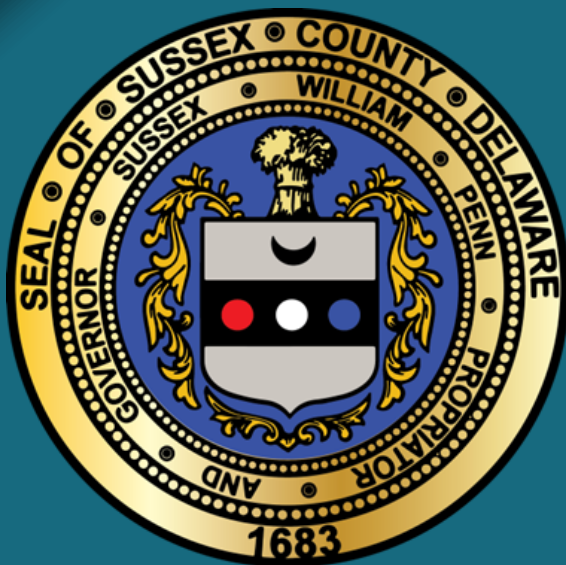


2024

Annual Comprehensive Financial Report

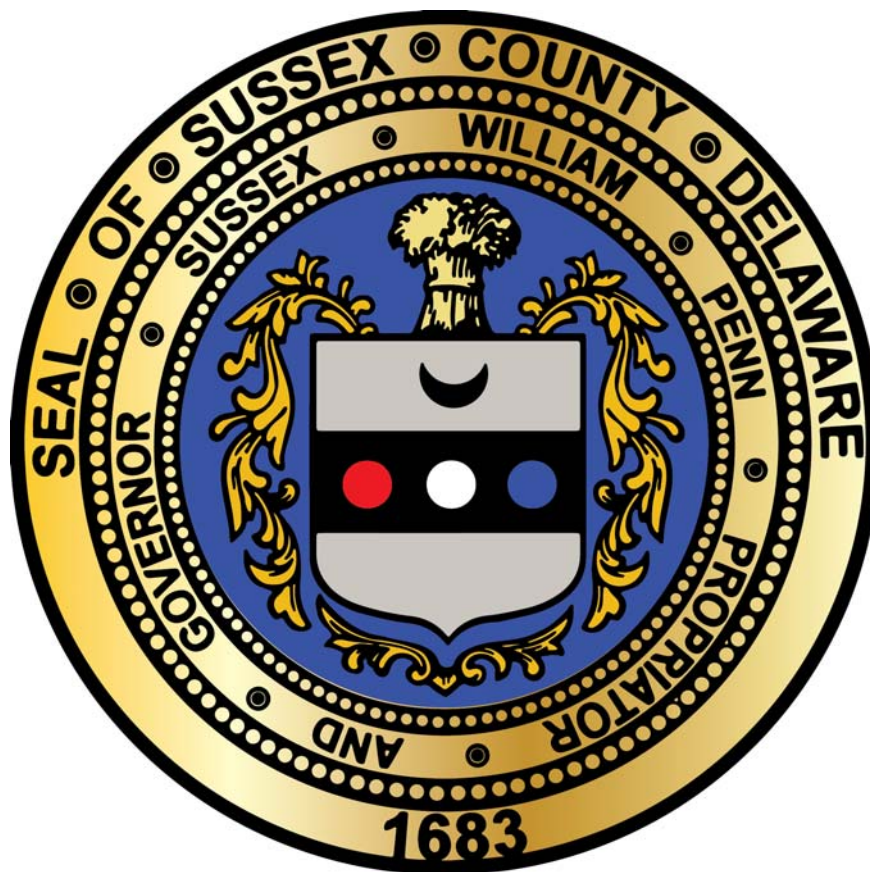
For the Fiscal Year
Ended June 30, 2024

SUSSEX COUNTY, DELAWARE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024



Prepared by the Finance Department

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INTRODUCTORY SECTION

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



Sussex County
DELAWARE
sussexcountyde.gov

December 20, 2024

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, 2024. 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, 2024, 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, 2024, 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 administered 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 525 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 114,000 9-1-1 calls a year.

The County owns and maintains the Delaware Coastal Airport and Business Park where approximately 860 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.

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 91,000 equivalent dwelling units (EDUs) and maintains and operates four treatment facilities. Fiscal year 2024 saw

a 3.3 percent increase from fiscal year 2023'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 23,700 EDUs or 35.2 percent. The sewer and water districts' operating budget for Fiscal Year 2024 was \$59.5 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 81 through 89.

Economic Condition of Sussex County

Local Economy

Sussex County's economy continues to be strong. The number of building permits has increased 57.0 percent over the past nine years, with the largest single year being in fiscal year 2021. Although the County has had a decrease in the number of permits over the last three years, the number of permits is still at heightened levels. The real estate market in Sussex County remains robust, driven by continued interest from retirees and seasonal residents. Housing prices are still at a healthy stable amount, reflecting a strong demand. The growth in sales is fueled by the county's appeal as a retirement destination and its attractive coastal and rural living options. According to the Sussex County Housing Market Data provided by Long and Foster using the Multiple Listing Service (MLS), as of August 2024, housing units sold were up 2 percent, but the median sale price decreased 2 percent to \$489,500 from last year. Even with high prices, on average, properties sold 99.7 percent of list price. To compare to our neighboring county, the median sold price in Kent County was \$341,750.

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 December 2022 to December 2023. The increase in employment was 3.3 percent, which was also above the national average employment increase of 1.5 percent. When ranked against the other 360 large counties in the country, Sussex ranked very high at number 19. Along with employment rise, wages also rose. Sussex County's weekly wages rose 2.0 percent, whereas the national average was 3.6 percent. In addition, unemployment levels are at stable levels at 4.0 percent as of July 2024; this percentage is slightly lower than the national percentage of 4.1 percent at the same time. 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 \$1,505 and \$1,118.

Sussex's top industries are driving the employment statistics. The three industries with the largest increase in employment over the previous nine years are accommodation and food services, healthcare and social services and administrative and waste services. Page 106 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.

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 51.3 years old.

The healthcare and social assistance industry makes up 15.5 percent of the county's employment; this is down from 15.7 percent in 2015 due to a more diversified employment base. The 15.5 percent does represent close to 3,000 more employees in the industry than in 2015.

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 healthcare center in Millsboro and ChristianaCare has two practices in Rehoboth Beach. According to the Cape Gazette in February of 2024, more than \$1 billion has been invested in the health care infrastructure in Sussex.

One example is Beebe Healthcare. Beebe continues to expand to meet the demand of our residents and visitors. With the continued growth in population, access to health care is becoming harder to come by without extended wait times. Luckily, earlier this year, Beebe announced they will be opening another clinic to increase primary care access in Sussex County. When completed, the facility will be able to provide 7,000 primary care appointments annually.

Bayhealth recently celebrated its five-year anniversary of the opening of its hospital and outpatient center in Milford. Bayhealth has continued to expand its footprint since opening its facility in 2019. Currently, they are partnering with PAM Health to build a rehabilitation hospital and adding 40 medical/surgical beds and 6 intensive care unit beds.

TidalHealth also looks to continue to expand in Sussex. In 2024, TidalHealth announces a partnership with Ninth Street Development Company to open a +/-22,000 healthcare facility at the Nylon Capital Center in Seaford.

The County, along with many concerned businesses and residents, is preparing for the increase in demand for health care. Knowing this is a concern, the County partnered 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. The results of the study were released in May showing that the best approach to proceed would be to partner with an existing medical school to create a branch campus.

With approximately 25,000 employees combined, the second and third largest sectors are retail trade and accommodations and food services. Both 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 draw has always been the clean beaches along the Atlantic coast. With 28 miles of beach coastline, visitors from all over make our county a vacation destination. According to Delaware Tourism, nearly 80 percent of the visitors stay in either a hotel, motel, or short-term rental. They spend their money in restaurants, on tax-free shopping, and on an abundance of outdoor recreational activities.

However, having a tourism industry driving your economy is not all a “day at the beach.” As noted earlier, the average house price in Sussex County is relatively high. These housing prices makes it difficult for workers to find affordable housing options. The County, along with businesses, are continuing to work 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. Sussex County spent much of its American Rescue Act Funds to help with the affordable housing shortage in Sussex.

The fourth largest industry in Sussex County is manufacturing. This sector employs approximately 11,000 people. This sector’s level of employment saw an increase of about 1,500 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 230 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 U.S. Department Agriculture’s 2019 census report, Sussex County has about 50% of all the farms in the State of Delaware. 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 42 percent of the County’s land (262,000 acres) contains more than 1,000 farms, where the average farm size is 249 acres. Since 1996, approximately 23 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 2025, building activity and tourism visitation in the shoulder-season continues to be strong. Both dwelling building permits and building inspections are holding strong with slight increases over last year.

Financial Planning

Our local economy benefits from the low taxes and the attractiveness of our resorts. Fiscal year 2024 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. As we prepared the Fiscal Year 2025 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 80 percent of what was collected in fiscal year 2023. Due to the fiscal restriction and unprecedented amount of collections, realty transfer tax was budgeted only at 75 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 7.7 percent per year, the operating expenses are staying below this number at an average of 5.6 percent per year. Because of the strong real estate market, the gap between these two percentages grew in the last year. We 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 regarding 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 2025 Five-Year Capital Improvement Plan includes \$83.9 million for the expansion and improvement of General Fund services, such as our paramedic system and 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-two percent (32%), or \$5.6 million, of the fiscal year 2025 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 \$5.6 million, \$4.9 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 \$152.9 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 45 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, 2023. This was the 22nd 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.

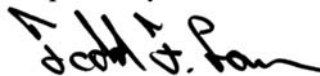
We believe that achieving this award is one example of Sussex County's commitment and dedication to the highest standards of financial management. The preparation of this report on a timely basis is the result of the tremendous efforts of County employees in the Finance Department. We would especially 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 2025 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 May 2024.

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

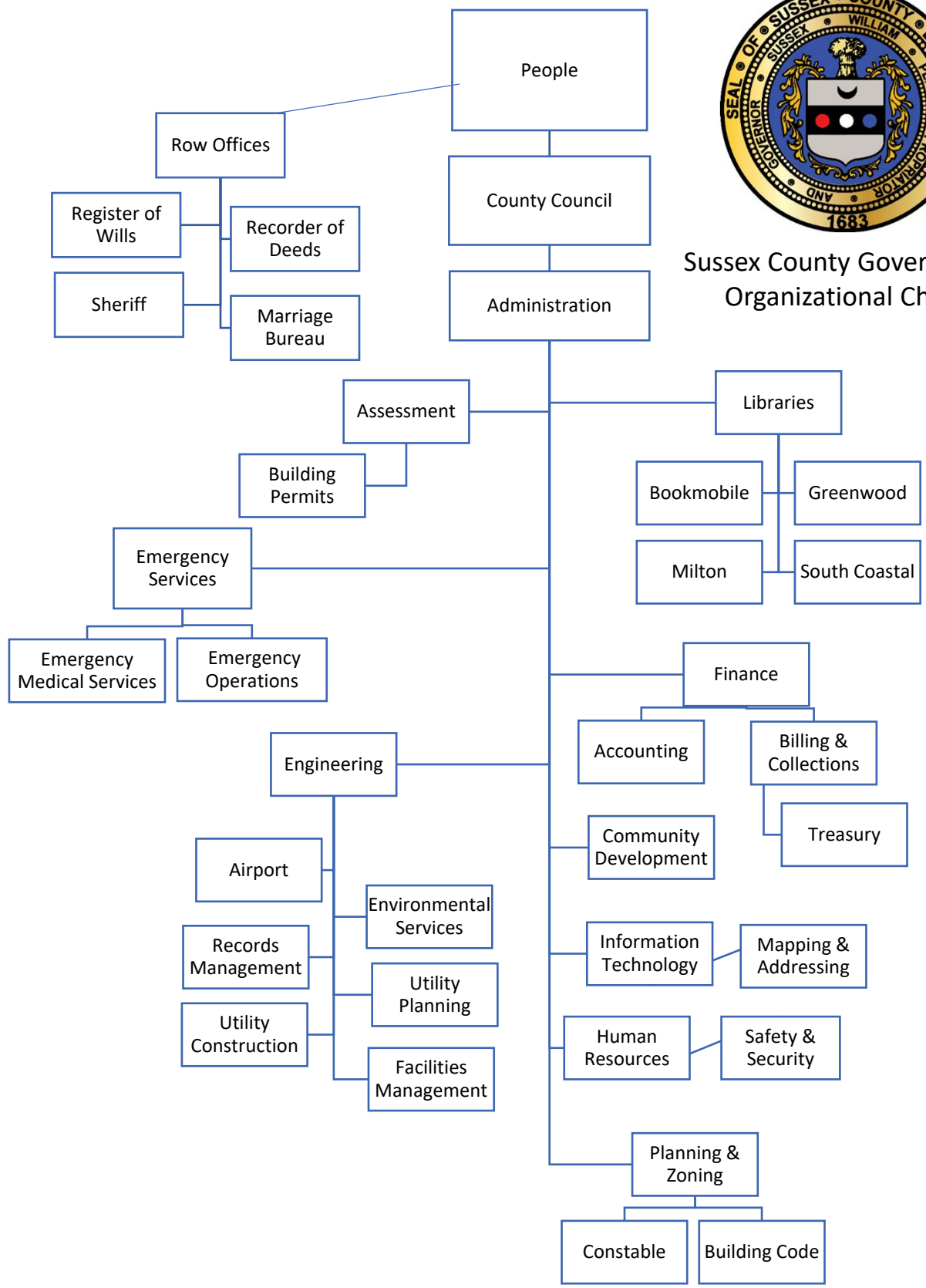
June 30, 2023

Christopher P. Morill

Executive Director/CEO



Sussex County Government Organizational Chart



SUSSEX COUNTY, DELAWARE

LIST OF ELECTED OFFICIALS

JUNE 30, 2024

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i>		
Michael H. Vincent (President)	16 years	Jan. 2025
<i>District 2</i>		
Cynthia C. Green	4 years	Jan. 2025
<i>District 3</i>		
Mark G. Schaeffer	4 years	Jan. 2025
<i>District 4</i>		
Douglas B. Hudson	6 years	Jan. 2027
<i>District 5</i>		
John L. Rieley (Vice President)	6 years	Jan. 2027

<i>Clerk of the Peace</i>		
Norman A. Jones	8 years	Jan. 2025
<i>Recorder of Deeds</i>		
Alexandra Reed Baker	2 years	Jan. 2027
<i>Register of Wills</i>		
Gregory Fuller	4 years	Jan. 2027
<i>Sheriff</i>		
Robert Lee	10 years	Jan. 2027

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2024

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Todd F. Lawson	12 years	13 years
<i>County Attorney</i> - J. Everett Moore, Esquire	16 years	16 years
<i>Finance Director / Chief Operations Officer</i> - Gina A. Jennings, MBA, MPA	11 years	18 years
<i>Deputy Finance Director</i> - Kathy L. Roth, CPA	11 years	18 years
<i>County Engineer</i> – Michael T. Harmer, P.E.	6 months	6 months
<i>Assessment Division Director</i> - Christopher S. Keeler	10 years	30 years
<i>Community Development Program Director</i> - Brandy B. Nauman	3 years	17 years
<i>Director of Environmental Services</i> - Parker Burdell	3 years	3 years
<i>Director of Information Technology</i> - Dwayne Kilgo	8 years	12 years
<i>Human Resources Director</i> - Karen Brewington	13 years	13 years
<i>Library Director</i> - Rachel T. Lynch	3 years	18 years
<i>Director of Public Safety</i> - Robert W. Murray	1 month	30 years
<i>Planning and Zoning Director</i> - Jamie Whitehouse, AICP	4 years	7 years



FINANCIAL SECTION



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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial information of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 20, 2024 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

December 20, 2024

SUSSEX COUNTY, DELAWARE

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2024. 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

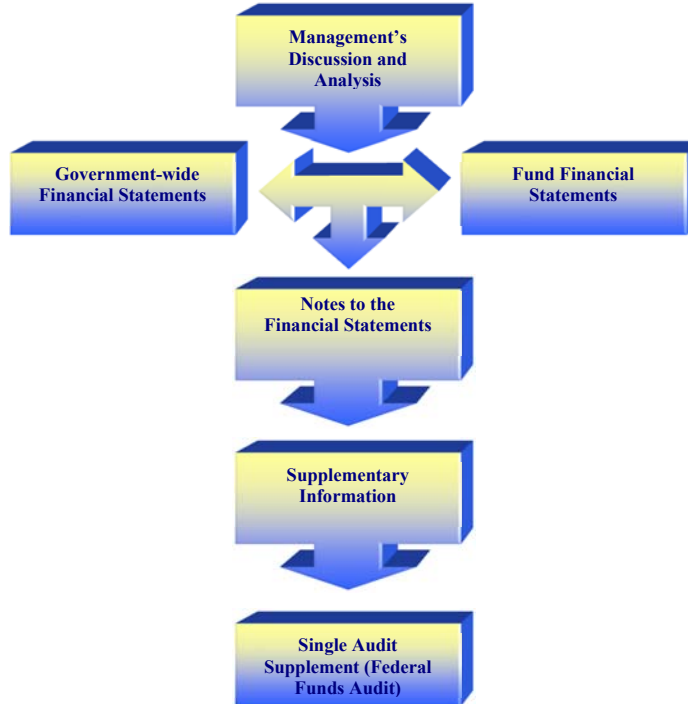
- As of June 30, 2024, total government net position was \$862.9 million. Of this amount, \$118.3 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net position increased by \$82.6 million during the year. The business-type activities net position increased \$52.3 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 \$30.3 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 its 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 several 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, 2024, the County's governmental funds reported an ending fund balance of \$239.2 million; this is an increase of \$28.5 million from the preceding year. Approximately \$80.8 million was unassigned, or available, for use to meet the County's current and future needs.
- The largest part of the fund balance 64.9 percent, or \$155.3 million, is restricted and, depending on the source, can only be used for items such as beach nourishment, waterway dredging, public safety, infrastructure, economic development, assessment, open space, recreational activities, and affordable/workforce housing.

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 74 of this report, provide additional information that is important for a better understanding of the data provided in the financial statements.

Other Information

Pages 75 through 80 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 92 through 109 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 of resources exceed liabilities and deferred inflows of resources by \$862.9 million as of June 30, 2024. 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:

SUSSEX COUNTY'S SCHEDULE OF NET POSITION

As of June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$300,089,402	\$283,546,176	\$115,296,499	\$106,884,030	\$415,385,901	\$ 390,430,206
Capital Assets	114,043,319	113,621,881	615,929,229	567,511,672	729,972,548	681,133,553
Total Assets	414,132,721	397,168,057	731,225,728	674,395,702	1,145,358,449	1,071,563,759
Deferred outflows of resources	8,430,424	10,890,525	2,900,791	3,609,643	11,331,215	14,500,168
Total assets and deferred outflows of resources	422,563,145	408,058,582	734,126,519	678,005,345	1,156,689,664	1,086,063,927
Current and Other Liabilities	49,917,549	65,043,532	10,750,362	11,004,832	60,667,911	76,048,364
Long-term Liabilities	10,632,379	19,440,656	204,239,515	202,916,972	214,871,894	222,357,628
Total Liabilities	60,549,928	84,484,188	214,989,877	213,921,804	275,539,805	298,405,992
Deferred inflow of resources	14,329,361	6,208,580	3,898,325	1,159,480	18,227,686	7,368,060
Total liabilities and deferred inflows of resources	74,879,289	90,692,768	218,888,202	215,081,284	293,767,491	305,774,052
Net Position:						
Net Investment in Capital Assets	113,002,406	111,520,404	405,503,043	361,184,576	518,505,449	472,704,980
Restricted	132,672,224	138,468,808	93,461,083	85,979,015	226,133,307	224,447,823
Unrestricted	102,009,226	67,376,602	16,274,191	15,760,470	118,283,417	83,137,072
Total Net Position	\$347,683,856	\$317,365,814	\$515,238,317	\$462,924,061	\$862,922,173	\$780,289,875

A large portion of the County’s net position (60.5 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 \$344.4 million in net position, \$92.5 million is restricted for construction or capital costs incurred for future water and sewer district expansion costs. For governmental activities, \$132.7 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, recreational activities, or affordable housing. Planned uses of realty transfer taxes include buildings and improvements, County airport improvements, and reassessment.

