



**Sussex County,
Delaware**

2024

Popular Annual Financial Report

For Fiscal Year Ended June 30, 2024





Table of Contents

Introduction	1
Financial Awards	2
About Sussex County Government	3
Facts & Statistics	4
Where the Money Comes From	7
Where the Money Goes	8
Governmental Fund Trends	9
Business-Type Funds	10
The “Bottom Line”	11
Debt and Capital Projects	13
Reassessment Project Update	14

Introduction

The Sussex County Finance Department is pleased to present its third Popular Annual Financial Report (PAFR) for Sussex County Government. This PAFR is for the fiscal year ended June 30, 2024. The PAFR provides a snapshot of the financial activities in Sussex County, DE, as well as an overview of the County's general financial condition.

The PAFR is intended to be a more simplified explanation of the County's Annual Comprehensive Financial Report (ACFR) which provides more than 100 pages of detailed financial statements, notes, schedules, and reports. The financial data in the ACFR is presented in accordance with generally accepted accounting principles (GAAP) and is audited by an independent firm of licensed certified public accountants. The PAFR condenses financial information and, therefore, does not comply with GAAP. The report highlights all the County's funds except the fiduciary (pension) funds. The County's 2023 PAFR received GFOA's Award for Outstanding achievement in Popular Annual Financial Reporting. It is our hope this report will receive the same recognition.

Any questions relating to this report can be directed to Gina A. Jennings, Finance Director/COO by email at gjennings@sussexcountyde.gov.

View the complete FY 2024 ACFR at <https://sussexcountyde.gov/comprehensive-annual-financial-reports>.

www.sussexcountyde.gov





Financial Awards

Annual Comprehensive Financial Report

Sussex County Government's Annual Comprehensive Financial Reports for the years ended 2020 - 2023, from which the information on pages 9, 11, and 12 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Financial Officers Association of the United States and Canada (GFOA). The Certificate is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial report (ACFR), whose contents conform to program standards. Such an ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Popular Annual Financial Report

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Sussex County Government for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

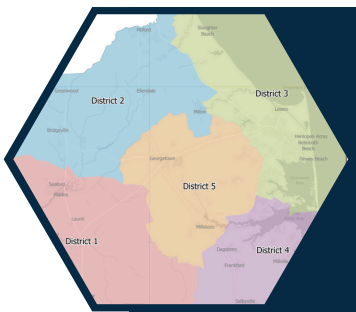
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for one year. We believe our current report continues to conform to the PAFR requirements, and we are submitting it to the GFOA to determine eligibility for another award.

About Sussex County Government



STRUCTURE

Sussex County Government operates under 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 which are administered by independent officials elected at-large, known as Row Officers.



SUSSEX COUNTY COUNCIL

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.

County Council meetings are normally held each Tuesday at 10 a.m. with zoning hearings held at 1:30 p.m. The meetings take place in the Council Chambers, located in the County Administration Building, 2 The Circle, Georgetown, DE. Meetings are open to the public.



COUNTY ADMINISTRATOR

The County Administrator, Todd Lawson, is responsible for the entire range of executive, administrative, and fiscal duties performed by all county departments. He supervises departments that are charged with the following services:

- 9-1-1 dispatching
- Assessment
- Court paper delivery
- Deed recordation
- Land-use code enforcement
- Library services
- Low-income housing rehabilitation
- Marriage licenses
- Paramedic services
- Planning & zoning
- Sheriff sales
- Water & wastewater utilities

Economic Facts & Statistics

Top Employer-Types	Number of Employees
Health care and social services	13,647
Retail trade	12,808
Accommodation & food services	11,989
Manufacturing	11,109
Government	9,652
Construction	6,000
Administrative & waste services	5,411
Professional & technical services	3,360
Other services, except public administration	2,936
Finance & insurance	2,300

In June, the total number of employees in Sussex County was 88,286. The county had the largest over-the-year increase in employment in Delaware in calendar year 2023.

Because the county is a great place to visit and is attractive to the retirement population, the three industries with the largest growth over the last nine years are accommodations and food services, health care and social services, and administrative and waste services.

Because the county is a great place to move to, the county's population is currently at 263,509 and has risen 15 percent in 5 years.



Sussex County's economy is still strong. The number of building permits increased 57 percent over the past nine years, with the largest single year being in fiscal year 2021. The real estate market remains robust, driven by the interest from retirees and season residents.

