



SUSSEX COUNTY, DELAWARE

2025 POPULAR ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2025

Prepared For:

County Council and the Taxpayers of Sussex County, Delaware

Prepared By:

Sussex County Finance Department

www.sussexcountyde.gov



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Introduction

The Sussex County Finance Department is pleased to present its fourth Popular Annual Financial Report (PAFR) for Sussex County Government. This PAFR is for the fiscal year ended June 30, 2025. 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.

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 2025 ACFR at <https://sussexcountyde.gov/comprehensive-annual-financial-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 2024 PAFR received GFOA's Award for Outstanding achievement in Popular Annual Financial Reporting. It is our hope this report will receive the same recognition.

Financial Awards

Sussex County Government is recognized by the Government Financial Officers Association (GFOA) for its excellence in government finance. Below is a list of awards achieved by Sussex County in the last year. Because Sussex County receives these three awards, our government is recognized by the GFOA as a Triple Crown Winner.



01. Annual Comprehensive Financial Report (ACFR)

Sussex County Government's ACFR for the years ended 2021 - 2024, from which the information on pages 9 - 12 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by the 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.

02. Popular Annual Financial Report (PAFR)

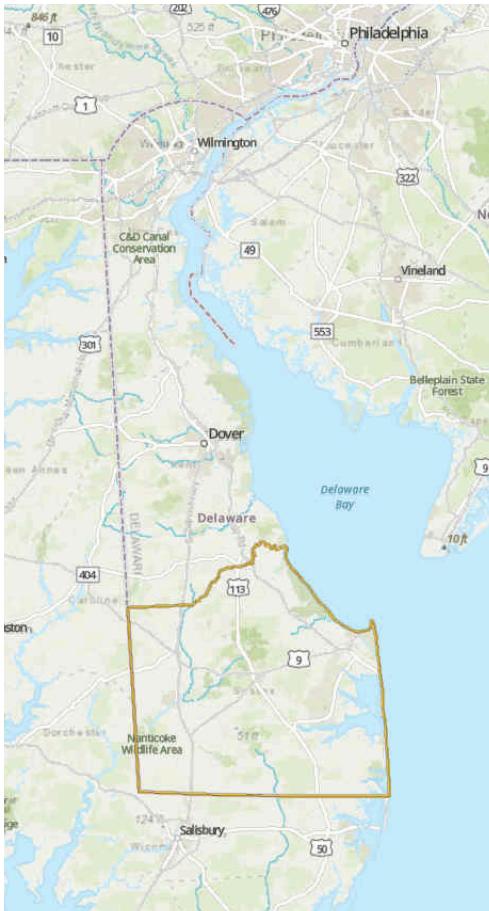
The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Sussex County Government for its PAFR for the fiscal year ended June 30, 2024. The award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance 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.

03. Budget Presentation

The GFOA presented a Distinguished Budget Presentation Award to Sussex County Government for its Annual Budget for the fiscal year beginning July 1, 2025. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.



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About Sussex County

Sussex County is the largest county in Delaware, comprising of 938 sq. miles. The county is bordered on the east by the Atlantic Ocean, on the north by Kent County, and on the south and west by the portion of Maryland lying east of the Chesapeake Bay. Sussex County is within 200 miles of New York City, Philadelphia, Baltimore, and Washington D.C. - placing it within an eight-hour drive of more than a quarter of the U.S. population.

Government Structure

Sussex County 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

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.



