

SUSSEX COUNTY,  
DELAWARE

---

Annual  
Comprehensive  
Financial Report

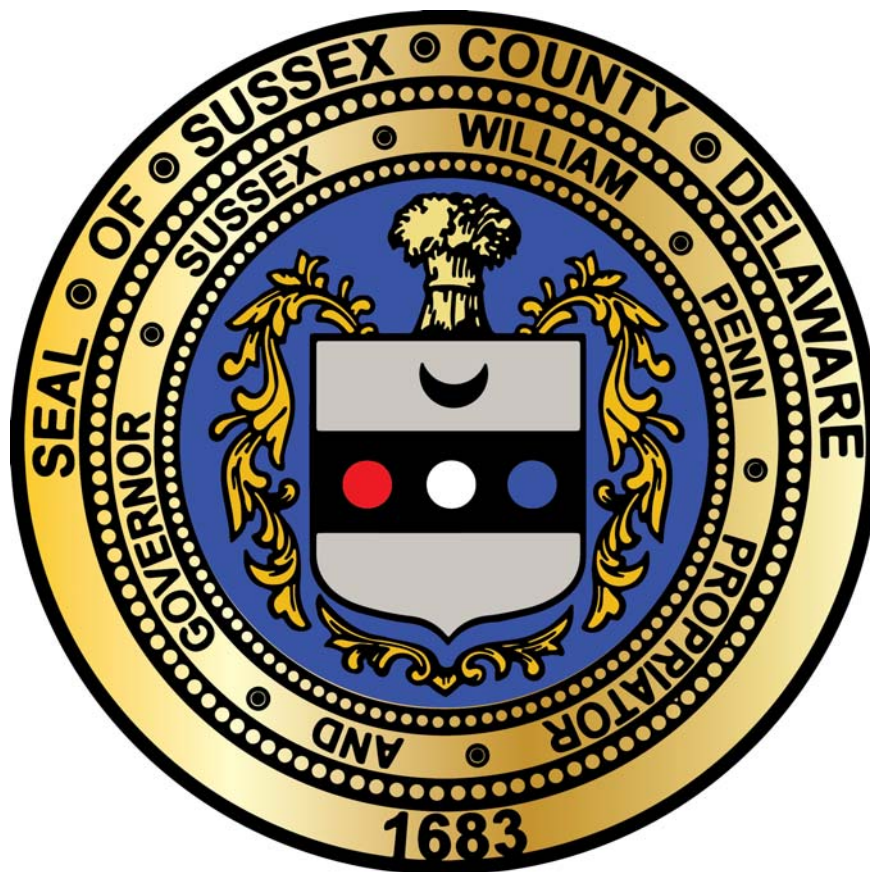
For the Fiscal Year Ended June 30, 2023

2023

---

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



Prepared by the Finance Department

**SUSSEX COUNTY, DELAWARE  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

---

	<b><u>PAGES</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	iv - xii
GFOA Certificate of Achievement	xiii
Organizational Chart	xiv
List of Elected Officials	xv
County Department Heads and Other Officials	xvi
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	1 - 3
<b>MANAGEMENT’S DISCUSSION &amp; ANALYSIS</b>	4 - 18
<b>BASIC FINANCIAL STATEMENTS</b>	
<b><u>Government-wide Financial Statements</u></b>	
Statement of Net Position	19
Statement of Activities	20
<b><u>Fund Financial Statements</u></b>	
Balance Sheet - Governmental Funds	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	25
Statement of Net Position - Proprietary Funds	26 - 27
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29 - 30
Statement of Fiduciary Net Position - Fiduciary Funds	31
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	32
<b><u>Notes to Basic Financial Statements</u></b>	33 - 72
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the Employer’s Net Pension Liability/(Asset) and Related Ratio’s	73

**SUSSEX COUNTY, DELAWARE  
TABLE OF CONTENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2023**

---

	<b><u>PAGES</u></b>
<b>REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED</b>	
Schedule of Employer Contributions - Pension Trust	74
Schedule of Investment Returns - Pension Trust	75
Schedule of Changes in the Employer's Net Other Post-Employment Benefit Liability and Related Ratios	76
Schedule of Employer Contributions - Other Post-Employment Benefit Trust	77
Schedule of Investment Returns - Other Postemployment Benefit Trust	78
<b>INDIVIDUAL FUND FINANCIAL SCHEDULES</b>	
<b><u>General Fund</u></b>	
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual	79 - 80
Schedule of General Fund Expenditures and Other Financing Uses - Budget and Actual	81 - 86
<b><u>Capital Projects Fund</u></b>	
Schedule of Capital Projects Fund Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	87
<b><u>Fiduciary Fund</u></b>	
Combining Statements of Fiduciary Net Position - Fiduciary Funds	88
Combining Statements of Changes in Fiduciary Net Position - Fiduciary Funds	89
<b>STATISTICAL SECTION</b>	
Net Position by Component	91
Changes in Net Position	92 - 93
Fund Balances, Governmental Funds	94
Changes in Fund Balances, Governmental Funds	95
Schedule of Revenues and Expenditures and Other Financing Sources and Uses - General Fund	96
Assessed Value and Estimated Actual Value of Taxable Property	97
Direct and Overlapping Property Tax Rates	98
Principal Property Taxpayers	99
Property Tax Levies and Collections	100
Ratios of Outstanding Debt by Type	101
Ratios of General Bonded Debt Outstanding and Legal Debt Margin	102

**SUSSEX COUNTY, DELAWARE  
TABLE OF CONTENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2023**

---

	<b><u>PAGES</u></b>
<b>STATISTICAL SECTION - CONTINUED</b>	
Demographic and Economic Statistics	103
Employment by Type of Employer	104
Full-time Equivalent County Government Employees by Function/Program	105
Operating Indicators by Function/Program	106
Capital Asset Statistics by Function/Program	107
<b>SINGLE AUDIT SUPPLEMENT</b>	
Schedule of Expenditures of Federal Awards	108
Notes to Schedule of Expenditures of Federal Awards	109
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	110 - 112
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113 - 114
Schedule of Findings and Questioned Costs	115 - 116

# INTRODUCTORY SECTION

SUSSEX COUNTY, DELAWARE

TODD F. LAWSON  
COUNTY ADMINISTRATOR  
(302) 855-7742 T  
(302) 855-7749 F  
tlawson@sussexcountyde.gov



**Sussex County**  
DELAWARE  
sussexcountyde.gov

December 22, 2023

The Honorable Sussex County Council President, members of the Sussex County Council, and the citizens of Sussex County:

We are pleased to present to you the Annual Comprehensive Financial Report for the Sussex County Government for the fiscal year ended June 30, 2023. This report includes the 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.

This report consists of management's representations concerning the finances of Sussex County, Delaware ("the County"). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. The County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's internal control framework has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by BDO USA, P.C., a firm of licensed certified public accountants. A goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the year ended June 30, 2023, are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The single audit section of this report includes these reports and related information. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed

to complement the MD&A and should be read in conjunction with it. Sussex County's MD&A can be found immediately following the report from the independent auditor.

### **Profile of Sussex County**

Sussex County is proud of the natural beauty, mix of small towns, rich history, and popular attractions that are found throughout our county. Sussex County is a rural county in transition; a community that, in some ways, represents a microcosm of the United States with developing, more urbanized seaside resorts to the east and industry and agriculture dominating the central and western landscape. Our county is the largest county in Delaware, comprising a total land area of approximately 938 square miles, or 48 percent of the State's total area, with a population estimated to be more than 255,000 by the United States Census Bureau. The County is bordered on the east by the Atlantic Ocean, on the north by Kent County, Delaware, and on the south and west by that portion of the State of Maryland lying east of the Chesapeake Bay. The Town of Georgetown, the county seat, is situated in the center of the county. The county is within 200 miles of New York City, Philadelphia, Baltimore, and Washington, D.C., putting Sussex County within an eight-hour drive for more than a quarter of the country's population.

The modern County government was established on July 23, 1970, replacing the Levy Court Commission with a Council-Administrator form of government. The government is composed of a legislative body – the County Council – and an administrative arm – the County Administration – that includes operating departments and offices, some of which are administrated by independent officials elected at-large, known as Row Officers. The County Council, which has legislative powers, consists of five members who represent geographic districts. Council members are elected to four-year terms, which are staggered. The County Administrator and County Finance Director are appointed by the County Council. The County Administrator is responsible for the entire range of executive, administrative, and fiscal duties performed by all County departments.

Sussex County is a growing community. Per the 2020 U.S. Census, Sussex County had a population increase of more than 20.4 percent from 2010 to 2020. In a state that had a total increase in population of 92,014 people, Sussex County made up 44 percent of the growth, or 40,233 additional people. Local property taxes are very low, making the county a desirable destination for new residents and retirees. The State of Delaware has never had a general sales tax, inventory tax, or statewide property tax. The eastern portion of the county is home to most of Delaware's beaches and seaside resorts. Sussex's central and western areas are the backbone of Delaware's agriculture industry.

Sussex County is deeply rooted in history and tradition. One of the most unique events, of which the County is tremendously proud, is the biennial event known as Return Day. Return Day is purported to have originated around 1790 and is set on The Circle in Georgetown. Return Day is held two days after Election Day and was started so 'voters' could come to Georgetown to hear the 'returns', or results, of the elections. During this day, election results were read, food was served, and music was played. Sometime later, a parade was started with both the winning and losing candidates riding together in open carriages and, by the 1970s, the ceremonial act of 'burying the hatchet' began, symbolizing the end of the campaign season.

The County government provides a variety of services to the residents of southern Delaware, including land use, building permits, emergency services, assessment, tax collection, public sewer,



libraries and more. To support these services, the County operates with approximately 520 full-time employees.

Rather than slowing the economy, the pandemic and its aftermath spurred the local real estate market. Whereas Sussex County was already known to be a retirement location, there was another group of individuals starting to flock to the area. Being located near major cities, where it is now common for people to work remotely, the County continues to see an uptick in new residents that move here for solely a better quality of life. As the County welcomes new residents, it recognizes an increase in demand for services. For example, our emergency services departments have seen a steady increases over the last decade.

The emergency services that Sussex County provides include paramedics, emergency preparedness, emergency operations, and local emergency planning and communications. As the primary call center, Sussex County's Emergency Operations Center receives more than 123,000 9-1-1 calls a year.

The County owns and maintains the Delaware Coastal Airport and Business Park where approximately 920 jobs are provided by businesses. The Delaware Coastal Business Park was purchased in fiscal year 2018. Since development, the business park has attracted multiple growing businesses. There are shovel-ready lots left to continue to grow and expand business in Sussex County. Being adjacent to the Delaware Coastal Airport and on local rail lines that feed into the Norfolk Southern rail system, businesses that located in the business park have access to highway, rail, and waterway access.

Next to the County's Coastal Business Park is the County's airport, Delaware Coastal Airport. With a 5,500 foot main runway, it is a general aviation facility built in the 1940s and once used by the U.S. Navy. The 525-acre airport has undergone more than \$25 million in improvements in recent years to make it a full-service modern facility that accommodates everything from single-engine planes to corporate aircraft. In the fall of 2022, Ocean Aviation Flight Academy opened its doors at the airport. This flight school has the ability to accommodate up to seven training aircraft.

Also in Sussex County government, a select group of elected officials preside over certain "row offices," or constitutional offices; these include the Marriage Bureau, Recorder of Deeds, Register of Wills, and the Sheriff's Office. The four offices provide services, such as issuing marriage licenses, recording of property deeds, wills, and other legal papers, and performing court-related duties. Each row office is managed by an elected official who is independent of the County Council, but the County government is responsible for each office's staffing, financial accountability, and annual budgets.

The County provides a variety of grant-in-aid funding to its residents, the largest being for public safety, such as services provided by local volunteer fire companies and State and local police. The County also assesses, bills, and collects school taxes for eight independent school districts, as well as property taxes for the County government. The County is the primary funding source for 11 local libraries, which are managed by independent library boards, and Sussex County libraries, including the three County-owned libraries and bookmobile.

Sussex County continues to work on the expansion of wastewater services that are vital in meeting our environmental and population needs. The County serves approximately 88,000 equivalent dwelling units (EDUs) and maintains and operates four treatment facilities. Fiscal year 2023 saw

a 5.3 percent increase from fiscal year 2022's EDUs. As population increases and the elimination of septic systems continues to be a priority, sewer operations will continue to grow in the county. Over the last 10 years, there was a growth of approximately 22,400 EDUs or 34.2 percent. The sewer and water districts' operating budget for Fiscal Year 2023 was \$53.3 million. The County has two enterprise funds: water and unified sewer.

The annual budget is recommended by the County Administrator and approved by the County Council through a budget ordinance prior to July 1 of each year, which is the start of the County's fiscal year. The budget serves as a financial guide for the County. A five-year capital project plan is assembled every year for proposed financing for projects. Please see Note A (Section 21 on page 41) for additional budget information; with budget-to-actual comparisons on pages 79 through 87.

## **Economic Condition of Sussex County**

### **Local Economy**

Sussex County's economy continues to be strong. The number of building permits has increased 74.3 percent over the past nine years, with the largest single year increase being in fiscal year 2021. Although fiscal year 2022 and 2023 had a decrease in the number of permits from the years before, the number of permits is still at heightened levels. As interest rates rise, the housing market is moving from a sellers' market to a buyers' market. According to the Sussex County Housing Market Data provided by Long and Foster using the Multiple Listing Service (MLS), as of August 2023, housing units sold were down 21 percent but the median sale price rose 8% percent to \$485,000 from last year. Properties are staying on the market 48 days, compared to 24 days a year ago. Even with prices on the rise, on average, properties sold 99.7 percent of list price. To compare to our neighboring county, the median sold price in Kent County was \$335,000

A strong local economy is also demonstrated by current employment statistics. According to the U.S. Bureau of Labor Statistics, Sussex County had the largest over-the-year increase in employment in Delaware from March 2022 to March 2023. The increase in employment was 3.6 percent, which was also above the national average employment increase of 2.5 percent. When ranked against the other 361 large counties in the country, Sussex ranked very high at number 48. Along with employment rise, wages also rose. Sussex County's weekly wages rose 9.4 percent, whereas the national average was 6.6 percent, ranking Sussex in the top quarter of the country for large counties. In addition, unemployment levels continue to decline below pre-pandemic levels to 3.9 percent as of August 2023; this percentage is lower than the State of Delaware's 4.6 percent and but slightly higher than the national percentage of 3.8 percent. The average weekly wage is where our county struggles. Sussex County's average is \$1,081, whereas the two other counties in the State are \$1,468 and \$1,100.

Sussex's top industries are clearly driving the employment statistics, so the health of those industries is critical. The three industries with the largest increase in employment over the previous nine years are accommodation and food services, administrative and waste services, and healthcare and social services. Page 104 of this report shows the top 10 employer-types in Sussex County and how it compares to nine years ago. Because the county is a great place to visit and is attractive to the retirement population, it comes as no surprise that these three employment sectors are experiencing the largest increases over time. With accommodation and services realizing the largest increase, it is also understandable why the county's average weekly wage continues to be

lower than the U.S. average. However, as the health care industry continues to rise year after year in Sussex, Sussex should continue to see an above average increase in their average weekly wage.

The healthcare and social assistance industry is still the number one employer in Sussex, surpassing the retail trade industry in 2017. It is important to note that only non-farm employment is captured in this statistic through the Delaware Department of Labor. The growing retirement community in Sussex County contributes to the continual rise in healthcare and social services employment. More than one in four Sussex Countians are age 65 or older, which is higher than the average senior population in Delaware and the U.S. In 2011, the median age was 45.1 years old; eight years later, the median age increased to 50.7.

The healthcare and social assistance industry makes up 15.2 percent of the county's employment; this is down from 15.4 percent in 2014 due to a more diversified employment base. The 15.2 percent does represent 2,800 more employees in the industry than in 2014.

The three major healthcare employers in the county continue to expand their services to meet the demand of our aging residents. The providers are Beebe Healthcare in Lewes, Bayhealth in Milford, and TidalHealth Nanticoke, formerly Nanticoke Health Services, in Seaford. In addition, TidalHealth Peninsula Regional has a 48,000 square-foot "one-stop" healthcare center in Millsboro and ChristianaCare opened two primary care practices in Rehoboth this year.

Beebe continues to expand to meet the demand of our residents and visitors. Last year Beebe opened its 135,000 square-foot Specialty Surgical Center; a center designed to support shorter stays with faster recovery times. It added four operating rooms, 18 patient bays, and 24 private patient rooms for short stays to the area. Beebe is now in the preliminary stages of adding two new offices at this location that would provide room for more physicians and staff. Each building would be 60,000 square feet in size.

In addition to Bayhealth opening a 169-acre, \$314 million facility in February of 2019, Bayhealth continues to expand its footprint in Sussex in 2023 with a 48,500 square-foot emergency and urgent care facility. Bayhealth has expanded its services in Milford with new partnership with Nemours and PAM Rehabilitation Services. Nemours provides primary and senior care services, as well as limited pediatric gastroenterology specialty care. In order to keep these new facilities staff, Bayhealth has opened graduate medical programs, which is currently training 73 resident physicians.

TidalHealth also looks to expand in Sussex. They are planning to construct a new 150,000 square-foot campus in Millsboro by 2025. The campus is expected to offer specialty services, including cardiology and orthopedics, labs, urgent care, surgery and rehab.

The County, along with many concerned businesses and residents, is preparing for the increase in demand for health care. In fact, in March of 2023, Chief Medical Officer at Beebe told the County's local news station, WBOC, that Sussex County will need at least 250 providers over the next three years. Knowing this is a concern, the County partnered this year with Highmark BlueCross BlueShield, the Carl M. Freeman Foundation, the Christian and Julie Hudson Family Foundation, Chesapeake Utilities, Delaware Electric Cooperative, Fulton Bank and the area hospitals to conduct a medical school feasibility study.

With 24,000 employees combined, the second and third largest sectors are retail trade and accommodations and food services. Both of these sectors are driven by the tourism industry and the no-sales-tax benefit in Sussex County. According to the 2022 Delaware Tourism Office Annual Report, \$2.3 billion is generated by visitor spending and supports 19,750 jobs. In the 2022 Report, the top three visitor activities were going to the beach, dining out, and tax-free shopping. Along a two-mile stretch of Delaware Route 1, between Lewes and Rehoboth Beach, there are outlet stores offering a variety of products, such as clothing, tools, shoes, books, gourmet food, and kitchen supplies. The Tanger Outlets have become a year-round destination for those who are attracted by reasonable prices and tax-free shopping.

Visitation to our coastal towns continues to increase. The Southern Delaware Tourism saw the largest amount brought in by hotel tax in 2022. The last time it reached this high was pre-pandemic in 2017. Unfortunately, the industry did have a challenge accommodating all the visitors this year with staff shortages. As noted earlier, the average house price in Sussex County continues to increase. This increase in housing makes it difficult for workers to find affordable housing options. The County, along with businesses, are working to find solutions for the lack of affordable housing to keep up with the demand of staffing needs. According to Delaware Department of Labor, hospitality and tourism jobs will see the most growth from 2020 to 2030 in Delaware, so affordable housing solutions will continue to be at the forefront of many leaders of the county.

The fourth largest industry in Sussex County is manufacturing. This sector employs approximately 10,200 people. This sector's level of employment saw an increase of 760 employees over the last nine years. Sussex County Government is committed to keep this sector diversified and thriving. The major sectors of manufacturing in Sussex include: aeronautical, construction, craft brewing and bottling, fabrication, food, and pharmaceutical. Sussex County partnered with Discover Bank and National Development Council to create a \$16 million loan fund to retain or create jobs. Since 2019, this fund has retained or created 219 manufacturing jobs.

Although these industry-related employment figures from the Bureau of Labor and Statistics do not include farm employment, Sussex County's number one industry remains the agriculture industry. According to Sussex County's 2019 Profile, agriculture has a direct economic impact of \$3.5 billion, with an additional \$1 billion coming from indirect spending related to poultry. Sussex County agriculture employs about 9,800 direct employees, supplying residents with \$400 million a year in income. Per the U.S. Department of Agriculture's census report, the County has continued not only to be the top broiler poultry producing county in the United States, but also the top lima bean producing county for more than 70 years. Approximately 45 percent of the County's land (270,000 acres) contains more than 1,200 farms, where the average farm size is 224 acres. Since 1996, approximately 22 percent of Sussex County farmland is now preserved in the Delaware Agricultural Lands Preservation Foundation. This year the County again partnered with the State of Delaware to preserve additional farms.

To fuel any economy, you need a hard-working and educated workforce. To build such a workforce, you need to have a strong education system. The County is honored to have several public education schools that have earned the National Blue Ribbon distinction for excellence from the U.S. Department of Education. This award recognizes schools that have made significant progress in closing the gaps in achievement, especially among disadvantaged and minority students. There are eight school districts with 26 public elementary, 10 middle, 9 high schools and 3 special education schools.

Sussex County also has options when it comes to higher education. Delaware Technical Community College (DTCC), and its 147-acre Owens Campus in Georgetown, offers associate college degrees, diplomas, or certificates in more than 100 programs. Concentrations are offered in health, business, public service, engineering, and industrial education. To offer programs that complement the employment environment of Sussex County, DTCC created a paramedic program that helps the County fill positions with qualified medics.

If DTCC does not have what a student needs, both Wilmington University and Delaware State University have satellite locations in Georgetown. Delaware State University offers 52 undergraduate fields of study, as well as 16 graduate programs and 5 doctoral degree programs. Delaware State University has offered courses in Sussex County for more than 25 years and provides an opportunity for local students to get a college education through an affordable means. Wilmington University also provides opportunities to obtain a bachelor's, master's, or doctorate degree in flexible formats to accommodate the county's residents. Both universities provide online options for students.

The University of Delaware also has a strong presence in Sussex County that includes locations at the DTCC campus, the College of Agriculture & Natural Resources near Georgetown, and the College of Earth, Ocean and Environment in Lewes. Other university services include Professional and Continuing Studies programs, Osher Lifelong Learning Institute programs, the Small Business and Technology Center and Cooperative Extension, and the Delaware Sea Grant College Program.

As we are now in Fiscal Year 2024, building activity and tourism visitation in the shoulder-season continues to be strong. Both dwelling building permits and building inspections continue to decline since 2021 but are still above 2020 levels. In addition, although also seeing a decline the last couple of years, realty transfer tax revenue is still healthy, and collections are well over the budgeted amount.

### Financial Planning

Our local economy benefits from the low taxes and the attractiveness of our resorts. Fiscal year 2023 was another strong financial year for Sussex County. It is our goal to keep the county a place where people want to visit or stay and raise their family. To do this, we must adequately plan for our future.

Although our economy continues to produce numbers above an average year, we do not take this positive environment for granted. We see that inflation and interest rates continue to rise, and we are aware of the expectations of a recession is coming. We kept these concerns in the forefront as we developed the fiscal year 2024 budget. We made sure to budget all economically sensitive revenues at levels that are sustainable in an average year. Building related revenues, excluding realty transfer tax, were budgeted at 75 percent of what was collected in fiscal year 2022. Due to the fiscal restriction and unprecedented amount of collections, realty transfer tax was budgeted only at 60 percent of the previous fiscal year.

Keeping revenues in check ensures that we keep our expenses at a sustainable level long-term. Our 10-year trend analysis shows that while revenues for both the General and Enterprise Funds increase an average of 6.1 percent per year, the operating expenses are staying below this number at an average of 5.6 percent per year. Unfortunately, with inflation, the gap between these two

percentages has tightened in the last year. We then use these past trends, to project what operational revenues and expenses look like in 10 years. Because our revenue is not as impacted as our expenses are when it comes to inflation, our 10-year projections show that we will slowly begin to use up our healthy reserves. This projection shows that the County will need to make some tough decisions in regard to cutting services or raising new revenue in the next 5 years to continue to be financially healthy as we are today.

The County's financial planning also includes future capital projects. The Fiscal Year 2024 Five-Year Capital Improvement Plan includes \$113.8 million for the expansion and improvement of General Fund services, such as our paramedic system, the Delaware Coastal Airport and Business Park, and library system. The County understands that the Delaware Coastal Airport and the business park are vital components of Sussex County's economy. Thirty-six percent (36%), or \$6.8 million, of the fiscal year 2024 general fund capital budget is to improve the airport and business park. We continue to apply for federal and state funding that pays up to 95 percent of the airport expenses. For example, of the \$6.8 million, \$3.8 million will be funded through these types of grants.

Along with our Governmental Fund Five-Year Capital Improvement Plan, the County also has a five-year plan for utility infrastructure. The five-year plan budgets \$165.8 million for sewer and water expansion and upgrades. Funding for these projects include State Revolving Fund loans, State grants, Federal USDA loans and grants, as well as connection and user fees. The largest projects are the treatment and capacity expansions happening at the Inland Bays and South Coastal Regional Wastewater Facilities.

### Significant Financial Policies

The County's goal is to invest all funds in a manner that provides the highest investment return using authorized instruments while meeting the County's acceptable risk level. In priority order, the primary objectives in investment activities shall be safety, liquidity, and yield. The County is seeing an increase in interest rate. Because of the rising interest rate environment, the County adjusts its maturities to take advantage of the best rates possible. Please see Note B on pages 42 through 44 for additional information regarding cash and collateralization.

Preserving the pension trust fund and the post-retirement employee benefit trust fund is a major objective of Sussex County. The County funds a defined benefit pension plan and other post-employee benefit trust for its employees, which are treated as fiduciary funds in the financial sections. The pension trust fund is held with diversified, but complementary, investment managers. A pension committee, which meets quarterly, oversees the management of both plans and is responsible for making recommendations to the County Council regarding the types of investments. The County works with an investment advisor to assist in providing the best strategy, protection, and investment guidelines for our pension plan. In Fiscal Year 2022, the Council approved lowering its assumed rate of return to ensure the County's commitment to a full-funded status with realistic return assumptions. The County continues to fund its pension above the required actuarial contribution to maintain a highly funded status.

Sussex County continues to strive for balanced budgets and sound financial planning in providing services for residents and visitors. The County's focus, when creating a budget, is to keep expenses within the current sources of revenue. A comprehensive review is done monthly by the Finance Department, which analyzes department expenditures and budget reports. These reviews are

provided to the County Council on a quarterly basis to keep the members informed of the current economic effects on revenues. Relevant financial topics and future strategies are also discussed with County Council. It is the County's fund balance policy to maintain an operating reserve that is at least 20 to 25 percent of total operating expenditures, which is considered "best practice."

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sussex County for its annual comprehensive financial report for the Fiscal Year ended June 30, 2022. This was the 21<sup>st</sup> consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must also satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the County's current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program's requirements, and we are making submission to the GFOA to determine its eligibility to receive another certificate.

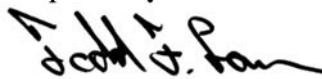
We believe that achieving this award is one example of Sussex County's commitment and dedication to the highest standards of financial management. The preparation of this report on a timely basis is the result of the tremendous efforts of County employees in the Finance Department. We would especially like to thank those employees and the County auditors for their dedication to the completion of this report.

The County also received the Government Finance Officers Association's Distinguished Budget Presentation Award for its Fiscal Year 2024 budget. Obtaining such a prestigious award demonstrates the County's commitment to transparent fiscal management.

On July 12, 2019, Moody's Investors Service upgraded the County's bond rating to "Aaa." Moody's report for the County states, "The financial position of the county is extremely strong as its management team is conservative in its budgeting estimates for its somewhat economically sensitive and volatile revenue stream. The debt burden of the county is modest as it funds all its general governmental needs on a pay-go basis. The pension and OPEB liabilities are manageable, and the County is making significant efforts to contribute to its trust funds to keep the liability low." Moody's recently reaffirmed the "Aaa" rating in November 2022.

We would also like to thank the County Council for their support in maintaining the strong financial position of our County by supporting fiscally sound financial policies. Appreciation is also expressed to all additional individuals who assisted in this effort.

Respectfully submitted,



Todd F. Lawson  
County Administrator



Gina A. Jennings  
Finance Director/Chief Operating Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Sussex County  
Delaware**

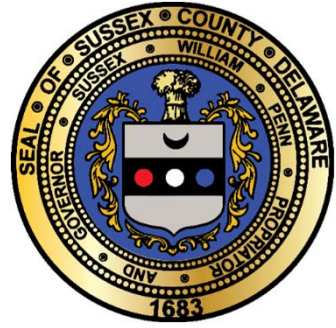
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

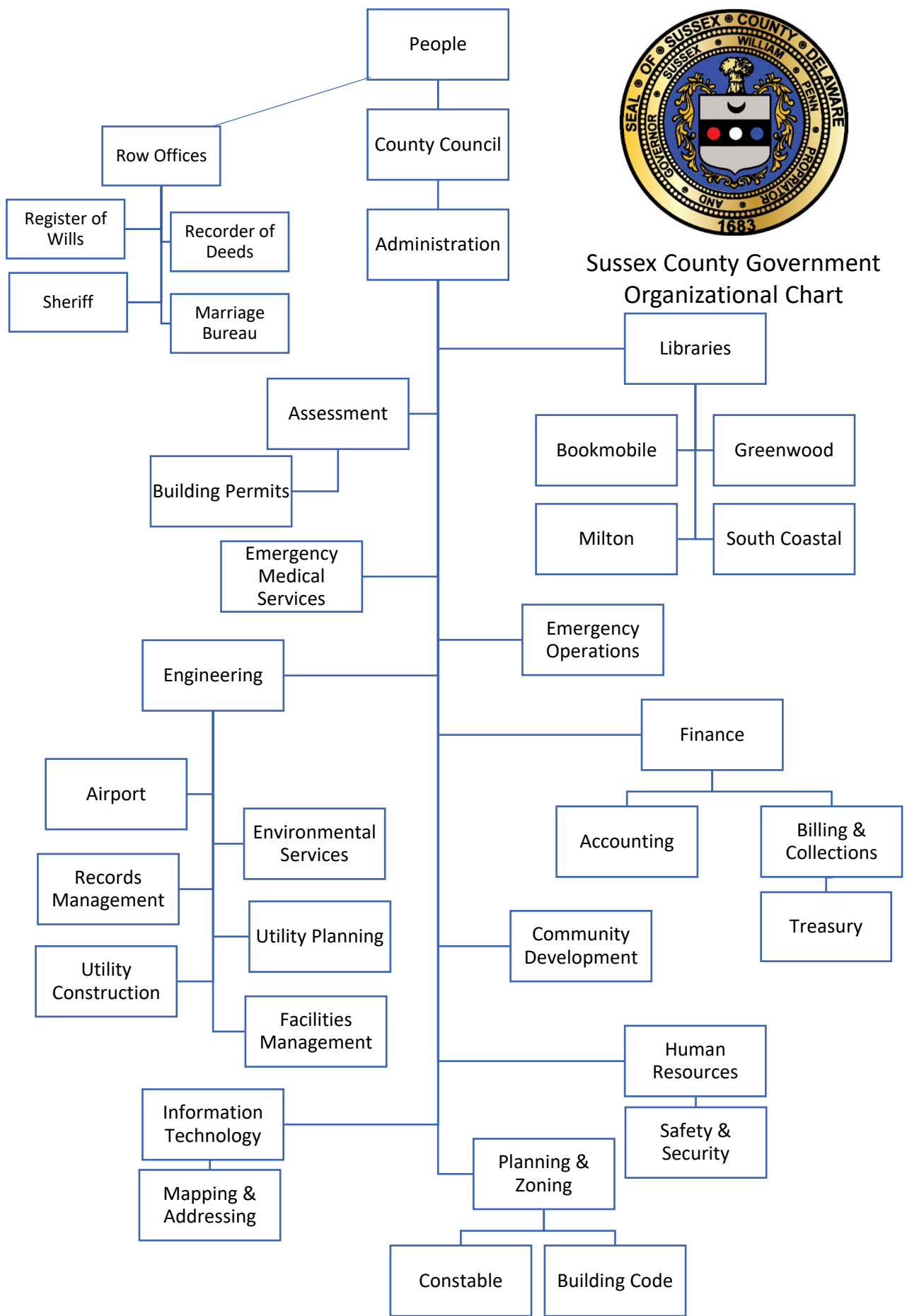
*Christopher P. Morill*

Executive Director/CEO





Sussex County Government  
Organizational Chart



SUSSEX COUNTY, DELAWARE

*LIST OF ELECTED OFFICIALS*

JUNE 30, 2023

---

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i>		
Michael H. Vincent (President)	15 years	Jan. 2025
<i>District 2</i>		
Cynthia C. Green	3 years	Jan. 2025
<i>District 3</i>		
Mark G. Schaeffer	3 years	Jan. 2025
<i>District 4</i>		
Douglas B. Hudson	5 years	Jan. 2027
<i>District 5</i>		
John L. Rieley (Vice President)	5 years	Jan. 2027
-----		
<i>Clerk of the Peace</i>		
Norman A. Jones	7 years	Jan. 2025
<i>Recorder of Deeds</i>		
Alexandra Reed Baker	6 months	Jan. 2027
<i>Register of Wills</i>		
Gregory Fuller	3 years	Jan. 2027
<i>Sheriff</i>		
Robert Lee	9 years	Jan. 2027

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2023

---

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Todd F. Lawson	11 years	12 years
<i>County Attorney</i> - J. Everett Moore, Esquire	15 years	15 years
<i>Finance Director / Chief Operations Officer</i> - Gina A. Jennings, MBA, MPA	10 years	17 years
<i>Deputy Finance Director</i> - Kathy L. Roth, CPA	10 years	17 years
<i>County Engineer</i> - Hans Medlarz, P.E.	7 years	7 years
<i>Assessment Division Director</i> - Christopher S. Keeler	9 years	29 years
<i>Community Development Program Director</i> - Brandy B. Nauman	2 years	16 years
<i>Director of Environmental Services</i> - Parker Burdell	2 years	2 years
<i>Director of Information Technology</i> - Dwayne Kilgo	7 years	11 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	26 years	37 years
<i>Human Resources Director</i> - Karen Brewington	12 years	12 years
<i>Library Director</i> - Rachel T. Lynch	2 years	17 years
<i>Paramedic Director</i> - Robert W. Murray	3 years	29 years
<i>Planning and Zoning Director</i> - Jamie Whitehouse, AICP	3 years	6 years

# FINANCIAL SECTION

SUSSEX COUNTY, DELAWARE



Tel: 302-656-5500  
 Fax: 302-656-8024  
 www.bdo.com

4250 Lancaster Pike, Suite 120  
 Wilmington, DE 19805

## **Independent Auditor's Report**

The County Council of Sussex County, Delaware  
 Georgetown, Delaware

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sussex County, Delaware (the "County") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the County as of June 30, 2023 and the respective changes in financial position, the budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The individual fund financial schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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.