Demographics

Year	Population (1)	Per Capita Personal Income (2)	Median Age (1)	Unemployment Rate (3)
2015	215,622	44,767	47.0	4.4%
2016	220,251	47,303	47.6	4.0%
2017	225,322	47,324	48.3	4.3%
2018	229,286	50,333	50.6	3.7%
2019	234,225	52,085	50.6	3.2%
2020	237,378	54,352	50.3	11.5%
2021	247,527	59,931	50.7	4.4%
2022	255,956	64,957	52.7	4.0%
2023	263,509	*	*	3.7%
2024	*	*	*	4.0%

*Figures not available

(1) Population and Median Age as provided by the U.S. Bureau of the Census

(2) Per Capita Personal Income as provided by the U.S. Department of Commerce

(3) Unemployment Rate as provided by the U.S. Bureau of Labor Statistics

As stated previously, the economy in Sussex County is strong. Sussex County is known for people moving here to retire due to quality of life and low taxes. The statistics above demonstrate how we are becoming an aging community.

With an older population, health care infrastructure continues to expand. With more employees in the health care industry, the per capita personal income continues to increase. This amount continues to be lower than the other two counties in Delaware because of our resort area. The resort area provides jobs in retail and hospitality which generally provides a lower wage.

Property Tax Facts



Total Taxable Assessed Value (1974 base year): \$4,201,885,567



2-Year Collection Rate: 99.5%



Average Annual Single-Family Home Tax Bill: \$124.22

Principal Property Taxpayers

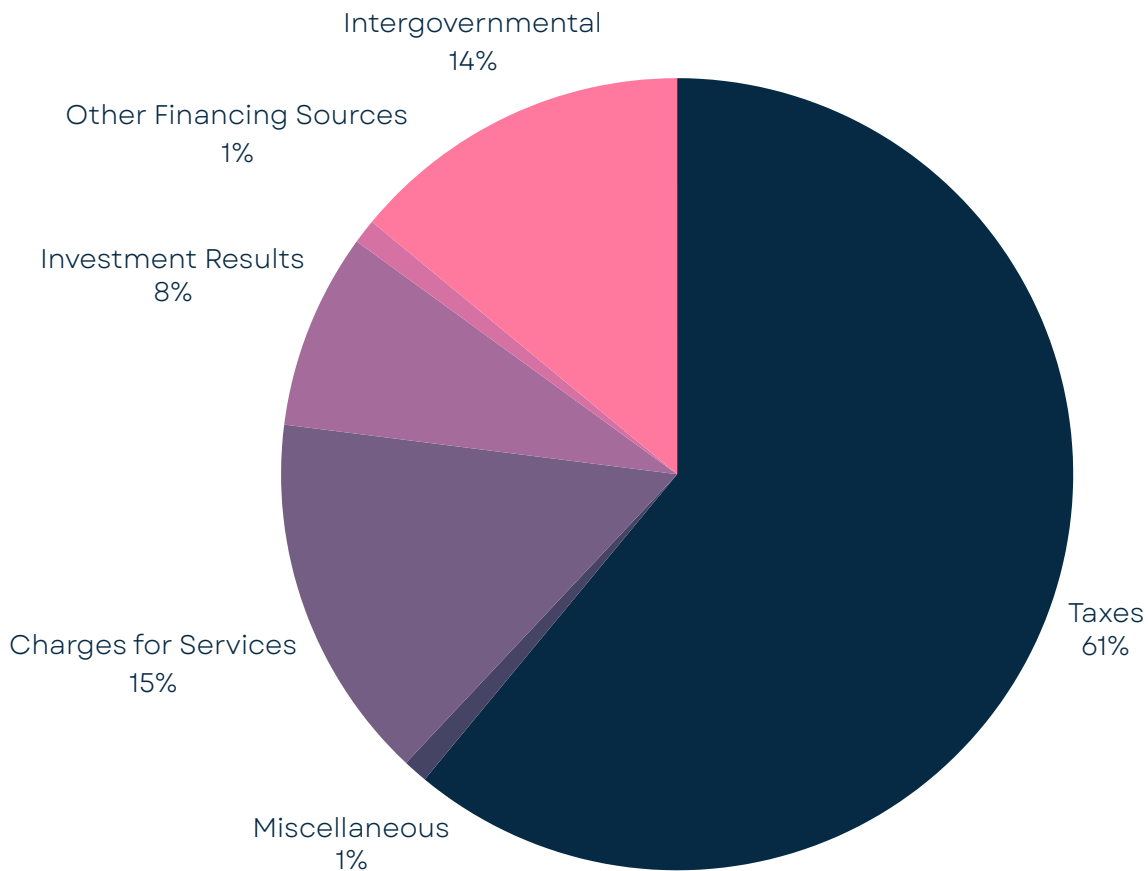
Taxpayer	Taxable Assessed Valuation
Delmarva Power & Light	\$46,646,851
Verizon	\$23,624,275
Indian River Power LLC	\$12,786,471
Chesapeake Utilities Corporation	\$9,205,250
Eastern Shore Natural Gas Co.	\$7,984,900
Invista Sarl	\$6,827,200
Delaware Electric Cooperative, Inc.	\$6,635,300
Harim Millsboro LLC	\$6,334,400
Mountaire Farms of Delaware, Inc.	\$5,378,500
Sussex Sports Amenities LLC	\$3,366,700