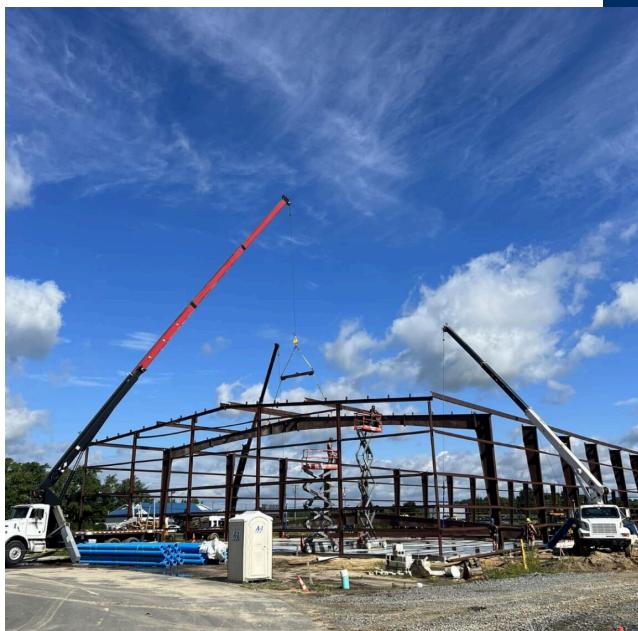
County Administrator

The County Administrator, Todd F. 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:

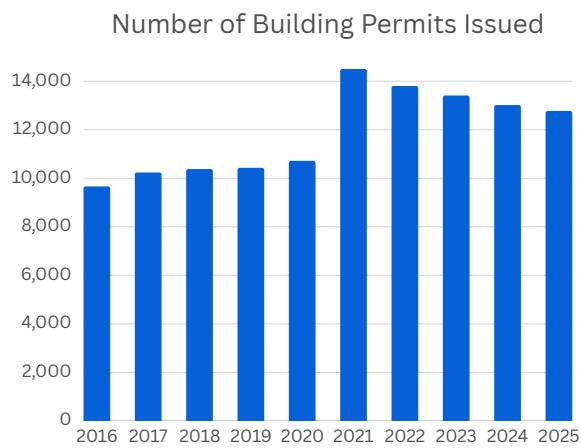
- 9-1-1 dispatching
- Assessment
- Court paper delivery
- Deed recordation
- Land-use
- Library services
- Low-income housing rehabilitation
- Marriage licenses
- Paramedic service
- Sheriff sales
- Water/wastewater utilities

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Economic Facts & Statistics



Sussex County's economy is still strong. Although permits issued are still higher than before the pandemic, there is now a steady cooling off of activity being seen over the last four years. Permits issued could be for residential, commercial and accessory structures such as pools, decks and fences.



Year after year, Sussex County is a retirement destination - spurring growth in the health care industry to support the aging population. Health care jobs increased by 3,800 employees over the last decade. With 15,180 employees, health care employs 16.8% of the total county workforce.

The good news is that health care is not the only type of employment growing. All top 10 employment-type categories saw increases over the last 10 years. Last year alone, the county experienced steady employment growth with a 0.9% increase in jobs - outpacing the other counties in the state. The table below lists the top 10 employment-types in Sussex with the corresponding number of employees.

Type of Employer	Number of Employees
Health care and social service	15,180
Retail Trade	13,448
Accommodation and food services	11,691
Manufacturing	11,452
Government	9,985
Construction	6,086
Administrative and waste services	4,907
Professional and technical services	3,566
Other services	2,384
Finance and insurance	2,318

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Statistics



Sussex is not only known for its beaches and retirement community, but its foundation is also rooted in agriculture, which is alive and well today. Below is the list of the top 10 taxpayers for FY2025. Take note that two of the top ten are chicken plant facilities. The picture above is one of Mountaire's facilities.

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



The table below shows the growing and aging population of Sussex County.

With the older population, the health care industry continues to grow, which increases the per capita personal income. However, the per capita personal income continues to stay lower than the other two counties primarily due to the resort nature of our community which employs lower wage employment.

Year	Population (1)	Per Capita Income (2)	Median Age (3)	Un-employ-ment Rate (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	\$68,532	52.6	3.7%
2024	271,134	*	*	4.0%
2025	*	*	*	4.0%

*Figures not available

Sources:

