\$ -	\$ (192,687)	\$ 2,904,351	\$ 198,708
Plus: Net Bond Premiums	259,008	-	(21,288)	237,720	21,288
Total General Obligation		-			
Bonds Payable	3,356,046		(213,975)	3,142,071	219,996
Net Pension Liability	15,740,875		(1,328,406)	14,412,469	-
Net OPEB Liability	11,374,192	5,676,658	-	17,050,850	-
Notes from direct borrowings	3,439,166		(320,727)	3,118,439	330,850
Leases Payable	980,363		(183,576)	796,787	248,412
Compensated Absences	1,458,117	16,915	-	1,475,032	63,515
Governmental Activity Long-Term Liabilities	<u>\$ 36,348,759</u>	<u>\$ 5,693,573</u>	<u>\$ (2,046,684)</u>	<u>\$ 39,995,648</u>	<u>\$ 862,773</u>
Business-Type Activities:					
General Obligation Bonds Payable	\$ 4,617,962	\$ -	\$ (287,314)	\$ 4,330,648	\$ 296,292
Plus: Net Bond Premiums	386,201	-	(31,743)	354,458	31,742
Total General Obligation		-			
Bonds Payable	5,004,163		(319,057)	4,685,106	328,034
Bonds from direct borrowings	45,729,621	2,930,384	(2,251,518)	46,408,487	2,264,087
Net Pension Liability	4,556,839		(384,561)	4,172,278	-
Net OPEB Liability	3,421,047	1,752,631	-	5,173,678	-
Leases Payable	5,494	6,583	(2,999)	9,078	2,999
Compensated Absences	394,595	17,182	-	411,777	17,731
Business-Type Activity Long-Term Liabilities	<u>\$ 59,111,759</u>	<u>\$ 4,706,780</u>	<u>\$ (2,958,135)</u>	<u>\$ 60,860,404</u>	<u>\$ 2,612,851</u>

NOTE I – LONG-TERM DEBT - CONTINUED**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 \$7,234,999, 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 \$46,408,487 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, 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 \$3,118,439 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, 2022, the County met the financial covenant.

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

NOTE I—LONG-TERM DEBT – CONTINUED

The following is a summary of general obligation bonds and direct borrowings outstanding at June 30, 2022:

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2022</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%	7,234,999
Plus:		Unamortized bond premium on 2015 bond issues		<u>592,178</u>
Subtotal General Obligation Bonds Payable				7,827,177
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%	36,594
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%	66,981
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%	538,155
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%	2,707,089
2009 April 2049	254,000	Series 2009A-RUS United States Dep Agriculture General Obligation Bond, Sewer Fund-Bakers Choice Principal and Interest Due in Quarterly Installments Beginning July 2009	4.125%	210,947
2009 April 2049	121,000	Series 2009B-RUS United States Dep Agriculture General Obligation Bond, Sewer Fund-Bakers Choice Principal and Interest Due in Quarterly Installments Beginning July 2009	4.25%	100,941
2010 September 2030	14,905,418	Series 2010-ARRA/SRF, Delaware Wa 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%	7,533,664

NOTE I – 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, 2022</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%	839,286
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%	2,234,216
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%	1,978,563
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%	90,238
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%	3,827,309
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%	4,888,472
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%	3,803,995
2012 August 2023	633,000	2012 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund-Murderkill Wetland/Nutrient Reduction Principal and Interest Due In Semi-Annual Installments	2.00%	113,640

NOTE I – 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, 2022</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%	566,667
2013 August 2033	1,423,107	2013 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- East Dover Wastewater Construction Principal Due In Semi Annual Installments	2.00%	307,857
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%	95,099
2016 January 2056	2,838,000	Series 2016A-RUS United States Dept Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning April 2017	1.875%	2,564,616
2016 January 2056	5,000,000	Series 2016A-RUS United States Dept Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning April 2017	1.875%	4,349,135
2017 October 1, 2057	453,000	Series 2018A-RUS United State Dept. Agriculture General Obligation Bond, Sewer Fund- Milford Neck Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning July 2018	2.125%	422,945
2018 April 25, 2058	215,000	Series 2018B-RUS United State Dept. Agriculture General Obligation Bond, Sewer Fund- Milford Neck Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning July 2018	1.375%	198,358
2018 April 25, 2058	94,000	Series 2018C-RUS United State Dept. Agriculture General Obligation Bond, Sewer Fund- Hilltop Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning March 2019	2.125%	88,553
2019 June 2041	2,423,100	2019 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- US Route 13 Forcemain Rehabilitation Principal Due In Semi Annual Installments	2.601%	2,153,591

NOTE I – 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, 2022</u>
Bonds from direct borrowings, continued				
2020 December 2060	3,582,000	Series 2020A-RUS United State Dept. Agriculture General Obligation Bond, Sewer Fund- US13 Forcemain Rehab Principal and Interest Due in Quarterly Installments Beginning March 2021	3.125%	3,487,714
2020 December 2060	1,420,000	Series 2020B-RUS United State Dept. Agriculture General Obligation Bond, Sewer Fund- US13 Forcemain Rehab Principal and Interest Due in Quarterly Installments Beginning March 2021	2.750%	1,382,619
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	2.00%	520,596
2022 April 2062	198,000	Series 2022A-RUS United State Dept. 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%	198,000
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	2.00%	1,059,235
2023 March 2063	3,000,000	Series 2023A-RUS United State Dept. Agriculture General Obligation Bond, Sewer Fund- Aeration Upgrade and Plant Wide Generator Principal and Interest Due in Quarterly Installments Beginning June 2023	1.75%	43,412
Subtotal Bonds from direct borrowings				46,408,487
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	3,118,439
Subtotal Bonds and Notes from direct borrowings				49,526,926
Total Long-Term Debt				\$ 57,354,103

NOTE I – LONG-TERM DEBT – CONTINUED

The annual debt service requirements to maturity for principal and interest for bonds and note payable as of June 30, 2022, are as follows:

Year Ending June 30	Governmental Activities			
	General Obligation Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
	2023	198,708	107,026	330,850
2024	204,730	98,958	335,475	34,405
2025	214,766	90,568	340,352	29,529
2026	216,773	81,937	345,205	24,675
2027	226,808	73,349	350,128	19,753
2028-2032	1,264,507	230,547	1,416,429	29,470
2033-2037	578,059	21,903	-	-
Total	2,904,351	\$ 704,288	3,118,439	\$ 176,863
Less:				
Funds Not Drawn	-		-	
Total	\$ 2,904,351		\$ 3,118,439	

Year Ending June 30	Business-Type Activities			
	General Obligation Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
	2023	296,292	159,586	2,264,087
2024	305,270	147,555	2,395,249	969,327
2025	320,234	135,045	2,394,675	923,174
2026	323,227	122,175	2,432,332	877,586
2027	338,192	109,370	2,478,384	831,535
2028-2032	1,885,493	343,766	11,549,668	3,447,636
2033-2037	861,940	32,659	6,992,419	2,538,632
2038-2042	-	-	6,996,325	1,757,364
2043-2047	-	-	5,917,352	1,041,590
2048-2052	-	-	3,578,551	492,717
2053-2057	-	-	2,237,147	218,867
2058-2062	-	-	1,137,017	50,363
2063	-	-	75,038	646
Total	4,330,648	\$ 1,050,156	50,448,244	\$ 14,079,251
Less:				
Funds Not Drawn	-		(4,039,757)	
Total	\$ 4,330,648		\$ 46,408,487	

NOTE J – 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	\$ 13,534,204	12,870,712
Library Taxes	852,240	792,061
Suburban Park Taxes	15,803	15,700
Deferred Items Related to Leases	22,966	22,966
Deferred Items Related to Pension	-	5,014,486
Deferred Items Related to OPEB	-	1,631,234
Total Deferred Inflows Of Resources	<u>\$ 14,425,213</u>	<u>\$ 20,347,159</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	\$ 17,962	\$ 17,962
Deferred Items Related to Leases	477,085	477,085
Deferred Items Related to Pension	1,451,646	1,451,646
Deferred Items Related to OPEB	501,973	501,973
Total Deferred Inflows Of Resources	<u>\$ 2,448,666</u>	<u>\$ 2,448,666</u>

NOTE K – 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:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ 12,704	\$ 11,134	\$ -	\$ 23,838
Prepaid Expenditures	163,888	750,000	-	\$ 913,888
Total Nonspendable	176,592	761,134	-	937,726
Restricted:				
Capital Projects	-	-	215,097	215,097
Conduit Debt Service	1,400,000	-	-	1,400,000
Recreational	40,933	-	-	40,933
APFO-EMS	13,436	-	-	13,436
Library Tax	1,934,437	-	-	1,934,437
LEPC Grant	1,000	-	-	1,000
Technology Fee-Deeds	254,828	-	-	254,828
Technology Fee-General Fund	382,242	-	-	382,242
Library Standards Grant	67,626	-	-	67,626
Total Restricted	4,094,502	-	215,097	4,309,599
Assigned:				
Capital Projects	-	13,424,470	-	13,424,470
Encumbrances	700,989	-	-	700,989
Operating Needs	2,835,300	-	-	2,835,300
Legal Contingency	950,000	-	-	950,000
Library	135,574	-	-	135,574
Recorder of Deeds Maintenance Fees	60,000	-	-	60,000
Sheriff Auctioneer Fees	51,508	-	-	51,508
Local Government Fees	60,000	-	-	60,000
Donations	7,173	-	-	7,173
Total Assigned	4,800,544	13,424,470	-	18,225,014
Unassigned	47,703,230	-	-	47,703,230
Total Fund Balances	\$ 56,774,868	\$ 14,185,604	\$ 215,097	\$ 71,175,569

NOTE L – CAPITAL IMPROVEMENT COMMITMENTS

The following is a summary of the significant capital improvement commitments of the County as of June 30, 2022:

Governmental Activities

Capital Project Fund:

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
IT Appraisal Software (CAMA)	\$ 528,390	\$ 84,838	\$ 443,552
EMS West Dover Building	792,434	18,897	773,537
Kesselring Wetland Bridge	12,500	1,250	11,250
Big Oak Video Surveillance	19,850	9,925	9,925
Browns Branch Video Surveillance	19,850	9,925	9,925
IT Enterprise Solutions	1,851,934	1,766,693	85,241
Less Capitalized/Expensed in Prior Years	-	-	(1,217,089)
	<u>\$ 3,224,958</u>	<u>\$ 1,891,528</u>	<u>\$ 116,341</u>

The Capital Projects Fund has incurred costs in the amount of \$3,923 that were not under a formal construction commitment as of June 30, 2022.

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	8,160,583	\$ -	5,138,700
Paris Villa/London Village	4,862,552	3,813,321	1,049,231
Dover Products	198,660	11,819	186,841
Biosolids Capacity Expansion	18,077,703	17,684,228	393,475
Puncheon Run Extension	350,400	87,624	262,776
Wastewater Facilities Master Plan	67,500	64,521	2,979
Influent Screens @ Plant	331,968	294,650	37,318
General Labor and Equipment Contract	2,583,040	525,671	2,057,369
Less Capitalized/Expensed in Prior Years	-	-	(1,762,480)
	<u>\$ 34,632,406</u>	<u>\$ 25,503,717</u>	<u>\$ 7,366,209</u>

In the Sewer Fund, Kent County has incurred costs in the amount of \$8,324,163 that were not under a formal construction commitment as of June 30, 2022.