Where the money comes from

Government Funds include the County’s general fund and capital project fund. The operating fund is the general fund. The capital fund is funded mostly from transfers from the general fund. The capital fund had \$4.0 million in revenue and \$6.1 million in expenses. Again, the difference is made up from transfers in from the general fund in previous years. To focus on operations, the data below is general fund only.

The major revenue source of the general fund is taxes. Taxes are made up of property taxes (\$18.9 million), realty transfer tax (\$47.8 million), fire service (\$2.3 million), lodging tax (\$0.8 million), and any applicable penalties collected. These sources represent 61% of the County’s total general fund revenue. Realty transfer tax makes up 68% of all taxes. Unfortunately, this revenue source is volatile; in fact, the County collected 11%, or \$5.7 million, less than the year before.



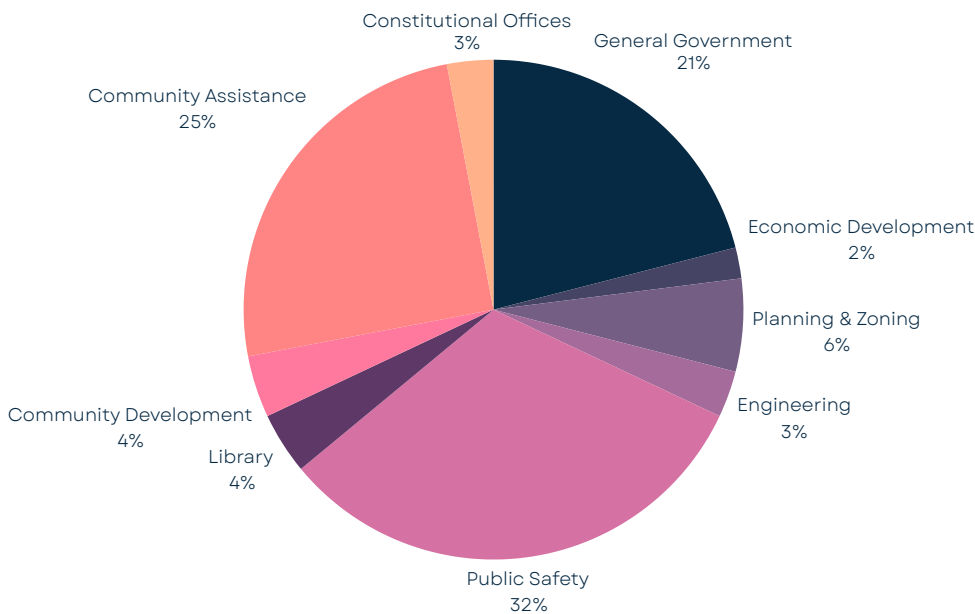
The largest increase in one revenue source was investment results. Due to heightened interest rates, the County earned 291%, or \$6.9 million, more than last fiscal year. This increase was slightly offset by the decrease in the realty transfer tax revenue. Another increase was in intergovernmental grants, this change was due to additional funding to cover the County’s paramedic system. The State pays for 30% of the costs. Therefore, when the cost to operate increases, so does their grant.



Where the money goes

Government Funds pay for basic services including public safety, planning & zoning, library services, private roads, economic development, community development, and other general administrative services.

Public safety is the largest expenditure in the general fund. When you include internal public safety departments and the grants to outside public safety agencies, the County spends \$38.0 million, or 46%, of its \$83.5 million total expenses (excluding transfers) on public safety.



Public Safety, which includes the County’s dispatch center and paramedic system, saw the largest increase over last year. This increase is due to hiring 5 additional staff to keep up with the population growth. The only area that saw a decrease in expenses over last year was Community Development. Community Development is primarily funded through federal grants to help with low-income housing rehabilitation. The previous fiscal year had additional federal funds from the Community Development Block Grant.

