

Popular Annual Financial Report

Sussex County,
Delaware

For Fiscal Year Ended June 30, 2022





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Introduction

The Sussex County Finance Department is pleased to present its first ever Popular Annual Financial Report (PAFR) for Sussex County government. This PAFR is for the fiscal year ended June 30, 2022. The PAFR provides a snapshot of financial activities in Sussex County, DE, as well as an overview of the County's general financial condition.

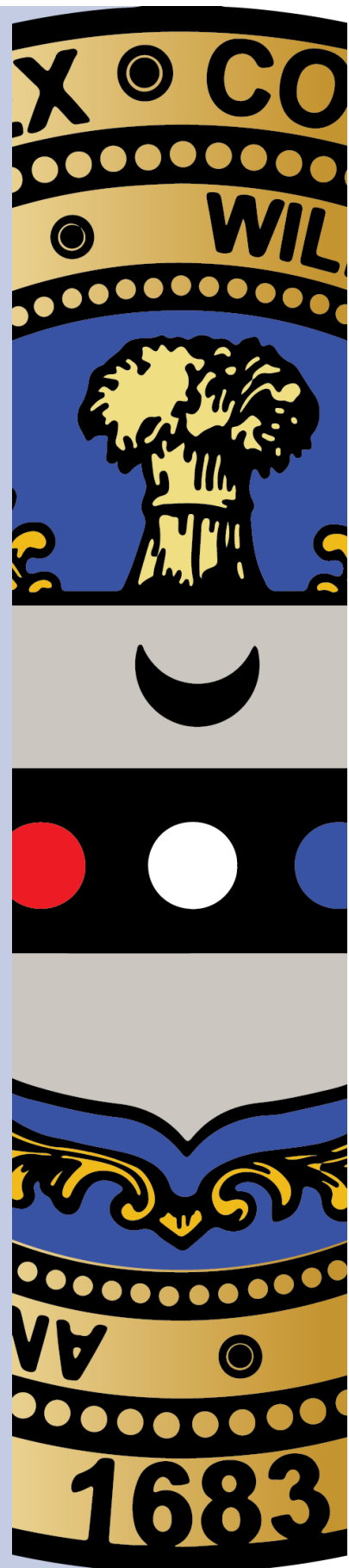
The PAFR is intended to be a more simplified explanation of the County's Annual Comprehensive Financial Report (ACFR) which is published on an annual basis. Data in the report comes from the 2022 ACFR which provides more than 100 pages of detailed financial statements, notes, schedules, and reports. 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 condensed financial information and, therefore, does not comply with GAAP. This report highlights all the County's funds except the fiduciary (pension) funds. 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 2022 ACFR on the County's website by visiting <https://sussexcountyde.gov/comprehensive-annual-financial-reports>.

Finance Administration

Gina A. Jennings, Finance Director/COO

Kathy L. Roth, Deputy Finance Director



About Sussex County Government

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. 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 is responsible for the entire range of executive, administrative, and fiscal duties performed by all County Governments.

Government Structure

Sussex County Council

County Council establishes policies for the health, safety, and welfare of County residents. They adopt an annual budget for government operations and enact plans for county growth, development and employment.

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



(l-r) Mark G. Schaeffer, Cynthia C. Green, Michael H. Vincent, Douglas B. Hudson, John L. Rieley

Administration

Sussex County government is administered by the County Administrator, Todd F. Lawson, who was appointed by County Council in 2011. He supervises departments that are charged with providing the following services:

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



Economic Facts & Statistics

Top Employer-Types

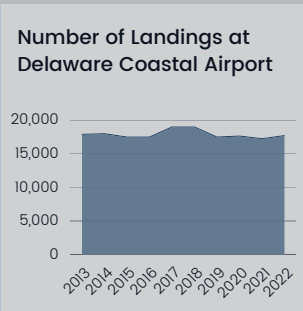
Health care and social services	12,430
Retail trade	12,212
Accommodation and food services	10,963
Manufacturing	9,564
Government	8,943
Construction	5,797
Administrative and waste services	5,831
Other services, except public administration	2,703
Professional and technical services	2,670
Finance and insurance	2,034