The remaining \$118.3 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 2024 and 2023.

Sussex County, Delaware						
Changes in Net Position						
For the Years Ended June 30, 2024 and 2023						
	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$17,275,596	\$16,978,400	\$35,816,181	\$33,350,532	\$53,091,777	\$50,328,932
Operating grants and contributions	17,054,073	14,518,863	29,435,825	27,129,392	46,489,898	41,648,255
Capital grants and contributions	848,733	3,641,335	36,984,150	12,055,311	37,832,883	15,696,646
General revenues:						
Property taxes	18,894,803	18,311,658	-	-	18,894,803	18,311,658
Fire service taxes	2,254,333	2,300,737	-	-	2,254,333	2,300,737
Realty taxes	47,794,037	53,459,501	-	-	47,794,037	53,459,501
Lodging taxes	808,024	1,258,496	-	-	808,024	1,258,496
Investment results	12,618,496	3,106,505	816,922	18,100	13,435,418	3,124,605
Gain/(Loss) on sale of capital assets	362,291	(421,907)	(68,763)	84,922	293,528	(336,985)
Total revenues	<u>117,910,386</u>	<u>113,153,588</u>	<u>102,984,315</u>	<u>72,638,257</u>	<u>220,894,701</u>	<u>185,791,845</u>
Expenses:						
Primary Government:						
General government	16,443,913	18,931,941	-	-	16,443,913	18,931,941
Planning and zoning	4,870,513	4,407,862	-	-	4,870,513	4,407,862
Paramedics	21,084,434	19,722,967	-	-	21,084,434	19,722,967
Emergency preparedness	6,331,039	6,078,549	-	-	6,331,039	6,078,549
County engineer	3,312,493	1,595,449	-	-	3,312,493	1,595,449
Library	3,332,040	3,283,349	-	-	3,332,040	3,283,349
Economic development and airpark	5,008,940	4,723,973	-	-	5,008,940	4,723,973
Community development	3,893,947	4,159,487	-	-	3,893,947	4,159,487
Community assistance program	20,486,830	18,484,681	-	-	20,486,830	18,484,681
Constitutional offices	2,700,906	2,626,204	-	-	2,700,906	2,626,204
Interest	11,789	528,831	-	-	11,789	528,831
Business-type activities	-	-	50,785,559	47,327,757	50,785,559	47,327,757
Total expenses	<u>87,476,844</u>	<u>84,543,293</u>	<u>50,785,559</u>	<u>47,327,757</u>	<u>138,262,403</u>	<u>131,871,050</u>
Change in net position before transfers	30,433,542	28,610,295	52,198,756	25,310,500	82,632,298	53,920,795
Transfers	(115,500)	194,799	115,500	(194,799)	-	-
Change in net position	30,318,042	28,805,094	52,314,256	25,115,701	82,632,298	53,920,795
Net position-beginning	317,365,814	288,560,720	462,924,061	437,808,360	780,289,875	726,369,080
Net position-ending	<u>\$347,683,856</u>	<u>\$317,365,814</u>	<u>\$515,238,317</u>	<u>\$462,924,061</u>	<u>\$862,922,173</u>	<u>\$780,289,875</u>

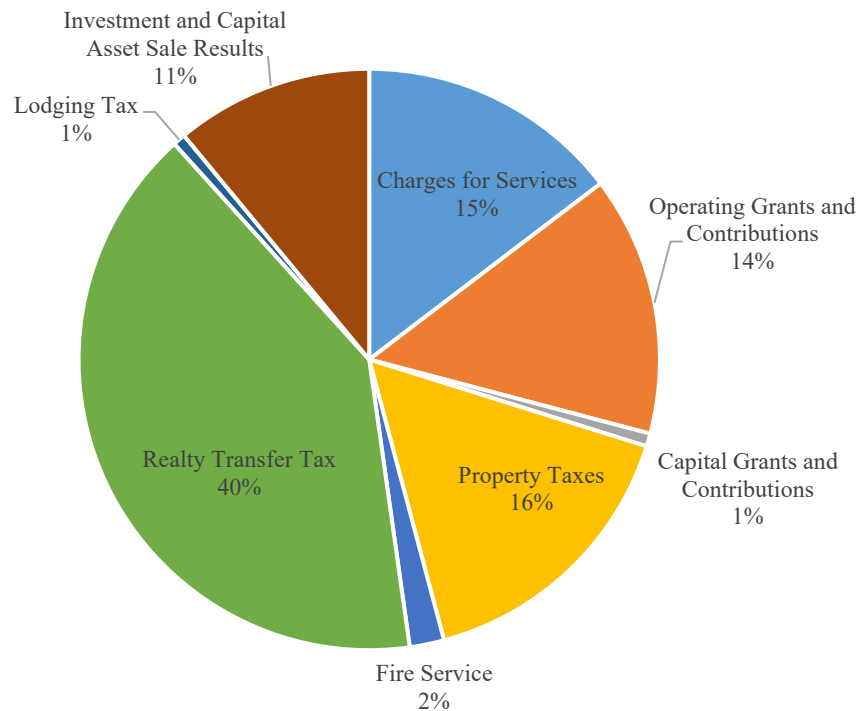
Governmental Activities

Governmental activities increased net position by \$30.3 million during fiscal year 2024. This represents an 8.7 percent increase in net position for the year. Governmental activities include the general fund and capital projects fund.

General revenues total \$82.6 million for fiscal year 2024 for governmental activities. This amount includes \$47.8 million received from realty transfer taxes. This revenue source is \$5.7 million, or 10.6 percent, below fiscal year 2023. This revenue has decreased two years in a row. However, the \$47.8 million is still the fourth 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



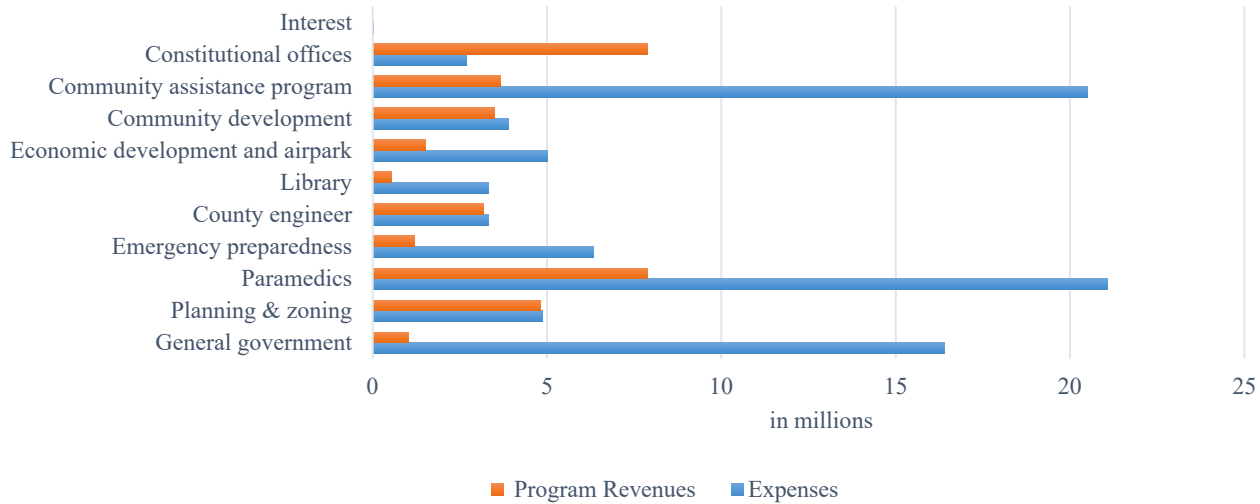
Total Governmental Revenues increased \$4.8 million. The growth was driven by the \$9.5 million increase in investment results, \$2.5 million in operating grants, and \$0.6 million in property taxes. However, these increases were offset by the \$5.7 million decrease in realty transfer tax and \$2.8 million in capital grants and contributions.

Capital grants and contributions decreased \$2.8 million over the previous year due to capital project activity at the Delaware Coastal Airport that is funded by the federal government.

The County’s operating grants were \$2.5 million more than the previous year, due to additional amounts received by the paramedics from the State of Delaware and the American Rescue Plan Act funds being spent on eligible projects.

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.

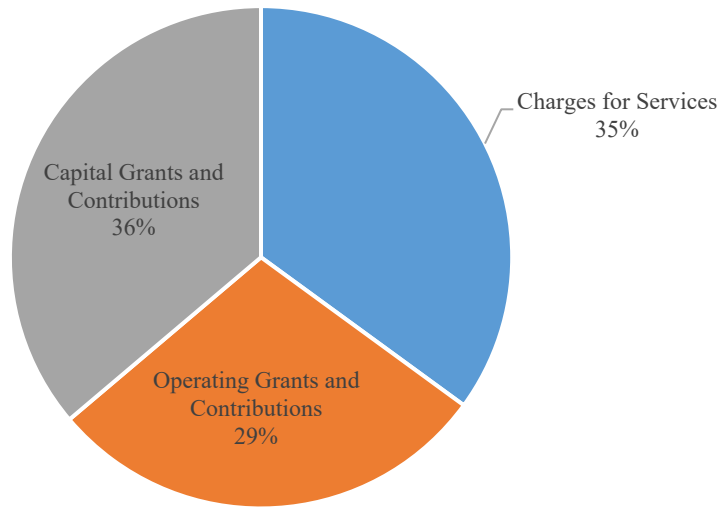
The Paramedic Department is the County’s largest department in terms of expenditures and employees. Our residents and visitors rely on this valuable County service. The paramedics were dispatched 22.5 percent more this year than 9 years ago. In FY 2024, a new medic station in Millsboro was being constructed. 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. The plan is to complete the Millsboro station in early 2025 and then begin construction of a station in Lincoln.

During fiscal year 2024, the County provided \$20.5 million in community assistance 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 \$4.9 million contribution. The volunteer fire service and ambulance companies received approximately \$6.1 million in grant funding during fiscal year 2024. The County also supports 11 independent libraries through the community assistance budget with a \$2.9 million contribution. Of the \$20.6 million, \$3.7 million were grants funded by the American Rescue Plan Act.

Business-type Activities

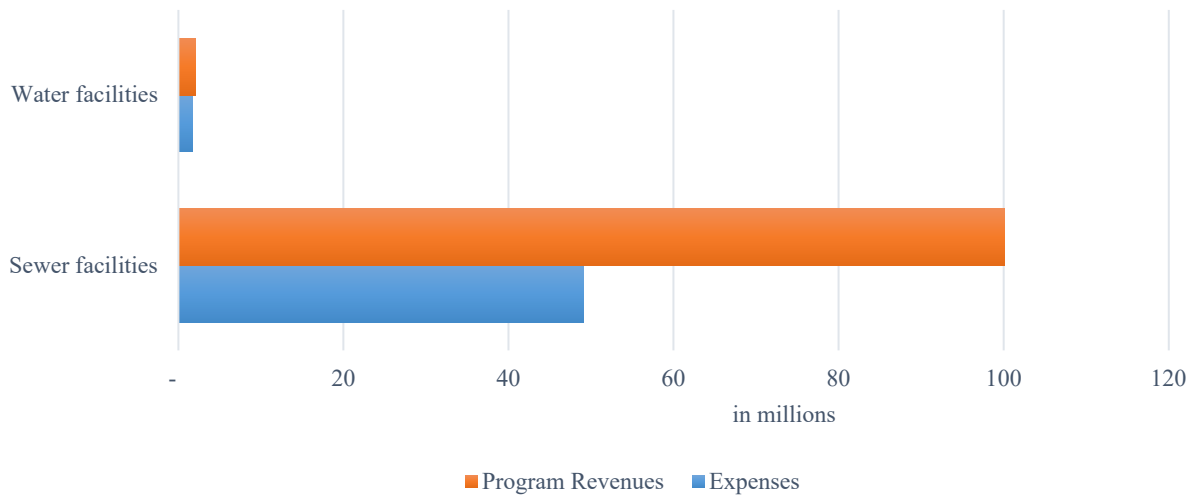
Sussex County’s water and sewer funds had an increase in net position of \$52.3 million during fiscal year 2024. The income before capital contributions and transfers was \$15.3 million. Our sewer district continues to grow, bringing in additional income to help support the growing expense. The number of sewer equivalent dwelling units increased more than 2,900 from fiscal year 2023.

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 \$19.5 million in capital grant funds for the construction of new water and sewer districts projects. The grant funds increased prior year by \$18.7 million from the prior year.

- 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 2024 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 2024, fund balances of the County's governmental funds increased \$28.5 million. For the capital projects fund, the fund balance decreased \$1.8 million, or 2.5 percent. The decrease is due to using savings to pay for capital projects in the general fund. It continues to be the County's plan not to issue tax-funded debt to pay for capital projects.

For the general fund, fiscal year 2024 finished with an increase in fund balance of \$30.2 million. This increase is a result of realty transfer tax being over budget by \$16.3 million, investment earnings being over budget by \$8.2 million and departments being under their budgeted expenses. Excluding the ARPA grant expenses, departments were under budget \$12.2 million. The offset of these revenue being over budget was the expected use of savings in the budget that was not needed this year. Page 98 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, recreational activities, and affordable/workforce housing. 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 2024, the contribution was \$0.9 million over the actuarially determined contribution. The fund saw an increase from investment earnings, net of investment expenses, in the amount of \$19.0 million. The County's Pension Plan is 100.7 percent funded according to the latest actuarial report. As of June 30, 2024, assets held in this account were valued at over \$164.5 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 104.6 percent funded. As of June 30, 2024, assets held in this account were valued at \$67.1 million. For fiscal year 2024, the contribution to this fund was \$3.5 million. This contribution was \$1.3 million over the actuarially determined contribution. This is the first time in County history where the OPEB liability is fully funded.

In fiscal year 2024, there were 336 retirees and beneficiaries in the pension plan. Beneficiary payments for both funds totaled \$10.2 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 \$515.2 million - a \$52.3 million, or 11.3 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 2024. 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 employer pension contribution (\$218,000), emergency repair due to a vehicle fire in a carport (\$213,000), a public safety analysis (\$40,000), and an emergency repair to the mobile command unit (\$14,000).

Budget to Actual - Revenue

In fiscal year 2024, actual general fund revenues and other financing sources were under budgeted revenue by \$15.7 million as noted on page 25 with a detail listing on page 81 and 82. 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 \$18.0 million. The largest revenue source over budget was realty transfer tax; this revenue exceeded the budget by \$16.3 million. Charges for services, which includes building permits and zoning fees, exceeded budgeted revenue by \$2.0 million. Another revenue that was over budget was investment earnings in the amount of \$8.2 million. These overage amounts were offset by the \$10.0 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 \$46.0 million, as noted on page 25, with a detail listing on pages 83 - 88. As mentioned above in the budget to actual revenue section, the large difference has to do with the American Rescue Plan Act Grant (ARPA). ARPA was budgeted for \$39.8 million; however, due to timing of the expenditures, \$16.1 million was spent this fiscal year. The budget placed the entire ARPA expense in fiscal year 2024. However, the County has until 2026 to fully expend the grant funds.

All departments were under budget Engineering Administration is over budget due to the 6-month transition to a new County Engineer.

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Capital Asset and Debt Administration

Capital Assets

As per the following chart, capital assets (net of depreciation) are valued at \$730.0 million as of June 30, 2024. Note F, on pages 48 through 50, includes additional information.

Sussex County’s Capital Assets
As of June 30, 2024 and 2023
(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Land	\$35,405,133	\$33,883,038	\$60,549,283	\$ 60,494,718	\$95,954,416	\$94,377,756
Construction in Progress	2,548,569	7,919,775	69,654,574	93,329,397	72,203,143	101,249,172
Buildings	41,559,361	41,981,729	46,416,795	37,407,114	87,976,156	79,388,843
Improvements Other Than Buildings	23,027,316	25,081,719	5,297,063	4,584,444	28,324,379	29,666,163
Machinery and Equipment	5,160,381	3,757,803	4,175,678	3,257,101	9,336,059	7,014,904
Infrastructure	5,671,610	201,754	422,525,912	361,648,282	428,197,522	361,850,036
Right-of-use lease building	-	22,890	-	-	-	22,890
Right-of-use lease land	-	-	1,591,947	1,674,455	1,591,947	1,674,455
Right-of-use IT subscription	670,949	773,173	277,300	370,499	948,249	1,143,672
Purchase capacity	-	-	5,440,677	4,745,662	5,440,677	4,745,662
Total	\$114,043,319	\$113,621,881	\$615,929,229	\$567,511,672	\$729,972,548	\$681,133,553

The major governmental capital project completed in fiscal year 2024 was the completion of the Western Sussex data center, Delaware Coastal Business Park Phase II, the interconnect between the two County business parks, and a new t-hangar. Land increased due to the County purchasing property for open space.

The major business-type capital projects completed in fiscal year 2024 was the Chapel Branch and Mulberry Knoll sewer areas and the South Coastal Regional Wastewater Facility expansion. The following are highlights of the major capital sewer projects underway during fiscal year 2024, which will expand the County’s sewer system to serve more residents and protect the environment:

- Disposal expansion at the Inland Bays Regional Wastewater Facility
- storm water management at the Inland Bay Regional Wastewater facilities;
- construction of the sewer expansion areas, such as Herring Creek, Joy Beach, Long Neck Communities, Lochwood, Warwick Park, and Slaughter Beach.

Long-term Debt

As of June 30, 2024, the County had \$201.0 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, 2024 and 2023

General Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ -	\$ -	\$200,985,195	\$196,402,078	\$200,985,195	\$196,402,078
Total	\$ -	\$ -	\$200,985,195	\$196,402,078	\$200,985,195	\$196,402,078

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 63 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 4.1 percent in June 2024, Delaware's unemployment rate was 4.0 percent; Sussex County's unemployment – at 4.0 percent - was under the other two counties in Delaware.
- Fiscal year 2024 again saw a strong housing market. General fund budgeted revenues, excluding the American Rescue Plan Act and use of reserves, surpassed projections by \$18.0 million.

County's property tax assessments saw an increase of 3.8 percent. Although actual revenues for fiscal year 2023 and 2024 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 2025. Building related revenues, excluding realty transfer tax, were budgeted at 80 percent of anticipated collections when creating the fiscal year 2025 budget. Due to the fiscal restriction and unprecedented amount of collections, realty transfer tax was budgeted at 75 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 2025 Budget and Rates

The major goal of the fiscal year 2025 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 2025 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 2024, the fiscal year 2025 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 2025 general fund operating budget increased \$9.3 million from the fiscal year 2024 budget. The increase is due to three main reasons: personnel, contractual services, and grant-in-aid. Due to the increase in population, Sussex County continues to add public safety staff to its employment base. The fiscal year 2025 budget has seven new public safety employees with a human resource professional added to focus on all public safety staff.

Another cost driver is the cost for information technology. As the County looks to be more efficient and customer friendly, while also protecting all the electronic data, the reliance on software application has grown over the years. Although relying on software can save general employment, the cost of the software continues to grow.

The last cost driver to note is the County's grant-in-aid program. These costs also continue to rise as we support our public safety partners. For example, an additional trooper was added to the County's MOU with the Delaware State Police. The Council also granted additional funds to all local law enforcement agencies in the county to help with their municipal coverage.