How \$1 of Your Taxes is Spent

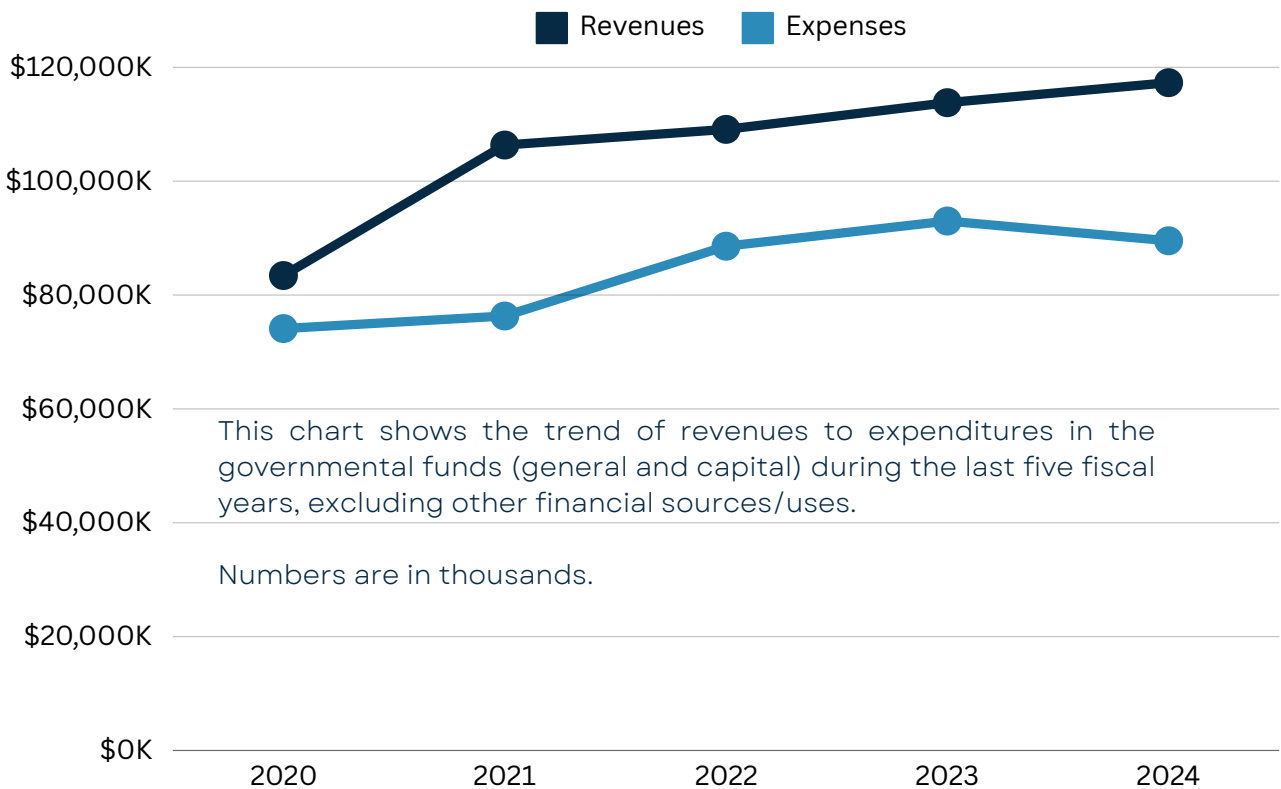
Sussex County collects taxes and various fees to support operations. It also receives grants to support some of its efforts. However, when all is said and done, what exactly is the tax dollar being spent on?



General government includes County Council, Administration, Legal, Finance & Constitutional Offices

Community Assistance includes Community Development and various community grants

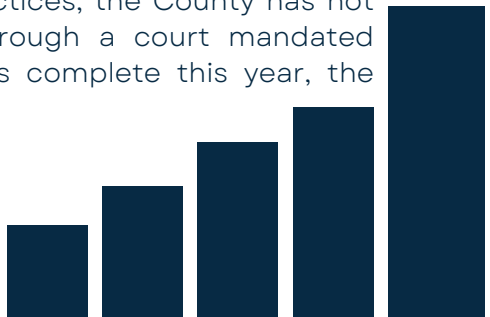
Governmental Fund Trends



Revenues continue to increase. The primary factor of the increase is the county’s robust economy and the real estate market. Realty transfer tax grew in 2020 - 2022. While tapering off in 2023 and 2024, other revenues, such as intergovernmental grants and investment returns continued to rise allowing the revenues to exceed budget expectations.