81,823 total employees in Sussex County



Jobs Provided at Delaware Coastal Airport and Business Park

909



Population

247,527

Unemployment Rate

4.0%

Tax Facts & Statistics

Principal Property Taxes

Delmarva Power & Light Co.	\$ 46,511,691
Verizon	22,757,375
Indian River Power LLC	12,786,471
Eastern Shore Natural Gas Co.	7,419,100
Chesapeake Utilities Corporation	7,526,050
Invista Sarl	6,827,200
Delaware Electric Cooperative, Inc.	6,410,850
Harim Millsboro LLC	6,334,400
Mountaire Farms of Delaware, Inc.	5,091,600
Sussex Sports Amenities LLC	3,207,800



Total Taxable Assessed Value
\$3,902,894,747



2-Year Tax Collection Rate
99.4%



Average Single Family Annual County Tax Bill
\$121.75

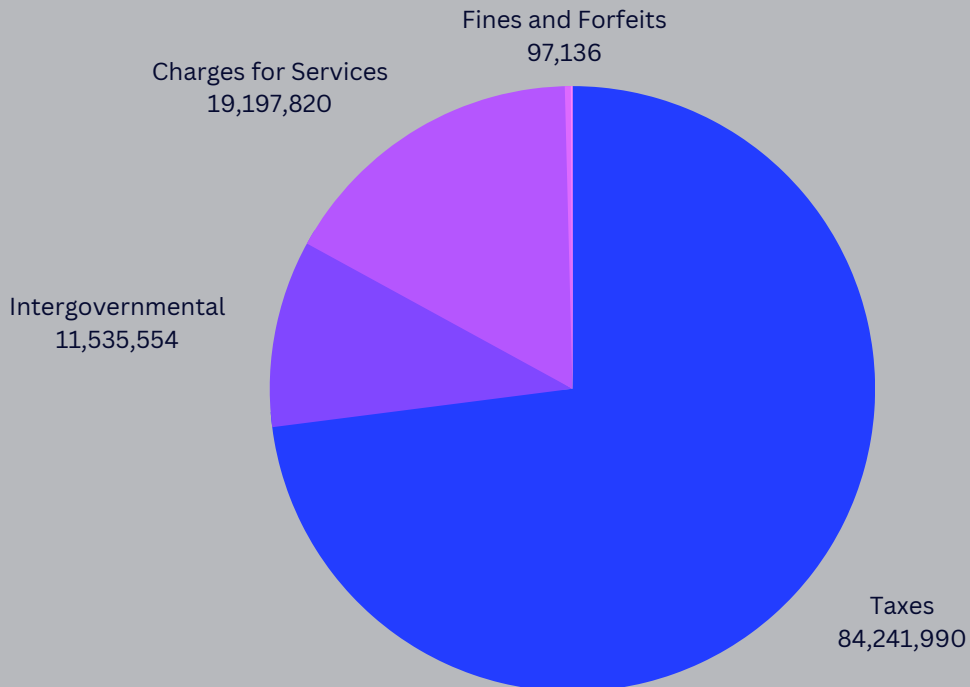
Where the money comes from

Governmental Funds

Governmental Funds include the County's general fund and capital projects fund. The operating fund is the general fund. The capital fund is funded mostly from transfers from the general fund. The capital fund had \$762,643 in revenue and \$13,304,671 in expenses. Again, the difference is made up from transfers out of the general fund. To focus on operations, the data below is General Fund only.

The major source of the general fund is taxes. Taxes are made up of property tax (\$17,651,166), realty transfer tax (\$63,006,928), fire service (\$2,386,367), lodging tax (\$955,080) and any applicable penalties collected (\$242,449). These represent 78% of the County's total revenue. Realty transfer tax makes up 75% of all taxes. Unfortunately, this revenue source is highly dependent on the economy; in fact, the County collected half of what it collected this year only five years ago.