The fiscal year 2025 governmental capital improvements budget had decreased \$1.7 million, or 8.7 percent. The decrease is the result of the second phase and other improvements of the Delaware Coastal

Business Park being completed. The capital budget uses \$11.9 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 2025 sewer and water operating budget also increased. Expenses are categorized into three general areas: Administration, Operations, and Capital. Administration saw an increase to take on additional studies that should help with the overall efficiency of operations. One of the initiatives in an inflow and infiltration study. Maintenance and Operations increased due to inflation and the rise in cost from our treatment partners. Inflation has increased employment costs, utilities, maintenance contracts, supplies, and insurance. Because of the large increase in costs, the County raised service charges by \$10 to \$15 depending on the utility. Service charges cover the operation of four wastewater treatment facilities, one water facility and tower, hundreds of pump stations, and 1,052 miles of pipe.

The five-year capital improvement plan of \$236.8 million includes \$152.9 million for sewer and water projects and improvements, as well as \$83.9 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 \$65.8 million in sewer treatment plant expansions and upgrades and \$85.1 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. 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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 32,809,486	\$ 12,620,894	\$ 45,430,380
Investments	55,943,500	15,594,483	71,537,983
Taxes receivable	932,835	-	932,835
Lease receivables	4,651,989	531,902	5,183,891
Other receivables	2,786,601	3,778,048	6,564,649
Due from other governmental agencies	2,953,392	7,720,609	10,674,001
Internal balances	19,339,366	(19,339,366)	-
Inventory	7,138	874,868	882,006
Prepaid items	383,046	53,978	437,024
Restricted cash and cash equivalents	92,671,249	26,804,412	119,475,661
Restricted investments	82,745,053	65,615,728	148,360,781
Loans receivable	1,840,508	-	1,840,508
Net pension asset	850,337	292,589	1,142,926
Net other postemployment benefits asset	2,174,902	748,354	2,923,256
Capital assets:			
Land, improvements, and construction in progress	37,953,702	130,203,857	168,157,559
Other capital assets, net of depreciation / amortization	75,418,668	483,856,126	559,274,794
Right-to-use leased assets, net of amortization	-	1,591,947	1,591,947
Right-to-use IT subscriptions, net of amortization	670,949	277,299	948,248
Total assets	414,132,721	731,225,728	1,145,358,449
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	6,519,657	2,243,323	8,762,980
Other postemployment benefits related	1,910,767	657,468	2,568,235
Total deferred outflows of resources	8,430,424	2,900,791	11,331,215
LIABILITIES			
Accounts payable and other current liabilities	22,465,737	9,876,709	32,342,446
Accrued interest payable	4,965	870,133	875,098
Employee health claims payable	1,902,345	-	1,905,865
Unearned revenue	21,231,896	3,520	21,231,896
Deposits	4,312,606	-	4,312,606
Long-term liabilities:			
Due within one year	4,077,000	9,539,661	13,616,661
Other due in more than one year	6,555,379	194,699,854	201,255,233
Total liabilities	60,549,928	214,989,877	275,539,805
DEFERRED INFLOWS OF RESOURCES			
Lease related	4,695,614	552,051	5,247,665
Other postemployment benefits related	6,159,649	2,119,449	8,279,098
Pension related	3,474,098	1,195,388	4,669,486
Deferred refunding of bonds	-	31,437	31,437
Total deferred inflows of resources	14,329,361	3,898,325	18,227,686
NET POSITION			
Net investment in capital assets	113,002,406	405,503,043	518,505,449
Restricted for:			
Realty transfer tax expenses: Capital, public safety, econ. development, assessment, open space, recreational, affordable/workforce housing	125,829,869	-	125,829,869
Lodging tax expenses: Beach nourishment, waterway dredging, tourism, water quality/flood control	3,116,128	-	3,116,128
Employee and pension benefits	3,683,322	1,040,943	4,724,265
Construction and capital	42,905	92,420,140	92,463,045
Unrestricted	102,009,226	16,274,191	118,283,417
Total Net Position	\$ 347,683,856	\$ 515,238,317	\$ 862,922,173

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 16,443,913	\$ 675,981	\$ 117,473	\$ 237,378	\$ (15,413,081)	\$ -	\$ (15,413,081)
Planning and zoning	4,870,513	4,824,805	-	-	(45,708)	-	(45,708)
Paramedics	21,084,434	55,038	7,835,473	-	(13,193,923)	-	(13,193,923)
Emergency preparedness	6,331,039	17,500	1,188,070	-	(5,125,469)	-	(5,125,469)
County engineer	3,312,493	3,021,230	150,924	-	(140,339)	-	(140,339)
Library	3,332,040	16,991	510,156	-	(2,804,893)	-	(2,804,893)
Economic development and airpark	5,008,940	795,677	104,728	611,355	(3,497,180)	-	(3,497,180)
Community development	3,893,947	-	3,492,577	-	(401,370)	-	(401,370)
Community assistance program	20,486,830	-	3,654,672	-	(16,832,158)	-	(16,832,158)
Constitutional offices	2,700,906	7,868,374	-	-	5,167,468	-	5,167,468
Interest	11,789	-	-	-	(11,789)	-	(11,789)
Total governmental activities	87,476,844	17,275,596	17,054,073	848,733	(52,298,442)	-	(52,298,442)
Business-type activities:							
Sewer facilities	49,065,384	34,129,515	29,321,262	36,658,950	-	51,044,343	51,044,343
Water facilities	1,720,175	1,686,666	114,563	325,200	-	406,254	406,254
Total business-type activities	50,785,559	35,816,181	29,435,825	36,984,150	-	51,450,597	51,450,597
Total primary government	\$ 138,262,403	\$ 53,091,777	\$ 46,489,898	\$ 37,832,883	(52,298,442)	51,450,597	(847,845)
General revenues:							
Taxes: Property					18,894,803	-	18,894,803
Fire service					2,254,333	-	2,254,333
Realty transfer					47,794,037	-	47,794,037
Lodging					808,024	-	808,024
Net investment results					12,618,496	816,922	13,435,418
Gain(Loss) on sale of capital assets					362,291	(68,763)	293,528
Transfers					(115,500)	115,500	-
Total general revenues and transfers					82,616,484	863,659	83,480,143
Change in net position					30,318,042	52,314,256	82,632,298
Net position - beginning					317,365,814	462,924,061	780,289,875
Net position - ending					\$ 347,683,856	\$ 515,238,317	\$ 862,922,173

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

SUSSEX COUNTY, DELAWARE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

-21-

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 32,809,486	\$ -	\$ 32,809,486
Investments	55,943,500	-	55,943,500
Receivables, net of allowance for doubtful accounts:			
Taxes	932,835	-	932,835
Assessments and connection	1,088,235	-	1,088,235
Accrued interest	850,129	340,394	1,190,523
Lease receivables	4,651,989	-	4,651,989
Miscellaneous	338,597	-	338,597
Employee advances	169,246	-	169,246
Due from other governmental agencies	2,731,044	222,348	2,953,392
Due from other funds	19,762,754	-	19,762,754
Inventory	7,138	-	7,138
Prepaid items	383,046	-	383,046
Restricted cash and cash equivalents	62,193,304	30,477,945	92,671,249
Restricted investments	44,442,932	38,302,121	82,745,053
Total Assets	<u>226,304,235</u>	<u>69,342,808</u>	<u>295,647,043</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued expenditures	21,816,306	649,431	22,465,737
Due to other funds	422,277	1,111	423,388
Employee health claims payable	1,902,345	-	1,902,345
Unearned revenue	21,231,896	-	21,231,896
Deposits	4,312,606	-	4,312,606
Total Liabilities	<u>49,685,430</u>	<u>650,542</u>	<u>50,335,972</u>
Deferred inflows of resources:			
Lease related	4,695,614	-	4,695,614
Unavailable revenues	1,187,730	193,466	1,381,196
Total deferred inflows of resources	<u>5,883,344</u>	<u>193,466</u>	<u>6,076,810</u>
Fund balances:			
Nonspendable	559,430	-	559,430
Restricted	86,888,851	68,455,895	155,344,746
Committed	1,573,184	42,905	1,616,089
Assigned	879,219	-	879,219
Unassigned	80,834,777	-	80,834,777
Total fund balances	<u>170,735,461</u>	<u>68,498,800</u>	<u>239,234,261</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 226,304,235</u>	<u>\$ 69,342,808</u>	<u>\$ 295,647,043</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, 2024

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

Total fund balances - governmental funds		\$ 239,234,261
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund-level statements.		114,043,319
Differences between expected and actual experiences, assumption changes and net differences between project and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	6,519,657	
Deferred outflows - OPEB related	1,910,767	
Deferred inflows - pension related	(3,474,098)	
Deferred inflows - OPEB related	<u>(6,159,649)</u>	
Total deferred outflows and inflows of resources		(1,203,323)
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.		
Loan receivable	1,840,508	
Net pension asset	850,337	
Net OPEB asset	<u>2,174,902</u>	
Total other long-term assets		4,865,747
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund-level statements.		(10,637,344)
Certain tax, grant and miscellaneous receivables do not provide current financial resources and therefore are reported as unavailable revenue in the fund-level statements.		1,381,196
Net position of governmental activities		<u><u>\$ 347,683,856</u></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, 2024**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 69,909,394	\$ -	\$ 69,909,394
Intergovernmental	16,196,410	630,430	16,826,840
Charges for services	16,831,906	-	16,831,906
Fines and forfeits	103,848	-	103,848
Investment earnings	9,217,183	3,401,312	12,618,495
Miscellaneous revenue	1,016,708	-	1,016,708
Total revenues	<u>113,275,449</u>	<u>4,031,742</u>	<u>117,307,191</u>
EXPENDITURES			
Current:			
General government	16,903,754	47,197	16,950,951
Planning & zoning	4,870,794	-	4,870,794
Paramedics	20,873,146	-	20,873,146
Emergency preparedness	5,870,348	-	5,870,348
County engineer	2,450,182	-	2,450,182
Library	3,027,002	-	3,027,002
Economic development and airpark	1,677,627	-	1,677,627
Community development	3,849,826	-	3,849,826
Community assistance program	20,611,294	-	20,611,294
Constitutional offices	2,712,630	-	2,712,630
Debt service:			
Interest	11,789	-	11,789
Principal	587,285	-	587,285
Capital outlay	-	6,040,151	6,040,151
Total expenditures	<u>83,445,677</u>	<u>6,087,348</u>	<u>89,533,025</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>29,829,772</u>	<u>(2,055,606)</u>	<u>27,774,166</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(115,500)	-	(115,500)
Sale of capital assets	119,683	301,214	420,897
Subscription issued	389,766	-	389,766
Total other financing sources and uses	<u>393,949</u>	<u>301,214</u>	<u>695,163</u>
Net change in fund balances	<u>30,223,721</u>	<u>(1,754,392)</u>	<u>28,469,329</u>
Fund balances - beginning	140,511,740	70,253,192	210,764,932
Fund balances - ending	<u>\$ 170,735,461</u>	<u>\$ 68,498,800</u>	<u>\$ 239,234,261</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, 2024

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

Net change in fund balances - total governmental funds		\$ 28,469,329
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	\$ 7,191,879	
Depreciation and amortization	<u>(6,677,345)</u>	514,534
The effect of various miscellaneous transactions involving capital assets (i.e. sales and transfers) is to increase net assets		
		(11,229)
Bond and other debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in Statement of Net Position		
New subscription issuance	\$ (389,767)	
Principal repayments on leases	23,025	
Principal repayments on subscriptions	<u>564,260</u>	197,518
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	\$ 48,809	
Accrued Interest	2,285	
Grants	368,088	
Property taxes	<u>(158,197)</u>	260,985
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		<u>886,905</u>
Change in net position of governmental activities		<u><u>\$ 30,318,042</u></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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 52,979,000	\$ 52,979,000	\$ 69,909,394	\$ 16,930,394
Intergovernmental	49,793,754	49,793,754	16,196,410	(33,597,344)
Charges for services	14,790,630	14,790,630	16,831,906	2,041,276
Fines and forfeits	60,000	60,000	103,848	43,848
Investment earnings	1,000,000	1,000,000	9,217,183	8,217,183
Miscellaneous revenue	846,500	846,500	1,016,708	170,208
Total Revenues	<u>119,469,884</u>	<u>119,469,884</u>	<u>113,275,449</u>	<u>(6,194,435)</u>
EXPENDITURES				
Current:				
General government	19,043,016	19,080,454	16,903,754	2,176,700
Planning & zoning	5,092,295	5,004,316	4,870,794	133,522
Paramedics	21,058,621	21,360,552	20,873,146	487,406
Emergency preparedness	5,776,296	6,137,773	5,870,348	267,425
County engineer	2,438,100	2,428,034	2,450,182	(22,148)
Library	3,778,792	3,778,792	3,027,002	751,790
Economic development and airpark	2,420,120	2,654,587	1,677,627	976,960
Community development	2,902,803	5,255,423	3,849,826	1,405,597
Community assistance program	64,162,300	33,036,299	20,611,294	12,425,005
Constitutional offices	2,746,041	2,762,854	2,712,630	50,224
Financing Principal	-	587,285	587,285	-
Interest	-	11,789	11,789	-
Total Expenditures	<u>129,418,384</u>	<u>102,098,158</u>	<u>83,445,677</u>	<u>18,652,481</u>
Excess (deficiency) of revenues over expenditures	<u>(9,948,500)</u>	<u>17,371,726</u>	<u>29,829,772</u>	<u>12,458,046</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	47,000	47,000	-	(47,000)
Transfers out	(115,500)	(115,500)	(115,500)	-
Sale of capital assets	-	-	119,683	119,683
Subscription issued	-	-	389,766	389,766
Grant funds allocated to business-type activities	-	(27,320,226)	-	27,320,226
Appropriated reserves	10,017,000	10,017,000	-	(10,017,000)
Total other financing sources and uses	<u>9,948,500</u>	<u>(17,371,726)</u>	<u>393,949</u>	<u>17,765,675</u>
Net change in fund balances	-	-	30,223,721	30,223,721
Fund balances - beginning	140,511,740	140,511,740	140,511,740	-
Fund balances - ending	<u>\$ 140,511,740</u>	<u>\$ 140,511,740</u>	<u>\$ 170,735,461</u>	<u>\$ 30,223,721</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

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	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Water	Totals
ASSETS			
Current assets:			
Cash and cash equivalents:			
Unrestricted	\$ 11,625,087	\$ 995,807	\$ 12,620,894
Restricted	26,281,570	522,842	26,804,412
Receivables, net of allowance for doubtful accounts:			
Service charges	443,575	49,122	492,697
Assessments and connection	58,729	-	58,729
Interest and penalties	58,956	1,374	60,330
Accrued interest	657,066	16,373	673,439
Lease receivables	50,542	100,924	151,466
Employee advances	78,306	-	78,306
Due from other funds	422,277	-	422,277
Due from other governmental agencies	2,021,341	-	2,021,341
Investments:			
Unrestricted	7,778,901	464,540	8,243,441
Restricted	26,300,228	219,142	26,519,370
Inventory	802,867	72,001	874,868
Prepaid items	51,979	1,999	53,978
Total current assets	<u>76,631,424</u>	<u>2,444,124</u>	<u>79,075,548</u>
Noncurrent assets:			
Investments:			
Unrestricted	6,689,876	661,166	7,351,042
Restricted	38,880,324	216,034	39,096,358
Noncurrent accounts receivables:			
Service charges	1,415,206	91,963	1,507,169
Assessments and connection	388,782	-	388,782
Interest and penalties	213,573	4,952	218,525
Accrued interest	97,394	-	97,394
Lease receivables	122,005	258,431	380,436
Miscellaneous	202,377	300	202,677
Due from other governmental agencies	5,699,268	-	5,699,268
Net pension asset	282,303	10,286	292,589
Net other postemployment benefit asset	716,227	32,127	748,354
Capital assets:			
Land, improvements, and construction in progress	130,049,973	153,884	130,203,857
Other capital assets, net of depreciation	477,349,838	6,506,288	483,856,126
Right-to-use leased assets, net of amortization	1,591,947	-	1,591,947
Right-to-use IT subscription assets, net of amortization	257,341	19,958	277,299
Total noncurrent assets	<u>663,956,434</u>	<u>7,955,389</u>	<u>671,911,823</u>
Total Assets	<u>740,587,858</u>	<u>10,399,513</u>	<u>750,987,371</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2024

-27-

	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Water	Totals
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from other postemployment benefits	\$ 629,243	\$ 28,225	\$ 657,468
Deferred outflows from pension	2,164,456	78,867	2,243,323
Total Deferred Outflows of Resources	<u>2,793,699</u>	<u>107,092</u>	<u>2,900,791</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	9,734,032	142,677	9,876,709
Accrued interest payable	869,885	248	870,133
Due to other funds	19,755,488	6,155	19,761,643
Current portion of long-term liabilities	9,505,601	34,060	9,539,661
Unearned revenue	3,520	-	3,520
Total current liabilities	<u>39,868,526</u>	<u>183,140</u>	<u>40,051,666</u>
Noncurrent liabilities:			
Long-term liabilities, less current portion	194,569,004	130,850	194,699,854
Total noncurrent liabilities	<u>194,569,004</u>	<u>130,850</u>	<u>194,699,854</u>
Total Liabilities	<u>234,437,530</u>	<u>313,990</u>	<u>234,751,520</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow from leases	199,495	352,556	552,051
Deferred inflows from other postemployment benefits	2,028,462	90,987	2,119,449
Deferred inflows from pension	1,153,363	42,025	1,195,388
Deferred inflows - charge on refunding	31,437	-	31,437
Total Deferred Inflows of Resources	<u>3,412,757</u>	<u>485,568</u>	<u>3,898,325</u>
NET POSITION			
Net investment in capital assets	398,950,607	6,552,436	405,503,043
Restricted for:			
Employee and pension benefits	998,530	42,413	1,040,943
Construction and debt	91,462,122	958,018	92,420,140
Unrestricted	14,120,011	2,154,180	16,274,191
Total Net Position	<u>\$ 505,531,270</u>	<u>\$ 9,707,047</u>	<u>\$ 515,238,317</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, 2024

	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Water	Totals
Operating revenues:			
Charges for services	\$ 30,116,751	\$ 1,574,302	\$ 31,691,053
Operational grants	24,581	-	24,581
Other operating revenue	4,012,764	112,364	4,125,128
Total operating revenues	<u>34,154,096</u>	<u>1,686,666</u>	<u>35,840,762</u>
Operating expenses:			
Amortization expense	274,941	17,411	292,352
Contractual services	8,865,679	1,068,084	9,933,763
Depreciation	15,547,683	247,703	15,795,386
Employee benefits	3,452,855	46,249	3,499,104
Equipment and tools	193,273	11,365	204,638
Maintenance and repairs	3,584,428	177,085	3,761,513
Process chemicals	600,780	-	600,780
Professional fees	397,093	5,561	402,654
Salaries	6,978,971	89,683	7,068,654
Shared costs	4,324,262	39,890	4,364,152
Supplies	914,794	15,472	930,266
Training and travel	51,751	50	51,801
Total operating expenses	<u>45,186,510</u>	<u>1,718,553</u>	<u>46,905,063</u>
Operating (loss) income	<u>(11,032,414)</u>	<u>(31,887)</u>	<u>(11,064,301)</u>
Nonoperating revenue (expenses):			
Interest and investment results	5,890,660	137,559	6,028,219
Assessment and connection fees	24,160,543	39,405	24,199,948
Interest expense	(3,878,878)	(1,619)	(3,880,497)
Total nonoperating revenues	<u>26,172,325</u>	<u>175,345</u>	<u>26,347,670</u>
Income (loss) before contributions and transfers	15,139,911	143,458	15,283,369
Capital grants and contributions	36,658,950	325,200	36,984,150
Transfers in	115,500	-	115,500
Disposal of assets	(69,412)	649	(68,763)
Change in net position	<u>51,844,949</u>	<u>469,307</u>	<u>52,314,256</u>
Total net position - beginning	<u>453,686,321</u>	<u>9,237,740</u>	<u>462,924,061</u>
Total net position - ending	<u>\$ 505,531,270</u>	<u>\$ 9,707,047</u>	<u>\$ 515,238,317</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, 2024

