



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

SERVING KENT COUNTY WITH PRIDE

*Annual Comprehensive Financial Report for the Fiscal
Year Ending June 30, 2021*

Kent County, Delaware

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021



Prepared by Kent County Department of Finance

Susan L. Durham, Director

Mary Karol, Assistant Director

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INTRODUCTORY SECTION



This section includes the following:

Letter of Transmittal

Organizational Chart

List of Elected Officials

County Administrator and Department Directors



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

December 22, 2021

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, 2021. This report includes annual financial statements as required by Delaware Law, presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

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, 2021. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of Kent County

Kent County, established in 1683, is the central of three counties in the State of Delaware. It is bordered on the north by New Castle County, Delaware; on the east by the Delaware Bay; on the south by Sussex County, Delaware; and on the west by the State of Maryland. Total land area is 595 square miles comprising approximately 30 percent of the land area in the State of Delaware. Kent County serves a population estimated to be 181,673 in the year 2021. 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 increased in each of the last ten years from 165,102 in 2012 to 181,673 as of June 30, 2021. Population growth from 2020 to 2021 was less than one percent.

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.

During 2020 and continuing into 2021 Kent County experienced negative economic impacts due to the global Covid-19 pandemic. 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 2021 Kent County received \$17.6 million in CSLFRF from the U.S. Treasury.

Prior to 2020 the County's unemployment rate was decreasing, from a high of 8.4% (2012) to a low of 4.2% (2019). In 2020 due to adverse economic effects from the global Coronavirus pandemic the County's unemployment rate increased to 14.0% as of June 30, 2020. Kent County's employment picture has been improving as economic conditions are normalizing following the availability of Covid-19 vaccinations and the lessening of restrictions on business operations. As of June 2021, Kent County's unemployment rate was 7.8% compared to 5.9% for both the nation and the State of Delaware.

Despite the Covid-19 pandemic the number of building permits issued by the County increased in both fiscal years 2020 and 2021. There were 3,779 and 3,854 permits issued in fiscal years 2020 and 2021, respectively, up from 3,447 permits issued in fiscal year 2019. During fiscal year 2021 the County launched a web-based permitting software system which allows residents and businesses to register online to submit and track building and sewer permit requests and allows payment for these services to be made online. The Recorder of Deeds office recorded 6,623 deeds and 11,694 mortgages in fiscal year 2021 representing a substantial increase from the prior fiscal year when 5,473 deeds and 7,552 mortgages were recorded. Real estate transfer

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Introductory Section

tax revenue in fiscal year 2021 was \$8.7 million and \$5.9 million in fiscal year 2020. Real estate transfer tax revenue in fiscal year 2021 increased 48.6% over fiscal year 2020.

During the last ten years, the County made investments in community development, including through alliances with local non-profit organizations. In December 2012, the County and the Boys & Girls Club of Delaware reached an understanding to collaborate on a joint construction project just outside Camden, Delaware. The project resulted in the first Kent County Recreation Center field house joining the Boys & Girls Club's new building with a shared lobby and entrance space and opened in June 2016. In addition, in March 2013 the County entered into a \$1.00 per year, sixty- year ground lease agreement with the non-profit organization, Kent County Regional Sports Complex Corporation. Approximately eighty-five acres of County-owned land located near the Town of Frederica was developed into a state-of-the-art multipurpose sports complex featuring twelve synthetic turf fields, a 1,500 seat stadium, and completely-outfitted field house. The new "DE Turf" opened in Spring 2017 and hosts athletes and families from surrounding major metropolitan areas bringing an economic boost to the community.

Kent County's property tax revenues increased in each year from fiscal year 2013 through fiscal year 2021 while the property tax rate remained at thirty cents per hundred dollars of assessed value. Fiscal year 2021 property tax revenue is \$12.2 million compared to \$12.1 million in fiscal year 2020.

Kent County's Department of Public Safety saw increasing demand for services during the last decade. The Department of Public Safety added a Paramedic expansion unit in the southeast quadrant of Kent County in fiscal year 2016. In fiscal year 2019, the County purchased land and a building located on the west side of Dover to serve as an additional Paramedic station upon the completion of renovations. Over the past ten years the department's budgeted staff of seventy-one in fiscal year 2012 grew to a budgeted staff of seventy-nine in fiscal year 2021. This represents an 11.3% increase in staffing. Expenditures for this department increased 59.3% over the same time period from a low of \$7.4 million in 2012 to a high of \$11.8 million in 2021.

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 18,061 EDU's billed in 2012 and thirty-four districts online and 22,792 EDU's billed in 2021. Budgeted staff increased from sixty-seven to seventy-one employees for the same period. In fiscal year 2017, the Department of Public Works completed a \$23.5 million dollar expansion project at the Kent County Regional Resource Recovery Facility in Frederica, Delaware which increased the facility's processing capacity from 16 million to 20 million gallons per day.

Kent County completed major capital improvements within the past ten years. Some notable items are 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.

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 2021, \$753,898 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 2021, the County provided matching grant funds in the amount of \$398,217 as incentives to help spur private investment in commercial business districts and surrounding neighborhoods to improve the commercial vitality of downtowns.

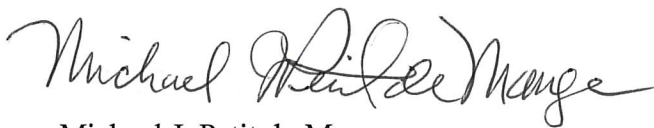
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Introductory Section

Kent County Levy Court has adopted a comprehensive set of financial policies. During the past ten year period, one new policy was adopted that is of particular note. Kent County adopted a Fund Balance Policy (County Policy 22-11) in June 2012 to address the designation and use of fund balances. This policy recognizes that certain commitments and assignments of unrestricted fund balances will help ensure that there will be adequate financial resources to protect the County against unanticipated expenditures. Kent County Levy Court designated a retention goal for unassigned fund balance of 50% of the most recently adopted General Fund expenditure budget. In the event that the unassigned fund balance falls below the 50% goal, a plan will be developed to increase the reserve to the established minimum level within three years. The retention goal for unassigned fund balance based on the County's fiscal year 2021 adopted budget is \$16.1 million and this goal has been met. The County has met the retention goal every fiscal year since the policy was adopted.

Acknowledgements

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

Respectfully submitted,

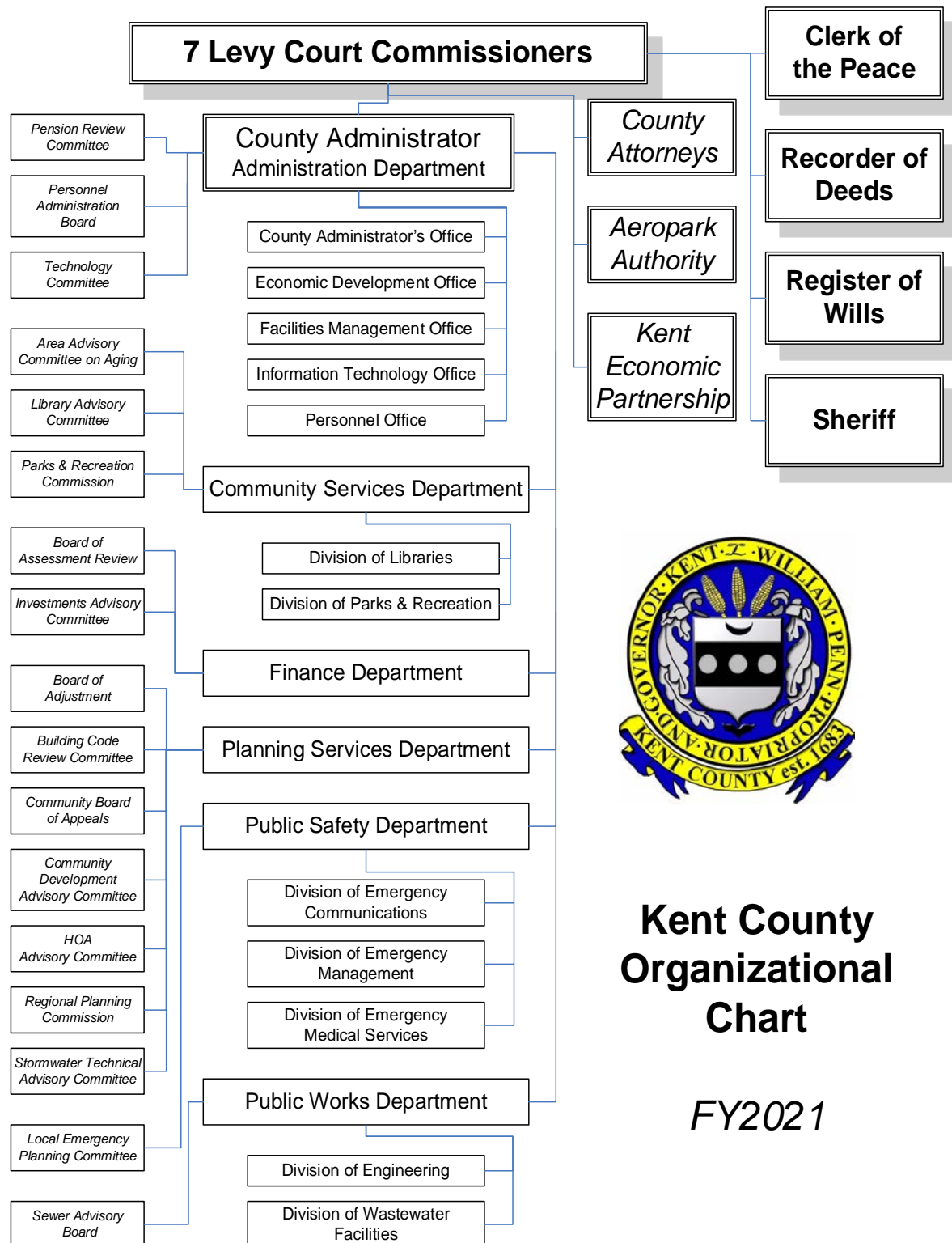


Michael J. Petit de Mange
County Administrator



Susan L. Durham
Finance Director

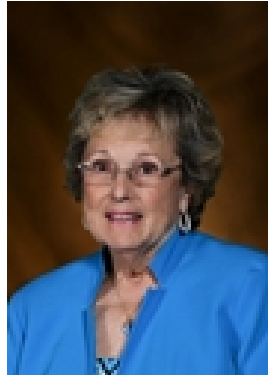
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Introductory Section*



KENT COUNTY LEVY COURT COMMISSIONERS

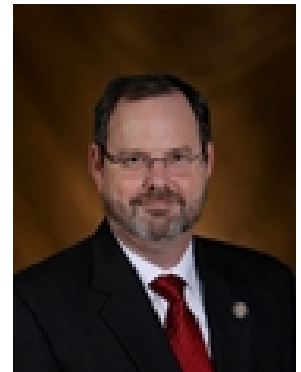
Hon. Joanne Masten

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 Appointed by
Kent County Levy Court**

County Administrator

Michael J. Petit de Mange, AICP

Department Directors

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

FINANCIAL SECTION



This section includes the following:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Required Supplementary Information

Supplementary Information



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Kent County, Delaware
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kent County, Delaware (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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, 2021, 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.

Emphasis of Matter

Correction of Errors

As described in Note Q to the financial statements, the County restated beginning balances resulting from the correction of accounting errors that occurred in the prior period. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, combining fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2021

KENT COUNTY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2021

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, 2021. 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 \$216,671,683 (net position), an increase of \$8,764,855 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 \$65,410,359 an increase of \$3,692,705 from the previous year. Of the current ending fund balances, General Fund reported \$41,052,797 as unassigned, \$204,079 as nonspendable, \$3,360,449 as restricted, and \$5,304,422 as assigned. In the Capital Projects Fund, \$15,262,745 is reported as restricted and \$9,030 is reported as nonspendable. In the Other Governmental Funds, \$216,837 is reported as restricted.

Long-Term Liabilities

- At the end of the current fiscal year, the County had total bonded debt outstanding of \$53,444,621 a decrease of \$1,921,474 from the previous year. All of the bonded debt is backed by the full faith and credit of the County government. Governmental activities report \$3,097,038 and business-type activities report \$50,347,583 of general obligation bonds.
- On November 10, 2015, the County approved a \$5,000,000 loan agreement with WSFS Bank with a 15 year amortization period and a floating interest rate based upon LIBOR plus 1.2%. At the end of the current fiscal year, the County had total note payable of \$3,439,166.
- In September 2020, the County entered into a capital lease with Zoll Medical Corporation for the financing of emergency medical services equipment. At the end of the current fiscal year, the County had total capital lease payable of \$980,363.
- 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 \$20,297,714 and \$23,992,545 at June 30, 2021 and June 30, 2020 respectively.
- The County adheres to GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions which was implemented in Fiscal Year 2018, which generally requires state and local governments whose employees are provided with defined benefit OPEB plans to account for and report the annual OPEB cost and outstanding OPEB obligations. The County reported a net OPEB liability totaling \$14,795,239 and \$16,235,391 at June 30, 2021 and June 30, 2020 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, 2021, the County has invested \$152,946,841 net of accumulated depreciation, in a broad range of capital assets (see table below). Depreciation charges for Fiscal Year 2021 totaled \$10,135,095.

Kent County's Capital Assets as of June 30, 2021 and 2020
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,064,297	\$ 9,064,297	\$ 7,481,622	\$ 7,469,962	\$ 16,545,919	\$ 16,534,259
Construction in Progress	790,832	468,621	10,191,084	8,795,554	10,981,916	9,264,175
Site Improvements	5,292,373	5,644,727	17,146	27,289	5,309,519	5,672,016
Pipeline	-	-	52,882,416	54,529,325	52,882,416	54,529,325
Buildings	20,987,929	21,573,698	14,388,699	15,543,441	35,376,628	37,117,139
Equipment and Furniture	2,970,144	1,592,387	28,880,299	32,558,916	31,850,443	34,151,303
Total Capital Assets	\$ 39,105,575	\$ 38,343,730	\$ 113,841,266	\$ 118,924,487	\$ 152,946,841	\$ 157,268,217

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

- Purchase of buildings and site improvements to include: Big Oak Park restroom/concession building located at the ballfields in the amount of \$152,579 with septic system for \$9,475 and potable water well for \$9,500, County Administration Complex security barriers in the amount of \$30,780, and Library carpet and tile replacement in the amount of \$41,747.
- Purchase of furniture and equipment to include: two vehicles in the amount of \$44,909 for Assessment; one vehicle in the amount of \$22,078 for Sheriff; one zero-turn mower for \$ 20,914 and aluminum bleachers for \$7,080 for Parks and Recreation; one Lucas medical device for \$13,390, one Equinox vehicle for \$24,769, and Zoll cardiac monitors for \$1,168,774 for Emergency Medical Services; a new Fire and EMS paging system in the amount of \$659,569 for Emergency Communications; a snow plow for \$6,199 and three BioMist sanitizing machines in the amount of \$15,305 for Facilities Management.
- Addition of donated equipment for Emergency Communications in the amount of \$9,600 for a video downlink on the Mobile Command Vehicle and in the amount of \$18,262 for Extron equipment, and for Emergency Medical Services five portable radios in the amount of \$25,246.
- Additions for hardware include: one plotter for GIS in the amount of \$6,822 and a phone system upgrade in the amount of \$36,683.
- Construction in Progress is comprised of the Computer Aided Mass Appraisal system project in the amount of \$435,845; Information Technology Enterprise Solution in the amount of \$511; Kesseling Bridge in the amount of \$11,301 and Public Safety's West Dover station project in the amount of \$343,175.

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 Garden Lane to PS3 pipeline repair in the amount of \$616,657.
- Completion of the US Rt 13 Forcemain Rehab project in the amount of \$289,272.
- Repair at Silver Lake was completed costing \$298,060.
- Purchase of two 2020 Ford Super Duty F350 trucks in the amount of \$74,412 each.
- Purchase of a 2020 Chevy Silverado 1500 Double Cab Truck in the amount of \$32,874.
- Purchase of a 2021 Chevy Silverado 1500 Double Cab Truck costing \$32,699.
- Flygt pump and impeller unit installation at PS1 in the amount of \$103,736.
- Roof replacements at PS2, PS3 and PS14 costing a total of \$39,222.
- New pumps were purchased for PS5, PS12, PS22, PS45, and PS6E in the amount of \$45,272.
- Repair of the suction valve at PS4 cost \$38,700.
- Muffin monster renewal for PS17 in the amount of \$16,566.

- Purchase of a Flygt pump with MiniCas and socket for PS26 in the amount of \$15,308.
- Installation of a Flygt pump at PS14 in the amount of \$25,098.
- Installation of a variable frequency drive with door mounting keypad at PS7 in the amount of \$7,259.
- Purchase of a Myers pump with impeller for PS20B costing a total of \$5,696.
- Electrical upgrade at PS13 costing \$5,752.
- Fence replacement at PS15A in the amount of \$6,890.
- Purchased a back wash pump and flanges for the Sandfilter cost \$11,018.
- Purchased an automatic transfer switch for the influent building generator in the amount of \$5,180.
- New Wilo dry pit submersible pump for Biosolids costing \$5,064.
- Purchased a Ferric Chloride Metering Pump for Biosolids in the amount of \$5,574.
- Purchased a John Deere Zero turn mower for the Treatment Plant costing \$13,350.
- Purchased a scissor lift for the Treatment Plant in the amount of \$10,750.
- There were no donated assets in FY21.
- Construction in Progress' is comprised of the septage receiving project at Dover Products, the Puncheon Run extension, PS15A grinder repair, and PS29 electrical upgrade. Also included in construction in progress is the TMDL compliance project and at the Treatment Plant the blower system upgrade, generators, RSP#1 repair, north aeration basin upgrade, grit chamber repair and biosolids capacity expansion. Sewer extensions for Paris Villa and London Village are also included in construction in progress.