Inter-governmental	revenues received from other governments (state and federal)	Taxes	revenues collected from property tax, realty transfer tax, lodging tax and the fire service fee on building permits
Charges for Services	revenues from permit fees, rent, marriage licenses, sheriff sales, and other fees	Fines and Forfeits	revenues received from code violations
Miscellaneous	revenues that do not fit under another classification such as donations		



Where the money goes

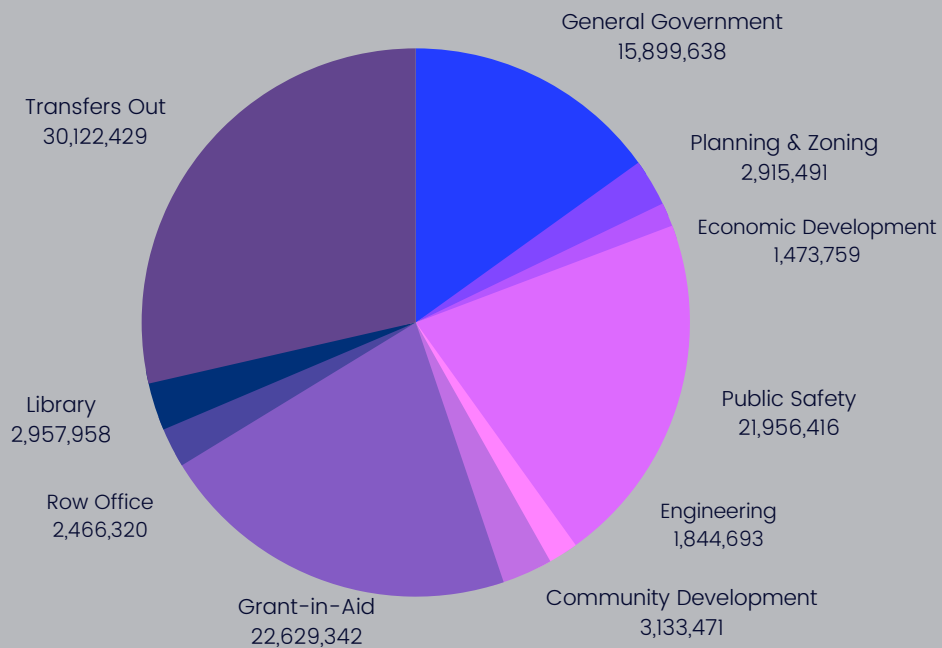
Governmental Funds

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

Public safety is the largest expenditure area in the governmental funds when you include internal public safety departments and the grants to outside public safety entities. Public safety makes up \$31.4 million, or 42%, of the \$75.3 million of expenses (excluding transfers).

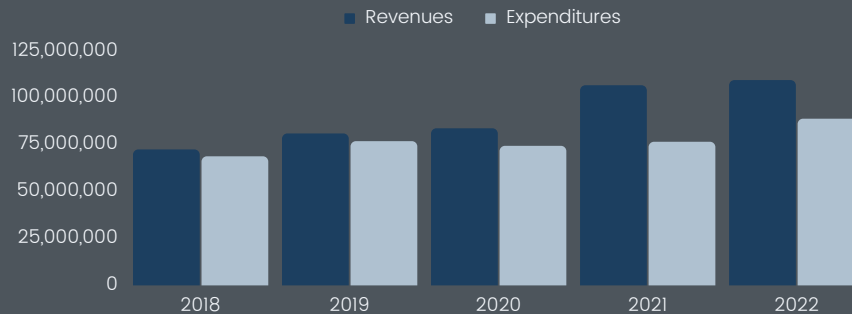
Transfers out is \$30.1 million moving to the capital fund for future projects. The County moves funds in financially strong years to avoid taking on future general fund bonded debt for capital projects.

General Government	expenses from general operations such as administration, council, IT, HR	Planning & Zoning	expenses for land-use planning and enforcement
Public Safety	expenses from paramedics and emergency preparedness (dispatch center)	Engineering	expenses for private roads, solid waste management, and engineering administration
Library	expenses from library administration and 3 county-owned libraries	Economic Development	expenses for airport, business park and general economic development
Community Development	expenses for low-income housing rehabilitation	Grant-in-Aid	expenses for grants made to various nonprofits including fire companies, police and libraries
Transfers	expenses for moving funds to a non-governmental fund - primarily to the capital fund	Row Offices	expenses for marriage bureau, recorder of deeds, register of wills and sheriff



Governmental Funds Trends

The following chart shows the trend of revenues to expenditures in the governmental funds (general and capital) during the last five fiscal years, excluding other financing sources/uses. The category breakdown of the revenues and expenditures can be found below the chart with a detailed overview of the general fund components on the previous two pages.