*BDO USA, P.C.*

December 22, 2023

**SUSSEX COUNTY, DELAWARE**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2023. Please consider this Management's Discussion and Analysis (MD & A) along with the additional information included in the letter of transmittal and other sections of the report.

**Financial Highlights**

**Government-wide Financial Statements**

- As of June 30, 2023, total government net position was \$780.3 million. Of this amount, \$83.1 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net position increased by \$53.9 million during the year. The business-type activities net position increased \$25.1 million. This increase is due to growth-related capital costs from sewer expansions being built. The governmental activities' portion of the net position increased by \$28.8 million as a result of the strong real estate market.
- The County has no outstanding General Fund bonded debt.
- In fiscal year 2021, S&P Global Rating upgraded the County general obligation bond rating to AAA. Moody Investors Services also reviewed and maintained it's Aaa rating for the County. S&P Global Rating report for the County states, "...the county's diversifying and growing economy and its strong financial management practices that, and among other things, have led to very strong budgeting performance one serval years, including during the current and past recessions." This rating represents a first-time achievement for Sussex County government.

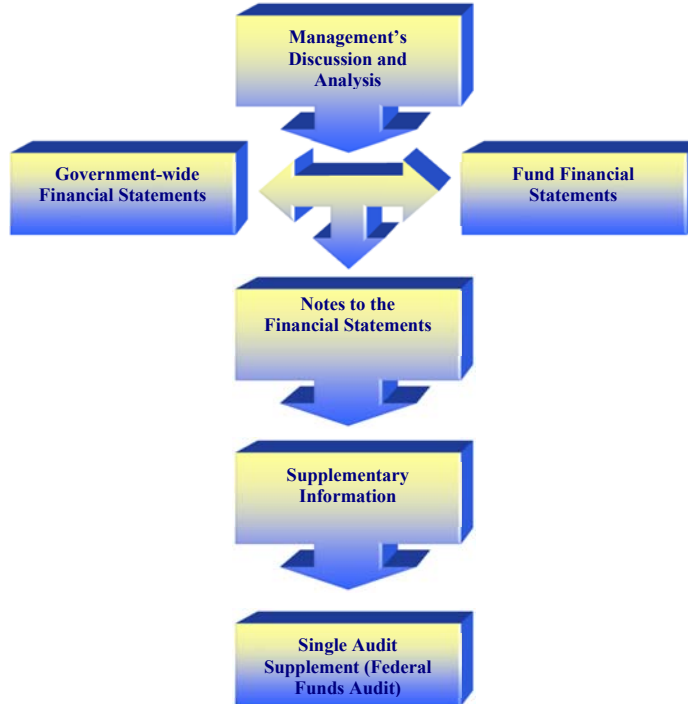
**Fund Financial Statements**

- As of June 30, 2023, the County's governmental funds reported an ending fund balance of \$210.8 million; this is an increase of \$21.8 million from the preceding year. Approximately \$68.3 million was unassigned, or available, for use to meet the County's current and future needs.



## Overview of the Financial Statements

Management’s Discussion and Analysis introduces the County’s basic financial statements. These basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Supplementary information, in addition to the basic financial statements, is also included. The Single Audit (Federal Funds) Supplement follows the supplementary information.



### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County’s finances, in a manner similar to a private sector business. This government-wide financial reporting includes two statements: the Statement of Net Position and the Statement of Activities. Fiduciary activity is excluded from these statements because its resources are not available to finance other County programs.

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

The Statement of Activities presents information showing how the County’s net position changed during the current fiscal year. Changes in net position are reported when the underlying event occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not impact cash flows until future fiscal periods.

Both the Statement of Net Position and Statement of Activities account separately for governmental activities and business-type activities.

- Governmental activities include General Administration, Finance, Human Resources, Facilities Management, Information Technology, County Constable, Grant-in-Aid Programs, Planning and Zoning, Paramedic, Emergency Preparedness, Economic Development and Airpark, County Engineering, Library, Community Development and Housing Programs, and Constitutional Offices.
- Business-type activities include Sussex County sewer and water districts, which are funded by user charges, assessment charges, and connection fees.

The government-wide financial statements immediately follow this MD & A on pages 19 and 20.

### Fund Financial Statements

The next financial statements, beginning on page 21 of this report, are the fund financial statements. A fund is an accounting entity that is used to maintain control over resources that have been segregated for specific activities or objectives. Sussex County, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Sussex County's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental Funds* - Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund financial statements do focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is for the current period, it is useful to compare this information with similar information presented for governmental activities in the government-wide financial statements. Readers may then better understand the long-term impact of the government's current financing decisions. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance include reconciliations to the government-wide financial statements (see pages 22 and 24).

Sussex County maintains two individual governmental funds, which include the general and capital project funds. These two funds are presented in separate columns on the governmental fund financial statements.

The basic financial statements include a budgetary comparison statement for the general fund. A budgetary comparison schedule has been included for the capital projects fund in the supplemental information. Sussex County adopts an annual appropriated budget for its general and capital projects funds.

- *Proprietary Funds* - Sussex County's proprietary funds are solely enterprise funds, which operate in a manner similar to private business enterprises. Sussex County's proprietary funds include: Unified Sewer District and the Water District (see pages 26 through 30).
- *Fiduciary Funds* - Sussex County has two fiduciary funds, the pension trust fund and the post-retirement employee benefit trust fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's

programs. The separate accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on pages 31 and 32 of this report.

Notes to the Financial Statements

Notes to the financial statements found on pages 33 through 72 of this report, provide additional information that is important for a better understanding of the data provided in the financial statements.

Other Information

Pages 73 through 78 include required supplementary information regarding our pension and OPEB plans. Following these pages are general fund and capital project fund budgetary comparison schedules. The fiduciary funds combining statements follow the general fund and capital project fund budgetary comparison schedules. The statistical section follows on pages 91 through 107 with additional County information. The Single Audit, a separate federal awards audit, follows the statistical section.

**Government-wide Financial Analysis**

As previously noted, assets and deferred outflows exceed liabilities and deferred inflows by \$780.3 million as of June 30, 2023. Net position over time may serve as a useful indicator of a government's financial position.

The following table is a summary of the government-wide statement of net position: (2022 restated for SBITA implementation)

**SUSSEX COUNTY'S SCHEDULE OF NET POSITION**

**As of June 30, 2023 and 2022**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Current and Other Assets</b>	\$283,546,176	\$266,849,196	\$106,884,030	\$119,671,238	\$ 390,430,206	\$386,520,434
<b>Capital Assets</b>	113,621,881	104,884,804	567,511,672	532,805,713	681,133,553	637,690,517
<b>Total Assets</b>	397,168,057	371,734,000	674,395,702	652,476,951	1,071,563,759	1,024,210,951
<b>Deferred outflows of resources</b>	10,890,525	15,306,887	3,609,643	5,266,886	14,500,168	20,573,773
<b>Total assets and deferred outflows of resources</b>	408,058,582	387,040,887	678,005,345	657,743,837	1,086,063,927	1,044,784,724
<b>Current and Other Liabilities</b>	65,043,532	71,192,346	11,004,832	8,885,733	76,048,364	80,078,079
<b>Long-term Liabilities</b>	19,440,656	21,380,904	202,916,972	209,967,633	222,357,628	231,348,537
<b>Total Liabilities</b>	84,484,188	92,573,250	213,921,804	218,853,366	298,405,992	311,426,616
<b>Deferred inflow of resources</b>	6,208,580	5,906,917	1,159,480	1,082,111	7,368,060	6,989,028
<b>Total liabilities and deferred inflows of resources</b>	90,692,768	98,480,167	215,081,284	219,935,477	305,774,052	318,415,644
<b>Net Position:</b>						
<b>Net Investment in Capital Assets</b>	111,520,404	101,525,312	361,184,576	324,432,012	472,704,980	425,957,324
<b>Restricted</b>	138,468,808	129,854,977	85,979,015	86,645,337	224,447,823	216,500,314
<b>Unrestricted</b>	67,376,602	57,180,431	15,760,470	26,731,011	83,137,072	83,911,442
<b>Total Net Position</b>	317,365,814	288,560,720	462,924,061	437,808,360	780,289,875	726,369,080

A large portion of the County's net position (60.6 percent) is not available for future use since it represents amounts invested in capital (e.g., land, buildings, machinery, and equipment). This investment is net of any related debt that was used to acquire those assets still outstanding. It should be noted that the resources

needed to repay outstanding debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining \$307.6 million in net position, \$86.0 million is restricted for construction or capital costs incurred for future water and sewer district expansion costs. For governmental activities, \$138.5 million represents realty transfer taxes, lodging tax, and funds for employee benefits. Realty transfer taxes must be used for public safety, economic development, public works, capital projects, infrastructure projects, debt reduction, assessment costs, open space, or recreational activities. Planned uses of realty transfer taxes include buildings and improvements, County airport improvements, and reassessment.

The remaining \$83.1 million in net position is unrestricted and may be used for ongoing obligations to citizens, customers, and creditors. There was an increase in unrestricted net position, and this increase was due to the governmental activities of the County.

The following schedule shows the breakdown of changes in net position for governmental and business-type activities for fiscal years 2023 and 2022.

<b>Sussex County, Delaware</b>						
<b>Changes in Net Position</b>						
<b>For the Years Ended June 30, 2023 and 2022</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues:						
Program revenues:						
Charges for services	\$16,978,400	\$18,851,898	\$33,350,532	\$30,641,642	\$50,328,932	\$49,493,540
Operating grants and contributions	14,518,863	9,936,890	27,129,392	20,414,771	41,648,255	30,351,661
Capital grants and contributions	3,641,335	1,742,413	12,055,311	13,357,146	15,696,646	15,099,559
General revenues:						
Property taxes	18,311,658	17,632,070	-	-	18,311,658	17,632,070
Fire service taxes	2,300,737	2,386,367	-	-	2,300,737	2,386,367
Realty taxes	53,459,501	63,006,928	-	-	53,459,501	63,006,928
Lodging taxes	1,258,496	955,081	-	-	1,258,496	955,081
Investment results	3,106,505	(6,296,359)	18,100	(929,764)	3,124,605	(7,226,123)
Gain/(Loss) on sale of capital assets	(421,907)	50,329	84,922	101,416	(336,985)	151,745
Total revenues	<u>113,153,588</u>	<u>108,265,617</u>	<u>72,638,257</u>	<u>63,585,211</u>	<u>185,791,845</u>	<u>171,850,828</u>
Expenses:						
Primary Government:						
General government	18,931,941	17,721,356	-	-	18,931,941	17,721,356
Planning and zoning	4,407,862	2,936,104	-	-	4,407,862	2,936,104
Paramedics	19,722,967	17,281,301	-	-	19,722,967	17,281,301
Emergency preparedness	6,078,549	5,247,706	-	-	6,078,549	5,247,706
County engineer	1,595,449	1,785,092	-	-	1,595,449	1,785,092
Library	3,283,349	3,306,846	-	-	3,283,349	3,306,846
Economic development and airpark	4,723,973	4,648,729	-	-	4,723,973	4,648,729
Community development	4,159,487	3,168,738	-	-	4,159,487	3,168,738
Grant-in-aid program	18,484,681	22,494,926	-	-	18,484,681	22,494,926
Constitutional offices	2,626,204	2,527,514	-	-	2,626,204	2,527,514
Interest on leases	528,831	415	-	-	528,831	415
Business-type activities	-	-	47,327,757	44,107,539	47,327,757	44,107,539
Total expenses	<u>84,543,293</u>	<u>81,118,727</u>	<u>47,327,757</u>	<u>44,107,539</u>	<u>131,871,050</u>	<u>125,226,266</u>
Change in net position before transfers	28,610,295	27,146,890	25,310,500	19,477,672	53,920,795	46,624,562
Transfers	194,799	(66,250)	(194,799)	66,250	-	-
Change in net position	28,805,094	27,080,640	25,115,701	19,543,922	53,920,795	46,624,562
Net position-beginning	288,560,720	261,480,080	437,808,360	418,264,438	726,369,080	679,744,518
Net position-ending	<u>317,365,814</u>	<u>288,560,720</u>	<u>462,924,061</u>	<u>437,808,360</u>	<u>\$780,289,875</u>	<u>\$726,369,080</u>

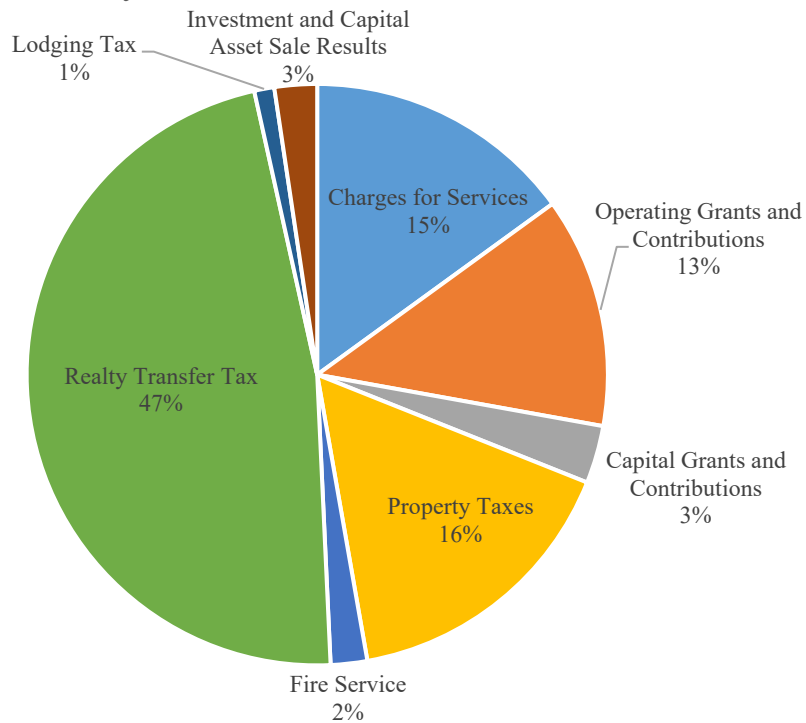
Governmental Activities

Governmental activities increased net position by \$28.8 million during fiscal year 2023. This represents a 10.0 percent increase in net position for the year. Governmental activities include the general fund and capital projects fund.

General revenues total \$78.0 million for fiscal year 2023 for governmental activities. This amount includes \$53.5 million received from realty transfer taxes. This revenue source is \$9.5 million, or 15.2 percent, below fiscal year 2022. This decrease is the first in 11 straight years. However, the \$53.5 million is still the third highest year in County history for realty transfer tax collections, which is a sign that the real estate market is still strong in Sussex County.

The pie chart below shows the allocation of our governmental revenues.

Revenues by Source - Governmental Activities



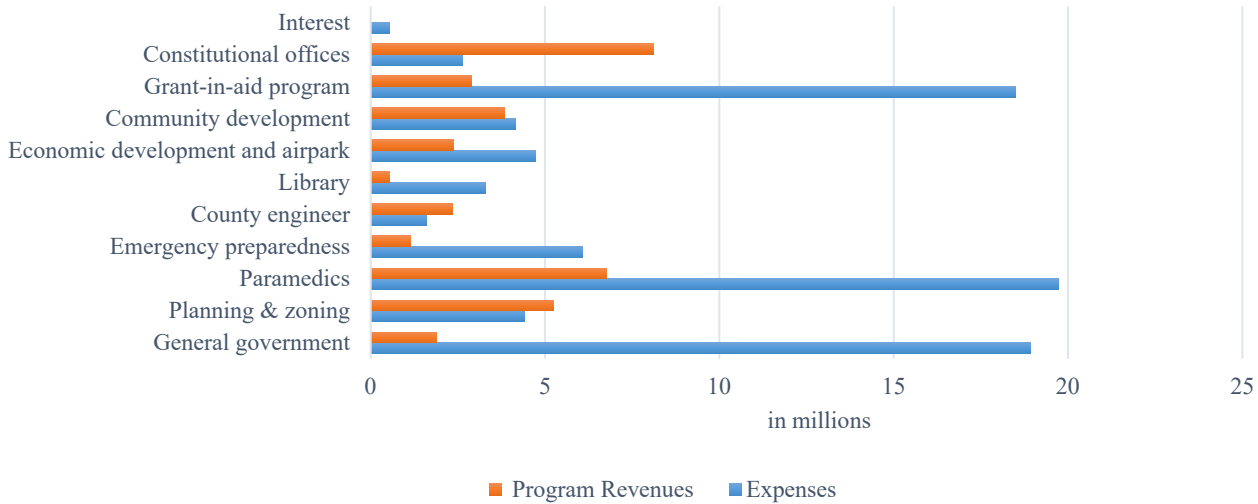
Total Governmental Revenues increased \$4.9 million. The growth was driven by the \$9.4 million increase in investment and capital results, \$4.6 million in operating grants, \$1.9 million in capital grants and contributions, and \$0.7 million increase in property tax. However, these increases were offset by the \$9.5 million decrease in realty transfer tax and \$1.9 million in charges for services.

Governmental charges for services decreased \$1.9 million over the previous year due to the decrease in building related services such as building permits and recording deeds. Even though the County saw a decrease in these revenues, these building related revenues are still higher than any other year before 2021.

The County's operating grants were \$4.6 million more than the previous year, due to additional amounts received by the community development and the American Rescue Plan Act. Capital grants increased \$1.9 million due to the grant-supported projects being completed at the Delaware Coastal Airport.

The following bar chart compares revenues and expenses for each governmental activity.

### Program Revenues and Expenses Governmental Activities



One of the larger expenses to the County is public safety. The population growth of the County over the last decade has impacted the Paramedic Department and the Sussex County Emergency Operations Center possibly more than any other County services. The Sussex County Emergency Operation Center is the largest dispatch center in Sussex County.

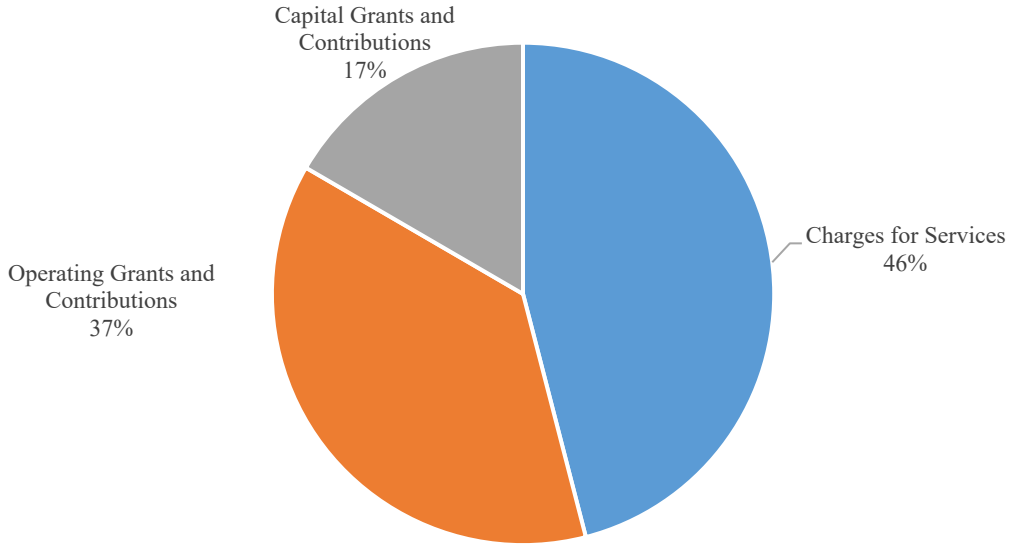
The Paramedic Department is the County’s largest department in terms of expenditures and employees. Our residents and visitors rely on this valuable County service. The paramedics were dispatched 27.5 percent more this year than 10 years ago. In FY 2023, a new administration and training facility for the paramedics was constructed and completed. Currently, we lease and own buildings in different strategic locations throughout the county. The County’s goal is to replace all leased locations with county-owned property for its paramedic stations. As these leases come up for renewal, we are exploring the option to buy rather than rent. To date, we have built six of our ten medic stations. To continue this mission, the County purchased land in Ellendale to build a new medic station.

During fiscal year 2023, the County provided \$18.5 million in grant-in-aid to a variety of local organizations as part of a program to benefit County residents. These grants included fire and ambulance companies, local historical societies, senior centers, educational, recreation, arts, housing, and agriculture programs. The County also has grant programs to assist low-income taxpayers in meeting their property tax obligation or sewer bills. The County continued to supplement the State Police and local law enforcement with a \$4.6 million contribution. The volunteer fire service and ambulance companies received approximately \$5.9 million in grant funding during fiscal year 2023. The County also supports 11 independent libraries through the grant-in-aid budget with a \$2.9 million contribution. The \$2.9 million American Rescue Program Act funds that are granted to outside agencies are also recorded in this category.

Business-type Activities

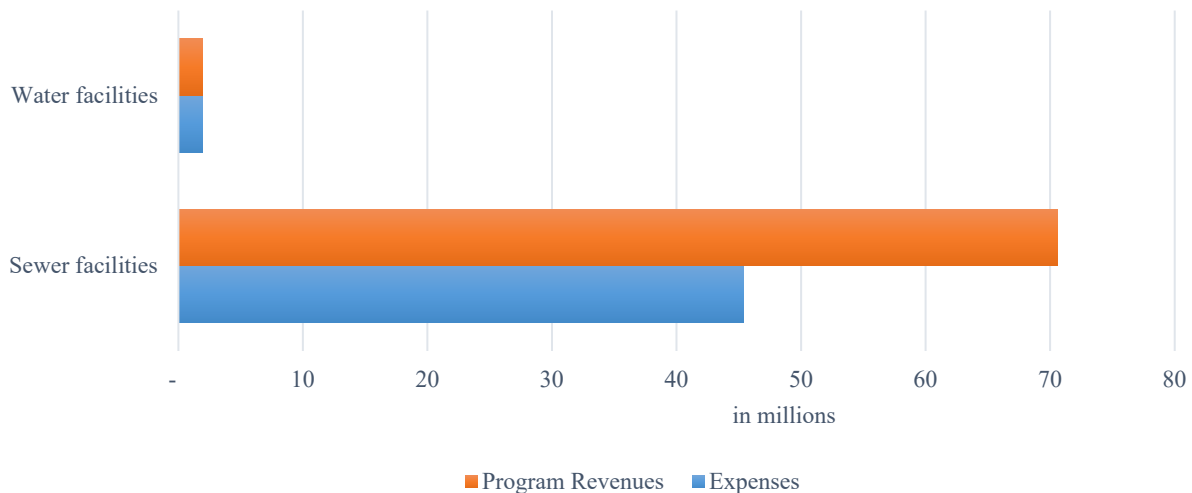
Sussex County’s water and sewer funds had an increase in net position of \$25.1 million during fiscal year 2023. The income before capital contributions and transfers was \$13.3 million. Our sewer district continues to grow, bringing in additional income to help support the growing expense. The number of sewer equivalent dwelling units increased more than 4,400 from fiscal year 2022. Most of the increase was due to more of the Western Sussex area connecting to the Unified Sewer District. The pie chart reflects revenues by source for the water and sewer funds.

Revenues by Source - Business-type Activities



The following bar chart shows that program revenues for both sewer and water facilities.

**Program Revenues and Expenses  
Business-type Activities**



- The County received \$16.9 million in connection fees for new growth in the water and sewer districts. Connection fee income increased from prior year by \$2.0 million.
- Operating grants and contribution program revenue includes both connection fees and assessment charges. Assessment charges are collected to pay debt incurred due to construction.
- Fiscal year 2023 expenses included projects to maintain, rebuild, and renovate our current facilities; this ranges from vehicle replacements, treatment plant improvements, and pump station rebuilds.

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

As previously noted, Sussex County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### **Governmental Funds**

Governmental fund accounting provides information on available or spendable resources. This information is useful in assessing the County's financing requirements for operations. Unassigned fund balance may serve as a useful measure of the County's net resources available for current and future needs.

During fiscal year 2023, fund balances of the County's governmental funds increased \$21.8 million. For the capital projects fund, the fund balance increased \$9.9 million, or 16.3 percent. The increase is due to a \$19.7 million transfer from the general fund to continue to support future capital projects without debt.

For the general fund, fiscal year 2023 finished with an increase in fund balance of \$12.0 million after transferring excess realty transfer tax revenue to the capital projects fund. This increase is a result of departments being under their budgeted expenses. Excluding the ARPA grant expenses, departments were under budget \$12.1 million. Page 96 in the financial section shows a history of Sussex County's revenues and expenses for the general fund since 1978.

Fund balance financial reporting is more detailed, and there are increased disclosures to help with understanding the availability of resources, which improves the usefulness and understanding of fund balance information. The largest part of the County's committed fund balance includes funds already obligated by County Council. Fund balance is restricted for public safety, infrastructure, public works, economic development, assessment, open space, and recreation. Assigned fund balance includes funds to be used in next fiscal year's budget.

During fiscal year 2001, the County defeased all tax supported bonded debt. The County has not incurred any tax supported bonded debt for the general fund since then.

#### **Fiduciary Funds**

Sussex County's pension fund is a defined benefit plan. The annual contribution is determined during the budgetary process. During fiscal year 2023, the contribution was \$0.4 million over the actuarially determined contribution. The fund saw an increase from investment earnings, net of investment expenses, in the amount of \$12.8 million. The County's Pension Plan is 96.5 percent funded according to the latest actuarial report. As of June 30, 2023, assets held in this account were valued at over \$147.0 million.



As of January 1, 2021, new hires were required to contribute 5.0 percent of their gross salary to the pension plan. Employees hired January 1, 2014, to December 31, 2020, are required to contribute 3.0 percent of their gross salary to the pension plan. Employees hired before January 1, 2014, have no contribution requirements for the pension plan.

The County has an irrevocable fund for other post-retirement employee benefits, or “OPEB”. The OPEB Plan is currently 89.2 percent funded. As of June 30, 2023, assets held in this account were valued at \$59.8 million. For fiscal year 2023, the contribution to this fund was \$2.3 million. This contribution was \$0.2 million over the actuarially determined contribution. Due to the County’s commitment, our funding level of this fund is unusually high in comparison with other governments.

In fiscal year 2023, there were 323 retirees and beneficiaries in the pension plan. Beneficiary payments for both funds totaled \$9.3 million.

### Proprietary Funds

The County’s proprietary funds provide the same type of information as in the government-wide financial statements for business-type activities. Net position totaled \$462.9 million - a \$25.1 million, or 5.7 percent, increase over last year. Restricted net position includes amounts set aside for construction and future capital costs. Connection fees received are to be used for capital costs.

Please refer to the government-wide financial statement information regarding business-type activities for additional discussion regarding proprietary funds.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### Budget Goals and Initiatives

The County prepares its budget with the following goals in mind: to balance the budget, to maintain an acceptable reserve, to create no general fund bonded debt, to continue to fund the pension and OPEB plans, and to provide high quality services to the residents of Sussex County. The County continues to strive to promote and develop new and existing businesses, as well as expand and diversify the employment base. We encourage coordination efforts with other private and governmental agencies to proactively attempt to obtain additional and improved employment opportunities for Sussex County. A goal has been to diversify the County’s economy to ensure business activity during economic down cycles.

### Revenue and Appropriation Budgets

Total budgeted revenues, expenditures, and other financing uses are equal to the original approved budget, with adjustments for any approved budget transfers, for fiscal year 2023. During the year, the County Administrator and Deputy Finance Director approve budget transfers for expenditures within departments. The County Administrator approves expenses that are paid from a budgeted contingency line item. The approved budget transfers include increases in certain line items for requested expenditures, which were offset by decreases in other departmental line items. Some of the largest expenses from the contingency line item, as approved by the County Administrator during the year, were for an emergency repair due to a vehicle fire in a garage (\$58,000), a runway pavement analysis (\$55,000), and an emergency repair to

the mobile command unit (\$14,000). During fiscal year 2023, a \$21,000 budget amendment was approved to increase the original budget to collect fees at the newly opened kitchen incubator.

Budget to Actual - Revenue

In fiscal year 2023, actual general fund revenues and other financing sources were under budgeted revenue by \$21 million as noted on page 25 with a detail listing on page 79 and 80. The reason for being under budget was the American Rescue Plan Act Grant. The budget records this as revenue when received. However, the financial statements do not record this as revenue until it has been earned. If you exclude the timing of the American Rescue Plan Act Grant, revenues are over budget by \$19.8 million. The largest revenue source over budget was realty transfer tax; this revenue exceeded the budget by \$20.7 million. Charges for services, which includes building permits and zoning fees, exceeded revenue by \$1.0 million. Another revenue that was over budget was investment earnings in the amount of \$1.4 million. These overage amounts were offset by the \$6.1 million use of appropriated reserves that were planned to be spent during the year.

Budget to Actual - Expenditures

Expenditures after transfers were under budget by \$33.0 million, as noted on page 25, with a detail listing on pages 81 - 86. As mentioned above in the budget to actual revenue section, the large difference has to do with the American Rescue Plan Act Grant. The budget placed the entire expense in fiscal year 2023. However, the County has until 2026 to fully expend the grant funds.

All departments were under budget except Security and Sheriff. Security was over due to an adjustment to the State contract for contracted security; the State contract was renewed after the County budget was approved. Sheriff was over its budget due to employment costs. Many of the departments that were under budget had positions open during the year which drove down salary and health insurance costs.