Because the largest revenue source, realty transfer tax, is volatile, the County budgets a percentage of its previous completed year’s revenue. This practice ensures that the County spends within its current means.

Because of the strong economy and conservative budget practices, the County has not raised taxes in 35 years. The County is currently going through a court mandated reassessment, the first since 1974. Once the reassessment is complete this year, the County will need to lower its tax rate.





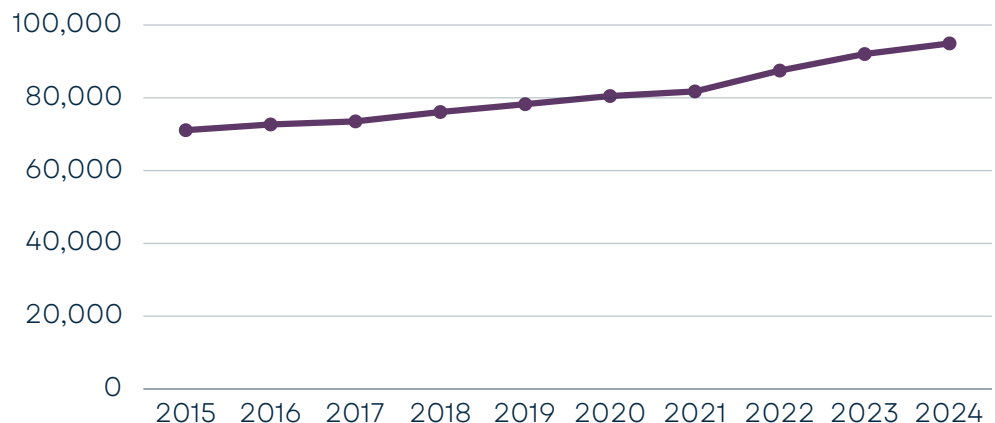
Business-Type Funds

Business-type funds, or enterprise funds, are used to report any activity for which a fee is charged to users for goods or services, similar to a private business. Revenues generated from these funds should cover the costs of their operating expenses, including debt service. The County’s enterprise funds are the Unified Sewer and Water Districts. The County operates four treatment plants and two water facilities. The sewer system operates with 396 pump stations and 1,052 miles of underground pipe.

	Water	Sewer
Operating Revenue	\$1,686,666	\$34,154,096
Operating Expenses	(1,718,553)	(45,186,510)
Operating Loss	(31,887)	(11,032,414)
Nonoperating Revenues	175,345	26,172,325
Contributions/Transfers	325,849	36,705,038
Change in Net Position	\$469,307	\$51,844,949

Because of depreciation expense, it is normal to see an operating loss. It is important to note that the revenue classified as nonoperating revenue is primarily used to replace the assets that are being depreciated. It is important for the funds to have nonoperating revenues that are higher than the operating loss to ensure sustainability in the utility infrastructure.

Costs continue to rise as the County is continuously bringing new customers on each year. This graph shows the growth in Equivalent Dwelling Units for both water and sewer customers.





The Bottom Line (Net Position)

Governments are required to show their governmental funds’ “bottom line” two ways - as net position and fund balance. The Statement of Net Position provides readers with a broad overview of the County’s financials in a manner similar to the private sector, which contains assets/deferred outflows minus liabilities/deferred inflows. Essentially, the statement shows the difference between resources and the claims against those resources.

SUSSEX COUNTY'S SCHEDULE OF NET POSITION (in thousands)							
As of June 30, 2024 and 2023							
	Governmental Activities		Business-type Activities		Total Government		
	2024	2023	2024	2023	2024	2023	
Current and Other Assets	\$300,090	\$283,546	\$115,296	\$106,884	\$415,386	\$390,430	
Capital Assets	114,043	113,622	615,929	567,512	729,972	681,134	
Total Assets	414,133	397,168	731,225	674,396	1,145,358	1,071,564	
Deferred outflows of resources	8,430	10,891	2,901	3,609	11,331	14,500	
Total assets and deferred outflows of resources	422,563	408,059	734,126	678,005	1,156,689	1,086,064	
Current and Other Liabilities	49,918	65,043	10,750	11,005	60,668	76,048	
Long-term Liabilities	10,632	19,441	204,240	202,917	214,872	222,358	
Total Liabilities	60,550	84,484	214,990	213,922	275,540	298,406	
Deferred inflow of resources	14,329	6,209	3,898	1,159	18,227	7,368	
Total liabilities and deferred inflows of resources	74,879	90,693	218,888	215,081	293,767	305,774	
Net Position:							
Net Investment in Capital Assets	113,003	111,520	405,503	361,185	518,506	472,705	
Restricted	132,672	138,469	93,461	85,979	226,133	224,448	
Unrestricted	102,009	67,377	16,274	15,760	118,283	83,137	
Total Net Position	\$347,684	\$317,366	\$515,238	\$462,924	\$862,922	\$780,290	