Excess of Revenues over Expenditures					
	Fiscal Year				
	2018	2019	2020	2021	2022
Revenues					
Taxes	\$49,650,439	\$51,665,225	\$54,100,265	\$76,945,223	\$84,241,990
Intergovernmental	6,381,117	9,508,129	10,872,888	8,383,063	11,535,554
Charges for services	14,668,167	15,280,305	15,093,396	20,452,979	19,197,820
Fines and forfeits	43,850	130,750	42,889	76,071	97,136
Miscellaneous	1,425,147	4,091,413	3,319,298	494,815	(5,969,603)
Total revenues	72,168,720	80,675,822	83,428,736	106,352,151	109,102,897
Expenditures					
General government	22,421,967	24,059,566	19,226,788	12,632,889	15,899,638
Grant-in-aid programs	11,270,949	13,881,654	15,161,605	22,435,725	22,629,342
Planning and zoning	1,702,870	1,647,045	1,519,867	2,549,785	2,915,491
Paramedic program	15,011,135	15,216,418	16,365,912	16,587,234	17,137,843
Emergency preparedness	3,311,123	3,554,384	3,963,013	4,447,013	4,793,373
Economic development and airpark	1,431,704	1,477,520	1,632,394	1,477,109	1,473,759
County engineer	1,811,453	1,518,135	1,339,204	1,276,974	1,844,693
Library	2,807,198	2,975,828	2,961,749	2,929,383	2,957,958
Community development	1,726,572	1,902,759	1,918,981	2,385,475	3,133,471
Constitutional offices	2,367,555	2,564,971	2,459,071	2,491,178	2,454,320
Debt service for Leases	-	-	-	-	37,200
Capital outlays	4,663,723	7,791,224	7,567,272	7,107,926	13,304,671
Total expenditures	68,526,249	76,589,504	74,115,856	76,320,691	88,581,759
Excess of revenues over (under) expenditures before other financing sources/uses	3,642,471	4,086,318	9,312,880	30,031,460	20,521,138

Business-Type Funds

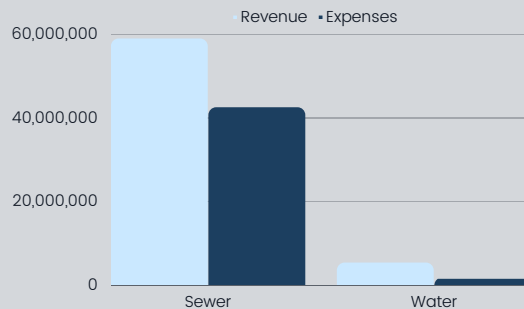
Business-type funds, or enterprise funds, are used to report any activity for which a fee is charged to users for goods or services, similar to a private business. Revenues generated from these funds should cover the costs of their operating expenses, including debt service. The County's enterprise funds include the Unified Sewer District and the Water District. The County operated four sewer treatment plants and two water facilities. The sewer system operates with over 530 pump stations and 985 miles of underground pipe.

Number of Equivalent Dwelling Units (EDUs) Billed over 10 years

Fiscal Year	Water	Sewer
2013	3,688	64,456
2014	3,676	65,735
2015	3,699	67,410
2016	3,715	68,965
2017	3,700	69,821
2018	3,702	72,398
2019	3,713	74,534
2020	3,722	76,769
2021	3,755	78,002
2022	3,727	83,761

Fiscal Year	Water	Sewer
Operating Revenues	1,412,570	29,431,586
Operating Expenses	1,541,103	38,623,580
Operating (Loss) Income	(128,533)	(9,191,994)
Nonoperating Revenue/(Expenses)	(57,095)	15,498,148
Contributions/Transfers	4,001,555	9,421,841
Change in Net Position	3,815,927	15,727,995

Program Revenues and Expenses (operating and nonoperating sources)



Water EDU's
1% increase over 10 years

Sewer EDU's
30% increase over 10 years

Investments

The County's investment policies and practices are constructed foremost around the safety of its principal. The general government is only authorized to invest in: obligations of which the faith and credit of the U.S.A. are pledged, obligations of federal governmental agencies, CD's, money market mutual funds regulated by the S.E.C., and commercial paper in the highest rating category. The investment policy of the pension funds allows for more types of investments such as equities, core real estate, and private infrastructure.