(1) U.S. Bureau of the Census

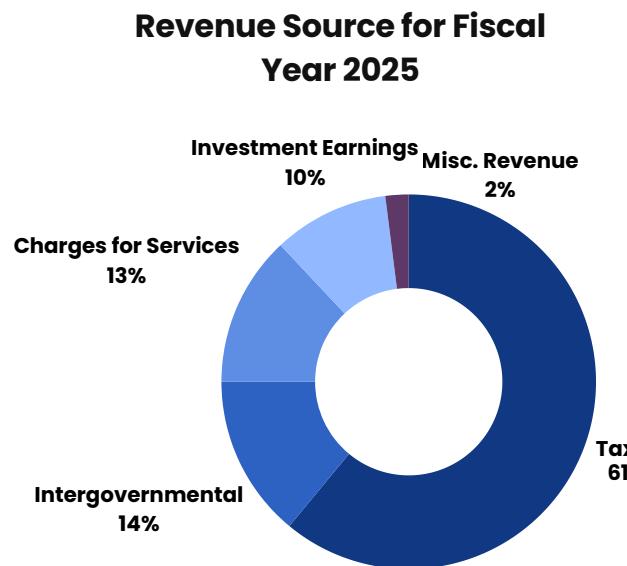
(2) U.S. Department of Commerce, Bureau of Economic Analysis

(3) U.S. Bureau of the Census, American Community Survey

(4) U.S. Bureau of Labor Statistics

Where the Money Comes From

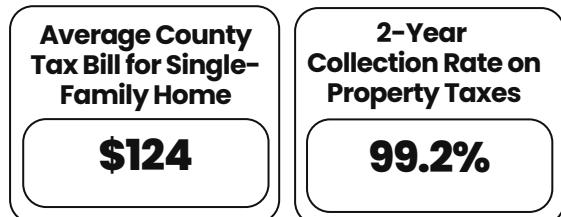
Government Funds include the County's general fund and capital project fund. The operating fund is the general fund. The capital fund is funded mostly from transfers from the general fund. The capital fund had \$5.8 million in revenue and \$10.1 million in expenses. Again, the difference is made up from transfers in from the general fund in previous years. To focus on operations, the data below is general fund only.



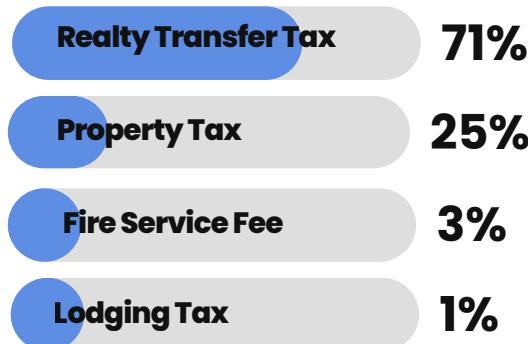
Amount received by Source and change from last Fiscal Year

Source	Amount	Change
Taxes	\$77.6 million	▲ 11%
Inter-governmental	\$16.3 million	▲ 4%
Charges for Services	\$16.2 million	▼ 4%
Investment Earnings	\$9.4 million	▲ 35%
Misc. Revenue	\$2.8 million	▼ 38%

Taxes:



Type of taxes collected:



Revenue Discussion:

The major revenue source of the general fund is taxes - it represents 61% of the County's total general fund revenue. Realty Transfer Tax makes up 71% of all tax revenue. Unfortunately, this revenue source is volatile.

The largest increase in one revenue source was in realty transfer tax with a \$6.9 million increase. However, this revenue is still down \$8.4 million from its peak only 3 years ago.

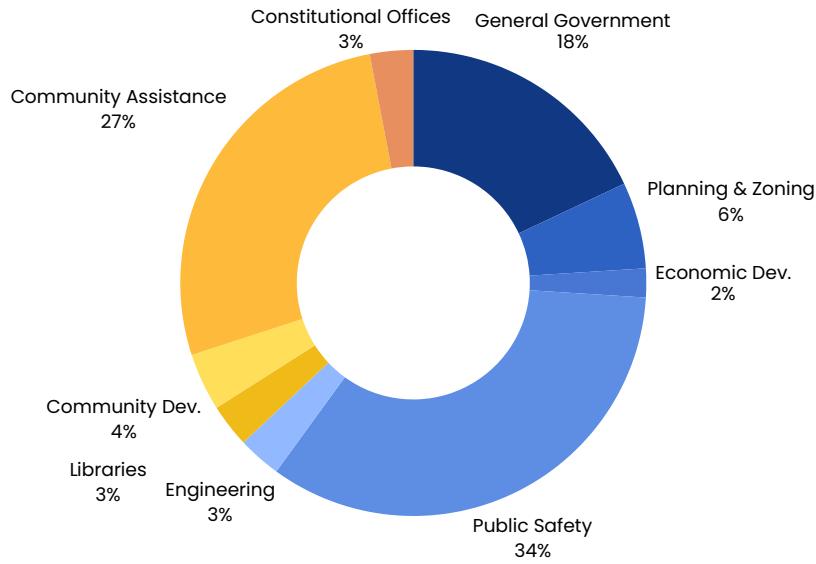
The largest decrease in revenue source was private road and sewer inspection fees. Although still busy, Sussex is starting to see a cooling effect in building activity.