[the rest of this page was intentionally left blank]

**Capital Asset and Debt Administration**

*Capital Assets*

As per the following chart, capital assets (net of depreciation) are valued at \$681.1 million as of June 30, 2023. Note F, on pages 47 and 48, includes additional information.

Sussex County’s Capital Assets  
As of June 30, 2023 and 2022  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	\$33,883,038	\$31,831,679	\$60,494,718	\$58,692,023	\$94,377,756	\$90,523,702
Construction in Progress	7,919,775	9,334,461	93,329,397	61,403,658	101,249,172	70,738,119
Buildings	41,981,729	33,178,927	37,407,114	38,495,775	79,388,843	71,674,702
Improvements Other Than Buildings	25,081,719	25,942,926	4,584,444	4,949,605	29,666,163	30,892,531
Machinery and Equipment	3,757,803	3,370,499	3,257,101	2,831,343	7,014,904	6,201,842
Infrastructure	201,754	210,749	361,648,282	360,255,594	361,850,036	360,466,343
Right-of-use lease building	22,890	59,812	-	-	22,890	59,812
Right-of-use lease land	-	-	1,674,455	1,760,125	1,674,455	1,760,125
Right-of-use IT subscription	773,173	954,751	370,499	411,215	1,143,672	1,365,966
Purchase capacity	-	-	4,745,662	4,006,375	4,745,662	4,006,375
<b>Total</b>	<b>\$113,621,881</b>	<b>\$104,883,804</b>	<b>\$567,511,672</b>	<b>\$532,805,713</b>	<b>\$681,133,553</b>	<b>\$637,689,517</b>

The major governmental capital project completed in fiscal year 2023 was the completion of the administration and training facility for the Paramedic Department. Construction in Progress decreased, and Buildings increased due to this \$12 million facility. Land also increased due to the County purchasing more property for open space.

The major business-type capital projects completed in fiscal year 2023 was the Mallard Creek sewer area and the Hebron Road sewer redirection. The following are highlights of the major capital sewer projects underway during fiscal year 2023, which will expand the County’s sewer system to serve more residents and protect the environment:

- expansion at the South Coastal Regional Wastewater facility to increase the average daily flow from 6.0 million gallons to 10.0 million gallons per day;
- storm water management at the Inland Bay Regional Wastewater facilities;

- construction of the sewer expansion areas, such as Herring Creek, Mulberry Knoll, Joy Beach, Long Neck Communities, Lockwood, Wolfe Runne, and Slaughter Beach;
- construction of the Piney Neck Regional Wastewater Facility diversion transmission system.

Long-term Debt

As of June 30, 2023, the County had \$196.4 million in outstanding bonds payable. This debt is backed by the full faith and credit of the Sussex County Government, although revenues from sewer and water districts are being used to pay the debt service. This debt was solely used to fund business-type water and sewer activities. There is no general fund bonded debt.

**SUSSEX COUNTY'S OUTSTANDING DEBT**

**As of June 30, 2023 and 2022**

General Bonds

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
General Obligation Bonds	\$ -	\$ -	\$196,402,078	\$202,180,188	\$196,402,078	\$202,180,188
Total	\$ -	\$ -	\$196,402,078	\$202,180,188	\$196,402,078	\$202,180,188

Additional funds were granted or borrowed from the State of Delaware Revolving Fund Loan Program and U.S. Department of Agriculture - Water and Waste Disposal Systems for Rural Communities Program for sewer construction projects. The funding from these two agencies provides affordable sewer and water to our County residents. Loan funds are borrowed at a low interest rate for long terms.

In fiscal year 2021, S&P Global Rating upgraded the County general obligation bond rating to AAA. Moody Investors Services also reviewed and maintained it’s Aaa rating for the County. S&P Global Rating report for the County states, “...the County’s diversifying and growing economy, and its strong financial management practices that, and among other things, have led to very strong budgeting performance one serval years, including during the current and past recessions.” This rating represents a first-time achievement for Sussex County government.

Additional debt information is included in Note K on pages 62 through 69 of the report.

**Economic Factors in Next Year's Budgets and Rates**

Economic Factors

The budget committee continues to forecast the effect of the economy on our revenues. The goal is to maintain operations without depending on a robust economy that brings in additional revenues. The committee wants to make sure that our government is sustainable without adding future burden to the taxpayers. Our reserves are strong and healthy because of fiscally sound financial policies.

- The national unemployment rate, as stated by the Delaware Department of Labor, was 3.6 percent in June 2023, Delaware’s unemployment rate was 4.2 percent; Sussex County’s unemployment – at 3.7 percent - was under the other Delaware County averages.

- Fiscal year 2023 again saw a strong housing market. General fund budgeted revenues, excluding the American Rescue Plan Act and use of reserves, surpassed projections by \$19.8 million. County's property tax assessments saw an increase of 3.7 percent. Although actual revenues for fiscal year 2022 and 2023 came in much higher than budgeted revenues, the budget committee chose not to assume that the economy will continue to expand at the same levels for fiscal year 2024. Building related revenues, excluding realty transfer tax, were budgeted at 75 percent of anticipated collections when creating the fiscal year 2024 budget. Due to the fiscal restriction and unprecedented amount of collections, realty transfer tax was budgeted at 60 percent of the previous completed fiscal year.
- Agriculture continues to be Sussex County's leading economic driver, with the primary focus being grain production and poultry processing.
- Tourism is a major industry in Sussex County with outlet shopping located on the East Coast corridor. The outlets attract customers from other counties and states. Having no state sales tax is an additional draw for outlet shoppers. As we move forward, the budget committee is carefully watching how inflation could impact this industry as well as agriculture.
- Realty transfer tax revenue continues to be higher than any year prior to the pandemic. The attractiveness of the Sussex lifestyle and low cost-of-living continues to bring more retirees and a remote workforce to the county.

#### Fiscal Year 2024 Budget and Rates

The major goal of the fiscal year 2024 budget was to continue to operate within the County's means and still provide an excellent level of service to our residents. As with previous budgets, the fiscal year 2024 budget was put together with long-term planning in mind. As mentioned above, the County has economically sensitive revenues which were budgeted at a percentage of previous years.

As the same with fiscal year 2023, the fiscal year 2024 budget uses a transparent budget platform that clearly defines long-term goals and aligns all initiatives to these goals. There is also a full section on long-term financial planning that shows how the County will sustain operations.

The fiscal year 2024 general fund operating budget increased \$4.1 million from the fiscal year 2023 revised budget. The increase is due to a rise in costs for the MOU with the Delaware State Police to provide additional troopers. The Council also granted additional funds to all local law enforcement agencies in the county and \$1.5 million to the State of Delaware to assist with a recreational area at the Trap Pond State Park. Recurring expenses continue to increase in fiscal year 2024 due to inflation. Although 40 percent of our costs are employment costs, to stay competitive, employee salaries were adjusted by 3 percent. Also to keep up with demand, three positions were also added to the County's staff.

The fiscal year 2024 governmental capital improvements budget had decreased \$9.3 million, or 32.7 percent. The decrease is the result of the paramedic administration and training facility being completed in the current fiscal year. The capital budget uses \$15.0 million of appropriated reserves. These previous collected revenues help the County continue investing in its infrastructure. The County has a practice of setting funds aside for large capital projects. Our goal is to use available funds for these projects instead of borrowing through bond issues. As a result of this practice, the County can be proud that there is no general fund bonded debt. Conservative budgeting, both now and in the past, has enabled the County to not raise property taxes for another year. The largest projects include construction of a paramedic station,

the purchase of land for open space, airport improvements, and a contribution to a parking structure in Georgetown.

The fiscal year 2024 sewer and water operating budget was relatively flat. Expenses are categorized into three general areas: Administration, Operations, and Capital. Maintenance and Operations is budgeted with a 12.9 percent increase to keep up with the new customers who have connected. However Administration and Capital costs decreased about the same amount that Operations increased, making the overall budget relatively flat. The increase in Operations is due to inflation and additional costs for customers coming online. Inflation has increased employment costs, utilities, maintenance contracts, supplies, and insurance. Because of the large increase in costs, the County raised service charges by 3.1 to 4.0 percent depending on the utility. Service charges cover the operation of four wastewater treatment facilities, one water facility and tower, hundreds of pump stations, and 1,022 miles of pipe.

The five-year capital improvement plan of \$279.5 million includes \$165.7 million for sewer and water projects and improvements, as well as \$113.8 million for other governmental fund projects, such as improving the Delaware Coastal Airport and Coastal Business Park, expanding our paramedic infrastructure, and administrative facilities. The sewer and water capital projects include \$87.8 million in sewer treatment plant expansions and upgrades and \$77.9 million in new areas connecting to the unified sewer or water district.

### **Requests for Information**

This financial report is designed to provide an overview of Sussex County's finances and provide a meaningful picture of our County. This report is available on the County's website at [www.sussexcountyde.gov](http://www.sussexcountyde.gov). Any questions concerning this report, or requests for additional information, should be addressed to:

Mrs. Gina A. Jennings  
Finance Director/Chief Operations Officer  
Sussex County Council  
2 The Circle  
P.O. Box 589  
Georgetown, DE 19947  
Telephone: (302) 855-7741

## **BASIC FINANCIAL STATEMENTS**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,031,022	\$ 6,570,112	\$ 15,601,134
Investments	66,177,594	20,934,579	87,112,173
Taxes receivable	1,076,162	-	1,076,162
Lease receivables	4,719,153	614,220	5,333,373
Other receivables	2,188,037	3,222,281	5,410,318
Due from other governmental agencies	2,223,900	4,742,077	6,965,977
Internal balances	16,169,847	(16,169,847)	-
Inventory	26,634	976,371	1,003,005
Prepaid items	384,266	15,222	399,488
Restricted cash and cash equivalents	75,567,012	15,323,513	90,890,525
Restricted investments	104,190,849	70,655,502	174,846,351
Loans receivable	1,791,700	-	1,791,700
Capital assets:			
Land, improvements, and construction in progress	41,802,813	153,824,115	195,626,928
Other capital assets, net of depreciation / amortization	71,023,005	411,642,603	482,665,608
Right-to-use leased assets, net of amortization	22,890	1,674,455	1,697,345
Right-to-use IT subscriptions, net of amortization	773,173	370,499	1,143,672
Total assets	<u>397,168,057</u>	<u>674,395,702</u>	<u>1,071,563,759</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pollution remediation related	400,000	-	400,000
Pension related	8,140,889	2,801,166	10,942,055
Other postemployment benefits related	2,349,636	808,477	3,158,113
Total deferred outflows of resources	<u>10,890,525</u>	<u>3,609,643</u>	<u>14,500,168</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	20,998,694	10,091,325	31,090,019
Accrued interest payable	7,244	904,248	911,492
Employee health claims payable	1,438,233	-	1,438,233
Unearned revenue	39,854,189	9,259	39,863,448
Deposits	2,745,172	-	2,745,172
Long-term liabilities:			
Due within one year	4,384,825	10,032,615	14,417,440
Other due in more than one year	15,055,831	192,884,357	207,940,188
Total liabilities	<u>84,484,188</u>	<u>213,921,804</u>	<u>298,405,992</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	4,781,959	635,866	5,417,825
Other postemployment benefits related	1,158,766	398,715	1,557,481
Pension related	267,855	92,165	360,020
Deferred refunding of bonds	-	32,734	32,734
Total deferred inflows of resources	<u>6,208,580</u>	<u>1,159,480</u>	<u>7,368,060</u>
<b>NET POSITION</b>			
Net investment in capital assets	111,520,404	361,184,576	472,704,980
Restricted for:			
Realty transfer tax expenses: Capital, public safety, econ. development, assessment, open space, recreational	135,715,185	-	135,715,185
Lodging tax expenses: Beach nourishment, waterway dredging, tourism, water quality/flood control	2,252,166	-	2,252,166
Employee and pension benefits	460,178	-	460,178
Construction and capital	41,279	85,979,015	86,020,294
Unrestricted	67,376,602	15,760,470	83,137,072
Total Net Position	<u>\$ 317,365,814</u>	<u>\$ 462,924,061</u>	<u>\$ 780,289,875</u>



SUSSEX COUNTY, DELAWARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 18,931,941	\$ 710,468	\$ 185,473	\$ 1,000,000	\$ (17,036,000)	\$ -	\$ (17,036,000)
Planning and zoning	4,407,862	5,214,423	-	40,000	846,561	-	846,561
Paramedics	19,722,967	54,401	5,705,058	1,000,000	(12,963,508)	-	(12,963,508)
Emergency preparedness	6,078,549	14,200	1,115,646	-	(4,948,703)	-	(4,948,703)
County engineer	1,595,449	2,187,863	154,150	-	746,564	-	746,564
Library	3,283,349	18,532	531,888	-	(2,732,929)	-	(2,732,929)
Economic development and airpark	4,723,973	676,583	93,460	1,601,335	(2,352,595)	-	(2,352,595)
Community development	4,159,487	-	3,826,736	-	(332,751)	-	(332,751)
Grant-in-aid program	18,484,681	-	2,906,452	-	(15,578,229)	-	(15,578,229)
Constitutional offices	2,626,204	8,101,930	-	-	5,475,726	-	5,475,726
Interest	528,831	-	-	-	(528,831)	-	(528,831)
Total governmental activities	<u>84,543,293</u>	<u>16,978,400</u>	<u>14,518,863</u>	<u>3,641,335</u>	<u>(49,404,695)</u>	<u>-</u>	<u>(49,404,695)</u>
Business-type activities:							
Sewer facilities	45,360,436	31,739,069	27,088,880	11,766,452	-	25,233,965	25,233,965
Water facilities	1,967,321	1,611,463	40,512	288,859	-	(26,487)	(26,487)
Total business-type activities	<u>47,327,757</u>	<u>33,350,532</u>	<u>27,129,392</u>	<u>12,055,311</u>	<u>-</u>	<u>25,207,478</u>	<u>25,207,478</u>
Total primary government	<u>\$ 131,871,050</u>	<u>\$ 50,328,932</u>	<u>\$ 41,648,255</u>	<u>\$ 15,696,646</u>	<u>(49,404,695)</u>	<u>25,207,478</u>	<u>(24,197,217)</u>
General revenues:							
Taxes: Property					18,311,658	-	18,311,658
Fire service					2,300,737	-	2,300,737
Realty transfer					53,459,501	-	53,459,501
Lodging					1,258,496	-	1,258,496
Net investment results					3,106,505	18,100	3,124,605
Gain(Loss) on sale of capital assets					(421,907)	84,922	(336,985)
Transfers					194,799	(194,799)	-
Total general revenues and transfers					<u>78,209,789</u>	<u>(91,777)</u>	<u>78,118,012</u>
Change in net position					<u>28,805,094</u>	<u>25,115,701</u>	<u>53,920,795</u>
Net position - beginning					<u>288,560,720</u>	<u>437,808,360</u>	<u>726,369,080</u>
Net position - ending					<u>\$ 317,365,814</u>	<u>\$ 462,924,061</u>	<u>\$ 780,289,875</u>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

-21-

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,031,022	\$ -	\$ 9,031,022
Investments	66,177,594	-	66,177,594
Receivables, net of allowance for doubtful accounts:			
Taxes	1,076,162	-	1,076,162
Assessments and connection	991,589	-	991,589
Accrued interest	441,470	159,224	600,694
Lease receivables	4,719,153	-	4,719,153
Miscellaneous	413,883	-	413,883
Employee advances	181,872	-	181,872
Due from other governmental agencies	2,196,211	27,689	2,223,900
Due from other funds	16,105,086	442,064	16,547,150
Inventory	26,634	-	26,634
Prepaid items	384,266	-	384,266
Restricted cash and cash equivalents	51,384,215	24,182,797	75,567,012
Restricted investments	57,840,914	46,349,935	104,190,849
Total Assets	<u>210,970,071</u>	<u>71,161,709</u>	<u>282,131,780</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other accrued expenditures	20,117,866	880,828	20,998,694
Due to other funds	377,302	-	377,302
Employee health claims payable	1,438,233	-	1,438,233
Unearned revenue	40,068,989	-	40,068,989
Deposits	2,745,172	-	2,745,172
Total Liabilities	<u>64,747,562</u>	<u>880,828</u>	<u>65,628,390</u>
Deferred inflows of resources:			
Lease related	4,781,959	-	4,781,959
Unavailable revenues	928,810	27,689	956,499
Total deferred inflows of resources	<u>5,710,769</u>	<u>27,689</u>	<u>5,738,458</u>
Fund balances:			
Nonspendable	592,772	-	592,772
Restricted	69,231,584	70,211,913	139,443,497
Committed	1,585,717	41,279	1,626,996
Assigned	783,227	-	783,227
Unassigned	68,318,440	-	68,318,440
Total fund balances	<u>140,511,740</u>	<u>70,253,192</u>	<u>210,764,932</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 210,970,071</u>	<u>\$ 71,161,709</u>	<u>\$ 282,131,780</u>

The accompanying notes are an integral part of these financial statements.

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

---

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 210,764,932
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund-level statements.	112,825,818
Right-to-use assets used in governmental activities are not financials resources and, therefore, are not reported in the fund-level statements.	796,063
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund-level statements.	(19,440,660)
Certain tax and grant receivables do not provide current financial resources and therefore are reported as unavailable revenue in the fund-level statements.	1,164,057
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recognized in the fund-level statements.	1,791,700
Consumption of net position by the government that is applicable to a future period.	10,890,525
Acquisition of net position by the government that is applicable to a future period.	(1,426,621)
Net position of governmental activities	<u>\$ 317,365,814</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 75,429,673	\$ -	\$ 75,429,673
Intergovernmental	14,051,974	3,530,476	17,582,450
Charges for services	17,186,230	-	17,186,230
Fines and forfeits	140,862	-	140,862
Investment earnings	2,360,332	746,173	3,106,505
Miscellaneous revenue	307,712	40,000	347,712
Total revenues	<u>109,476,783</u>	<u>4,316,649</u>	<u>113,793,432</u>
<b>EXPENDITURES</b>			
Current:			
General government	15,967,424	69,177	16,036,601
Planning & zoning	4,546,629	-	4,546,629
Paramedics	19,443,829	-	19,443,829
Emergency preparedness	5,561,645	-	5,561,645
County engineer	2,112,036	-	2,112,036
Library	2,943,691	-	2,943,691
Economic development and airpark	1,643,339	-	1,643,339
Community development	4,139,526	-	4,139,526
Grant-in-aid	18,850,874	-	18,850,874
Constitutional offices	2,583,146	-	2,583,146
Debt service related to leases and subscriptions			
Interest	6,885	-	6,885
Financing principal	558,869	-	558,869
Capital projects	-	14,572,623	14,572,623
Total expenditures	<u>78,357,893</u>	<u>14,641,800</u>	<u>92,999,693</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>31,118,890</u>	<u>(10,325,151)</u>	<u>20,793,739</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	310,299	19,659,501	19,969,800
Transfers out	(19,775,001)	-	(19,775,001)
Sale of capital assets	147,475	531,714	679,189
Subscription issued	178,270	-	178,270
Total other financing sources and uses	<u>(19,138,957)</u>	<u>20,191,215</u>	<u>1,052,258</u>
Net change in fund balances	11,979,933	9,866,064	21,845,997
Fund balances - beginning	128,531,807	60,387,128	188,918,935
Fund balances - ending	<u>\$ 140,511,740</u>	<u>\$ 70,253,192</u>	<u>\$ 210,764,932</u>

The accompanying notes are an integral part of these financial statements.

**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, 2023**

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

Net change in fund balances - total governmental funds		\$ 21,845,997
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. The net change is as follows:		
Capital outlays	\$ 16,008,187	
Depreciation and amortization	<u>(6,169,013)</u>	9,839,174
The effect of various miscellaneous transactions involving capital assets (i.e. sales and transfers) is to increase net assets		
		(1,101,096)
Bond and other debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in Statement of Net Position		
Subscriptions issued	\$ (178,270)	
Principal repayments on leases	36,924	
Principal repayments on subscriptions	<u>521,945</u>	380,599
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in funds. The net change is as follows:		
Economic development and neighborhood stabilization loans	\$ 262,940	
Accrued Interest	(7,245)	
Grants	(114,800)	
Property taxes	<u>(99,283)</u>	41,612
Some expenses reported in the statement of activities do not require the use of current financial		
Compensated absences	\$ (611,349)	
Net pension liability	(1,797,576)	
Net other postemployment benefit liability	103,103	
Pollution remediation cost	<u>104,630</u>	<u>(2,201,192)</u>
Change in net position of governmental activities		<u>\$ 28,805,094</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 53,622,000	\$ 53,622,000	\$ 75,429,673	\$ 21,807,673
Intergovernmental	53,830,473	53,830,473	14,051,974	(39,778,499)
Charges for services	16,146,630	16,167,630	17,186,230	1,018,600
Fines and forfeits	50,000	50,000	140,862	90,862
Investment earnings	1,000,000	1,000,000	2,360,332	1,360,332
Miscellaneous revenue	220,200	220,200	307,712	87,512
Total Revenues	<u>124,869,303</u>	<u>124,890,303</u>	<u>109,476,783</u>	<u>(15,413,520)</u>
<b>EXPENDITURES</b>				
Current:				
General government	18,686,994	18,686,994	15,967,424	2,719,570
Planning & zoning	4,814,207	4,814,207	4,546,629	267,578
Paramedics	22,018,966	22,018,966	19,443,829	2,575,137
Emergency preparedness	6,237,803	6,237,803	5,561,645	676,158
County engineer	2,234,269	2,234,269	2,112,036	122,233
Library	3,574,729	3,574,729	2,943,691	631,038
Economic development and airpark	2,357,467	2,378,467	1,643,339	735,128
Community development	5,203,465	5,203,465	4,139,526	1,063,939
Grant-in-aid	63,018,441	63,018,441	18,850,874	44,167,567
Constitutional offices	2,714,362	2,714,362	2,583,146	131,216
Financing Principal	-	-	558,869	(558,869)
Interest	-	-	6,885	(6,885)
Total Expenditures	<u>130,860,703</u>	<u>130,881,703</u>	<u>78,357,893</u>	<u>52,523,810</u>
Excess (deficiency) of revenues over expenditures	<u>(5,991,400)</u>	<u>(5,991,400)</u>	<u>31,118,890</u>	<u>37,110,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	47,000	47,000	310,299	263,299
Transfers out	(115,500)	(115,500)	(19,775,001)	(19,659,501)
Sale of capital assets	-	-	147,475	147,475
Subscription issued	-	-	178,270	178,270
Appropriated reserves	6,059,900	6,059,900	-	(6,059,900)
Total other financing sources and uses	<u>5,991,400</u>	<u>5,991,400</u>	<u>(19,138,957)</u>	<u>(25,130,357)</u>
Net change in fund balances	-	-	11,979,933	11,979,933
Fund balances - beginning	128,531,807	128,531,807	128,531,807	-
Fund balances - ending	<u>\$ 128,531,807</u>	<u>\$ 128,531,807</u>	<u>\$ 140,511,740</u>	<u>\$ 11,979,933</u>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2023

-26-

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Unified Sewer District</b>	<b>Water</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 6,260,888	\$ 309,224	\$ 6,570,112
Restricted	14,691,676	631,837	15,323,513
Receivables, net of allowance for doubtful accounts:			
Service charges	552,710	44,950	597,660
Assessments and connection	146,348	-	146,348
Interest and penalties	40,307	1,972	42,279
Accrued interest	311,027	6,978	318,005
Lease receivables	70,920	87,038	157,958
Miscellaneous	45,929	-	45,929
Employee advances	85,511	-	85,511
Due from other funds	389,039	-	389,039
Investments:			
Unrestricted	9,538,310	578,586	10,116,896
Restricted	30,033,519	237,009	30,270,528
Inventory	918,208	58,163	976,371
Prepaid items	15,222	-	15,222
Total current assets	<u>63,099,614</u>	<u>1,955,757</u>	<u>65,055,371</u>
Noncurrent assets:			
Investments:			
Unrestricted	10,050,163	767,520	10,817,683
Restricted	40,134,189	250,785	40,384,974
Noncurrent accounts receivables:			
Service charges	878,218	54,736	932,954
Assessments and connection	504,535	-	504,535
Interest and penalties	280,268	3,538	283,806
Accrued interest	45,013	902	45,915
Lease receivables	172,549	283,713	456,262
Miscellaneous	219,039	300	219,339
Due from other governmental agencies	4,742,077	-	4,742,077
Capital assets:			
Land, improvements, and construction in progress	153,715,793	108,322	153,824,115
Other capital assets, net of depreciation	405,220,065	6,422,538	411,642,603
Right-to-use leased assets, net of amortization	1,674,455	-	1,674,455
Right-to-use IT subscription assets, net of amortization	334,390	36,109	370,499
Total noncurrent assets	<u>617,970,754</u>	<u>7,928,463</u>	<u>625,899,217</u>
Total Assets	<u>681,070,368</u>	<u>9,884,220</u>	<u>690,954,588</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows from other postemployment benefits	780,054	28,423	808,477
Deferred outflows from pension	2,702,687	98,479	2,801,166
Total Deferred Outflows of Resources	<u>3,482,741</u>	<u>126,902</u>	<u>3,609,643</u>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED  
JUNE 30, 2023

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Unified Sewer District</b>	<b>Water</b>	<b>Totals</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 9,952,863	\$ 138,462	\$ 10,091,325
Accrued interest payable	903,774	474	904,248
Due to other funds	16,486,737	72,149	16,558,886
Current portion of long-term liabilities	9,993,811	38,804	10,032,615
Unearned revenue	6,461	2,798	9,259
Total current liabilities	<u>37,343,646</u>	<u>252,687</u>	<u>37,596,333</u>
Noncurrent liabilities:			
Long-term liabilities, less current portion	192,750,233	134,124	192,884,357
Total noncurrent liabilities	<u>192,750,233</u>	<u>134,124</u>	<u>192,884,357</u>
Total Liabilities	<u>230,093,879</u>	<u>386,811</u>	<u>230,480,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow from leases	266,552	369,314	635,866
Deferred inflows from other postemployment benefits	384,698	14,017	398,715
Deferred inflows from pension	88,925	3,240	92,165
Deferred inflows - charge on refunding	32,734	-	32,734
Total Deferred Inflows of Resources	<u>772,909</u>	<u>386,571</u>	<u>1,159,480</u>
<b>NET POSITION</b>			
Net investment in capital assets	354,617,607	6,566,969	361,184,576
Restricted for:			
Expansion and/or replacement of transmission as well as treatment and disposal projects	84,859,384	1,119,631	85,979,015
Unrestricted	14,209,330	1,551,140	15,760,470
Total Net Position	<u>\$ 453,686,321</u>	<u>\$ 9,237,740</u>	<u>\$ 462,924,061</u>

The accompanying notes are an integral part of these financial statements.



STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Unified Sewer District</b>	<b>Water</b>	<b>Totals</b>
Operating revenues:			
Charges for services	\$ 28,279,349	\$ 1,507,514	\$ 29,786,863
Operational grants	254,134	2,569	256,703
Other operating revenue	3,459,720	103,949	3,563,669
Total operating revenues	<u>31,993,203</u>	<u>1,614,032</u>	<u>33,607,235</u>
Operating expenses:			
Amortization expense	244,786	14,783	259,569
Contractual services	6,834,126	1,144,201	7,978,327
Depreciation	15,302,490	272,823	15,575,313
Employee benefits	4,303,519	126,523	4,430,042
Equipment and tools	307,367	8,544	315,911
Maintenance and repairs	2,325,960	70,869	2,396,829
Miscellaneous	6,246	-	6,246
Process chemicals	444,948	-	444,948
Professional fees	323,810	2,670	326,480
Salaries	5,763,338	119,235	5,882,573
Shared costs	4,538,418	189,101	4,727,519
Supplies	928,600	18,010	946,610
Training and travel	28,860	-	28,860
Total operating expenses	<u>41,352,468</u>	<u>1,966,759</u>	<u>43,319,227</u>
Operating (loss) income	<u>(9,359,265)</u>	<u>(352,727)</u>	<u>(9,711,992)</u>
Nonoperating revenue (expenses):			
Interest and investment results	1,018,437	30,045	1,048,482
Assessment and connection fees	25,827,291	15,016	25,842,307
Gain on sale of capital assets	82,951	1,970	84,921
Gain on lease termination	5,776	-	5,776
Interest expense	(4,007,968)	(562)	(4,008,530)
Total nonoperating revenues	<u>22,926,487</u>	<u>46,469</u>	<u>22,972,956</u>
Income (loss) before contributions and transfers	13,567,222	(306,258)	13,260,964
Capital contributions	10,890,913	-	10,890,913
Capital grants	869,764	288,859	1,158,623
Transfers in	115,500	-	115,500
Transfers out	(310,299)	-	(310,299)
Change in net position	<u>25,133,100</u>	<u>(17,399)</u>	<u>25,115,701</u>
Total net position - beginning	<u>428,553,221</u>	<u>9,255,139</u>	<u>437,808,360</u>
Total net position - ending	<u>\$ 453,686,321</u>	<u>\$ 9,237,740</u>	<u>\$ 462,924,061</u>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR YEAR ENDED JUNE 30, 2023

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Unified Sewer District</b>	<b>Water</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 32,383,914	\$ 1,601,819	\$ 33,985,733
Other receipts	3,961,453	2,569	3,964,022
Due to other funds	(389,039)	11,737	(377,302)
Payments to employees	(9,610,427)	(231,643)	(9,842,070)
Payments to suppliers	(13,960,148)	(1,461,893)	(15,422,041)
Net cash flows for operating activities	<u>12,385,753</u>	<u>(77,411)</u>	<u>12,308,342</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(39,295,750)	(312,292)	(39,608,042)
Assessment and connection fees	25,725,407	15,015	25,740,422
Bond proceeds	3,060,323	-	3,060,323
Proceeds from sale of assets	88,727	1,970	90,697
Capital contributions	869,764	733,750	1,603,514
Interest paid	(3,982,087)	(88)	(3,982,175)
Retirement of bonds and related costs	(9,097,254)	(19,923)	(9,117,177)
Transfers from other funds for capital activities	115,500	-	115,500
Transfers to other funds for capital activities	(310,299)	-	(310,299)
Due to/from other funds for capital activities	7,166,179	(444,668)	6,721,511
Net cash flows for capital and related financing activities	<u>(15,659,490)</u>	<u>(26,236)</u>	<u>(15,685,726)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest income and investment results	960,751	25,003	985,754
Net sale / (purchases) of investments	7,386,380	51,032	7,437,412
Net cash flows from investing activities	<u>8,347,131</u>	<u>76,035</u>	<u>8,423,166</u>
Net increase (decrease) in cash and cash equivalents	<u>5,073,394</u>	<u>(27,612)</u>	<u>5,045,782</u>
Cash and cash equivalents - beginning	15,879,170	968,673	16,847,843
Cash and cash equivalents - ending	<u>\$ 20,952,564</u>	<u>\$ 941,061</u>	<u>\$ 21,893,625</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
 FOR YEAR ENDED JUNE 30, 2023

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Unified Sewer District</b>	<b>Water</b>	<b>Totals</b>
<b>Reconciliation of operating (loss) income to net cash provided by operating activities:</b>			
Operating (loss) income	\$ (9,359,265)	\$ (352,727)	\$ (9,711,992)
Adjustments to reconcile operating (loss) income to net cash provided by operating			
Depreciation / Amortization	15,547,276	287,606	15,834,882
Increase (decrease) in accounts payable - interfund	(377,302)	11,737	(365,565)
Increase in accounts payable - other	877,849	232,042	1,109,891
Increase (decrease) in accounts payable - suppliers	1,726,321	(20,177)	1,706,144
Decrease in compensated absences	(175,937)	(7,864)	(183,801)
Increase (decrease) in customer receivables	3,795,459	(241,687)	3,553,772
Decrease in inventory	(267,851)	(8,320)	(276,171)
Decrease in other operating receivables	(13,164)	-	(13,164)
Increase in salaries and benefits payable	632,367	21,979	654,346
Net cash provided by operating activities	<u>\$ 12,385,753</u>	<u>\$ (77,411)</u>	<u>\$ 12,308,342</u>
<b>Schedule of non-cash capital and related financing activities:</b>			
Contributions of capital assets	\$ 10,890,913	\$ -	\$ 10,890,913

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
 JUNE 30, 2023

	<b>Pension and OPEB Trusts Total</b>
	<u>                    </u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,519,123
Investments:	
U.S. Treasuries	14,538,209
Government Agencies	246,345
Corporate obligations	41,365,906
Core Real Estate	10,607,716
Infrastructure	10,950,622
Mutual funds and pooled investments	<u>126,058,218</u>
Total Investments	<u>203,767,016</u>
Account receivable	23,361
Accrued interest	<u>456,097</u>
Total assets	<u>206,765,597</u>
<b>LIABILITIES</b>	
Accounts payable	<u>107,765</u>
Total liabilities	<u>107,765</u>
<b>NET POSITION</b>	
Restricted for:	
Pension	146,945,986
Postemployment benefits other than pensions (OPEB)	<u>59,711,846</u>
Total net position	<u><u>\$ 206,657,832</u></u>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Pension and OPEB Trusts Total</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 6,017,318
Employee contributions	447,964
Investment earnings:	
Net appreciation of investments	11,900,705
Interest and dividends	6,468,374
Total investment earnings	<u>18,369,079</u>
Less investment costs	<u>(351,046)</u>
Net investment earnings	<u>18,018,033</u>
Total additions	<u>24,483,315</u>
<b>DEDUCTIONS</b>	
Beneficiary payments	9,295,891
Professional fees	261,101
Total deductions	<u>9,556,992</u>
Net increase in plan net position	<u>14,926,323</u>
Net position restricted for pension and OPEB benefits - beginning	<u>191,731,509</u>
Net position restricted for pension and OPEB benefits - ending	<u>\$ 206,657,832</u>

The accompanying notes are an integral part of these financial statements.