NOTE M – 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 N – 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, 2022, was based on the following membership data:

Active Employees	294
Retired, Disabled, & Beneficiaries	256
Deferred Vested	<u>95</u>
 TOTAL	 <u><u>645</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, 2021.

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 four investment funds representing 5 percent (5%) or more of the net position available for pension benefits as of December 31, 2021.

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

NOTE N – 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 year ended June 30, 2022 was based upon the actuarial valuation as a percent of payroll. Total contribution to the pension plan in fiscal year 2022 was \$4,125,794 of which \$268,668 was the employee contribution and \$3,857,126 was the employer contribution. This contribution was based on the January 1, 2021 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

	12/31/21 Pension Fund	6/30/22 Post Retiree Benefits Fund
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ -	\$ -
Receivables		
Interest	8,284	-
Investments	60,011,209	27,313,471
Total Assets	60,019,493	27,313,471
LIABILITIES		
Accounts Payable	-	-
Total Liabilities	-	-
NET POSITION		
Held in Trust for:		
Pension Benefits	60,019,493	-
Post Retiree Benefits	-	27,313,471
Total Net Position	\$ 60,019,493	\$ 27,313,471

NOTE N – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – CONTINUED

KENT COUNTY, DELAWARE

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

	12/31/21 <u>Pension Fund</u>	6/30/22 <u>Post Retiree Benefits Fund</u>
ADDITIONS		
Employee Contributions	\$ 236,772	\$ -
Employer Contributions	3,889,022	2,735,837
Interest and Dividends	224,058	289,063
Net Appreciation (Depreciation) in Fair Value of Investments	8,064,236	(4,229,278)
	-	-
Total Additions	<u>12,414,088</u>	<u>(1,204,378)</u>
DEDUCTIONS		
Pension Benefits	3,492,352	-
OPEB Benefits	-	1,647,548
Administrative Expense	231,200	95,306
Total Deductions	<u>3,723,552</u>	<u>1,742,854</u>
Change In Net Position	8,690,536	(2,947,232)
Net Position - Beginning of Year- Restated	<u>51,328,957</u>	<u>30,260,703</u>
Net Position - End of Year	<u>\$ 60,019,493</u>	<u>\$ 27,313,471</u>

NOTE N – 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, 2022, and best estimates of arithmetic real rates of return for each major asset classes are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Composite	39.30%	40.00%	8.70%
International Equity Composite	8.00%	10.00%	9.10%
Emerging Markets Equity Composite	2.00%	2.50%	10.80%
Total Fixed Income Composite	0.00%	33.50%	0.00%
Real Estate Composite	5.20%	4.00%	6.20%
Global Tactical Asset Allocation	10.10%	10.00%	5.95%
	<u>100.00%</u>	<u>100.00%</u>	

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, 2022.

5. Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments is applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

6. Net Pension Liability

The County's net pension liability is measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability is determined by the actuarial valuation as of January 1, 2022. The net pension liability is \$18,584,747 measured as the difference between the total pension liability of \$78,604,240 and the fiduciary net position of \$60,019,493.

Plan fiduciary net position as a percentage of the total pension liability was 76.36%.

NOTE N – 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	\$ 71,636,097	\$ 51,338,383	\$ 20,297,714
Changes for the year:			
Service cost	1,388,658	-	1,388,658
Interest	5,169,912	-	5,169,912
Effect of economic/demographic gains or losses	3,766,573	-	3,766,573
Effect of assumptions changes or inputs*	135,352	-	135,352
Contributions-employer	-	3,857,126	(3,857,126)
Contributions-employee	-	268,668	(268,668)
Net investment income	-	8,125,455	(8,125,455)
Benefit payments, including refunds of employee contributions	(3,492,352)	(3,492,352)	3,492,352
Administrative expenses	-	(77,787)	77,787
Net Changes	6,968,143	8,681,110	(1,712,967)
Balances at end of year	\$ 78,604,240	\$ 60,019,493	\$ 18,584,747

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

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

The following represents the Plan's net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 28,440,863	\$ 18,584,747	\$ 10,340,429

NOTE N – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – CONTINUED

8. Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. This rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the plan's investments to the ending fair value of pension plan investments. For the 2022 year, the annual money-weighted rate of return on the investments, net of investment expense, is 6.84%.

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

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

For the year ended June 30, 2022, the County recognized pension expense of \$523,300. At June 30, 2022, 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	\$ 3,094,281	\$ 208,220
Change of assumptions	1,435,125	326,694
Net Difference between projected and actual earnings on pension plan investments	-	5,931,218
Contributions subsequent to the measurement date- January 1, 2022 - June 30, 2022	<u>3,857,126</u>	<u>-</u>
	<u>\$ 8,386,532</u>	<u>\$ 6,466,132</u>

An amount of \$3,857,126 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date (January 1, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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:	
2023	\$ 961,848
2024	(1,589,685)
2025	(617,966)
2026	<u>(690,923)</u>
	<u>\$ (1,936,726)</u>
DIFFERENCE	<u>\$ 3,857,126</u>

NOTE N – 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:

Valuation Date:	January 1, 2022
Actuarial Cost Method:	Entry Age Cost Method- Percent of Pay
Amortization Method:	20-year closed amortization of Unfunded Accrued Liability (Fresh start at 1/1/2017)
Remaining amortization period:	20 years
Asset valuation method:	Gains or losses on the Market Value of Assets are recognized over five years, subject to a 20% corridor around the Market Value of Assets
Actuarial assumptions:	
Investment rate of return:	7.25%, net of investment expenses
Discount rate:	7.25%
Projected salary increases:	Age-graded scale ranging from 5.50% to 3.00% per annum
Cost of living adjustments:	1.00% compound COLAs are assumed to be given to participants who have or will retire directly from active employment with Kent County
Mortality Tables:	
Healthy:	RP-2014 Total Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2021
Disabled:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2021

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2021 through December 31, 2021.

NOTE O - OTHER POST-RETIREMENT BENEFITS

1. Plan Description

In addition to the pension benefits described in Note N, 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, 161 retirees meet these eligibility requirements, of which 139 retirees and 29 spouses/dependents receive health insurance benefits and 22 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 2022, expenditures of \$1,724,830 were recognized for post-retirement health care of which \$1,647,548 was paid out of the OPEB fund. The \$77,282 balance of retiree benefits was paid from the operating budgets of General Fund in the amount of \$59,277 and Sewer Fund in the amount of \$18,005.

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.

Asset Class	10-year Average Allocation
Domestic Equity	33.9%
International Equity	12.9%
Fixed Income	25.5%
Cash and Short-Term	5.6%
Alternative Investments	22.1%
	100%

4. Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was -8.54%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE O - OTHER POST-RETIREMENT BENEFITS - CONTINUED**5. Net OPEB Liability**

The County's net OPEB liability is measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability is determined by the actuarial valuation as of June 30, 2022. The net OPEB liability is \$22,224,529 measured as the difference between the total OPEB liability of \$49,538,000 and the fiduciary net position of \$27,313,471.

Plan fiduciary net position as a percentage of the total OPEB liability was 55.14%.

Actuarial assumptions.

The total OPEB liability in the June 30, 2022 valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	For fiscal year ending June 30, 2022, a June 30, 2022 measurement date was used.
Valuation Date:	June 30, 2022 with no adjustments to get to the June 30, 2022 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of June 30, 2020 projected to July 1, 2021 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	27 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.00%, net of investment expenses, including inflation
Projected salary increases:	Age-graded scale ranging from 5.50% to 3.00% per annum
Inflation Rate:	2.5% per year
Retirement age	In the 2021 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	8.0 percent initial, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent
Mortality Tables:	SOA RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2021

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

NOTE O - OTHER POST-RETIREMENT BENEFITS – CONTINUED

6. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 45,055,943	\$ 30,260,703	\$ 14,795,240
Changes for the year:			
Service cost	1,261,106	-	1,261,106
Interest	3,287,969	-	3,287,969
Differences between expected and actual experience	269,868	-	269,868
Change in assumptions*	1,629,000	-	1,629,000
Contributions-employer	-	3,052,963	(3,052,963)
Net investment income	-	(4,026,521)	4,026,521
Change of benefit terms	-	-	-
Benefit payments	(1,965,886)	(1,965,886)	-
Administrative expenses	-	(7,788)	7,788
Net Changes	4,482,057	(2,947,232)	7,429,289
Balances at end of year	\$ 49,538,000	\$ 27,313,471	\$ 22,224,529

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	\$ 28,887,529	\$ 22,224,529	\$ 16,719,529

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%.

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	\$ 15,948,529	\$ 22,224,529	\$ 29,944,529

A one percent decrease in the discount rate decreases the NOL by 28%. A one percent increase in the discount rate increases NOL by 35%.

NOTE O - OTHER POST-RETIREMENT BENEFITS – CONTINUED

For the year ended June 30, 2022 the County recognized OPEB expense of \$2,113,593. At June 30, 2022, 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	\$ 2,096,959	\$ 2,133,207
Change of assumptions	7,666,221	-
Net Difference between projected and actual earnings on pension plan investments	1,337,991	-
	<u>\$ 11,101,171</u>	<u>\$ 2,133,207</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:	
2023	\$ 2,724,626
2024	2,230,918
2025	1,261,259
2026	2,434,684
2027	316,477
	<u>\$ 8,967,964</u>

NOTE P – 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, 2022 were \$49,075.

NOTE P – 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, 2022 were \$464,658.

NOTE Q - RISK MANAGEMENT**1. Health Insurance**

The County contracted with Aetna thru Delaware Valley Health Trust (DVHT) to provide health insurance for the County's active employees and retirees thru June 30, 2022. 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 2022 were as follows:

	Internal Service Fund FY2022	Internal Service Fund FY2021
Unpaid claims, July 1	\$ 154,928	\$ 72,674
Incurred claims, including incurred but not reported claims/reduction in estimated liabilities	954,004	975,475
Claim payments	(961,244)	(893,221)
Unpaid claims, June 30	<u>\$ 147,688</u>	<u>\$ 154,928</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 R - 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, 2022, the balance of this reserve totaled \$333,285.
- 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, 2022, the balance of this reserve totaled \$52,810,223 of which \$39,679,354 is for the main system capital improvement and \$13,130,869 is for district capital improvement.

Equipment Replacement Reserve	\$ 333,285
Expansion Reserve	<u>52,810,223</u>
Total Restricted Net Position	<u>\$ 53,143,508</u>

NOTE S – PRIOR PERIOD ADJUSTMENT

The County decreased its July 1, 2021 net position for its Governmental Activities on the Statement of Activities and the General Fund net position on the Statement of Revenues, Expenses, and Changes in Fund Balances Governmental Funds by \$489 due to implementation of GASB Statement No. 87 for Leases. The decrease is the net result of recording right to use lease assets and related lease liabilities.

The County decreased its July 1, 2021 net position for its Business Type Activities on the Statement of Activities and the Sewer Fund net position on the Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds by \$7 due to implementation of GASB Statement No. 87 for Leases. The decrease is the net result of recording right to use lease assets and related lease liabilities.