Overview of the Financial Statements

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

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

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

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

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

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

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

- **Governmental Funds** – Most of the County's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short-term. Governmental funds include the General Fund, Special Revenue and Capital Project funds.
- **Proprietary Funds** – When the County charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds report activities that provide supplies and services to the general public – sewer, street light, storm water management and trash services. The Internal Service fund reports activities that provide service for the County's health insurance fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.
- **Fiduciary Funds** – The County acts as a fiduciary to account for resources held for the benefit of parties outside the County. The County has 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, 2021 and 2020

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 109,424,408	\$ 81,919,714	\$ 86,962,980	\$ 83,233,947	\$ 196,387,388	\$ 165,153,661
Capital Assets	39,105,575	38,343,730	113,841,266	118,924,487	152,946,841	157,268,217
Total Assets	148,529,983	120,263,444	200,804,246	202,158,434	349,334,229	322,421,878
Total Deferred Outflows of Resources	15,957,206	16,550,394	4,731,712	4,870,983	20,688,918	21,421,377
Long-Term Liabilities	35,522,364	39,278,162	56,568,551	59,500,662	92,090,915	98,778,824
Other Liabilities	29,177,829	5,479,578	4,776,095	10,580,574	33,953,924	16,060,152
Total Liabilities	64,700,193	44,757,740	61,344,646	70,081,236	126,044,839	114,838,976
Total Deferred Inflows of Resources	24,083,123	19,552,309	3,223,502	1,943,166	27,306,625	21,495,475
Net Position:						
Net Investment in						
Capital Assets	31,342,798	30,964,594	64,412,503	67,874,220	95,755,301	98,838,814
Restricted	18,840,031	10,827,675	47,958,369	41,696,425	66,798,400	52,524,100
Unrestricted	25,521,044	30,711,520	28,596,938	25,832,394	54,117,982	56,543,914
Total Net Position	\$ 75,703,873	\$ 72,503,789	\$ 140,967,810	\$ 135,403,039	\$ 216,671,683	\$ 207,906,828

The largest components of the County's current and other assets of \$196,387,388 are cash and investments totaling \$177,796,805 of which \$54,968,136 is reported as restricted assets in the Sewer Fund. Of the total long-term liabilities of \$92,090,915, bonds payable net of deferred charges accounts for \$51,353,925, net pension liability accounts for \$20,297,714, net OPEB liability accounts for \$14,795,239, note payable accounts for \$3,112,968, and capital lease payable accounts for \$752,466. Due to Other Governments totaling \$8,209,075 and unearned revenue totaling \$18,120,977 are the largest components in other liabilities of \$33,953,924. Total deferred inflows of resources are \$27,306,625 which primarily consists of unavailable property tax revenue totaling \$13,390,810.

Kent County's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for Services	\$ 9,308,041	\$ 8,118,238	\$ 28,064,769	\$ 25,245,180	\$ 37,372,810	\$ 33,363,418
Operating Grants and Contributions	3,381,200	3,084,699	120,735	21,035	3,501,935	3,105,734
Capital Grants and Contributions	93,480	55,344	6,504,806	5,751,035	6,598,286	5,806,379
General Revenues:						
Property Taxes	12,191,693	12,065,530	-	-	12,191,693	12,065,530
Real Estate Transfer Tax	8,725,475	5,870,702	-	-	8,725,475	5,870,702
Grant Revenue	56,494	-	-	-	56,494	-
Residential Telephone Surcharge	270,015	270,015	-	-	270,015	270,015
Investment Earnings	162,520	935,269	162,213	814,419	324,733	1,749,688
Other Revenue and Gains (Losses)	531,483	368,588	2,382	4,875	533,865	373,463
Total Revenues	34,720,401	30,768,385	34,854,905	31,836,544	69,575,306	62,604,929
EXPENSES						
General Government	4,471,686	4,142,457	-	-	4,471,686	4,142,457
Special Grants/Programs	2,443,752	2,004,667	-	-	2,443,752	2,004,667
Community Services	4,189,281	5,400,087	-	-	4,189,281	5,400,087
Planning Services	5,554,650	5,974,260	-	-	5,554,650	5,974,260
Public Safety	12,058,871	12,359,504	-	-	12,058,871	12,359,504
Row Offices	2,389,456	2,445,956	-	-	2,389,456	2,445,956
Economic Development	264,467	232,777	-	-	264,467	232,777
Debt Service	148,154	219,092	-	-	148,154	219,092
Sewer	-	-	23,220,780	22,798,301	23,220,780	22,798,301
Street Light	-	-	1,072,349	1,034,513	1,072,349	1,034,513
Trash	-	-	4,951,779	4,715,066	4,951,779	4,715,066
Landfill	-	-	9,324	9,139	9,324	9,139
Storm Water Maintenance	-	-	35,902	31,423	35,902	31,423
Total Expenses	31,520,317	32,778,800	29,290,134	28,588,442	60,810,451	61,367,242
Increase (Decrease) in Net Position	\$ 3,200,084	\$ (2,010,415)	\$ 5,564,771	\$ 3,248,102	\$ 8,764,855	\$ 1,237,687

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 \$8,764,855 over the course of this fiscal year's operations. Net position for governmental activities increased by \$3,200,084 in FY 2021 as compared to a decrease of \$2,010,415 in FY 2020. Revenue was approximately \$4,000,000 higher in FY 2021 than in FY 2020 primarily because a combination of decreases in investment earnings and increases in charges for services, grant revenue, property tax revenue and real estate transfer taxes.

The net position of the County's business-type activities increased by \$5,564,771. This increase in net position was 71.32% higher than the increase in net position in Fiscal Year 2020. The increase in net position of \$2,316,669 between Fiscal Year 2021 and Fiscal year 2020 was primarily a result of a 9.48% increase in revenue in Fiscal year 2021 as compared to Fiscal Year 2020 combined with an increase of expenses of 2.45% in Fiscal Year 2021 as compared to Fiscal Year 2020. The increase in revenue in Fiscal Year 2021 was primarily due to an increase in capital grants and contributions of 13.11% in Fiscal Year 2021 as compared to Fiscal Year 2020 and an increase in charges for services of 11.17% in Fiscal Year 2021 as compared to Fiscal Year 2020.

Financial Analysis of the County's Funds**Governmental Funds**

General Fund – Comparison to Prior Year. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, General Fund reported fund balance of \$49,921,747 of which \$41,052,797 was unassigned, \$204,079 was nonspendable, \$5,304,422 was assigned, and \$3,360,449 was restricted of which \$1,374,434 was for library tax, \$63,401 was for grants, \$477,665 was for restricted technology fees, \$40,817 was for recreational areas and \$4,132 was for APFO EMS.

Overall revenue increased \$4,172,451 from Fiscal Year 2020 to Fiscal Year 2021. Property tax revenue increased \$210,577 in Fiscal Year 2021 due to a small amount of growth in the tax assessment rolls and an increase in collection of delinquent taxes. Real estate transfer taxes increased \$2,854,773 which is an indicator of growth. Fees for services increased \$1,136,937 primarily as a result of a decrease in Sheriff fees and increases in Recorder of Deeds fees and inspection fees. Grant revenue increased \$535,592, primarily as a result of an increase in the amount of revenue received from the Paramedic grant of \$233,056. Interest and dividends decreased \$668,084. Other revenue increased \$73,921 when compared to Fiscal Year 2020.

General Fund expenditures increased \$793,834 (2.99%) in Fiscal Year 2021 when compared to Fiscal Year 2020. Public Safety and Planning Services had expenditure increases of \$451,643 and \$334,710 respectively. Public Safety expenses mainly increased due to increases in personnel costs. Planning Services expenses mainly increased due to increases in personnel costs and indirect costs.

General Fund – Comparison to Budget. Overall revenue collections were higher than the final budget by 11.01%. Property taxes exceeded the final budget by \$81,839 or 0.67%. Real estate transfer tax came in over the final budget by \$3,075,475 or 54.43%. Grants came in under the final budget by \$316,239 or 9.74%. Fees for services were higher than the final budget by \$1,191,072 or 14.90%. Interest and dividends were under the final budget by \$758,127 or 84.24%. Other revenue was over the final budget by \$60,051 or 19.43%.

Overall, operating expenditures were under the final budget by 13.56% primarily due to strict cost controls imposed on county wide spending. Community Services were under the final budget by 26.30%. General Government was 13.12% under the final budget; Special Grants and Programs were 17.60% under the final budget but their balances will be carried over into the next fiscal year; Planning Services were 6.83% under the final budget; Public Safety and Row Offices were 7.56% and 5.43% under final budget respectively.

Kent County's General Fund Budget to Actual Comparison

	Original Budget	Final Budget	2021 Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 12,154,900	\$ 12,154,900	\$ 12,236,739	\$ 81,839
Real Estate Transfer Tax	5,650,000	5,650,000	8,725,475	3,075,475
Telephone Surcharge	270,000	270,000	270,015	15
Grants	2,799,700	3,248,125	2,931,886	(316,239)
Fees for Services	7,990,700	7,992,267	9,183,339	1,191,072
Interest and Dividends	900,000	900,000	141,873	(758,127)
Rental Income	24,100	24,100	52,671	28,571
Other Revenues	305,000	309,035	369,086	60,051
Total Revenues	30,094,400	30,548,427	33,911,084	3,362,657
EXPENDITURES				
General Government	2,814,600	3,188,494	2,770,012	418,482
Special Grants and Programs	1,966,450	2,965,860	2,443,752	522,108
Community Services	4,550,600	4,618,920	3,404,180	1,214,740
Planning Services	4,931,500	4,912,477	4,577,042	335,435
Public Safety	11,872,200	12,007,728	11,100,239	907,489
Row Offices	2,419,600	2,421,167	2,289,686	131,481
Contingency	1,000,000	757,600	-	757,600
Debt Service				
Principal	578,600	577,534	577,465	69
Interest	168,900	169,966	169,966	-
Total Expenditures	30,302,450	31,619,746	27,332,342	4,287,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	(208,050)	(1,071,319)	6,578,742	7,650,061
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(1,943,050)	(8,859,116)	(8,757,287)	101,829
Total Other Financing (Uses)	(1,943,050)	(8,859,116)	(8,757,287)	101,829
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,151,100)	\$ (9,930,435)	\$ (2,178,545)	\$ 7,751,890

Capital Projects Fund. The revenue for this fund increased \$6,468 from Fiscal Year 2020 to Fiscal Year 2021. This 3.95% increase in revenue was a result of an increase in grant revenue of \$94,630 and a decrease in interest income of \$88,162. Overall the expenditures increased by \$590,250 from Fiscal Year 2020 to Fiscal Year 2021. Some of the largest expenditures during Fiscal Year 2021 were \$659,569 for a new Fire and EMS paging system for Emergency Communications, \$152,579 for a new restroom/concession building located at the ball fields at Big Oak Park, and \$30,780 for the County Administration Complex security barriers. Capital outlay was \$245,830 in Fiscal Year 2020 as opposed to \$498,719 in Fiscal Year 2021, an increase of \$252,889.

Community Development Block Grant. Total revenue for this fund in Fiscal Year 2021 was \$478,628 a decrease of \$225,344 from Fiscal Year 2020 primarily due to decreases in grant funding and other revenue. The expenditures were \$829,499, a decrease of \$266,714 from Fiscal Year 2020.

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.

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

Proprietary Funds

Sewer Fund. This fund experienced an operating loss of \$161,156 as compared to an operating loss of \$2,762,909 in Fiscal Year 2020. Operating revenue was \$2,993,528 higher in Fiscal Year 2021 than in Fiscal Year 2020. User fee revenue was \$2,725,341 higher in Fiscal Year 2021. This was primarily a result of growth in district user revenue of \$247,007 and contract user revenue being \$2,029,808 higher in Fiscal Year 2021 than Fiscal Year 2020, and an increase in industrial user revenue of \$2,405. The user fee uniform rates for Fiscal Year 2021 remained the same for Fiscal Year 2021 as Fiscal Year 2020. Sewer permits, operating grants, and other revenue were \$268,187 higher in Fiscal Year 2021 as compared to Fiscal Year 2020. Operating expenses were \$391,775 higher in Fiscal Year 2021 than Fiscal Year 2020. This increase in operating expenses is primarily attributed to the net result between a decrease of \$414,593 in salaries and benefits, an increase of \$194,968 in depreciation expense, an increase of \$140,294 in operating insurances and indirect costs, an increase of \$355,256 in maintenance, parts, and supplies, an increase of \$49,954 in contractual services, a decrease of \$4,427 in vehicle expenses, and a decrease of \$13,534 in miscellaneous expenses.

Trash Fund. The Trash Fund, another major enterprise fund, has the primary function of trash collection. This fund experienced an operating loss of \$54,202 Fiscal Year 2021 as compared to an operating gain of \$12,697 in Fiscal Year 2020. Revenues increased by \$169,814 from Fiscal Year 2020 to Fiscal Year 2021. During Fiscal Year 2021 there were 16,184 trash customers of which 73.68% had yard waste pickup. Another reason for the increase in revenue in Fiscal Year 2021 is directly related to the growth in the number of customers in the Trash Fund. Expenses increased by \$236,713 from Fiscal Year 2020 to Fiscal Year 2021 primarily due to contractual services increasing \$233,919 in Fiscal Year 2021 over Fiscal Year 2020.

Non-Major Enterprise Funds. The non-major enterprise funds consist of the Street Light Fund, Landfill Fund, and Storm Water Management Fund. The Landfill Fund has not actively provided waste material disposal service since the 1970's. Costs associated with the Landfill Fund consist mainly of site monitoring costs and related legal expenses. These expenses decreased \$185 in Fiscal Year 2021. 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 2021, the Storm Water Management Fund had operating revenue of \$99,042 and operating expenses of \$35,902 which resulted in an operating income of \$63,140. The Street Light Fund had an operating gain of \$106,326 in Fiscal Year 2021. Revenues were more in Fiscal Year 2021 than Fiscal Year 2020 as a result of a slight increase the number of customers. Expenses in Fiscal Year 2021 were \$37,836 higher than Fiscal Year 2020. In Fiscal Year 2021, utility expenses were \$29,658 more than in Fiscal Year 2020.

Internal Service Fund. The internal service fund - Medical Trust Fund – had an operating loss of \$836,697 in Fiscal Year 2021 as compared to an operating gain of \$217,101 in Fiscal Year 2020. The operating loss is a result of employer contributions decreasing \$797,810 in Fiscal Year 2021 compared to Fiscal Year 2020 while Medical insurance premiums and claims increased \$308,197 in Fiscal Year 2021 compared to Fiscal Year 2020.

General Fund Budgetary Highlights

The County adopted its Fiscal Year 2021 budget on May 26, 2020, 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 \$30,548,427 of revenues; \$31,619,746 of expenditures, and \$8,859,116 of other financing uses. The actual results were revenues \$3,362,657 above budget and expenditures \$4,287,404 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 2021 was 7.8% which was 6.2% lower than the unemployment rate in June 2020 which was 14.0%. Per capita income has leveled out.

During Fiscal Year 2021, the County continued to see some growth in the housing market and the interest rates decreased. The General Fund costs were held tight. Revenue was \$4,172,451 higher in Fiscal Year 2021 than Fiscal Year 2020 which was a net result of increases in real estate transfer tax revenue and Recorder of Deeds fees revenue and decreases in interest and in other revenue. During Fiscal Year 2021 the County expenditures were \$793,834 higher than Fiscal Year 2020 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 2022, 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 2022.

Requests for Information

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

KENT COUNTY, DELAWARE

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 92,426,149	\$ 29,002,520	\$ 121,428,669
Receivables	14,448,376	3,515,246	17,963,622
Internal Balances	724,890	(724,890)	-
Due from Other Governments	211,884	-	211,884
Inventory	22,760	177,426	200,186
Prepaid Expenses and Other Assets	190,349	24,542	214,891
Non - Current Assets			
Restricted Assets:			
Cash and Investments	1,400,000	54,968,136	56,368,136
Capital Assets, Net			
Land	9,064,297	7,481,622	16,545,919
Construction in Progress	790,832	10,191,084	10,981,916
Land and Site Improvements	5,292,373	17,146	5,309,519
Pipeline	-	52,882,416	52,882,416
Buildings	20,987,929	14,388,699	35,376,628
Equipment and Furniture	2,970,144	28,880,299	31,850,443
Total Assets	148,529,983	200,804,246	349,334,229
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items Related to Pension	5,661,665	1,625,586	7,287,251
Deferred Items Related to OPEB	8,564,771	2,591,394	11,156,165
Deferred Charges on Refunding	12,798	17,396	30,194
Total Deferred Outflows of Resources	14,239,234	4,234,376	18,473,610
LIABILITIES			
Current Liabilities			
Accounts Payable	1,017,619	1,354,680	2,372,299
Accrued Expenses	628,805	685,968	1,314,773
Due to Other Governments	8,209,075	-	8,209,075
Retainage Payable	13,126	50,477	63,603
Other Liabilities	509,088	-	509,088
Compensated Absences	58,325	15,784	74,109
Bonds Payable, Net	213,975	2,521,930	2,735,905
Note Payable	326,198	-	326,198
Capital Lease Payable	227,897	-	227,897
Unearned Revenue	17,973,721	147,256	18,120,977
Long Term Liabilities			
Net Pension Liability	15,740,875	4,556,839	20,297,714
Net OPEB Liability	11,374,192	3,421,047	14,795,239
Compensated Absences	1,399,792	378,811	1,778,603
Bonds Payable, Net	3,142,071	48,211,854	51,353,925
Note Payable	3,112,968	-	3,112,968
Capital Lease Payable	752,466	-	752,466
Total Liabilities	64,700,193	61,344,646	126,044,839
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	13,390,810	-	13,390,810
Unavailable Revenue - Other	-	19,426	19,426
Deferred Items Related to Pension	3,239,407	937,777	4,177,184
Deferred Items Related to OPEB	5,734,934	1,768,963	7,503,897
Total Deferred Inflows of Resources	22,365,151	2,726,166	25,091,317
NET POSITION			
Net Investment in Capital Assets	31,329,672	64,412,503	95,742,175
Restricted for:			
Capital Projects	15,479,582	-	15,479,582
Conduit Debt Service	1,400,000	-	1,400,000
Recreation Areas	40,817	-	40,817
APFO-EMS	4,132	-	4,132
Library Tax	1,374,434	-	1,374,434
Rodent Grant	179	-	179
Technology Fee-Deeds	191,066	-	191,066
Technology Fee-General Fund	286,599	-	286,599
Library Standards Grant	63,222	-	63,222
Capital Projects - Equipment Replacement	-	332,137	332,137
Capital Projects - Expansion Sewer Facilities	-	47,626,232	47,626,232
Unrestricted	25,534,170	28,596,938	54,131,108
Total Net Position	\$ 75,703,873	\$ 140,967,810	\$ 216,671,683