	Investment Maturities (in years)			
	Total	Less than 1	1 - 5	6 - 10
U.S. Treasuries	\$20,664,779	\$21,181,021	\$13,589,831	\$4,893,927
Governmental Agencies	240,981,023	31,201,122	209,779,901	-
Corporate Obligations	35,433,597	23,678,013	7,818,674	3,936,910
Certificates of Deposits (CDs)	19,901,255	19,901,255	-	-
Mutual Funds	110,411,373	110,411,373	-	-
Infrastructure	9,925,355	9,925,355	-	-
Global Pooled Equities	7,042,355	7,042,355	-	-
Core Real Estate	14,276,332	14,276,332	-	-
Total Investments	\$458,636,069	\$218,616,826	\$231,188,406	\$8,830,837

Capital Assets

As of June 30, 2022, the County's capital assets (net of depreciation) were valued at \$636.3 million. This amount is an increase of \$35.4 million.

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Land	\$31,831,679	\$26,715,655	58,692,023	57,072,709	\$90,523,702	\$83,788,364
Construction in Progress	9,334,461	1,775,261	61,403,658	42,510,174	70,738,119	44,285,435
Buildings	33,178,927	34,135,063	38,495,775	39,116,076	71,674,702	73,251,139
Improvements Other Than Buildings	25,942,926	29,350,099	4,949,605	4,950,389	30,892,531	34,300,488
Machinery and Equipment	3,370,499	3,860,426	2,831,343	2,809,328	6,201,842	6,669,754
Infrastructure	210,749	219,744	360,255,594	349,134,701	360,466,343	349,354,445
Right-of-use lease building	59,812	96,734	-	-	59,812	96,734
Right-of-use lease land	-	-	1,760,125	1,842,997	1,760,125	1,842,997
Purchase capacity	-	-	4,006,375	3,301,056	4,006,375	3,301,056
Total	\$103,929,053	\$96,152,982	\$532,394,498	\$500,737,430	\$636,323,551	\$596,890,412

The Bottom Line

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 a private sector, which contains assets and deferred outflows minus liabilities and deferred inflows. The fund balance financial statements focus on near term inflows and outflows, 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.

Net Position

SUSSEX COUNTY'S SCHEDULE OF NET POSITION

As of June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$266,849,196	\$235,622,351	\$119,671,238	\$137,106,941	\$386,520,434	\$372,729,292
Capital Assets	103,929,053	96,152,982	532,394,498	500,737,430	636,323,551	596,890,412
Total Assets	370,778,249	331,775,333	652,065,736	637,844,371	1,022,843,985	969,619,704
Deferred outflows of resources	15,306,887	2,649,642	5,266,886	813,943	20,573,773	3,463,585
Total assets and deferred outflows of resources	386,085,136	334,424,975	657,332,622	638,658,314	1,043,417,758	973,083,289
Current and Other Liabilities	71,192,346	46,384,688	8,885,733	10,769,930	80,078,079	57,154,618
Long-term Liabilities	20,425,153	7,793,690	209,556,418	203,823,747	229,981,571	211,617,437
Total Liabilities	91,617,499	54,178,378	218,442,151	214,593,677	310,059,650	268,772,055
Deferred inflow of resources	5,906,917	18,766,517	1,082,111	5,800,199	6,989,028	24,566,716
Total liabilities and deferred inflows of resources	97,524,416	72,944,895	219,524,262	220,393,876	317,048,678	293,338,771
Net Position:						
Net Investment in Capital Assets	101,525,312	95,551,537	324,432,012	312,780,719	425,957,324	408,332,256
Restricted	129,854,977	103,290,603	86,645,337	85,391,251	216,500,314	188,681,854
Unrestricted	57,180,431	62,637,940	26,731,011	20,092,468	83,911,442	82,730,408
Total Net Position	288,560,720	261,480,080	437,808,360	418,264,438	726,369,080	679,744,518

Fund Balance - Governmental Funds only

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 public safety, infrastructure, public works, economic development, 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. There was an increase this year due to legislation being passed that allowed a broader use of realty transfer tax.