The County decreased its July 1, 2021 net position for the Pension and Post Retiree Funds as the County identified that the Kent County Retirement Program and Trust had a fiscal year starting January 1 and ending on December 31.

	Governmental Activities	Business Type Activities	General Fund	Sewer Enterprise Fund	Pension and Post Retiree Funds
Net Position, as previously reported	\$ 75,703,873	\$ 140,967,810	\$ 49,921,747	\$ 137,258,321	\$ 88,374,397
GASB 87 lease implementation	(489)	(7)	(489)	(7)	-
Restatement for change in fiscal year	-	-	-	-	(6,784,737)
Net Position as Restated	<u>\$ 75,703,384</u>	<u>\$ 140,967,803</u>	<u>\$ 49,921,258</u>	<u>\$ 137,258,314</u>	<u>\$ 81,589,660</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. Kent County has no obligation for such debt beyond the resources provided by related loan agreements on whose behalf the bonds were issued. In each case Kent County has assigned the loan agreements to the bondholders, and has not included the bonds or the loans receivable in its financial statements.

NOTE T – CONDUIT DEBT OBLIGATION - CONTINUED

On June 30, 2022, the balances of the outstanding bonds were as follows:

<u>Bond</u>	<u>Issue Amount</u>	<u>Balance Outstanding June 30, 2022</u>
1999 Dover ALF, LLC "Heritage"	\$ 7,500,000	\$ 3,785,000
2008A, 2008B Providence Creek Academy Charter School	13,150,000	5,568,000
2016 Kent County Regional Sports Complex	20,760,000	20,250,000
2018A DSU Student Housing and Dining Facility	70,160,000	70,160,000
2018B DSU Student Housing and Dining Facility	525,000	210,000
2021A Charter School Refunding	2,750,000	2,750,000
2021B Charter School Refunding	195,000	125,000
American Legion Ambulance Station 64 Series 2021	1,184,702	1,132,421
Total	<u>\$ 116,224,702</u>	<u>\$ 103,980,421</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, 2022, the County abated property taxes totaling \$6,887. The tax abatement agreement is as follows:

- An 80 percent property tax abatement to manufacturing company for land and buildings. The abatement amounted to \$6,887.

NOTE V – SUBSEQUENT EVENTS

On September 27, 2022 the Levy Court Commissioners authorized the issuance of a Kent County General Obligation Bond in an amount not to exceed \$17,000,000 for the Biolsolids Capacity Expansion Project.

The County has evaluated all subsequent events through December 20, 2022, the date the financial statements were available to be issued.

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

	Measurement Date							
	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Total Pension Liability								
Service cost	\$ 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	5,169,912	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	3,766,573	(347,032)	281,579	559,396	251,213	(15,793)	(31,129)	485,747
Changes of assumptions*	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	(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	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	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)	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	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	268,668	200,045	207,941	186,970	186,515	187,079	156,272	163,928
Net investment income	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	(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	(77,787)	(80,404)	(100,373)	(74,571)	(54,070)	(33,546)	(36,842)	(190,972)
Net change in plan fiduciary net position	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	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)	\$ 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)	\$ 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	76.36%	71.67%	65.35%	57.02%	71.49%	66.90%	71.75%	78.67%
Covered payroll	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	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	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. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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

Schedule of Employer Pension Contributions

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

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll as of the Actuarial Valuation Year	Contribution as a Percentage of Covered Payroll
2013	1,334,642	1,334,642	-	12,687,170	10.52%
2014	1,265,985	1,332,476	(66,491)	13,186,023	10.11%
2015	1,409,118	1,416,774	(7,656)	13,470,257	10.52%
2016	1,514,391	1,634,883	(120,492)	13,578,928	12.04%
2017	1,983,504	1,979,945	3,559	14,111,982	14.03%
2018	2,544,116	2,556,190	(12,074)	14,428,663	17.72%
2019	2,811,213	2,816,640	(5,427)	14,633,127	19.25%
2020	3,175,598	3,208,055	(32,457)	14,837,958	21.62%
2021	3,879,542	3,889,022	(9,480)	15,203,896	25.58%
2022	3,717,980	3,857,126	(139,146)	15,186,067	25.40%

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

Valuation Date:	January 1, 2022
Actuarial Cost Method:	Entry Age Cost Method- Percent of Pay
Amortization Method:	20-year closed amortization of Unfunded Accrued Liability (Fresh start at 1/1/2017)
Remaining amortization period:	20 years
Asset valuation method:	Gains or losses on the Market Value of Assets are recognized over five years, subject to a 20% corridor around the Market Value of Assets
Actuarial assumptions:	
Investment rate of return:	7.25%, net of investment expenses
Discount rate:	7.25%
Projected salary increases:	Age-graded scale ranging from 5.50% to 3.00% per annum
Cost of living adjustments:	1.00% compound COLAs are assumed to be given to participants who have or will retire directly from active employment with Kent County
Mortality Tables:	
Healthy:	RP-2014 Total Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2021
Disabled:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2021

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	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	\$ 1,261,106	\$ 2,086,439	\$ 1,099,110	\$ 978,528	\$ 692,587
Interest on total OPEB liability	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	269,868	(532,140)	(3,556,895)	636,633	5,566,019
Changes of assumptions	1,629,000	5,847,668	1,007,110	2,952,416	877,054
Benefit payments, including refunds of member contributions	(1,965,886)	(1,470,514)	(1,387,734)	(1,181,271)	(873,799)
Net change in total OPEB liability	4,482,057	8,599,556	(67,764)	6,167,219	8,013,894
Total OPEB liability, beginning	45,055,943	36,456,387	36,524,151	30,356,932	22,343,038
Total OPEB liability, ending (a)	49,538,000	45,055,943	36,456,387	36,524,151	30,356,932
Fiduciary Net Position					
Employer contributions	3,052,963	2,735,837	2,154,449	1,366,633	1,366,633
Net investment income	(4,026,521)	8,105,044	1,885,124	836,738	1,099,278
Benefit payments	(1,965,886)	(1,470,514)	(1,387,734)	(1,181,271)	(873,799)
Administrative expenses	(7,788)	(59,493)	(46,879)	(12,837)	(5,571)
Net change in plan fiduciary net position	(2,947,232)	9,310,874	2,604,960	1,009,263	1,586,541
Fiduciary net position, beginning	30,260,703	20,949,829	18,344,869	17,335,606	15,749,065
Fiduciary net position, ending (b)	\$ 27,313,471	\$ 30,260,703	\$ 20,949,829	\$ 18,344,869	\$ 17,335,606
Net OPEB liability, ending = (a) - (b)	\$ 22,224,529	\$ 14,795,240	\$ 15,506,558	\$ 18,179,282	\$ 13,021,326
Fiduciary net position as a % of total OPEB liability	55.14%	67.16%	57.47%	50.23%	57.11%
Covered payroll	16,352,842	15,833,800	15,627,852	15,374,840	15,106,839
Net OPEB liability as a % of covered payroll	135.91%	93.44%	99.22%	118.24%	86.19%
Annual money weighted rate of return, net of investment expense	-8.54%	6.50%	5.83%	4.80%	6.96%

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

Schedule of Employer OPEB Contributions

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

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll as of the Actuarial Valuation Year	Contribution as a Percentage of Covered Payroll
2013	661,025	661,025	-	13,186,023	5.01%
2014	616,016	616,016	-	13,186,023	4.67%
2015	616,016	616,016	-	13,470,257	4.57%
2016	785,111	785,111	-	13,470,257	5.83%
2017	785,111	785,111	-	14,595,980	5.38%
2018	1,318,229	1,366,633	(48,404)	15,106,839	9.05%
2019	1,318,229	1,366,633	(48,404)	15,374,840	8.89%
2020	2,154,449	2,154,449	-	15,627,852	13.79%
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%

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

Measurement Date:	For fiscal year ending June 30, 2022, a June 30, 2022 measurement date was used.
Valuation Date:	June 30, 2022 with no adjustments to get to the June 30, 2022 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of June 30, 2020 projected to July 1, 2021 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	27 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.00%, net of investment expenses, including inflation
Projected salary increases:	Age-graded scale ranging from 5.50% to 3.00% per annum
Inflation Rate:	2.5% per year
Retirement age	In the 2021 actuarial valuation, expected retirement ages were unadjusted.
Healthcare trend rates:	8.0 percent initial, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent
Mortality Tables:	SOA RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2021



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KENT COUNTY, DELAWARE

COMBINING BALANCE SHEET
NON-MAJOR
GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
ASSETS			
Cash and Investments	\$ 100	\$ 215,775	\$ 215,875
Lease Receivable	-	22,966	22,966
Total Assets	<u>\$ 100</u>	<u>\$ 238,741</u>	<u>\$ 238,841</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 100	\$ 678	\$ 778
Total Liabilities	<u>100</u>	<u>678</u>	<u>778</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items Related to Leases	-	22,966	22,966
Total Deferred Inflows of Resources	<u>-</u>	<u>22,966</u>	<u>22,966</u>
Fund Balances:			
Restricted:			
Capital Projects	-	215,097	215,097
Total Fund Balances	<u>-</u>	<u>215,097</u>	<u>215,097</u>
Total Liabilities and Fund Balances	<u>\$ 100</u>	<u>\$ 238,741</u>	<u>\$ 238,841</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
REVENUES			
Fees for Services	\$ -	\$ -	\$ -
Investment Income	-	751	751
	-	751	751
Total Revenues	-	751	751
EXPENDITURES			
Current:			
Economic Development	-	2,491	2,491
	-	2,491	2,491
Total Expenditures	-	2,491	2,491
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,740)	(1,740)
Net Change in Fund Balances	-	(1,740)	(1,740)
Fund Balances at Beginning of Year	-	216,837	216,837
Fund Balances at End of Year	\$ -	\$ 215,097	\$ 215,097

KENT COUNTY, DELAWARE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 939,501	\$ 694,202	\$ 429,452	\$ 2,063,155
Receivables				
Fees and Services	115,500	-	808	116,308
Total Current Assets	<u>1,055,001</u>	<u>694,202</u>	<u>430,260</u>	<u>2,179,463</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>1,058,001</u>	<u>694,202</u>	<u>430,260</u>	<u>2,182,463</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	54,964	-	7,700	62,664
Due to Other Funds	39,422	1,236	8,202	48,860
Unearned Revenue	-	144,628	-	144,628
Total Liabilities	<u>94,386</u>	<u>145,864</u>	<u>15,902</u>	<u>256,152</u>
NET POSITION				
Investment in Capital Assets	3,000	-	-	3,000
Unrestricted	960,615	548,338	414,358	1,923,311
Total Net Position	<u>\$ 963,615</u>	<u>\$ 548,338</u>	<u>\$ 414,358</u>	<u>\$ 1,926,311</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, 2022