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Sussex County, Delaware (the County) was founded in 1683. Local government is provided by a five-member elected County Council. The County principally provides general administrative services, emergency preparedness services, airport services, paramedics, Constitutional Row Offices, zoning, libraries, housing and economic development programs, and sewer and water services.

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to State and Local governments (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The County has adopted all applicable GASB statements through No. 99.

**1. Reporting Entity**

The accompanying financial statements include various agencies, departments, and offices that are legally controlled by or dependent on the County Council (the primary government). As defined by GAAP, the County's financial reporting entity is required to consist of all organizations for which the County is financially accountable or for which there is a significant relationship. The County has no component units in its reporting entity. The following do not meet the established criteria for inclusion in the reporting entity and, therefore, are excluded from this report: the towns, school districts, and independent libraries within Sussex County.

**2. Basic Financial Statements - Government-wide Statements**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's governmental activities consist of general government, grant-in-aid programs, planning and zoning, paramedic program, emergency preparedness, economic development and airport, county engineer, library, community development and housing programs, and constitutional offices. The County's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a combined basis by column.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Direct expenses are those that are clearly identifiable with a specific function.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other funds to recover the direct costs of General Fund services provided (finance, personnel, engineering, information technology, etc.). The reimbursement from funds is budgeted as another financing source. For GAAP purposes, the charge is eliminated like a reimbursement, reducing the corresponding expenditures in the General Fund.

---

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

**2. Basic Financial Statements - Government-wide Statements - continued**

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

**3. Basic Financial Statements - Fund Financial Statements**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its position, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the County:

**Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

**General fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital projects fund** is maintained to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). These funds are provided by intergovernmental grants, investment income, and operating transfers from the General Fund. Some projects may take longer than one year to complete. Major capital projects expenditures in fiscal year 2023 were for land for open space program, public safety building construction and airport and business park expansion and improvements. As of June 30, 2023, the major projects being planned over the next five years include \$72.4 million for airport and business park improvements and expansion, \$33.0 million for property acquisition and improvements, and \$7.8 million for public safety buildings.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The following is a description of the proprietary funds of the County:

**Enterprise funds** are used to account for the provision of water and sewer services to customers in the County's Water and Sewer Districts. For presentation purposes, all funds are major and include the Unified Sewer Fund and Water Fund. Activities of the enterprise funds include administration, operations and maintenance of the water and sewer system, billing, and collection activities.

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 are charges to customers.

---

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

**3. Basic Financial Statements - Fund Financial Statements - continued**

for providing services. Operating expenses include the cost of services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

**Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net position and changes in net position, reported using accounting principles similar to proprietary funds. The Pension Trust Fund is used to account for the assets of the Sussex County Employee Pension Plan, which is part of the County's legal entity. It is a single employer defined benefit pension plan that provides benefits to eligible County employees. The Post-retirement Employee Benefit Trust Fund is used to account for the assets of the Sussex County Post-Retirement Employee Benefit Plan, which is part of the County's legal entity. A stand-alone report is not issued for the either of these Plans.

The County's fiduciary funds are presented in the fiduciary funds financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**Major and Nonmajor Funds**

The funds of the financial reporting entity are further classified as major or nonmajor. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The County does not have a nonmajor fund.

**4. Measurement Focus and Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary and fiduciary fund statements. Revenues are recognized when earned and expenses are recognized when incurred.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period that, for the County's purposes, is considered to be within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.



---

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

**5. Cash and Cash Equivalents**

The County has defined cash and cash equivalents to include cash on hand, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Restricted cash mainly consists of amounts held by the County for the proceeds from grant programs, Constitutional Row Offices, lodging tax, realty transfer tax, developer cash bonds, and various sewer system reserves and construction funds.

**6. Investments**

The investments are reported in accordance with the authoritative guidance on fair value measurements and disclosures, the County discloses the fair value of its investments in a hierarchy that ranks the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest ranking to valuations based upon unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest ranking to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Inputs other than quoted prices that are observable for the assets, including quoted prices for similar investments based on interest rates, credit risk, and like factors.

Level 3 - Unobservable inputs for the assets.

Investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The fair value of certain investments that do not have readily determinable fair values can be presented at net asset value (NAV) as a practical expedient to the hierarchy above. The inputs and methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

**7. Accounts Receivable**

Accounts receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**8. Lease Receivable**

Beginning in fiscal year ending June 30, 2022, the financial statement included the adoption of GASB Statement 87, Leases. The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the County may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments of \$11,883 are recorded as an inflow of resources in the period the payment is received.

The County is a lessor of buildings, parcels of land, and tower space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and the governmental fund financial statements.

---

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

**8. Lease Receivable - continued**

At the commencement of the lease, the County initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. There are no agreements as a lessee or lessor that include sale-leaseback or lease-leaseback transactions.

**9. Inventory and Prepaid Items**

Inventories are valued at cost using first-in, first-out (FIFO) or market and represent supplies owned by the County. The costs of these inventories are recorded as expenditures when consumed.

Significant payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method, by recording an asset for prepaid amount and reflecting the expenditure in the year in which the services are consumed.

**10. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation or amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10 - 50 years
Improvements	5 - 50 years
Equipment & machinery	5 - 20 years
Infrastructure	10 - 50 years
Purchased capacity	25 years

The County's governmental activities capital assets consists mainly of buildings, parking lots, airport aprons, airport runways, and land. The County's proprietary activities capital assets consists mainly of buildings, land, pump stations, water tower, sewer and water processing plants and equipment and purchased capacity which reserves area in the treatment plant for the County's sewer users.

The County's governmental activities right-of-use lease assets consist of buildings, land and subscription-based information technology agreements. The County's proprietary activities capital assets consist of land and subscription-based information technology arrangements. The right-of-use assets are initially measured at an amount equal to the initial measurement of the related liability and implementation costs. The right-of-use assets are amortized on a straight-line basis over the terms of the related leases and subscription-based information technology agreements.

**11. Lease Liabilities**

The County leases various building and parcels of land. The County recognizes a lease liability and an intangible right-of-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commence of the lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made.

---

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

**11. Lease Liabilities - continued**

The lease asset is initially measured at the initial amount of the lease liability, adjusted before or made at the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The liabilities were measured at a discount rate, discount rate is based on the publicly available data points from across the municipal bond market to generate a consensus view of municipal bond yields and spreads on a quarterly basis. The County did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment.

**12. Subscription-Based Information Technology Arrangements**

The County is party to 19 subscription-based information technology arrangements (SBITAs). The County recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide and proprietary financial statements. The governmental funds report SBITA current expenditures in the fund level statement of revenues, expenditures, and changes in fund balance. The County recognizes subscription liabilities with an initial term greater than twelve months and an individual value of \$5,000 or more. Remaining subscription terms range from one to three years with annual fixed payments due of \$729,652 with various SBITA's having monthly or annual payments. For SBITAs with a maximum possible term of 12 months or less at commencement, the County recognizes expenses/expenditures based on the provisions of the arrangement.

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) the subscription payments.

The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which the County has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain the County or vendor will exercise that option or to terminate if it is reasonably certain that the County or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The County monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

---

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

**12. Subscription-Based Information Technology Arrangements - continued**

The County capitalizes qualifying initial implementation costs of \$5,000 or more as part of the subscription asset. Preliminary project stage outlays are expensed as included. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

**13. Deferred Outflows/Inflows of Resources**

Deferred Outflows of Resources, reported after Total Assets, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category. The first is deferred outflow from pollution remediation as described in Note S. The second is deferred outflows from pensions as described in Note G. The third is deferred outflows from other postemployment benefits as described in Note H. These items will be recognized as part of pension and OPEB expense in future periods.

Deferred Inflows of Resources, reported after Total Liabilities, which represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The County has four items that qualify for reporting in this category. The first deferred inflow from other postemployment benefits is described in Note H. The second deferred inflow from pension is described in Note G. The third is the deferred charge on refunding reported in the government-wide statement of net position. A deferred net charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth is the deferred inflow from lease as described in Note D.

**14. Bond Premiums and Discounts**

Bond premiums and discounts for proprietary funds are amortized over the term of the bonds, which range from one to forty years, using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

**15. Deposits and Unearned Revenue**

Deposits represent monies held by the County to be remitted to others, while unearned revenue represents amounts to be recognized by the County as revenue in future periods.

**16. Compensated Absences**

Employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to two times their yearly vacation and, for sick days, up to a maximum of 90 days. The proprietary funds of the County accrue accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. Compensated absences for governmental funds are a reconciling item between the fund and government-wide presentations.

**17. Equity Classifications**

*Government-wide and Proprietary Fund Net Position*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, retainage, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the other definitions

---

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

**17. Equity Classifications - continued**

*Governmental Fund Balances*

As defined in the Fund Balance Policy adopted by County Council on June 21, 2011, in the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts that can be spent only for specific purposes because of the Delaware Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed - Amounts that can be used only for specific purposes determined by a formal vote and a positive vote by Sussex County Council.
- d. Assigned - Amounts that are constrained by the government's intent to be used for a specific purpose and these decisions can be made by the County Administrator, Finance Director or Budget Committee.
- e. Unassigned - All amounts not included in other spendable classifications.

The General Fund should be the only fund that reports a positive unassigned fund balance.

When an expense is incurred for business-type activities for which either restricted or unrestricted resources can be used, the County makes a decision on a transaction-by-transaction basis. For governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Authority is given to the County Administrator, Finance Director and Budget Committee to assign funds for specific purposes. The assigned funds are for specific programs or projects that were approved in prior budgets that were not spent in the current fiscal year, specific requests made by Council or for a specific need as identified by the County Administrator. A list of the assigned funds will be maintained by the Finance Director. Approval from both the Finance Director and the County Administrator must be given to set aside funds as Assigned Fund Balance. This authority was granted in the Fund Balance Policy approved by County Council on June 21, 2011.

The County has a goal of 20 - 25% of the most recent approved budget for general fund expenditures for general fund unrestricted funds. In the event the balance drops below the established minimum level, the Finance Director may develop a plan to replenish the fund balance to the established minimum level within three years.

**18. Revenues**

Those revenues susceptible to accrual are property taxes, special assessments, interest revenue, charges for services, intergovernmental, and miscellaneous. All other revenue items are considered to be measurable and available only when cash is received by the County. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GAAP. In applying GAAP to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Program revenues include: charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes.

The County's property tax year runs from July 1 to June 30. Property taxes are recorded and attached as an enforceable lien on a property on July 1, the date levied. Taxes are payable under the following terms: July 1 through September 30, face amount; after September 30, a 1.5% penalty per month is charged on the unpaid balance due. Property taxes are recognized as revenue in the budget year (beginning July 1 after the levy date) for which they are levied.

---

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

**19. Expenditures**

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**20. Interfund Activity**

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon combination. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**21. Budgets and Budgetary Accounting**

Prior to March 1, the Budget Committee begins accepting budget requests electronically from each department and agency. The budget must identify the specific level of service provision and describe how priorities have been established and incorporated into the budget. These budgets are prepared by early April. The Budget Committee then develops an annual operating budget, using these department budgets to evaluate the priority and costs of various services. The recommended annual operating budget is then presented to Council by the County Administrator. This submission includes proposed operating budget ordinances setting forth the proposed departmental appropriations and various tax rates to balance the budget. The Council reviews the budget both internally and through public hearings. Subsequently, the budget is adopted through legislation by Council prior to July 1. The operating budget ordinance and related revenue ordinances are officially adopted when approved by the County Council. The County legally adopts an annual budget for the general fund and the capital projects fund.

Appropriations are legislated at the departmental level. Budget transfers occur among the line items within each department throughout the year with the approval of the County Administrator and Deputy Finance Director. The Council authorizes a budget contingency line item in the annual budget to assist with unexpected expenses. The aggregate amount of the budget cannot be changed without a public hearing and an amended ordinance. All unused and unencumbered annual appropriations lapse at fiscal year-end.

The budgets for the County's general fund and capital projects fund have been prepared on a basis materially consistent with GAAP. Final budgeted amounts are as amended through June 30, 2023. Unexpended appropriations in the operating budget lapse at year end.

**22. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows or resources disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**23. Explanation of Reconciling Item on the Governmental Fund Balance Sheet**

The governmental fund balance sheet includes reconciliation between fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the \$1,791,700 difference "Other long-term assets are not available to pay for current period expenditures and therefore, are not recognized in the fund level statements" is as follows:

Loan receivable	\$ 1,791,700
-----------------	--------------

---

**NOTE B - CASH AND INVESTMENTS - FOR ALL ACTIVITIES AND FUNDS**

All deposits are in various financial institutions and are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. On June 30, 2023, the carrying amount of the County's deposits was \$107,015,065 and the bank balance was \$109,010,782. None of the County's deposits were uninsured or uncollateralized at year end.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In regards to investments, custodial credit risk is in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County's investment policy requires collateralization by each financial institution with direct obligations of the U.S. government, agency securities or Federal Home Loans Bank line of credits. Collateral must be maintained at a third party.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County's investment. The County's primary objective of its investment activities is the safety of principal in order to mitigate interest rate risk. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in U.S. government securities earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest is paid to the County.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy stresses safety of principal as investments are made with judgment and care. U.S. government securities are not considered to have credit risk and, therefore, their credit risk is not disclosed. Investments issued by Federal Home Loan Bank and Federal Home Loan Mortgage Corporation have an AAA credit rating at year end. The County does purchase commercial paper in only the highest credit rating categories. The County does not have any other investments that are credit quality rated.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The County has no formal policy to address the concentration of credit risk attributed to a single issuer.

The County's investment policy for the primary government accounts authorizes the following investments:

1. Bonds or other obligations of which the faith and credit of the United States of America are pledged;
2. Obligations of federal governmental agencies issued pursuant to Acts of Congress;
3. Repurchase agreements that are secured by any bond or other obligation for the payment of which the faith and credit of the United States are pledged;
4. Certificates of deposit and other evidences of deposit of financial institutions;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist of dollar-denominated securities;
6. Commercial paper rated in the highest rating category by Rating Services.

[the rest of this page was intentionally left blank]

**NOTE B - CASH AND INVESTMENTS - FOR ALL ACTIVITES AND FUNDS – CONTINUED**

The County’s investment policy for the Pension and Other Post-Retirement Employee Benefit Trusts authorizes the preceding investments as well as the following investments:

7. Local government investment pools administered by the State of Delaware.
8. Obligations of state or local government issuers that are rated at the time of acquisition by the Trustee or a Depository in one the two highest rating categories by the Rating Services;
9. Banker’s acceptances with a maximum term of one year and a rating of “Prime-1” or “A3” or better by Moody’s Investors Services and “A-1” or “A” or better by Standard & Poor’s Corporation;
10. Global investment pools;
11. Core Real Estate;
12. Private infrastructure;
13. Bank loans

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. U.S. Treasury and mutual funds are valued using prices quoted in active markets. Government agency and corporate debt securities are valued using matrix pricing techniques maintained by various pricing vendors that value securities based on the securities’ relationship to benchmark quoted prices. There has been no change in the valuation technique. The aggregate fair value by input level, for the County investment’s as of June 30, 2023, are as follows:

	<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>General Government</b>				
Investments by fair value level				
U.S. Treasury securities	\$ 10,324,713	\$ 10,324,713	\$ -	\$ -
U.S. Government agencies securities	228,165,372	-	228,165,372	-
Commercial paper	7,367,285	-	7,367,285	-
Total	<u>245,857,370</u>	<u>10,324,713</u>	<u>235,532,657</u>	<u>-</u>
Investments at amortized cost:				
Certificates of deposits	<u>16,101,154</u>			
Total investment General Government	<u>261,958,524</u>			
<b>Pension and Other Post-Retirement Employee Benefit Trust</b>				
Investments at fair value level				
U.S. Treasury securities	14,538,209	14,538,209	-	-
U.S. Government agencies securities	246,345	-	246,345	-
Corporate obligations	41,365,906	-	41,365,906	-
Mutual Funds	118,580,059	118,580,059	-	-
Total	<u>174,730,519</u>	<u>133,118,268</u>	<u>41,612,251</u>	<u>-</u>
Investments measured at the net asset value (NAV)				
Infrastructure	10,950,622			
Global pooled equities	7,478,159			
Core Real Estate	10,607,716			
Total	<u>29,036,497</u>			
Total Pension and Other Post-Retirement Employee Benefit Trust investments	<u>203,767,016</u>			
	<u>\$465,725,540</u>	<u>\$143,442,981</u>	<u>\$277,144,908</u>	<u>\$ -</u>



**NOTE B - CASH AND INVESTMENTS - FOR ALL ACTIVITES AND FUNDS – CONTINUED**

The fair value of investments by contractual maturity as of June 30, 2023 is shown below.

Investment Type	Total	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	11-15
U.S. Treasuries	\$ 24,862,922	\$ 9,438,818	\$ 10,034,824	\$ 5,389,280	\$ -
Government Agencies	228,411,717	80,658,992	147,752,725	-	-
Corporate obligations	41,365,906	31,463,208	6,867,675	3,035,023	-
Certificates of deposits	16,101,154	16,101,154	-	-	-
Commercial paper	7,367,285	7,367,285	-	-	-
Mutual funds	118,580,059	118,580,059	-	-	-
Infrastructure	10,950,622	10,950,622	-	-	-
Global pooled equities	7,478,159	7,478,159	-	-	-
Core Real Estate	10,607,716	10,607,716	-	-	-
Total Investments	<u>\$465,725,540</u>	<u>\$292,646,013</u>	<u>\$164,655,224</u>	<u>\$8,424,303</u>	<u>\$ -</u>

Detail for investments at NAV are as follows: pooled equities represent two collective investment trusts, global and non-U.S., designed to track components of the MSCI ACWI for the global approach and MSCI ACWI ex U.S. for the non-U.S. approach. Redemptions can be made at daily NAV as calculated by the trustees based on underlying holdings and have no notice or frequency restrictions. Core real estate and infrastructure represent the County's ownership interest in a limited partnerships investing in commercial real estate and infrastructure, respectively, throughout the U.S. NAV is determined by partnership management based on value of holdings as of the last day of the most recent quarter and may be illiquid. Investors may elect withdrawals, upon a 90-day written notice, to have some or all of their interest redeemed at NAV. Requests are accommodated each calendar quarter as liquid assets permit. The County has no unfunded commitments with these investments.

Reconciliation of cash and investments to the Government-wide Statement of Net Position:

Cash on hand	\$1,995,717
Carrying amount of deposits	107,015,065
Carrying amount of investments	<u>465,725,540</u>
Total	<u>\$ 574,736,322</u>

Primary Government

Unrestricted

Cash and cash equivalents \$ 15,601,134

Investments 87,112,173

Restricted

Cash and cash equivalents 90,890,525

Investments 174,846,351

Total primary government 368,450,183

Fiduciary funds (not included in government-wide statement)

Cash and cash equivalents 2,519,123

Investments 203,767,016

Total fiduciary funds 206,286,139

Total \$574,736,322

**NOTE C - ACCOUNTS RECEIVABLE**

The allowance for uncollectible receivables on June 30, 2023 is \$15,461 for service, \$6,575 for assessment and \$3,294 for interest and penalties. The County does not have an allowance for uncollectible property taxes because all are considered collectible.

---

**NOTE D - LEASE RECEIVABLE**

The County's general fund activities have various operating leases with local businesses to rent property, mainly located in the County's industrial airpark. Business – type activities have operating leases to rent farmland and tower space. These leases range in terms of one year to forty-five years. The lease receivables that qualified GASB 87 leases are measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate based on the incremental borrowing rate based on lease elements. Lease revenue that does not qualify under GASB 87, is treated as a current financial resource.

**Governmental - Activities:**

The County leases land and buildings at the Delaware Coastal Airport and Industrial Park. These leases include Federal Aviation Administration requirements, due to their proximity to the County's airport. The lease terms vary from five to forty years. The approximate annual lease amount is \$573,200. The County recognized \$420,880 in lease revenue and \$82,487 in interest revenue during the fiscal year. In addition, the County recognized \$11,883 in variable lease revenue during the year, which is not included in the measurement of the lease receivable. The lease receivables value was \$4,602,869 as of June 30, 2023, for these leases. Also, the County has a deferred inflow of resources associated with this leases that will be recognized as revenue over the lease term. The deferred inflow of resources as of June 30, 2023, was \$4,658,888.

The County leases space on communication tower to a cellular communication company, located on a permanent easement at the Gumboro Fire Station. The term remaining is 18 months. The County will receive approximately \$2,500 monthly. The County recognized \$28,809 in lease revenue and \$491 in interest revenue during the fiscal year. The lease has an interest rate .814%. As of June 30, 2023, the receivable value was \$44,797. Also, the County has a deferred inflow of resources associated with this lease. As of June 30, 2023, the deferred inflow of resources was \$43,214.

During the current fiscal year, the County entered into a five-year land lease to a third party for farming. The County will receive approximately \$10,820 per year. The County recognized \$7,576 in lease revenue and \$52 in interest revenue during the fiscal year. The lease has an interest rate 2.23%. As of June 30, 2023, the receivable value was \$40,634. Also, the County has deferred inflow of resources associated with this lease. As of June 30, 2023, the deferred inflow of resources was \$46,264.

During the current fiscal year, the County entered into a five-year lease portion of land for to a third party for construction of a communication hut. The initial lease is for five years, with five options to renew for another five-year increments. The County will receive approximately \$6,000 annually. The County recognized \$1,768 in lease revenue during the current fiscal year. The lease receivable value as of June 30, 2023 is \$30,853. The lease has an interest rate 2.23%. Also, the County has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$33,593.

**Business-type Activities:**

The County leases land near the County's sewer treatment plants to farmers to produce agriculture products not for human consumption or to others for hunting rights, these parcels of land are assets of the sewer fund, listed below are details for agreements.

The County has various land leases which were entered into in prior years. The leases terms are from eighteen months to ten years. The lessees are required to make annual fixed payments of \$59,844. The County recognized \$54,536 in lease revenue and \$1,877 in interest. As of 6/30/2023, the value of the lease receivable is \$123,519. The leases have interest rates range from .435% to 1.525%, based on the rate in place at the time of the lease inception. The County also has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. The value of deferred inflow of resources as of June 30, 2023 was \$138,084. The lessees all have extensions options from one to ten years.

During the current year, the County entered into land leases with various parties. The lease terms are from five to ten years. Sussex County will receive fixed payments of \$16,041. The County recognized \$7,467 in lease revenue and \$54 interest during the fiscal year. As of June 30, 2023, the value of the lease receivable is \$119,949. The lease has an

**NOTE D - LEASE RECEIVABLE – CONTINUED**

interest rate of 2.582%. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. The value of deferred inflow of resources as of June 30, 2023, was \$128,468. The lessees have the option extend the lease yearly after the initial term.

The water fund has three leases with cellular communication companies that lease space located on the on the Dewey water tower. During the current year two of the lessees exercised their option to extend their leases for an additional five years. The remaining lease terms are from one to six years. The annual payments for the current fiscal year were \$97,741. The County recognized lease revenue of \$96,668 and \$1,193 in interest during the current fiscal year. As of June 30, 2023, the value of the lease receivable was \$370,752. The lease interest rate is .648% to 2.23%, based on rate in place at the time of the lease inception. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. The deferred inflow of resources as of June 30, 2023, was \$369,314. The lessees all have extension options for additional 120 months.

The future principal and interest lease payments as of June 30, 2024, for each of the next five years and thereafter in the aggregate are:

**Governmental Activities:**

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$426,324	\$104,678	\$531,002
2025	368,283	101,581	469,864
2026	215,634	95,735	311,369
2027	198,284	91,132	289,416
2028	175,963	86,759	262,722
2029 – 2033	869,816	372,268	1,242,084
2034 – 2038	802,766	272,752	1,075,518
2039 – 2043	662,685	182,702	845,387
2044 – 2048	667,604	97,091	764,695
2049 – 2053	323,890	17,764	341,654
2054 – 2058	4,180	760	4,940
2059 – 2062	3,724	228	3,952

**Business-type Activities:**

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$157,958	\$ 12,044	\$170,002
2025	114,648	9,829	124,477
2026	87,581	7,637	95,218
2027	85,133	5,683	90,816
2028	67,353	3,746	71,099
2029 - 2033	54,099	10,287	64,386
2034 - 2038	23,392	6,492	29,884
2039 - 2043	24,056	2,076	26,132

**NOTE E - LOANS RECEIVABLE**

Under the County’s Economic Development Stimulus Loan Program, loans were provided for certain projects for economic development and job growth purposes. The balance outstanding total \$32,559 at June 30, 2023. The balance contains one loan which bears no interest, matures on April 2026, and is secured with the full faith and credit of the borrowing municipality.

The County’s Excite Sussex County Fund, part of the Grow America Fund, Inc. (GAF) has partnered with local funding institutions to provide economic development and job growth in Sussex County. The County has deposited \$4,000,000 with GAF along with matching grant funds of \$11,250,000. Deposits not yet used for loans with GAF are

**NOTE E - LOANS RECEIVABLE - CONTINUED**

restricted for small business lending. The County's loan balance was \$1,095,742 at June 30, 2023, with interest at 1% per annum.

The County's Neighborhood Stabilization Program, in partnership with local nonprofits, provides zero percent interest loans for a term of thirty years for the purpose of providing affordable financing for moderate to low-income families. The loans are secured by liens on the real property. The balances outstanding at June 30, 2023 total \$663,399.

Governmental loans receivable total \$1,791,700 as of June 30, 2023, which are not reflected on the governmental funds balance sheet.

**NOTE F - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	<b>Balance at June 30, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2023</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$31,831,679	\$3,140,550	\$1,089,191	\$33,883,038
Construction in progress	9,334,461	11,501,250	12,915,936	7,919,775
Total capital assets, not being depreciated	<u>41,166,140</u>	<u>14,641,800</u>	<u>14,005,127</u>	<u>41,802,813</u>
Other capital assets:				
Buildings	47,629,074	9,775,394	-	57,404,468
Improvements	55,906,729	2,610,705	-	58,517,434
Machinery and equipment	19,767,207	1,687,525	800,909	20,653,823
Infrastructure	225,038	-	-	225,038
Right-to-use lease building	96,734	-	23,905	72,829
Right-to-use subscription IT asset	954,751	208,699	-	1,163,450
Total other capital assets	<u>124,579,533</u>	<u>14,282,323</u>	<u>824,814</u>	<u>138,037,042</u>
Less accumulated amortization and depreciation for:				
Buildings	14,450,147	972,592	-	15,422,739
Improvements	29,963,803	3,471,912	-	33,435,715
Machinery and equipment	16,396,708	1,288,315	789,003	16,896,020
Infrastructure	14,289	8,995	-	23,284
Right-to-use lease buildings	36,922	36,922	23,905	49,939
Right-of-use subscription IT asset	-	390,277	-	390,277
Total accumulated amortization and depreciation	<u>60,861,869</u>	<u>6,169,013</u>	<u>812,908</u>	<u>66,217,974</u>
Other capital assets, net	<u>63,717,664</u>	<u>8,113,310</u>	<u>11,906</u>	<u>71,819,068</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$104,883,804</u></u>	<u><u>\$22,755,110</u></u>	<u><u>\$14,017,033</u></u>	<u><u>\$113,621,881</u></u>

NOTE F - CAPITAL ASSETS - CONTINUED

	<u>Balance at June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2023</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$58,692,023	1,802,695	-	\$60,494,718
Construction in progress	61,403,658	34,295,028	2,369,289	93,329,397
Total capital assets, not being depreciated	<u>120,095,681</u>	<u>36,097,723</u>	<u>2,369,289</u>	<u>153,824,115</u>
Other capital assets:				
Buildings	56,368,634	-	-	56,368,634
Improvements	13,315,256	82,528	-	13,397,784
Machinery and equipment	17,574,439	1,456,291	346,215	18,684,515
Infrastructure	582,973,935	14,219,730	106,551	597,087,114
Purchased capacity	4,358,494	925,856	-	5,284,350
Right-of-use lease land	1,842,997	132,639	146,113	1,829,523
Right-of-use subscription IT assets	411,215	136,164	-	547,379
Total other capital assets	<u>676,844,970</u>	<u>16,953,208</u>	<u>598,879</u>	<u>693,199,299</u>
Less accumulated depreciation and amortization for:				
Building	17,872,859	1,088,661	-	18,961,520
Improvements	8,365,651	447,689	-	8,813,340
Machinery and equipment	14,743,096	1,030,533	346,215	15,427,414
Infrastructure	222,718,341	12,821,860	101,369	235,438,832
Purchased capacity	352,119	186,569	-	538,688
Right-to-use lease land	82,872	82,690	10,494	155,068
Right-to-use subscription IT assets	-	176,880	-	176,880
Total accumulated depreciation and amortization	<u>264,134,938</u>	<u>15,834,882</u>	<u>458,078</u>	<u>279,511,742</u>
Other capital assets, net	<u>412,710,032</u>	<u>1,118,326</u>	<u>140,801</u>	<u>413,687,557</u>
<b>Business-type Activities Capital Assets, Net</b>	<u><u>\$532,805,713</u></u>	<u><u>\$37,216,049</u></u>	<u><u>\$2,510,090</u></u>	<u><u>\$567,511,672</u></u>

There are nineteen right-of-use IT subscription based assets in the above table. The IT subscription based assets are amortized on a straight-line basis over the terms of the individual agreements. These assets were recorded in fiscal year 2023 due to the implementation of GASB 96.

**NOTE F - CAPITAL ASSETS - CONTINUED**

Depreciation and amortization expense were charged to function as follows:

<b>Governmental activities:</b>	
General government	\$ 1,187,941
Planning and zoning	61,202
Paramedic program	751,954
Emergency preparedness	570,594
Economic development and airpark	3,142,199
County engineer	39,113
Library	343,220
Community development	5,235
Constitutional offices	67,555
<b>Total governmental activities depreciation and amortization expense</b>	<b>\$ 6,169,013</b>
<b>Business-type activities:</b>	
Water	\$ 287,606
Sewer	15,547,276
<b>Total business-type activities depreciation and amortization expense</b>	<b>\$15,834,882</b>

Construction in progress was \$101.2 million with additional contractually committed costs to complete the projects in process of approximately \$48.0 million as of June 30, 2023.