	2018	2019	2020	2021	2022
General Fund					
Nonspendable	\$315,913	\$352,961	\$316,316	\$267,909	\$342,349
Restricted	52,560,032	57,923,703	64,131,190	74,207,956	68,379,675
Committed	838,424	1,811,458	1,867,007	10,439,101	1,567,434
Assigned	17,237,808	20,899,412	8,516,719	2,079,742	2,563,861
Unassigned	34,518,709	29,029,042	37,826,924	38,531,552	55,678,488
Total general fund	\$105,470,886	\$110,016,576	\$112,658,156	\$125,526,260	\$128,531,807
All Other Governmental Funds					
Restricted	\$17,575,194	\$17,119,804	\$23,769,732	\$42,372,227	\$60,387,128
Committed	1,425,270	1,454,505	1,477,446	-	-
Total all other governmental funds	\$19,000,464	\$18,574,309	\$25,247,178	\$42,372,227	\$60,387,128

Long-term Debt & Capital Projects

OUTSTANDING BONDED DEBT

Debt is solely used to fund business-type water and sewer activities. As of June 30, 2022, the County had \$202.2 million in outstanding bonds payable.

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

SEWER

At the end of the year, sewer had \$61 million worth of projects under construction. The largest projects were:

- South Coastal Treatment Plant Expansion - \$40.9 million
- Herring Creek Sewer Area - \$10.5 million
- Inland Bays Stormwater Management - \$4.0 million

WATER

The Water District only had one capital project under way in Fiscal Year 2022. It was the completion on the Ellendale Water area in the amount of \$5.4 million.

GENERAL FUND

At the end of the year, general fund had \$9 million worth of projects under construction. The largest projects were:

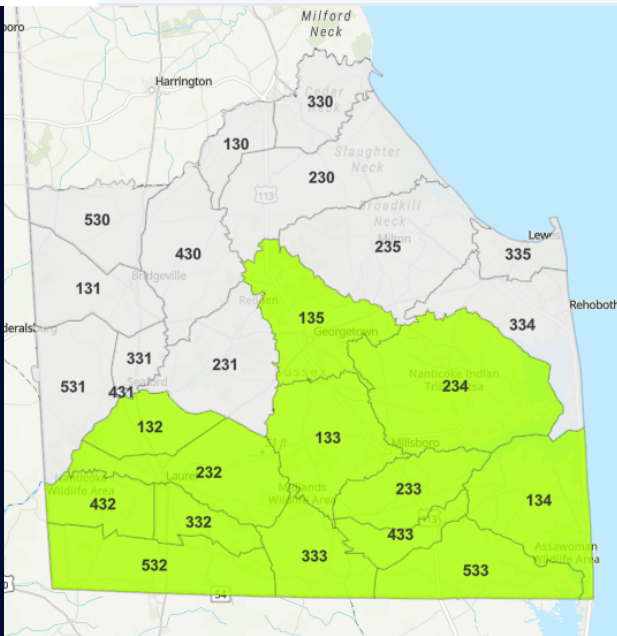
- Paramedic Administrative and Training Facility - \$5.2 million
- Improvements at the Delaware Coastal Business Park - \$1.6 million
- Western Sussex I.T. Data Center - \$0.7 million



Reassessment Project

Background

Reassessment is being done as a result of a Court Order issued in 2020. The court determined that property values had changed significantly enough 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.



Frequently Asked Questions

1. When will the new assessed value take effect?

The Court settlement is for July 1, 2024

2. What should I expect when data collectors come to my community?

The County's contract, Tyler Technologies, will canvas Sussex County to verify improvements and take measurements. Working by tax districts, these data collectors will perform site visits during regular business hours.

Data collectors will visit each property and attempt to make contact with the occupant to take EXTERIOR measurements and photographs. Data collectors, WILL NOT enter dwellings unless invited in.

3. Will the county or school collect more taxes as a result of the reassessment?

The County and the school districts are capped by law on how much additional revenue can be generated from reassessment. Following the reassessment, property taxes will be adjusted to ensure the taxing entity does not collect more than allowed by statute. There is no intent to raise taxes by the County in the year of the reassessment.

4. What if I feel the preliminary value is not close to my property's value?

You can make an appointment for an informal review to go over the data and value. Instructions on how to schedule an informal review will be included with your notice of tentative value.

Popular Annual Financial Report



Want more financial information?

View our transparency website at:
<https://www.sussexco.finance.socrata.com>



Want more Sussex County news?

Signup for our monthly newsletter at:
<https://www.sussexcountyde.gov/newsletter>



Want information on the reassessment project?

Visit the dashboard at:
<https://empower.tylertech.com/Sussex-County-Delaware.html>