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
OPERATING REVENUES				
Fees for Services	\$ 1,118,229	\$ -	\$ 116,156	\$ 1,234,385
Other Revenue	-	2,628	-	2,628
Total Operating Revenues	<u>1,118,229</u>	<u>2,628</u>	<u>116,156</u>	<u>1,237,013</u>
OPERATING EXPENSES				
Salaries and Benefits	148,185	-	-	148,185
Contractual Services	311	4,379	-	4,690
Utilities	878,860	-	-	878,860
Maintenance, Parts and Supplies	1,723	-	36,345	38,068
Vehicle Expense	1,624	-	-	1,624
Operating Insurance and Indirect Costs	53,047	4,947	-	57,994
Total Operating Expenses	<u>1,083,750</u>	<u>9,326</u>	<u>36,345</u>	<u>1,129,421</u>
Operating Income (Loss)	<u>34,479</u>	<u>(6,698)</u>	<u>79,811</u>	<u>107,592</u>
NON-OPERATING REVENUES				
Interest and Dividends	4,021	2,109	-	6,130
Total Non-Operating Revenues	<u>4,021</u>	<u>2,109</u>	<u>-</u>	<u>6,130</u>
Net Income (Loss)	38,500	(4,589)	79,811	113,722
Net Position at Beginning of Year	<u>925,115</u>	<u>552,927</u>	<u>334,547</u>	<u>1,812,589</u>
Net Position at End of Year	<u>\$ 963,615</u>	<u>\$ 548,338</u>	<u>\$ 414,358</u>	<u>\$ 1,926,311</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Street Light</u>	<u>Landfill</u>	<u>Storm Water Management</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 1,118,858	\$ -	\$ 116,015	\$ 1,234,873
Payments to Suppliers	(880,283)	(4,379)	(29,176)	(913,838)
Internal Activity - Payment to Other Funds	(229,246)	(4,550)	1,118	(232,678)
Net Cash Provided (Used) by Operating Activities	<u>9,329</u>	<u>(8,929)</u>	<u>87,957</u>	<u>88,357</u>
Cash Flows From Investing Activities:				
Interest and Dividends	4,021	2,109	-	6,130
Net Cash Provided By Investing Activities	<u>4,021</u>	<u>2,109</u>	<u>-</u>	<u>6,130</u>
Net Increase (Decrease) In Cash and Cash Equivalents	13,350	(6,820)	87,957	94,487
Cash and Cash Equivalents at Beginning of Year	<u>926,151</u>	<u>701,022</u>	<u>341,495</u>	<u>1,968,668</u>
Cash and Cash Equivalents at End of Year	<u>\$ 939,501</u>	<u>\$ 694,202</u>	<u>\$ 429,452</u>	<u>\$ 2,063,155</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 34,479	\$ (6,698)	\$ 79,811	\$ 107,592
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	629	-	(141)	488
Increase (Decrease) in Accounts Payable	2,235	-	7,169	9,404
(Decrease) in Other Liability	-	-	-	-
Increase (Decrease) in Unearned Revenue	-	(2,628)	-	(2,628)
Increase in Due To Other Funds	(28,014)	397	1,118	(26,499)
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,329</u>	<u>\$ (8,929)</u>	<u>\$ 87,957</u>	<u>\$ 88,357</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
PENSION AND POST RETIREE BENEFITS FUNDS

	<u>12/31/2021</u> <u>Pension Fund</u>	<u>6/30/2022</u> <u>Post Retiree</u> <u>Benefits Fund</u>	<u>Total</u>
ASSETS			
Restricted Assets:			
Cash and Short Term Investments	\$ -	\$ -	\$ -
Receivables			
Interest	8,284	-	8,284
Investments	<u>60,011,209</u>	<u>27,313,471</u>	<u>87,324,680</u>
Total Assets	<u>60,019,493</u>	<u>27,313,471</u>	<u>87,332,964</u>
LIABILITIES			
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	60,019,493	-	60,019,493
Post Retiree Benefits	<u>-</u>	<u>27,313,471</u>	<u>27,313,471</u>
Total Net Position	<u>\$ 60,019,493</u>	<u>\$ 27,313,471</u>	<u>\$ 87,332,964</u>

KENT COUNTY, DELAWARE

**COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND POST RETIREE BENEFITS FUNDS
FOR THE YEAR ENDED**

	<u>12/31/2021</u> <u>Pension Fund</u>	<u>6/30/2022</u> <u>Post Retiree</u> <u>Benefits Fund</u>	<u>Total</u>
ADDITIONS			
Employee Contributions	\$ 236,772	\$ -	\$ 236,772
Employer Contributions	3,889,022	2,735,837	6,624,859
Interest and Dividends	224,058	289,063	513,121
Net Appreciation (Depreciation) in Fair Value of Investments	<u>8,064,236</u>	<u>(4,229,278)</u>	<u>3,834,958</u>
Total Additions	<u>12,414,088</u>	<u>(1,204,378)</u>	<u>11,209,710</u>
DEDUCTIONS			
Pension Benefits	3,492,352	-	3,492,352
OPEB Benefits	-	1,647,548	1,647,548
Administrative Expense	<u>231,200</u>	<u>95,306</u>	<u>326,506</u>
Total Deductions	<u>3,723,552</u>	<u>1,742,854</u>	<u>5,466,406</u>
Change In Net Position	8,690,536	(2,947,232)	5,743,304
Net Position - Beginning of Year- Restated	<u>51,328,957</u>	<u>30,260,703</u>	<u>81,589,660</u>
Net Position - End of Year	<u>\$ 60,019,493</u>	<u>\$ 27,313,471</u>	<u>\$ 87,332,964</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.

2022 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$31,683,667	\$31,329,672	\$30,964,594	\$31,140,703	\$31,337,025	\$32,299,538	\$31,840,271	\$28,120,342	\$26,796,027	\$26,409,608
Restricted	17,734,069	18,840,031	10,687,675	9,613,779	6,348,541	5,411,163	6,221,445	9,075,766	404,953	23,671
Unrestricted	31,228,049	25,534,170	29,451,520	32,394,196	37,620,072	39,960,075	38,582,912	39,241,698	50,922,050	48,943,093
Total governmental activities net position	80,645,785	75,703,873	71,103,789	73,148,678	75,305,638	77,670,776	76,644,628	76,437,806	78,123,030	75,376,372
Business-type activities										
Net investment in capital assets	60,607,709	64,412,503	67,874,220	71,419,362	73,083,701	76,060,519	75,749,480	71,807,718	64,175,064	62,872,401
Restricted	53,143,508	47,958,369	41,696,425	38,107,757	32,270,031	33,217,050	30,453,228	26,023,719	23,950,883	22,219,615
Unrestricted	30,636,933	28,596,938	25,434,370	22,627,818	21,287,666	15,734,797	17,174,215	14,541,838	22,521,945	22,420,495
Total business-type activities net position	144,388,150	140,967,810	135,005,015	132,154,937	126,641,398	125,012,366	123,376,923	112,373,275	110,647,892	107,512,511
Primary government										
Net investment in capital assets	92,291,376	95,742,175	98,838,814	102,560,065	104,420,726	108,360,057	107,589,751	99,928,060	90,971,091	89,282,009
Restricted	70,877,577	66,798,400	52,384,100	47,721,536	38,618,572	38,628,213	36,674,673	35,099,485	24,355,836	22,243,286
Unrestricted	61,864,982	54,131,108	54,885,890	55,022,014	58,907,738	55,694,872	55,757,127	53,783,536	73,443,995	71,363,588
Total primary government activities net position	\$225,033,935	\$216,671,683	\$206,108,804	\$205,303,615	\$201,947,036	\$202,683,142	\$200,021,551	\$188,811,081	\$188,770,922	\$182,888,883

2022 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$5,474,699	\$4,471,686	\$4,142,457	\$4,726,073	\$2,942,129	\$3,598,230	\$3,470,183	\$2,751,768	\$2,304,636	\$2,567,923
Special grants/programs	5,681,333	2,443,752	2,004,667	1,842,569	1,906,961	2,029,897	2,029,654	2,129,742	1,857,709	1,641,823
Community services	4,860,058	4,189,281	5,400,087	4,990,912	4,614,095	4,689,550	3,803,046	3,650,644	3,546,729	3,468,400
Planning services	6,212,727	5,554,650	5,974,260	6,140,000	5,996,208	5,825,458	5,748,165	5,532,350	5,321,429	5,234,297
Public safety	13,551,322	12,042,763	12,359,504	12,444,819	10,967,163	10,162,928	9,073,597	8,674,656	8,315,276	8,193,571
Row offices	2,614,912	2,389,456	2,445,956	2,376,442	2,107,468	1,926,973	1,896,476	1,861,280	1,690,769	1,660,824
Economic development	366,981	264,467	232,777	176,890	156,026	358,382	1,555,085	287,819	44,180	372,300
Amortization	-	-	-	-	-	-	-	53,254	1,856	1,854
Interest on long-term debt	162,898	164,262	219,092	263,219	240,105	215,890	185,646	211,113	229,542	235,652
Total governmental activities expenses	<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>	<u>23,312,126</u>	<u>23,376,644</u>
Business-type activities:										
Sewer	23,955,381	23,220,780	22,798,301	23,132,702	22,257,349	19,963,041	18,231,919	18,243,107	17,311,372	17,363,894
Street light	1,083,750	1,072,349	1,034,513	1,002,685	1,003,452	963,961	934,377	907,738	888,610	851,575
Trash	5,197,292	4,951,779	4,715,066	4,444,288	4,265,251	3,727,545	3,276,419	3,403,712	2,912,322	2,689,799
Landfill	9,326	9,324	9,139	22,799	9,673	10,680	9,804	10,031	23,087	32,746
Storm water maintenance	36,345	35,902	31,423	9,256	5,978	6,792	3,201	-	-	-
Total business-type activities expenses	<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>	<u>21,135,391</u>	<u>20,938,014</u>
Total primary government expenses	<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>	<u>44,447,517</u>	<u>44,314,658</u>

(continued on next page)