KENT COUNTY, DELAWARE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions		Primary Government		
			Operating	Capital	Governmental Activities	BusinessType Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 4,471,686	\$ 350,294	\$ 354,351	\$ -	\$ (3,767,041)	\$ -	\$ (3,767,041)
Special Grants/Programs	2,443,752	-	-	-	(2,443,752)	-	(2,443,752)
Community Services	4,189,281	143,450	199,070	93,480	(3,753,281)	-	(3,753,281)
Planning Services	5,554,650	2,053,414	432,218	-	(3,069,018)	-	(3,069,018)
Public Safety	12,042,763	57,729	2,395,561	-	(9,589,473)	-	(9,589,473)
Row Offices	2,389,456	6,679,599	-	-	4,290,143	-	4,290,143
Economic Development	264,467	23,555	-	-	(240,912)	-	(240,912)
Interest on Long-Term Debt	164,262	-	-	-	(164,262)	-	(164,262)
Total Governmental Activities	31,520,317	9,308,041	3,381,200	93,480	(18,737,596)	-	(18,737,596)
Business-Type Activities:							
Sewer	23,220,780	21,886,841	120,735	6,504,806	-	5,291,602	5,291,602
Street Light	1,072,349	1,178,675	-	-	-	106,326	106,326
Trash	4,951,779	4,897,577	-	-	-	(54,202)	(54,202)
Landfill (Note K)	9,324	2,634	-	-	-	(6,690)	(6,690)
Storm Water Maintenance	35,902	99,042	-	-	-	63,140	63,140
Total Business-Type Activities	29,290,134	28,064,769	120,735	6,504,806	-	5,400,176	5,400,176
Total Primary Government	\$ 60,810,451	\$ 37,372,810	\$ 3,501,935	\$ 6,598,286	(18,737,596)	5,400,176	(13,337,420)
General Revenues:							
Taxes:							
Property Taxes					12,191,693	-	12,191,693
Real Estate Transfer Tax					8,725,475	-	8,725,475
Grant Revenue					56,494	-	56,494
Residential Telephone Surcharge					270,015	-	270,015
Investment Earnings					162,520	162,213	324,733
Other Revenues including Capital Asset Sales Gains/(Losses)					531,483	2,382	533,865
Total General Revenues					21,937,680	164,595	22,102,275
Changes in Net Position					3,200,084	5,564,771	8,764,855
Net Position At Beginning Of Year Restated					72,503,789	135,403,039	207,906,828
Net Position At End Of Year					\$ 75,703,873	\$ 140,967,810	\$ 216,671,683

KENT COUNTY, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	American Recovery Plan Act Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 58,333,250	\$ 17,561,639	\$ 15,374,107	\$ 525,311	\$ 229,303	\$ 92,023,610
Receivables						
Accounts	39,923	-	-	241,123	-	281,046
Taxes	14,157,257	-	-	-	-	14,157,257
Due From Other Funds	1,217,528	-	26,640	-	-	1,244,168
Due from Other Governments	118,404	-	93,480	-	-	211,884
Inventory	13,730	-	9,030	-	-	22,760
Prepaid Expenditures and Other Assets	190,349	-	-	-	-	190,349
Total Assets	\$ 74,070,441	\$ 17,561,639	\$ 15,503,257	\$ 766,434	\$ 229,303	\$ 108,131,074
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 812,853	\$ -	\$ 197,225	\$ 120	\$ -	\$ 1,010,198
Accrued Expenses	426,860	-	-	8,302	-	435,162
Due to Other Funds	20,673	3,454	9	482,676	12,466	519,278
Due to Other Governments	8,203,890	-	5,185	-	-	8,209,075
Retainage Payable	-	-	13,126	-	-	13,126
Unearned Revenue	72,025	17,557,781	15,937	275,336	-	17,921,079
Other Liabilities	508,684	404	-	-	-	509,088
Total Liabilities	10,044,985	17,561,639	231,482	766,434	12,466	28,617,006
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	14,103,709	-	-	-	-	14,103,709
Total Deferred Inflows of Resources	14,103,709	-	-	-	-	14,103,709
Fund Balances:						
Nonspendable:						
Inventory	13,730	-	9,030	-	-	22,760
Prepaid Expenditures	190,349	-	-	-	-	190,349
Restricted:						
Capital Projects Funds	-	-	15,262,745	-	216,837	15,479,582
Conduit Debt Service	1,400,000	-	-	-	-	1,400,000
Recreational Areas	40,817	-	-	-	-	40,817
APFO-EMS	4,132	-	-	-	-	4,132
Library Tax	1,374,434	-	-	-	-	1,374,434
Rodent Grant	179	-	-	-	-	179
LEPC Grant	-	-	-	-	-	-
Technology Fee - Deeds Office	191,066	-	-	-	-	191,066
Technology Fee - General Fund	286,599	-	-	-	-	286,599
Library Standards Grant	63,222	-	-	-	-	63,222
Assigned:						
Encumbrances	500,989	-	-	-	-	500,989
Operating Needs	3,536,800	-	-	-	-	3,536,800
Legal Contingency	950,000	-	-	-	-	950,000
Library	135,574	-	-	-	-	135,574
Deeds Maintenance Fees	60,000	-	-	-	-	60,000
Sheriff Auctioneer Fees	54,200	-	-	-	-	54,200
Local Government Fees	60,000	-	-	-	-	60,000
Donations	6,859	-	-	-	-	6,859
Unassigned	41,052,797	-	-	-	-	41,052,797
Total Fund Balances	49,921,747	-	15,271,775	-	216,837	65,410,359
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 74,070,441	\$ 17,561,639	\$ 15,503,257	\$ 766,434	\$ 229,303	\$ 108,131,074

KENT COUNTY, DELAWARE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

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

Total Fund Balances for Governmental Funds		\$ 65,410,359
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the Statement of Net Position.		39,105,575
Other items that are applicable to a future reporting period and, therefore are reported as deferred outflows of resources		
Deferred Items Related to Pension	\$ 5,661,665	
Deferred Items Related to OPEB	8,564,771	
Deferred Charges on Refunding	<u>12,798</u>	14,239,234
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.		1,580,526
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	\$ 712,899	
Grants	17,095	
Deferred Items Related to Pension	(3,239,407)	
Deferred Items Related to OPEB	<u>(5,734,934)</u>	(8,244,347)
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	\$ (15,740,875)	
Net OPEB Liability	(11,374,192)	
Notes Payable	(3,439,166)	
Compensated Absences	(1,458,117)	
Accrued Interest on Long Term Debt	(38,715)	
Capital Lease Payable	(980,363)	
Bonds Payable, Net of Bond Discounts	<u>(3,356,046)</u>	<u>(36,387,474)</u>
Total Net Position of Governmental Activities		<u><u>\$ 75,703,873</u></u>

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	American Recovery Plan Act Fund	Capital Projects Fund	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 12,236,739	\$ -	\$ -	\$ -	\$ -	\$ 12,236,739
Real Estate Transfer Tax	8,725,475	-	-	-	-	8,725,475
Residential Telephone Surcharge	270,015	-	-	-	-	270,015
Grants	2,931,886	-	149,974	432,218	-	3,514,078
Fees For Services	9,183,339	-	-	-	-	9,183,339
Interest and Dividends	141,873	-	20,044	-	438	162,355
Rental Income	52,671	-	-	-	-	52,671
Other Revenues	369,086	-	-	46,410	23,555	439,051
Total Revenues	33,911,084	-	170,018	478,628	23,993	34,583,723
EXPENDITURES						
Current:						
General Government	2,739,232	-	203,939	-	-	2,943,171
Special Grants and Programs	2,443,752	-	-	-	-	2,443,752
Community Services	3,404,180	-	21,321	-	-	3,425,501
Planning Services	4,577,042	-	5,895	829,499	-	5,412,436
Public Safety	11,100,239	-	693,575	-	-	11,793,814
Row Offices	2,289,686	-	22,652	-	-	2,312,338
Economic Development	-	-	262,398	-	2,069	264,467
Debt Service:						
Principal	577,465	-	188,411	-	-	765,876
Interest and Fiscal Charges	169,966	-	16,108	-	-	186,074
Capital Outlay	30,780	-	1,667,463	-	-	1,698,243
Total Expenditures	27,332,342	-	3,081,762	829,499	2,069	31,245,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,578,742	-	(2,911,744)	(350,871)	21,924	3,338,051
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	7,592,326	350,871	-	7,943,197
Transfers Out	(8,757,287)	-	-	-	-	(8,757,287)
Capital Lease Issuance	-	-	1,168,744	-	-	1,168,744
Total Other Financing Sources (Uses)	(8,757,287)	-	8,761,070	350,871	-	354,654
Net Change in Fund Balances	(2,178,545)	-	5,849,326	-	21,924	3,692,705
Fund Balances At Beginning of Year Restated	52,100,292	-	9,422,449	-	194,913	61,717,654
Fund Balances At End Of Year	\$ 49,921,747	\$ -	\$ 15,271,775	\$ -	\$ 216,837	\$ 65,410,359

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, 2021

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

Net Change In Fund Balances - Total Governmental Funds **\$ 3,692,705**

Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the year ended June 30, 2021.

Capital Outlays	\$ 2,645,892	
Depreciation	<u>(1,877,347)</u>	768,545

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. (317,199)

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. (509,334)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset less accumulated depreciation. (6,700)

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

Property Taxes	\$ (45,046)	
Grant Revenue	<u>17,095</u>	(27,951)

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	\$ 765,876	
Lease Financing	<u>(1,168,774)</u>	(402,898)

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	\$ 3,546	
Accrued interest on long-term debt	<u>2,555</u>	6,101

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

Deferred Charges - Bond Premium	\$ 21,288	
Deferred Charges - Loss On Refunding	<u>(2,031)</u>	19,257

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. (22,442)

Change In Net Position of Governmental Activities **\$ 3,200,084**

KENT COUNTY, DELAWARE

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2021**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 12,154,900	\$ 12,154,900	\$ 12,236,739	\$ 81,839
Real Estate Transfer Tax	5,650,000	5,650,000	8,725,475	3,075,475
Residential Telephone Surcharge	270,000	270,000	270,015	15
Grants	2,799,700	3,248,125	2,931,886	(316,239)
Fees For Services	7,990,700	7,992,267	9,183,339	1,191,072
Interest and Dividends	900,000	900,000	141,873	(758,127)
Rental Income	24,100	24,100	52,671	28,571
Other Revenues	305,000	309,035	369,086	60,051
Total Revenues	30,094,400	30,548,427	33,911,084	3,362,657
EXPENDITURES				
Current:				
General Government	2,814,600	3,188,494	2,770,012	418,482
Special Grants and Programs	1,966,450	2,965,860	2,443,752	522,108
Community Services	4,550,600	4,618,920	3,404,180	1,214,740
Planning Services	4,931,500	4,912,477	4,577,042	335,435
Public Safety	11,872,200	12,007,728	11,100,239	907,489
Row Offices	2,419,600	2,421,167	2,289,686	131,481
Contingency	1,000,000	757,600	-	757,600
Debt Service:				
Principal	578,600	577,534	577,465	69
Interest	168,900	169,966	169,966	-
Total Expenditures	30,302,450	31,619,746	27,332,342	4,287,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	(208,050)	(1,071,319)	6,578,742	7,650,061
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,943,050)	(8,859,116)	(8,757,287)	101,829
Total Other Financing Sources (Uses)	(1,943,050)	(8,859,116)	(8,757,287)	101,829
Net Change in Fund Balance	\$ (2,151,100)	\$ (9,930,435)	(2,178,545)	\$ 7,751,890
Fund Balance at Beginning of Year- Restated			52,100,292	
Fund Balance at End of Year			\$ 49,921,747	



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KENT COUNTY, DELAWARE

STATEMENT OF NET
POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 24,864,696	\$ 2,169,156	\$ 1,968,668	\$ 29,002,520	\$ 1,802,539
Receivables					
Accounts	63,032	-	-	63,032	10,073
Fees and Services	2,793,957	541,461	116,796	3,452,214	-
Due from Other Funds	67,917	-	-	67,917	-
Due from Other Governments	-	-	-	-	-
Inventory	177,426	-	-	177,426	-
Prepaid Expenses and Other Assets	24,542	-	-	24,542	-
Total Current Assets	27,991,570	2,710,617	2,085,464	32,787,651	1,812,612
Non-Current Assets:					
Restricted Assets:					
Cash and Investments	54,968,136	-	-	54,968,136	-
Capital Assets, Net					
Land	7,478,622	-	3,000	7,481,622	-
Construction in Progress	10,191,084	-	-	10,191,084	-
Land and Site Improvements	17,146	-	-	17,146	-
Pipeline	52,882,416	-	-	52,882,416	-
Buildings	14,388,699	-	-	14,388,699	-
Equipment and Furniture	28,875,920	4,379	-	28,880,299	-
Total Non-Current Assets	168,802,023	4,379	3,000	168,809,402	-
Total Assets	196,793,593	2,714,996	2,088,464	201,597,053	1,812,612
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items Related to Pension	1,625,586	-	-	1,625,586	-
Deferred Items Related to OPEB	2,591,394	-	-	2,591,394	-
Deferred Charges on Refunding	17,396	-	-	17,396	-
Total Deferred Outflows of Resources	4,234,376	-	-	4,234,376	-
LIABILITIES					
Current Liabilities					
Accounts Payable	854,463	446,957	53,260	1,354,680	162,349
Accrued Expenses	337,236	348,732	-	685,968	-
Retainage Payable	50,477	-	-	50,477	-
Due to Other Funds	695,041	22,407	75,359	792,807	-
Due to Other Governments	-	-	-	-	-
Compensated Absences	15,784	-	-	15,784	-
Unearned Revenue	-	-	147,256	147,256	69,737
Bonds Payable	2,521,930	-	-	2,521,930	-
Total Current Liabilities	4,474,931	818,096	275,875	5,568,902	232,086
Non-Current Liabilities:					
Net Pension Liability	4,556,839	-	-	4,556,839	-
Net OPEB Liability	3,421,047	-	-	3,421,047	-
Compensated Absences	378,811	-	-	378,811	-
Bonds Payable, Net	48,211,854	-	-	48,211,854	-
Total Non-Current Liabilities	56,568,551	-	-	56,568,551	-
Total Liabilities	61,043,482	818,096	275,875	62,137,453	232,086
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Other	19,426	-	-	19,426	-
Deferred Items Related to Pension	937,777	-	-	937,777	-
Deferred Items Related to OPEB	1,768,963	-	-	1,768,963	-
Total Deferred Inflows Of Resources	2,726,166	-	-	2,726,166	-
NET POSITION					
Net Investment in Capital Assets	64,354,647	4,379	3,000	64,362,026	-
Restricted for:					
Capital Projects - Equipment Replacement	332,137	-	-	332,137	-
Capital Projects - Expansion Sewer Facilities	47,626,232	-	-	47,626,232	-
Unrestricted	24,945,305	1,892,521	1,809,589	28,647,415	1,580,526
Total Net Position	\$ 137,258,321	\$ 1,896,900	\$ 1,812,589	\$ 140,967,810	\$ 1,580,526

KENT COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	
OPERATING REVENUES					
Fees for Services	\$ 20,899,981	\$ 4,897,577	\$ 1,277,717	\$ 27,075,275	\$ -
Permits	223,036	-	-	223,036	-
Operating Grants	120,735	-	-	120,735	-
Other Revenue	763,824	-	2,634	766,458	31,169
Employer Contributions	-	-	-	-	5,553,424
Employee Contributions	-	-	-	-	798,507
Total Operating Revenues	22,007,576	4,897,577	1,280,351	28,185,504	6,383,100
OPERATING EXPENSES					
Salaries and Benefits	7,462,790	149,247	144,324	7,756,361	-
Contractual Services	240,044	4,640,589	7,593	4,888,226	-
Travel	-	-	-	-	-
Utilities	1,935,727	-	869,593	2,805,320	-
Maintenance, Parts and Supplies	2,138,659	99,181	36,928	2,274,768	-
Vehicle Expense	140,677	3,536	1,168	145,381	-
Operating Insurance and Indirect Costs	1,995,927	53,309	57,969	2,107,205	-
Miscellaneous Expenses	2,998	78	-	3,076	-
Depreciation Expense	8,251,910	5,839	-	8,257,749	-
Medical Insurance Premiums	-	-	-	-	6,223,103
Medical Claims	-	-	-	-	975,490
Trustee Fee and Wire Charges	-	-	-	-	21,204
Total Operating Expenses	22,168,732	4,951,779	1,117,575	28,238,086	7,219,797
Operating Income (Loss)	(161,156)	(54,202)	162,776	(52,582)	(836,697)
NON-OPERATING REVENUES (EXPENSES)					
Interest and Dividends	146,747	6,671	8,795	162,213	165
Interest and Fiscal Charges	(1,052,048)	-	-	(1,052,048)	-
Gain on Sale of Land and Equipment	2,382	-	-	2,382	-
Total Non-Operating Revenues (Expenses)	(902,919)	6,671	8,795	(887,453)	165
Net Income (Loss) before Contributions	(1,064,075)	(47,531)	171,571	(940,035)	(836,532)
Capital Contributions:					
Capital Grant	23,490	-	-	23,490	-
Impact Fees	6,457,370	-	-	6,457,370	-
Developers Aid In Construction	23,946	-	-	23,946	-
Total Capital Contributions	6,504,806	-	-	6,504,806	-
OTHER FINANCING SOURCES					
Transfers	-	-	-	-	814,090
Change in Net Position	5,440,731	(47,531)	171,571	5,564,771	(22,442)
Net Positon At Beginning Of Year- Restated	131,817,590	1,944,431	1,641,018	135,403,039	1,602,968
Net Position At End Of Year	\$ 137,258,321	\$ 1,896,900	\$ 1,812,589	\$ 140,967,810	\$ 1,580,526