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 \$43.0 million, or 47%, of its \$91.3 million total expenses (excluding transfers) on public safety.

General Fund Expenditures by Function



Public Safety, which includes the County's dispatch center and paramedic system, saw the largest increase over the last year. The increase was \$4 million due to large equipment purchases by the paramedic division and additional staffing required in the dispatch center.

How \$1 of Your Taxes is Spent

Sussex County collects various fees to support operations. It also receives grants to support some of its efforts. However, some services still rely on tax dollars to operate.

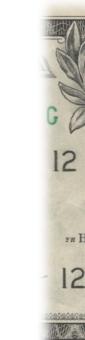
Public Safety
\$0.60

General Government
\$0.20

Libraries
\$0.09

Economic Development
\$0.07

Community Development
Engineering \$0.02



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

Changes in Fund Balances

In government, the changes in fund balances statement is similar to an income statement of a private entity. It shows the income and expenses of a government's operations. Below is a summary of the statement over the last 5 years for the governmental funds.

Revenues (in thousands)					
	2021	2022	2023	2024	2025
Taxes	\$76,945	\$84,242	\$75,430	\$69,909	\$77,608
Charges for Services	\$20,453	\$19,198	\$17,186	\$16,832	\$16,184
Intergovernmental	\$8,383	\$11,536	\$17,582	\$16,827	\$17,527
Other Revenue	\$571	(\$5,873)	\$3,595	\$13,739	\$15,224
Total Revenues	\$106,352	\$109,103	\$113,793	\$117,307	\$126,543

Expenditures (in thousands)					
	2021	2022	2023	2024	2025
Operations	\$69,213	\$75,277	\$78,358	\$83,493	\$91,331
Capital Outlays	\$7,108	\$13,305	\$14,642	\$6,040	\$10,006
Total Expenditures	\$76,321	\$88,582	\$93,000	\$89,533	\$101,337
Other Financing Sources (Uses)	(\$38)	\$499	\$1,053	\$695	(\$22)
Net Changes in Fund Balances	\$29,993	\$21,020	\$21,846	\$28,469	\$25,184

Although our government is seeing positive returns year over year, both revenues and expenses continue to increase. The primary factor being the county's robust economy and the real estate market. Realty transfer tax grew in 2021 and 2022 and again in 2025 but declined in 2023 and 2024. Other revenues, such as investment earnings continued to rise allowing any cooling effect of the real estate market to be protected. Expenses continue to rise due to inflation and the increase in public safety employees to keep up with population growth.



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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 411 pump stations and 1,055 miles of underground pipe.

Similar to the change in fund balance for the governmental funds, below is the change in net position over the last 5 years for the enterprise funds.