**NOTE G - PENSION TRUST**

Basis of Accounting

The pension trust uses the accrual basis of accounting. Employer contributions are recognized when due, and 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 plans. Administrative costs are financed through investment earnings.

Pension Plan Description and Administration

The County established and administers a single-employer defined benefit pension plan for its employees. The Plan provides for retirement, disability, and death benefits to plan members and their beneficiaries. The pension plan is reported in the pension trust fiduciary fund in the County's financial statements. The County does not have a separate GAAP-basis pension plan audit performed. A pension committee oversees the investments of the Sussex County Employee Pension Plan. The pension committee consists of seven members. Whoever is serving in the position of the County Finance Director, County Administrator and County Human Resources Director are always members of the Committee. The following members are appointed by the Sussex County Council for a term of four (4) years: two Sussex County community members, a current Sussex County employee and a retired Sussex County employee, who currently receives a County pension. The pension committee meets quarterly and is responsible for making recommendations to County Council regarding investments and funding. The County contracts with investment advisors to assist in providing the best strategy, protection, and investment guidelines for its pension.

Benefits Provided

A covered employee is an employee who receives a regular salary or wages wholly, or in part, directly, or indirectly, from Sussex County provided, however, that an employee shall not be considered in covered employment if they are a part-time or seasonal employee who is not regularly employed for more than 120 working days in any one calendar year, per Ordinance No. 19, 6/10/75; No. 52, 12/16/80; No. 73, 9/22/81; No. 190, 7/24/84; No. 281, 7/23/85; No. 318, 11/12/85; No. 359, 3/25/86; No. 1375, 6/6/00; No. 1485, 7/1/01 and No. 2346, 4/29/14. Also covered are elected officials, Justices of the Peace, and Constables for time worked prior to March 31, 1965. Cost-of-living adjustments

**NOTE G PENSION TRUST - CONTINUED**

(COLA) are provided at the discretion of the County Council. The County has authority to establish and amend benefit provisions of the plan. The age for normal retirement is 62 with eight years of service, 60 for early retirement with 15 years of service, or after 30 years of service regardless of age, for most employees. Effective June 6, 2000, the number of years of service for normal retirement is 25 for paramedic and emergency communication specialists. Covered payroll is the payroll on which contributions to the pension plan are based.

Current membership in the plan (as of June 30, 2023) is as follows:

Total Actives	Retirees and Beneficiaries	Terminated Vested	Covered Payroll
519	323	106	\$32,019,688

Contributions and Funding Policy

In fiscal year 2017, the County adopted a formal funding policy. Per the policy, the County will contribute no less than the actuarially determined contribution (ADC) as determined by as calculated by the Plan's actuary. The ADC is calculated as the normal cost determined under the Entry Age Normal Actuarial Cost method net of anticipated member contributions, plus the amortization of the unfunded liability over a closed 20-year period, plus administrative expenses. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Active members hired prior to January 1, 2014 do not contribute; active members hired on or after that date contributed at a rate of 3.0% of annual pay in excess of \$6,000, active members hired on or after January 1, 2020 contributed at a rate of 5.0% of annual pay in excess of \$6,000. County's contribution rate was 11.57% of covered payroll for fiscal year ending June 30, 2023.

Financial Statements

As of June 30, 2023, the Sussex County Employee Pension Plan's statement of fiduciary net position was as follows:

<b>ASSETS</b>	
Cash and cash equivalents	\$1,843,362
Investments:	
U.S. Treasuries	9,681,718
Government Agencies	246,345
Corporate obligations	29,827,151
Core Real Estate	7,559,671
Infrastructure Investment	7,861,985
Mutual funds and pooled investments	89,663,772
Total Investments	<u>144,840,642</u>
Accrued Interest	321,734
<b>Total Assets</b>	<u>147,005,738</u>
<b>LIABILITIES</b>	
Accounts payable	59,752
<b>Total Liabilities</b>	<u>59,752</u>
<b>FIDUCIARY NET POSITION</b>	
<b>Restricted for pensions</b>	<u>\$146,945,986</u>

**NOTE G - PENSION TRUST - CONTINUED**

For the fiscal year ending June 30, 2023, the Sussex County Employee Pension Plan's statement of changes in fiduciary net position was as follows:

**ADDITIONS**

Employer contributions	\$ 3,703,694
Employee contributions	447,964
Investment earnings:	
Net appreciation in fair value of investments	8,953,600
Interest and Dividends	4,133,047
Total investment earnings	<u>13,086,647</u>
Less investment costs	(248,914)
Net investment earnings	<u>12,837,733</u>
<b>Total additions</b>	<u>16,989,391</u>

**DEDUCTIONS**

Beneficiary payments	6,136,229
Professional fees	181,929
<b>Total deductions</b>	<u>6,318,158</u>
Net increase in fiduciary net position	<u>10,671,233</u>
Fiduciary net position – beginning	<u>136,274,753</u>
Fiduciary net position – ending	<u><u>\$146,945,986</u></u>

Pension Liability, Pension Expense and Deferred Outflows of Resources Related to Pensions

On June 30, 2023, the County reported \$5.3 million net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of the date. The County's net pension asset was based on a projection of the County's long-term contributions to the pension plan.

The components of the net pension liability of the County on June 30, 2023, were as follows:

Total Pension Liability	\$ 152,230,175
Plan Fiduciary Net Pension	<u>(146,945,986)</u>
County's Net Pension Liability	<u>\$ 5,284,189</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>96.5%</u>

The table on the next page shows the changes in the Total Pension Liability (TPL), the Plan Fiduciary Net Position (i.e., fair value of Plan assets) (FNP), and the Net Pension Liability (NPL) during the Measurement Year ending on June 30, 2023.



**NOTE G - PENSION TRUST - CONTINUED**

Pension Liability, Pension Expense and Deferred Outflows of Resources Related to Pensions - continued

	<b>Changes in the Net Pension Liability / (Asset)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Fiduciary Plan Net Position</b>	<b>Net Pension Liability / (Asset)</b>
Balance at 6/30/2022	\$143,638,831	\$136,274,753	\$7,364,078
Changes recognized for the fiscal year:			
Service Cost	3,571,368	-	3,571,368
Interest	9,732,972	-	9,732,972
Difference between expected and actual experience	1,423,233	-	1,423,233
Change in assumptions	-	-	-
Contributions - employer	-	3,703,694	(3,703,694)
Contributions - members	-	447,964	(447,964)
Net investment results	-	12,837,733	(12,837,733)
Benefit payments	(6,136,229)	(6,136,229)	-
Administrative expense	-	(181,929)	181,929
Net change	8,591,344	10,671,233	(2,079,889)
Balance recognized at 6/30/2023	\$152,230,175	\$146,945,986	\$5,284,189

There were no changes in benefits or assumptions during the year.

During the measurement year, the NPL decreased by \$2.08 million in total. The service cost and interest cost increased the NPL by \$13.30 million and member contributions, employer contributions, and investment gains offset by administrative expenses decreased the NPL by \$16.81 million. Additionally, there were actuarial experience losses during the year of \$1.42 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate.

	<b>Sensitivity of Net Pension Liability / (Asset) to Changes in Discount Rates</b>		
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$172,831,607	\$152,230,175	\$135,236,063
Plan Fiduciary Net Position	146,945,986	146,945,986	146,945,986
Net Pension Liability / (Asset)	\$ 25,885,621	\$ 5,284,189	\$(11,709,923)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.0%	96.5%	108.7%

A one percent decrease in the discount rate increases the TPL by 13.5% and increases the NPL by 389.9%. A one percent increase in the discount rate decreases the TPL by 11.2% and decreases the NPL by 321.6%.

**NOTE G - PENSION TRUST - CONTINUED**

Pension Liability, Pension Expense and Deferred Outflows of Resources Related to Pensions - continued

For the year ended June 30, 2023, the County recognized \$6,119,790 of pension expense and reported deferred inflows and outflows of resources from pensions from the following sources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,067,371	\$ 154,723
Changes in assumptions	2,880,181	205,297
Difference between projected and actual earnings on pension plan investments	<u>2,994,503</u>	<u>-</u>
Total	<u>\$10,942,055</u>	<u>\$ 360,020</u>

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan, or six years as of the measurement date. The impact of investment gains or losses is recognized over a period of five years.

Amounts recognized in the deferred outflows and inflows of resources from pension will be recognized in the pension expense as follows:

Year End June 30:		
	2024	\$2,024,191
	2025	1,477,082
	2026	5,741,032
	2027	1,102,527
	2028	237,203
Thereafter		-

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the Entry Age Normal cost method and the following actuarial assumptions based on the results of the County's experience study performed for 2015-2018 and using census data as of July 1, 2023 and the measurement date of June 30, 2023.

- Mortality rates: RP-2014 Total Mortality Table projected generationally using Scale MP-2018
- Termination Rates:

<u>Service</u>	<u>Termination Rates (%)</u>
0	10.0
1	9.0
2	8.0
3	7.0
4	12.0
5-9	3.0
10	10.0
11-14	5.0
15-24	1.0
25-29	.5
30+	.0

**NOTE G - PENSION TRUST - CONTINUED**

Actuarial Assumptions - continued

• Retirement Rates:

The following retirement rates have been used for non-elected and elected officials

Age	< 30 Years of Service (%)	30+ Years of Service (%)
<55	0	15
56-59	0	8
60	20	8
61	20	40
62	20	30
63	25	30
64	10	10
65	25	50
66-67	10	10
68	15	10
69	15	100
70+	100	100

The following rates have been used for paramedics and dispatchers

Age	< 25 Years of Service (%)	25-29 Years of Service (%)	30+ Years of Service (%)
<55	0	30	100
56-59	0	50	100
60-64	50	50	100
65+	100	100	100

- Net investment return: 6.75% per year, net of investment expenses
- Retirement age for inactive vested participants: age 62
- Percent married: 65% of the population is assumed to be married
- Age of spouse: females (or males) are three years younger (or older) than their spouses
- Salary increases are based on the following

Service Years	Salary Increase (%)
0-4	5.00
5-9	4.50
10-24	4.00
25+	3.50

- Cost-of-living adjustment: 1.0% per year
- Inflation rate: 2.5% per year
- Plan administrative expenses are paid from the fund. An amount is added to the actuarially determined contribution equal to the prior year's administrative expense increased by the assumed inflation rate.

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 investment 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the table below.

**NOTE G - PENSION TRUST - CONTINUED**

Actuarial Assumptions - continued

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return</b>
Domestic Equity	45%	5.1%
International Equity	15%	5.5%
Core Real Estate	3%	4.8%
Infrastructure	7%	5.0%
Fixed Income	26%	1.8%
Fixed Income (bank loans)	3%	4.4%
Cash	1%	0.5%

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was 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 was applied to all periods of projected benefit payments to determine the total pension liability.

The money-weighted rate of return of the pension plan for the year ended June 30, 2023, was 8.7 percent and expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Trust Assets

As authorized by Sussex County Council, the pension trust funds are invested in U.S. Treasury Notes, U.S. Government Agency Notes and Bonds, Sussex County Second Lien Revenue Bonds, mutual funds, corporate obligations, municipal obligations, various common stocks, Core Real Estate, private infrastructure, and certificates of deposit. Wilmington Trust Company is the trustee of the Plan and has custody of the corporate obligations, municipal obligations and various common stocks. Additional information can be found in Note B - Cash and Investments.

In June of 2023, the Pension investment policy was revised to have a goal of 60 percent investments in equity, 29 percent in fixed income investments, 3 percent in private real estate, and 7 percent in private infrastructure. Historically, the County has met or exceeded asset class benchmarks. The following represents the asset allocation policy as of June 30, 2023.

<b>Asset Class</b>	<b>Target Allocation Total</b>
Domestic Equity	45%
International Equity	15%
Core Real Estate	3%
Fixed Income	26%
Fixed Income (bank loans)	3%
Cash	1%
Infrastructure	7%
Total	100%

The significant investments at fair value (other than those issued or guaranteed by the U.S. government and mutual funds) in excess of 5% of the Plan's net position held in trust for pension benefits on June 30, 2023:

Clarion Lion Properties Fund – 5%  
 IIF Hedged LP – 5%

---

**NOTE H - OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS**

Basis of Accounting

The other post-retirement employee benefit (OPEB) trusts use the accrual basis of accounting. Employer contributions are recognized when due and 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 plans. Administrative costs are financed through investment earnings.

Post-retirement Employee Benefit Plan Description and Provisions

The County established and administers a single-employer post-retirement employee benefit plan for its employees. During fiscal year 2005, the County established the “Sussex County Employment Benefit Plan” by Ordinance No. 1783. The plan is reported in the other employee benefit trust in the County’s financial statements. The County does not have a separate GAAP-basis pension plan audit performed. A pension committee oversees the investments of the Sussex County Employee Benefit Plan. The pension committee consists of seven members. Whoever is serving in the position of the County Finance Director, County Administrator and County Human Resources Director are always members of the Committee. The following members are appointed by the Sussex County Council for a term of four (4) years: two Sussex County community members, a current Sussex County employee and a retired Sussex County employee, who currently receives a County post-retirement employee benefit. The pension committee meets quarterly and is responsible for making recommendations to County Council regarding investments and funding. The County contracts with investment advisors to assist in providing the best strategy, protection and investment guidelines for its pension. Benefits include preventive care, prescription drug care, facility charges, professional services and office visits. The County has the authority to establish and amend benefit provisions of the plan. For employees who begin employment with the County prior to July 1, 2001, the County policy is to provide post-retirement healthcare benefits immediately after they leave County employment if they receive a pension at that time.

Retirees hired subsequent to June 30, 2001, with 15 to 24 years of service, are eligible for coverage upon receipt of a County pension, with the County paying 50% of the premium. Retirees hired subsequent to June 30, 2001, with at least 25 years of service, receive full post-retirement healthcare benefits when they receive their pension. Employees, who began work prior to July 1, 2001, may elect the coverage available as if hired after June 30, 2001.

Current membership in the plan (as of July 1, 2023) is as follows:

<u>Total Actives</u>	<u>Retirees and Beneficiaries</u>	<u>Terminated Vested</u>
489	254	0

Post-retirement Employee Benefit Plan Funding Policy

In fiscal year 2017, the County adopted a funding policy that was amended in fiscal year 2023. As per the policy, the County will contribute at least the Actuarially Determined Contribution (ADC), as calculated by the Plan’s actuary. Plan members are not required to contribute. Contributions made of \$2.3 million were 7.68% of covered payroll. The contribution is designed to accumulate sufficient assets to pay benefits when due.

**NOTE H - OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED**

Financial Statements

As of June 30, 2023, the Sussex County Employee Benefit Plan's statement of fiduciary net position was as follows:

**ASSETS**

Cash and cash equivalents	\$ 675,761
Investments:	
U.S. Treasuries	4,856,491
Corporate obligations	11,538,755
Core Real Estate	3,048,045
Infrastructure	3,088,637
Mutual funds and pooled investments	36,394,446
Total Investments	<u>58,926,374</u>
Accounts Receivable	23,361
Accrued Interest	134,363
<b>Total Assets</b>	<u><u>59,759,859</u></u>

**LIABILITIES**

Accounts payable	<u>48,013</u>
<b>Total Liabilities</b>	<u><u>48,013</u></u>

**FIDUCIARY NET POSITION**

Restricted for post-retirement employee benefits	<u><u>\$ 59,711,846</u></u>
--	-----------------------------

For the fiscal year ended June 30, 2023, the Sussex County Employee Benefit Plan's statement of fiduciary net position was as follows:

**ADDITIONS**

Employer contributions	\$ 2,313,624
Investment earnings:	
Net appreciation of investments	2,947,105
Interest and Dividends	2,335,327
Total investment earnings	<u>5,282,432</u>
Less investment costs	<u>(102,132)</u>
Net investment earnings	<u>5,180,300</u>
<b>Total additions</b>	<u><u>7,493,924</u></u>

**DEDUCTIONS**

Beneficiary payments	3,159,662
Professional fees	79,172
<b>Total deductions</b>	<u><u>3,238,834</u></u>
Net increase in fiduciary net position	4,255,090
Fiduciary net position – beginning	<u>55,456,756</u>
Fiduciary net position – ending	<u><u>\$59,711,846</u></u>

Actuarial Assumptions

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2022, was 6.75%, the long-term rate of return as of June 30, 2022. The discount rate used to measure the (TOL) as of June 30, 2023, was 6.75%, the long-term rate of return as of June 30, 2023.

**NOTE H - OTHER POST EMPLOYMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED**

Actuarial Assumptions – continued

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return</b>
Domestic Equity	45%	5.1%
International Equity	15%	5.5%
Core Real Estate	3%	4.8%
Infrastructure	7%	5.0%
Fixed Income	26%	1.8%
Fixed Income (bank loans)	3%	4.4%
Cash	1%	0.5%

The money-weighted rate of return of the OPEB plan for the year ended June 30, 2023, was 8.7 percent and expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total employer contribution rate is the sum of the normal cost rate plus an amortization of the Plan’s unfunded actuarial liability (UAL) plus a provision for expenses. The normal cost rate is determined under the entry age actuarial cost method while the UAL rate is that necessary to pay down the UAL over a 30-year closed, as of July 1, 2018, level percent of pay.

Based on these assumptions, the Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments for current members following the procedures described in paragraphs 48-50 of GASB 74. Consequently, the single equivalent rate used to determine the Total OPEB Liability as of June 30, 2023, is 6.75%, the long-term expected rate-of-return as defined by GASB 74 as of that date.

The following summarizes the key methods, and other assumption results of the County’s experience study performed for 2015-2018 used to determine the contribution rates for fiscal year 2023.

Valuation date: July 1, 2022

Timing: Actuarially determined contributions are calculated based on the actuarial valuation at the beginning of the fiscal year.

Actuarial Cost Method: Entry Age Normal Cost Method

Asset Valuation Method: Market Value

Amortization Method: 30 Year Closed Amortization, as of July 1, 2018, level percentage of payroll

Salary Increases: 3.50%

Discount Rate: 6.75%

Ultimate Rate of Per Person Cost Trends: 4.04%

Rate of Mortality: RP 2014 Standard Table, projected Fully Generational using scale MP-2018

OPEB Liability

The table below shows the changes in the TOL, the Plan fiduciary net position (i.e., fair value of Plan assets) (FNP), and the net OPEB liability (NOL) during the measurement period ending on June 30, 2023.

**NOTE H - OTHER POST-RETIREMENT EMPLOYEE TRUSTS - CONTINUED**

OPEB Liability - continued

	<b>Changes in the Net OPEB Liability</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Fiduciary Plan Net Position</b>	<b>Net OPEB Liability</b>
Balance at 6/30/2022	\$63,909,777	\$55,456,756	\$8,453,021
Changes recognized for the fiscal year:			
Service Cost	1,409,835	-	1,409,835
Interest	4,304,176	-	4,304,176
Differences between expected and actual experience	466,963	-	466,963
Changes of assumptions	-	-	-
Contributions – employer	-	2,313,623	(2,313,623)
Net investment results	-	5,180,301	(5,180,301)
Benefit payments	(3,159,662)	(3,159,662)	-
Administrative expense	-	(79,172)	79,172
Net change	3,021,312	4,255,090	(1,233,778)
<b>Balance recognized at 6/30/2023</b>	<b>\$66,931,089</b>	<b>\$59,711,846</b>	<b>\$7,219,243</b>

During the measurement year, the NOL decreased by \$1.2 million. The service cost and interest cost increased the NOL by \$5.7 million while investment gains and contributions offset by administrative expenses decreased the NOL by \$7.4 million.

There were no changes in benefits during the year. The difference between the expected and actual experience increased the TOL by approximately \$0.5 million.

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The following table shows the sensitivity of the NOL to the discount rate.

	<b>Sensitivity of Net OPEB Liability to Changes in Discount Rate</b>		
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total OPEB Liability	\$ 76,756,468	\$ 66,931,089	\$ 58,933,223
Plan Fiduciary Net Position	59,711,846	59,711,846	59,711,846
Net OPEB Liability (Asset)	\$ 17,044,622	\$ 7,219,243	\$ (778,623)
Plan Fiduciary Net Position as a Percentage of the TOL	77.8%	89.2%	101.3%

A one percent decrease in the discount rate increases the TOL by 14.7% and increases the NOL by 136.1%. A one percent increase in the discount rate decreases the TOL by 11.9% and decreases the NOL by 110.9%.

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The below shows the sensitivity of the NOL to the healthcare trends.



**NOTE H - OTHER POST-RETIREMENT EMPLOYMENT BENEFITS TRUSTS - CONTINUED**

OPEB Liability – continued

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 58,270,795	\$ 66,931,089	\$ 77,785,455
Plan Fiduciary Net Position	59,711,846	59,711,846	59,711,846
Net OPEB Liability (Asset)	\$ (1,441,051)	\$ 7,219,243	\$ 18,073,609
Plan Fiduciary Net Position as a Percentage of the TOL	102.5%	89.2%	76.8%

A one percent decrease in the healthcare trends decreases the TOL by 12.9% and decreases the NOL by 120.0%. A one percent increase in the healthcare trends increases the TOL 16.2% and increases the NOL by 150.4%.

Deferred Inflows and Outflows of Resources Related to OPEB

The County implemented GASB 75 as of June 30, 2017. June 30, 2023 is the measurement date used for the disclosures.

The impact of experience gains or losses and assumption changes on the TOL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, the recognition period was seven years.

During the year, there was an experience loss of \$466,963. \$66,709 of the loss was recognized in the current year and an identical amount will be recognized in each of the next six years, resulting in a deferred outflow of resources as of June 30, 2023, of \$400,254. There were no plan changes. There were no changes in assumptions during the year.

The impact of investment gains or losses is recognized over a period of five years. During the measurement year, there was an investment gain of \$1,467,686. \$293,537 of that gain was recognized in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred outflow of resources as of June 30, 2023, of \$1,174,149.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter, if any.

**Schedule of Deferred Inflows and Outflows of Resources as of June 30, 2023 Measurement Date**

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,973,239	\$ 101,793
Changes in assumptions	-	1,455,688
Net difference between projected and actual earnings on OPEB plan investments	1,184,874	-
<b>Total</b>	<b>\$ 3,158,113</b>	<b>\$ 1,557,481</b>

**NOTE H - OTHER POST RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED**

Deferred Inflows and Outflows of Resources Related to OPEB - continued

Amounts reported in the deferred outflows and deferred inflow of resources will be recognized in the OPEB expense as follows:

Year End June 30:	
2024	\$ 55,222
2025	(244,443)
2026	1,840,755
2027	(184,454)
2028	66,845
Thereafter	66,709

The annual OPEB expense for the fiscal year ending June 30, 2023 is \$2,175,043, which is 7.22% of covered payroll. The annual OPEB expense represents the employer contributions plus the change in the net impact on the employer's statement of net position. Volatility in OPEB expense from year to year is expected. It will largely be driven by asset gains and losses, but other changes can also have a significant impact.

The schedule of changes in the NOL and schedule of employer contributions, presented as RSI following the notes to the financial statements, presents trend information required by GASB.

Post-retirement Employee Benefit Trust Assets

As authorized by Sussex County Council, the Post-Retirement Employee Benefit funds are invested in various mutual funds, corporate obligations, government agency obligations, Core Real Estate and U.S. Treasuries through the custodian, Wilmington Trust Company. Corporate obligations are all rated A or higher, while mutual funds are unrated. Additional information can be found in Note B sections for Cash and Investments.

In June of 2023, the OPEB investment policy was revised to have a goal of 60 percent investments in equity, 29 percent in fixed income investments, including bank loans, 3 percent in private real estate, and 7 percent in private infrastructure. The following represents the asset allocation policy as of June 30, 2023.

<u>Asset Class</u>	<u>Target Allocation Total</u>
Domestic Equity	45%
International Equity	15%
Core Real Estate	3%
Fixed Income	26%
Fixed Income – bank loans	3%
Cash	1%
Infrastructure	7%
Total	100%

The significant investments at fair value (other than those issued or guaranteed by the U.S. government and mutual funds) in excess of 5% of the Plan's net position held in trust for OPEB benefits on June 30, 2023

Clarion Lion Properties Fund - 5%  
 IIF Hedged LP – 5%

**NOTE I - DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County is not matching employee contributions. Under custodial agreements, the custodians hold all assets and income in trust for the exclusive benefit of participants and their beneficiaries.

**NOTE J - SHORT-TERM DEBT**

Short-term financing is obtained from banks to provide interim financing for the Enterprise Funds. Interest on the line of credit is variable; the interest was 7.97% on June 30, 2023. The County had \$10,000,000 of unused line of credit to be drawn upon as needed. No balance was outstanding on June 30, 2023.

**NOTE K - LONG -TERM LIABILITIES**

Description of Bonds Payable

At June 30, 2023, bonds payable consisted of the following individual issues:

	<u>Business-type</u>
2000 wastewater general obligation bonds (Ocean View, Holts Landing, Cedar Neck, North Millville and SCRWF), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2023.	\$ 480,301
2000 wastewater general obligation bonds (Ellendale), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are \$1,726,000.	49,971
2002 wastewater general obligation bonds (Miller Creek), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are \$3,300,000.	868,260
2002 wastewater general obligation bonds (Bayview Estates and Sea Country Estates), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2025. Total bonds authorized are \$2,636,000.	391,059
2002 wastewater general obligation bonds (Ellendale), due in semi-annual installments, no stated interest rate, final payment due June 13, 2042. Total bonds authorized are \$1,000,000.	487,179
2003 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest at 2%, final payment due December 31, 2024. Total bonds authorized are \$1,500,000.	100,501
2003 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2026. Total bonds authorized are \$1,203,000.	253,365
2004 wastewater general obligation bonds (Inland Bays), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are \$16,000,000.	2,517,372
2006 wastewater general obligation bonds (Millville), due in semi-annual installments, interest at 1.5%, final payment due October 30, 2040. Total bonds authorized are \$8,000,000.	4,967,520
2006 wastewater general obligation bonds (South Ocean View), due in semi-annual installments, interest at 1.5%, final payment due June 30, 2040. Total bonds authorized are \$4,800,000.	2,746,910

**NOTE K - LONG-TERM LIABILITIES - CONTINUED**

<u>Description of Bonds Payable - continued</u>	<u>Business-type</u>
2008 wastewater general obligation bonds (Dagsboro-Frankford), due in quarterly installments, interest at 4.5%, final payment due December 12, 2048. Total bonds authorized are \$73,000.	\$ 59,536
2008 wastewater general obligation bonds (Angola Neck), due in semi-annual installments, interest at 1.5%, final payment due May 21, 2042. Total bonds authorized are \$15,000,000, of which \$ 1,500,000 was forgiven at the project completion date.	9,025,133
2009 wastewater general obligation bonds (Johnson's Corner), due in semi-annual installments, interest at 1.5%, final payment due June 30, 2031. Total bonds authorized are \$6,000,000, of which \$ 1,248,033 was forgiven at the project completion date.	1,771,157
2009 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest at 2%, final payment due December 15, 2031. Total bonds authorized are \$5,641,503, of which \$ 3,000,000 was forgiven at the project completion date.	1,278,105
2010 wastewater general obligation bonds (Inland Bays), due in semi-annual installments, interest at 2%, final payment due November 1, 2031. Total bonds authorized are \$1,756,227, of which \$1,307,607 was forgiven at the project completion date.	205,289
2010A wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest at 2.25%, final payment due December 3, 2050. Total bonds authorized are \$5,475,000.	4,392,681
2010B wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest at 2.25%, final payment due December 3, 2050. Total bonds authorized are \$5,000,000.	4,011,592
2010 wastewater general obligation recovery zone economic development bonds (SCRWF), due in quarterly installments, interest at 3%, final payment due December 3, 2050. Total bonds authorized are \$6,169,000.	5,032,873
2012 wastewater general obligation bonds (Golf Village), due in quarterly installments, interest at 2%, final payment due June 27, 2052. Total bonds authorized are \$321,000.	256,364
2012 wastewater general obligation bonds (Woodlands of Millsboro), due in quarterly installments, interest at 2.125%, final payment due September 14, 2052. Total bonds authorized are \$90,000.	72,710
2013 wastewater general obligation bonds (Angola Neck), due in quarterly installments, interest at 2.125%, final payment due April 25, 2053. Total bonds authorized are \$6,000,000.	4,936,892
2013 wastewater general obligation bonds (Johnson Corner), due in quarterly installments, interest at 2.5%, final payment due February 28, 2053. Total bonds authorized are \$2,000,000.	1,658,912

**NOTE K - LONG-TERM LIABILITIES - CONTINUED**

<u>Description of Bonds Payable - continued</u>	<u>Business-type</u>
2014 wastewater general obligation bond (Angola Neck), due in quarterly installments, interest at 2.375%, final payment due September 26, 2054. Total bonds authorized are \$987,000.	842,946
2015 wastewater general obligation bonds (Oak Orchard), due in quarterly installments, interest at 2.375%, final payment due July 24, 2054. Total bonds authorized are \$5,582,000.	4,767,769
2015 wastewater general obligation bonds (Angola North), due in semi-annual installments, interest at 2.00%, final payment due May 1, 2046. Total bonds authorized are \$6,697,774.	5,263,046
2018 wastewater general obligation bonds (Millville), due in quarterly installments, interest at 1.75%, final payment due May 25, 2056. Total bonds authorized are \$2,404,000.	2,094,321
2018 wastewater general obligation bonds (Fenwick Island Expansion), due in semi-annual installments, interest at 2.00%, final payment due July 1, 2048. Total bonds authorized are \$2,834,689.	2,003,888
2018 wastewater general obligation bonds (Millville), due in quarterly installments, interest at 1.75%, final payment due November 11, 2058. Total bonds authorized are \$1,200,000.	1,017,904
2018 wastewater general obligation bonds (Millville), due in quarterly installments, interest at 2.00%, final payment due November 11, 2058. Total bonds authorized are \$138,000.	48,721
2018 wastewater general obligation bonds (Concord Road), due in quarterly installments, interest at 2.375%, final payment due February 2, 2059. Total bonds authorized are \$729,000.	676,974
2018 wastewater general obligation bonds (Concord Road), due in quarterly installments, interest at 2.125%, final payment due February 2, 2058. Total bonds authorized are \$230,000.	203,202
2019 wastewater general obligation bonds (Western Sussex), due in semi-annual installments, interest at 2.529%, final payment due September 1, 2050. Total bonds authorized are \$16,634,748, upon completion of project up to \$3,200,000 of the outstanding principal balance will be forgiven by the agency, with \$13,434,748 expected to be the remaining balance.	16,359,816
2019 wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest at 1.75%, final payment due October 24, 2059. Total bonds authorized are \$8,808,000.	8,257,686
2019B wastewater general obligation bonds (Joy Beach), due in semi-annual installments, interest at 2.057%, final payment due September 1, 2051. Total bonds authorized are \$5,691,821, upon completion of project up to \$3,396,000 of the outstanding principal balance will be forgiven by the agency, with \$2,295,821 expected to be the remaining balance.	334,136
2019C wastewater general obligation bonds (Mulberry Knoll), due in semi-annual installments, interest at 2.057%, final payment due September 1, 2051. Total bonds authorized are \$3,135,379, upon completion of project up to \$1,941,000 of the outstanding principal balance will be forgiven by the agency, with \$1,194,379 expected to be the remaining balance.	3,128,900

**NOTE K - LONG-TERM LIABILITIES - CONTINUED**

<u>Description of Bonds Payable - continued</u>	<u>Business-type</u>
2020A wastewater general obligation bonds, (Treatment Plant Projects and funds for refunding) due in semi-annual installments, interest ranging from 1% to 5%, final payment due March 15, 2050. Total bonds authorized are \$44,220,000.	39,415,000
2020B wastewater general obligation refunding bonds (refunding) due in semi-annual installments, interest ranging from .217% to 2.421%, final payment due March 15, 2053. Total bonds authorized are \$51,745,000	46,435,000
2021 R-1 water pollution control general obligation bonds (Land Conservation/Water Quality Project), due in semi-annual installments, interest at 0%, final payment due October 1, 2047. Total bonds authorized are \$5,370,531.	4,965,208
2021 R-2 water pollution control general obligation bonds (Land Conservation/Water Quality Project), due in semi-annual installments, interest at 0%, final payment due October 1, 2042. Total bonds authorized are \$374,253	355,997
2021 wastewater general obligation bonds (Herring Creek), due in quarterly installments, interest at 1.375%, final payment due June 17, 2061. Total bonds authorized are \$4,287,000	4,123,775
2022 wastewater general obligation bonds (Herring Creek), due in quarterly installments, interest at 1.5%, final payment due June 23, 2062. Total bonds authorized are \$5,600,000	5,496,830
2022A wastewater general obligation bonds (Pintail Pointe), due in semi-annual in statements, interest at 2.0%, final payment due October 1, 2043. Total bonds authorized are \$959,888, upon completion of project up to \$579,000 of the outstanding principal balance will be forgiven by the agency, with \$380,888 expected to be the remaining balance.	85,839
2022B wastewater general obligation bonds (Oak Acres and Tanglewood), due in semi-annual in statements, interest at 2.0%, final payment due April 1, 2054. Total bonds authorized are \$2,376,356, upon completion of project up to \$1,532,000 of the outstanding principal balance will be forgiven by the agency, with \$844,356 expected to be the remaining balance.	53,396
2022C wastewater general obligation bonds (Long Neck Communities), due in semi-annual in statements, interest at 1.0%, final payment due October 1, 2054. Total bonds authorized are \$7,788,761, upon completion of project up to \$3,860,000 of the outstanding principal balance will be forgiven by the agency, with \$3,928,761 expected to be the remaining balance.	530,916
2022F wastewater general obligation bonds (Slaughter Beach), due in semi-annual in statements, interest at 1.0%, final payment due July 1, 2055. Total bonds authorized are \$21,682,488, upon completion of project up to \$9,450,000 of the outstanding principal balance will be forgiven by the agency, with \$12,232,488 expected to be the remaining balance.	34,010
Subtotal	192,058,962
Unamortized bond premium	4,343,116
<b>TOTAL BOND PAYABLE</b>	<u><u>\$196,402,078</u></u>

---

**NOTE K - LONG-TERM LIABILITIES - CONTINUED**

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2023, the obligated unrecorded amount was approximately \$48.0 million. The County's payment of these contracts will be contingent upon the contractors' satisfactory performance.