-29-

	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Water	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 30,797,184	\$ 1,636,293	\$ 32,433,477
Other receipts	153,854	-	153,854
Due to other funds	4,457,551	-	4,457,551
Payments to employees	(10,913,448)	(147,311)	(11,060,759)
Payment to interfund	(1,177,063)	(5,582)	(1,182,645)
Payments to suppliers	(19,320,747)	(1,326,287)	(20,647,034)
Net cash flows provided by operating activities	<u>3,997,331</u>	<u>157,113</u>	<u>4,154,444</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(47,092,899)	(53,548)	(47,146,447)
Assessment and connection fees	24,422,644	39,405	24,462,049
Bond proceeds	16,252,452	109,999	16,362,451
Subscription financing issuance	127,667	1,732	129,399
Proceeds from sale of assets	73,867	-	73,867
Capital contributions	19,452,386	-	19,452,386
Interest paid	(4,076,421)	(1,844)	(4,078,265)
Retirement of bonds and related costs	(11,616,975)	-	(11,616,975)
Payments on lease and subscription agreements and related costs	(255,581)	(16,940)	(272,521)
Grant transfers from other funds for capital activities	115,500	-	115,500
Internal loan	(44,975)	(60,412)	(105,387)
Net cash flows provided by capital and related financing activities	<u>(2,642,335)</u>	<u>18,392</u>	<u>(2,623,943)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income and investment results	5,890,660	129,067	6,019,727
Net sale / (purchases) of investments	9,708,437	273,016	9,981,453
Net cash flows from investing activities	<u>15,599,097</u>	<u>402,083</u>	<u>16,001,180</u>
Net increase (decrease) in cash and cash equivalents	<u>16,954,093</u>	<u>577,588</u>	<u>17,531,681</u>
Cash and cash equivalents - beginning	20,952,564	941,061	21,893,625
Cash and cash equivalents - ending	<u>\$ 37,906,657</u>	<u>\$ 1,518,649</u>	<u>\$ 39,425,306</u>

(continued)

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
FOR YEAR ENDED JUNE 30, 2024

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	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Water	Totals
Reconciliation of operating (loss) income to net cash provided by operating activities:			
Operating (loss) income	\$ (11,032,414)	\$ (31,887)	\$ (11,064,301)
Adjustments to reconcile operating (loss) income to net cash provided by operating			
Depreciation / Amortization	15,822,624	265,114	16,087,738
Increase (decrease) in accounts payable - interfund	3,710,814	(5,582)	3,705,232
Decrease in accounts payable - other	(1,598,391)	(16,764)	(1,615,155)
Increase (decrease) in accounts payable - suppliers	(504,028)	5,063	(498,965)
Increase in compensated absences	102,863	10,842	113,705
Increase (decrease) in customer receivables	(25,334)	(33,614)	(58,948)
Increase (decrease) in interfund receivables	11,737	-	11,737
Increase (decrease) in inventory	115,341	(13,837)	101,504
Decrease in other operating receivables	(2,021,397)	-	(2,021,397)
Decrease in salaries and benefits payable	(584,484)	(22,222)	(606,706)
Net cash provided by operating activities	<u>\$ 3,997,331</u>	<u>\$ 157,113</u>	<u>\$ 4,154,444</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets from developers	\$ 36,658,950	\$ 325,200	\$ 36,984,150
Increase (decrease) in fair value of investments	-	59,960	59,960
Increase (decrease) in assets related to subscription payables	49,496	(1,273)	48,223
Reconciliation to Statement of Net Position			
Cash and cash equivalents	11,625,087	995,807	12,620,894
Restricted cash and cash equivalents	26,281,570	522,842	26,804,412
Cash and cash equivalents at year end	<u>\$ 37,906,657</u>	<u>\$ 1,518,649</u>	<u>\$ 39,425,306</u>

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

SUSSEX COUNTY, DELAWARE
 STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 JUNE 30, 2024

	Pension and OPEB Trusts Total
ASSETS	
Cash and cash equivalents	\$ 3,988,426
Investments:	
U.S. Treasuries	16,640,144
Government Agencies	233,424
Bank Loans	6,521,353
Corporate obligations	41,465,210
Core Real Estate	7,692,927
Infrastructure	13,773,028
Mutual funds and pooled investments	140,819,157
Total Investments	<u>227,145,243</u>
Accrued interest	<u>459,310</u>
Total assets	<u>231,592,979</u>
LIABILITIES	
Accounts payable	<u>108,820</u>
Total liabilities	<u>108,820</u>
NET POSITION	
Restricted for:	
Pension	164,392,505
Postemployment benefits other than pensions (OPEB)	<u>67,091,654</u>
Total net position	<u><u>\$ 231,484,159</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, 2024

	Pension and OPEB Trusts Total
	<u> </u>
ADDITIONS	
Employer contributions	\$ 8,072,951
Employee contributions	538,465
Investment earnings:	
Net appreciation of investments	20,182,186
Interest and dividends	6,871,310
Total investment earnings	<u>27,053,496</u>
Less investment costs	<u>(397,444)</u>
Net investment earnings	<u>26,656,052</u>
Total additions	<u>35,267,468</u>
DEDUCTIONS	
Beneficiary payments	10,157,975
Professional fees	283,166
Total deductions	<u>10,441,141</u>
Net increase in plan net position	<u>24,826,327</u>
Net position restricted for pension and OPEB benefits - beginning	<u>206,657,832</u>
Net position restricted for pension and OPEB benefits - ending	<u><u>\$ 231,484,159</u></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. 100.

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 2024 were for land for open space program, public safety building construction and airport and business park expansion and improvements. As of June 30, 2024, the major projects being planned over the next five years include \$43.8 million for airport and business park improvements and expansion, \$32.8 million for property acquisition and improvements, and \$7.3 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, 2023, 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 \$16,275 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. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Lease Liabilities - continued

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 25 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 \$512,368 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 two items that qualify for reporting in this category. The first is deferred outflows from pensions as described in Note G. The second 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

18. Revenues - continued

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.

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, 2024. Unexpended appropriations in the operating budget lapse at year end.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 \$1,840,508 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	\$ 1,840,508
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NOTE B - CASH AND INVESTMENTS - FOR ALL ACTIVITES 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, 2024, the carrying amount of the County’s deposits was \$168,894,467 and the bank balance was \$166,087,493. 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.

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

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 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

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

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, 2024, are as follows:

	<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
General Government				
Investments by fair value level				
U.S. Government agencies securities	\$197,099,149	\$ 15,782,973	\$181,316,176	\$ -
Total	<u>197,099,149</u>	<u>15,782,973</u>	<u>181,316,176</u>	<u>-</u>
Investments at amortized cost:				
Certificates of deposit	<u>22,799,615</u>			
Total investment General Government	<u>219,898,764</u>			
 Pension and Other Post-Retirement Employee Benefit Trust				
Investment at fair value level				
U.S. Treasury securities	16,640,144	16,640,144	-	-
U.S. Government agencies securities	233,424	233,424	-	-
Corporate obligations	41,465,210	-	41,465,210	-
Mutual Funds	132,298,316	132,298,316	-	-
Total	<u>190,637,094</u>	<u>149,171,884</u>	<u>41,465,210</u>	<u>-</u>
Investments measured at the net asset value (NAV)				
Bank loans	6,521,353			
Infrastructure	13,773,028			
Global pooled equities	8,520,841			
Core Real Estate	7,692,927			
Total	<u>36,508,149</u>			
Total Pension and Other Post-Retirement Employee Benefit Trust Investments	<u>227,145,243</u>	<u>\$164,954,857</u>	<u>\$222,781,386</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, 2024 is shown below.

Investment Type	Total	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
U.S. Treasuries	\$ 16,640,144	\$ 1,174,761	\$ 9,550,910	\$ 5,914,473
Government Agencies	197,332,573	68,990,434	128,342,139	-
Corporate obligations	41,465,210	32,084,933	6,254,919	3,125,358
Certificates of deposits	22,799,615	22,799,615	-	-
Mutual funds	132,298,316	132,298,316	-	-
Bank loans	6,521,353	163,126	3,643,265	2,714,962
Infrastructure	13,773,028	13,773,028	-	-
Global pooled equities	8,520,841	8,520,841	-	-
Core Real Estate	7,692,927	7,692,927	-	-
Total Investments	<u>\$447,044,007</u>	<u>\$287,497,981</u>	<u>\$147,791,233</u>	<u>\$11,754,793</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	\$ 2,806,974
Carrying amount of deposits	166,087,493
Carrying amount of investments	447,044,007
Total	<u>\$615,938,474</u>
Primary Government	
Unrestricted	
Cash and cash equivalents	\$ 45,430,380
Investments	71,537,983
Restricted	
Cash and cash equivalents	119,475,661
Investments	148,360,781
Total primary government	<u>364,804,805</u>
Fiduciary funds (not included in government-wide statement)	
Cash and cash equivalents	3,988,426
Investments	227,145,243
Total fiduciary funds	<u>231,133,669</u>
Total	<u>\$615,938,474</u>

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables on June 30, 2024 is \$20,202 for service, \$4,520 for assessment and \$2,442 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 \$510,000. The County recognized \$441,134 in lease revenue and \$102,872 in interest revenue during the fiscal year. In addition, the County recognized \$16,275 in variable lease revenue during the year, which is not included in the measurement of the lease receivable. The lease receivables value was \$4,382,376 as of June 30, 2024, 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, 2024, was \$4,403,941.

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 6 months. The County will receive approximately \$2,500 monthly. The County recognized \$29,631 in lease revenue and \$255 in interest revenue during the fiscal year. The lease has an interest rate .814%. As of June 30, 2024, the receivable value was \$15,165. Also, the County has a deferred inflow of resources associated with this lease. As of June 30, 2024, the deferred inflow of resources was \$14,405.

The County leases land lease to a third party for farming. The County will receive approximately \$10,820 per year. The County recognized \$10,281 in lease revenue and \$1,049 in interest revenue during the fiscal year. The lease has an interest rate 2.23%. As of June 30, 2024, the receivable value was \$30,861. Also, the County has deferred inflow of resources associated with this lease. As of June 30, 2024, the deferred inflow of resources was \$35,982.

The leases a portion of land to a communication company for the communication building. The County will receive approximately \$6,000 annually. The County recognized \$7,072 in lease revenue and \$516 in interest revenue during the current fiscal year. The lease receivable value as of June 30, 2024 is \$25,189. 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, 2024, the balance of the deferred inflow of resources was \$26,521.

During the fiscal year, the County entered a three-year to lease a building at the Delaware Coastal Airport and Industrial Park to local college for the operation of a gift sign manufacturing business. The County will receive approximately \$20,000 per year. The County recognized \$6,902 in lease revenue during the fiscal year. The lease has an interest rate of 2.57%. As of June 30, 2024, the receivable value was \$48,403. Also, the County has deferred inflow of resources associated with this lease. As of June 30, 2024, the deferred inflow of resources was \$61,500.

During the fiscal year, the County entered a ten-year to lease land and buildings at the Delaware Coastal Airport and Industrial Park to a local college for the operation of a commercial transportation education program. The County will receive approximately \$19,000 per year. The County recognized \$5,810 in lease revenue during the fiscal year. The lease has an interest rate of 2.31%. As of June 30, 2024, the receivable value was \$149,995. Also, the County has deferred inflow of resources associated with this lease. As of June 30, 2024, the deferred inflow of resources was \$153,265.

NOTE D - LEASE RECEIVABLE – CONTINUED

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 annual lease payments for the current fiscal year were \$75,977. The County recognized \$67,057 in lease revenue and \$5,058 in interest. As of 6/30/2024, the value of the lease receivable is \$172,547. 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, 2024, was \$199,495. The lessees all have extensions options from one to ten years.

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 one of the lessees exercised their option to extend their leases for an additional five years. The remaining lease terms are from three to six years. The annual payments for the current fiscal year were \$103,286. The County recognized lease revenue of \$101,329 and \$7,317 in interest during the current fiscal year. As of June 30, 2024, the value of the lease receivable was \$359,355. The lease interest rate is 2.23% to 2.28%, based on rate in place at the time of the lease extension. 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, 2024, was \$352,556. 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:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$423,803	\$109,613	\$533,416
2026	271,682	103,240	374,922
2027	230,732	97,237	327,969
2028	209,880	92,070	301,950
2029	207,934	87,206	295,140
2030 – 2034	1,007,531	361,590	1,369,121
2035 – 2039	772,409	253,779	1,026,188
2040 – 2044	659,596	165,749	825,345
2045 – 2049	673,552	79,564	753,116
2050 – 2054	187,763	9,080	196,843
2055 – 2059	4,281	659	4,940
2060 – 2062	2,826	138	2,964

Business-type Activities:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$151,466	\$11,170	\$162,636
2026	126,404	8,118	134,522
2027	85,133	5,683	90,816
2028	67,353	3,747	71,100
2029	34,391	2,577	36,968
2030 - 2034	23,855	9,306	33,161
2035 - 2039	24,777	5,706	30,483
2040 - 2044	18,523	1,269	19,792

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 \$20,720 at June 30, 2024. 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 restricted for small business lending. The County's loan balance was \$1,187,948 at June 30, 2024, 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, 2024 total \$631,840.

Governmental loans receivable total \$1,840,508 as of June 30, 2024, which are not reflected on the governmental funds balance sheet.

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Balance at June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2024</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$33,883,038	\$1,522,095	\$ -	\$35,405,133
Construction in progress	<u>7,919,775</u>	<u>5,224,787</u>	<u>10,595,993</u>	<u>2,548,569</u>
Total capital assets, not being depreciated	<u>41,802,813</u>	<u>6,746,882</u>	<u>10,595,993</u>	<u>37,953,702</u>
Other capital assets:				
Buildings	57,404,468	742,210	-	58,146,678
Improvements	58,517,434	1,634,284	-	60,151,718
Machinery and equipment	20,653,823	2,735,944	879,157	22,510,610
Infrastructure	225,038	5,498,603	-	5,723,641
Right-to-use lease building	72,829	-	72,829	-
Right-to-use subscription IT asset	<u>1,163,450</u>	<u>429,949</u>	<u>219,480</u>	<u>1,373,919</u>
Total other capital assets	<u>138,037,042</u>	<u>11,040,990</u>	<u>1,171,466</u>	<u>147,906,566</u>

NOTE F - CAPITAL ASSETS - Continued

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
Governmental Activities - Continued:				
Less accumulated depreciation and amortization for:				
Buildings	15,422,739	1,164,578	-	16,587,317
Improvements	33,435,715	3,688,687	-	37,124,402
Machinery and equipment	16,896,020	1,274,759	820,550	17,350,229
Infrastructure	23,284	28,747	-	52,031
Right-to-use lease buildings	49,939	22,890	72,829	-
Right-of-use subscription IT asset	390,277	497,684	184,991	702,970
Total accumulated amortization and depreciation	<u>66,217,974</u>	<u>6,677,345</u>	<u>1,078,370</u>	<u>71,816,949</u>
Other capital assets, net	<u>71,819,068</u>	<u>4,363,645</u>	<u>93,096</u>	<u>76,089,617</u>
Governmental Activities Capital Assets, Net	<u>\$113,621,881</u>	<u>\$11,110,527</u>	<u>\$10,689,089</u>	<u>\$114,043,319</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$60,494,718	\$ 54,565	\$ -	\$ 60,549,283
Construction in progress	<u>93,329,397</u>	<u>42,356,926</u>	<u>66,031,749</u>	<u>69,654,574</u>
Total capital assets, not being depreciated	<u>153,824,115</u>	<u>42,411,491</u>	<u>66,031,749</u>	<u>130,203,857</u>
Other capital assets:				
Buildings	56,368,634	10,141,988	442,365	66,068,257
Improvements	13,397,784	1,184,817	63,194	14,519,407
Machinery and equipment	18,684,515	2,008,206	648,281	20,044,440
Infrastructure	597,087,114	73,908,193	478,166	670,517,141
Purchased capacity	5,284,350	925,857	-	6,210,207
Right-of-use lease land	1,829,523	-	-	1,829,523
Right-of-use subscription IT assets	<u>547,379</u>	<u>129,401</u>	<u>81,178</u>	<u>595,602</u>
Total other capital assets	<u>693,199,299</u>	<u>88,298,462</u>	<u>1,713,184</u>	<u>779,784,577</u>

NOTE F - CAPITAL ASSETS - CONTINUED

	<u>Balance at June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2024</u>
Business-type Activities – continued:				
Less accumulated depreciation and amortization for:				
Building	18,961,520	1,106,502	416,560	19,651,462
Improvements	8,813,340	472,198	63,194	9,222,344
Machinery and equipment	15,427,414	1,088,536	647,188	15,868,762
Infrastructure	235,438,832	12,897,308	344,911	247,991,229
Purchased capacity	538,688	230,842	-	769,530
Right-to-use lease land	155,068	82,508	-	237,576
Right-to-use subscription IT assets	176,880	209,844	68,422	318,302
Total accumulated depreciation and amortization	<u>279,511,742</u>	<u>16,087,738</u>	<u>1,540,275</u>	<u>294,059,205</u>
Other capital assets, net	<u>413,687,557</u>	<u>72,210,724</u>	<u>172,909</u>	<u>485,725,372</u>
Business-type Activities Capital Assets, Net	<u>\$567,511,672</u>	<u>\$114,622,215</u>	<u>\$66,204,658</u>	<u>\$615,929,229</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.

Depreciation and amortization expense were charged to function as follows:

Governmental activities:	
General government	\$ 1,108,808
Planning and zoning	154,378
Paramedic program	1,032,197
Emergency preparedness	567,109
Economic development and airpark	3,373,587
County engineer	48,957
Library	338,590
Community development	12,563
Constitutional offices	41,156
Total governmental activities depreciation and amortization expense	<u>\$ 6,677,345</u>
Business-type activities:	
Water	\$ 265,114
Sewer	15,822,624
Total business-type activities depreciation and amortization expense	<u>\$16,087,738</u>

Construction in progress was \$72.2 million with additional contractually committed costs to complete the projects in process of approximately \$35.9 million as of June 30, 2024.

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.

(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, 2024) is as follows:

Total Actives	Retirees and Beneficiaries	Terminated Vested	Covered Payroll
523	336	104	\$34,921,960

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

NOTE G PENSION TRUST - CONTINUED

Contributions and Funding Policy - continued

annual pay in excess of \$6,000. County's contribution rate was 13.08% of covered payroll for fiscal year ending June 30, 2024.

Financial Statements

As of June 30, 2024, the Sussex County Employee Pension Plan's statement of fiduciary net position was as follows:

ASSETS	
Cash and cash equivalents	\$ 2,541,368
Investments:	
U.S. Treasuries	11,118,080
Government Agencies	233,424
Bank Loans	4,638,124
Corporate obligations	30,067,890
Core Real Estate	5,468,243
Infrastructure Investment	9,810,599
Mutual funds and pooled investments	100,252,640
Total Investments	<u>161,589,000</u>
Accrued Interest	320,867
Total Assets	<u>164,451,235</u>
LIABILITIES	
Accounts payable	58,730
Total Liabilities	<u>58,730</u>
FIDUCIARY NET POSITION	
Restricted for pensions	<u><u>\$164,392,505</u></u>

For the fiscal year ending June 30, 2024, the Sussex County Employee Pension Plan's statement of changes in fiduciary net position was as follows:

ADDITIONS	
Employer contributions	\$ 4,568,242
Employee contributions	538,465
Investment earnings:	
Net appreciation in fair value of investments	14,506,279
Interest and Dividends	4,756,275
Total investment earnings	<u>19,262,554</u>
Less investment costs	(281,880)
Net investment earnings	<u>18,980,674</u>
Total additions	<u>24,087,381</u>
DEDUCTIONS	
Beneficiary payments	6,443,325
Professional fees	197,537
Total deductions	<u>6,640,862</u>
Net increase in fiduciary net position	17,446,519
Fiduciary net position – beginning	146,945,986
Fiduciary net position – ending	<u><u>\$164,392,505</u></u>

NOTE G - PENSION TRUST – CONTINUED

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

On June 30, 2024, the County reported a \$1.1 million net pension asset. The net pension liability/asset was measured as of June 30, 2024, and the total pension liability/asset 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, 2024, were as follows:

Total Pension Liability	\$ 163,249,579
Plan Fiduciary Net Pension	164,392,505
County’s Net Pension Liability/(Asset)	<u>\$ (1,142,926)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>100.7%</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, 2024.