2022 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$386,030	\$350,294	\$264,070	\$238,908	\$255,705	\$138,060	\$152,376	\$196,071	\$196,628	\$187,643
Community services	344,117	143,450	268,411	485,335	613,588	398,375	336,659	346,469	348,512	377,566
Planning services	1,935,521	2,053,414	1,867,719	1,707,254	1,731,555	1,483,054	1,919,683	1,536,031	1,632,163	1,765,755
Public safety	109,333	57,729	54,961	135,295	152,775	158,434	147,129	178,588	136,013	144,150
Row offices	7,180,612	6,679,599	5,640,187	5,717,364	6,284,633	6,722,664	5,674,004	5,449,361	5,516,750	5,378,605
Economic development	-	23,555	22,890	22,890	22,890	22,890	22,890	-	-	-
Operating grants and contributions	5,176,686	3,381,200	3,084,699	3,214,924	2,282,169	3,205,518	2,967,151	3,349,706	2,903,651	2,653,780
Capital grants and contributions	492,008	93,480	55,344	50,000	17,625	42,602	164,259	80,210	311,482	215,350
Total governmental activities program revenues	<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>	<u>11,045,199</u>	<u>10,722,849</u>
Business-type activities:										
Charges for services:										
Sewer	20,222,732	21,886,841	18,993,013	20,595,634	18,497,652	16,916,517	17,017,132	16,988,415	17,170,963	15,693,959
Street light	1,118,229	1,178,675	1,014,167	1,029,690	1,028,958	971,634	921,826	943,856	914,032	887,352
Trash	5,337,392	4,897,577	4,727,763	4,571,453	4,450,854	3,498,900	3,418,268	3,319,649	3,146,646	3,051,370
Landfill	2,628	2,634	2,293	10,757	2,304	2,204	1,725	1,546	9,282	-
Storm water maintenance	116,156	99,042	109,920	60,886	54,908	67,160	28,560	-	-	-
Operating grants and contributions	20,295	120,735	21,035	4,296	-	-	-	21,634	10,450	-
Capital grants and contributions	6,567,740	6,504,806	5,751,035	6,661,459	5,525,059	4,866,348	11,917,096	3,729,501	2,910,387	4,858,524
Total business-type activities program revenues	<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>	<u>24,161,760</u>	<u>24,491,205</u>
Total primary government program revenues	<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>	<u>35,206,959</u>	<u>35,214,054</u>
Net (Expense) Revenue										
Governmental activities	(23,300,623)	(18,737,596)	(21,520,519)	(21,388,954)	(17,569,215)	(16,635,711)	(16,377,701)	(14,016,190)	(12,266,927)	(12,653,795)
Business-type activities	3,103,078	5,400,176	2,030,784	4,322,445	2,018,032	1,650,744	10,848,887	2,440,013	3,026,369	3,553,191
Total primary government net (expense) revenue	<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>	<u>(\$9,240,558)</u>	<u>(\$9,100,604)</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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	12,491,603	12,191,693	12,065,530	11,774,010	11,533,734	11,310,977	11,141,185	10,990,802	10,819,104	10,648,373
Real estate transfer tax	11,035,462	8,725,475	5,870,702	5,405,493	5,472,284	4,990,351	4,493,193	4,210,416	3,462,321	3,541,753
Grant Revenue	3,337,114	56,494	-	-	-	-	-	-	-	-
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,014	270,015
Investment earnings	292,141	162,520	935,269	1,362,419	793,735	356,483	189,852	125,051	120,856	135,365
Other revenues including capital asset sales gains/losses	816,689	531,483	368,588	420,057	606,896	606,596	490,278	337,259	341,290	402,129
Interfund Transfers	-	-	-	-	-	127,437	-	-	-	-
Total governmental activities	<u>28,243,024</u>	<u>21,937,680</u>	<u>19,510,104</u>	<u>19,231,994</u>	<u>18,676,664</u>	<u>17,661,859</u>	<u>16,584,523</u>	<u>15,933,543</u>	<u>15,013,585</u>	<u>14,997,635</u>
Business-type activities:										
Investment earnings	313,109	162,213	814,419	1,185,717	644,171	288,692	137,182	90,172	96,152	124,495
Other revenues including capital asset sales gains/losses	4,160	2,382	4,875	5,377	7,544	(176,556)	17,579	244,056	12,860	177,085
Interfund Transfers	-	-	-	-	-	(127,437)	-	-	-	-
Total business-type activities	<u>317,269</u>	<u>164,595</u>	<u>819,294</u>	<u>1,191,094</u>	<u>651,715</u>	<u>(15,301)</u>	<u>154,761</u>	<u>334,228</u>	<u>109,012</u>	<u>301,580</u>
Total primary government	<u>\$28,560,293</u>	<u>\$22,102,275</u>	<u>\$20,329,398</u>	<u>\$20,423,088</u>	<u>\$19,328,379</u>	<u>\$17,646,558</u>	<u>\$16,739,284</u>	<u>\$16,267,771</u>	<u>\$15,122,597</u>	<u>\$15,299,215</u>
Change in Net Position										
Governmental activities	<u>4,942,401</u>	<u>3,200,084</u>	<u>(2,010,415)</u>	<u>(2,156,960)</u>	<u>1,107,449</u>	<u>1,026,148</u>	<u>206,822</u>	<u>1,917,353</u>	<u>2,746,658</u>	<u>2,343,840</u>
Business-type activities	<u>3,420,347</u>	<u>5,564,771</u>	<u>2,850,078</u>	<u>5,513,539</u>	<u>2,669,747</u>	<u>1,635,443</u>	<u>11,003,648</u>	<u>2,774,241</u>	<u>3,135,381</u>	<u>3,854,771</u>
Total primary government	<u>\$8,362,748</u>	<u>\$8,764,855</u>	<u>\$839,663</u>	<u>\$3,356,579</u>	<u>\$3,777,196</u>	<u>\$2,661,591</u>	<u>\$11,210,470</u>	<u>\$4,691,594</u>	<u>\$5,882,039</u>	<u>\$6,198,611</u>

2022 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$176,592	\$204,079	\$940,657	\$743,197	\$710,455	\$129,567	\$728,533	\$164,537	\$78,798	\$95,869
Restricted	4,094,502	3,360,449	1,088,020	1,207,865	834,869	414,356	405,211	324,878	404,953	346,655
Committed	-	-	-	-	-	-	-	466,377	411,903	334,640
Assigned	4,800,544	5,304,422	3,898,069	3,786,532	3,910,386	3,398,061	4,444,372	1,926,174	1,518,454	1,575,954
Unassigned	47,703,230	41,052,797	44,773,546	44,497,430	44,192,539	42,742,751	37,779,156	39,436,838	40,422,288	37,664,228
Total general fund	<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>	<u>42,836,396</u>	<u>40,017,346</u>
All Other Governmental Funds										
Nonspendable	\$761,134	\$9,030	\$17,707	\$5,050	\$77,319	\$24,324	\$8,374	\$6,403	\$39,102	\$6,589
Restricted	215,097	15,479,582	9,599,655	8,405,914	5,513,672	4,996,806	5,816,234	8,750,888	6,954,041	7,731,038
Assigned	13,424,470	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(69,709)	(21,977)	-	-	-	-
Total all other governmental funds	<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>	<u>\$6,993,143</u>	<u>\$7,737,627</u>

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

Table 4

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Property taxes	\$12,480,729	\$12,236,739	\$12,026,162	\$11,822,660	\$11,505,642	\$11,285,174	\$11,169,794	\$11,006,897	\$10,800,038	\$10,628,512
Real estate transfer tax	11,035,462	8,725,475	5,870,702	5,405,493	5,472,284	4,990,351	4,493,193	4,210,416	3,462,321	3,541,753
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,014	270,015
Grant	8,988,370	3,514,078	3,140,042	3,264,924	2,299,793	3,248,120	3,131,410	3,429,917	3,215,133	2,869,129
Fees for services	9,869,978	9,183,339	8,046,402	8,058,925	9,059,311	8,879,574	8,000,868	7,600,583	7,584,720	7,559,452
Investment income	290,069	162,355	920,361	1,339,816	785,556	355,562	189,768	125,050	120,780	135,209
Rental income	90,458	52,671	23,936	23,186	23,186	23,206	25,214	23,186	23,186	23,186
Other revenues	540,401	439,051	344,473	633,874	585,059	572,647	634,623	382,934	533,503	558,597
Total revenues	43,565,482	34,583,723	30,642,093	30,818,893	30,000,846	29,624,649	27,914,885	27,048,998	26,009,695	25,585,853
Expenditures										
General government	4,502,076	2,943,171	3,117,304	2,557,583	2,508,994	2,619,095	2,449,734	2,298,729	2,146,936	2,006,474
Special grants and programs	5,681,333	2,443,752	2,004,667	1,842,569	1,906,961	2,029,897	2,029,654	2,129,742	1,857,709	1,641,823
Community services	4,049,226	3,425,501	4,353,838	3,987,795	3,722,941	3,919,945	3,364,778	3,286,031	3,219,480	3,139,070
Planning services	6,078,259	5,412,436	5,383,758	5,344,007	5,687,054	5,531,576	5,574,143	5,429,838	5,305,694	5,265,108
Public safety	12,767,748	11,793,814	10,795,000	10,239,819	9,828,269	9,159,617	8,397,723	8,167,844	7,999,004	8,003,221
Row offices	2,507,357	2,312,338	2,094,338	2,056,736	1,879,958	1,811,765	1,746,378	1,775,271	1,686,840	1,626,109
Economic development	368,984	264,467	232,777	176,890	156,026	358,382	1,555,085	287,819	44,180	372,300
Debt service:										
Bond Issue Costs	-	-	-	-	-	-	-	53,254	-	-
Principal	513,414	765,876	502,399	459,876	486,119	507,516	454,545	166,729	161,523	157,236
Interest and fiscal charges	163,044	186,074	240,516	284,273	259,947	235,138	200,693	242,113	231,584	237,592
Capital outlay	1,171,968	1,698,243	245,830	392,888	78,934	1,077,147	9,036,367	2,146,144	1,282,179	922,419
Total expenditures	37,803,409	31,245,672	28,970,427	27,342,436	26,515,203	27,250,078	34,809,100	25,983,514	23,935,129	23,371,352
Excess of revenues over (under) expenditures	5,762,073	3,338,051	1,671,666	3,476,457	3,485,643	2,374,571	(6,894,215)	1,065,484	2,074,566	2,214,501
Other Financing Sources (Uses)										
Transfers in	2,850,431	7,943,197	2,734,857	4,175,351	1,314,214	1,522,811	3,454,710	4,786,473	867,809	1,277,547
Proceeds from Loan	-	-	-	-	-	-	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	(2,847,294)	(8,757,287)	(2,734,857)	(4,175,351)	(1,314,214)	(1,395,374)	(3,454,710)	(4,786,473)	(867,809)	(1,277,547)
Total other financing sources (uses)	3,137	354,654	-	-	-	127,437	5,000,000	181,072	-	-
Net change in fund balances	\$5,765,210	\$3,692,705	\$1,671,666	\$3,476,457	\$3,485,643	\$2,502,008	(\$1,894,215)	\$1,246,556	\$2,074,566	\$2,214,501
Debt service as a percentage of noncapital expenditures	1.85%	3.22%	2.59%	2.76%	2.82%	2.84%	2.54%	1.94%	1.74%	1.76%

2022 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

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
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	11,505,642	5,472,284	16,977,926
2017	11,285,174	4,990,351	16,275,525
2016	11,169,794	4,493,193	15,662,987
2015	11,006,897	4,210,416	15,217,313
2014	10,800,038	3,462,321	14,262,359
2013	10,628,512	3,541,753	14,170,265

Note:

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

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)
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
2014	3,437,231,100	74,558,083	3,362,673,017	0.30	N/A
2013	3,377,856,800	65,688,100	3,312,168,700	0.30	N/A