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2023 totaled \$61.5 million. The bonds are to finance various sewer and water construction and improvement projects.

Description of Lease Payable

Governmental Activities

The County entered into a five-year lease Emergency Medical Service building space commencing on June 1, 2019. The initial lease liability as of July 1, 2021, was \$72,829. As of June 30, 2023, the lease liability is \$23,025. The County is required to make fixed monthly payments of \$2,100. The lease has an interest rate of .6480%. The value of the right to use asset as of June 30, 2023, is \$72,829 with accumulated amortization of \$49,939.

Business Type Activities

The County entered a twenty-five-year lease for 414 +/- acres of land for spray irrigation site for Wolfe Neck Regional Wastewater Facility commencing on February 25, 2019. The initial lease liability as of July 1, 2021, was \$1,689,337. As of June 30, 2023, the lease value is \$1,550,529. The County is required to make fixed annual payments of \$97,425. The lease has an interest rate of 2.282%. The value of the right to use asset as of June 30, 2023, is \$1,689,337 with accumulated amortization of \$150,163.

The County entered a ten-year lease for 62.5 acres of land for spray irrigation site for Inland Bays Regional Wastewater Facility commencing on June 23, 2020. The initial lease liability as of July 1, 2021, was \$7,547. As of June 30, 2023, the lease value is \$5,913. The County is required to make fixed annual payments of \$897. The lease has an interest rate of 1.525%. The value of the right to use asset as of June 30, 2023, is \$7,547 with accumulated amortization of \$1,589.

The County entered a twenty-year lease rent approximately 56 acres of land for spray irrigation site for Piney Neck Regional Wastewater Facility commencing on January 1, 2023. The initial lease liability is \$132,639. As of June 30, 2023, the lease value is \$125,139. The County is required to make annual payments starting at \$7,500 and increasing by two percent annually. The lease has an interest rate of 3.361%. The value of the right to use asset as of June 30, 2023, is \$132,639 with accumulated amortization of \$3,316.

[the rest of this page was intentionally left blank]

**NOTE K – LONG TERM LIABILITES – CONTINUED**

Long-term Liability Activity

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Lease liabilities	\$ 59,949	\$ -	\$36,924	\$ 23,025	\$ 23,025
Subscription liabilities	954,751	178,270	521,945	611,076	490,842
Net pension liability	5,478,874	-	1,547,437	3,931,437	-
Net other postemployment benefits liability	6,289,049	-	917,932	5,371,117	-
Compensated absences	8,492,651	4,373,646	3,762,296	9,104,001	3,770,958
Estimated liability for pollution remediation	104,630	400,000	104,630	400,000	100,000
<b>Total Governmental Activities</b>	<u>\$21,379,904</u>	<u>\$4,951,916</u>	<u>\$6,891,164</u>	<u>\$19,440,656</u>	<u>\$ 4,384,825</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$197,674,712	\$ 3,060,322	\$ 8,676,072	\$192,058,962	\$ 8,777,989
Unamortized bond premium	4,505,476	-	162,360	4,343,116	162,359
Total bonds payable	202,180,188	3,060,322	8,838,432	196,402,078	8,940,348
Lease liabilities	1,759,290	132,639	210,348	1,681,581	66,293
Subscription liabilities	411,215	35,217	197,961	248,471	185,858
Net pension liability	1,885,204	-	532,452	1,352,752	-
Net other postemployment benefits liability	2,163,972	-	315,846	1,848,126	-
Compensated absences	1,567,764	667,041	850,841	1,383,964	840,116
<b>Total Business-type Activities</b>	<u>\$209,967,633</u>	<u>\$3,895,219</u>	<u>\$10,945,880</u>	<u>\$202,916,972</u>	<u>\$10,032,615</u>

For the governmental activities, lease liabilities, compensated absences, estimated liability for landfill pollution remediation, pension liability, and other postemployment benefits liability are primarily liquidated by the General Fund.



**NOTE K - LONG-TERM LIABILITIES - CONTINUED**

Debt Maturity

The annual aggregate maturities for each bond type are as follows:

Year ending June 30,	Business-type Activities - General Obligation		
	Principal	Interest	Total
2024	\$ 8,777,989	\$ 3,826,211	\$ 12,604,200
2025	8,378,564	3,710,318	12,088,882
2026	8,394,211	3,418,935	11,813,146
2027	8,457,240	3,256,005	11,713,245
2028	8,184,854	3,114,274	11,299,128
2029 – 2033	41,239,168	12,907,358	54,146,526
2034 – 2038	39,201,133	9,126,577	48,327,710
2039 – 2043	32,150,141	5,812,404	37,962,545
2044 – 2048	19,930,492	3,411,393	23,341,885
2049 – 2053	12,043,819	1,284,689	13,328,508
2054 – 2058	3,716,611	271,343	3,987,954
2059 – 2063	1,584,740	21,380	1,606,120
<b>TOTAL</b>	<b>\$ 192,058,962</b>	<b>\$ 50,160,887</b>	<b>\$ 242,219,849</b>

Leases Obligation Maturity

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2023, were as follows:

Year ending June 30,	Governmental Activities - Lease Obligation		
	Principal	Interest	Total
2024	\$ 23,025	\$ 75	\$ 23,100
<b>TOTAL</b>	<b>\$ 23,025</b>	<b>\$ 75</b>	<b>\$ 23,100</b>

Year ending June 30,	Business-type Activities - Lease Obligation		
	Principal	Interest	Total
2024	\$ 66,293	\$ 39,679	\$ 105,972
2025	67,991	38,135	106,125
2026	69,731	36,550	106,281
2027	71,519	34,922	106,441
2028	73,353	33,250	106,603
2029 – 2033	393,285	139,590	532,875
2034 – 2038	444,869	90,787	535,656
2039 – 2043	494,540	35,022	529,562
<b>TOTAL</b>	<b>\$ 1,681,581</b>	<b>\$ 447,935</b>	<b>\$ 2,219,516</b>

Subscription-Based Information Technology Arrangements Maturity

The future principal and interest SBITA payments as of June 30, 2023, are as follows:

Year ending June 30,	Governmental Activities - SBITA Obligation		
	Principal	Interest	Total
2024	\$ 490,842	\$ 13,584	\$ 504,426
2025	120,234	2,570	122,805
<b>TOTAL</b>	<b>\$ 611,076</b>	<b>\$ 16,154</b>	<b>\$ 627,231</b>

**NOTE K - LONG-TERM LIABILITIES - CONTINUED**

Subscription-Based Information Technology Arrangements Maturity- continued

Year ending June 30,	Business-type Activities - SBITA Obligation		
	Principal	Interest	Total
2024	\$ 185,858	\$ 5,281	\$ 191,139
2025	62,613	1,275	63,888
<b>TOTAL</b>	<b>\$ 248,471</b>	<b>\$ 6,556</b>	<b>\$ 255,027</b>

Legal Debt Margin

Sussex County is subject to a debt limit that is 12% of the assessed value of the taxable property. At June 30, 2023, the amount was \$485.9 million. As of June 30, 2023, the total outstanding debt applicable to the limit was \$196.4 million, which is 41.0% of the total debt limit.

**NOTE L - INTERFUND BALANCES**

Interfund balances at June 30, 2023 consisted of the following:

Receivable Fund	Payable Fund	Amount
General fund	Sewer fund	\$ 16,044,674
General fund	Water fund	60,412
Capital projects fund	Sewer fund	442,064
Sewer fund	General fund	377,302
Sewer fund	Water fund	11,737

On June 30, 2023, the majority of interfund balances represented interim financing for sewer and water projects, which are to be repaid when the County draws the permanent funding. Realty transfer tax financed \$16,105,086 of the interfund balances. Where general fund owes the sewer fund, sewer paid for projects that will be later reimbursed by ARPA grant funds deposited into general fund at June 30, 2023. The water fund owes the sewer fund for an asset bought out of sewer funds but owned by the water fund. These funds will be paid back in fiscal year 2024. The sewer fund owes the capital fund for proceeds from sale of land that will be repaid in fiscal year 2024.

**NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS**

GASB No. 54 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	Capital Projects	Total
<b>Nonspendable</b>			
Inventory	\$ 26,634	\$ -	\$ 26,634
Prepaid items	384,266	-	384,266
Employee advances	181,872	-	181,872
<b>Total nonspendable</b>	<b>592,772</b>	<b>-</b>	<b>592,772</b>
<b>Restricted</b>			
Employee health expense	485,504	-	485,504
Any lodging tax eligible expense: beach nourishment, waterway dredging, tourism, water quality or flood control	2,263,535	-	2,263,535
Any realty transfer tax eligible expense: infrastructure, public safety, economic development items, assessment, capital, open space, and recreation	65,709,941	70,211,913	135,921,854

**NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Road projects	772,604	-	772,604
<b>Total restricted</b>	<u>69,231,584</u>	<u>70,211,913</u>	<u>139,443,497</u>
<b>Committed</b>			
Open space land program	417,000	41,279	458,279
Engineer projects	204,064	-	204,064
Road projects	964,654	-	964,654
<b>Total committed</b>	<u>1,585,717</u>	<u>41,279</u>	<u>1,626,996</u>
<b>Assigned</b>			
Grant-in-aid for County tax subsidy program	39,744	-	39,744
Encumbrances	243,483	-	243,483
Legal: planning and zoning	500,000	-	500,000
<b>Total assigned</b>	<u>783,227</u>	<u>-</u>	<u>783,227</u>
<b>Unassigned</b>	<u>68,318,440</u>	<u>-</u>	<u>68,318,440</u>
<b>Total Fund Balances – Governmental Funds</b>	<u>\$ 140,511,740</u>	<u>\$ 70,253,192</u>	<u>\$ 210,764,932</u>

**NOTE N - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfer to:	Transfer from		
	General Fund	Unified Sewer	Total
General fund	\$ -	\$ 310,299	\$ 310,299
Unified sewer fund	115,500	-	115,500
Capital projects fund	19,659,501	-	19,659,501
	<u>\$ 19,775,001</u>	<u>\$ 310,299</u>	<u>\$20,085,300</u>

Transfers between the general fund and sewer fund are for funding commitments and subsequent paybacks for the Ellendale sewer area, Johnson’s Corner sewer area and Holt’s Landing The Greens sewer area. The transfer from general fund to capital projects fund is excess realty transfer tax to fund future capital projects.

**NOTE O - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in coverage from the prior year end. Settlements have not exceeded coverage in the past three years.

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2023, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$295,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$11,513,051 for the County’s portion of medical expense liability, which is covered under a commercial policy. The County reports the risk management activity in the General Fund. The County recognizes expenditures/expenses in the General Fund, Water Fund and Sewer Fund. The employee health plan is administered by an outside agency.

**NOTE O - RISK MANAGEMENT - CONTINUED**

Employee Health Plan

Contributions from the County and employee withholdings are deposited into a reserve fund to pay eligible claims. Estimated risks and losses are based upon historical costs, financial analyses, and estimated effects of plan changes. The claims liability reported at June 30, 2023 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Costs related to these claims are normally paid within the following year and are therefore reported as a current liability.

Changes in the employee health claims liability amounts in fiscal year 2022 and 2023 were as follows:

	Beginning of Year Balance	Current-Year Claims and Changes in Estimates	Claim Payments	End of Year Balance
2021-2022	\$ 1,329,605	8,859,243	(8,810,226)	\$ 1,378,622
2022-2023	1,378,622	9,458,752	(9,399,141)	1,438,233

**NOTE P - PROPRIETARY FUNDS CONTRACTS**

The County has a contract with the Town of Georgetown for the Town to provide wastewater treatment and disposal for the County's Ellendale Sewer Treatment System. The contract was executed on May 25, 2000 and is in effect for a period of 40 years unless both parties mutually agree to terminate the contract. The County has a twenty-year contract, effective May 29, 2018, with the City of Seaford for the purpose of discharging wastewater for the Western Sussex and Blades area sewer system. The County has a contract with the Town of Millsboro for discharging wastewater for the Woodlands of Millsboro area sewer system. The contract will remain in effect until terminated by mutual agreement of both parties. The County has an agreement for services with the City of Rehoboth to provide wastewater treatment for the Dewey Beach, Henlopen Acres, West Rehoboth sanitary sewer areas and future points of connection. The contract was executed on August 8, 2017 and is in effect for twenty-five years with an option to renew for additional twenty-five years. This agreement covers County's payments for purchase capacity rights and the County's share of the operating costs. The County has entered into loan agreements with the City of Rehoboth to help fund improvements to the City owned treatment plant. The one loan is estimated to be \$3.0 million of 10 years at zero percent. The second loan is for \$1.5 million at two percent for 10 years. The third loan is for \$0.78 million at 2.0 percent for 10 years. The total outstanding loan balance as of June 30, 2023, is \$4.7 million. The County has a wastewater treatment agreement with the City of Rehoboth in which the County currently has 42% of the treatment plant capacity. The County's annual treatment cost are based on the capacity percentage; therefore, it was for the best interest of both parties to enter into agreement. The County has an exchange agreement to process bulk water with Artesian Wastewater Management, LLC, effective September 19, 2019 and is in effect for twenty-five years. The agreement allows for annual wastewater flow exchange amounts up to 500,000 gallons without any actions. Any flows over the 500,000 will be reimbursed to the providing provider. The County has a contract with the City of Rehoboth for the purpose of purchasing water for the Dewey Beach water customers. The contract is in effect from January 1, 2021 to December 31, 2025. The County has a contract with Artesian Water Company to supply water to the Ellendale area effective February 07, 2019, and in effect for ten years. The County and the Town of Georgetown have an interconnection agreement to provide potable water to each other from time to time at the Coastal Business Parks and Airport areas.

The County entered into a Collective Bargaining Agreement in December 2016, with Delaware Public Employees, Council 81, AGSCME AFL-CIO and its Affiliated Local Union 1926. The contract extends through June 2022 and shall continue in effect from year to year thereafter unless amended, modified or terminated in accordance to the contract. The agreement covers full and regular part-time employees in Environmental Service Department except – managerial, guards and supervisor staff.

---

**NOTE S - LANDFILL POLLUTION REMEDIATION OBLIGATION**

The annual operating costs for maintenance and monitoring the landfill sites will continue to be funded by the County and recorded as a long-term liability in the governmental activities on the Statement of Net Position.

The County has pollution remediation obligations estimated at \$400,000 of which \$100,000 is due within one year. The County has estimated future obligations based on professional consultant estimates and historical expenses of similar projects; however, there is the potential for change in estimates due to price increase or reductions, technology, or applicable laws and regulations.

The estimated pollution remediation liability relates to the anticipated cost of continued implementation of the Groundwater Management Zone (GMZ), sampling of residential wells, maintenance of the vegetation cap, removal of any debris, grading of low laying areas and continued sampling of groundwater wells at the County's closed landfill site in Laurel. The Delaware Department of Natural Resources & Environmental Control (DNREC) has accepted the County's responsibility to continue to maintain the closed landfill. An investigation of the site is completed every five years. The County estimates that it will be obligated to perform pollution remediation obligation through the next evaluation period. At the next evaluation period, the County will reassess whether any additional liability will be required.

**NOTE T - CONTINGENCIES**

The County is currently involved in a number of lawsuits involving zoning ordinances, property reassessment and other civil lawsuits. The amount of any contingent liability related to these suits either cannot be reasonably estimated or the outcome is remote.

The County has authorized the issuance of revenue bonds to provide funds for various commercial, industrial, and agricultural development projects. Various issues are outstanding at June 30, 2023 equaling \$70.7 million. In the opinion of bond counsel, these conduit bonds are not subject to the debt limit imposed on the County by the Delaware Code and are payable solely from payments made by the borrowing entities. Accordingly, these bonds are not reflected in the accompanying financial statements. The County has no commitments on these debts.

**NOTE U - SUBSEQUENT EVENTS**

Subsequent to June 30, 2023, the County authorized the issuance of \$2.0 million of General Obligation Bonds to fund for the Long Neck Communities sewer project, and \$5.2 million of General Obligation Bonds to fund the Lochwood sewer project.

The County approved the award of contracts totaling \$13.2 million for the construction and improvement of various sewer projects and airport projects.

The County invests in various investment securities for its pension and other employee benefit trusts. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Therefore, the value, liquidity, and related income of the securities are sensitive to changes in economic conditions, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the users and changes in interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the County's account balances and the amounts reported in the statement of net position held in trust for pension and other employee benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS

	Fiscal Year Ending									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service Cost	\$ 1,773,965	\$ 1,876,088	\$ 1,817,625	\$ 1,885,125	\$ 2,142,142	\$ 2,271,361	\$ 2,714,022	\$ 2,824,325	\$ 2,889,714	\$ 3,571,368
Interest Cost	5,768,860	6,211,311	6,698,077	7,078,272	7,593,994	8,037,883	8,066,691	8,545,756	8,954,565	9,732,972
Change in Benefit Terms	-	-	-	1,259,679	-	-	-	-	-	-
Differences Between Expected and Actual Experiences	(2,185,380)	805,130	1,134,350	651,103	551,937	(529,784)	994,019	(132,847)	5,325,009	1,423,233
Change in Assumptions	-	-	-	3,251,143	-	(1,231,792)	-	-	4,320,273	-
Benefit Payments, Including Refunds of Member	(2,971,418)	(3,196,734)	(3,473,063)	(3,853,298)	(4,179,270)	(4,414,193)	(4,828,741)	(5,261,057)	(5,670,848)	(6,136,229)
<b>Net Change in Total Pension Liability</b>	<b>2,386,027</b>	<b>5,695,795</b>	<b>6,176,989</b>	<b>10,272,024</b>	<b>6,108,803</b>	<b>4,133,475</b>	<b>6,945,991</b>	<b>5,976,177</b>	<b>15,818,713</b>	<b>8,591,344</b>
<b>Total Pension Liability (Beginning)</b>	<b>80,124,837</b>	<b>82,510,864</b>	<b>88,206,659</b>	<b>94,383,648</b>	<b>104,655,672</b>	<b>110,764,475</b>	<b>114,897,950</b>	<b>121,843,941</b>	<b>127,820,118</b>	<b>143,638,831</b>
<b>Total Pension Liability (Ending)</b>	<b>\$ 82,510,864</b>	<b>\$ 88,206,659</b>	<b>\$ 94,383,648</b>	<b>\$ 104,655,672</b>	<b>\$ 110,764,475</b>	<b>\$ 114,897,950</b>	<b>\$ 121,843,941</b>	<b>\$ 127,820,118</b>	<b>\$ 143,638,831</b>	<b>\$ 152,230,175</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 3,587,012	\$ 3,588,403	\$ 3,597,265	\$ 3,835,851	\$ 9,274,076	\$ 14,462,910	\$ 9,779,296	\$ 4,997,516	\$ 3,776,535	\$ 3,703,694
Contributions - Member	1,239	16,197	48,721	86,279	134,150	172,315	211,354	251,807	324,090	447,964
Net Investment Income	10,344,007	3,028,832	(345,584)	8,829,624	6,888,854	6,771,191	3,784,895	30,573,598	(12,804,970)	12,837,733
Benefit Payments, Including Refunds of Member	(2,972,657)	(3,196,734)	(3,473,063)	(3,853,298)	(4,179,270)	(4,414,193)	(4,828,741)	(5,261,057)	(5,670,848)	(6,136,229)
Administrative Expenses	(138,063)	(80,891)	(107,035)	(101,597)	(108,527)	(110,423)	(138,230)	(180,974)	(190,179)	(181,929)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>10,821,538</b>	<b>3,355,807</b>	<b>(279,696)</b>	<b>8,796,859</b>	<b>12,009,283</b>	<b>16,881,800</b>	<b>8,808,574</b>	<b>30,380,890</b>	<b>(14,565,372)</b>	<b>10,671,233</b>
<b>Plan Fiduciary Net Position (Beginning)</b>	<b>60,065,070</b>	<b>70,886,608</b>	<b>74,242,415</b>	<b>73,962,719</b>	<b>82,759,578</b>	<b>94,768,861</b>	<b>111,650,661</b>	<b>120,459,235</b>	<b>150,840,125</b>	<b>136,274,753</b>
<b>Plan Fiduciary Net Position (Ending)</b>	<b>70,886,608</b>	<b>74,242,415</b>	<b>73,962,719</b>	<b>82,759,578</b>	<b>94,768,861</b>	<b>111,650,661</b>	<b>120,459,235</b>	<b>150,840,125</b>	<b>136,274,753</b>	<b>146,945,986</b>
<b>County's Net Pension Liability / (Asset) (Ending)</b>	<b>\$ 11,624,256</b>	<b>\$ 13,964,244</b>	<b>\$ 20,420,929</b>	<b>\$ 21,896,094</b>	<b>\$ 15,995,614</b>	<b>\$ 3,247,289</b>	<b>\$ 1,384,706</b>	<b>\$ (23,020,007)</b>	<b>\$ 7,364,078</b>	<b>\$ 5,284,189</b>
Net Position as a % of Pension Liability	85.91%	84.17%	78.36%	79.08%	85.56%	97.17%	98.86%	118.01%	94.87%	96.53%
Covered Payroll	\$ 20,427,138	\$ 21,081,346	\$ 21,671,478	\$ 22,642,273	\$ 23,910,625	\$ 25,270,591	\$ 25,943,699	\$ 26,440,763	\$ 30,753,827	\$ 32,019,688
Net Pension Liability as a % of Payroll	56.91%	66.24%	94.23%	96.70%	66.90%	12.85%	5.34%	-87.07%	23.95%	16.50%

Benefit and assumption changes: In 2017, the maximum service for paramedics, dispatchers and non-elected officials hired after July 1, 2000 increased 5 years. Investment return assumption decreased from 7.50% to 7.25% in 2018, from 7.25% to 7.00% in 2019, and from 7.00% to 6.75% in 2022. For additional assumptions made, see page 55 - Note G.

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION TRUST

	Fiscal Year Ending									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 2,868,624	\$ 2,757,068	\$ 3,057,193	\$ 3,391,726	\$ 4,111,811	\$ 3,794,161	\$ 2,960,567	\$ 2,720,386	\$ 1,947,448	3,348,310
Less: Contributions made in Relation to the Actuarially Determined	3,587,012	3,588,403	3,597,265	3,835,851	9,274,076	14,462,910	9,779,296	4,997,516	3,776,535	3,703,694
Contribution Deficiency (excess)	\$ (718,388)	\$ (831,335)	\$ (540,072)	\$ (444,125)	\$ (5,162,265)	\$ (10,668,749)	\$ (6,818,729)	\$ (2,277,130)	\$ (1,829,087)	\$ (355,384)
Covered Payroll	\$ 20,427,138	\$ 21,081,346	\$ 21,671,478	\$ 22,642,273	\$ 23,910,625	\$ 25,270,591	\$ 25,943,699	\$ 26,440,763	\$ 30,753,827	\$ 32,019,688
Contributions as a % of Covered Payroll	17.56%	17.02%	16.60%	16.94%	38.79%	57.23%	37.69%	18.90%	12.28%	11.57%

Notes to Schedule:

Valuation Date July 1, 2022  
Timing: Actuarially determined contributions are calculated based on the actuarial valuation at the beginning of the fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal Cost Method  
Amortization Method Closed 20-year level dollar amortization of unfunded liability as of July 1, 2015  
Asset Valuation Method 5-year smoothed market  
Discount Rate 6.75%  
Inflation 2.50%  
Salary Increases From 3.5% - 5.0% based on service  
Mortality RP-2014 Total Mortality Table projected generationally using Scale MP-2018



---

	Fiscal Year Ending									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.56%	4.26%	-0.47%	10.67%	7.51%	6.10%	3.14%	20.27%	-9.39%	8.74%

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF CHANGE IN THE EMPLOYER'S NET OTHER POSTEMPLOYMENT BENEFIT  
LIABILITY AND RELATED RATIOS

	2017	2018	2019	Fiscal Year Ending 2020	2021	2022	2023
<b>Total Other Postemployment Benefit Liability</b>							
Service Cost	\$ 810,080	\$ 909,398	\$ 925,928	\$ 1,177,365	\$ 1,215,719	\$ 1,252,760	\$ 1,409,835
Interest	3,656,274	3,787,370	3,829,471	3,824,207	4,052,973	4,265,169	4,304,176
Differences between expected and actual experience	112,594	66,645	(356,272)	2,351,755	295,641	531,288	466,963
Changes of assumptions	786,564	(1,835,557)	(96,289)	(1,377,792)	-	(530,330)	-
Benefit payments	(1,828,522)	(2,126,749)	(2,609,065)	(2,880,064)	(2,606,916)	(2,531,838)	(3,159,662)
<b>Net Change in Total Other Postemployment Benefit Liability</b>	<b>3,536,990</b>	<b>801,107</b>	<b>1,693,773</b>	<b>3,095,471</b>	<b>2,957,417</b>	<b>2,987,049</b>	<b>3,021,312</b>
<b>Total Other Postemployment Benefit Liability - Beginning</b>	<b>48,837,970</b>	<b>52,374,960</b>	<b>53,176,067</b>	<b>54,869,840</b>	<b>57,965,311</b>	<b>60,922,728</b>	<b>63,909,777</b>
<b>Total Other Postemployment Benefit Liability - Ending</b>	<b>\$ 52,374,960</b>	<b>\$ 53,176,067</b>	<b>\$ 54,869,840</b>	<b>\$ 57,965,311</b>	<b>\$ 60,922,728</b>	<b>\$ 63,909,777</b>	<b>\$ 66,931,089</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 1,991,965	\$ 7,172,834	\$ 2,687,134	\$ 2,835,463	\$ 3,063,250	\$ 2,766,223	\$ 2,313,623
Contributions - members	-	-	-	-	-	-	-
Net investment income (loss)	3,456,691	2,772,210	2,935,078	1,727,777	12,353,584	(5,190,518)	5,180,301
Benefit payments	(1,828,522)	(2,126,749)	(2,609,065)	(2,880,064)	(2,606,916)	(2,531,838)	(3,159,662)
Administrative expense	(55,676)	(58,180)	(53,118)	(60,046)	(77,280)	(81,712)	(79,172)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,564,458</b>	<b>7,760,115</b>	<b>2,960,029</b>	<b>1,623,130</b>	<b>12,732,638</b>	<b>(5,037,845)</b>	<b>4,255,090</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>31,854,231</b>	<b>35,418,689</b>	<b>43,178,804</b>	<b>46,138,833</b>	<b>47,761,963</b>	<b>60,494,601</b>	<b>55,456,756</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 35,418,689</b>	<b>\$ 43,178,804</b>	<b>\$ 46,138,833</b>	<b>\$ 47,761,963</b>	<b>\$ 60,494,601</b>	<b>\$ 55,456,756</b>	<b>\$ 59,711,846</b>
<b>Net OPEB liability - Ending</b>	<b>\$ 16,956,271</b>	<b>\$ 9,997,263</b>	<b>\$ 8,731,007</b>	<b>\$ 10,203,348</b>	<b>\$ 428,127</b>	<b>\$ 8,453,021</b>	<b>\$ 7,219,243</b>
Plan fiduciary net position as a percentage of the total OPEB liability	67.63%	81.20%	84.09%	82.40%	99.30%	86.77%	89.21%
Covered Payroll	\$ 22,608,597	\$ 23,067,300	\$ 24,181,316	\$ 24,696,338	\$ 25,039,079	\$ 28,802,366	\$ 30,131,794
Net OPEB liability as a percentage of covered payroll	75.00%	43.34%	36.11%	41.32%	1.71%	29.35%	23.96%

Assumption changes: Investment return assumption decreased from 7.50% to 7.25% in 2018, from 7.25% to 7.00% in 2019, and from 7.00% to 6.75% in 2022.

The County implemented GASB 74 and GASB 75 in 2017. Comparable information prior to that year is not available

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFIT TRUST

	Fiscal Year Ending						
	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (ADC)	1,870,754	\$ 1,944,316	\$ 1,564,364	\$ 1,808,053	\$ 1,951,745	\$ 1,444,950	2,086,074
Less: Contributions made in Relation to the ADC	1,991,965	7,172,834	2,687,134	2,835,463	3,063,250	2,766,223	2,313,623
Contribution Deficiency (excess)	<u>\$ (121,211)</u>	<u>\$ (5,228,518)</u>	<u>\$ (1,122,770)</u>	<u>\$ (1,027,410)</u>	<u>\$ (1,111,505)</u>	<u>\$ (1,321,273)</u>	<u>\$ (227,549)</u>
Covered Payroll	\$ 22,608,597	\$ 23,067,300	\$ 24,181,316	\$ 24,696,338	\$ 25,039,079	\$ 28,802,366	\$ 30,131,794
Contributions as a % of Covered Payroll	8.81%	31.10%	11.11%	11.48%	12.23%	9.60%	7.68%

The notes below summarize the key methods and assumptions used to determine the ADC.

Notes to Schedule:

Valuation Date July 1, 2022  
 Timing Actuarially determined contributions are calculated based on the actuarial valuation at the beginning of the fiscal year.

Key Methods and Assumptions Used to Determined Contribution Rates

Actuarial Cost Method Entry Age Normal Cost Method  
 Asset Valuation Method Market Value  
 Amortization Method 30 year closed amortization, level percentage of payroll as of July 1, 2018  
 Discount Rate 6.75%  
 Salary Increases 3.5%  
 Mortality RP 2014 Standard Table, projected Fully Generational using scale MP-2018

The County implemented GASB 74 and 75 in 2017. Comparable information prior to that year is not available

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFIT TRUST

---

	Fiscal Year Ending						
	2017	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.89%	6.59%	6.44%	3.61%	20.41%	-9.36%	8.68%

The County implemented GASB 74 in 2017. Comparable information prior to that year is not available.