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

	Changes in the Net Pension Liability / (Asset)		
		Increase (Decrease)	
	Total Pension Liability	Fiduciary Plan Net Position	Net Pension Liability / (Asset)
Balance at 6/30/2023	<u>\$152,230,175</u>	<u>\$146,945,986</u>	<u>\$5,284,189</u>
Changes recognized for the fiscal year:			
Service Cost	3,756,517	-	3,756,517
Interest	10,315,190	-	10,315,190
Difference between expected and actual experience	3,391,022	-	3,391,022
Change in assumptions	-	-	-
Contributions – employer	-	4,568,242	(4,568,242)
Contributions – members	-	538,465	(538,465)
Net investment results	-	18,980,674	(18,980,674)
Benefit payments	(6,443,325)	(6,443,325)	-
Administrative expense	-	(197,537)	197,537
Net change	<u>11,019,404</u>	<u>17,446,519</u>	<u>(6,427,115)</u>
Balance recognized at 6/30/2024	<u>\$163,249,579</u>	<u>\$164,392,505</u>	<u>\$(1,142,926)</u>

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

During the measurement year, the NPL decreased by \$6.43 million in total. The service cost and interest cost increased the NPL by \$14.07 million and member contributions, employer contributions, and investment gains offset by administrative expenses decreased the NPL by \$23.89 million. Additionally, there were actuarial experience losses during the year of \$3.39 million.

NOTE G - PENSION TRUST - CONTINUED

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

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.

Sensitivity of Net Pension Liability / (Asset) to Changes in Discount Rates

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total Pension Liability	\$185,332,562	\$163,249,579	\$145,037,060
Plan Fiduciary Net Position	164,392,505	164,392,505	164,392,505
Net Pension Liability / (Asset)	<u>\$ 20,940,057</u>	<u>\$ (1,142,926)</u>	<u>\$(19,355,445)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>88.7%</u>	<u>100.7%</u>	<u>113.3%</u>

A one percent decrease in the discount rate increases the TPL by 13.5% and increases the NPL by 1932.1%. A one percent increase in the discount rate decreases the TPL by 11.2% and decreases the NPL by 1593.5%.

For the year ended June 30, 2024, the County recognized \$4.63 million of pension expense and reported deferred inflows and outflows of resources from pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,602,845	\$ 44,283
Changes in assumptions	2,160,135	-
Difference between projected and actual earnings on pension plan investments	-	4,625,203
Total	<u>\$ 8,762,980</u>	<u>\$ 4,669,486</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:	
2025	\$ 219,702
2026	4,483,652
2027	(154,853)
2028	(1,020,179)
2029	565,172
Thereafter	-

NOTE G - PENSION TRUST - CONTINUED

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2024, 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, 2024 and the measurement date of June 30, 2024.

- 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

Retirement Rates:

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

<u>Age</u>	<u>< 30 Years of Service (%)</u>	<u>30+ Years of Service (%)</u>
<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

<u>Age</u>	<u>< 25 Years of Service (%)</u>	<u>25-29 Years of Service (%)</u>	<u>30+ Years of Service (%)</u>
<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

NOTE G - PENSION TRUST - CONTINUED

Actuarial Assumptions - continued

- Salary increases are based on the following

<u>Service Years</u>	<u>Salary Increase (%)</u>
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, 2024 are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
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, 2024, was 11.7 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.

NOTE G - PENSION TRUST - CONTINUED

Pension Trust Assets - continued

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, 2024.

<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 pension benefits on June 30, 2024:

IIF Hedged LP – 6%

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.

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

Post-retirement Employee Benefit Plan Description and Provisions

Current membership in the plan (as of July 1, 2024) is as follows:

<u>Total Actives</u>	<u>Retirees and Beneficiaries</u>	<u>Terminated Vested</u>
517	260	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 \$3.5 million were 10.17% of covered payroll. The contribution is designed to accumulate sufficient assets to pay benefits when due.

Financial Statements

As of June 30, 2024, the Sussex County Employee Benefit Plan's statement of fiduciary net position was as follows:

ASSETS

Cash and cash equivalents	\$ 1,447,058
Investments:	
U.S. Treasuries	5,522,064
Bank Loan Funds	1,883,229
Corporate obligations	11,397,320
Core Real Estate	2,224,684
Infrastructure	3,962,429
Mutual funds and pooled investments	40,566,517
Total Investments	<u>65,556,243</u>
Accrued Interest	138,443
Total Assets	<u>67,141,744</u>

LIABILITIES

Accounts payable	50,090
Total Liabilities	<u>50,090</u>

FIDUCIARY NET POSITION

Restricted for post-retirement employee benefits	<u>\$ 67,091,654</u>
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For the fiscal year ended June 30, 2024, the Sussex County Employee Benefit Plan's statement of fiduciary net position was as follows:

ADDITIONS

Employer contributions	\$ 3,504,709
Investment earnings:	
Net appreciation of investments	5,675,907
Interest and Dividends	2,115,035
Total investment earnings	<u>7,790,942</u>
Less investment costs	(115,564)
Net investment earnings	<u>7,675,378</u>
Total additions	<u>11,180,087</u>

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

Financial Statements- continued

DEDUCTIONS

Beneficiary payments	3,714,650
Professional fees	85,629
Total deductions	<u>3,800,279</u>
Net increase in fiduciary net position	7,379,808
Fiduciary net position – beginning	<u>59,711,846</u>
Fiduciary net position – ending	<u>\$67,091,654</u>

Actuarial Assumptions

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2023 and as of June 30, 2024, was 6.75%, the long-term rate of return as of June 30, 2024.

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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
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, 2024, was 11.6 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, 2024, 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 2024.

Valuation date: July 1, 2023

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%

Healthcare trend assumptions are based on the Getzen 2024_1b model

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

NOTE H - OTHER POST-RETIREMENT EMPLOYEE TRUSTS - CONTINUED

OPEB Liability (Asset)

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 asset (NOA) during the measurement period ending on June 30, 2024.

	Changes in the Net OPEB Liability (Asset)		
	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Plan Net Position	Net OPEB Liability (Asset)
Balance at 6/30/2023	\$66,931,089	\$59,711,846	\$7,219,243
Changes recognized for the fiscal year:			
Service Cost	1,510,151	-	1,510,151
Interest	4,496,461	-	4,496,461
Differences between expected and actual experience	1,311,489	-	1,311,489
Changes of assumptions	(6,366,142)	-	(6,366,142)
Contributions – employer	-	3,504,709	(3,504,709)
Net investment results	-	7,675,378	(7,675,378)
Benefit payments	(3,714,650)	(3,714,650)	-
Administrative expense	-	(85,629)	85,629
Net change	(2,762,691)	7,379,808	(10,142,499)
Balance recognized at 6/30/2024	\$64,168,398	\$67,091,654	\$(2,923,256)

During the measurement year, the net OPEB liability (NOL) decreased by \$10.1 million. The service cost and interest cost increased the NOL by \$6.0 million while investment gains and contributions offset by administrative expenses decreased the NOL by \$11.1 million. As a result, the NOL became a NOA.

There were no changes in benefits during the year. The difference between the expected and actual experience increased the TOL by approximately \$1.3 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.

	Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate		
	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Total OPEB Liability	\$ 73,529,398	\$ 64,168,398	\$ 56,546,847
Plan Fiduciary Net Position	67,091,654	67,091,654	67,091,654
Net OPEB Liability (Asset)	\$ 6,437,744	\$ (2,923,256)	\$ (10,544,807)
Plan Fiduciary Net Position as a Percentage of the TOL	91.2%	104.6%	118.6%

A one percent decrease in the discount rate increases the TOL by 14.6% and increases the NOL by 320.2%. A one percent increase in the discount rate decreases the TOL by 11.9% and decreases the NOL by 260.7%.

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 (Asset) - continued

	Sensitivity of Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates		
	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 55,921,302	\$ 64,168,398	\$ 74,504,879
Plan Fiduciary Net Position	67,091,654	67,091,654	67,091,654
Net OPEB Liability (Asset)	<u>\$(11,170,352)</u>	<u>\$ (2,923,256)</u>	<u>\$ 7,413,225</u>
Plan Fiduciary Net Position as a Percentage of the TOL	120.0%	104.6%	90.1%

A one percent decrease in the healthcare trends decreases the TOL by 12.9% and decreases the NOL by 282.1%. A one percent increase in the healthcare trends increases the TOL 16.1% and increases the NOL by 353.6%.

Deferred Inflows and Outflows of Resources Related to OPEB

The County implemented GASB 75 as of June 30, 2017. June 30, 2024 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 \$1,311,489. \$187,356 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, 2024, of \$1,124,133. There were no plan changes. There were changes in assumptions during the year resulting in an assumption gain of \$6,366,142. \$909,449 of that gain was recognized in the current year and an identical amount will be recognized in each of the next six years, resulting in a deferred inflow of resources as of June 30, 2024 of \$5,456,693.

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 \$3,654,641. \$730,928 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, 2024, of \$2,923,713.

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.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 2,568,235	\$ 50,896
Changes in assumptions	-	6,396,593
Net difference between projected and actual earnings on OPEB plan investments	-	1,831,609
Total	<u>\$ 2,568,235</u>	<u>\$ 8,279,098</u>

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:	
2025	\$(1,697,464)
2026	387,734
2027	(1,637,476)
2028	(1,386,177)
2029	(655,384)
Thereafter	(722,096)

The annual OPEB expense for the fiscal year ending June 30, 2024 is \$673,705, which is 1.96% 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, 2024.

<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, 2024

IIF Hedged LP – 6%

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, 2024. The County had \$10,000,000 of unused line of credit to be drawn upon as needed. No balance was outstanding on June 30, 2024.

NOTE K - LONG -TERM LIABILITIES

Description of Bonds Payable

At June 30, 2024, bonds payable consisted of the following individual issues:

	<u>Business-type</u>
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.	\$ 680,328
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.	236,386
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.	461,539
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.	182,322
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.	1,972,494
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.	4,708,933
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.	2,588,241

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.	\$ 58,245
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.	8,598,440
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.	1,574,272
2009 wastewater general obligation bonds (Oak Orchard Expansion), 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.	1,138,717
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.	181,380
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.	4,275,695
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.	3,904,757
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.	4,909,814
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.	249,754
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.	70,893
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.	4,817,657

NOTE K - LONG-TERM LIABILITIES - CONTINUED

<u>Description of Bonds Payable - continued</u>	<u>Business-type</u>
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.	\$ 1,620,749
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.	824,507
2015 wastewater general obligation bonds (Oak Orchard Expansion), due in quarterly installments, interest at 2.375%, final payment due July 24, 2054. Total bonds authorized are \$5,582,000.	4,663,497
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.	5,080,799
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.	2,046,908
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.	1,941,405
2018C 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.	993,753
2018D 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.	44,642
2018A 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.	664,657
2018B wastewater general obligation bonds (Concord Road), due in quarterly installments, interest at 2.125%, final payment due February 2, 2058. Total bonds authorized are \$220,000.	199,306
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.	8,094,379

NOTE K - LONG-TERM LIABILITIES - CONTINUED

<u>Description of Bonds Payable – continued</u>	<u>Business-type</u>
2019A water general obligation bonds (Winding Creek Village Water District), due in semi-annual installments, interest at 2.831%, final payment December 1, 2051. Total bonds authorized are \$2,000,000, upon completion of the project up to \$1,000,000 of the outstanding principal balance will be forgiven by the agency, with \$1,000,000 expected to be the remaining balance.	\$ 109,999
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.	2,282,329
2019C\ 2022D 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 \$4,334,241, upon completion of project up to \$3,270,000 of the outstanding principal balance will be forgiven by the agency, with \$1,064.24 remaining balance.	1,064,241
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.	37,885,000
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	44,020,000
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.	4,762,546
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	337,740
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	4,040,466
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	5,392,329
2022A wastewater general obligation bonds (Pintail Pointe), due in semi-annual installments, 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.	90,549
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.	112,026

NOTE K - LONG-TERM LIABILITIES – CONTINUED

<u>Description on Bonds Payable – continued</u>	<u>Business-type</u>
2022C wastewater general obligation bonds (Long Neck Communities), due in semi-annual installments, 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.	\$4,345,432
2022F wastewater general obligation bonds (Slaughter Beach), due in semi-annual installments, 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.	228,071
2023B wastewater general obligation bonds (Mallard Creek), due in quarterly installments, interest at 2.75%, final payment due September 28, 2063. Total bonds authorized are \$1,526,000.	1,509,871
2024A wastewater general obligation bonds (Herring Creek), due in quarterly installments, interest at 2.25%, final payment due February 22, 2064. Total bonds authorized are \$5,601,000	5,579,554
2024 wastewater general obligation bonds (Herring Creek), due in quarterly installments, interest at 1.5%, final payment due June 27, 2064. Total bonds authorized are \$1,900,000	<u>1,900,000</u>
Subtotal	196,804,438
Unamortized bond premium	<u>4,180,757</u>
TOTAL BOND PAYABLE	<u>\$200,985,195</u>

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2024, the obligated unrecorded amount was approximately \$37.5 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, 2024 totaled \$5.2 million. The bonds are to finance various sewer and water construction and improvement projects.

Subscription-Based Information Technology Arrangements Payable

The County has twenty-five active SBITA agreements as of June 30, 2024, with initial terms of two to five years. The SBITA contracts have terms of two years or less remaining. The SBITA obligation as of June 30 was \$496,080, with \$344,057 due within the next fiscal year. The contracts have payments from zero (prepaid contracts) to \$226,949 due annually and interest rates from 1.58% to 3.59%.

NOTE K - LONG-TERM LIABILITIES – CONTINUED

Lease Payables

Governmental Activities

The County entered into a five-year lease Emergency Medical Service building space commencing on June 1, 2019 and the lease terminated in fiscal year 2024. The Emergency Medical Service building space is still being leased but on a month-to-month bases..

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, 2024, the lease liability is \$1,488,487. 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, 2024, is \$1,689,337 with accumulated amortization of \$225,246.

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, 2024, the lease liability is \$5,106 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, 2024, is \$7,547 with accumulated amortization of \$2,382.

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, 2024. The initial lease liability is \$132,639. As of June 30, 2024, the lease liability is \$121,695. 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, 2024, is \$132,639 with accumulated amortization of \$9,948.

Long-term Liability Activity

Long-term liability activity for the year ended June 30, 2024, was as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Lease liabilities	\$ 23,025	\$ -	\$ 23,025	\$ -	\$ -
Subscription liabilities	611,076	389,766	646,125	354,717	242,694
Compensated absences	9,104,001	4,610,276	3,736,621	9,977,656	3,734,306
Estimated liability for pollution remediation	400,000	-	99,994	300,006	100,000
Total Governmental Activities	<u>\$10,138,102</u>	<u>\$5,000,042</u>	<u>\$ 4,505,765</u>	<u>\$10,632,379</u>	<u>\$ 4,077,000</u>
Reconciliation to beginning liability to ending asset activities:					
Net pension liability (asset)	3,931,437	-	4,781,774	(850,337)	
Net other postemployment benefits liability (asset)	5,371,117	-	7,546,019	(2,174,902)	
	<u>\$19,440,656</u>	<u>\$5,000,042</u>	<u>\$16,833,558</u>	<u>\$7,607,140</u>	

NOTE K - LONG-TERM LIABILITIES – CONTINUED

Long-term Liability Activity - continued

Business-Type Activities:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Due Within One year</u>
General obligation bonds	\$192,058,962	16,362,451	11,616,975	196,804,438	8,585,086
Unamortized bond premium	4,343,116	-	162,359	4,180,757	162,359
Total bonds payable	196,402,078	16,362,451	11,779,334	200,985,195	8,747,445
Lease liabilities	1,681,581	-	66,293	1,615,288	67,990
Subscription liabilities	248,471	129,399	236,507	141,363	101,363
Compensated absences	1,383,964	740,058	626,353	1,497,669	622,863
Total Business-type Activities	<u>\$199,716,094</u>	<u>\$17,231,908</u>	<u>\$12,708,487</u>	<u>\$204,239,515</u>	<u>\$9,539,661</u>

Reconciliation to beginning liability to ending asset activities:

Net pension liabilities (asset)	1,352,752	-	1,645,341	(292,589)
Net other postemployment benefits liability (asset)	1,848,126	-	2,596,479	(748,353)
	<u>\$202,916,972</u>	<u>\$17,231,908</u>	<u>\$16,950,307</u>	<u>\$203,198,573</u>

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

Debt Maturity

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

<u>Year ending June 30,</u>	<u>Business-type Activities - General Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,585,086	\$ 3,938,550	\$ 12,523,636
2026	8,645,434	3,848,600	12,494,034
2027	8,712,853	3,667,111	12,379,964
2028	8,444,579	3,512,195	11,956,774
2029	8,256,181	3,324,788	11,580,969
2030 – 2034	43,111,315	13,742,617	56,853,932
2035 – 2039	39,870,036	9,710,679	49,580,715
2040 – 2044	30,618,646	5,970,203	36,588,849
2045 – 2049	20,852,161	3,243,910	24,096,071
2050 – 2054	12,405,146	1,202,364	13,607,510
2055 – 2059	5,379,752	456,222	5,835,974
2060 – 2064	1,923,249	89,393	2,012,642
TOTAL	<u>\$ 196,804,438</u>	<u>\$ 52,706,632</u>	<u>\$ 249,511,070</u>

NOTE K - LONG-TERM LIABILITES - CONTINUED

Leases Obligation Maturity

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

Year ending June 30,	Business-type Activities - Lease Obligation		
	Principal	Interest	Total
2025	\$ 67,990	\$ 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	75,236	31,533	106,769
2030 – 2034	402,531	130,326	532,857
2035 – 2039	456,402	80,225	536,627
2040 – 2044	398,526	23,315	421,841
TOTAL	\$ 1,615,288	\$ 408,256	\$ 2,023,544

Subscription-Based Information Technology Arrangements Maturity

The future principal and interest SBITA payments as of June 30, 2024, are as follows:

Year ending June 30,	Governmental Activities - SBITA Obligation		
	Principal	Interest	Total
2025	\$ 242,694	\$ 8,814	\$ 251,508
2026	112,023	3,004	115,027
TOTAL	\$ 354,717	\$ 11,818	\$ 366,535

Year ending June 30,	Business-type Activities - SBITA Obligation		
	Principal	Interest	Total
2025	\$ 101,363	\$ 3,394	\$ 104,757
2026	40,000	1,077	41,077
TOTAL	\$ 141,363	\$ 4,471	\$ 145,834

Sussex County is subject to a debt limit that is 12% of the assessed value of the taxable property. At June 30, 2024, the amount was \$504.2 million. As of June 30, 2024, the total outstanding debt applicable to the limit was \$201.0 million, which is 39.9% of the total debt limit.

NOTE L - INTERFUND BALANCES

Interfund balances at June 30, 2024 consisted of the following:

Receivable Fund	Payable Fund	Amount
General fund	Sewer fund	\$ 19,755,488
General fund	Capital projects fund	1,111
General fund	Water fund	6,155
Sewer fund	General fund	422,277

Interfund balances, where the water and sewer funds owe general fund, represents interim financing for sewer and water projects, which are to be repaid when the County draws the permanent funding. Realty transfer tax financed all of the interfund balance. Where general fund owes the sewer fund is due to sewer paying for projects that will be later paid by ARPA grant funds deposited into general fund at June 30. The capital fund owes general fund at year end for an airport capital project that was later reimbursed in fiscal year 2025 by a federal capital grant.