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Direct										
County tax	\$0.3000	\$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	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330	\$0.3330
School Districts										
Caesar Rodney	\$1.8750	\$1.8350	\$1.7450	\$1.6650	\$1.6050	\$1.5650	\$1.2350	\$1.2350	\$1.2450	\$1.2450
Capital	2.2841	2.1897	2.0482	1.8307	1.7942	1.8065	1.8115	1.8215	1.8500	1.9090
Lake Forest	1.4964	1.5833	1.5887	1.5667	1.6531	1.4745	1.4498	1.4257	1.3163	1.1569
Milford	1.6995	1.7164	1.7308	1.7390	1.7636	1.9077	1.2626	1.2308	1.2692	1.2165
Polytech	0.1571	0.1578	0.1548	0.1541	0.1522	0.1484	0.1415	0.1372	0.1372	0.1372
Smyrna	2.0258	1.7118	1.7358	1.7373	1.7317	1.7674	1.7835	1.6433	1.4161	1.3240
Woodbridge	1.6800	1.6800	1.6800	1.4400	1.3310	1.3310	1.3310	1.3340	1.3610	1.3720
Incorporated Areas										
Bowers Beach	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000
Camden	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200	1.4200
Cheswold	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Clayton	1.1500	0.9750	0.8250	0.7500	0.7500	0.7500	0.6500	0.6500	0.6500	0.6500
Dover	0.4150	0.4050	0.4400	0.4050	0.4050	0.4050	0.4050	0.3378	0.3378	0.3378
Farmington	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
Felton	1.1600	1.0600	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100
Frederica	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.0000	1.0000	1.0000
Harrington	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	0.7100	0.7100
Hartly	0.7500	0.7500	0.7500	0.7500	0.7500	0.5000	0.2000	0.2000	0.2000	0.2000
Houston	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1200	0.1200
Kenton	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Leipsic	0.4226	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225
Little Creek	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Magnolia	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Milford	0.4928	0.4828	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Smyrna	0.4400	0.4400	0.4400	0.4200	0.4000	0.4000	0.4000	0.3600	0.3100	0.2900
Viola	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Woodside	0.4000	0.4000	0.4000	0.4000	0.4000	0.2000	0.2000	0.2000	0.2000	0.2000
Wyoming	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000

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

2022 Annual Comprehensive Financial Report for Kent County, Delaware
 Statistical Section

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

Table 8

	2022			2013		
	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	1.17%			
Chesapeake Utilities	44,012,500	2	1.13%	28,995,900	2	0.88%
Delmarva Power & Light	42,097,400	3	1.09%	22,108,300	4	0.67%
Diamond State Telephone	19,407,900	4	0.50%	24,875,700	3	0.75%
Wal-Mart Stores	19,131,200	5	0.49%	19,124,300	5	0.58%
Dover Mall	18,486,400	6	0.48%	16,925,900	7	0.51%
Wal-Mart Real Estate Business	17,569,900	7	0.45%	17,568,800	6	0.53%
Dover International Speedway, Inc.	16,686,800	8	0.43%	16,327,500	8	0.49%
General Foods	14,061,800	9	0.36%	14,006,400	9	0.42%
Rudolph/Stephen Von Croy/Von Croy Family Trust	13,602,500	10	0.35%			
Dover Downs				39,326,400	1	1.19%
Gaming Entertainment Del.				12,240,200	10	0.37%
	\$250,483,500		6.45%	\$211,499,400		6.39%

Source: Assessment Division, Kent County Levy Court, Delaware

2022 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
2022	\$ 12,496,382	\$ 12,299,098	98.42%		\$ 12,299,098	98.42%
2021	12,218,325	11,993,603	98.16%	145,933	12,139,536	99.36%
2020	12,046,806	11,830,621	98.21%	161,560	11,992,181	99.55%
2019	11,800,807	11,572,555	98.07%	181,737	11,754,292	99.61%
2018	11,537,363	11,285,928	97.82%	215,603	11,501,531	99.69%
2017	11,336,334	11,094,059	97.86%	209,677	11,303,736	99.71%
2016	11,156,441	10,903,302	97.73%	222,294	11,125,596	99.72%
2015	10,993,270	10,729,902	97.60%	235,211	10,965,113	99.74%
2014	10,823,058	10,521,723	97.22%	274,195	10,795,918	99.75%
2013	10,651,409	10,335,366	97.03%	290,521	10,625,887	99.76%

Source: Finance Department, Kent County Levy Court, Delaware

2022 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

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

Table 10

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (2)	Population (3)	Debt per Capita
	General Obligation Bonds (1)	Lease Payable	Note Payable	Lease Payable	General Obligation Bonds (1)				
2022	\$ 3,142,071	796,787	\$ 3,118,439	9,078	\$ 51,093,593	\$ 58,159,968	0.63%	182,481	319
2021	3,356,046	980,363	3,439,166	-	50,733,784	58,509,359	0.69%	181,673	322
2020	3,634,250	-	3,759,715	-	52,430,084	59,824,049	0.77%	180,779	331
2019	3,900,411	-	4,017,241	-	47,914,062	55,831,714	0.74%	178,544	313
2018	4,160,550	-	4,238,266	-	50,220,821	58,619,637	0.82%	176,966	331
2017	4,416,675	-	4,489,548	-	52,448,629	61,354,852	0.91%	174,366	352
2016	4,664,771	-	4,770,256	-	53,530,384	62,965,411	0.95%	172,965	364
2015	4,910,860	-	-	-	49,472,214	54,383,074	0.83%	171,265	318
2014	4,868,378	-	-	-	42,397,946	47,266,324	0.76%	168,906	280
2013	5,028,045	-	-	-	43,999,246	49,027,291	0.80%	167,303	293

Notes:

- (1) Includes unamortized bond premiums and bond discounts
 - (2) Personal income is presented in the demographic and economic information
 - (3) Delaware Population Consortium Annual Population Projections
- Numbers for prior years revised due to release of updated data

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
2022	3,883,638,340	54,235,664	1.40%	182,481	297
2021	3,794,571,304	54,089,830	1.43%	181,673	298
2020	3,738,121,064	56,064,334	1.50%	180,779	310
2019	3,653,742,286	51,814,473	1.42%	178,544	290
2018	3,579,660,950	54,381,371	1.52%	176,966	307
2017	3,522,033,166	56,865,304	1.61%	174,366	326
2016	3,467,643,532	58,195,155	1.68%	172,965	336
2015	3,416,376,264	54,383,074	1.59%	171,265	318
2014	3,362,673,017	47,266,324	1.41%	168,906	280
2013	3,312,168,700	49,027,291	1.48%	167,303	293

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

Population Source: Delaware Population Consortium Annual Population Projections

Numbers for prior years revised due to release of updated data

**KENT COUNTY, DELAWARE
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2022**

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Kent County Levy Court
School Districts:			
Caesar Rodney	\$22,908,830	100.0%	\$22,908,830
Capital	74,271,461	100.0%	74,271,461
Lake Forest	2,931,235	100.0%	2,931,235
Milford	7,605,365	61.6%	4,684,905
Polytech	7,829,535	100.0%	7,829,535
Smyrna	12,963,981	86.0%	11,149,024
Woodbridge	8,573,350	22.2%	1,903,284
Total School Districts			<u>125,678,274</u>
Incorporated Areas:			
Camden	2,425,000	100.0%	\$2,425,000
Dover	6,111,209	100.0%	6,111,209
Smyrna	6,707,942	86.0%	5,768,830
Total Incorporated Areas:			<u>14,305,039</u>
Subtotal, overlapping debt			\$139,983,313
Kent County Levy Court direct debt	7,057,297	100.0%	<u>7,057,297</u>
Total direct and overlapping debt			<u>\$147,040,610</u>

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

Notes:

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

2022 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

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

Table 13

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Taxable assessed value	\$ 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	\$3,362,673,017	\$3,312,168,700
Debt limit (12% of taxable assessed value)	\$466,036,601	\$455,348,556	\$448,574,528	\$438,449,074	\$429,559,314	\$422,643,980	\$416,117,224	\$409,965,152	\$403,520,762	\$397,460,244
Amount of debt subject to the debt limit	54,235,664	54,089,830	56,064,334	51,814,473	54,381,371	56,865,304	58,195,155	54,383,074	47,266,324	49,027,291
Legal debt margin	\$411,800,937	\$401,258,726	\$392,510,194	\$386,634,601	\$375,177,943	\$365,778,676	\$357,922,069	\$355,582,078	\$356,254,438	\$348,432,953
Percentage of legal debt margin available	88.36%	88.12%	87.50%	88.18%	87.34%	86.55%	86.01%	86.73%	88.29%	87.66%
Percentage of legal debt margin exhausted	11.64%	11.88%	12.50%	11.82%	12.66%	13.45%	13.99%	13.27%	11.71%	12.34%

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.

2022 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)
2022	182,481	38.8	50,432	9,202,881,792	32,128	6.0%
2021	181,673	41.4	46,600	8,465,961,800	31,553	7.8%
2020	180,779	37.9	43,097	7,791,032,563	32,267	14.0%
2019	178,544	37.9	42,023	7,502,954,512	31,721	4.2%
2018	176,966	37.8	40,304	7,132,437,664	31,372	4.7%
2017	174,366	37.6	38,498	6,712,742,268	30,858	5.7%
2016	172,965	37.1	38,178	6,603,457,770	30,485	5.3%
2015	171,265	37.3	38,114	6,527,594,210	30,527	5.9%
2014	168,906	36.8	36,882	6,229,591,092	30,254	7.1%
2013	167,303	37.8	36,701	6,140,187,403	29,989	8.0%

Sources:

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

2022 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	2022 1st Quarter			2013 1st Quarter		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Accommodation and food services	6,068	4	9.0%	5,042	4	8.1%
Administrative and waste services	3,492	6	5.2%	1,838	7	2.9%
Construction	2,578	7	3.8%	2,225	6	3.6%
Finance and insurance	1,576	9	2.3%	1,094	10	1.8%
Government	18,888	1	28.0%	18,693	1	29.9%
Health care and social assistance	9,723	2	14.4%	9,068	2	14.5%
Manufacturing	5,270	5	7.8%	4,588	5	7.3%
Other services, except public administration	1,523	10	2.3%	1,744	8	2.8%
Professional and technical services	2,183	8	3.2%	1,712	9	2.7%
Retail trade	8,992	3	13.3%	8,766	3	14.0%
	60,293		89.3%	54,770		87.6%
Total, All Industries	67,520			62,437		