Net Position increased for both governmental and business-type activities. Governmental increased due to revenues exceeding expenses. The county’s economy is still strong and the real estate revenues continue to exceed the conservative budgeted estimates. Business activities increased due to capital assets and infrastructure being added to the County’s utility systems.



The Bottom Line (Fund Balance)

The fund financial statements focus on current expenses, as well as spendable resources available at the end of the fiscal year. It does not include long-term items such as capital assets and long-term liabilities. A fund balance helps the reader understand the availability of resources. Restricted fund balance includes funds that are externally regulated. These funds can be used for expenses such public safety, infrastructure, public works, economic development, recreation, affordable housing programs, dredging, and assessment. Committed fund balance includes funds already obligated by a vote of Sussex County Council. Assigned fund balance includes funds to be used for next fiscal year. Unassigned fund balance can be used for any governmental expense.

Governmental Fund Balances for the Last Five Years (in thousands)						
	2020	2021	2022	2023	2024	
General Fund						
Nonspendable	\$316	\$268	\$342	\$593	\$559	
Restricted	64,131	74,208	68,119	69,232	86,889	
Committed	1,867	10,439	2,032	1,586	1,573	
Assigned	8,517	2,080	2,564	783	879	
Unassigned	37,827	38,531	55,475	68,318	80,835	
Total General Fund	\$112,658	\$125,526	\$128,532	\$140,512	\$170,735	
All Other Governmental Funds						
Restricted	\$23,770	\$42,372	\$60,387	\$70,212	\$68,456	
Committed	1,477	-	-	41	43	
Total all other Governmental Funds	\$25,247	\$42,372	\$60,387	\$70,253	\$68,499	

General fund’s fund balance continues to increase as our economy stays strong. The increase in restricted fund balance is due to realty transfer tax collections. Again, these funds are restricted for certain types of expenses explained above. The increase in unassigned fund balance is primarily related to the earnings made on investments due to high interest rates and County departments staying under their allocated budgeted amounts.

Long-Term Debt & Capital Projects



OUTSTANDING BONDED DEBT

Debt is solely used to fund business-type water and sewer activities. As of June 30, 2024, the County had \$201.0 million in outstanding bonds payable.

Both S&P and Moody's has assigned a triple-A rating to the County's bonds.



SEWER PROJECTS

At the end of the year, sewer had \$69.5 million worth of projects under construction. The largest projects were:

- Herring Creek Sewer Area: \$20.5 million
- Inland Bays Stormwater Management: \$15.1 million
- South Coastal Treatment Plant Expansion: \$13.5 million



WATER PROJECTS

The Water District had one capital project under construction in fiscal year 2024. It was Winding Creek Village Water project in the amount of \$118,000.



GENERAL FUND

At the end of the year, general fund had \$2.5 million worth of projects under construction. The largest projects were:

- A new paramedic station in Millsboro: \$1.1 million
- Upgrades at the James Farm Preserve: \$0.5 million
- Taxiway B design at Delaware Coastal Airport: \$0.4 million

Reassessment Project Update

BACKGROUND

A reassessment of property values is being done as a result of a Court Order issued in 2020. The court determined that property values had changed significantly since the previous assessment done in 1974 and were no longer representative as the “true value of money.” The new assessed value will be based on what is believed to be the market value for the property as of July 1, 2023 valuation date.

TIMELINE



MORE INFORMATION

The County has made an effort to communicate to the public about the reassessment project. We have created a web page that provides information about the process. Included on the page are three informational videos that go into why the County is reassessing, what a reassessment does, and how to navigate the appeals process.

Please visit <https://sussexcountyde.gov/reassessment> to learn more.

Popular Annual Financial Report

If you want more Sussex County financial information, visit the following:

- Financial Transparency website (virtual checkbook)
 - <https://sussexco.finance.socrata.com/>
- Annual Comprehensive Financial Reports
 - <https://sussexcountyde.gov/comprehensive-annual-financial-reports>
- Annual Budget Book and Presentations
 - <https://sussexcountyde.gov/county-budget>