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
Nonspendable			
Inventory	\$ 7,138	\$ -	\$ 7,138
Prepaid items	383,046	-	383,046
Employee advances	169,246	-	169,246
Total Nonspendable	559,430	-	559,430
Restricted			
Employee health expense	658,083	-	658,083
Any lodging tax eligible expense: beach nourishment, waterway dredging, tourism, water quality or flood control	3,177,624	-	3,177,624
Any realty transfer tax eligible expense: infrastructure, public safety, economic development items, assessment, capital, open space, recreation, and affordable housing	81,120,956	68,455,895	149,576,851
Road projects	1,829,160	-	1,829,160
Neighborhood stabilization projects grant eligible expenses	103,028	-	103,028
Total restricted	86,888,851	68,455,895	155,344,746
Committed			
Open space land program	417,000	42,905	459,905
Engineer projects	99,400	-	99,400
Road projects	1,056,784	-	1,056,784
Total committed	1,573,184	42,905	1,616,089

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS - CONTINUED

	General	Capital Projects	Total
Assigned			
Grant-in-aid for County tax subsidy program	39,744	-	39,744
Encumbrances	339,475	-	339,475
Legal: planning and zoning	500,000	-	500,000
Total assigned	879,219	-	879,219
Unassigned	80,834,777	-	80,834,777
Total Fund Balances – Governmental Funds	\$170,735,461	\$68,498,800	\$239,234,261

NOTE N - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Transfer to:	Transfer from		
	General Fund	Unified Sewer	Total
Unified sewer fund	\$ 115,500	\$ -	\$ 115,500
	\$ 115,500	\$ -	\$ 115,500

Transfers between the general fund and sewer fund are for funding commitments and subsequent paybacks for the Ellendale sewer area, and Johnson’s Corner sewer area.

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 2024, 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 \$11,402,059 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, 2024 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 2023 and 2024 were as follows:

	Beginning of Year Balance	Current-Year Claims and Changes in Estimates	Claim Payments	End of Year Balance
2022-2023	\$ 1,378,622	9,458,752	(9,399,141)	\$ 1,438,233
2023-2024	1,438,233	10,439,936	(9,975,824)	\$ 1,902,345

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, 2024, is \$4.5 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 new Collective Bargaining Agreement in January 2024, with Delaware Public Employees, Council 81, AGSCME AFL-CIO and its Affiliated Local Union 1926. The contract extends through June 2028 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 \$300,006 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, 2024 equaling \$4.8 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, 2024, the County authorized the issuance of \$9.3 million of General Obligation Bonds to fund costs associated with the North Ellendale sewer flow diversion project, \$4.6 million of General Obligation Bonds to fund costs associated with the Briarwood Estate Sewer Project and \$2.4 million of General Obligation Bonds to fund costs associated with the Winding Creek Water District Project.

The County approved the award of contracts totaling \$19.2 million for costs associated with 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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 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	\$ 3,756,517
Interest Cost	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	10,315,190
Change in Benefit Terms	-	-	1,259,679	-	-	-	-	-	-	-
Differences Between Expected and Actual Experiences	805,130	1,134,350	651,103	551,937	(529,784)	994,019	(132,847)	5,325,009	1,423,233	3,391,022
Change in Assumptions	-	-	3,251,143	-	(1,231,792)	-	-	4,320,273	-	-
Contributions	(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)	(6,443,325)
Net Change in Total Pension Liability	5,695,795	6,176,989	10,272,024	6,108,803	4,133,475	6,945,991	5,976,177	15,818,713	8,591,344	11,019,404
Total Pension Liability (Beginning)	82,510,864	88,206,659	94,383,648	104,655,672	110,764,475	114,897,950	121,843,941	127,820,118	143,638,831	152,230,175
Total Pension Liability (Ending)	\$ 88,206,659	\$ 94,383,648	\$ 104,655,672	\$ 110,764,475	\$ 114,897,950	\$ 121,843,941	\$ 127,820,118	\$ 143,638,831	\$ 152,230,175	\$ 163,249,579
Plan Fiduciary Net Position										
Contributions - Employer	\$ 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	\$ 4,568,242
Contributions - Member	16,197	48,721	86,279	134,150	172,315	211,354	251,807	324,090	447,964	538,465
Net Investment Income	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	18,980,674
Contributions	(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)	(6,443,325)
Administrative Expenses	(80,891)	(107,035)	(101,597)	(108,527)	(110,423)	(138,230)	(180,974)	(190,179)	(181,929)	(197,537)
Net Change in Plan Fiduciary Net Position	3,355,807	(279,696)	8,796,859	12,009,283	16,881,800	8,808,574	30,380,890	(14,565,372)	10,671,233	17,446,519
Plan Fiduciary Net Position (Beginning)	70,886,608	74,242,415	73,962,719	82,759,578	94,768,861	111,650,661	120,459,235	150,840,125	136,274,753	146,945,986
Plan Fiduciary Net Position (Ending)	74,242,415	73,962,719	82,759,578	94,768,861	111,650,661	120,459,235	150,840,125	136,274,753	146,945,986	164,392,505
County's Net Pension Liability / (Asset) Ending	\$ 13,964,244	\$ 20,420,929	\$ 21,896,094	\$ 15,995,614	\$ 3,247,289	\$ 1,384,706	\$ (23,020,007)	\$ 7,364,078	\$ 5,284,189	\$ (1,142,926)
Net Position as a % of Pension Liability	84.17%	78.36%	79.08%	85.56%	97.17%	98.86%	118.01%	94.87%	96.53%	100.70%
Covered Payroll	\$ 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	\$ 34,921,960
Net Pension Liability as a % of Payroll	66.24%	94.23%	96.70%	66.90%	12.85%	5.34%	-87.07%	23.95%	16.50%	-3.27%

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 51 - Note G.

SUSSEX COUNTY, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION TRUST

	Fiscal Year Ending									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 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	3,689,980
Less: Contributions made in Relation to the Actuarially Determined	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	4,568,242
Contribution Deficiency (excess)	\$ (831,335)	\$ (540,072)	\$ (444,125)	\$ (5,162,265)	\$ (10,668,749)	\$ (6,818,729)	\$ (2,277,130)	\$ (1,829,087)	\$ (355,384)	\$ (878,262)
Covered Payroll	\$ 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	\$ 34,921,960
Contributions as a % of Covered Payroll	17.02%	16.60%	16.94%	38.79%	57.23%	37.69%	18.90%	12.28%	11.57%	13.08%

Notes to Schedule:

Valuation Date July 1, 2023
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

SUSSEX COUNTY, DELAWARE
SCHEDULE OF INVESTMENT RETURNS - PENSION TRUST

	Fiscal Year Ending									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual Money-Weighted Rate of Return, Net of Investment Expense	4.26%	-0.47%	10.67%	7.51%	6.10%	3.14%	20.27%	-9.39%	8.74%	11.75%

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

	Fiscal Year Ending							
	2017	2018	2019	2020	2021	2022	2023	2024
Total Other Postemployment Benefit Liability								
Service Cost	\$ 810,080	\$ 909,398	\$ 925,928	\$ 1,177,365	\$ 1,215,719	\$ 1,252,760	\$ 1,409,835	\$ 1,510,151
Interest	3,656,274	3,787,370	3,829,471	3,824,207	4,052,973	4,265,169	4,304,176	4,496,461
Differences between expected and actual experience	112,594	66,645	(356,272)	2,351,755	295,641	531,288	466,963	1,311,489
Changes of assumptions	786,564	(1,835,557)	(96,289)	(1,377,792)	-	(530,330)	-	(6,366,142)
Benefit payments	(1,828,522)	(2,126,749)	(2,609,065)	(2,880,064)	(2,606,916)	(2,531,838)	(3,159,662)	(3,714,650)
Net Change in Total Other Postemployment Benefit Liability	3,536,990	801,107	1,693,773	3,095,471	2,957,417	2,987,049	3,021,312	(2,762,691)
Total Other Postemployment Benefit Liability - Beginning	48,837,970	52,374,960	53,176,067	54,869,840	57,965,311	60,922,728	63,909,777	66,931,089
Total Other Postemployment Benefit Liability - Ending	\$ 52,374,960	\$ 53,176,067	\$ 54,869,840	\$ 57,965,311	\$ 60,922,728	\$ 63,909,777	\$ 66,931,089	\$ 64,168,398
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,991,965	\$ 7,172,834	\$ 2,687,134	\$ 2,835,463	\$ 3,063,250	\$ 2,766,223	\$ 2,313,623	\$ 3,504,709
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	7,675,378
Benefit payments	(1,828,522)	(2,126,749)	(2,609,065)	(2,880,064)	(2,606,916)	(2,531,838)	(3,159,662)	(3,714,650)
Administrative expense	(55,676)	(58,180)	(53,118)	(60,046)	(77,280)	(81,712)	(79,172)	(85,629)
Net Change in Plan Fiduciary Net Position	3,564,458	7,760,115	2,960,029	1,623,130	12,732,638	(5,037,845)	4,255,090	7,379,808
Plan Fiduciary Net Position - Beginning	31,854,231	35,418,689	43,178,804	46,138,833	47,761,963	60,494,601	55,456,756	59,711,846
Plan Fiduciary Net Position - Ending	\$ 35,418,689	\$ 43,178,804	\$ 46,138,833	\$ 47,761,963	\$ 60,494,601	\$ 55,456,756	\$ 59,711,846	\$ 67,091,654
Net OPEB liability (asset) - Ending	\$ 16,956,271	\$ 9,997,263	\$ 8,731,007	\$ 10,203,348	\$ 428,127	\$ 8,453,021	\$ 7,219,243	\$ (2,923,256)
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%	104.56%
Covered Payroll	\$ 22,608,597	\$ 23,067,300	\$ 24,181,316	\$ 24,696,338	\$ 25,039,079	\$ 28,802,366	\$ 30,131,794	\$ 34,453,002
Net OPEB liability as a percentage of covered payroll	75.00%	43.34%	36.11%	41.32%	1.71%	29.35%	23.96%	-8.48%

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	2024
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	2,163,094
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	3,504,709
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>	<u>\$ (1,341,615)</u>
Covered Payroll	\$ 22,608,597	\$ 23,067,300	\$ 24,181,316	\$ 24,696,338	\$ 25,039,079	\$ 28,802,366	\$ 30,131,794	\$ 34,453,002
Contributions as a % of Covered Payroll	8.81%	31.10%	11.11%	11.48%	12.23%	9.60%	7.68%	10.17%

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

Notes to Schedule:

Valuation Date July 1, 2023
 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, level percentage of payroll
 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	2024
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.89%	6.59%	6.44%	3.61%	20.41%	-9.36%	8.68%	11.71%

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, 2024

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Taxes			
Real property - County	\$ 16,558,000	\$ 16,894,626	\$ 336,626
Real property - library	1,941,000	1,997,422	56,422
Realty transfer	31,500,000	47,794,037	16,294,037
Fire service	1,800,000	2,254,333	454,333
Lodging tax	1,000,000	808,024	(191,976)
Penalties and interest	180,000	160,952	(19,048)
Total taxes	<u>52,979,000</u>	<u>69,909,394</u>	<u>16,930,394</u>
Intergovernmental			
Federal grants:			
Emergency preparedness	300,000	287,588	(12,412)
Housing and urban development	2,537,000	1,625,506	(911,494)
Project income	-	6,429	6,429
Public Assistance (ARPA)	39,818,714	6,076,729	(33,741,985)
Federal payment in lieu of taxes	6,100	7,369	1,269
State grants:			
General government	100,000	150,924	50,924
Library	400,000	477,891	77,891
Paramedics	6,356,000	7,369,356	1,013,356
Emergency preparedness	-	13,949	13,949
Local emergency plan commission	75,940	75,940	-
Economic development	200,000	104,729	(95,271)
Total intergovernmental	<u>49,793,754</u>	<u>16,196,410</u>	<u>(33,597,344)</u>
Charges for services			
Mobile home placement fees	200,000	151,768	(48,232)
Building inspection fees	1,608,000	1,811,822	203,822
Miscellaneous general government fees	84,500	356,208	271,708
Building permits and zoning fees	2,267,000	2,926,128	659,128
911 System fees	559,630	606,273	46,643
Private road and sewer review and inspection fees	2,122,000	3,005,473	883,473
Airpark and economic development fees	110,000	105,860	(4,140)
Marriage Bureau	200,000	201,577	1,577
Prothonotary	-	51	51
Recorder of Deeds	5,189,500	4,658,775	(530,725)
Register of Wills	1,500,000	1,992,419	492,419
Sheriff	950,000	1,015,552	65,552
Total charges for services	<u>14,790,630</u>	<u>16,831,906</u>	<u>2,041,276</u>
Fines and forfeits	<u>60,000</u>	<u>103,848</u>	<u>43,848</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
 CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Miscellaneous revenue			
Investment earnings	\$ 1,000,000	\$ 9,217,183	\$ 8,217,183
Miscellaneous revenues	846,500	1,016,708	170,208
Total miscellaneous revenues	<u>1,846,500</u>	<u>10,233,891</u>	<u>8,387,391</u>
Other financing sources			
Reimbursements from other funds	47,000	-	(47,000)
Subscriptions issued	-	389,766	389,766
Sale of capital assets	-	119,683	119,683
Appropriated reserves	10,017,000	-	(10,017,000)
Total other financing sources	<u>10,064,000</u>	<u>509,449</u>	<u>(9,554,551)</u>
Total revenues and other funding sources	<u>\$ 129,533,884</u>	<u>\$ 113,784,898</u>	<u>\$ 15,748,986</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
General government			
County Council			
Salaries and wages	\$ 288,406	\$ 288,406	\$ -
Fringe benefits	193,601	193,601	-
Contractual services	221,283	183,200	38,083
Material and supplies	20,030	18,598	1,432
Other expenditures	14,500	9,145	5,355
Travel and training	22,250	7,471	14,779
Total county council	<u>760,070</u>	<u>700,421</u>	<u>59,649</u>
Administration			
Salaries and wages	419,520	419,520	-
Fringe benefits	197,653	197,653	-
Contractual services	36,939	36,939	-
Material and supplies	13,134	13,134	-
Other expenditures	13,208	13,208	-
Travel and training	389	389	-
Machinery and equipment			-
Contingency	568,506	530,233	38,273
Total administration	<u>1,249,349</u>	<u>1,211,076</u>	<u>38,273</u>
Legal	<u>500,000</u>	<u>229,902</u>	<u>270,098</u>
Finance			
Salaries and wages	1,332,424	1,236,968	95,456
Fringe benefits	740,247	727,747	12,500
Contractual services	1,122,514	889,617	232,897
Material and supplies	17,246	11,671	5,575
Travel and training	11,014	5,018	5,996
Machinery and equipment	6,847	6,847	-
Debt service:			
Principal	15,113	15,113	-
Interest	637	637	-
Total finance	<u>3,246,042</u>	<u>2,893,618</u>	<u>352,424</u>
Assessment			
Salaries and wages	1,254,195	1,254,195	-
Fringe benefits	855,479	855,479	-
Contractual services	3,587,030	2,488,272	1,098,758
Material and supplies	59,254	47,169	12,085
Travel and training	6,750	-	6,750
Machinery and equipment	28,600	26,440	2,160
Total assessment	<u>5,791,308</u>	<u>4,671,555</u>	<u>1,119,753</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
General Government - continued			
Geographic information services			
Salaries and wages	\$ 554,800	\$ 499,149	\$ 55,651
Fringe benefits	306,160	305,343	817
Contractual services	125,167	122,316	2,851
Material and supplies	9,345	4,432	4,913
Travel and training	20,907	14,741	6,166
Debt service:			
Principal	65,887	65,887	-
Interest	2,713	2,713	-
Total mapping and addressing	<u>1,084,979</u>	<u>1,014,581</u>	<u>70,398</u>
Human resources and general employment			
Salaries and wages	481,635	458,726	22,909
Fringe benefits	377,254	368,837	8,417
Contractual services	232,188	49,957	182,231
Material and supplies	5,754	3,367	2,387
Other expenditures	17,135	9,867	7,268
Travel and training	38,266	11,598	26,668
Total human resources	<u>1,152,232</u>	<u>902,352</u>	<u>249,880</u>
Records management			
Salaries and wages	173,250	173,127	123
Fringe benefits	125,974	125,881	93
Contractual services	2,062	2,034	28
Material and supplies	9,621	8,119	1,502
Travel and training	3,820	1,609	2,211
Machinery and equipment	1,080	-	1,080
Total records management	<u>315,807</u>	<u>310,770</u>	<u>5,037</u>
Facilities Management			
Salaries and wages	932,998	871,159	61,839
Fringe benefits	581,187	573,749	7,438
Contractual services	714,247	587,818	126,429
Material and supplies	206,981	186,351	20,630
Travel and training	3,349	3,319	30
Equipment & improvements	161,000	85,757	75,243
Total facilities management	<u>2,599,762</u>	<u>2,308,153</u>	<u>291,609</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
General government - continued			
Information technology			
Salaries and wages	\$ 870,129	\$ 870,129	\$ -
Fringe benefits	494,919	494,919	-
Contractual services	618,429	622,019	(3,590)
Material and supplies	213,387	213,387	-
Travel and training	13,370	13,370	-
Equipment	255,021	531,851	(276,830)
Debt service:			
Principal	256,668	256,668	-
Interest	3,539	3,539	-
Total information technology	<u>2,725,462</u>	<u>3,005,882</u>	<u>(280,420)</u>
Total General Government	<u>19,425,009</u>	<u>17,248,310</u>	<u>2,176,699</u>
Planning and zoning			
Salaries and wages	756,660	733,907	22,753
Fringe benefits	441,103	433,743	7,360
Contractual services	588,978	515,413	73,565
Material and supplies	19,967	15,057	4,910
Other expenditures	4,000	3,295	705
Travel and training	8,689	7,460	1,229
Machinery and equipment	9,493	49,675	(40,182)
Debt service:			
Principal	87,971	87,971	-
Interest	2,329	2,329	-
Total planning and zoning	<u>1,919,190</u>	<u>1,848,850</u>	<u>70,340</u>
Building code			
Salaries and wages	910,354	910,354	-
Fringe benefits	581,610	581,610	-
Contractual services	34,316	34,316	-
Material and supplies	35,419	35,419	-
Travel and training	3,330	3,330	-
Machinery and equipment	77,379	77,379	-
Total building code	<u>1,642,408</u>	<u>1,642,408</u>	<u>-</u>
Constables			
Salaries and wages	314,124	286,782	27,342
Fringe benefits	199,402	195,593	3,809
Contractual services	911,526	910,198	1,328
Material and supplies	21,600	16,222	5,378
Other expenditures	50,000	33,667	16,333
Travel and training	1,500	934	566
Equipment	34,866	26,440	8,426
Total constables	<u>1,533,018</u>	<u>1,469,836</u>	<u>63,182</u>
Total Planning and Zoning	<u>5,094,616</u>	<u>4,961,094</u>	<u>133,522</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Paramedics			
Salaries and wages	\$ 12,068,595	\$ 11,755,474	\$ 313,121
Fringe benefits	5,980,675	5,900,227	80,448
Contractual services	1,353,059	1,224,704	128,355
Material and supplies	881,944	869,840	12,104
Other expenditures	13,550	12,083	1,467
Travel and training	156,895	134,817	22,078
Equipment	905,834	976,001	(70,167)
Debt service:			
Principal	129,093	129,093	-
Interest	1,383	1,383	-
Total paramedics	<u>21,491,028</u>	<u>21,003,622</u>	<u>487,406</u>
Emergency preparedness			
Administration			
Salaries and Wages	273,724	273,724	-
Fringe benefits	101,934	101,856	78
Contractual services	300,879	300,879	-
Material and supplies	37,092	36,290	802
Other expenditures	765	765	-
Travel and training	4,365	4,365	-
Machinery and equipment	67,320	67,319	1
Debt Service:			
Principal	9,049	9,049	-
Interest	373	373	-
Total administration	<u>795,501</u>	<u>794,620</u>	<u>881</u>
Emergency operations center			
Salaries and wages	2,837,236	2,684,793	152,443
Fringe benefits	1,541,661	1,456,308	85,353
Contractual services	319,416	308,101	11,315
Material and supplies	27,725	23,091	4,634
Other expenditures	7,850	7,713	137
Travel and training	49,850	47,700	2,150
Machinery and equipment	36,617	36,617	-
Debt Service:			
Principal	13,836	13,836	-
Interst	417	417	-
Total emergency operation center	<u>4,834,608</u>	<u>4,578,576</u>	<u>256,032</u>
Communication systems			
Salaries and wages	215,781	215,781	-
Fringe benefits	122,172	122,172	-
Contractual services	27,446	27,149	297
Material and supplies	53,413	43,198	10,215
Machinery and equipment	16,101	16,101	-
Total communication systems	<u>434,913</u>	<u>424,401</u>	<u>10,512</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Emergency preparedness - continued			
Local emergency planning community program			
Salaries and wages	\$ 58,449	\$ 58,449	\$ -
Fringe benefits	36,494	36,494	-
Contractual services	1,249	1,249	-
Material and supplies	234	234	-
Total local planning community program	<u>96,426</u>	<u>96,426</u>	<u>-</u>
Total Emergency Preparedness	<u>6,161,448</u>	<u>5,894,023</u>	<u>267,425</u>
County engineer			
Salaries and wages	1,272,977	1,301,495	(28,518)
Fringe benefits	718,906	741,424	(22,518)
Contractual services	84,886	75,175	9,711
Material and supplies	41,241	41,241	-
Other expenditures	294,809	284,761	10,048
Travel and training	5,215	1,361	3,854
Improvements	10,000	4,726	5,274
Debt Service:			
Principal	9,668	9,668	-
Interest	398	398	-
Total county engineer	<u>2,438,100</u>	<u>2,460,249</u>	<u>(22,149)</u>
Library			
Library administration	908,895	696,696	212,199
Library facilities	2,869,897	2,330,306	539,591
Total library	<u>3,778,792</u>	<u>3,027,002</u>	<u>751,790</u>
Economic development and airpark			
Economic development			
Salaries and wages	143,306	138,987	4,319
Fringe benefits	53,116	53,096	20
Contractual services	282,669	85,156	197,513
Material and supplies	50,500	17,036	33,464
Travel and training	34,939	6,522	28,417
Equipment	234,467	5,149	229,318
Total economic development	<u>798,997</u>	<u>305,946</u>	<u>493,051</u>
Security			
Salaries and wages	204,108	204,108	-
Fringe benefits	100,517	100,517	-
Contractual services	249,932	246,216	3,716
Material and supplies	42,265	12,278	29,987
Travel and training	13,045	10,273	2,772
Total security	<u>609,867</u>	<u>573,392</u>	<u>36,475</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Economic development and airpark - continued			
Airpark			
Salaries and wages	\$ 162,908	\$ 162,908	\$ -
Fringe benefits	85,939	85,939	-
Contractual services	658,701	381,577	277,124
Material and supplies	91,025	73,470	17,555
Other expenditures	192,500	94,395	98,105
Travel and training	14,650	-	14,650
Equipment and improvements	40,000	-	40,000
Total airpark	<u>1,245,723</u>	<u>798,289</u>	<u>447,434</u>
Total economic development and airpark	<u>2,654,587</u>	<u>1,677,627</u>	<u>976,960</u>
Community development			-
Salaries and wages	521,416	397,840	123,576
Fringe benefits	262,633	234,815	27,818
Contractual services	4,459,184	3,208,820	1,250,364
Material and supplies	10,806	7,875	2,931
Other expenditures	490	7	483
Travel and training	894	469	425
Total community development	<u>5,255,423</u>	<u>3,849,826</u>	<u>1,405,597</u>
Community assistance program			
Fire and ambulance grants	5,728,950	6,131,444	(402,494)
Public safety grants	4,976,287	4,921,767	54,520
Environmental grants	2,070,049	1,328,626	741,423
Public assistance grant	8,586,700	2,281,953	6,304,747
Economic assistance grant	8,726,713	3,048,137	5,678,576
Library grants	2,947,600	2,899,367	48,233
Total community assistance program	<u>33,036,299</u>	<u>20,611,294</u>	<u>12,425,005</u>
Constitutional offices			
Marriage Bureau	295,823	278,893	16,930
Recorder of Deeds	963,263	963,263	-
Register of Wills	695,832	664,406	31,426
Sheriff	807,936	806,068	1,868
Total constitutional offices	<u>2,762,854</u>	<u>2,712,630</u>	<u>50,224</u>
Total expenditures	<u>102,098,158</u>	<u>83,445,677</u>	<u>18,652,481</u>
Other financing uses			
Transfers out	115,500	115,500	-
Grant funds allocated to business-type activities	27,320,226	-	27,320,226
Total other financing uses	<u>27,435,726</u>	<u>115,500</u>	<u>27,320,226</u>
Total expenditures and other financing uses	<u>\$ 129,533,884</u>	<u>\$ 83,561,177</u>	<u>\$ 45,972,707</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, 2024