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	47	45	45	43	31	31	31	30	30	30
General Administration	14	13	13	13	13	13	13	13	13	13
Economic Development	-	1	1	1	2	2	2	2	2	2
Personnel	4	4	4	4	4	4	4	4	4	4
Information Technology	15	13	13	13	12	12	12	11	11	11
Facilities Management (1)	14	14	14	12	-	-	-	-	-	-
Finance	30	30	30	30	30	30	29	29	29	29
Administration	3	3	3	3	3	3	3	3	3	3
Accounting	12	12	12	11	11	11	10	10	10	10
Assessment	11	11	11	11	11	11	11	11	11	11
Tax Section	4	4	4	5	5	5	5	5	5	5
Board of Assessment (2)	-	-	-	-	-	-	-	-	-	3
Community Services	23	22	22	22	22	22	22	20	20	20
Administration	3	3	2	2	2	2	2	2	2	2
Library	6	6	7	7	7	7	6	6	6	6
Parks	8	7	7	7	8	8	8	8	8	8
Recreation (3)	6	6	6	6	5	5	6	4	4	4
Planning Services	32	34	34	34	36	36	36	37	38	38
Administration	3	3	3	2	2	2	2	2	2	2
Geographic Information Systems	3	4	4	4	5	5	5	5	5	5
Inspections & Enforcement (4)	16	17	17	17	15	15	15	15	16	16
Zoning Inspections & Enforcement (4)	-	-	-	-	1	1	1	1	1	1
Planning	6	6	6	7	8	8	8	9	9	9
Grants	4	4	4	4	4	4	4	4	4	4
Manufactured Housing (4)	-	-	-	-	1	1	1	1	1	1
Public Safety	79	79	79	79	79	79	78	72	72	71
Administration	2	2	2	2	2	2	2	2	2	1
Emergency Communications	25	25	25	25	25	25	24	24	24	24
Emergency Management	2	2	2	2	2	2	2	2	2	1
Emergency Medical Services	50	50	50	50	50	50	50	44	44	45
Facilities Management (1)	-	-	-	-	12	12	12	10	10	10
Row Offices	23	22	22	22	22	24	25	25	25	25
Clerk of the Peace	3	3	3	3	3	3	3	3	3	3
Comptroller (5)	-	-	-	-	-	2	3	3	3	3
Recorder of Deeds	6	6	6	6	6	6	6	6	6	6
Register of Wills	6	5	5	5	5	5	5	5	5	5
Sheriff	8	8	8	8	8	8	8	8	8	8
Public Works	72	71	71	71	70	69	68	68	68	67
Engineering	15	15	15	15	15	14	13	13	13	13
Environmental Programs	3	3	3	3	3	3	3	3	3	3
KCWTF-Operations	19	19	19	19	19	19	19	19	19	19
KCWTF-Maintenance	25	25	25	25	25	25	25	25	25	25
KCWTF-Treatment Plant	10	9	9	9	8	8	8	8	8	7
Total	306	303	303	301	302	303	301	291	292	293

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 January 2013 the salaried Board of Assessment was replaced with an appointed board
- (3) Effective July 2019 Recreation Center positions are reported under Recreation
- (4) Effective July 2018 Zoning I&E and Manufactured Housing were merged into Inspections & Enforcement
- (5) Effective January 2017 the elected Office of the Comptroller was eliminated; its functions absorbed by the Finance Department

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

Table 17

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
Community Services										
Library										
Population of service area	42,647	42,175	41,924	59,532	38,018	40,970	40,970	40,523	40,097	39,719
Number of public workstations	40	27	29	29	29	29	29	25	19	19
Number of public internet sessions	4,601	1,088	8,920	12,152	13,858	14,427	15,306	13,895	15,153	20,486
WiFi usage, number of public sign-ins/use	9,516	5,375	5,658	*	20,401	8,497	6,921	7,200	4,422	*
Annual circulation of materials	96,996	47,939	90,324	133,794	129,695	131,524	173,670	156,175	153,518	193,199
eBook circulation	22,608	20,621	19,590	14,636	13,156	11,125	10,529	11,265	7,293	4,403
Size of collection	46,900	50,473	40,319	53,091	50,640	36,986	39,934	41,971	40,945	41,190
Annual visitors to library (1)	61,874	20,496	61,230	91,845	148,958	153,418	143,564	135,115	105,403	129,918
Annual number of programs	517	532	344	325	329	377	332	377	358	298
Annual program attendance	5,259	9,679	6,271	9,575	9,025	16,423	12,036	13,171	12,852	8,232
Number of cardholders/borrowers	9,480	9,634	4,983	11,275	13,807	12,928	13,995	13,328	12,899	10,878
Total weekly hours	63	44	63	63	63	63	63	63	63	71
Population of service area	18,560	17,713	17,608	17,608	17,207	17,207	17,207	17,019	16,840	16,682
Annual circulation of materials	3,343	560	1,969	2,001	4,376	6,910	10,052	15,617	12,091	14,690
eBook circulation	121	122	*	212	85	166	282	351	193	156
Size of collection	1,054	1,350	623	1,015	998	981	1,450	1,686	2,041	2,278
Annual visitors to bookmobile / mobile library (2)	2,300	253	285	428	1,824	4,532	5,450	8,449	7,386	11,204
Annual number of programs	12	5	22	17	12	17	18	10	13	17
Annual program attendance	1,858	930	2,840	2,837	1,616	1,662	1,805	1,094	1,668	2,327
Number of borrowers	138	135	107	248	426	481	484	484	492	502
Total weekly hours	30	32	20	20	25	25	35	35	35	35
Parks and Recreation (3)										
Programs:										
Adult	48	7	84	93	107	133	131	147	158	136
Fitness	33	4	100	109	114	120	96	92	107	131
Leagues	73	37	65	67	63	51	15	10	21	17
Recreation Center Drop In (4)	1,092	284	996	1,405	1,149	1,503	n/a	n/a	n/a	n/a
Camps	11	0	23	40	48	53	51	51	44	47

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

Table 17 continued

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
Community Services - continued										
Parks and Recreation										
Programs:										
Tot	16	1	95	104	99	108	98	108	137	173
Youth	33	1	90	124	150	119	129	160	184	188
Trips	0	0	21	28	24	27	36	40	40	49
Special events	2	1	10	10	10	8	12	8	11	13
Tournaments	1	0	9	6	2	1	1	1	1	2
Rental permits-Parks/Recreation Center (4)	26 / 17	10 / 4	19 / 24	23 / 55	19 / 33	17 / 19	19	17	19	12
Planning Services										
Administrative applications:										
Minor subdivision	47	48	33	30	26	35	39	36	36	52
Minor lot line adjustment	31	27	28	13	19	25	28	32	28	23
Lot consolidation	20	11	11	11	15	6	11	10	11	18
Administrative variance	11	19	9	9	7	13	13	9	6	5
Home occupation	18	15	15	13	17	12	20	12	19	15
Accessory dwelling	14	12	7	7	5	8	10	7	12	5
Elder Cottage Housing Opportunity (ECHO)	0	0	0	0	1	1	3	2	1	2
Regional Planning Commission applications:										
Conditional use without site plan	5	8	6	10	9	4	5	7	4	5
Conditional use with site plan	16	4	11	11	8	8	3	8	8	9
Site plan	5	1	2	4	4	9	5	4	4	5
Subdivision	2	1	1	1	1	1	2	1	3	4
Subdivision waiver	16	7	9	8	13	21	17	14	24	17
Rezoning	0	1	1	1	0	1	2	0	2	3
Rezoning & comprehensive plan amendment	9	5	5	14	8	11	5	6	4	4
Transfer development rights	0	0	0	0	0	0	0	0	0	0
Agricultural preservation	3	3	1	1	0	0	1	3	1	1
Board of Adjustment applications	47	49	41	46	39	47	62	29	34	30
Building Permits Issued	2,736	3,854	3,779	3,447	3,589	3,624	3,602	3,290	3,138	3,266

2022 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

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

Table 17 continued

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
Public Safety (5)										
9-1-1 calls	*	99,438	91,939	93,367	90,982	87,921	92,734	93,809	88,687	87,409
DSP non-emergency calls (6)	*	97,628	95,675	94,485	95,700	84,326	91,191	93,828	95,768	92,861
Fire & EMS non-emergency calls	*	58,365	52,804	54,218	51,199	49,510	51,566	55,548	56,497	59,708
DNREC calls (6)	-	-	-	-	-	11,144	11,489	10,762	11,505	11,976
EMS dispatches	*	35,632	31,445	31,564	30,695	29,518	29,138	27,964	24,949	23,141
Fire dispatches	*	7,659	6,823	7,084	6,724	6,344	6,489	6,298	5,898	5,770
Public Works										
Sewer customers number of bills mailed 6/15	16,654	16,030	15,510	15,051	14,605	14,208	13,690	13,508	13,012	12,500
Sewer EDU's billed, without lot fees 6/15	23,637.1	22,792.0	22,176.3	21,591.2	20,950.1	20,476.2	19,945.0	19,529.2	18,924.0	18,536.8
Sewer flows processed:										
Total gallons (in millions)	4,554	5,506	4,510	5,714	4,788	4,388	4,543	4,711	4,429	4,216
Contract users portion of total gallons (in millions)	3,289	4,038	3,310	4,277	3,667	3,399	3,510	3,669	3,734	3,286
Number of sewer districts	34	34	34	34	34	32	32	32	31	29
Number of street light districts	142	141	140	139	138	136	133	133	132	131
Number of households served for street lights	15,696	15,326	14,849	14,490	14,321	13,874	13,477	13,207	12,883	12,524
Number of trash collection districts	147	145	144	141	140	140	138	138	136	136
Number of households served for trash collection	16,734	16,184	15,652	15,180	14,671	14,285	13,889	13,535	13,087	12,697
Row Offices										
Clerk of the Peace										
Marriage licenses, resident	926	990	835	971	1,061	1,105	1,007	1,017	1,061	975
Marriage licenses, non-resident	48	60	33	49	50	63	56	54	50	48
Certified copy	670	735	397	352	312	306	288	281	324	269
Ceremonies performed	356	536	413	439	453	498	423	467	520	476
Recorder of Deeds										
Deeds recorded	6,852	6,623	5,473	5,433	5,635	5,457	4,921	4,496	4,255	4,210
Mortgages recorded	10,264	11,694	7,552	5,687	5,941	6,076	5,733	5,303	5,130	7,014
Miscellaneous documents recorded	14,609	15,406	11,450	10,043	10,246	11,025	10,714	9,962	10,897	13,529

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

Table 17 continued

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function/Program										
Row Offices - continued										
Register of Wills										
Estates opened	635	597	471	516	539	516	440	489	469	*
Estates closed	578	467	438	505	440	438	442	495	526	*
Sheriff (7)										
Service trips for court documents	17,550	-	-	12,542	15,329	15,901	14,683	17,736	21,321	15,929
Sheriff foreclosure sales	230	-	-	484	596	873	699	689	801	620
Personal property sales	24	-	-	25	25	25	31	35	40	35
Sheriff monition sales	108	-	-	92	223	111	239	199	171	190

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
- * Information unavailable

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

Table 18

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	1	-	-	-
Acres of land	117	117	117	117	117	117	111	19	19	19
Community Services										
Number of parks	7	7	7	7	7	7	7	7	7	7
Acres of park land	503	503	503	503	503	503	503	503	503	503
Number of suburban parks	3	3	3	3	3	3	3	3	3	3
Number of recreation centers	1	1	1	1	1	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	2	2	2	1	1	1	1	1	1
Public Safety										
Number of public safety buildings (2)	3	3	3	3	2	2	2	2	2	2
Public Works										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping and lift stations (3)	108	107	107	101	101	101	97	97	93	92
Miles of force-main piping	181	177	177	177	177	177	171	171	162	157
Miles of gravity piping	257	253	253	243	237	237	230	230	228	225
Acres of farm property (3)	707	707	707	707	713	871	877	966	966	968

Source: Kent County Department of Public Works, Kent County Finance Department

Notes:

- (1) In fiscal year 2019 the County purchased a new mobile library vehicle to replace the old bookmobile. The old bookmobile is not in service as of June 30, 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

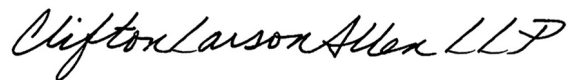
As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Kent County’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Kent County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 County’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 County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 20, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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, 2022. 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, Kent County, Delaware 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, 2022.