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 23,589,536	\$ 4,883,315	\$ 1,191,617	\$ 29,664,468	\$ 6,447,731
Payments to Suppliers	(4,704,652)	(4,540,219)	(912,955)	(10,157,826)	(7,131,550)
Payments to Employees	(8,566,823)	-	-	(8,566,823)	-
Internal Activity - payments to other funds	(2,338,452)	(215,332)	(171,272)	(2,725,056)	-
Net Cash Provided (Used) by Operating Activities	7,979,609	127,764	107,390	8,214,763	(683,819)
Cash Flows From Non-Capital Financing Activities:					
Transfers from Other Funds	-	-	-	-	814,090
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-	-	814,090
Cash Flows From Capital and Related Financing Activities:					
Proceeds from Capital Grant	5,265,762	-	-	5,265,762	-
Proceeds from Bonded Indebtedness	850,904	-	-	850,904	-
Proceeds from Sale of Equipment and Land	2,380	-	-	2,380	-
Acquisition and Construction of Capital Assets	(3,174,527)	-	-	(3,174,527)	-
Interest/Fiscal Charges Paid on Bonds	(1,085,996)	-	-	(1,085,996)	-
Retirement of Debt	(2,515,462)	-	-	(2,515,462)	-
Developers Aid In Construction	58,946	-	-	58,946	-
Impact Fees Collected	6,436,223	-	-	6,436,223	-
Net Cash Provided (Used) by Capital and Related Financing Activities	5,838,230	-	-	5,838,230	-
Cash Flows From Investing Activities:					
Interest and Dividends	146,747	6,671	8,795	162,213	165
Net Cash Provided By Investing Activities	146,747	6,671	8,795	162,213	165
Net Increase (Decrease) In Cash and Cash Equivalents	13,964,586	134,435	116,185	14,215,206	130,436
Cash and Cash Equivalents At Beginning Of Year	65,868,246	2,034,721	1,852,483	69,755,450	1,672,103
Cash and Cash Equivalents At End Of Year	\$ 79,832,832	\$ 2,169,156	\$ 1,968,668	\$ 83,970,656	\$ 1,802,539
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Statement of Net Position					
Current Assets: Cash and Investments	\$ 24,864,696	\$ 2,169,156	\$ 1,968,668	\$ 29,002,520	\$ 1,802,539
Non Current Assets: Cash and Investments	54,968,136	-	-	54,968,136	-
Total Cash and Investments	<u>\$ 79,832,832</u>	<u>\$ 2,169,156</u>	<u>\$ 1,968,668</u>	<u>\$ 83,970,656</u>	<u>\$ 1,802,539</u>

KENT COUNTY, DELAWARE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Sewer Fund	Trash Collection	Other Enterprise Funds	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (161,156)	\$ (54,202)	\$ 162,776	\$ (52,582)	\$ (836,697)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	8,251,911	5,839	-	8,257,750	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	331,961	4,762,030	1,082,498	6,176,489	3,801
(Increase) Decrease in Due From Other Funds	(30,164)	-	-	(30,164)	-
(Increase) Decrease in Prepaid Expenses and Other Assets	12,533	-	-	12,533	-
(Increase) Decrease In Deferred Outflow Items Related to Pension/OPEB	136,511	-	-	136,511	-
Increase (Decrease) in Accounts Payable	(74,513)	110,392	2,463	38,342	5,993
Increase (Decrease) in Retainage Payable	42,949	-	-	42,949	-
Increase (Decrease) in Medical Claims Payable	-	-	-	-	82,254
Increase (Decrease) in Accrued Expenses	16,932	92,773	-	109,705	-
Increase (Decrease) in Deferred Liability	-	-	-	-	-
Increase (Decrease) in Unearned Revenue	(173)	(4,776,292)	(1,171,232)	(5,947,697)	60,830
Increase (Decrease) in Net Pension Liability	(829,489)	-	-	(829,489)	-
Increase (Decrease) in Net OPEB Liability	(339,744)	-	-	(339,744)	-
Increase (Decrease) in Compensated Absences	(88,243)	-	-	(88,243)	-
Increase (Decrease) in Unavailable Revenue	(1,465)	-	-	(1,465)	-
Increase(Decrease) In Deferred Inflow Items Related to Pension/OPEB	1,281,801	-	-	1,281,801	-
Increase (Decrease) in Due To Other Funds	(570,042)	(12,776)	30,885	(551,933)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,979,609</u>	<u>\$ 127,764</u>	<u>\$ 107,390</u>	<u>\$ 8,214,763</u>	<u>\$ (683,819)</u>

KENT COUNTY, DELAWARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Pension and Post Retiree Funds</u>	<u>Custodial Funds</u>
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ 358	\$ 970,820
Receivables		
Interest	8,077	-
Investments	<u>88,405,734</u>	<u>-</u>
Total Assets	<u>88,414,169</u>	<u>\$ 970,820</u>
LIABILITIES		
Accounts Payable	39,772	\$ -
Due to Other Governments	-	168,080
Tax Sale Proceeds Payable	-	124,926
Other Liabilities	<u>-</u>	<u>677,814</u>
Total Liabilities	<u>39,772</u>	<u>\$ 970,820</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	58,113,694	-
Post Retiree Benefits	<u>30,260,703</u>	<u>-</u>
Total Net Position	<u>\$ 88,374,397</u>	<u>\$ -</u>

KENT COUNTY, DELAWARE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension And Post Retiree Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Employee Contributions	\$ 236,772	\$ -
Employer Contributions	6,624,859	-
Interest and Dividends	430,440	-
Net Appreciation in Fair Value of Investments	18,967,085	-
Tax Collections for Other Governments	-	75,766,591
	<hr/>	<hr/>
Total Additions	26,259,156	75,766,591
	<hr/>	<hr/>
DEDUCTIONS		
Pension Benefits	3,323,716	-
OPEB Benefits	1,463,083	-
Administrative Expense	289,317	-
Payment of Taxes to Other Governments	-	75,766,591
	<hr/>	<hr/>
Total Deductions	5,076,116	75,766,591
	<hr/>	<hr/>
Change In Net Position	21,183,040	-
	<hr/>	<hr/>
Net Position - Beginning of Year- Restated	67,191,357	-
	<hr/>	<hr/>
Net Position - End of Year	\$ 88,374,397	\$ -
	<hr/>	<hr/>

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 capital leases are reported as other financing sources.

The County reports the following major governmental funds:

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

The **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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The County reports the following major enterprise funds:

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

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

The County also reports the following funds:

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

The **Pension And Post Retiree Benefits Funds** (fiduciary type) account for the activities of the Kent County Levy Court Pension 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 **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.

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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, 2021 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**Inventories and Prepaid Items**

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

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

Restricted Assets

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

assumptions, differences between actual and expected experience, and differences between actual and expected investment returns, are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources on the entity-wide and proprietary fund statements of net position.

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

Compensated Absences

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

For governmental activities, changes in vested or accumulated vacation leave and eligible sick leave are reported as 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.

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".

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

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

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

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

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

- a. Formal budgetary integration is employed as a management control device during the year for the Governmental Fund Types. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. As of November 1 of each year, County department and division heads are required to submit to the County Administrator preliminary operating budgets for the fiscal year commencing the following July 1. The operating budgets submitted include proposed expenditures and the means of financing them as well as narrative justification for increases of operating expenditures. Mission statements and goals and objectives are also submitted.
- c. The submitted budgets are then subjected to a detailed review by the budget review committee which consists of the County Administrator, the Finance Director, and the Budget Supervisor. This review process, which continues through January, includes meetings with the department and division heads making comparisons with prior years' spending patterns and forecasting future needs.
- d. On March 1 the County Administrator submits a budget to the Levy Court Commissioners entitled "The County Administrator's Proposed Budget."

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY– CONTINUED

- 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, 2021, 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>174,494,408</u>	<u>177,068,574</u>
Total Deposits	<u>\$ 174,744,408</u>	<u>\$ 177,318,574</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 as of June 30, 2021:

Investments Measured at Fair Value:	Fair Value	Level 1
Corporate Stocks	\$ 12,384,930	\$ 12,384,930
Investments Measured at Amortized Cost:		
Certificates of Deposit	421,437	
Money Market Mutual Funds	3,007,528	
Total Investments Measured at Amortized Cost	3,428,965	
Investments Measured at Net Asset Value (NAV):		
Collective Trusts	75,687,190	
Total Investments	\$ 91,501,085	

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

	Balance at 06/30/21	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Collective Trusts	\$ 75,687,190	\$ -	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.

NOTE C – DEPOSITS AND INVESTMENTS - CONTINUED**Credit Risk**

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

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County limits its interest rate risk by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. It is the County's policy to hold investments until maturity unless there is an economic reason to do otherwise. U.S. Treasury and U.S. Treasury – Stripped Investments are held by the Sewer Fund. Certificates of Deposit are held by the Landfill Fund. As of June 30, 2021, 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	\$ 421,437	\$ 104,808	\$ 316,629
Total Investments	\$ 421,437	\$ 104,808	\$ 316,629

Concentration of Credit Risk

In addition to the above disclosures, as of June 30, 2021, 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, 2021, the County had \$30,263,444 invested with the Delaware Local Government OPEB Investment Trust. The Trust is an external investment pool operated by the Delaware Public Employees' Benefit System and participation in the pool is voluntary. The financial statements and further information on the investment pool can be obtained from the State Board of Pensions McArdle Building, 860 Silver Lake Blvd., Dover, Delaware 19904.

NOTE C – DEPOSITS AND INVESTMENTS - CONTINUED

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

Deposits	\$ 174,744,408
Investments	91,501,085
Petty Cash Amounts	2,750
Cash on Hand	<u>925,474</u>
Total	<u>\$ 267,173,717</u>
Unrestricted	\$ 121,428,669
Restricted	56,368,136
Fiduciary Funds	<u>89,376,912</u>
Total Cash and Investments	<u>\$ 267,173,717</u>

NOTE D – CAPITAL ASSETS**1. Primary Government-**

The capital asset activity for Governmental Activities for the year ended June 30, 2021, was as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated				
Land	\$ 9,064,297	\$ -	\$ -	\$ 9,064,297
Construction in Progress	<u>468,621</u>	<u>493,765</u>	<u>(171,554)</u>	<u>790,832</u>
Total Capital Assets Not Being Depreciated	<u>9,532,918</u>	<u>493,765</u>	<u>(171,554)</u>	<u>9,855,129</u>
Capital Assets Being Depreciated				
Land and Site Improvements	9,564,011	49,755	-	9,613,766
Buildings	30,417,989	194,326	-	30,612,315
Equipment and Furniture	<u>9,841,026</u>	<u>2,079,600</u>	<u>(652,126)</u>	<u>11,268,500</u>
Total Capital Assets Being Depreciated	<u>49,823,026</u>	<u>2,323,681</u>	<u>(652,126)</u>	<u>51,494,581</u>
Less Accumulated Depreciation for:				
Site Improvements	3,919,284	402,109	-	4,321,393
Buildings	8,844,291	780,095	-	9,624,386
Equipment and Furniture	<u>8,248,639</u>	<u>695,142</u>	<u>(645,425)</u>	<u>8,298,356</u>
Total Accumulated Depreciation	<u>21,012,214</u>	<u>1,877,346</u>	<u>(645,425)</u>	<u>22,244,135</u>
Total Capital Assets Being Depreciated, Net	<u>28,810,812</u>	<u>446,335</u>	<u>(6,701)</u>	<u>29,250,446</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,343,730</u>	<u>\$ 940,100</u>	<u>\$ (178,255)</u>	<u>\$ 39,105,575</u>

NOTE D – CAPITAL ASSETS - CONTINUED

The capital asset activity for Business-Type Activities for the year ended June 30, 2021, was as follows:

	July 1, 2020	Increases	Decreases	June 30, 2020
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated				
Land	\$ 7,469,962	\$ 11,660	\$ -	\$ 7,481,622
Construction in Progress	8,795,554	2,741,956	(1,346,426)	10,191,084
Total Capital Assets Not Being Depreciated	16,265,516	2,753,616	(1,346,426)	17,672,706
Capital Assets Being Depreciated				
Land and Site Improvements	5,982,562	-	-	5,982,562
Pipeline	105,875,289	1,192,330	-	107,067,619
Buildings	40,900,235	46,112	-	40,946,347
Equipment and Furniture	86,986,936	528,896	(31,675)	87,484,157
Total Capital Assets Being Depreciated	239,745,022	1,767,338	(31,675)	241,480,685
Less Accumulated Depreciation for:				
Site Improvements	5,955,273	10,143	-	5,965,416
Pipeline	51,345,964	2,839,239	-	54,185,203
Buildings	25,356,794	1,200,854	-	26,557,648
Equipment and Furniture	54,428,020	4,207,513	(31,675)	58,603,858
Total Accumulated Depreciation	137,086,051	8,257,749	(31,675)	145,312,125
Total Capital Assets Being Depreciated, Net	102,658,971	(6,490,411)	-	96,168,560
Business-Type Activities Capital Assets, Net	<u>\$ 118,924,487</u>	<u>\$ (3,736,795)</u>	<u>\$ (1,346,426)</u>	<u>\$ 113,841,266</u>

Depreciation expense was charged to the following activities:

Governmental Activities:

General Government	\$ 549,462
Community Services	710,800
Planning Services	16,877
Public Safety	571,409
Row Offices	28,798
	<u>\$ 1,877,346</u>

Business-Type Activities:

Sewer Fund	\$ 8,251,910
Trash Fund	5,839
	<u>\$ 8,257,749</u>

NOTE E – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disbursing officer of cash. All payments arise from transactions that are short term. The composition of interfund balances as of June 30, 2021, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	American Rescue Plan Fund	\$ 3,454
	Capital Projects Fund	9
	CDBG	482,676
	Non-Major Governmental Funds	12,466
	Sewer Fund	687,984
	Trash Collection Fund	11,060
	Non-Major Proprietary Funds	19,878
Capital Projects Fund	General Fund	19,584
	Sewer Fund	7,057
Sewer Fund	General Fund	1,090
	Trash Collection Fund	11,346
	Non-Major Proprietary Funds	55,481
Total		<u>\$ 1,312,085</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>Capital Projects Fund</u>	<u>Community Development Block Grant</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund	\$ 7,592,326	\$ 350,871	\$ 814,090	\$ 8,757,287
Total Interfund Transfers	<u>\$ 7,592,326</u>	<u>\$ 350,871</u>	<u>\$ 814,090</u>	<u>\$ 8,757,287</u>

NOTE F – LONG-TERM DEBT**1. Changes in Long-Term Liabilities**

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 3,353,954	\$ -	\$ (256,916)	\$ 3,097,038	\$ 192,687
Plus: Net Bond Premiums	280,296	-	(21,288)	259,008	21,288
Total Bonds Payable	3,634,250	-	(278,204)	3,356,046	213,975
Net Pension Liability	18,606,217	-	(2,865,342)	15,740,875	-
Net OPEB Liability	12,474,600	-	(1,100,408)	11,374,192	-
Note Payable	3,759,715	-	(320,549)	3,439,166	326,198
Capital Lease Payable	-	1,168,774	(188,411)	980,363	227,897
Compensated Absences	1,461,663	-	(3,546)	1,458,117	58,325
Governmental Activity Long-Term Liabilities	<u>\$ 39,936,445</u>	<u>\$ 1,168,774</u>	<u>\$ (4,756,460)</u>	<u>\$ 36,348,759</u>	<u>\$ 826,395</u>
Business-Type Activities:					
Bonds Payable	\$ 52,012,141	\$ 850,904	\$ (2,515,462)	\$ 50,347,583	\$ 2,490,187
Plus: Net Bond Premiums	417,943	-	(31,742)	386,201	31,743
Total Bonds Payable	52,430,084	850,904	(2,547,204)	50,733,784	2,521,930
Net Pension Liability	5,386,328	-	(829,489)	4,556,839	-
Net OPEB Liability	3,760,791	-	(339,744)	3,421,047	-
Compensated Absences	482,838	-	(88,243)	394,595	15,784
Business-Type Activity Long-Term Liabilities	<u>\$ 62,060,041</u>	<u>\$ 850,904</u>	<u>\$ (3,804,680)</u>	<u>\$ 59,106,265</u>	<u>\$ 2,537,714</u>

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

2. General Obligation Bonds

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

3. Notes Payable

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

4. Financial Covenant

The County's loan agreement provides for a financial covenant. The County must maintain a Debt Service Coverage Ratio of not less than 1.5 as measured on its annual audited financial statements. For the year ended June 30, 2021, the County met the financial covenant.