	<u>Final Budget Amounts</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 4,037,500	\$ 630,430	\$ (3,407,070)
Contributions	14,958,500	-	(14,958,500)
Investment earnings	100,000	3,401,312	3,301,312
Total revenues	<u>19,096,000</u>	<u>4,031,742</u>	<u>(15,064,258)</u>
EXPENDITURES			
Current:			
General government	47,197	47,197	-
Total Current	<u>47,197</u>	<u>47,197</u>	<u>-</u>
Capital Outlay			
General Government	8,930,803	1,245,539	7,685,264
Paramedics	2,250,000	1,853,969	396,031
Airport/Business Park	6,838,000	2,064,393	4,773,607
Engineering	450,000	704,297	(254,297)
Library	580,000	171,953	408,047
Total Capital Outlay	<u>19,048,803</u>	<u>6,040,151</u>	<u>13,008,652</u>
Total expenditures	<u>19,096,000</u>	<u>6,087,348</u>	<u>13,008,652</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(2,055,606)</u>	<u>(2,055,606)</u>
OTHER FINANCING SOURCES			
Sale of capital assets	-	301,214	301,214
Total other financing sources	<u>-</u>	<u>301,214</u>	<u>301,214</u>
Net change in fund balances	-	(1,754,392)	(1,754,392)
Fund balances - beginning	<u>70,253,192</u>	<u>70,253,192</u>	<u>-</u>
Fund balances - ending	<u>\$ 70,253,192</u>	<u>\$ 68,498,800</u>	<u>\$ (1,754,392)</u>

FIDUCIARY FUND

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 JUNE 30, 2024

	<u>Pension Trust</u>	<u>Post- retirement Employee Benefit Trust</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,541,368	\$ 1,447,058	\$ 3,988,426
Investments:			
U.S. Treasuries	11,118,080	5,522,064	16,640,144
Government Agencies	233,424	-	233,424
Bank Loan Funds	4,638,124	1,883,229	6,521,353
Corporate obligations	30,067,890	11,397,320	41,465,210
Core Real Estate	5,468,243	2,224,684	7,692,927
Infrastructure	9,810,599	3,962,429	13,773,028
Mutual funds and pooled investments	100,252,640	40,566,517	140,819,157
Total Investments	<u>161,589,000</u>	<u>65,556,243</u>	<u>227,145,243</u>
Accrued interest	<u>320,867</u>	<u>138,443</u>	<u>459,310</u>
Total Assets	<u>164,451,235</u>	<u>67,141,744</u>	<u>231,592,979</u>
LIABILITIES			
Accounts payable	<u>58,730</u>	<u>50,090</u>	<u>108,820</u>
Total Liabilities	<u>58,730</u>	<u>50,090</u>	<u>108,820</u>
NET POSITION			
Net position restricted for pension and OPEB benefits	<u>\$ 164,392,505</u>	<u>\$ 67,091,654</u>	<u>\$ 231,484,159</u>

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Pension Trust</u>	<u>Post- retirement Employee Benefit Trust</u>	<u>Total</u>
ADDITIONS			
Employer contributions	\$ 4,568,242	\$ 3,504,709	\$ 8,072,951
Employee contributions	538,465	-	538,465
Investment earnings:			
Net appreciation of investments	14,506,279	5,675,907	20,182,186
Interest and dividends	4,756,275	2,115,035	6,871,310
Total investment earnings	<u>19,262,554</u>	<u>7,790,942</u>	<u>27,053,496</u>
Less investment costs	<u>(281,880)</u>	<u>(115,564)</u>	<u>(397,444)</u>
Net investment earnings	<u>18,980,674</u>	<u>7,675,378</u>	<u>26,656,052</u>
Total additions	<u>24,087,381</u>	<u>11,180,087</u>	<u>35,267,468</u>
DEDUCTIONS			
Beneficiary payments	6,443,325	3,714,650	10,157,975
Professional fees	197,537	85,629	283,166
Total deductions	<u>6,640,862</u>	<u>3,800,279</u>	<u>10,441,141</u>
Net increase in plan net position	17,446,519	7,379,808	24,826,327
Net position restricted for pension and OPEB benefits - beginning	<u>146,945,986</u>	<u>59,711,846</u>	<u>206,657,832</u>
Net position restricted for pension and OPEB benefits - ending	<u>\$ 164,392,505</u>	<u>\$ 67,091,654</u>	<u>\$ 231,484,159</u>



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.

<u>Contents</u>	<u>Pages</u>
<p>Financial Trends <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>	93 - 99
<p>Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i></p>	100 - 102
<p>Debt Capacity <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>	103 - 104
<p>Demographic and Economic Information <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>	105 - 106
<p>Operating Information <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>	107 - 109

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)

	2016		2017	2018	2019	2020	2021	2022	2023	2024
	2015	as restated								
Governmental activities										
Net investment in capital assets	\$ 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	\$ 113,002,406
Restricted	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	132,672,224
Unrestricted	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	102,009,226
Total governmental activities net position	\$ 173,054,566	\$ 165,910,961	\$ 176,987,393	\$ 188,452,314	\$ 204,564,952	\$ 222,381,464	\$ 261,480,080	\$ 288,560,720	\$ 317,365,814	\$ 347,683,856
Business-type activities										
Net investment in capital assets	\$ 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	\$ 405,503,043
Restricted	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	93,461,083
Unrestricted	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	16,274,191
Total business-type activities net position	\$ 302,078,127	\$ 308,452,501	\$ 318,156,272	\$ 334,610,843	\$ 366,380,252	\$ 392,990,768	\$ 418,264,438	\$ 437,808,360	\$ 462,924,061	\$ 515,238,317
Primary government										
Net investment in capital assets	\$ 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	\$ 518,505,449
Restricted	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	226,133,307
Unrestricted	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	118,283,417
Total primary government net position	\$ 475,132,693	\$ 474,363,462	\$ 495,143,665	\$ 523,063,157	\$ 570,945,204	\$ 615,372,232	\$ 679,744,518	\$ 726,369,080	\$ 780,289,875	\$ 862,922,173

Notes:

1. 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)

	2016									
	2015	as restated	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 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	\$ 16,443,913
Community assistance program	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	20,486,830
Planning and zoning	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	4,870,513
Paramedic program	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	21,084,434
Emergency preparedness	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	6,331,039
Economic development and Airpark	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	5,008,940
County engineer	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	3,312,493
Library	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	3,332,040
Community development and housing programs	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	3,893,947
Constitutional offices	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	2,700,906
Interest on long-term debt	-	-	-	-	-	-	-	415	528,831	11,789
Total governmental activities expenses	<u>52,705,068</u>	<u>70,576,905</u>	<u>57,386,232</u>	<u>60,303,702</u>	<u>64,107,714</u>	<u>65,726,142</u>	<u>67,201,427</u>	<u>81,118,727</u>	<u>84,543,293</u>	<u>87,476,844</u>
Business-type activities:										
Sewer facilities	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	49,065,384
Water facilities	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	1,720,175
Total business-type activities expenses	<u>34,044,242</u>	<u>40,299,572</u>	<u>36,467,472</u>	<u>34,681,713</u>	<u>34,883,609</u>	<u>38,607,937</u>	<u>43,439,907</u>	<u>44,107,539</u>	<u>47,327,757</u>	<u>50,785,559</u>
Total primary government expenses	<u>\$ 86,749,310</u>	<u>\$ 110,876,477</u>	<u>\$ 93,853,704</u>	<u>\$ 94,985,415</u>	<u>\$ 98,991,323</u>	<u>\$ 104,334,079</u>	<u>\$ 110,641,334</u>	<u>\$ 125,226,266</u>	<u>\$ 131,871,050</u>	<u>\$ 138,262,403</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 675,981
Planning and zoning	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	4,824,805
Paramedics	12,803	19,225	27,115	29,355	33,180	61,265	60,090	45,635	54,401	55,038
Emergency preparedness	17,500	17,500	20,800	20,800	20,800	20,800	20,800	17,500	14,200	17,500
Economic development and airpark	477,689	483,227	581,284	530,078	592,964	650,852	623,646	674,061	676,583	795,677
County engineer	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	3,021,230
Library	38,404	39,077	32,622	31,538	28,110	15,744	566	9,822	18,532	16,991
Constitutional offices	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	7,868,374
Operating grants and contributions	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	17,054,073
Capital grants and contributions	1,217,668	2,018,147	702,252	425,636	2,050,546	4,018,377	573,362	1,742,413	3,641,335	848,733
Total governmental activities program revenues	<u>18,992,910</u>	<u>22,158,653</u>	<u>22,844,534</u>	<u>20,681,350</u>	<u>24,657,489</u>	<u>26,478,001</u>	<u>29,387,521</u>	<u>30,531,201</u>	<u>35,138,598</u>	<u>35,178,402</u>

(continued)

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

	2016									
	2015	as restated	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services:										
Sewer facilities	\$ 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	\$ 34,129,515
Water facilities	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	1,686,666
Operating grants and contributions	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	29,435,825
Capital grants and contributions	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	36,984,150
Total business-type activities program revenues	<u>39,467,207</u>	<u>46,156,459</u>	<u>46,123,098</u>	<u>50,773,503</u>	<u>66,124,713</u>	<u>64,697,105</u>	<u>68,521,172</u>	<u>64,413,559</u>	<u>72,535,235</u>	<u>102,236,156</u>
Total primary government program revenues	<u>\$ 18,992,910</u>	<u>\$ 22,158,653</u>	<u>\$ 22,844,534</u>	<u>\$ 20,681,350</u>	<u>\$ 24,657,489</u>	<u>\$ 26,478,001</u>	<u>\$ 29,387,521</u>	<u>\$ 94,944,760</u>	<u>\$ 107,673,833</u>	<u>\$ 137,414,558</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (52,298,442)
Business-type activities	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	51,450,597
Total primary government net (expense)/revenue	<u>\$ (28,289,193)</u>	<u>\$ (42,561,365)</u>	<u>\$ (24,886,072)</u>	<u>\$ (23,530,562)</u>	<u>\$ (8,209,121)</u>	<u>\$ (13,158,973)</u>	<u>\$ (12,732,641)</u>	<u>\$ (30,281,506)</u>	<u>\$ (24,197,217)</u>	<u>\$ (847,845)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 18,894,803
Fire service taxes	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	2,254,333
Realty transfer taxes	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	47,794,037
Lodging taxes	-	-	-	-	-	49,958	-	955,081	1,258,496	808,024
Unrestricted investment results	820,263	935,665	259,279	1,190,083	3,816,187	3,113,675	179,303	(6,296,359)	3,106,505	12,618,496
Gain (loss) on sale of capital assets	-	-	468,928	204,544	59,218	3,777	19,303	50,329	(421,907)	362,291
Transfers	291,088	(8,222)	(11,229)	(11,796)	(13,951)	(13,965)	(62,139)	(66,250)	194,799	(115,500)
Total governmental activities	<u>38,943,450</u>	<u>41,274,647</u>	<u>45,618,130</u>	<u>51,087,273</u>	<u>55,562,863</u>	<u>57,064,653</u>	<u>76,912,522</u>	<u>77,668,166</u>	<u>78,209,789</u>	<u>82,616,484</u>
Business-type activities:										
Unrestricted investment results	548,555	509,265	34,935	324,440	521,362	396,483	108,126	(929,764)	18,100	816,922
Gain (loss) on sale of capital assets	-	-	1,981	26,545	(7,008)	110,900	22,140	101,416	84,922	(68,763)
Transfers	(291,088)	8,222	11,229	11,796	13,951	13,965	62,139	66,250	(194,799)	115,500
Total business-type activities	<u>257,467</u>	<u>517,487</u>	<u>48,145</u>	<u>362,781</u>	<u>528,305</u>	<u>521,348</u>	<u>192,405</u>	<u>(762,098)</u>	<u>(91,777)</u>	<u>863,659</u>
Total primary government program revenues	<u>\$ 39,200,917</u>	<u>\$ 41,792,134</u>	<u>\$ 45,666,275</u>	<u>\$ 51,450,054</u>	<u>\$ 56,091,168</u>	<u>\$ 57,586,001</u>	<u>\$ 77,104,927</u>	<u>\$ 76,906,068</u>	<u>\$ 78,118,012</u>	<u>\$ 83,480,143</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 30,318,042
Business-type activities	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	52,314,256
Total primary government	<u>\$ 10,911,724</u>	<u>\$ (769,231)</u>	<u>\$ 20,780,203</u>	<u>\$ 27,919,492</u>	<u>\$ 47,882,047</u>	<u>\$ 44,427,028</u>	<u>\$ 64,372,286</u>	<u>\$ 46,624,562</u>	<u>\$ 53,920,795</u>	<u>\$ 82,632,298</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.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund										
Nonspendable	\$ 452,748	\$ 359,120	\$ 345,211	\$ 315,913	\$ 352,961	\$ 316,316	\$ 267,909	\$ 342,349	\$ 592,772	\$ 559,430
Restricted	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	86,888,851
Committed	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	1,573,184
Assigned	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	879,219
Unassigned	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	80,834,777
Total general fund	<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>	<u>\$ 170,735,461</u>
All Other Governmental Funds										
Restricted	\$ 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	\$ 68,455,895
Committed	-	1,420,252	1,420,883	1,425,270	1,454,505	1,477,446	-	-	41,279	42,905
Total all other governmental funds	<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>	<u>\$ 68,498,800</u>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 37,942,825	\$ 40,439,840	\$ 44,753,872	\$ 49,650,439	\$ 51,665,225	\$ 54,100,265	\$ 76,945,223	\$ 84,241,990	\$ 75,429,673	\$ 69,909,394
Intergovernmental	7,133,803	7,690,677	7,812,579	6,381,117	9,508,129	10,872,888	8,383,063	11,535,554	17,582,450	16,826,840
Charges for services	11,658,482	13,029,358	14,818,108	14,668,167	15,280,305	15,093,396	20,452,979	19,197,820	17,186,230	16,831,906
Fines and forfeits	26,545	34,573	42,383	43,850	130,750	42,889	76,071	97,136	140,862	103,848
Investments	820,263	935,665	218,753	1,071,365	3,304,948	2,726,474	181,631	(4,967,467)	2,360,332	9,217,183
Miscellaneous	644,047	1,497,380	317,127	353,782	786,465	592,824	313,184	(1,002,136)	1,093,885	4,418,020
Total revenues	<u>58,225,965</u>	<u>63,627,493</u>	<u>67,962,822</u>	<u>72,168,720</u>	<u>80,675,822</u>	<u>83,428,736</u>	<u>106,352,151</u>	<u>109,102,897</u>	<u>113,793,432</u>	<u>117,307,191</u>
Expenditures										
General government	11,836,055	11,620,306	12,134,947	22,421,967	24,059,566	19,226,788	12,632,889	15,899,638	15,967,874	16,950,951
Community assistances program	9,931,773	9,915,966	10,362,109	11,270,949	13,881,654	15,161,605	22,435,725	22,629,342	18,850,874	20,611,294
Planning and zoning	1,206,406	1,267,717	1,815,372	1,702,870	1,647,045	1,519,867	2,549,785	2,915,491	4,546,629	4,870,794
Paramedic program	13,642,338	13,418,373	14,309,979	15,011,135	15,216,418	16,365,912	16,587,234	17,137,843	19,443,829	20,873,146
Emergency preparedness	3,043,865	3,111,494	3,247,659	3,311,123	3,554,384	3,963,013	4,447,013	4,793,373	5,561,645	5,870,348
Economic development and airpark	1,149,845	1,235,456	1,437,225	1,431,704	1,477,520	1,632,394	1,477,109	1,473,759	1,643,339	1,677,627
County engineer	2,076,929	1,969,268	1,796,532	1,811,453	1,518,135	1,339,204	1,276,974	1,844,693	2,112,036	2,450,182
Library	3,926,313	2,640,264	2,695,104	2,807,198	2,975,828	2,961,749	2,929,383	2,957,958	2,943,691	3,027,002
Community development	1,738,379	2,018,592	2,126,251	1,726,572	1,902,759	1,918,981	2,385,475	3,133,471	4,139,526	3,849,826
Constitutional offices	2,392,219	2,307,376	2,452,591	2,367,555	2,564,971	2,459,071	2,491,178	2,454,320	2,583,146	2,712,630
Debt Service:										
Interest and financing charges	-	-	-	-	-	-	-	36,785	6,885	11,789
Principal	-	-	-	-	-	-	-	415	558,869	587,285
Capital outlays	3,563,636	2,394,954	7,765,080	4,663,723	7,791,224	7,567,272	7,107,926	13,304,671	14,641,800	6,040,151
Total expenditures	<u>54,507,758</u>	<u>51,899,766</u>	<u>60,142,849</u>	<u>68,526,249</u>	<u>76,589,504</u>	<u>74,115,856</u>	<u>76,320,691</u>	<u>88,581,759</u>	<u>93,000,143</u>	<u>89,533,025</u>
Excess of revenues over (under) expenditures	<u>3,718,207</u>	<u>11,727,727</u>	<u>7,819,973</u>	<u>3,642,471</u>	<u>4,086,318</u>	<u>9,312,880</u>	<u>30,031,460</u>	<u>20,521,138</u>	<u>20,793,289</u>	<u>27,774,166</u>
Other Financing Sources (Uses)										
Sale of capital assets	-	-	684,058	4,073,704	47,168	15,534	28,151	565,560	679,189	420,897
Transfers in	6,589,521	3,077,278	9,034,613	271,663	5,071,549	10,071,535	23,831,814	30,056,179	19,969,800	-
Transfers out	(6,298,433)	(3,085,500)	(9,045,842)	(4,085,500)	(5,085,500)	(10,085,500)	(23,898,272)	(30,122,429)	(19,775,001)	(115,500)
Subscriptions issued	-	-	-	-	-	-	-	-	178,720	389,766
Total other financing sources (uses)	<u>291,088</u>	<u>(8,222)</u>	<u>672,829</u>	<u>259,867</u>	<u>33,217</u>	<u>1,569</u>	<u>(38,307)</u>	<u>499,310</u>	<u>1,052,708</u>	<u>695,163</u>
Net change in fund balances	<u>\$ 4,009,295</u>	<u>\$ 11,719,505</u>	<u>\$ 8,492,802</u>	<u>\$ 3,902,338</u>	<u>\$ 4,119,535</u>	<u>\$ 9,314,449</u>	<u>\$ 29,993,153</u>	<u>\$ 21,020,448</u>	<u>\$ 21,845,997</u>	<u>\$ 28,469,329</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.07%