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 Kent County, Delaware 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 Kent County, Delaware'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 Kent County, Delaware'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 Kent County, Delaware'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 Kent County, Delaware'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 Kent County, Delaware'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 Kent County, Delaware'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 Kent County, Delaware'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 instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Kent County, Delaware's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Kent County, Delaware'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 2022-002 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 Kent County Delaware's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Kent County Delaware'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

Baltimore, Maryland
December 20, 2022

**KENT COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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:					
Wastewater Treatment Plant Upgrades - Loan	D	10.760	39	\$ 4,476,638	\$ -
Paris Villa & London Village Sanitary Sewer Expansion - Loan	D	10.760	42	198,000	-
Paris Villa & London Village Sanitary Sewer Expansion - Grant	D	10.760	41	950,795	-
Subtotal #10.760				5,625,433	-
Total US Department of Agriculture				5,625,433	-
<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	01-18	93,154	-
Combined CDBG Grant	I	14.228	01-19	391,549	-
Combined CDBG Grant	I	14.228	01-20	31,652	-
Combined CDBG Grant	I	14.228	01-21	164,440	-
Combined CDBG Grant Program Income	I	14.228	N/A	11,296	-
Neighborhood Stabilization Program (NSP) Grant Program Income	I	14.228	N/A	1,992	-
Subtotal #14.228				694,083	-
NSP Grant / Recovery Act Funded Program Income	I	14.256	N/A	156	-
Total US Department of Housing & Urban Development				694,239	-
<u>US Department of Interior</u>					
Wildlife Refuge Direct Revenue Sharing FY 2021					
Total US Department of Interior	D	15.659	N/A	44,432	-
				44,432	-
<u>US Department of the Treasury</u>					
Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)					
Total US Department of the Treasury	D	21.027	N/A	3,312,873	42,634
				3,312,873	42,634
<u>The Institute of Museum and Library Services</u>					
Passed through the State of Delaware, Division of Libraries					
IMLS ARPA	I	45.310	N/A	8,441	-
Covid-19 IMLS (CARES Act)	I	45.310	Basic Needs	1,157	-
Total Institute of Museum and Library Services				9,598	-
<u>US Environmental Protection Agency</u>					
Passed through the State of Delaware, Department of Natural Resources and Environmental Control, Division of Water Resources					
Clean Water State Revolving Funds:					
Delaware Water Pollution Control Revolving Fund Loan - Air blower	I	66.458	12000101	53,676	-
Delaware Water Pollution Control Revolving Fund Loan - Plant-wide power backup	I	66.458	12000108	882,661	-
Subtotal #66.458				936,337	-
Total US Environmental Protection Agency				936,337	-
<u>US Department of Health and Human Services</u>					
Centers for Disease Control and Prevention					
Passed through the State of Delaware, Department of Health and Social Services, Division of Public Health					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
Total US Department of Health and Human Services	I	93.243	1H79SP080287	529	-
				529	-

**KENT COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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 Homeland Security</u>					
Passed through the State of Delaware, Department of Safety and <u>Homeland Security / Delaware Emergency Management Agency</u>					
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#163678	13,182	-
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#163680	4,291	-
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#167853	19,125	-
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#182238	263	-
Covid19, Disaster Grants, Public Assistance, FEMA 4526-DR-DE	I	97.036	PW#547735	24,280	-
Covid19, Disaster Grants, Public Assistance, FEMA 4526-DR-DE	I	97.036	PW#661428	4,707	-
Covid19, Disaster Grants, Public Assistance, FEMA 4526-DR-DE	I	97.036	PW#665413	11,424	-
Covid19, Disaster Grants, Public Assistance, FEMA 4526-DR-DE	I	97.036	PW#674038	4,055	-
Covid19, Disaster Grants, Public Assistance, FEMA 4526-DR-DE	I	97.036	PW#677192	3,997	-
Subtotal #97.036				85,324	-
Emergency Management Performance Grant: FY20	I	97.042	EMPG-20-001	56,465	-
Emergency Management Performance Grant: FY21	I	97.042	EMPG-21-001	108,318	-
Subtotal #97.042				164,783	-
Homeland Security Grant Program:					
Tactical Medical Training	I	97.067	N/A	7,227	-
Advanced Law Enforcement Rapid Response Training	I	97.067	N/A	8,675	-
Homeland Security Grant Program (equipment and supplies)	I	97.067	N/A	346,182	-
Subtotal #97.067				362,084	-
Total US Department of Homeland Security				612,191	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 11,235,632	\$ 42,634

Source Code:

D = Direct Federal Funding

I = Indirect Federal Funding

KENT COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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 2014, the County was awarded \$5,000,000 in loan proceeds from the U.S. Department of Agriculture, Farmers' Home Administration, for the Wastewater Treatment Plant upgrades under the FMHA's Water and Waste Disposal System for Rural Communities Program (ALN#10.760). This loan is not fully drawn down, and expenditures related to it in the amount of \$4,476,638 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2022 was \$4,349,135.

During fiscal year 2022, the County was awarded \$198,000 in loan proceeds from the U.S. Department of Agriculture, Farmers' Home Administration, for the Paris Villa & London Village Sanitary Sewer Expansion project under the FMHA's Water and Waste Disposal System for Rural Communities Program (ALN #10.760). This loan is fully drawn down, and expenditures related to it in the amount of \$198,000 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2022 was \$198,000.

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 \$53,676 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2022 was \$520,595 (\$433,812 or 83.33 percent federal funds and \$86,783 or 16.67 percent).

KENT COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

NOTE 3 LOANS OUTSTANDING (CONTINUED)

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 \$882,661 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2022 was \$1,059,235 (\$882,661 or 83.33 percent federal funds and \$176,574 or 16.67 percent).

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, 2022, 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, 2022**

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

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities
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
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Reference Number: 2022-001
Type of Finding: Material Weakness in Internal Control

Condition

The financial statements of Kent County, Delaware had reported the statement of fiduciary net position and the statement of changes in fiduciary net position for the Kent County Retirement Pension Program (the Program) for the incorrect fiscal year (July 1 to June 30). The correct fiscal year for the program is January 1 to December 31.

Criteria

All governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting governmentwide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

Chapter 83-3 of the Kent County, Delaware codes states that the reporting period of the Plan should be January 1 to December 31.

Paragraph 14A and B of GASB 67 State that the financial statements of a defined pension benefit plan should present the following financial statements, prepared on the accrual basis of accounting:

- a) A statement of fiduciary net position, which includes information about assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, as applicable, as of the end of the pension plan's reporting period.
- b) A statement of changes in fiduciary net position, which includes information about the additions to, deductions from, and net increase (or decrease) in fiduciary net position for the pension plan's reporting period.

Context

While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that account balances are recorded in accordance with U.S. GAAP.

Cause

Management of the County did not identify the error.

Effect

The financial statements were initially misstated, correcting entries were subsequently posted by management to the County's records and the appropriate balances are presented in the audited financial statement.

**KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Recommendation

We recommend the County review is current financial reporting and close process for efficiencies to streamline the close process and ensure that all balances are appropriately reported.

Recommendation Views of responsible officials and planned corrective actions:

The County pension plan actuarial study has always been based on a calendar year. The County financial statements are done on a fiscal year and within those statements the pension fund was reflected as of 6/30 and not the calendar year that is reflected within the actuarial study. (On a side note until 5 years ago the pension actuarial study was only done every other year.) I still do not understand why it was wrong to report the pension fund statement of net position and statement of changes in net position on a fiscal year when the information I presented came from reports dated 6/30 and tied into the fiscal year. The information presented was based on the County's fiscal year. It has been reported on a fiscal year since the mid-nineties. Also the current audit firm CLA audited us last year and it was not considered wrong. It was not considered wrong by all audits done prior to the FY2021 audit by CLA. I think a note disclosing that the actuarial study and contribution is based on the calendar year is all that is needed.

Auditor's Conclusion:

Regarding the County's disagreement, we acknowledge that the pension plan was reported for an incorrect reporting period and was missed in the prior year and by previous auditors. If these facts were brought to our attention in the previous year we would have proposed an adjustment. We believe the Kent County Code and GASB reporting guidance is clear and that the change was necessary to be in accordance with generally accepted accounting principles.

**KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

Reference Number: 2022-002
Prior Year Finding: No
Federal Agency: U.S. Department of Agriculture
Federal Program: Water and Waste Disposal Systems for Rural Communities
Assistance Listing Number: 10.760
Compliance Requirement: Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control Over Compliance

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 five vendors was not documented.

Questioned costs:

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

Cause:

The County did not establish effective internal controls over suspension and debarment transactions

**KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Effect:

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

Recommendation:

The County should ensure they maintain supporting documentation to support their review of suspension and debarment status.

Views of responsible officials:

The County does check Sam.gov for suspension and debarment transactions. We will be more diligent in documenting our reviews. The three companies referred to in this finding have been doing business with the County for years and are local.

**KENT COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section IV – SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

2021 – 001 Financial Close and Reporting

Condition: The financial statements of Kent County, Delaware for the year ended June 30, 2021 reflect several adjustments that were identified as a result of the audit. The adjustments that were proposed and corrected by management were as follows: (1) understatement of cash and investments and (2) adjustments for revenue recognition for the enterprise funds.

Status: Corrected

Kent



County

Department of Finance

Susan Durham - Director
Mary Karol – Assistant Director

555 Bay Rd.
Dover, DE 19901
302-744-1916
Fax 302-736-2270

KENT COUNTY, DELAWARE CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2022

Kent County, Delaware respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 1, 2021 – June 30, 2022

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

2022-001 Financial Reporting

Recommendation: We recommend the County review its current financial reporting and close process for efficiencies to streamline the close process and ensure that all balances are appropriately reported.

Explanation of disagreement with audit finding: The County pension plan actuarial study has always been based on a calendar year. The County financial statements are done on a fiscal year and within those statements the pension fund was reflected as of 6/30 and not the calendar year that is reflected within the actuarial study. (On a side note, until 5 years ago the pension actuarial study was only done every other year.) I still do not understand why it was wrong to report the pension fund statement of net position and statement of changes in net position on a fiscal year when the information I presented came from reports dated 6/30 and tied into the fiscal year. The information presented was based on the County's fiscal year. It has been reported on a fiscal year since the mid-nineties. Also, the current audit firm CLA audited us last year and it was not considered wrong. It was not considered wrong by all audits done prior to the FY2021 audit by CLA. I think a note disclosing that the actuarial study and contribution is based on the calendar year is all that is needed.

Action planned in response to finding: The current year Financial Statements reflect action planned in response to finding: We reported the pension fund on the plan year January – December. This addressed the condition that led to the finding. We will add periodic training and information sessions among accounting staff to help ensure that all balances are appropriately reported.

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

The corrective plan has been implemented in the FY22 ACFR. The pension fund was reported on a calendar year. The training will be implemented in the months ahead.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

DEPARTMENT OF AGRICULTURE

2022-002 Water and Waste Disposal Systems for Rural Communities— Assistance Listing No. 10.760

Recommendation: The County should ensure they maintain supporting documentation to support their review of suspension and debarment status.

Action taken in response to finding: We will be more diligent in documenting our reviews. The three companies referred to in this finding have been doing business with the County for years and are local.

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

Planned completion date for corrective action plan: January 2023.



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