NOTE F –LONG-TERM DEBT – CONTINUED

The following is a summary of general obligation bonds outstanding at June 30, 2021:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2021
1981 August 2021	\$ 362,900	1981 Farmers Home Administration Bond, Sewer Fund-Dykes Branch District, Due in Annual Installments with Interest Due Semi-Annually	5.00%	\$ 9,222
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%	50,144
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%	71,024
2000 September 2021 March 2022	475,000	2000 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- Kenton \$375,000/NESSD \$100,000, Principal and Interest Due In Semi-Annual Installments	1.50%	24,920
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%	552,483
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%	2,791,521
2009 April 2049	254,000	Series 2009A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Bakers Choice Principal and Interest Due in Quarterly Installments Beginning July 2009	4.125%	215,134
2009 April 2049	121,000	Series 2009B-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Bakers Choice Principal and Interest Due in Quarterly Installments Beginning July 2009	4.25%	102,905

NOTE F – LONG-TERM DEBT – CONTINUED

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2021</u>
2010 September 2030	14,905,418	Series 2010-ARRA/SRF, Delaware Water Pollution Control Revolving Fund General Fund Obligation Note, Sewer Fund-Renewable Energy Project, Principal and Interest Due in Semi-Annual Installments Beginning March 2011	2.00%	8,339,086
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%	855,545
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%	2,335,543
2010 November 2050	2,289,935	Series 2010A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-Kitts Hummock, Principal and Interest Due in Quarterly Installments Beginning November 2011	3.75%	2,016,776
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%	92,488
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%	3,935,862
2010 December 2050	6,442,000	Series 2010A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning March 2013	2.25%	5,029,282
2010 December 2032	6,918,700	Series 2010-ARRA/SRF, Delaware Water Pollution Control Revolving Fund General Fund Obligation Note, Sewer Fund-WWTP Expansion & Nutrient Removal Principal and Interest Due in Semi-Annual Installments Beginning September 2011	3.61%	4,145,930

NOTE F – LONG-TERM DEBT – CONTINUED

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2021
2012 August 2022	633,000	2012 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- Murderkill Wetland/Nutrient Reduction Principal and Interest Due In Semi-Annual Installments	2.00%	187,801
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%	633,333
2013 August 2033	1,423,107	2013 Series, Delaware Water Pollution Control Revolving Fund General Obligation Note, Sewer Fund- East Dover Wastewater Construction Principal Due In Semi Annual Installments	2.00%	330,346
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%	101,916
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%	7,715,000
2016 January 2056	2,838,000	Series 2016A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning April 2017	1.875%	2,618,744
2016 January 2056	5,000,000	Series 2016A-RUS United States Dept. of Agriculture General Obligation Bond, Sewer Fund-WTP Expansion & Nutrient Rmvl Principal and Interest Due in Quarterly Installments Beginning April 2017	1.875%	2,911,314
2017 October 1, 2057	453,000	Series 2018A-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Milford Neck Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning July 2018	2.125%	430,705

NOTE F – LONG-TERM DEBT – CONTINUED

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2021</u>
2018 April 25, 2058	215,000	Series 2018B-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Milford Neck Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning July 2018	1.375%	202,599
2018 April 25, 2058	94,000	Series 2018C-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- Hilltop Sanitary Sewer Principal and Interest Due in Quarterly Installments Beginning March 2019	2.125%	90,150
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%	2,240,254
2020 December 2060	3,582,000	Series 2020A-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- US13 Forcemain Rehab Principal and Interest Due in Quarterly Installments Beginning March 2021	3.125%	3,550,787
2020 December 2060	1,420,000	Series 2020B-RUS United State Dept. of Agriculture General Obligation Bond, Sewer Fund- US13 Forcemain Rehab Principal and Interest Due in Quarterly Installments Beginning March 2021	2.750%	1,407,626
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%	456,182
	Subtotal Bonds			<u>53,444,622</u>
2015 September 2030	5,000,000	Series 2015, WSFS Loan Principal and Interest Due in Quarterly Installments Beginning December 2015	Variable	3,439,165
Plus:	Unamortized bond premium on 2015 bond issues			<u>645,209</u>
	Total Long-Term Debt			<u>\$ 57,528,996</u>

NOTE F – LONG-TERM DEBT – CONTINUED

The annual debt service requirements to maturity for principal and interest for bonds and note payable as of June 30, 2021, are as follows:

Year Ending June 30	General Obligation Bonds and Note Payable			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	518,885	157,573	2,490,187	1,125,873
2023	529,558	146,057	2,576,797	1,083,719
2024	540,205	133,363	2,589,347	1,029,344
2025	555,117	120,097	2,601,846	972,613
2026	561,978	106,612	2,640,314	916,289
2027-2031	2,981,435	326,359	13,565,693	3,705,769
2032-2036	849,026	48,661	7,865,534	2,436,990
2037-2041	-	-	6,169,474	1,652,695
2042-2046	-	-	5,332,697	1,009,146
2047-2051	-	-	3,812,597	456,902
2052-2056	-	-	2,033,835	182,785
2056-2061	-	-	801,404	32,460
Total	6,536,204	<u>\$ 1,038,722</u>	52,479,725	<u>\$ 14,604,585</u>
Less:				
Funds Not Drawn	-		(2,132,142)	
Total	<u>\$ 6,536,204</u>		<u>\$ 50,347,583</u>	

NOTE G – CAPITAL LEASE

The County entered a lease agreement for the financing of emergency medical services equipment. Payments are due in monthly installments with interest rate of 2% per annum. The capital lease has been recorded at the present value of the future minimum lease payments as of the inception date.

The capital assets acquired through capital lease are as follows:

	Governmental Activities
Equipment	\$1,168,774
Less: Accumulated depreciation	194,146
	<u>\$974,628</u>

NOTE G – CAPITAL LEASE- CONTINUED

The Governmental Activities lease payment amount was \$204,519 in fiscal year 2021. The future lease payments under the capital lease as of June 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2022	\$245,423
2023	245,423
2024	245,423
2025	245,423
2026	40,903
Total minimum lease payments	<u>1,022,595</u>
Less: amount representing interest	<u>42,232</u>
Present value of minimum lease payments	<u><u>\$980,363</u></u>

NOTE H – DEFERRED INFLOWS OF RESOURCES

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

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

NOTE H – DEFERRED INFLOWS OF RESOURCES– CONTINUED

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

	Governmental Fund Financial Statements	Government- Wide Statements
	General	Governmental Activities
Property Taxes	\$ 13,177,318	\$ 12,523,740
Library Taxes	910,611	851,387
Suburban Park Taxes	15,780	15,683
Deferred Items Related to Pension	-	4,957,379
Deferred Items Related to OPEB	-	5,734,934
Total Deferred Inflows Of Resources	<u>\$ 14,103,709</u>	<u>\$ 24,083,123</u>

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

	Enterprise Fund Financial Statements	Government- Wide Statements
	Sewer	Business-Type Activities
Transmission Debt Refinance	\$ 19,036	\$ 19,036
Unclaimed Tax Sale Proceeds	390	390
Deferred Items Related to Pension	1,435,113	1,435,113
Deferred Items Related to OPEB	1,768,963	1,768,963
Total Deferred Inflows Of Resources	<u>\$ 3,223,502</u>	<u>\$ 3,223,502</u>

NOTE I – 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	\$ 13,730	\$ 9,030	\$ -	\$ 22,760
Prepaid Expenditures	190,349	-	-	190,349
Total Nonspendable	204,079	9,030	-	213,109
Restricted:				
Capital Projects	-	15,262,745	216,837	15,479,582
Conduit Debt Service	1,400,000	-	-	1,400,000
Recreational	40,817	-	-	40,817
APFO-EMS	4,132	-	-	4,132
Library Tax	1,374,434	-	-	1,374,434
Rodent Grant	179	-	-	179
Technology Fee-Deeds	191,066	-	-	191,066
Technology Fee-General Fund	286,599	-	-	286,599
Library Standards Grant	63,222	-	-	63,222
Total Restricted	3,360,449	15,262,745	216,837	18,840,031
Assigned:				
Encumbrances	500,989	-	-	500,989
Operating Needs	3,536,800	-	-	3,536,800
Legal Contingency	950,000	-	-	950,000
Library	135,574	-	-	135,574
Recorder of Deeds Maintenance Fees	60,000	-	-	60,000
Sheriff Auctioneer Fees	54,200	-	-	54,200
Local Government Fees	60,000	-	-	60,000
Donations	6,859	-	-	6,859
Total Assigned	5,304,422	-	-	5,304,422
Unassigned	41,052,797	-	-	41,052,797
Total Fund Balances	\$ 49,921,747	\$ 15,271,775	\$ 216,837	\$ 65,410,359

NOTE J – CAPITAL IMPROVEMENT COMMITMENTS

The following is a summary of the significant capital improvement commitments of the County as of June 30, 2021:

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	849,910	535,739	314,171
Kesseling Wetland Bridge	12,500	1,250	11,250
	<u>\$ 1,390,800</u>	<u>\$ 621,827</u>	<u>\$ 768,973</u>

The Capital Projects Fund has incurred costs in the amount of \$21,860 that were not under a formal construction commitment as of June 30, 2021.

Enterprise Funds

Project Name	Estimated Project Cost	Remaining Contract Commitments To Date	Costs Incurred To Date
Blower System Upgrade	\$ 1,134,631	\$ 152,970	\$ 981,661
London Village	100,000	74,335	74,335
Paris Villa	100,000	26,933	73,067
Dover Products	198,660	11,819	186,841
Biosolids Capacity Expansion	1,831,557	1,643,848	187,709
Puncheon Run Extension	350,400	251,066	99,334
RPS #1 Pump	42,500	1,000	41,500
General Labor and Equipment Contract	2,583,040	840,372	1,742,668
Less Capitalized/Expensed in Prior Years	-	-	(1,520,194)
	<u>\$ 6,340,788</u>	<u>\$ 3,002,343</u>	<u>\$ 1,866,921</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, 2021.

NOTE K – 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 L – 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. The County's financial report reflecting the pension plan financial activity may be obtained at the County's Administrative Offices during regular business hours.

An actuarial valuation of the pension plan prepared by Nyhart, as of January 1, 2021, was based on the following membership data:

Active Employees	283
Retired	213
Survivors	32
Disabled	2
Deferred Vested	<u>90</u>
 TOTAL	 <u><u>620</u></u>

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

Effective July 2009, employees are required to contribute one percent (1%) of their base salary to the plan, and employees hired after December 21, 2010 are required to contribute 3 percent (3%) of their base salary above \$6,000 to the plan. Employees hired after January 1, 2020 are required to contribute 5 percent (5%) of their base salary above \$6,000 to the plan. Employees may make voluntary contributions of up to 10 percent of their annual salary.

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

2. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

The Pension Trust held four investment funds representing 5 percent (5%) or more of the net position available for pension benefits as of June 30, 2021.

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

NOTE L – 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, 2021 was based upon the actuarial valuation as a percent of payroll. Total contribution to the pension plan in fiscal year 2021 was \$4,125,794 of which \$236,772 was the employee contribution and \$3,889,022 was the employer contribution. This contribution was based on the January 1, 2020 actuarial valuation by Nyhart.

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

June 30, 2021

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ASSETS		
Restricted Assets:		
Cash and Short Term Investments	\$ 358	\$ -
Receivables		
Interest	8,077	-
Investments	<u>58,145,031</u>	<u>30,260,703</u>
Total Assets	<u>58,153,466</u>	<u>30,260,703</u>
LIABILITIES		
Accounts Payable	<u>39,772</u>	<u>-</u>
Total Liabilities	<u>39,772</u>	<u>-</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	58,113,694	-
Post Retiree Benefits	<u>-</u>	<u>30,260,703</u>
Total Net Position	<u>\$ 58,113,694</u>	<u>\$ 30,260,703</u>

NOTE L – KENT COUNTY EMPLOYEE RETIREMENT PROGRAM – CONTINUED

KENT COUNTY, DELAWARE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION/OPEB TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>
ADDITIONS		
Employee Contributions	\$ 236,772	\$ -
Employer Contributions	3,889,022	2,735,837
Interest and Dividends	193,379	237,061
Net Appreciation (Depreciation) in Fair Value of Investments	<u>11,102,780</u>	<u>7,864,305</u>
Total Additions	<u>15,421,953</u>	<u>10,837,203</u>
DEDUCTIONS		
Pension Benefits	3,323,716	-
OPEB Benefits	-	1,463,083
Administrative Expense	<u>226,071</u>	<u>63,246</u>
Total Deductions	<u>3,549,787</u>	<u>1,526,329</u>
Change In Net Position	11,872,166	9,310,874
Net Position - Beginning of Year- Restated	<u>46,241,528</u>	<u>20,949,829</u>
Net Position - End of Year	<u>\$ 58,113,694</u>	<u>\$ 30,260,703</u>

NOTE L – 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, 2021, 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	45.70%	40.00%	5.80%
International Equity Composite	8.20%	10.00%	6.70%
Emerging Markets Equity Composite	2.50%	2.50%	8.60%
Total Fixed Income Composite	31.00%	33.50%	50.00%
Real Estate Composite	3.60%	4.00%	3.20%
Global Tactical Asset Allocation	9.00%	10.00%	3.10%
	<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, 2021.

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 January 1, 2021, and the total pension liability used to calculate the net pension liability is determined by the actuarial valuation as of January 1, 2021. The net pension liability is \$20,297,714 measured as the difference between the total pension liability of \$71,636,097 and the fiduciary net position of \$51,338,383.

NOTE L – 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	<u>\$ 69,238,732</u>	<u>\$ 45,246,187</u>	<u>\$ 23,992,545</u>
Changes for the year:			
Service cost	1,273,075	-	1,273,075
Interest	4,996,561	-	4,996,561
Differences between expected and actual experience	(347,032)	-	(347,032)
Change in assumptions*	(337,804)	-	(337,804)
Contributions-employer	-	3,208,055	(3,208,055)
Contributions-employee	-	200,045	(200,045)
Net investment income	-	5,951,935	(5,951,935)
Benefit payments, including refunds of employee contributions	(3,187,435)	(3,187,435)	-
Administrative expenses	-	(80,404)	80,404
Net Changes	<u>2,397,365</u>	<u>6,092,196</u>	<u>(3,694,831)</u>
Balances at end of year	<u>\$ 71,636,097</u>	<u>\$ 51,338,383</u>	<u>\$ 20,297,714</u>

*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	\$ 29,280,250	\$ 20,297,714	\$ 12,803,373

NOTE L – 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 2021 year, the annual money-weighted rate of return on the investments, net of investment expense, is 6.35%.

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, 2021, the County recognized pension expense of \$409,025. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 442,947	\$ 277,626
Change of assumptions	2,955,282	456,261
Net Difference between projected and actual earnings on pension plan investments	-	3,443,297
Contributions subsequent to the measurement date- January 1, 2021 - June 30, 2021	3,889,022	-
	<u>\$ 7,287,251</u>	<u>\$ 4,177,184</u>

An amount of \$3,889,022 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date (January 1, 2021) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:

2022	\$ 623,760
2023	909,544
2024	(1,641,989)
2025	(670,270)
	<u>\$ (778,955)</u>

NOTE L – 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, 2021
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-2020
Disabled:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2020

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

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

Currently, 148 retirees meet these eligibility requirements, of which 129 retirees and 29 spouses/dependents receive health insurance benefits and 19 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 2021, expenditures of \$1,534,902 were recognized for post-retirement health care of which \$1,463,083 was paid out of the OPEB fund. The \$71,819 balance of retiree benefits was paid from the operating budgets of General Fund in the amount of \$53,991 and Sewer Fund in the amount of \$17,828.

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.

4. Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of investment expense was 6.50%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

NOTE M - OTHER POST-RETIREMENT BENEFITS – CONTINUED***Actuarial assumptions.***

The total OPEB liability in the June 30, 2021 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, 2021, a June 30, 2021 measurement date was used.
Valuation Date:	June 30, 2021 with no adjustments to get to the June 30, 2021 measurement date. Liabilities as of July 1, 2020 are based on an actuarial valuation date of June 30, 2019 projected to July 1, 2020 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	29 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.25%, 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:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2020

Discount rate.

The discount rate used to measure the total OPEB liability was 7.25% in this year's evaluation. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE M - 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	<u>\$ 36,456,387</u>	<u>\$ 20,949,829</u>	<u>\$ 15,506,558</u>
Changes for the year:			
Service cost	2,086,439	-	2,086,439
Interest	2,668,103	-	2,668,103
Differences between expected and actual experience	(532,140)	-	(532,140)
Change in assumptions*	5,847,668	-	5,847,668
Contributions-employer	-	2,735,837	(2,735,837)
Net investment income	-	8,105,044	(8,105,044)
Change of benefit terms	-		-
Benefit payments, including refunds			
Benefit payments	(1,470,514)	(1,470,514)	-
Administrative expenses	-	(59,493)	59,493
Net Changes	<u>8,599,556</u>	<u>9,310,874</u>	<u>(711,318)</u>
Balances at end of year	<u>\$ 45,055,943</u>	<u>\$ 30,260,703</u>	<u>\$ 14,795,240</u>

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

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

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net OPEB Liability	\$ 20,509,544	\$ 14,795,240	\$ 10,059,302

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

The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 8.00% decreasing to an ultimate rate of 4.50%, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00% lower (7.00% decreasing to an ultimate rate of 3.50%) or 1.00% higher (9.00% decreasing to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

	1% Decrease in Trend Rate (7.00%)	Current Trend Rate (8.00%)	1% Increase in Trend Rate (9.00%)
Net OPEB Liability	\$ 9,767,240	\$ 14,795,240	\$ 20,915,382

NOTE M - OTHER POST-RETIREMENT BENEFITS – CONTINUED

For the year ended June 30, 2021 the County recognized OPEB expense of \$666,587. At June 30, 2021, 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	\$ 2,767,103	\$ 2,814,713
Change of assumptions	8,389,062	-
Net Difference between projected and actual earnings on pension plan investments	-	4,689,184
	<u>\$ 11,156,165</u>	<u>\$ 7,503,897</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:

2022	\$ 1,195,831
2023	1,175,864
2024	682,155
2025	(287,504)
2026	885,922
	<u>\$ 3,652,268</u>

NOTE N – 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 \$2,700 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, 2021 were \$53,170.

NOTE N – 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, 2021 were \$489,473.

NOTE O - 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, 2021. Effective July 1, 2019, employees and non-Medicare eligible retirees enrolling in health insurance coverage paid 7% of the monthly premium for individual coverage. Medicare eligible retirees paid \$0.

The County is self-insured for dental care benefits. The dental care benefits employees receive are \$2,000 per calendar year for eligible dental services. Employees must pay the established nominal premium for dental benefits or opt out of dental coverage. Family coverage is offered to each active employee and retiree. The participants of family coverage are responsible for 100% of the additional premium cost. The payments of dental-related claims are processed through a third-party administrator. Liabilities for unpaid claims are estimated using the actual cost of claims within sixty days after fiscal year-end.

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

2. Other Insurance

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

NOTE P - 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, 2021, the balance of this reserve totaled \$332,137.
- 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, 2021, the balance of this reserve totaled \$47,626,232 of which \$36,188,818 is for the main system capital improvement and \$11,437,414 is for district capital improvement.

Equipment Replacement Reserve	\$ 332,137
Expansion Reserve	<u>47,626,232</u>
Total Restricted Net Position	<u>\$ 47,958,369</u>

NOTE Q – PRIOR PERIOD ADJUSTMENTS

The County has increased its July 1, 2020 net position for its Business-Type Activities on the Statement of Activities and the Trash Fund net position on the Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds by \$398,024 due to a correction of how the trash billing was recorded previously as unearned revenue in June of the start of the billing period. The billing period is from June 1 to May 31 and is billed in late July. The portion of the trash bill that was for June 2020 should have been recorded as revenue in Fiscal Year 2020.

The County has also increased its July 1, 2020 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 \$1,400,000 due to a correction of how to report \$1,400,000 of the County's funds held in an escrow account for the Kent County Regional Sports Complex Corporation per the escrow agreement dated June 29, 2016.

The County has also increased its July 1, 2020 net position for its Fiduciary Funds on the Statement of Changes in Fiduciary Net Position and the Post Retiree Benefits Fund on the Combining Statement of Changes in Net Position – Pension and Post Retiree Benefits Funds by \$770,756 due to a correction on the measurement date on the statements previously received for the Post Retiree Benefits Fund.