## **INDIVIDUAL FUND FINANCIAL SCHEDULES**

## **GENERAL FUND**

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final with Final</b>
<b>Taxes</b>			
Real property - County	\$ 15,944,000	\$ 16,272,438	\$ 328,438
Real property - library	1,868,000	1,915,357	47,357
Realty transfer	32,800,000	53,459,501	20,659,501
Fire service	1,860,000	2,300,737	440,737
Lodging tax	1,000,000	1,258,496	258,496
Penalties and interest	150,000	223,144	73,144
Total taxes	<u>53,622,000</u>	<u>75,429,673</u>	<u>21,807,673</u>
<b>Intergovernmental</b>			
Federal grants:			
Emergency preparedness	200,000	258,088	58,088
Airport	-	19,054	19,054
Housing and urban development	2,403,000	3,062,318	659,318
Economic development	-	-	-
General government	-	261,478	261,478
Library	9,000	38,000	29,000
Project income	-	23,255	23,255
Paramedics	-	-	-
Public Assistance (ARPA)	45,340,373	4,538,292	(40,802,081)
Federal payment in lieu of taxes	6,100	6,562	462
State grants:			
General government	100,000	-	(100,000)
Library	350,000	457,188	107,188
Paramedics	5,200,000	5,207,127	7,127
Emergency preparedness	-	33,280	33,280
Local emergency plan commission	72,000	74,496	2,496
Economic development	150,000	72,836	(77,164)
Total intergovernmental	<u>53,830,473</u>	<u>14,051,974</u>	<u>(39,778,499)</u>
<b>Charges for services</b>			
Mobile home placement fees	150,000	245,259	95,259
Building inspection fees	1,960,000	2,058,862	98,862
Miscellaneous general government fees	62,000	282,222	220,222
Building permits and zoning fees	2,630,000	3,033,232	403,232
911 System fees	559,630	559,637	7
Private road and sewer review and inspection fees	2,200,000	2,171,389	(28,611)
Airpark and economic development fees	698,000	733,700	35,700
Marriage Bureau	175,000	197,625	22,625
Prothonotary	-	42	42
Recorder of Deeds	5,683,000	4,993,869	(689,131)
Register of Wills	1,300,000	1,874,098	574,098
Sheriff	750,000	1,036,295	286,295
Total charges for services	<u>16,167,630</u>	<u>17,186,230</u>	<u>1,018,600</u>
Fines and forfeits	<u>50,000</u>	<u>140,862</u>	<u>90,862</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
 CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final with Final</b>
Miscellaneous revenue			
Investment earnings	\$ 1,000,000	\$ 2,360,332	\$ 1,360,332
Miscellaneous revenues	220,200	307,712	87,512
Total miscellaneous revenues	<u>1,220,200</u>	<u>2,668,044</u>	<u>1,447,844</u>
Other financing sources			
Reimbursements from other funds	47,000	310,299	263,299
Sale of capital assets	-	147,475	147,475
Subscriptions issued	-	178,720	178,720
Appropriated reserves	6,059,900	-	(6,059,900)
Total other financing sources	<u>6,106,900</u>	<u>636,494</u>	<u>(5,470,406)</u>
Total revenues and other funding sources	<u>\$ 130,997,203</u>	<u>\$ 110,113,277</u>	<u>\$ (20,883,926)</u>



SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
General government			
County Council			
Salaries and wages	\$ 278,092	\$ 278,091	\$ 1
Fringe benefits	181,173	181,173	-
Contractual services	220,419	189,454	30,965
Material and supplies	21,430	17,315	4,115
Other expenditures	17,500	12,703	4,797
Travel and training	18,850	11,033	7,817
Total county council	<u>737,464</u>	<u>689,769</u>	<u>47,695</u>
Administration			
Salaries and wages	411,013	410,334	679
Fringe benefits	144,410	144,171	239
Contractual services	25,764	20,794	4,970
Material and supplies	20,495	17,669	2,826
Other expenditures	13,640	12,645	995
Travel and training	3,500	1,777	1,723
Contingency	600,000	317,695	282,305
Total administration	<u>1,218,822</u>	<u>925,085</u>	<u>293,737</u>
Legal	<u>550,000</u>	<u>232,892</u>	<u>317,108</u>
Finance			
Salaries and wages	1,393,045	1,349,079	43,966
Fringe benefits	406,953	384,656	22,297
Contractual services	1,183,681	817,618	366,063
Material and supplies	5,788	9,776	(3,988)
Travel and training	1,931	2,270	(339)
Machinery and equipment	3,101	3,101	-
Total finance	<u>2,994,499</u>	<u>2,566,500</u>	<u>427,999</u>
Assessment			
Salaries and wages	1,257,479	1,184,082	73,397
Fringe benefits	784,364	766,641	17,723
Contractual services	3,701,235	3,479,928	221,307
Material and supplies	31,092	19,412	11,680
Other expenditures			-
Travel and training	7,030	5,282	1,748
Machinery and equipment	66,000	24,499	41,501
Total assessment	<u>5,847,200</u>	<u>5,479,844</u>	<u>367,356</u>

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
General Government - continued			
Geographic information services			
Salaries and wages	\$ 499,996	\$ 467,257	\$ 32,739
Fringe benefits	297,136	277,568	19,568
Contractual services	226,490	147,659	78,831
Material and supplies	9,470	5,855	3,615
Travel and training	23,435	19,645	3,790
Equipment			-
Total mapping and addressing	<u>1,056,527</u>	<u>917,984</u>	<u>138,543</u>
Human resources and general employment			
Salaries and wages	485,886	418,011	67,875
Fringe benefits	331,131	313,657	17,474
Contractual services	165,869	76,360	89,509
Material and supplies	7,594	2,605	4,989
Other expenditures	12,744	7,470	5,274
Travel and training	22,425	7,008	15,417
Total human resources	<u>1,025,649</u>	<u>825,111</u>	<u>200,538</u>
Records management			
Salaries and wages	171,720	169,374	2,346
Fringe benefits	116,060	116,028	32
Contractual services	40,174	34,438	5,736
Material and supplies	5,653	4,342	1,311
Total records management	<u>333,607</u>	<u>324,182</u>	<u>9,425</u>
Facilities Management			
Salaries and wages	924,559	748,368	176,191
Fringe benefits	538,582	490,916	47,666
Contractual services	664,784	610,197	54,587
Material and supplies	190,859	156,600	34,259
Other expenditures	15,000	2,250	12,750
Travel and training	18,400	-	18,400
Equipment & improvements	61,442	68,030	(6,588)
Total facilities management	<u>2,413,626</u>	<u>2,076,361</u>	<u>337,265</u>

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
General government - continued			
Information technology			
Salaries and wages	\$ 802,231	\$ 802,231	\$ -
Fringe benefits	432,186	432,186	-
Contractual services	694,033	217,644	476,389
Material and supplies	276,000	265,262	10,738
Travel and training	30,150	7,121	23,029
Equipment	275,000	205,252	69,748
Interest	-	-	-
Total information technology	<u>2,509,600</u>	<u>1,929,696</u>	<u>579,904</u>
Total General Government	<u>18,686,994</u>	<u>15,967,424</u>	<u>2,719,570</u>
Planning and zoning			
Salaries and wages	758,066	758,066	-
Fringe benefits	414,374	414,374	-
Contractual services	572,976	493,104	79,872
Material and supplies	28,375	27,885	490
Miscellaneous	1,037	1,037	-
Travel and training	12,720	9,705	3,015
Machinery and equipment	-	10,000	(10,000)
Total planning and zoning	<u>1,787,548</u>	<u>1,714,171</u>	<u>73,377</u>
Building code			
Salaries and wages	876,490	839,881	36,609
Fringe benefits	387,861	380,284	7,577
Contractual services	43,013	38,184	4,829
Material and supplies	107,521	67,513	40,008
Travel and training	6,428	4,971	1,457
Machinery and equipment	66,000	24,499	41,501
Total building code	<u>1,487,313</u>	<u>1,355,332</u>	<u>131,981</u>
Constables			
Salaries and wages	306,794	288,054	18,740
Fringe benefits	184,711	173,855	10,856
Contractual services	894,916	887,711	7,205
Material and supplies	22,225	18,752	3,473
Other expenditures	64,800	58,616	6,184
Travel and training	1,200	1,140	60
Equipment	64,700	48,998	15,702
Total constables	<u>1,539,346</u>	<u>1,477,126</u>	<u>62,220</u>
Total Planning and Zoning	<u>4,814,207</u>	<u>4,546,629</u>	<u>267,578</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2023

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
Paramedics			
Salaries and wages	\$ 12,632,458	\$ 10,869,925	\$ 1,762,533
Fringe benefits	5,557,338	5,188,150	369,188
Contractual services	1,243,749	983,253	260,496
Material and supplies	1,436,641	1,374,752	61,889
Other expenditures	13,300	10,645	2,655
Travel and training	140,387	132,475	7,912
Equipment	995,093	884,629	110,464
Total paramedics	<u>22,018,966</u>	<u>19,443,829</u>	<u>2,575,137</u>
Emergency preparedness			
Administration			
Salaries and Wages	210,764	210,764	-
Fringe benefits	91,155	91,155	-
Contractual services	310,264	325,900	(15,636)
Material and supplies	32,234	32,234	-
Other expenditures	1,418	1,418	-
Travel and training	509	509	-
Machinery and equipment	97,610	97,610	-
Total administration	<u>743,954</u>	<u>759,590</u>	<u>(15,636)</u>
Emergency operations center			
Salaries and wages	3,009,022	2,622,600	386,422
Fringe benefits	1,518,354	1,366,652	151,702
Contractual services	322,500	256,280	66,220
Material and supplies	34,265	21,643	12,622
Other expenditures	3,000	2,706	294
Travel and training	49,500	27,678	21,822
Total emergency operation center	<u>4,936,641</u>	<u>4,297,559</u>	<u>639,082</u>
Communication systems			
Salaries and wages	214,042	209,141	4,901
Fringe benefits	110,590	110,491	99
Contractual services	25,541	22,494	3,047
Material and supplies	88,251	49,339	38,912
Machinery and equipment	27,000	20,024	6,976
Total communication systems	<u>465,424</u>	<u>411,489</u>	<u>53,935</u>
Local emergency planning community program			
Salaries and wages	56,217	56,217	-
Fringe benefits	32,843	32,843	-
Contractual services	1,406	1,406	-
Material and supplies	246	246	-
Travel and training	1,072	2,295	(1,223)
Total local planning community program	<u>91,784</u>	<u>93,007</u>	<u>(1,223)</u>
Total Emergency Preparedness	<u>6,237,803</u>	<u>5,561,645</u>	<u>676,158</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
County engineer			
Administration			
Salaries and wages	\$ 1,272,433	\$ 1,197,091	\$ 75,342
Fringe benefits	491,412	540,458	(49,046)
Contractual services	105,440	57,464	47,976
Material and supplies	60,564	42,817	17,747
Other expenditures	292,616	271,564	21,052
Travel and training	1,804	402	1,402
Improvements	10,000	2,240	7,760
Total county engineer	<u>2,234,269</u>	<u>2,112,036</u>	<u>122,233</u>
Library			
Library administration	891,913	706,732	185,181
Library facilities	2,682,816	2,236,959	445,857
Total library	<u>3,574,729</u>	<u>2,943,691</u>	<u>631,038</u>
Economic development and airpark			
Economic development			
Salaries and wages	138,994	127,331	11,663
Fringe benefits	46,576	46,440	136
Contractual services	282,390	70,883	211,507
Material and supplies	71,500	16,206	55,294
Travel and training	35,000	3,173	31,827
Equipment	300,000	65,533	234,467
Total economic development	<u>874,460</u>	<u>329,566</u>	<u>544,894</u>
Security			
Salaries and wages	179,310	179,310	-
Fringe benefits	88,197	88,496	(299)
Contractual services	211,170	220,538	(9,368)
Material and supplies	7,015	8,338	(1,323)
Travel and training	4,974	4,974	-
Total security	<u>490,666</u>	<u>501,656</u>	<u>(10,990)</u>

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
Economic development and airpark - continued			
Airpark			
Salaries and wages	\$ 205,472	\$ 200,595	\$ 4,877
Fringe benefits	78,016	76,945	1,071
Contractual services	510,888	349,227	161,661
Material and supplies	84,590	70,141	14,449
Other expenditures	105,850	99,559	6,291
Travel and training	9,975	-	9,975
Equipment and improvements	18,550	15,650	2,900
Total airpark	<u>1,013,341</u>	<u>812,117</u>	<u>201,224</u>
Total economic development and airpark	<u>2,378,467</u>	<u>1,643,339</u>	<u>735,128</u>
Community development			-
Salaries and wages	491,423	352,758	138,665
Fringe benefits	242,125	211,991	30,134
Contractual services	4,379,637	3,500,728	878,909
Material and supplies	11,330	8,618	2,712
Other expenditures	1,350	513	837
Travel and training	3,600	2,105	1,495
Equipment	74,000	62,813	11,187
Total community development	<u>5,203,465</u>	<u>4,139,526</u>	<u>1,063,939</u>
Grant-in-aid			
Fire and ambulance grants	5,634,450	5,933,471	(299,021)
Public safety grants	4,775,610	4,550,393	225,217
Environmental grants	4,093,749	499,936	3,593,813
Public assistance grant	1,532,200	1,349,934	182,266
Economic assistance grant	44,157,832	3,597,282	40,560,550
Library grants	2,824,600	2,919,858	(95,258)
Total grant-in-aid	<u>63,018,441</u>	<u>18,850,874</u>	<u>44,167,567</u>
Constitutional offices			
Marriage Bureau	280,471	242,130	38,341
Recorder of Deeds	1,001,135	955,206	45,929
Register of Wills	690,456	639,744	50,712
Sheriff	742,300	746,066	(3,766)
Total constitutional offices	<u>2,714,362</u>	<u>2,583,146</u>	<u>131,216</u>
Financing expenditures	-	565,754	(565,754)
Total expenditures	<u>130,881,703</u>	<u>78,357,893</u>	<u>52,523,810</u>
Other financing uses			
Transfers out	115,500	19,775,001	(19,659,501)
Total other financing uses	<u>115,500</u>	<u>19,775,001</u>	<u>(19,659,501)</u>
Total expenditures and other financing uses	<u>\$ 130,997,203</u>	<u>\$ 98,132,894</u>	<u>\$ 32,864,309</u>

**CAPITAL PROJECTS FUND**

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF CAPITAL PROJECTS FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Final Budget Amounts</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Intergovernmental	\$ 2,027,500	\$ 3,530,476	\$ 1,502,976
Contributions	-	40,000	40,000
Investment earnings	50,000	746,173	696,173
Total revenues	<u>2,077,500</u>	<u>4,316,649</u>	<u>\$ 2,239,149</u>
<b>EXPENDITURES</b>			
<b>General government</b>	69,177	69,177	-
Capital projects			
Administrative	8,580,823	2,503,294	6,077,529
Information technology	300,000	93,285	206,715
Airport/Business Park	9,805,000	5,897,189	3,907,811
Engineering	600,000	600,000	-
Library	215,000	37,741	177,259
Public safety	8,800,000	5,441,114	3,358,886
Total expenditures	<u>28,370,000</u>	<u>14,641,800</u>	<u>13,728,200</u>
Excess of revenues over (under) expenditures	<u>(26,292,500)</u>	<u>(10,325,151)</u>	<u>15,967,349</u>
<b>OTHER FINANCING SOURCES</b>			
Appropriated reserves	26,292,500	-	(26,292,500)
Sale of capital assets	-	531,714	531,714
Transfers in	-	19,659,501	19,659,501
Total other financing sources	<u>26,292,500</u>	<u>20,191,215</u>	<u>(6,101,285)</u>
Net change in fund balances	-	9,866,064	9,866,064
Fund balances - beginning	<u>42,372,227</u>	<u>60,387,128</u>	<u>-</u>
Fund balances - ending	<u>\$ 42,372,227</u>	<u>\$ 70,253,192</u>	<u>\$ 9,866,064</u>



## **FIDUCIARY FUND**

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
 JUNE 30, 2023

	<u>Pension Trust</u>	<u>Post- retirement Employee Benefit Trust</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,843,362	\$ 675,761	\$ 2,519,123
Investments:			
U.S. Treasuries	9,681,718	4,856,491	14,538,209
Government Agencies	246,345	-	246,345
Corporate obligations	29,827,151	11,538,755	41,365,906
Core Real Estate	7,559,671	3,048,045	10,607,716
Infrastructure	7,861,985	3,088,637	10,950,622
Mutual funds and pooled investments	89,663,772	36,394,446	126,058,218
Total Investments	<u>144,840,642</u>	<u>58,926,374</u>	<u>203,767,016</u>
Accounts Receivable	-	23,361	23,361
Accrued interest	<u>321,734</u>	<u>134,363</u>	<u>456,097</u>
<b>Total Assets</b>	<u>147,005,738</u>	<u>59,759,859</u>	<u>206,765,597</u>
<b>LIABILITIES</b>			
Accounts payable	<u>59,752</u>	<u>48,013</u>	<u>107,765</u>
<b>Total Liabilities</b>	<u>59,752</u>	<u>48,013</u>	<u>107,765</u>
<b>NET POSITION</b>			
Net position restricted for pension and OPEB benefits	<u><u>\$ 146,945,986</u></u>	<u><u>\$ 59,711,846</u></u>	<u><u>\$ 206,657,832</u></u>

**COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Pension Trust</u>	<u>Post- retirement Employee Benefit Trust</u>	<u>Total</u>
<b>ADDITIONS</b>			
Employer contributions	\$ 3,703,694	\$ 2,313,624	\$ 6,017,318
Employee contributions	447,964	-	447,964
Investment earnings:			
Net appreciation (depreciation) of investments	8,953,600	2,947,105	11,900,705
Interest and dividends	4,133,047	2,335,327	6,468,374
Total investment earnings	13,086,647	5,282,432	18,369,079
Less investment costs	(248,914)	(102,132)	(351,046)
Net investment earnings	12,837,733	5,180,300	18,018,033
Total additions	16,989,391	7,493,924	24,483,315
<b>DEDUCTIONS</b>			
Beneficiary payments	6,136,229	3,159,662	9,295,891
Professional fees	181,929	79,172	261,101
Total deductions	6,318,158	3,238,834	9,556,992
Net decrease in plan net position	10,671,233	4,255,090	14,926,323
Net position restricted for pension and OPEB benefits - beginning	136,274,753	55,456,756	191,731,509
Net position restricted for pension and OPEB benefits - ending	\$ 146,945,986	\$ 59,711,846	\$ 206,657,832

# STATISTICAL SECTION

SUSSEX COUNTY, DELAWARE

*This part of Sussex County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.*

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<p><b>Financial Trends</b>  <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i></p>	91 - 97
<p><b>Revenue Capacity</b>  <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i></p>	98 - 100
<p><b>Debt Capacity</b>  <i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i></p>	101 - 102
<p><b>Demographic and Economic Information</b>  <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time with other governments.</i></p>	103 – 104
<p><b>Operating Information</b>  <i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i></p>	105 - 107

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

SUSSEX COUNTY, DELAWARE  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
*(accrual basis of accounting)*

	Fiscal Year									
	2014 as restated	2015	2016 as restated	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 75,152,173	\$ 77,934,592	\$ 78,216,994	\$ 82,604,022	\$ 84,144,082	\$ 87,307,216	\$ 93,018,347	\$ 95,551,537	\$ 101,525,312	\$ 111,520,404
Restricted	45,203,773	45,429,078	57,265,576	63,969,632	72,319,111	73,462,380	88,955,557	103,290,603	129,854,977	138,468,808
Unrestricted	47,467,328	49,690,896	30,428,391	30,413,739	31,989,121	43,795,356	40,407,560	62,637,940	57,180,431	67,376,602
Total governmental activities net position	<u>\$ 167,823,274</u>	<u>\$ 173,054,566</u>	<u>\$ 165,910,961</u>	<u>\$ 176,987,393</u>	<u>\$ 188,452,314</u>	<u>\$ 204,564,952</u>	<u>\$ 222,381,464</u>	<u>\$ 261,480,080</u>	<u>\$ 288,560,720</u>	<u>\$ 317,365,814</u>
Business-type activities										
Net investment in capital assets	\$ 204,051,102	\$ 207,515,115	\$ 220,310,592	\$ 239,365,922	\$ 242,907,425	\$ 273,869,317	\$ 306,996,877	\$ 312,780,719	\$ 324,432,012	\$ 361,184,576
Restricted	33,313,218	43,858,934	65,761,276	59,306,086	64,748,595	76,579,751	75,238,638	85,391,251	86,645,337	85,979,015
Unrestricted	59,033,375	50,704,078	22,380,633	19,484,264	26,954,823	15,931,184	10,755,253	20,092,468	26,731,011	15,760,470
Total business-type activities net position	<u>\$ 296,397,695</u>	<u>\$ 302,078,127</u>	<u>\$ 308,452,501</u>	<u>\$ 318,156,272</u>	<u>\$ 334,610,843</u>	<u>\$ 366,380,252</u>	<u>\$ 392,990,768</u>	<u>\$ 418,264,438</u>	<u>\$ 437,808,360</u>	<u>\$ 462,924,061</u>
Primary government										
Net investment in capital assets	\$ 279,203,275	\$ 285,449,707	\$ 298,527,586	\$ 321,969,944	\$ 327,051,507	\$ 361,176,533	\$ 400,015,224	\$ 408,332,256	\$ 425,957,324	\$ 472,704,980
Restricted	78,516,991	89,288,012	123,026,852	123,275,718	137,067,706	150,042,131	164,194,195	188,681,854	238,931,210	224,447,823
Unrestricted	106,500,703	100,394,974	52,809,024	49,898,003	58,943,944	59,726,540	51,162,813	82,730,408	61,480,546	83,137,072
Total primary government net position	<u>\$ 464,220,969</u>	<u>\$ 475,132,693</u>	<u>\$ 474,363,462</u>	<u>\$ 495,143,665</u>	<u>\$ 523,063,157</u>	<u>\$ 570,945,204</u>	<u>\$ 615,372,232</u>	<u>\$ 679,744,518</u>	<u>\$ 726,369,080</u>	<u>\$ 780,289,875</u>

Notes:

1. The business-type activities net position balance for fiscal year ending 2014 decreased by \$6,493,225 and governmental activities decreased by \$23,938,654 due to a prior period adjustment for implementation of GASB 68.
2. The business-type activities net position balance for fiscal year ending 2016 decreased by \$5,272,706 and governmental activities decreased by \$17,164,325 due to a prior period adjustment for implementation of GASB 74.

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

	Fiscal Year									
	2014 as restated	2015	2016 as restated	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 34,762,582	\$ 11,612,339	\$ 30,002,513	\$ 14,999,329	\$ 16,510,060	\$ 16,555,625	\$ 16,147,716	\$ 7,520,951	\$ 17,721,356	\$ 18,931,941
Grant-in-aid programs	7,863,936	9,931,773	9,915,966	10,362,109	11,270,949	13,736,171	14,118,069	21,390,212	22,494,926	18,484,681
Planning and zoning	1,091,112	1,208,811	1,272,303	1,767,664	1,716,521	1,638,747	1,557,365	2,580,241	2,936,104	4,407,862
Paramedic program	14,302,991	13,895,165	13,489,135	14,444,807	14,923,379	16,209,069	16,506,738	16,637,782	17,281,301	19,722,967
Emergency preparedness	3,531,682	3,317,424	3,414,864	3,687,552	3,757,532	3,869,706	4,309,246	4,942,953	5,247,706	6,078,549
Economic development and Airpark	2,145,727	2,348,642	2,855,446	3,072,208	3,263,235	3,501,515	4,074,827	4,763,057	4,648,729	4,723,973
County engineer	1,721,971	2,004,463	2,351,221	1,511,146	1,639,722	1,037,068	1,279,617	1,109,090	1,785,092	1,595,449
Library	4,208,141	4,194,436	2,887,880	2,950,264	3,076,799	3,206,010	3,314,143	3,280,930	3,306,846	3,283,349
Community development and housing programs	1,878,873	1,772,497	2,051,580	2,157,621	1,759,425	1,939,275	1,957,643	2,418,638	3,168,738	4,159,487
Constitutional offices	2,459,691	2,419,518	2,335,997	2,433,532	2,386,080	2,414,528	2,460,778	2,557,573	2,527,514	2,626,204
Interest on long-term debt	-	-	-	-	-	-	-	-	415	528,831
<b>Total governmental activities expenses</b>	<b>73,966,706</b>	<b>52,705,068</b>	<b>70,576,905</b>	<b>57,386,232</b>	<b>60,303,702</b>	<b>64,107,714</b>	<b>65,726,142</b>	<b>67,201,427</b>	<b>81,118,727</b>	<b>84,543,293</b>
Business-type activities:										
Sewer facilities	38,554,376	32,982,881	39,048,235	35,167,846	33,519,513	33,671,550	37,418,065	42,024,610	42,566,436	45,360,436
Water facilities	1,135,520	1,061,361	1,251,337	1,299,626	1,162,200	1,212,059	1,189,872	1,415,297	1,541,103	1,967,321
<b>Total business-type activities expenses</b>	<b>39,689,896</b>	<b>34,044,242</b>	<b>40,299,572</b>	<b>36,467,472</b>	<b>34,681,713</b>	<b>34,883,609</b>	<b>38,607,937</b>	<b>43,439,907</b>	<b>44,107,539</b>	<b>47,327,757</b>
<b>Total primary government expenses</b>	<b>\$ 113,656,602</b>	<b>\$ 86,749,310</b>	<b>\$ 110,876,477</b>	<b>\$ 93,853,704</b>	<b>\$ 94,985,415</b>	<b>\$ 98,991,323</b>	<b>\$ 104,334,079</b>	<b>\$ 110,641,334</b>	<b>\$ 125,226,266</b>	<b>\$ 131,871,050</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,758,562	\$ 1,638,637	\$ 1,832,205	\$ 2,011,190	\$ 1,979,163	\$ 2,575,246	\$ 2,077,385	\$ 2,840,815	\$ 2,585,669	\$ 710,468
Planning and zoning	1,628,932	1,672,188	1,895,358	2,134,990	2,226,305	2,694,274	2,310,409	3,372,843	3,110,241	5,214,423
Paramedics	-	12,803	19,225	27,115	29,355	33,180	61,265	60,090	45,635	54,401
Emergency preparedness	17,500	17,500	17,500	20,800	20,800	20,800	20,800	20,800	17,500	14,200
Economic development and airpark	455,017	477,689	483,227	581,284	530,078	592,964	650,852	623,646	674,061	676,583
County engineer	744,238	660,738	1,610,081	1,238,518	1,935,572	1,725,883	1,892,140	2,809,175	2,845,768	2,187,863
Library	35,359	38,404	39,077	32,622	31,538	28,110	15,744	566	9,822	18,532
Constitutional offices	7,205,590	6,812,782	6,934,857	8,469,402	7,571,546	7,395,152	7,645,576	10,495,091	9,563,202	8,101,930
Operating grants and contributions	6,945,600	6,444,501	7,308,976	7,626,361	5,931,357	7,541,334	7,785,453	8,591,133	9,936,890	14,518,863
Capital grants and contributions	6,751,045	1,217,668	2,018,147	702,252	425,636	2,050,546	4,018,377	573,362	1,742,413	3,641,335
<b>Total governmental activities program revenues</b>	<b>25,541,843</b>	<b>18,992,910</b>	<b>22,158,653</b>	<b>22,844,534</b>	<b>20,681,350</b>	<b>24,657,489</b>	<b>26,478,001</b>	<b>29,387,521</b>	<b>30,531,201</b>	<b>35,138,598</b>

(continued)

**SUSSEX COUNTY, DELAWARE**  
**CHANGES IN NET POSITION - CONTINUED**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year									
	2014 as restated	2015	2016 as restated	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services:										
Sewer facilities	\$ 18,900,486	\$ 20,248,738	\$ 21,550,662	\$ 21,749,464	\$ 23,665,580	\$ 24,357,943	\$ 24,984,618	\$ 26,241,664	\$ 29,233,480	\$ 31,739,069
Water facilities	1,240,052	1,223,871	1,249,930	1,234,499	1,238,663	1,261,416	1,274,502	1,331,189	1,408,162	1,611,463
Operating grants and contributions	15,605,163	14,749,008	16,306,257	17,714,845	19,480,380	26,261,126	24,821,790	28,690,407	20,414,771	27,129,392
Capital grants and contributions	2,798,600	3,245,590	7,049,610	5,424,290	6,388,880	14,244,228	13,616,195	12,257,912	13,357,146	12,055,311
Total business-type activities program revenues	38,544,301	39,467,207	46,156,459	46,123,098	50,773,503	66,124,713	64,697,105	68,521,172	64,413,559	72,535,235
Total primary government program revenues	\$ 25,541,843	\$ 18,992,910	\$ 22,158,653	\$ 22,844,534	\$ 20,681,350	\$ 24,657,489	\$ 26,478,001	\$ 29,387,521	\$ 94,944,760	\$ 107,673,833
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (48,424,863)	\$ (33,712,158)	\$ (48,418,252)	\$ (34,541,698)	\$ (39,622,352)	\$ (39,450,225)	\$ (39,248,141)	\$ (37,813,906)	\$ (50,587,526)	\$ (49,404,695)
Business-type activities	(1,145,595)	5,422,965	5,856,887	9,655,626	16,091,790	31,241,104	26,089,168	25,081,265	20,306,020	25,207,478
Total primary government net (expense)/revenue	\$ (49,570,458)	\$ (28,289,193)	\$ (42,561,365)	\$ (24,886,072)	\$ (23,530,562)	\$ (8,209,121)	\$ (13,158,973)	\$ (12,732,641)	\$ (30,281,506)	\$ (24,197,217)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 14,110,356	\$ 14,339,081	\$ 14,715,444	\$ 15,264,023	\$ 15,709,654	\$ 16,129,403	\$ 16,644,442	\$ 17,087,426	\$ 17,632,070	\$ 18,311,658
Fire service taxes	1,253,792	1,280,085	1,421,496	1,647,719	1,694,992	2,070,724	1,789,174	2,663,857	2,386,367	2,300,737
Realty transfer taxes	20,894,160	22,212,933	24,210,264	27,989,410	32,299,796	33,501,282	35,477,592	57,024,772	63,006,928	53,459,501
Lodging taxes	-	-	-	-	-	-	49,958	-	955,081	1,258,496
Unrestricted investment results	949,002	820,263	935,665	259,279	1,190,083	3,816,187	3,113,675	179,303	(6,296,359)	3,106,505
Gain (loss) on sale of capital assets	-	-	-	468,928	204,544	59,218	3,777	19,303	50,329	(421,907)
Transfers	(9,390)	291,088	(8,222)	(11,229)	(11,796)	(13,951)	(13,965)	(62,139)	(66,250)	194,799
Total governmental activities	37,197,920	38,943,450	41,274,647	45,618,130	51,087,273	55,562,863	57,064,653	76,912,522	77,668,166	78,209,789
Business-type activities:										
Unrestricted investment results	767,657	548,555	509,265	34,935	324,440	521,362	396,483	108,126	(929,764)	18,100
Gain (loss) on sale of capital assets	-	-	-	1,981	26,545	(7,008)	110,900	22,140	101,416	84,922
Transfers	9,390	(291,088)	8,222	11,229	11,796	13,951	13,965	62,139	66,250	(194,799)
Total business-type activities	777,047	257,467	517,487	48,145	362,781	528,305	521,348	192,405	(762,098)	(91,777)
Total primary government program revenues	\$ 37,974,967	\$ 39,200,917	\$ 41,792,134	\$ 45,666,275	\$ 51,450,054	\$ 56,091,168	\$ 57,586,001	\$ 77,104,927	\$ 76,906,068	\$ 78,118,012
<b>Change in Net Position</b>										
Governmental activities	\$ (11,226,943)	\$ 5,231,292	\$ (7,143,605)	\$ 11,076,432	\$ 11,464,921	\$ 16,112,638	\$ 17,816,512	\$ 39,098,616	\$ 27,080,640	\$ 28,805,094
Business-type activities	(368,548)	5,680,432	6,374,374	9,703,771	16,454,571	31,769,409	26,610,516	25,273,670	19,543,922	25,115,701
Total primary government	\$ (11,595,491)	\$ 10,911,724	\$ (769,231)	\$ 20,780,203	\$ 27,919,492	\$ 47,882,047	\$ 44,427,028	\$ 64,372,286	\$ 46,624,562	\$ 53,920,795

**Notes:** 1. The business-type activities net position balance for fiscal year ending 2013 decreased by \$515,921 due to a prior period adjustment for implementation of GASB 65.  
2. The business-type activities net position balance for fiscal year ending 2014 decreased by \$6,493,225 and governmental activities decreased by \$23,938,654 due to a prior period adjustment for implementation of GASB 68.