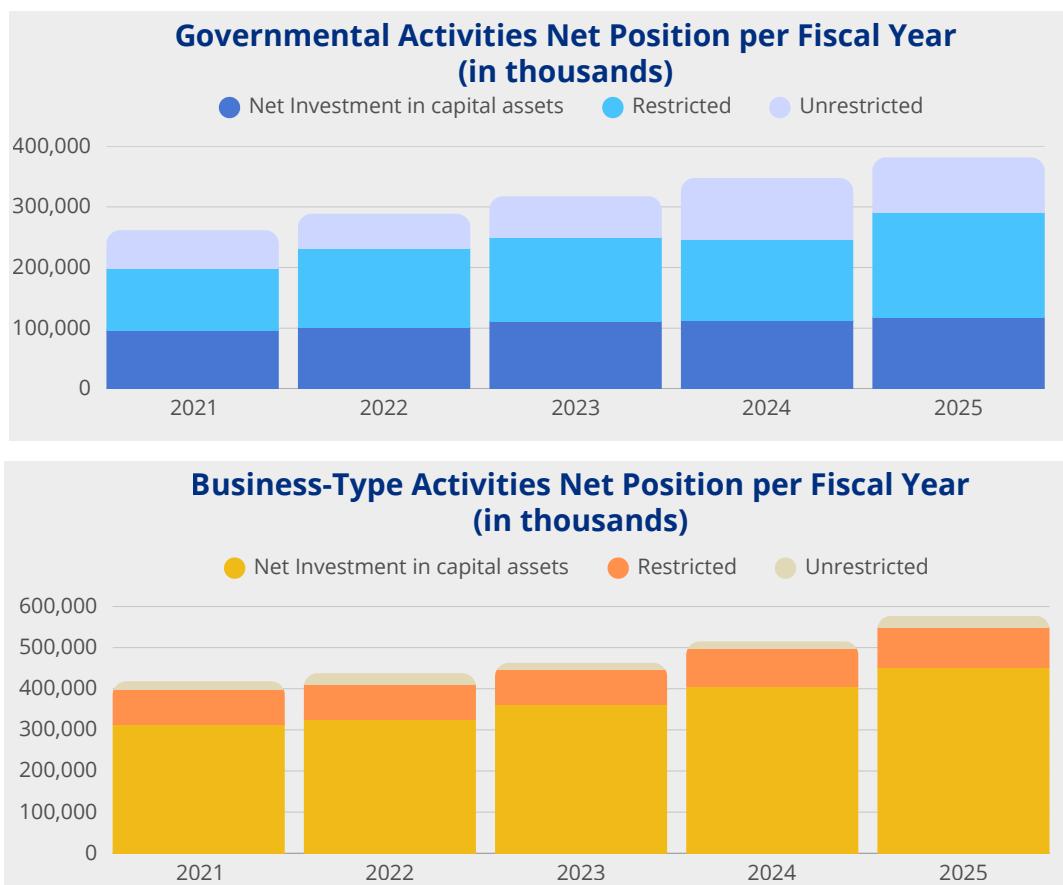
Revenues (in thousands)					
	2021	2022	2023	2024	2025
Charges for Service - sewer	\$26,242	\$29,234	\$31,739	\$34,130	\$38,135
Charges for Service - water	\$1,331	\$1,408	\$1,612	\$1,687	\$1,819
Grants and contributions	\$40,948	\$33,772	\$39,185	\$66,420	\$69,793
Other changes in net position	\$192	\$168	\$103	\$932	\$6,278
Total Revenues	\$68,713	\$64,582	\$72,639	\$103,169	\$116,025
Expenses (in thousands)					
	2021	2022	2023	2024	2025
Sewer and Water Operations	\$43,439	\$44,108	\$47,328	\$50,786	\$54,191
Other changes in net position	\$ -	\$930	\$195	\$69	\$ -
Total Expenditures	\$43,439	\$45,038	\$47,523	\$50,855	\$54,191
Change in Net Position	\$25,274	\$19,544	\$25,116	\$52,314	\$61,834

Our sewer districts continue to grow - bringing in more revenue and generating more expenses. The net position continues to grow as we pay down the debt on the existing infrastructure and collect additional funds through new customer connection fees to pay for large future system upgrades.

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.