	Governmental Activities	Business Type Activities	General Fund	Trash Collection Enterprise Fund	Pension and Post Retiree Funds
Net Position, as previously reported	\$ 71,103,789	\$ 135,005,015	\$ 50,700,292	\$ 1,546,407	\$ 66,420,601
Correction of Error for revenue recognition	-	398,024	-	398,024	-
Record Escrow Fund	1,400,000	-	1,400,000	-	-
Record fair value of collective trust	-	-	-	-	770,756
Net Position as Restated	\$ 72,503,789	\$ 135,403,039	\$ 52,100,292	\$ 1,944,431	\$ 67,191,357

NOTE R – CONDUIT DEBT OBLIGATION

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

On June 30, 2021, the balances of the outstanding bonds were as follows:

Bond	Issue Amount	Balance Outstanding June 30, 2021
1999 Dover ALF, LLC "Heritage"	\$ 7,500,000	\$ 4,120,000
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	525,000
2021A Charter School Refunding	2,750,000	2,750,000
2021B Charter School Refunding	195,000	195,000
Total	\$ 115,040,000	\$ 103,568,000

NOTE S – 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, 2021, the County abated property taxes totaling \$7,748. The tax abatement agreement is as follows:

- A 90 percent property tax abatement to manufacturing company for land and buildings. The abatement amounted to \$7,748.

NOTE T – SUBSEQUENT EVENTS

On July 27, 2021, the Levy Court Commissioners awarded the blower equipment installation contract to Johnston Construction Company LLC for a total amount of \$2,735,541 for the Air System Optimization Project using USDA loan funding, and contingent upon USDA concurrence.

On July 27, 2021, the Levy Court Commissioners also approved the use of American Rescue Plan Act (ARPA) funds in the amount of up to \$1,270,000 for the Paris Villa-London Village Septic Elimination Project.

On August 10, 2021, the Levy Court Commissioners authorized the issuance of Kent County Refunding Revenue Bonds in the amount not to exceed \$1,500,000 for the benefit of American Legion Ambulance Station 64, Inc. to refinance its Ambulance Station located at 900 Smyrna-Clayton Boulevard in Smyrna, Delaware.

On November 9, 2021, the Levy Court Commissioners designated \$3 million in Kent County American Rescue Plan Act funding for the purpose of establishing the Kent County Small Business Assistant Grant Program in partnership with the Central Delaware Chamber of Commerce and \$2 million in Kent County American Rescue Plan Act funding for the purpose of establishing a Kent County Hospitality Industry Grant Program in partnership with Kent County Tourism Corporation.

In mid-December 2021, the County closed on a Delaware Water Pollution Control Revolving Fund bond for a total of \$1,640,000 for the Wastewater Treatment Plant Wide Backup Power Project.

The County has evaluated all subsequent events through December 22, 2021, 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, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Total Pension Liability						
Service cost	\$ 1,273,075	\$ 1,253,123	\$ 1,085,268	\$ 1,022,745	\$ 937,737	\$ 827,074
Interest on total pension liability	4,996,561	4,784,313	4,215,078	4,030,916	3,677,882	3,398,722
Differences between expected and actual experience	(347,032)	281,579	559,396	251,213	(15,793)	(31,129)
Changes of assumptions*	(337,804)	(310,030)	6,659,996	1,456,423	3,747,942	1,426,791
Benefit payments, including refunds of member contributions	(3,187,435)	(3,015,302)	(2,780,919)	(2,488,271)	(2,300,696)	(2,184,547)
Net change in total pension liability	2,397,365	2,993,683	9,738,819	4,273,026	6,047,072	3,436,911
Total pension liability, beginning	69,238,732	66,245,049	56,506,230	52,233,204	46,186,132	42,749,221
Total pension liability, ending (a)	71,636,097	69,238,732	66,245,049	56,506,230	52,233,204	46,186,132
Fiduciary Net Position						
Employer contributions	3,208,055	2,816,641	2,556,190	1,979,945	1,634,883	1,416,774
Member contributions	200,045	207,941	186,970	186,515	187,079	156,272
Net investment income	5,951,935	7,565,324	(2,512,711)	5,830,044	2,314,335	158,235
Benefit payments, including refunds of member contributions	(3,187,435)	(3,015,302)	(2,780,919)	(2,488,271)	(2,300,696)	(2,184,547)
Administrative expenses	(80,404)	(100,373)	(74,571)	(54,070)	(33,546)	(36,842)
Net change in plan fiduciary net position	6,092,196	7,474,231	(2,625,041)	5,454,163	1,802,055	(490,108)
Fiduciary net position, beginning	45,246,187	37,771,956	40,396,997	34,942,834	33,140,779	33,630,887
Fiduciary net position, ending (b)	\$ 51,338,383	\$ 45,246,187	\$ 37,771,956	\$ 40,396,997	\$ 34,942,834	\$ 33,140,779
Net pension liability, ending = (a) - (b)	\$ 20,297,714	\$ 23,992,545	\$ 28,473,093	\$ 16,109,233	\$ 17,290,370	\$ 13,045,353
Fiduciary net position as a % of total pension liability	71.67%	65.35%	57.02%	71.49%	66.90%	71.75%
Covered payroll	15,186,067	15,203,896	14,837,958	14,633,137	14,428,663	14,111,982
Net pension liability as a % of covered payroll	133.66%	157.81%	191.89%	110.09%	119.83%	92.44%
Annual money weighted rate of return, net of investment expense	6.35%	3.64%	7.05%	8.29%	11.43%	2.18%

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
2012	1,391,962	1,391,962	-	12,081,149	11.52%
2013	1,334,642	1,334,642	-	12,687,170	10.52%
2014	1,265,985	1,332,476	(66,491)	13,186,023	10.11%
2015	1,409,118	1,416,774	(7,656)	13,470,257	10.52%
2016	1,514,391	1,634,883	(120,492)	13,578,928	12.04%
2017	1,983,504	1,979,945	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%

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS PENSION

Valuation Date:	January 1, 2021
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-2020
Disabled:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2020

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Total OPEB Liability

	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
Service cost	\$ 1,067,424	\$ 1,099,110	\$ 978,528
Interest on total OPEB liability	2,668,103	2,770,645	2,306,663
Changes of benefit terms	-	-	474,250
Differences between expected and actual experience	(532,140)	(3,556,895)	636,633
Changes of assumptions	5,847,668	1,007,110	2,952,416
Benefit payments, including refunds of member contributions	(1,470,514)	(1,387,734)	(1,181,271)
Net change in total OPEB liability	7,580,541	(67,764)	6,167,219
Total OPEB liability, beginning	36,456,387	36,524,151	30,356,932
Total OPEB liability, ending (a)	44,036,928	36,456,387	36,524,151

Fiduciary Net Position

Employer contributions	2,735,837	2,154,449	1,366,633
Net investment income	7,814,862	1,156,291	836,738
Benefit payments	(1,470,514)	(1,387,734)	(1,181,271)
Administrative expenses	(59,493)	(46,879)	(12,837)
Net change in plan fiduciary net position	9,020,692	1,876,127	1,009,263
Fiduciary net position, beginning	20,220,996	18,344,869	17,335,606
Fiduciary net position, ending (b)	\$ 29,241,688	\$ 20,220,996	\$ 18,344,869

Net OPEB liability, ending = (a) - (b)

\$ 14,795,240	\$ 16,235,391	\$ 18,179,282
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Fiduciary net position as a % of total OPEB liability	66.40%	55.47%	50.23%
Covered payroll	15,833,800	15,627,852	15,374,840
Net OPEB liability as a % of covered payroll	93.44%	103.89%	118.24%
Annual money weighted rate of return, net of investment expense	6.50%	5.83%	4.80%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not read 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
2012	661,025	661,025	-	12,081,149	5.47%
2013	661,025	661,025	-	13,186,023	5.01%
2014	616,016	616,016	-	13,186,023	4.67%
2015	616,016	616,016	-	13,470,257	4.57%
2016	785,111	785,111	-	13,470,257	5.83%
2017	785,111	785,111	-	14,595,980	5.38%
2018	1,318,229	1,366,633	(48,404)	15,106,839	9.05%
2019	1,318,229	1,366,633	(48,404)	15,374,840	8.89%
2020	2,154,449	2,154,449	-	15,627,852	13.79%
2021	2,735,837	2,735,837	-	15,833,800	17.28%

Notes to Schedule

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

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Measurement Date:	For fiscal year ending June 30, 2021, a June 30, 2021 measurement date was used.
Valuation Date:	June 30, 2021 with no adjustments to get to the June 30, 2021 measurement date. Liabilities as of July 1, 2020 are based on an actuarial valuation date of June 30, 2019 projected to July 1, 2020 on a "no loss/no gain" basis.
Actuarial Cost Method:	Entry Age Normal Level % of Salary
Amortization Method:	Level dollar, open
Remaining amortization period:	29 years
Asset valuation method:	Market value of assets
Investment rate of return:	7.25%, 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:	RP-2014 Disabled Mortality Table with fully generational improvements projected from 2006 based on Scale MP-2020



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KENT COUNTY, DELAWARE

COMBINING BALANCE SHEET
NON-MAJOR
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
	Farmer's Home Administration Grant	Aeropark Fund	
ASSETS			
Cash and Investments	\$ 12,100	\$ 217,203	\$ 229,303
Total Assets	<u>\$ 12,100</u>	<u>\$ 217,203</u>	<u>\$ 229,303</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 12,100	\$ 366	\$ 12,466
Unearned Revenue	-	-	-
Total Liabilities	<u>12,100</u>	<u>366</u>	<u>12,466</u>
Fund Balances:			
Restricted:			
Capital Projects	-	216,837	216,837
Total Fund Balances	<u>-</u>	<u>216,837</u>	<u>216,837</u>
Total Liabilities and Fund Balances	<u>\$ 12,100</u>	<u>\$ 217,203</u>	<u>\$ 229,303</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Fund Farmer's Home Administration Grant	Capital Project Fund Aeropark Fund	Total Non-Major Governmental Funds
REVENUES			
Investment Income	\$ -	\$ 438	\$ 438
Other Revenues	-	23,555	23,555
Total Revenues	-	23,993	23,993
EXPENDITURES			
Current:			
Economic Development	-	2,069	2,069
Total Expenditures	-	2,069	2,069
Excess of Revenues Over Expenditures	-	21,924	21,924
Net Change in Fund Balances	-	21,924	21,924
Fund Balances at Beginning of Year	-	194,913	194,913
Fund Balances at End of Year	\$ -	\$ 216,837	\$ 216,837

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2021

	Street Light	Landfill	Storm Water Management	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 926,151	\$ 701,022	\$ 341,495	\$ 1,968,668
Receivables				
Fees and Services	116,129	-	667	116,796
Total Current Assets	<u>1,042,280</u>	<u>701,022</u>	<u>342,162</u>	<u>2,085,464</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>1,045,280</u>	<u>701,022</u>	<u>342,162</u>	<u>2,088,464</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	52,729	-	531	53,260
Due to Other Funds	67,436	839	7,084	75,359
Unearned Revenue	-	147,256	-	147,256
Total Liabilities	<u>120,165</u>	<u>148,095</u>	<u>7,615</u>	<u>275,875</u>
NET POSITION				
Investment in Capital Assets	3,000	-	-	3,000
Unrestricted	922,115	552,927	334,547	1,809,589
Total Net Position	<u>\$ 925,115</u>	<u>\$ 552,927</u>	<u>\$ 334,547</u>	<u>\$ 1,812,589</u>

KENT COUNTY, DELAWARE

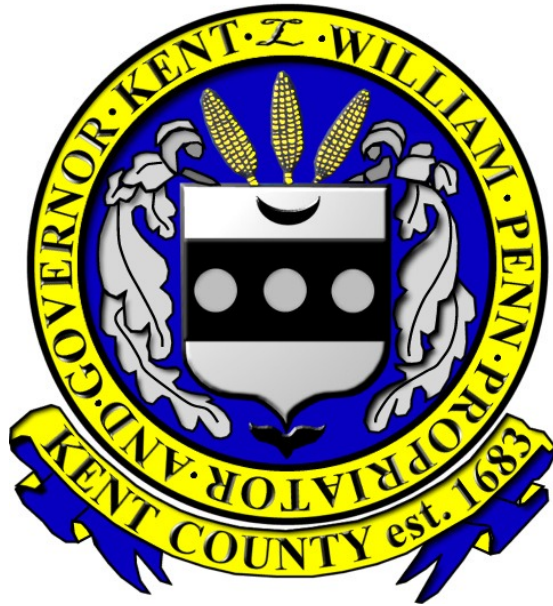
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Street Light	Landfill	Storm Water Management	Total
OPERATING REVENUES				
Fees for Services	\$ 1,178,675	\$ -	\$ 99,042	\$ 1,277,717
Other Revenue	-	2,634	-	2,634
Total Operating Revenues	<u>1,178,675</u>	<u>2,634</u>	<u>99,042</u>	<u>1,280,351</u>
OPERATING EXPENSES				
Salaries and Benefits	144,324	-	-	144,324
Contractual Services	3,203	4,390	-	7,593
Utilities	869,593	-	-	869,593
Maintenance, Parts and Supplies	1,025	1	35,902	36,928
Vehicle Expense	1,168	-	-	1,168
Operating Insurance and Indirect Costs	53,036	4,933	-	57,969
Total Operating Expenses	<u>1,072,349</u>	<u>9,324</u>	<u>35,902</u>	<u>1,117,575</u>
Operating Income (Loss)	<u>106,326</u>	<u>(6,690)</u>	<u>63,140</u>	<u>162,776</u>
NON-OPERATING REVENUES				
Interest and Dividends	2,354	5,779	662	8,795
Total Non-Operating Revenues	<u>2,354</u>	<u>5,779</u>	<u>662</u>	<u>8,795</u>
Net Income (Loss)	108,680	(911)	63,802	171,571
Net Position at Beginning of Year	<u>816,435</u>	<u>553,838</u>	<u>270,745</u>	<u>1,641,018</u>
Net Position at End of Year	<u>\$ 925,115</u>	<u>\$ 552,927</u>	<u>\$ 334,547</u>	<u>\$ 1,812,589</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Street Light	Landfill	Storm Water Management	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 1,091,677	\$ -	\$ 99,940	\$ 1,191,617
Payments to Suppliers	(871,343)	(4,391)	(37,221)	(912,955)
Internal Activity - Payment to Other Funds	(164,610)	(5,628)	(1,034)	(171,272)
Net Cash Provided (Used) by Operating Activities	55,724	(10,019)	61,685	107,390
Cash Flows From Investing Activities:				
Interest and Dividends	2,354	5,779	662	8,795
Net Cash Provided By Investing Activities	2,354	5,779	662	8,795
Net Increase (Decrease) In Cash and Cash Equivalents	58,078	(4,240)	62,347	116,185
Cash and Cash Equivalents at Beginning of Year	868,073	705,262	279,148	1,852,483
Cash and Cash Equivalents at End of Year	\$ 926,151	\$ 701,022	\$ 341,495	\$ 1,968,668
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 106,326	\$ (6,690)	\$ 63,140	\$ 162,776
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	982,502	-	99,996	1,082,498
Increase (Decrease) in Accounts Payable	3,782	-	(1,319)	2,463
(Decrease) in Other Liability	-	-	-	-
Increase (Decrease) in Unearned Revenue	(1,069,500)	(2,634)	(99,098)	(1,171,232)
Increase in Due To Other Funds	32,614	(695)	(1,034)	30,885
Net Cash Provided (Used) by Operating Activities	\$ 55,724	\$ (10,019)	\$ 61,685	\$ 107,390



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KENT COUNTY, DELAWARE

COMBINING STATEMENT OF NET POSITION
PENSION AND POST RETIREE BENEFITS FUNDS
JUNE 30, 2021

	<u>Pension Fund</u>	<u>Post Retiree Benefits Fund</u>	<u>Total</u>
ASSETS			
Restricted Assets:			
Cash and Short Term Investments	\$ 358	\$ -	\$ 358
Receivables			
Interest	8,077	-	8,077
Investments	<u>58,145,031</u>	<u>30,260,703</u>	<u>88,405,734</u>
Total Assets	<u>58,153,466</u>	<u>30,260,703</u>	<u>88,414,169</u>
LIABILITIES			
Accounts Payable	<u>39,772</u>	<u>-</u>	<u>39,772</u>
Total Liabilities	<u>39,772</u>	<u>-</u>	<u>39,772</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	58,113,694	-	58,113,694
Post Retiree Benefits	<u>-</u>	<u>30,260,703</u>	<u>30,260,703</u>
Total Net Position	<u>\$ 58,113,694</u>	<u>\$ 30,260,703</u>	<u>\$ 88,374,397</u>

KENT COUNTY, DELAWARE

COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND POST RETIREE BENEFITS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension Fund</u>	<u>Post Retiree 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	193,379	237,061	430,440
Net Appreciation (Depreciation) in Fair Value of Investments	11,102,780	7,864,305	18,967,085
Total Additions	<u>15,421,953</u>	<u>10,837,203</u>	<u>26,259,156</u>
DEDUCTIONS			
Pension Benefits	3,323,716	-	3,323,716
OPEB Benefits	-	1,463,083	1,463,083
Administrative Expense	226,071	63,246	289,317
Total Deductions	<u>3,549,787</u>	<u>1,526,329</u>	<u>5,076,116</u>
Change In Net Position	11,872,166	9,310,874	21,183,040
Net Position - Beginning of Year- Restated	<u>46,241,528</u>	<u>20,949,829</u>	<u>67,191,357</u>
Net Position - End of Year	<u>\$ 58,113,694</u>	<u>\$ 30,260,703</u>	<u>\$ 88,374,397</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 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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

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

2021 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										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities											
Net investment in capital assets	\$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	\$26,191,732	\$27,059,292
Restricted	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	23,086	22,877
Unrestricted	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	46,885,192	44,408,109
Total governmental activities net position	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	73,100,010	71,490,278
Business-type activities											
Net investment in capital assets	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	63,138,398	64,425,631
Restricted	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	20,271,140	18,752,358
Unrestricted	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	20,391,290	17,729,882
Total business-type activities net position	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	103,800,828	100,907,871
Primary government											
Net investment in capital assets	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	89,330,130	91,484,923
Restricted	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	20,294,226	18,775,235
Unrestricted	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	67,276,482	62,137,991
Total primary government activities net position	\$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	\$176,900,838	\$172,398,149