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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 106,540	\$ 452,748	\$ 359,120	\$ 345,211	\$ 315,913	\$ 352,961	\$ 316,316	\$ 267,909	\$ 342,349	\$ 592,772
Restricted	45,203,773	42,832,105	49,092,198	51,308,089	52,560,032	57,923,703	64,131,190	74,207,956	68,118,803	69,231,584
Committed	778,755	798,817	1,079,713	1,282,810	838,424	1,811,458	1,867,007	10,439,101	2,031,648	1,585,717
Assigned	7,258,754	7,168,799	4,960,008	16,286,439	17,237,808	20,899,412	8,516,719	2,079,742	2,563,861	783,227
Unassigned	34,229,654	35,922,102	40,577,312	32,478,506	34,518,709	29,029,042	37,826,924	38,531,552	55,475,146	68,318,440
Total general fund	<u>\$ 87,577,476</u>	<u>\$ 87,174,571</u>	<u>\$ 96,068,351</u>	<u>\$ 101,701,055</u>	<u>\$ 105,470,886</u>	<u>\$ 110,016,576</u>	<u>\$ 112,658,156</u>	<u>\$ 125,526,260</u>	<u>\$ 128,531,807</u>	<u>\$ 140,511,740</u>
All Other Governmental Funds										
Restricted	\$ 8,769,934	\$ 13,182,134	\$ 14,587,607	\$ 17,447,074	\$ 17,575,194	\$ 17,119,804	\$ 23,769,732	\$ 42,372,227	\$ 60,387,128	\$ 70,211,913
Committed	-	-	1,420,252	1,420,883	1,425,270	1,454,505	1,477,446	-	-	41,279
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,769,934</u>	<u>\$ 13,182,134</u>	<u>\$ 16,007,859</u>	<u>\$ 18,867,957</u>	<u>\$ 19,000,464</u>	<u>\$ 18,574,309</u>	<u>\$ 25,247,178</u>	<u>\$ 42,372,227</u>	<u>\$ 60,387,128</u>	<u>\$ 70,253,192</u>



**SCHEDULE OF REVENUE AND EXPENDITURES AND OTHER FINANCING SOURCES AND USES  
GENERAL FUND**

Year Ended	Total Revenues and Other Financing Sources	Total Expenditures and Other Financing Uses	Revenues Over (Under) Expenditures
June 30, 1978	\$ 3,017,587	\$ 2,944,327	\$ 73,260
June 30, 1979	3,211,534	3,327,193	(115,659)
June 30, 1980	3,412,108	4,030,506	(618,398)
June 30, 1981	4,132,559	4,514,093	(381,534)
June 30, 1982	5,396,279	5,353,716	42,563
June 30, 1983	5,960,285	5,575,652	384,633
June 30, 1984	7,368,435	6,505,440	862,995
June 30, 1985	7,195,223	7,062,005	133,218
June 30, 1986	8,092,891	7,332,618	760,273
June 30, 1987	8,083,881	8,223,857	(139,976)
June 30, 1988	8,747,945	8,038,906	709,039
June 30, 1989	8,785,091	8,498,335	286,756
June 30, 1990	9,450,906	9,813,082	(362,176)
June 30, 1991	11,194,437	10,849,623	344,814
June 30, 1992	13,638,160	12,496,815	1,141,345
June 30, 1993	15,702,048	14,788,446	913,602
June 30, 1994	17,400,655	15,609,340	1,791,315
June 30, 1995	18,691,048	16,649,804	2,041,244
June 30, 1996	19,839,629	18,335,025	1,504,604
June 30, 1997	20,657,168	18,887,201	1,769,967
June 30, 1998	22,748,561	19,577,032	3,171,529
June 30, 1999	27,986,124	21,058,512	6,927,612
June 30, 2000	31,943,432	27,905,314	4,038,118
June 30, 2001	33,372,782	30,856,476	2,516,306
June 30, 2002	40,317,598	34,062,609	6,254,989
June 30, 2003	47,788,332	35,256,669	12,531,663
June 30, 2004	59,473,814	48,051,724	11,422,090
June 30, 2005	68,771,872	56,968,164	11,803,708
June 30, 2006	75,629,821	64,726,011	10,903,810
June 30, 2007	65,109,365	67,761,397	(2,652,032)
June 30, 2008	56,401,363	59,723,336	(3,321,973)
June 30, 2009	47,129,096	49,023,600	(1,894,504)
June 30, 2010	46,524,193	45,906,216	617,977
June 30, 2011	46,374,338	42,892,557	3,481,781
June 30, 2012	47,687,660	46,833,631	854,029
June 30, 2013	49,054,287	46,681,785	2,372,502
June 30, 2014	57,098,756	50,052,011	7,046,745
June 30, 2015	56,839,650	57,242,555	(402,905)
June 30, 2016	61,484,092	52,590,312	8,893,780
June 30, 2017	67,056,315	61,423,611	5,632,704
June 30, 2018	71,717,857	67,948,026	3,769,831
June 30, 2019	78,393,696	73,848,006	4,545,690
June 30, 2020	79,250,672	76,609,092	2,641,580
June 30, 2021	105,979,141	93,111,037	12,868,104
June 30, 2022	108,405,064	105,399,517	3,005,547
June 30, 2023	110,112,827	98,132,894	11,979,933

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

Fiscal Year	Residential Property	Business	Agriculture Property	Trailer	Other	Less: Tax - Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2014	2,450,287,060	427,920,126	117,594,308	112,225,430	224,673,246	225,892,895	3,106,807,275	0.445	34,907,946,910	8.9%
2015	2,503,649,158	428,637,368	118,375,983	111,485,805	226,254,961	242,988,200	3,145,415,075	0.445	37,135,951,299	8.5%
2016	2,595,976,739	434,363,150	118,590,557	109,527,555	227,376,546	227,246,866	3,258,587,681	0.445	39,545,966,996	8.2%
2017	2,688,186,234	442,811,028	121,596,448	110,460,539	228,894,171	228,894,171	3,363,054,249	0.445	41,315,162,764	8.1%
2018	2,788,621,448	449,468,483	124,513,173	114,278,764	232,611,021	245,224,677	3,464,268,212	0.445	44,527,869,049	7.8%
2019	2,878,558,172	451,761,425	127,125,723	114,381,064	233,303,521	244,317,159	3,560,812,746	0.445	45,768,801,356	7.8%
2020	2,981,509,795	458,379,350	129,695,123	114,937,264	242,893,502	252,967,804	3,674,447,230	0.445	49,654,692,297	7.4%
2021	3,075,348,220	465,405,625	131,116,673	115,172,414	238,467,250	246,308,593	3,779,201,589	0.445	53,228,191,394	7.1%
2022	3,189,261,920	474,433,025	132,329,723	115,834,214	237,996,850	246,960,985	3,902,894,747	0.445	62,949,915,274	6.2%
2023	3,325,279,335	480,653,835	133,549,323	116,909,314	232,672,539	240,198,350	4,048,865,996	0.445	76,393,698,038	5.3%

**Notes:**

1. Assessed values reflect the values utilized for initial property tax billings for each fiscal year, which are based on the June 30 assessments.
2. Real property is appraised based on 1974 market values.
3. The assessed value is 50% of the appraised value.
4. Assessed value ratio estimates were developed by the University of Delaware.
5. Assessed values are based on taxable assessments.

\* Figures not available.

**Sources:** Sussex County Assessment Division and University of Delaware.

SUSSEX COUNTY, DELAWARE  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**

	Year Taxes Are Payable									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>County Direct</b>										
County Tax	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983
Library	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467
Total direct rate	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450
<b>School Districts</b>										
Cape Henlopen	2.9770	3.0710	3.0430	3.2130	3.4900	3.6774	3.9921	3.9876	3.9734	3.9722
Delmar	3.8094	3.6394	4.3669	4.1417	4.2217	4.2217	4.2017	4.2367	4.4048	4.0453
Indian River	2.7430	2.6930	2.6890	2.5780	3.0970	3.0670	3.0350	3.0541	3.2061	3.2829
Laurel	3.5890	3.6960	4.2050	4.9890	4.7120	4.8890	4.4170	4.4030	4.2498	4.2478
Milford	3.5870	3.4783	3.5682	5.3913	4.9841	4.9145	4.8913	4.8506	4.8028	4.6957
Seaford	3.3600	3.2000	3.3600	3.3600	3.5797	3.8134	3.9340	4.5955	4.1567	4.0923
Woodbridge	3.6900	3.6170	3.6090	3.6090	3.6090	3.9020	4.5560	4.5560	4.5560	4.5560
Vo-Tech	0.2599	0.2728	0.3289	0.3365	0.2704	0.2691	0.2646	0.2879	0.2907	0.3357
<b>Town Rates (2)</b>										
Bethany Beach	0.1750	0.1750	0.1850	0.1850	0.1850	0.1900	0.1900	0.1900	0.1950	0.1960
Bethel	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Blades	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000
Bridgeville	2.4000	2.4000	2.4000	2.4000	2.4000	2.5200	2.6400	2.7600	2.8800	3.0000
Dagsboro	0.5600	0.5600	0.5600	0.5600	0.5600	0.0560	0.0560	0.0560	0.5600	0.5600
Delmar	0.5200	0.5400	0.5400	0.5400	0.6000	0.6200	0.6300	0.6200	0.6600	0.7000
Dewey Beach	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3000	0.4000
Ellendale	1.5000	1.5000	1.8000	1.8000	1.8000	1.8000	2.0000	1.9800	2.0000	2.0000
Fenwick Island	1.9200	1.9200	1.9200	1.9200	1.9200	1.7402	1.7402	1.7402	1.7402	1.7402
Frankford	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000
Georgetown	3.1700	3.1700	3.1700	3.1700	3.1700	3.1700	3.1700	3.1700	3.4900	3.4900
Greenwood	1.8000	1.8000	1.8000	1.8000	1.8000	1.8000	1.8000	1.8000	2.0000	2.0000
Henlopen Acres	2.6200	2.6200	2.6200	2.6200	2.6200	2.6200	2.6200	2.9400	2.9400	2.9400
Laurel	2.2900	2.0800	2.5300	2.7300	2.8700	3.0100	3.0100	3.0100	3.0100	3.9800
Lewes	0.5700	0.5700	0.5700	0.5700	0.5700	0.5700	0.5700	0.5700	0.5700	0.5700
Milford	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4828	0.4928	0.5460
Millsboro	0.5600	0.5600	0.3300	0.3300	0.3300	0.3300	0.3400	0.3600	0.3800	0.3900
Millville	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Milton	0.2160	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2520	0.2950	0.3240
Ocean View	0.1620	0.1652	0.1652	0.1652	2.6700	2.4780	2.4780	2.6780	2.3780	2.3780
Rehoboth Beach	0.4000	0.4000	0.4000	0.4000	0.4000	0.0600	0.0600	0.0600	0.0600	0.0600
Seaford	0.3100	0.3100	0.3100	0.3100	0.3100	0.3400	0.3400	0.3400	0.3400	0.3400
Selbyville	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500
Slaughter Beach	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
South Bethany	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000

**Notes:**

1. The above rates are per \$100 of assessed value.
2. The town rate shown for Bethany Beach, Blades, Dagsboro, Delmar, Lewes, Milford, Millsboro, Milton, Rehoboth Beach, and Seaford are based on assessments established by the individual towns. The other town rates are based on County assessments. Town of Ocean View rate shown are based on assessments established by the town from 2014 ~ 2017, 2018 rate shown is based on County assessments.

**Sources:** The Sussex County Department of Finance and various Sussex County Towns' offices.

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

<b>Taxpayer</b>	<b>Fiscal Year 2023</b>			<b>Fiscal Year 2014</b>		
	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Delmarva Power & Light Co.	\$ 46,547,641	1	1.11%	\$ 29,548,954	2	0.96%
Verizon	22,151,875	2	0.53	40,016,875	1	1.27
Indian River Power LLC	12,786,471	3	0.30	12,786,471	3	0.41
Chesapeake Utilities Corporation	8,578,550	4	0.19	5,767,165	6	0.18
Eastern Shore Natural Gas Co.	8,161,700	5	0.20	9,254,400	4	0.29
Invista Sarl	6,827,200	6	0.16	-	-	-
Delaware Electric Cooperative, Inc.	6,543,900	7	0.16	5,344,578	7	0.17
Harim Millsboro LLC	6,334,400	8	0.15	-	-	-
Mountaire Farms of Delaware, Inc.	5,095,300	9	0.12	4,012,150	8	0.13
Sussex Sports Amenities LLC	3,342,450	10	0.08	-	-	-
E.I. duPont de Nemours Company	-	-	-	6,827,200	5	0.22
Millsboro Town Center LLC	-	-	-	3,794,800	9	0.12
Allen's Hatchery, Inc.	-	-	-	3,545,850	10	0.11
	<u>\$ 126,369,487</u>		<u>3.01%</u>	<u>\$ 120,898,443</u>		<u>3.84%</u>

**Sources:** Sussex County Government Finance and Assessment Departments, Georgetown, Delaware.

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

Fiscal Year	Taxes Levied for Fiscal Year		Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Current Tax Collections	Percent of Levy		Amount	Percentage of Adjusted Levy
2014	13,751,888	24,327	13,776,215	13,505,584	98.0	256,928	13,762,512	99.9%
2015	13,998,509	145,938	14,144,447	13,737,879	97.1	390,193	14,128,072	99.9%
2016	14,500,715	140,265	14,640,980	14,435,552	98.6	186,087	14,621,639	99.9%
2017	14,964,667	113,242	15,077,909	14,746,056	97.8	307,938	15,053,994	99.8%
2018	15,415,956	133,061	15,549,017	15,181,549	97.6	339,390	15,520,939	99.8%
2019	15,844,664	141,327	15,985,991	15,690,084	98.1	256,647	15,946,731	99.8%
2020	16,351,308	138,684	16,489,992	16,248,038	98.5	200,145	16,448,183	99.7%
2021	16,817,465	152,508	16,969,973	16,593,411	97.8	320,601	16,914,012	99.7%
2022	17,367,881	143,826	17,511,707	17,320,974	98.9	118,550	17,439,524	99.6%
2023	18,698,390	143,826	18,842,216	18,420,726	97.8	-	18,420,726	97.8%

**Notes:**

1. Total tax levy includes initial annual levy plus quarterly supplemental additions.

**Source:** Sussex County Finance Department

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

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Lease Obligations	General Obligation Bonds	Lease Obligations			
2014	-	165,681,742	-	165,681,742	1.88	786
2015	-	163,797,633	-	163,797,633	1.70	760
2016	-	157,854,672	-	157,854,672	1.52	717
2017	-	150,094,796	-	150,094,796	1.41	666
2018	-	146,569,694	-	146,569,694	1.27	639
2019	-	146,559,060	-	146,559,060	1.20	626
2020	-	150,074,075	-	150,074,075	1.14	632
2021	-	199,992,825	-	199,992,825	1.36	808
2022	59,949	202,180,188	1,759,290	203,999,427	*	797
2023	23,025	196,402,078	1,681,581	198,106,684	*	*

**Note:** 1. The personal income and population data information is presented on the demographic and economic statistics schedule.  
2. General bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

\* Figures not available



SUSSEX COUNTY, DELAWARE  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

<b>Legal debt margin calculation for fiscal year 2023</b>	
Assessed value	\$ 4,048,865,996
Debt limit (12% of assessed value)	485,863,920
Total net debt applicable to limit	<u>196,402,078</u>
Legal debt margin	<u>\$ 289,461,842</u>

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General obligation bonds	<u>\$ 159,460,288</u>	<u>\$ 157,980,947</u>	<u>\$ 152,442,753</u>	<u>\$ 145,053,144</u>	<u>\$ 141,863,810</u>	<u>\$ 142,188,944</u>	<u>\$ 146,039,727</u>	<u>\$ 195,324,990</u>	<u>\$ 202,180,188</u>	<u>\$ 192,058,962</u>
Percentage of estimated actual property value	0.46%	0.46%	0.45%	0.42%	0.41%	0.41%	0.42%	0.37%	0.32%	0.25%
Per capita	\$ 786	\$ 760	\$ 717	\$ 666	\$ 639	\$ 626	\$ 632	\$ 808	\$ 790	*
Total net debt applicable to debt limit	165,681,742	163,797,633	157,854,672	150,094,796	146,569,694	146,559,060	150,074,075	199,992,825	202,180,188	196,402,078
Legal debt limit	<u>377,449,813</u>	<u>391,015,950</u>	<u>403,566,510</u>	<u>415,710,771</u>	<u>415,710,771</u>	<u>427,297,530</u>	<u>440,933,668</u>	<u>453,504,191</u>	<u>468,347,370</u>	<u>485,863,920</u>
Legal debt margin	<u>\$ 211,768,071</u>	<u>\$ 227,218,317</u>	<u>\$ 245,711,838</u>	<u>\$ 265,615,975</u>	<u>\$ 269,141,077</u>	<u>\$ 280,738,470</u>	<u>\$ 290,859,593</u>	<u>\$ 253,511,366</u>	<u>\$ 266,167,182</u>	<u>\$ 289,461,842</u>
Total net debt applicable to the limit as a percentage of debt limit	43.90%	41.89%	39.11%	36.11%	35.26%	34.30%	34.04%	44.10%	43.17%	40.42%

**Notes:**

1. The statutory limitation for debt is 12% of the assessed value of taxable property as of June 30, 2023.
2. The personal income and population data information is presented on the demographic and economic statistics schedule.
3. Sussex County does not have any governmental activity general bonded debt.

**Source:** Sussex County Assessment Division.

\* Figures not available

**SUSSEX COUNTY, DELAWARE  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2014	210,849	8,800,249	41,737	46.5	25,564	5.4%
2015	215,622	9,652,773	44,767	47.0	26,397	4.4%
2016	220,251	10,418,453	47,303	47.6	26,886	4.0%
2017	225,322	10,663,080	47,324	48.3	27,464	4.3%
2018	229,286	11,540,734	50,333	50.6	27,788	3.7%
2019	234,225	12,199,649	52,085	50.6	31,691	3.2%
2020	237,378	13,133,235	54,352	50.3	32,504	11.5%
2021	247,527	14,720,997	59,931	50.7	33,055	4.4%
2022	255,956	*	*	*	34,085	4.0%
2023	*	*	*	*	34,417	3.7%

**Note:** Total personal income is in thousands of dollars.

**Sources:**

1. U.S. Bureau of the Census.
2. U.S. Department of Commerce, Bureau of Economic Analysis.
3. U.S. Bureau of the Census, American Community Survey.
4. Delaware Department of Education, FYE 2014 ~ 2018 DOE Profile Publication. 2019 the State of Delaware discontinued the Profile Publication. FYE 2019 and later years "Student Enrollment Over Time By School". Note the 2019 and later years, Woodbridge and Milford School district enrollment numbers at 100%, even though the school districts are split between two counties. Public school enrollment includes charter schools.
5. U.S. Bureau of Labor Statistics

\* Figures not available

**SUSSEX COUNTY, DELAWARE  
EMPLOYMENT BY TYPE OF EMPLOYER  
CURRENT YEAR AND NINE YEARS AGO**

- 104 -

<u>Type of Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Health care and social assistance	12,959	1	15.2%	10,168	2	15.4%
Retail trade	12,457	2	14.6	10,993	1	16.7
Accommodation and food services	11,649	3	13.7	8,030	5	12.2
Manufacturing	10,251	4	12.1	9,491	3	14.4
Government	8,919	5	10.5	8,213	4	12.5
Administrative and waste services	5,965	6	7.0	2,877	7	4.4
Construction	5,945	7	7.0	3,940	6	6.0
Professional and technical services	3,094	8	3.6	1,784	9	2.7
Other services, except public administration	2,715	9	3.2	2,150	8	3.3
Finance and insurance	2,264	10	2.7	1,612	10	2.4
Total	<u>76,218</u>		<u>89.6%</u>	<u>59,258</u>		<u>89.9%</u>
Total Employees in Sussex County	<u>85,044</u>		<u>100.0%</u>	<u>65,939</u>		<u>100.0%</u>

**Notes:**

1. Data reported is for first quarter of the respective year.
2. Top employer information is deemed confidential pursuant to 20 Code of Federal regulations Part 603.

**Source:** Delaware Department of Labor Office of Occupational & Labor Market Information.

**SUSSEX COUNTY, DELAWARE  
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b>Full-time Equivalent Employees as of June 30</b>									
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
General government										
General administration	10	10	9	10	10	10	10	11	11	11
Finance (1)	59	63	66	67	68	72	76	75	72	63
Human Resources	6	6	6	6	6	6	6	6	6	6
Facilities Management	19	19	18	19	17	18	18	17	17	18
Information Technology	21	23	23	27	27	30	28	28	29	28
Planning and zoning (1)	14	15	16	16	18	19	14	17	17	33
Paramedic program	110	110	106	102	109	111	114	109	112	123
Emergency preparedness	27	30	29	30	29	33	37	41	43	46
Economic development	2	3	3	3	3	3	2	3	3	3
County engineer	143	143	138	131	138	133	139	137	138	127
Library	27	26	28	27	28	29	31	30	28	26
Community development and housing programs	5	5	5	6	6	6	6	5	6	6
Constitutional offices	32	29	32	30	31	33	31	32	30	29
<b>Total</b>	<b><u>475</u></b>	<b><u>482</u></b>	<b><u>479</u></b>	<b><u>474</u></b>	<b><u>490</u></b>	<b><u>503</u></b>	<b><u>512</u></b>	<b><u>511</u></b>	<b><u>512</u></b>	<b><u>519</u></b>

**Source:** Sussex County Accounting Division.

1. Building Code employees were under Finance prior to 2023. In 2023, they were moved to Planning and zoning.

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Planning and Zoning</b>										
Permits issued (1)	7,693	8,288	9,663	10,236	10,378	10,429	10,719	14,501	13,802	13,410
<b>Public Safety</b>										
Paramedic incidents dispatched	15,219	15,929	16,717	17,757	18,151	18,126	17,481	17,255	19,025	19,407
911 calls (2)	110,139	113,549	109,009	103,108	101,554	103,303	110,700	119,946	121,037	123,782
<b>Sewer and Water Services</b>										
Sewer customers, EDU's billed	65,735	67,410	68,965	69,821	72,398	74,534	76,769	78,002	83,761	88,234
Water customers, EDU's billed	3,676	3,699	3,715	3,700	3,702	3,713	3,722	3,755	3,727	3,796
<b>Libraries</b>										
Circulation (3)	1,361,586	1,347,386	1,371,859	1,320,860	1,356,585	1,148,849	816,116	547,730	877,106	903,129
<b>Industrial Airpark</b>										
Number of businesses	20	21	21	20	28	28	28	27	30	30
Number of jobs provided by business	875	880	895	960	960	960	1,012	916	909	919
Number of landings (4)	18,000	17,500	17,500	19,000	19,000	17,500	17,650	17,251	17,714	17,850

**Note:**

1. Beginning in FY 2021, permits were being issued by unit rather than one per building of a multi-unit complex.
2. FY 2021 was a full year of accepting calls from the incorporated Seaford area and utilizing.
3. The decrease in calls in FY 2020 and FY 2021 were due to the libraries not being open for a full year.
4. The number of landings is an estimated by the FAA.

**Source:** Individual Sussex County Departments.

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

<b><u>Function/Program</u></b>	<b>Fiscal Year</b>									
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Public Safety</b>										
Paramedic stations	9	9	9	9	9	9	10	10	10	10
Volunteer fire and ambulance companies	24	24	24	24	24	24	24	24	24	24
Additional state police officers funded by County (1)	44	44	44	44	22	22	22	22	22	22
<b>Sewer and Water Services</b>										
Miles of underground sanitary sewer pipe	856	865	885	894	915	940	961	970	985	1,022
Number of feet of ocean outfall sewer pipe	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	7,094	7,094
Pump stations	461	463	468	488	493	518	524	526	532	385
Lagoon treatment facilities with land application	3	3	3	3	3	3	3	3	3	3
Tertiary treatment facility with ocean discharge	1	1	1	1	1	1	1	1	1	1
<b>Libraries</b>										
Directly administered	3	3	3	3	3	3	3	3	3	3
Number of County funded, with independent board	11	11	11	11	11	11	11	11	11	11
Bookmobiles	1	1	1	1	1	1	1	1	1	1
<b>Airport</b>										
Paved runway footage	8,609	8,609	8,609	8,609	8,609	8,609	8,609	8,609	8,609	8,609
Number of hangars	30	30	30	30	34	39	39	39	39	39
Number of runways	2	2	2	2	2	2	2	2	2	2

**Note:**

1. The Memorandum of Understanding with Delaware State Police was modified where the County funded 50 percent of 44 officers to 100 percent of 22 officers
2. Prior to 2023, grinder pumps were being added to the total. Tracking multi-use pumps is a better statistic on growth and therefore used in 2023 and later.

# SINGLE AUDIT SUPPLEMENT

SUSSEX COUNTY, DELAWARE

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

Federal Agency	Assistance Listing Number	Federal Program Name	Pass-through Grantor	Other Identification Number	Expenditures			Pass through to Subrecipients
					From Direct Awards	From Pass Through Awards	Total	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
	10.760	Water and Waste Disposal Systems for Rural Communities		92-15,92-21,92-22,92-23,92-25,92-68997	\$ 6,681,429	\$ -	\$ 6,681,429	\$ -
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					<u>6,681,429</u>	<u>-</u>	<u>6,681,429</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>								
	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Delaware State Housing Authority	CD 03-20, CD 03-21, CD 03-22, CDBG-CVI 03-20	-	2,304,042	2,304,042	-
		Neighborhood Stabilization Program (NSP 1)	Delaware State Housing Authority	NSP 03-08	-	46,133	46,133	46,133
		Total Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			-	2,350,175	2,350,175	46,133
	14.239	Home Investment Partnerships Program	Delaware State Housing Authority	HM 03-20, HM 03-21, HM 03-22	-	728,929	728,929	-
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					<u>-</u>	<u>3,079,104</u>	<u>3,079,104</u>	<u>46,133</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>								
	20.106	Airport Improvement Program, COVID-19 Airports Programs and Infrastructure Investment and Job Act Programs		3-10-0007-035-2019, 3-10-0007-036-2020, 3-10-0007-038-2021, 3-10-0007-039-2021, 3-10-0007-040-2023, 3-10-007-37-2020	1,525,713	-	1,525,713	-
		Total Airport Improvement Program			1,525,713	-	1,525,713	-
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>					<u>1,525,713</u>	<u>-</u>	<u>1,525,713</u>	<u>-</u>
<b>U.S. DEPARTMENT OF TREASURY</b>								
	21.027	Coronavirus State and Local Fiscal Recovery Funds		SLFR4442	5,611,736	-	5,611,736	1,489,546
	21.029	Coronavirus Capital Project Fund		SLT0034 SLT0242	-	7,327	7,327	-
	21.032	Local Assistance and Tribal Consistency Fund		LATCH-1533	100,000	-	100,000	-
<b>TOTAL U.S. DEPARTMENT TREASURY</b>					<u>5,711,736</u>	<u>7,327</u>	<u>5,719,063</u>	<u>1,489,546</u>
<b>THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>								
	45.310	Grants to States	State of Delaware - Division of Libraries	LS-249954-OLS, LS-250220-OLS	-	38,000	38,000	-
<b>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>					<u>-</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
<b>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>								
<b>Clean Water State Revolving Fund (CWSFR) Cluster</b>								
	66.458	Clean Water State Revolving Fund	Delaware Department of Natural Resources and Environment Control	12000094, 12000098, 12000099, 12000112, 12000111, 12000113, 12000118, 12000119, DW-2018-011	-	3,906,451	3,906,451	-
<b>TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>					<u>-</u>	<u>3,906,451</u>	<u>3,906,451</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>								
<b>Federal Emergency Management Agency</b>								
	97.042	Emergency Management Performance Grants	Delaware Emergency Management Agency	EMPG- 22-003, 23-003	-	246,145	246,145	-
	97.029	Flood Mitigation Assistance	Delaware Emergency Management Agency	EMP-2019-FM-E001	-	154,150	154,150	-
	97.067	Homeland Security Grant Program	Delaware Emergency Management Agency	EMW-2018-SS-0050, EMW-2019-SS-00058, EMW-2020-SS-0087	-	83,775	83,775	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>					<u>-</u>	<u>484,070</u>	<u>484,070</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<u>\$ 13,918,878</u>	<u>\$ 7,514,952</u>	<u>\$ 21,433,830</u>	<u>\$ 1,535,679</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICEIS**

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of Sussex County, Delaware (the County). The County's reporting entity is defined in Note A of the notes to basic financial statements. Federal awards that are passed through other governmental agencies are included on the schedule. Matching funds are excluded from the schedule and program income generated from federal grants is classified as federal expenditures when spent.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual and the modified accrual basis of accounting, which are described in Note A of the notes to basic financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance\*, where certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

\*Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NOTE B - INDIRECT COST RATE**

The County did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE C - LOANS**

The County had the following federal expenditures that have been or will be funded by loans from the U.S. Department of Agriculture and the U.S. Environmental Protection Agency for the year ended June 30, 2023.

Program Title	Federal Assistance Number	Loan Amount
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 6,458,810
Clean Water State Revolving Fund	66.458	3,764,046
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Neighborhood Stabilization Program	14.228	46,133

**NOTE D - LOANS OUTSTANDING**

Neighborhood Stabilization Program (NSP 1)

The County administers low-income housing loan programs under the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii ALN 14.228. The total amount outstanding at June 30, 2023 is \$663,399 of which \$46,133 is included in the current fiscal year's federal expenditure balance for that program.



Tel: 302-656-5500  
Fax: 302-656-8024  
www.bdo.com

4250 Lancaster Pike, Suite 120  
Wilmington, DE 19805

## **Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

The County Council of Sussex County, Delaware  
Georgetown, Delaware

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Sussex County's (The County) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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



## Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

*BDO USA, P.C.*

December 22, 2023



Tel: 302-656-5500  
 Fax: 302-656-8024  
 www.bdo.com

4250 Lancaster Pike, Suite 120  
 Wilmington, DE 19805

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

The County Council of Sussex County, Delaware  
 Georgetown, 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, business-type activities, each major fund, and the aggregate remaining fund information of Sussex County, Delaware (County), as of and for the year ended June 30, 2023, 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, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

*BDO USA, P.C.*

December 22, 2023

# Sussex County, Delaware

## Schedule of Findings and Questioned Costs Year Ended June 30, 2023

---

### Section I - Summary of Auditor's Results

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

10.760

Water and Waste Disposal Systems for Rural Communities

20.106

Airport Improvement Program

21.027

Coronavirus State and Local Fiscal Recovery Funds

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

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**Sussex County, Delaware**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

---

**Section II - Financial Statement Findings**

*No matters required to be reported*

**Section III - Federal Award Findings and Questioned Costs**

*No matters required to be reported*