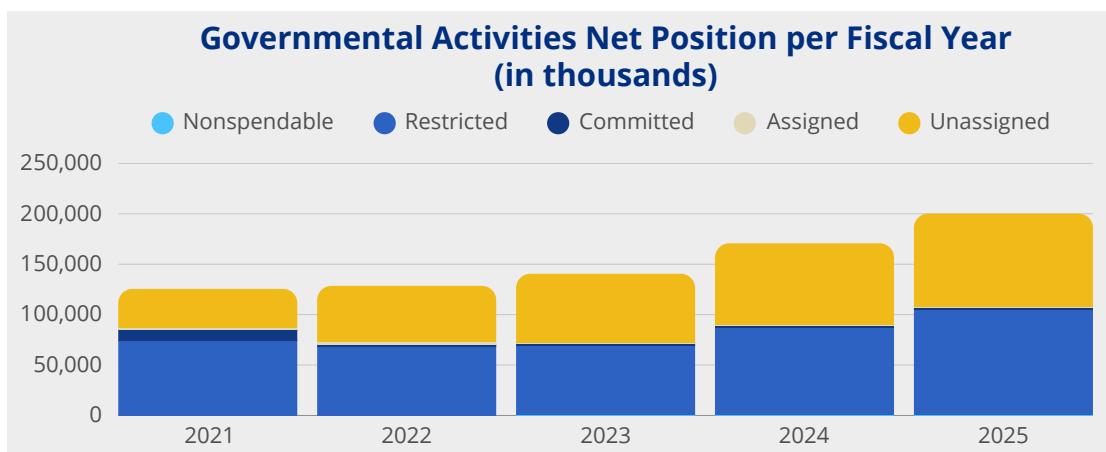
Net position is classified as net investment in capital assets, restricted, and unrestricted. Unrestricted net position may be used for ongoing obligations to citizens and creditors. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of Sussex County is improving or deteriorating.



Net position continues to be strong for both primary government activities. It is important to note that business-activities' net position is primarily its assets whereas governmental activities is weighted more toward restricted balances such as realty transfer tax held for future capital projects.

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. The County's restricted funds can be used for expenses such as 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.



The County's 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. Due to its volatility, the County does not rely on all realty transfer tax collections to operate. The portion that is not needed to support operations is set aside for future capital projects and open space land acquisition. Future capital projects include two new medic stations, improvements at the Delaware Coastal Airport, and the expansion of administrative offices in Georgetown.

The unrestricted fund balance has increased over the last year due to higher interest rates on our investments. We do not rely on high interest income to operate, so when interest rates are in our favor, it helps build our rainy-day fund to support future operations when interest rates are not as high.

Long-Term Debt & Capital Projects

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The County's financial planning includes future capital projects. The 5-Year Capital Plan contains 43 capital projects totaling \$330.6 million. Of these, 78% are sewer and water infrastructure.

Most sewer projects are completed by grants or obtaining debt that are paid by the sewer users who benefit from the new infrastructure. As far as future governmental projects, the financial plan is to complete these projects using the reserves from realty transfer tax. The graphic below highlights some of the County's capital activity as of June 30, 2025.



Outstanding Bonded Debt

Debt is solely used to fund business-type activities. The County had \$197.1 million outstanding and maintained its triple-A bond rating.

Sewer Projects

Projects underway include disposal expansion at the Inland Bays Regional Wastewater Facility, construction of sewer expansion areas such as Warwick Park and Slaughter Beach, and electrical improvements at the Wolfe Neck Treatment Facility.

Water Projects

The one large water project being completed is the Winding Creek Village Water Project.

General Fund Projects

Projects underway include a shared parking garage with the State of Delaware, taxiway construction at the airport, and two new medic stations.

More Financial Information

The County prides itself on transparency and makes various financial information available to the public online. Below are links to this financial information.



Financial Transparency Website

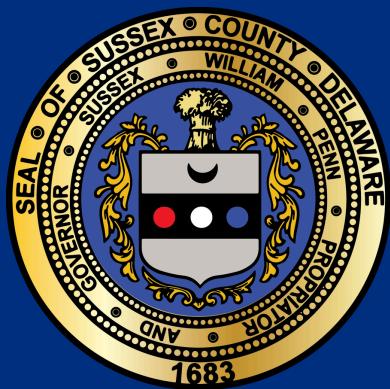
For the County's virtual checkbook, visit:
<https://sussexco.finance.socrata.com>

Annual Comprehensive Financial Reports

To review the current and past Annual Comprehensive Financial Reports, visit:
<https://sussexcountyde.gov/comprehensive-annual-financial-reports>

Annual Budget Book and Presentations

To review the current and past annual budgets with the corresponding presentations, visit:
<https://sussexcountyde.gov/county-budget>



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