2021 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$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	\$2,686,660
Special grants/programs	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	1,502,929
Community services	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	3,431,036
Planning services	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	5,862,709
Public safety	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	7,768,023
Row offices	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	1,754,050
Economic development	264,467	232,777	176,890	156,026	358,382	1,555,085	287,819	44,180	372,300	751,348
Amortization	-	-	-	-	-	-	53,254	1,856	1,854	5,068
Interest on long-term debt	164,262	219,092	263,219	240,105	215,890	185,646	211,113	229,542	235,652	241,405
Total governmental activities expenses	<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>	<u>24,003,228</u>
Business-type activities:										
Sewer	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	16,714,840
Street light	1,072,349	1,034,513	1,002,685	1,003,452	963,961	934,377	907,738	888,610	851,575	776,190
Trash	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	2,546,791
Landfill	9,324	9,139	22,799	9,673	10,680	9,804	10,031	23,087	32,746	33,205
Storm water maintenance	35,902	31,423	9,256	5,978	6,792	3,201	-	-	-	-
Total business-type activities expenses	<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>	<u>20,071,026</u>
Total primary government expenses	<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>	<u>44,074,254</u>

(continued on next page)

2021 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$350,294	\$264,070	\$238,908	\$255,705	\$138,060	\$152,376	\$196,071	\$196,628	\$187,643	\$254,311
Community services	143,450	268,411	485,335	613,588	398,375	336,659	346,469	348,512	377,566	361,137
Planning services	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	1,506,644
Public safety	57,729	54,961	135,295	152,775	158,434	147,129	178,588	136,013	144,150	93,183
Row offices	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	6,160,251
Economic development	23,555	22,890	22,890	22,890	22,890	22,890	-	-	-	-
Operating grants and contributions	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	3,144,797
Capital grants and contributions	93,480	55,344	50,000	17,625	42,602	164,259	80,210	311,482	215,350	38,050
Total governmental activities program revenues	12,782,721	11,258,281	11,571,970	11,360,940	12,171,597	11,384,151	11,136,436	11,045,199	10,722,849	11,558,373
Business-type activities:										
Charges for services:										
Sewer	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	14,956,540
Street light	1,178,675	1,014,167	1,029,690	1,028,958	971,634	921,826	943,856	914,032	887,352	839,036
Trash	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	2,981,336
Landfill	2,634	2,293	10,757	2,304	2,204	1,725	1,546	9,282	-	-
Storm water maintenance	99,042	109,920	60,886	54,908	67,160	28,560	-	-	-	-
Operating grants and contributions	120,735	21,035	4,296	-	-	-	21,634	10,450	-	-
Capital grants and contributions	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	4,154,892
Total business-type activities program revenues	34,690,310	30,619,226	32,934,175	29,559,735	26,322,763	33,304,607	25,004,601	24,161,760	24,491,205	22,931,804
Total primary government program revenues	47,473,031	41,877,507	44,506,145	40,920,675	38,494,360	44,688,758	36,141,037	35,206,959	35,214,054	34,490,177
Net (Expense) Revenue										
Governmental activities	(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)	(12,444,855)
Business-type activities	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	2,860,778
Total primary government net (expense) revenue	(\$13,337,420)	(\$19,489,735)	(\$17,066,509)	(\$15,551,183)	(\$14,984,967)	(\$5,528,814)	(\$11,576,177)	(\$9,240,558)	(\$9,100,604)	(\$9,584,077)

(continued on next page)

2021 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	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	10,477,267
Real estate transfer tax	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	3,021,612
Grant Revenue	56,494	-	-	-	-	-	-	-	-	-
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,014	270,015	270,015
Investment earnings	162,520	935,269	1,362,419	793,735	356,483	189,852	125,051	120,856	135,365	98,332
Other revenues including capital asset sales gains/losses	531,483	368,588	420,057	606,896	606,596	490,278	337,259	341,290	402,129	383,653
Interfund Transfers	-	-	-	-	127,437	-	-	-	-	-
Total governmental activities	<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>	<u>14,250,879</u>
Business-type activities:										
Investment earnings	162,213	814,419	1,185,717	644,171	288,692	137,182	90,172	96,152	124,495	32,179
Other revenues including capital asset sales gains/losses	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>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>	<u>32,179</u>
Total primary government	<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>	<u>\$14,283,058</u>
Change in Net Position										
Governmental activities	<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>	<u>1,806,024</u>
Business-type activities	<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>	<u>2,892,957</u>
Total primary government	<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>	<u>\$4,698,981</u>

2021 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$204,079	\$940,657	\$743,197	\$710,455	\$129,567	\$728,533	\$164,537	\$78,798	\$95,869	\$153,412
Restricted	3,360,449	1,088,020	1,207,865	834,869	414,356	405,211	324,878	404,953	346,655	279,923
Committed	-	-	-	-	-	-	466,377	411,903	334,640	161,640
Assigned	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	1,776,404
Unassigned	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	35,048,646
Total general fund	49,921,747	50,700,292	50,235,024	49,648,249	46,684,735	43,357,272	42,318,804	42,836,396	40,017,346	37,420,025
All Other Governmental Funds										
Nonspendable	\$9,030	\$17,707	\$5,050	\$77,319	\$24,324	\$8,374	\$6,403	\$39,102	\$6,589	-
Restricted	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	8,120,447
Unassigned	-	-	-	(69,709)	(21,977)	-	-	-	-	-
Total all other governmental funds	\$15,488,612	\$9,617,362	\$8,410,964	\$5,521,282	\$4,999,153	\$5,824,608	\$8,757,291	\$6,993,143	\$7,737,627	\$8,120,447

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

Table 4

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Property taxes	\$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	\$10,437,042
Real estate transfer tax	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	3,021,612
Residential telephone surcharge	270,015	270,015	270,015	270,015	270,015	270,015	270,015	270,014	270,015	270,015
Grant	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	3,182,848
Fees for services	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	8,121,584
Investment income	162,355	920,361	1,339,816	785,556	355,562	189,768	125,050	120,780	135,209	98,244
Rental income	52,671	23,936	23,186	23,186	23,206	25,214	23,186	23,186	23,186	23,186
Other revenues	439,051	344,473	633,874	585,059	572,647	634,623	382,934	533,503	558,597	518,120
Total revenues	<u>34,583,723</u>	<u>30,642,093</u>	<u>30,818,893</u>	<u>30,000,846</u>	<u>29,624,649</u>	<u>27,914,885</u>	<u>27,048,998</u>	<u>26,009,695</u>	<u>25,585,853</u>	<u>25,672,651</u>
Expenditures										
General government	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	2,161,774
Special grants and programs	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	1,502,929
Community services	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	3,123,137
Planning services	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	5,856,408
Public safety	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	7,415,340
Row offices	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	1,783,031
Economic development	264,467	232,777	176,890	156,026	358,382	1,555,085	287,819	44,180	372,300	751,348
Debt service:										
Bond Issue Costs	-	-	-	-	-	-	53,254	-	-	-
Principal	765,876	502,399	459,876	486,119	507,516	454,545	166,729	161,523	157,236	150,347
Interest and fiscal charges	186,074	240,516	284,273	259,947	235,138	200,693	242,113	231,584	237,592	243,149
Capital outlay	<u>1,698,243</u>	<u>245,830</u>	<u>392,888</u>	<u>78,934</u>	<u>1,077,147</u>	<u>9,036,367</u>	<u>2,146,144</u>	<u>1,282,179</u>	<u>922,419</u>	<u>75,182</u>
Total expenditures	<u>31,245,672</u>	<u>28,970,427</u>	<u>27,342,436</u>	<u>26,515,203</u>	<u>27,250,078</u>	<u>34,809,100</u>	<u>25,983,514</u>	<u>23,935,129</u>	<u>23,371,352</u>	<u>23,062,645</u>
Excess of revenues over (under) expenditures	<u>3,338,051</u>	<u>1,671,666</u>	<u>3,476,457</u>	<u>3,485,643</u>	<u>2,374,571</u>	<u>(6,894,215)</u>	<u>1,065,484</u>	<u>2,074,566</u>	<u>2,214,501</u>	<u>2,610,006</u>
Other Financing Sources (Uses)										
Transfers in	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	521,671
Proceeds from Loan	-	-	-	-	-	5,000,000	-	-	-	-
Proceeds from Bond Issuance	-	-	-	-	-	-	4,524,126	-	-	-
Bond Premium	-	-	-	-	-	-	393,830	-	-	-
Payments to Refunding Agent	-	-	-	-	-	-	(4,736,884)	-	-	-
Transfers out	(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)	(521,671)
Capital Lease Issuance	<u>1,168,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>354,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,437</u>	<u>5,000,000</u>	<u>181,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$3,692,705</u>	<u>\$1,671,666</u>	<u>\$3,476,457</u>	<u>\$3,485,643</u>	<u>\$2,502,008</u>	<u>(\$1,894,215)</u>	<u>\$1,246,556</u>	<u>\$2,074,566</u>	<u>\$2,214,501</u>	<u>\$2,610,006</u>
Debt service as a percentage of noncapital expenditures	3.22%	2.59%	2.76%	2.82%	2.84%	2.54%	1.94%	1.74%	1.76%	1.71%

2021 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
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
2012		10,437,042		3,021,612	13,458,654

Note:

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

2021 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

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

Table 6

Fiscal Year	Total Assessed Value (1)	Less: Tax-Exempt Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)
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
2012	3,328,644,200	65,825,600	3,262,818,600	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	\$1.8350	\$1.7450	\$1.6650	\$1.6050	\$1.5650	\$1.2350	\$1.2350	\$1.2450	\$1.2450	\$1.2200
Capital	2.1897	2.0482	1.8307	1.7942	1.8065	1.8115	1.8215	1.8500	1.9090	1.8320
Lake Forest	1.5833	1.5887	1.5667	1.6531	1.4745	1.4498	1.4257	1.3163	1.1569	1.1097
Milford	1.7164	1.7308	1.7390	1.7636	1.9077	1.2626	1.2308	1.2692	1.2165	1.2846
Polytech	0.1578	0.1548	0.1541	0.1522	0.1484	0.1415	0.1372	0.1372	0.1372	0.1351
Smyrna	1.7118	1.7358	1.7373	1.7317	1.7674	1.7835	1.6433	1.4161	1.3240	1.2716
Woodbridge	1.6800	1.6800	1.4400	1.3310	1.3310	1.3310	1.3340	1.3610	1.3720	1.2840
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	0.9750	0.8250	0.7500	0.7500	0.7500	0.6500	0.6500	0.6500	0.6500	0.6500
Dover	0.4050	0.4400	0.4050	0.4050	0.4050	0.4050	0.3378	0.3378	0.3378	0.3378
Farmington	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
Felton	1.0600	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.9100	0.8100
Frederica	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.0000	1.0000	1.0000	0.7500
Harrington	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	1.0600	0.7100	0.7100	0.7100
Hartly	0.7500	0.7500	0.7500	0.7500	0.5000	0.2000	0.2000	0.2000	0.2000	0.2000
Houston	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1200	0.1200	0.1200
Kenton	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Leipsic	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225	0.4225
Little Creek	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Magnolia	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Milford	0.4828	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Smyrna	0.4400	0.4400	0.4200	0.4000	0.4000	0.4000	0.3600	0.3100	0.2900	0.2526
Viola	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Woodside	0.4000	0.4000	0.4000	0.4000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Wyoming	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000

Sources: Finance Department, Kent County Levy Court, Delaware; Delaware Economic Development Office (fiscal years 2017 and prior); Incorporated Towns and Cities; Delaware Prosperity Partnership (fiscal year 2019, 2020, 2021)

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

2021 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

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

Table 8

	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Dover Downs	\$47,046,000	1	1.26%	\$37,866,200	1	1.19%
Delmarva Power & Light	41,373,000	2	1.11%	17,128,900	6	0.54%
Chesapeake Utilities	40,776,100	3	1.09%	28,425,700	2	0.89%
Diamond State Telephone	19,407,900	4	0.52%	25,604,500	3	0.80%
Wal-Mart Stores	19,131,200	5	0.51%	19,124,300	5	0.60%
Dover Mall	18,486,400	6	0.49%	16,925,900	7	0.53%
Wal-Mart Real Estate Business	17,569,900	7	0.47%	20,330,800	4	0.64%
Dover International Speedway, Inc.	16,686,800	8	0.45%	16,327,500	8	0.51%
General Foods	14,034,700	9	0.38%	14,006,400	9	0.44%
Rudolph/Stephen Von Croy/Von Croy Family Trust	13,602,500	10	0.36%			
Gaming Entertainment Del.				12,240,200	10	0.38%
	\$248,114,500		6.64%	\$207,980,400		6.53%

Source: Assessment Division, Kent County Levy Court, Delaware

2021 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
2021	\$ 12,218,325	\$ 11,993,603	98.16%		\$ 11,993,603	98.16%
2020	12,046,806	11,830,621	98.21%	134,885	11,965,506	99.33%
2019	11,800,807	11,572,555	98.07%	164,072	11,736,627	99.46%
2018	11,537,363	11,285,928	97.82%	203,443	11,489,371	99.58%
2017	11,336,334	11,094,059	97.86%	201,379	11,295,438	99.64%
2016	11,156,441	10,903,302	97.73%	218,665	11,121,967	99.69%
2015	10,993,270	10,729,902	97.60%	232,653	10,962,555	99.72%
2014	10,823,058	10,521,723	97.22%	272,100	10,793,823	99.73%
2013	10,651,409	10,335,366	97.03%	288,689	10,624,055	99.74%
2012	10,479,907	10,144,374	96.80%	311,441	10,455,815	99.77%

Source: Finance Department, Kent County Levy Court, Delaware

2021 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	Note Payable	General Obligation Bonds (1)				
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%	176,508	332
2017	4,416,675	-	4,489,548	52,448,629	61,354,852	0.91%	174,542	352
2016	4,664,771	-	4,770,256	53,530,384	62,965,411	0.95%	173,140	364
2015	4,910,860	-	-	49,472,214	54,383,074	0.83%	171,460	317
2014	4,868,378	-	-	42,397,946	47,266,324	0.76%	169,034	280
2013	5,028,045	-	-	43,999,246	49,027,291	0.80%	167,303	293
2012	5,183,427	-	-	44,204,816	49,388,243	0.83%	165,102	299

Source: Finance Department, Kent County Levy Court, Delaware

Population Source: Delaware Population Consortium Annual Population Projections

Notes:

(1) Includes unamortized bond premiums and bond discounts

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

(3) Delaware Population Consortium Annual Population Projections

Numbers for prior years revised due to release of updated data

2021 Annual Comprehensive Financial Report for Kent County, Delaware
Statistical Section

KENT COUNTY, DELAWARE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 11

Fiscal Year	Taxable Assessed Value	General Obligation Bonds (1)	Percentage of General Obligation Bonds to Taxable Assessed Value	Population (2)	Per Capita
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%	176,508	308
2017	3,522,033,166	56,865,304	1.61%	174,542	326
2016	3,467,643,532	58,195,155	1.68%	173,140	336
2015	3,416,376,264	54,383,074	1.59%	171,460	317
2014	3,362,673,017	47,266,324	1.41%	169,034	280
2013	3,312,168,700	49,027,291	1.48%	167,303	293
2012	3,262,818,600	49,388,243	1.51%	165,102	299

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

Notes:

- (1) Includes unamortized bond premiums and bond discounts
- (2) Delaware Population Consortium Annual Population Projections
Numbers for prior years revised due to release of updated data

KENT COUNTY, DELAWARE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Kent County Levy Court
School Districts:			
Caesar Rodney	\$22,042,840	100.0%	\$22,042,840
Capital	62,514,276	100.0%	62,514,276
Lake Forest	3,289,870	100.0%	3,289,870
Milford	6,777,005	62.0%	4,201,743
Polytech	8,523,015	100.0%	8,523,015
Smyrna	14,644,493	85.6%	12,535,686
Woodbridge	9,550,185	22.3%	2,129,691
Total School Districts			115,237,121
Incorporated Areas:			
Camden	2,485,000	100.0%	\$2,485,000
Dover	6,598,524	100.0%	6,598,524
Smyrna	7,241,892	85.6%	6,199,060
Total Incorporated Areas:			15,282,584
Subtotal, overlapping debt			\$130,519,705
Kent County Levy Court direct debt	7,775,575	100.0%	7,775,575
Total direct and overlapping debt			\$138,295,280

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.

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

Table 13

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Taxable assessed value	\$ 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	\$3,262,818,600
Debt limit (12% of taxable assessed value)	\$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	\$391,538,232
Amount of debt subject to the debt limit	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	49,388,243
Legal debt margin	\$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	\$342,149,989
Percentage of legal debt margin available	88.12%	87.50%	88.18%	87.34%	86.55%	86.01%	86.73%	88.29%	87.66%	87.39%
Percentage of legal debt margin exhausted	11.88%	12.50%	11.82%	12.66%	13.45%	13.99%	13.27%	11.71%	12.34%	12.61%

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.