**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
June 30, 2024	113,784,898	83,561,177	30,223,721

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
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%
2024	3,460,968,030	495,544,224	134,617,358	118,209,414	244,487,991	251,941,450	4,201,885,567	0.445	*	*

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County Direct										
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
School Districts										
Cape Henlopen	3.0710	3.0430	3.2130	3.4900	3.6774	3.9921	3.9876	3.9734	3.9722	4.0282
Delmar	3.6394	4.3669	4.1417	4.2217	4.2217	4.2017	4.2367	4.4048	4.0453	4.1396
Indian River	2.6930	2.6890	2.5780	3.0970	3.0670	3.0350	3.0541	3.2061	3.2829	3.2340
Laurel	3.6960	4.2050	4.9890	4.7120	4.8890	4.4170	4.4030	4.2498	4.2478	4.1775
Milford	3.4783	3.5682	5.3913	4.9841	4.9145	4.8913	4.8506	4.8028	4.6957	4.4556
Seaford	3.2000	3.3600	3.3600	3.5797	3.8134	3.9340	4.5955	4.1567	4.0923	4.1015
Woodbridge	3.6170	3.6090	3.6090	3.6090	3.9020	4.5560	4.5560	4.5560	4.5560	4.9030
Vo-Tech	0.2728	0.3289	0.3365	0.2704	0.2691	0.2646	0.2879	0.2907	0.3357	0.4557
Town Rates (2)										
Bethany Beach	0.1750	0.1850	0.1850	0.1850	0.1900	0.1900	0.1900	0.1950	0.1960	0.2000
Bethel	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.5460
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	2.5200	2.6400	2.7600	2.8800	3.0000	3.6600
Dagsboro	0.5600	0.5600	0.5600	0.5600	0.0560	0.0560	0.0560	0.5600	0.5600	0.5600
Delmar	0.5400	0.5400	0.5400	0.6000	0.6200	0.6300	0.6200	0.6600	0.7000	0.6600
Dewey Beach	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.3000	0.4000	0.4000
Ellendale	1.5000	1.8000	1.8000	1.8000	1.8000	2.0000	1.9800	2.0000	2.0000	2.0000
Fenwick Island	1.9200	1.9200	1.9200	1.9200	1.7402	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	3.4900	3.4900	3.4900
Greenwood	1.8000	1.8000	1.8000	1.8000	1.8000	1.8000	1.8000	2.0000	2.0000	2.0000
Henlopen Acres	2.6200	2.6200	2.6200	2.6200	2.6200	2.6200	2.9400	2.9400	2.9400	3.5000
Laurel	2.0800	2.5300	2.7300	2.8700	3.0100	3.0100	3.0100	3.0100	3.9800	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	0.4828	0.4928	0.5460	0.5900
Millsboro	0.5600	0.3300	0.3300	0.3300	0.3300	0.3400	0.3600	0.3800	0.3900	0.3900
Millville	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Milton	0.2400	0.2400	0.2400	0.2400	0.2400	0.2400	0.2520	0.2950	0.3240	0.3240
Ocean View	0.1652	0.1652	0.1652	2.6700	2.4780	2.4780	2.6780	2.3780	2.3780	2.3780
Rehoboth Beach	0.4000	0.4000	0.4000	0.4000	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Seaford	0.3100	0.3100	0.3100	0.3100	0.3400	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	2.1500
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 2015 ~ 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

Taxpayer	Fiscal Year 2024			Fiscal Year 2015		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Delmarva Power & Light Co.	\$ 46,646,851	1	1.11%	\$ 28,636,168	2	0.91%
Verizon	23,624,275	2	0.56%	38,474,375	1	1.22
Indian River Power LLC	12,786,471	3	0.30%	12,786,471	3	0.41
Chesapeake Utilities Corporation	9,205,250	4	0.19%	5,874,337	6	0.19
Eastern Shore Natural Gas Co.	7,984,900	5	0.22%	9,196,647	4	0.29
Invista Sarl	6,827,200	6	0.16%	-	-	-
Delaware Electric Cooperative, Inc.	6,635,300	7	0.16%	5,423,136	7	0.17
Harim Millsboro LLC	6,334,400	8	0.15%	4,803,150.0	8	0.15
Mountaire Farms of Delaware, Inc.	5,378,500	9	0.13%	4,154,800	9	0.13
Sussex Sports Amenities LLC	3,366,700	10	0.08%	-	-	-
E.I. duPont de Nemours Company	-	-	-	6,827,200	5	0.22
BRE DDR BR Peninsula Delaware	-	-	-	3,939,150	10	0.13
	<u>\$ 128,789,847</u>		<u>3.06%</u>	<u>\$ 120,115,434</u>		<u>3.82%</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
2015	13,998,509	145,938	14,144,447	13,737,879	97.1	393,833	14,131,712	99.9%
2016	14,500,715	140,265	14,640,980	14,435,552	98.6	190,828	14,626,380	99.9%
2017	14,964,667	113,242	15,077,909	14,746,056	97.8	313,999	15,060,055	99.9%
2018	15,415,956	133,061	15,549,017	15,181,549	97.6	347,837	15,529,386	99.9%
2019	15,844,664	141,327	15,985,991	15,690,084	98.1	271,565	15,961,649	99.8%
2020	16,351,308	261,548	16,612,856	16,248,038	98.5	334,937	16,582,975	99.8%
2021	16,817,465	220,518	17,037,983	16,593,411	97.8	404,863	16,998,274	99.8%
2022	17,367,881	283,285	17,651,166	17,320,974	98.9	274,777	17,595,751	99.7%
2023	17,995,658	192,137	18,187,795	18,023,296	97.8	76,651	18,099,947	99.5%
2024	18,698,390	193,658	18,892,048	18,693,584	98.9	-	18,693,854	98.9%

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	Subscription-Based Information Technology Arrangements Obligations	General Obligation Bonds	Lease Obligations	Subscription-Based Information Technology Arrangements Obligations			
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	1.23	797
2023	23,025	611,076	196,402,078	1,681,581	248,471	198,966,231	*	752
2024	-	354,717	200,985,195	1,615,288	141,363	203,096,563	*	*

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

Legal debt margin calculation for fiscal year 2024	
Assessed value	\$ 4,201,885,567
Debt limit (12% of assessed value)	504,226,268
Total net debt applicable to limit	<u>200,985,195</u>
Legal debt margin	<u>\$ 303,241,073</u>

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General obligation bonds	<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>\$ 197,674,712</u>	<u>\$ 192,058,962</u>	<u>\$ 196,804,438</u>
Percentage of estimated actual property value	0.46%	0.45%	0.42%	0.41%	0.41%	0.42%	0.37%	0.32%	0.25%	0.26%
Per capita	\$ 760	\$ 717	\$ 666	\$ 639	\$ 626	\$ 632	\$ 808	\$ 790	\$ 745	*
Total net debt applicable to debt limit	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	200,985,195
Legal debt limit	<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>	<u>504,226,268</u>
Legal debt margin	<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>	<u>\$ 303,241,073</u>
Total net debt applicable to the limit as a percentage of debt limit	41.89%	39.11%	36.11%	35.26%	34.30%	34.04%	44.10%	43.17%	40.42%	39.86%

Notes:

1. The statutory limitation for debt is 12% of the assessed value of taxable property as of June 30, 2024.
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**

Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	Public School Enrollment (4)	Unemployment Rate (5)
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	16,626,139	64,957	52.7	34,085	4.0%
2023	263,509	*	*	*	34,417	3.7%
2024	*	*	*	*	34,874	4.0%

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 2015 ~ 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**

<u>Type of Employer</u>	<u>2024</u>			<u>2015</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	13,647	1	15.5%	10,669	2	15.7%
Retail trade	12,808	2	14.5	11,245	1	16.5
Accommodation and food services	11,989	3	13.6	8,240	5	12.1
Manufacturing	11,109	4	12.6	9,648	3	14.2
Government	9,652	5	10.9	8,400	4	12.4
Construction	6,000	6	6.8	4,031	6	5.9
Administrative and waste services	5,411	7	6.1	3,069	7	4.5
Professional and technical services	3,360	8	3.8	1,855	9	2.7
Other services, except public administration	2,936	9	3.3	2,263	8	3.3
Finance and insurance	<u>2,300</u>	10	<u>2.6</u>	<u>1,649</u>	10	<u>2.4</u>
Total	<u>79,212</u>		<u>89.7%</u>	<u>61,069</u>		<u>89.7%</u>
Total Employees in Sussex County	<u>88,286</u>		<u>100.0%</u>	<u>68,081</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

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General government										
General administration	10	9	10	10	10	10	11	11	11	11
Finance (1)	63	66	67	68	72	76	75	72	63	60
Human Resources	6	6	6	6	6	6	6	6	6	6
Facilities Management	19	18	19	17	18	18	17	17	18	18
Information Technology	23	23	27	27	30	28	28	29	28	29
Planning and zoning (1)	15	16	16	18	19	14	17	17	33	35
Paramedic program	110	106	102	109	111	114	109	112	123	127
Emergency preparedness	30	29	30	29	33	37	41	43	46	47
Economic development	3	3	3	3	3	2	3	3	3	3
County engineer	143	138	131	138	133	139	137	138	127	127
Library	26	28	27	28	29	31	30	28	26	26
Community development and housing programs	5	5	6	6	6	6	5	6	6	7
Constitutional offices	29	32	30	31	33	31	32	30	29	30
Total	<u>482</u>	<u>479</u>	<u>474</u>	<u>490</u>	<u>503</u>	<u>512</u>	<u>511</u>	<u>512</u>	<u>519</u>	<u>526</u>

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**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Planning and Zoning										
Permits issued (1)	8,288	9,663	10,236	10,378	10,429	10,719	14,501	13,802	13,410	13,015
Public Safety										
Paramedic incidents dispatched	15,929	16,717	17,757	18,151	18,126	17,481	17,255	19,025	19,407	19,514
911 calls (2)	113,549	109,009	103,108	101,554	103,303	110,700	119,946	121,037	123,782	114,158
Sewer and Water Services										
Sewer customers, EDU's billed	67,410	68,965	69,821	72,398	74,534	76,769	78,002	83,761	88,234	91,135
Water customers, EDU's billed	3,699	3,715	3,700	3,702	3,713	3,722	3,755	3,727	3,796	3,812
Libraries										
Circulation (3)	1,347,386	1,371,859	1,320,860	1,356,585	1,148,849	816,116	547,730	877,106	903,129	1,037,495
Industrial Airpark										
Number of businesses	21	21	20	28	28	28	27	30	30	30
Number of jobs provided by business	880	895	960	960	960	1,012	916	909	919	863
Number of landings (4)	17,500	17,500	19,000	19,000	17,500	17,650	17,251	17,714	17,850	17,714

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**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Paramedic stations	9	9	9	9	9	10	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	22	22	22	22	22	22	23
Sewer and Water Services										
Miles of underground sanitary sewer pipe	865	885	894	915	940	961	970	985	1,022	1,052
Number of feet of ocean outfall sewer pipe	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670
Pump stations	463	468	488	493	518	524	526	532	385	396
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
Libraries										
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
Airport										
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	34	39	39	39	39	39	48
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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Agency	Assistance Listing Number	Federal Grant / Program or Cluster Name	Pass-through Grantor	Pass-Through Entity or Other Identification Number	Expenditures			Pass through to Subrecipients
					From Direct Awards	From Pass Through Awards	Total	
U.S. DEPARTMENT OF AGRICULTURE								
	10.760	Water and Waste Disposal Systems for Rural Communities		92-17, 92-11, 92-16 ,92-18, 92-23, 92-68997	\$ 7,861,509	\$ -	\$ 7,861,509	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE					<u>7,861,509</u>	<u>-</u>	<u>7,861,509</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Delaware State Housing Authority	CD 03-21, CD 03-22, CD 03-23, CDBG-CV1 03-20	-	1,420,871	1,420,871	-
		Neighborhood Stabilization Program (NSP 1)	Delaware State Housing Authority	NSP 03-08	-	31,559	31,559	31,559
		Total Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			-	1,452,430	1,452,430	31,559
	14.239	Home Investment Partnerships Program	Delaware State Housing Authority	HM03-22, HM 03-23	-	464,196	464,196	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>-</u>	<u>1,916,626</u>	<u>1,916,626</u>	<u>31,559</u>
U.S. DEPARTMENT OF THE TRANSPORTATION								
	20.106	COVID-19 Airport Improvement Program		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, 3-10-0007-041-2024	601,876	-	601,876	-
		Total Airport Improvement Program			601,876	-	601,876	-
TOTAL U.S. DEPARTMENT OF THE TRANSPORTATION					<u>601,876</u>	<u>-</u>	<u>601,876</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY								
	21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		SLFR4442	18,457,710	-	18,457,710	3,249,771
TOTAL U.S. DEPARTMENT OF THE TREASURY					<u>18,457,710</u>	<u>-</u>	<u>18,457,710</u>	<u>3,249,771</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY								
	66.458	Capitalization Grants for Clean Water State Revolving Fund	Delaware Department of Natural Resources and Environmental Control	12000094, 12000098, 12000099, 12000111, 12000112, 12000113,12000118,12000119, 12000132, 21000089	-	9,787,982	9,787,982	-
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY					<u>-</u>	<u>9,787,982</u>	<u>9,787,982</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY								
Federal Emergency Management Agency								
	97.042	Emergency Management Performance Grants	Delaware Emergency Management Agency	EMPG- 23-0004	-	139,413	139,413	-
	97.067	Homeland Security Grant Program	Delaware Emergency Management Agency	EMW-2020-SS-0087, EMW-2021-SS-004, EMW-2022-SS-062	-	33,710	33,710	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					<u>-</u>	<u>173,123</u>	<u>173,123</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 26,921,095</u>	<u>\$ 11,877,731</u>	<u>\$ 38,798,826</u>	<u>\$ 3,281,330</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of Sussex County, Delaware (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.

2. 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 the 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 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 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, 2024.

Program Title	Federal Assistance Number	Loan Amount
Water and Waste Disposal Systems for Rural Communities	10.760	\$4,675,387
Clean Water State Revolving Fund	66.458	9,509,192
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Neighborhood Stabilization Program	14.228	31,559

NOTE D – LOANS OUTSTANDING

Neighborhood Stabilization Program (NSP1)

The County administers low-income housing loan programs under the Community Development Block Grant / State’s Program and Non-Entitlement Grants in Hawaii ALN 14.228. The total amount outstanding at June 30, 2024 is \$631,840 of which \$31,559 is included in the current fiscal year’s federal expenditures balance for that program.

SUSSEX COUNTY, DELAWARE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE E – EXPENDITURES VARIANCES

The County has included the following prior year federal expenditures on the Schedule of Federal Awards for the year ended June 30, 2024.

Program Title - Federal Assistance Number	Total Expenditures Reported	Prior year Expenditures	Amounts include on June 30, 2024 Financial Statements
Coronavirus State and Local Fiscal Recovery Funds - 21.027	\$ 18,457,710	\$ 2,180,633	\$ 16,277,077

The County incurred an expenditure variance due to customer sewer connection fee expenditures that qualify for grant funds reimbursement, but do not qualify as an expenditure according to generally accepted accounting principals (GAAP). The following includes the program reconciliation for the variances.

Program Title - Federal Assistance Number	Federal Award Expenditures Reported	Non-qualified Expenditures under GAAP	Amounts include on June 30, 2024 Financial Statements
Water and Waste Disposal Systems for Rural Communities - 10.760	\$ 7,861,509	\$ 248,040	\$7,613,469
Clean Water State Revolving Fund - 66.458	9,787,982	419,760	9,371,222



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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

December 20, 2024



Tel: 302-656-5500 4250 Lancaster Pike, Suite 120
 Fax: 302-656-8024 Wilmington, DE 19805
 www.bdo.com

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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2024.

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

December 20, 2024

Sussex County, Delaware

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.458	Capitalization Grants for Clean Water State Revolving Fund

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

\$1,163,964

Auditee qualified as low-risk auditee?

yes no

Sussex County, Delaware

Schedule of Findings and Questioned Costs cont. Year Ended June 30, 2024

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