2021 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)
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	176,508	37.8	40,304	7,113,978,432	31,372	4.7%
2017	174,542	37.6	38,498	6,719,517,916	30,858	5.7%
2016	173,140	37.1	38,178	6,610,138,920	30,485	5.3%
2015	171,460	37.3	38,114	6,535,026,440	30,527	5.9%
2014	169,034	36.8	36,882	6,234,311,988	30,254	7.1%
2013	167,303	37.8	36,701	6,140,187,403	29,989	8.0%
2012	165,102	36.7	36,173	5,972,234,646	29,915	8.4%

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

2021 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	2021 1st Quarter			2012 1st Quarter		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Accommodation and food services	5,178	4	8.0%	5,191	4	8.6%
Administrative and waste services	3,290	7	5.1%	1,770	6	2.9%
Construction	2,743	6	4.2%	1,883	7	3.1%
Finance and insurance	1,351	10	2.1%	1,139	10	1.9%
Government	18,742	1	28.8%	18,829	1	31.2%
Health care and social assistance	9,732	2	15.0%	8,536	3	14.1%
Manufacturing	4,874	5	7.5%	3,287	5	5.4%
Other services, except public administration	1,422	9	2.2%	1,738	8	2.9%
Professional and technical services	2,042	8	3.1%	1,497	9	2.5%
Retail trade	8,748	3	13.5%	8,960	2	14.8%
	58,122		89.4%	52,830		87.4%
Total, All Industries	64,995			60,434		

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administration	45	45	43	31	31	31	30	30	30	28
General Administration	13	13	13	13	13	13	13	13	13	13
Economic Development (1)	1	1	1	2	2	2	2	2	2	-
Personnel	4	4	4	4	4	4	4	4	4	4
Information Technology	13	13	13	12	12	12	11	11	11	11
Facilities Management (1a)	14	14	12	-	-	-	-	-	-	-
Finance	30	30	30	30	30	29	29	29	29	29
Administration	3	3	3	3	3	3	3	3	3	3
Accounting	12	12	11	11	11	10	10	10	10	10
Assessment	11	11	11	11	11	11	11	11	11	11
Tax Section	4	4	5	5	5	5	5	5	5	5
Board of Assessment (2)	-	-	-	-	-	-	-	-	3	3
Community Services	22	22	22	22	22	22	20	20	20	20
Administration	3	2	2	2	2	2	2	2	2	2
Library	6	7	7	7	7	6	6	6	6	6
Parks	7	7	7	8	8	8	8	8	8	8
Recreation (3)	6	6	6	5	5	6	4	4	4	4
Planning Services	34	34	34	36	36	36	37	38	38	39
Administration	3	3	2	2	2	2	2	2	2	2
Geographic Information Systems	4	4	4	5	5	5	5	5	5	6
Inspections & Enforcement (4)	17	17	17	15	15	15	15	16	16	16
Zoning Inspections & Enforcement (4)	-	-	-	1	1	1	1	1	1	1
Planning	6	6	7	8	8	8	9	9	9	9
Grants	4	4	4	4	4	4	4	4	4	4
Manufactured Housing (4)	-	-	-	1	1	1	1	1	1	1
Public Safety	79	79	79	79	79	78	72	72	71	71
Administration	2	2	2	2	2	2	2	2	1	1
Emergency Communications	25	25	25	25	25	24	24	24	24	24
Emergency Management	2	2	2	2	2	2	2	2	1	1
Emergency Medical Services	50	50	50	50	50	50	44	44	45	45
Facilities Management (1a)	-	-	-	12	12	12	10	10	10	10
Row Offices	22	22	22	22	24	25	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	3
Recorder of Deeds	6	6	6	6	6	6	6	6	6	6
Register of Wills	5	5	5	5	5	5	5	5	5	5
Sheriff	8	8	8	8	8	8	8	8	8	8
Public Works	71	71	71	70	69	68	68	68	67	67
Engineering	15	15	15	15	14	13	13	13	13	13
Environmental Programs	3	3	3	3	3	3	3	3	3	3
KCWTF-Operations	19	19	19	19	19	19	19	19	19	19
KCWTF-Maintenance	25	25	25	25	25	25	25	25	25	25
KCWTF-Treatment Plant	9	9	9	8	8	8	8	8	7	7
Total	303	303	301	302	303	301	291	292	293	292

Source: Kent County Levy Court Budgets

Notes:

- (1) Effective July 2011 the Office of Economic Development was added to the Department of Administration
- (1a) Effective July 2018 the former Facilities Management Division in the Department of Public Works was reassigned to the Department of Administration
- (2) Effective 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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Community Services										
Library										
Population of service area	42,175	41,924	59,532	38,018	40,970	40,970	40,523	40,097	39,719	38,891
Number of public workstations	27	29	29	29	29	29	25	19	19	19
Number of public internet sessions	*	8,920	12,152	13,858	14,427	15,306	13,895	15,153	20,486	21,379
WiFi usage, number of public sign-ins/use	*	5,658	*	20,401	8,497	6,921	7,200	4,422	*	*
Annual circulation of materials	47,939	90,324	133,794	129,695	131,524	173,670	156,175	153,518	193,199	190,613
eBook circulation	*	19,590	14,636	13,156	11,125	10,529	11,265	7,293	4,403	none
Size of collection	50,473	40,319	53,091	50,640	36,986	39,934	41,971	40,945	41,190	46,747
Annual visitors to library (1)	20,496	61,230	91,845	148,958	153,418	143,564	135,115	105,403	129,918	118,182
Annual number of programs	532	344	325	329	377	332	377	358	298	282
Annual program attendance	9,679	6,271	9,575	9,025	16,423	12,036	13,171	12,852	8,232	10,855
Number of cardholders/borrowers	9,634	4,983	11,275	13,807	12,928	13,995	13,328	12,899	10,878	9,975
Total weekly hours	44	63	63	63	63	63	63	63	71	71
Population of service area	17,713	17,608	17,608	17,207	17,207	17,207	17,019	16,840	16,682	16,334
Annual circulation of materials	560	1,969	2,001	4,376	6,910	10,052	15,617	12,091	14,690	19,334
eBook circulation	*	*	212	85	166	282	351	193	156	none
Size of collection	1,350	623	1,015	998	981	1,450	1,686	2,041	2,278	3,372
Annual visitors to bookmobile / mobile library (2)	253	285	428	1,824	4,532	5,450	8,449	7,386	11,204	16,001
Annual number of programs	5	22	17	12	17	18	10	13	17	5
Annual program attendance	930	2,840	2,837	1,616	1,662	1,805	1,094	1,668	2,327	655
Number of borrowers	135	107	248	426	481	484	484	492	502	588
Total weekly hours	32	20	20	25	25	35	35	35	35	35
Parks and Recreation (3)										
Programs:										
Adult	7	84	93	107	133	131	147	158	136	105
Fitness	4	100	109	114	120	96	92	107	131	134
Leagues	37	65	67	63	51	15	10	21	17	14
Recreation Center Drop In (4)	284	996	1,405	1,149	1,503	n/a	n/a	n/a	n/a	n/a
Camps	0	23	40	48	53	51	51	44	47	21

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

Table 17 continued

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Community Services - continued										
Parks and Recreation										
Programs:										
Tot	1	95	104	99	108	98	108	137	173	151
Youth	1	90	124	150	119	129	160	184	188	172
Trips	0	21	28	24	27	36	40	40	49	34
Special events	1	10	10	10	8	12	8	11	13	12
Tournaments	0	9	6	2	1	1	1	1	2	3
Rental permits-Parks/Recreation Center (4)	10 / 4	19 / 24	23 / 55	19 / 33	17 / 19	19	17	19	12	8
Planning Services										
Administrative applications:										
Minor subdivision	48	33	30	26	35	39	36	36	52	45
Minor lot line adjustment	27	28	13	19	25	28	32	28	23	28
Lot consolidation	11	11	11	15	6	11	10	11	18	8
Administrative variance	19	9	9	7	13	13	9	6	5	16
Home occupation	15	15	13	17	12	20	12	19	15	24
Accessory dwelling	12	7	7	5	8	10	7	12	5	10
Elder Cottage Housing Opportunity (ECHO)	0	0	0	1	1	3	2	1	2	0
Regional Planning Commission applications:										
Conditional use without site plan	8	6	10	9	4	5	7	4	5	10
Conditional use with site plan	4	11	11	8	8	3	8	8	9	3
Site plan	1	2	4	4	9	5	4	4	5	3
Subdivision	1	1	1	1	1	2	1	3	4	0
Subdivision waiver	7	9	8	13	21	17	14	24	17	20
Rezoning	1	1	1	0	1	2	0	2	3	1
Rezoning & comprehensive plan amendment	5	5	14	8	11	5	6	4	4	10
Transfer development rights	0	0	0	0	0	0	0	0	0	0
Agricultural preservation	3	1	1	0	0	1	3	1	1	1
Board of Adjustment applications	49	41	46	39	47	62	29	34	30	40
Building Permits Issued	3,854	3,779	3,447	3,589	3,624	3,602	3,290	3,138	3,266	2,952

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

Table 17 continued

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Public Safety (5)										
9-1-1 calls	*	91,939	93,367	90,982	87,921	92,734	93,809	88,687	87,409	94,247
DSP non-emergency calls (6)	*	95,675	94,485	95,700	84,326	91,191	93,828	95,768	92,861	95,330
Fire & EMS non-emergency calls	*	52,804	54,218	51,199	49,510	51,566	55,548	56,497	59,708	63,421
DNREC calls (6)	-	-	-	-	11,144	11,489	10,762	11,505	11,976	12,524
EMS dispatches	*	31,445	31,564	30,695	29,518	29,138	27,964	24,949	23,141	23,583
Fire dispatches	*	6,823	7,084	6,724	6,344	6,489	6,298	5,898	5,770	5,897
Public Works										
Sewer customers number of bills mailed 6/15	16,030	15,510	15,051	14,605	14,208	13,690	13,508	13,012	12,500	12,010
Sewer EDU's billed, without lot fees 6/15	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	18,061.7
Sewer flows processed:										
Total gallons (in millions)	5,506	4,510	5,714	4,788	4,388	4,543	4,711	4,429	4,216	4,273
Contract users portion of total gallons (in millions)	4,038	3,310	4,277	3,667	3,399	3,510	3,669	3,734	3,286	3,296
Number of sewer districts	34	34	34	34	32	32	32	31	29	29
Number of street light districts	141	140	139	138	136	133	133	132	131	127
Number of households served for street lights	15,326	14,849	14,490	14,321	13,874	13,477	13,207	12,883	12,524	12,189
Number of trash collection districts	145	144	141	140	140	138	138	136	136	134
Number of households served for trash collection	16,184	15,652	15,180	14,671	14,285	13,889	13,535	13,087	12,697	12,297
Row Offices										
Clerk of the Peace										
Marriage licenses, resident	990	835	971	1,061	1,105	1,007	1,017	1,061	975	1,051
Marriage licenses, non-resident	60	33	49	50	63	56	54	50	48	58
Certified copy	735	397	352	312	306	288	281	324	269	286
Ceremonies performed	536	413	439	453	498	423	467	520	476	278
Recorder of Deeds										
Deeds recorded	6,623	5,473	5,433	5,635	5,457	4,921	4,496	4,255	4,210	4,125
Mortgages recorded	11,694	7,552	5,687	5,941	6,076	5,733	5,303	5,130	7,014	5,590
Miscellaneous documents recorded	15,406	11,450	10,043	10,246	11,025	10,714	9,962	10,897	13,529	11,418

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

Table 17 continued

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Row Offices - continued										
Register of Wills										
Estates opened	597	471	516	539	516	440	489	469	*	*
Estates closed	467	438	505	440	438	442	495	526	*	*
Sheriff (7)										
Service trips for court documents	-	-	12,542	15,329	15,901	14,683	17,736	21,321	15,929	14,917
Sheriff foreclosure sales	-	-	484	596	873	699	689	801	620	1,094
Personal property sales	-	-	25	25	25	31	35	40	35	40
Sheriff monition sales	-	-	92	223	111	239	199	171	190	215

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	1	-	-	-	-
Acres of land	117	117	117	117	117	111	19	19	19	19
Community Services										
Number of parks	7	7	7	7	7	7	7	7	7	7
Acres of park land	503	503	503	503	503	503	503	503	503	503
Number of suburban parks	3	3	3	3	3	3	3	3	3	3
Number of recreation centers	1	1	1	1	1	1	-	-	-	-
Number of County-owned library buildings	1	1	1	1	1	1	1	1	1	1
Number of County-owned bookmobiles and mobile libraries (1)	2	2	2	1	1	1	1	1	1	1
Public Safety										
Number of public safety buildings (2)	3	3	3	2	2	2	2	2	2	2
Public Works										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of pumping and lift stations (3)	107	107	101	101	101	97	97	93	92	92
Miles of force-main piping (3)	62	62	177	177	177	171	171	162	157	167
Miles of gravity piping (3)	137	137	243	237	237	230	230	228	225	222
Acres of farm property (4)	707	707	707	713	871	877	966	966	968	968

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

Notes:

- (1) In fiscal year 2019 the County purchased a new mobile library vehicle to replace the old bookmobile. The old bookmobile is not in service as of June 30, 2021.
- (2) In fiscal year 2019 the County purchased a building located west of the City of Dover. The building is being renovated for use as a paramedic station and is not in service as of June 30, 2021.
- (3) In fiscal years 2019 and prior the Department of Public Works incorrectly reported miles of piping and number of pump stations. Some of the piping included in fiscal years 2019 and prior were not owned by the County.
- (4) 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, 2021, 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 22, 2021.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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

Kent County's response to the findings identified in our audit is 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2021



**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

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, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2021

KENT COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES
<u>US Department of Agriculture</u>				
Water and Waste Disposal Systems for Rural Communities:				
US 13 Forcemain Rehabilitation - Loan	D	10.760	00-49, 00-50	\$ 5,002,000
Wastewater Treatment Plant Upgrades - Loan	D	10.760	39	3,036,663
Subtotal #10.760				8,038,663
Total US Department of Agriculture				8,038,663
<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	209,174
Combined CDBG Grant	I	14.228	01-19	1,000
Combined CDBG Grant	I	14.228	01-20	186,384
Combined CDBG Grant Program Income	I	14.228	N/A	45,761
Neighborhood Stabilization Program (NSP) Grant Program Income	I	14.228	N/A	492
Subtotal #14.228				442,811
HOME Investment Partnerships Program:				
Home Program	I	14.239	HM-01-18	35,660
NSP Grant / Recovery Act Funded Program Income	I	14.256	N/A	156
Total US Department of Housing & Urban Development				478,627
<u>US Department of Interior</u>				
Wildlife Refuge Direct Revenue Sharing				
FY 2020	D	15.659	N/A	44,809
Total US Department of Interior				44,809
<u>US Department of the Treasury</u>				
Passed through the State of Delaware, Office of Management and Budget				
Covid-19 Coronavirus Relief Fund (CARES Act)	I	21.019	Kent Local CRF	456,346
Total US Department of the Treasury				456,346
<u>The Institute of Museum and Library Services</u>				
Passed through the State of Delaware, Division of Libraries				
Covid-19 IMLS (CARES Act)	I	45.310	Basic Needs	1,509
Total US Department of Interior				1,509
<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 - US13 Forcemain	I	66.458	12000100	26,790
Delaware Water Pollution Control Revolving Fund Loan - US13 Forcemain	I	66.458	12000101	380,136
Total US Environmental Protection Agency				406,926
<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	I	93.243	1H79SP080287	276
Total US Department of Health and Human Services				276

KENT COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR OR CLUSTER TITLE	SOURCE CODE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH GRANTOR'S NUMBER	EXPENDITURES
US Department of Homeland Security				
Passed through the State of Delaware, Department of Safety and Homeland Security / Delaware Emergency Management Agency				
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#163678	65,907
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#163680	6,183
Disaster Grants, Public Assistance, Tropical Storm Isaias FEMA DR-4566-DE	I	97.036	PW#182238	5,543
Subtotal #97.036				77,633
Emergency Management Performance Grant: FY19	I	97.042	EMPG-19-001	32,292
Emergency Management Performance Grant: FY20	I	97.042	EMPG-20-001	133,535
Subtotal #97.042				165,827
Pre Disaster Mitigation	I	97.047	PDMC-PL-03-DE- 2018-004	33,456
Homeland Security Grant Program:				
Protective Barriers Administration Building	I	97.067	FY19-010	30,780
Homeland Security Grant Program (equipment and supplies)	I	97.067	N/A	162,889
Subtotal #97.067				193,669
Total US Department of Homeland Security				470,585
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 9,897,741

Source Code:

D = Direct Federal Funding

I = Indirect Federal Funding

KENT COUNTY, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

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 with the exception of Assistance Listing Number (ALN) 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. 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 \$3,036,663 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2021 was \$2,911,314.

During fiscal year 2019 and fiscal year 2020, the County was awarded \$5,002,000 in loan proceeds from the U.S. Department of Agriculture, Farmers' Home Administration, for the U.S. Route 13 Force Main Rehabilitation project under the FMHA's Water and Waste Disposal System for Rural Communities Program (ALN #10.760). These loans are fully drawn down, and expenditures related to them in the amount of \$5,002,000 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2021 was \$4,958,413.

During fiscal year 2020, the County was awarded \$2,423,100 in loan proceeds from the Delaware Department of Natural Resources and Environmental Control, Delaware Water Pollution Control Revolving Fund, for the U.S. Route 13 Force Main Rehabilitation 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 \$26,790 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2021 was \$2,240,254 (\$1,866,804 or 83.33 percent federal funds and \$373,450 or 16.67 percent state funds).

KENT COUNTY, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 3 LOANS OUTSTANDING (CONTINUED)

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 \$380,136 are reflected in the schedule of expenditures of federal awards. The loan balance at June 30, 2021 was \$456,182 (\$380,136 or 83.33 percent federal funds and \$76,046 or 16.67 percent state funds).

NOTE 4 INDIRECT COSTS

The County did not elect to use the 10% De Minimis cost rate for indirect costs. For the year ended June 30, 2021, 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.

NOTE 6 SUBRECIPIENT AWARDS

The County does not provide any funds from federal programs to any subrecipients. Therefore, there are no subrecipients amounts reported on the schedule of expenditures of federal awards.

**KENT COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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? yes X 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)? yes X no

Identification of Major Federal Programs

Assistance Listing Number(s)

10.760

21.019

Name of Federal Program or Cluster

Water and Waste Disposal Systems for
Rural Communities
COVID-19 Coronavirus Relief Fund

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

\$750,000

Auditee qualify as low-risk auditee?

Yes

**KENT COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Finding 2021-001:	Financial Close and Reporting
Type of Finding:	Material Weakness in Internal Control over Financial 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.

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.)

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 certain adjustments that were necessary for the financial statements to be presented in accordance with GAAP.

Effect

The financial statements were initially misstated by amounts that were deemed to be quantitatively material to several opinion units. Correcting entries were subsequently posted by management to the County's records and the appropriate balances are presented in the audited financial statement.

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.

KENT COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Recommendation Views of responsible officials and planned corrective actions:

I do not agree with the finding of material weakness in internal control over financial reporting. The understatement of cash and investments and the adjustments for revenue recognition for enterprise funds were all reviewed by other auditors over the years and they determined we were reporting it correctly. The adjustments for revenue recognition for the enterprise funds that were identified have been reported the previous way since I came to the County in 1991. So it appears to be an opinion of the current auditing firm and not a hard core fact. We are more than willing to take their advice but feel it is unfair to go to the extreme of stating it as a material weakness in internal control over financial reporting. The understatement of cash and investments were also a difference of opinion. Two prior auditing firms did not state we were reporting it wrong so again it makes it very difficult to understand why now because another firm has a different opinion it becomes a material weakness.

We will never be able to ensure that all balances are appropriately reported because we are not perfect. We will establish a more detailed close process that will list the items/reports needed and what actions are needed related to these items.

Auditor's Conclusion:

Regarding the County's disagreement, we acknowledge that although these adjustments may not have been identified by previous auditors, we believe recordation is necessary to be in accordance with generally accepted accounting principles.

**KENT COUNTY, DELAWARE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

None noted.

Section IV – SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

No prior year findings related to federal awards.