

NEW CASTLE COUNTY



ANNUAL COMPREHENSIVE FINANCIAL REPORT

DELAWARE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NEW CASTLE COUNTY, DELAWARE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Matthew Meyer
County Executive

Michael Smith
Chief Financial Officer



Acknowledgements

New Castle County's Annual Comprehensive Financial Report was prepared by the Office of Finance, Accounting Division:

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Executive Assistant IV

Richard Piekarski, Jr.
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Accounting and Fiscal Officer

Karen Gordy
Accountant III

Special thanks to all fiscal and accounting personnel throughout the County for their valuable assistance in providing accurate and timely financial data needed to prepare the Annual Comprehensive Financial Report.

New Castle County, Delaware
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022
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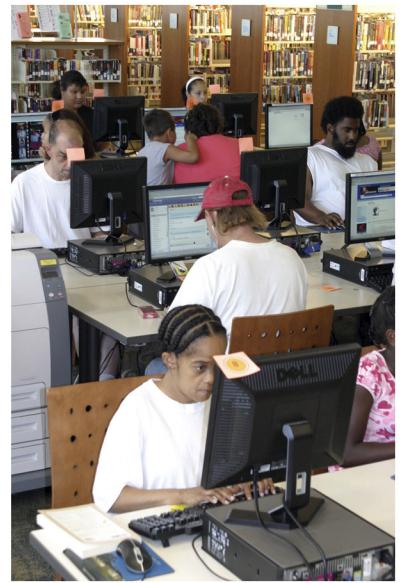
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NEW CASTLE LIBRARIES

DELAWARE





87 READS WAY
NEW CASTLE, DE 19720
(302) 395-5684
nccde.org

OFFICE OF FINANCE

March 27, 2023

To the Honorable Members of County Council
and Citizens of New Castle County:

New Castle County Code requires New Castle County to provide information pertaining to the financial affairs of the County. To satisfy this requirement, each year the County publishes an Annual Comprehensive Financial Report (ACFR) which includes, as required by Code, financial statements that have been examined by an independent firm of certified public accountants. This complete set of financial statements is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Pursuant to that requirement, we are pleased to issue the Annual Comprehensive Financial Report of New Castle County, Delaware ("County"), for the fiscal year that ended June 30, 2022. This report will provide the public with a clear picture of New Castle County's financial situation.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed to protect the County's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls 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 CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2022 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 the significant estimates made by management; and evaluating the overall financial statement presentation. CliftonLarsonAllen LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. An unmodified opinion is the best opinion possible. The independent auditor's report is presented as the first component of the financial section of this report.

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. New Castle County's MD&A can be found immediately following the report from the independent auditor.

Profile of New Castle County

New Castle County is located in the northern portion of the State of Delaware. New Castle County is the most populous county in Delaware, encompassing 426 square miles with a population density of 1,341 citizens per square mile. The County is bordered on the east for 40 miles by the Delaware River, on the north by Pennsylvania, on the west by Maryland, and on the south by Kent County, Delaware. The City of Wilmington, the County seat, is the largest incorporated city in the State.

The County Government was established on January 3, 1967, replacing the Levy Court Commission with a Council-Executive form of government. The powers and duties of the County Government are set forth in Chapter 11, Title 9 of the Delaware Code. The County Government is composed of a legislative body (the "Council") and an administrative body headed by the County Executive (the "Administration"), which includes five operating departments and four judiciary (row) offices.

The Council, which has all legislative powers, is composed of a President who is elected at-large, and twelve members, each representing one of the County's representative districts. The County Executive, who is elected at-large and is limited to not more than two consecutive four-year terms, is responsible for the entire range of executive, administrative and fiscal duties performed by all County departments, agencies and offices. The County Executive, with the advice and consent of County Council, appoints the general managers of the departments. The County Executive also appoints a Chief Administrative Officer, who assists the County Executive in the supervision of the executive and administrative agencies of the County, and is responsible by Code for the annual Operating Budget, the six-year Capital Program and the annual Capital Budget of the County.

New Castle County provides many governmental services. State Statute or County Code mandates the majority of these services. However, there are some services that are discretionary in nature, but are highly valued by the citizens of the County. Major public services/facilities include police protection, emergency medical services, emergency dispatch, land use, parks, recreation programs, libraries, housing, crossing guards, sewer services, and code enforcement.

A basis for preparing the County's ACFR was the identification of the reporting entity. The County has no component units for which it is financially accountable or for which the nature and significance of the relationship between the County and the component unit is such that exclusion would cause the County's financial statements to be misleading or incomplete.

The annual operating budget serves as the foundation for New Castle County's financial planning and control. County Council must formally adopt the annual operating budget by June 1. Appropriations are legislated at the departmental level by object level of expenditure. The Budget Office is authorized to make certain budgetary transfers within a department, as allowed by the

County Code. All other changes must be approved by County Council. The County must adopt an annual operating and capital budget.

Economic Condition

Local economy. New Castle County is the State's primary economic center, representing a majority of the State's taxable base and population, and serves as its leading business, service and industrial center. The County is home to many industry-leading companies in the biotechnology and pharmaceutical fields. Enhancing this economic base is a service economy that consists of both traditional services as well as a significant financial services sector that has developed in response to direct State initiatives. Leading financial service companies in this field are Bank of America, JPMorgan Chase & Co., and Capital One, three major credit card issuers with offices in New Castle County.

Ordinance No. 19-115 provided tax abatements for Dot Foods, Inc. as part of ongoing economic development incentive to provide more job opportunities and generally benefit the economy of New Castle County. New Castle County partnered with the State of Delaware on this initiative. Ordinance No. 21-104 authorized a one-time tax abatement for the Hockessin Historical Society in recognition of its nonprofit status.

Our Fiscal Year 2023 Operating Budget builds on the historic success in public safety, improved public services, and government efficiencies achieved over the past five years, including:

- Conserved more than 120 acres of critical farmland and wetland in New Castle County.
- Received and allocated \$54 million in American Rescue Plan Act (ARPA) funds to pandemic recovery activities, including wastewater/stormwater investments, workforce development initiatives, health equity programs, violence prevention initiatives and other activities.
- Relocated several Wilmington residents who were displaced after their row homes were condemned by the City of Wilmington, to the HOPE Center, and assisted them with finding permanent housing.
- Opened an expanded and easily accessible Appoquinimink Library to serve the Middletown, Odessa and Townsend communities, the fastest growing area of the County.
- Contributed \$1.3 million to 1,617 teachers in Delaware through an innovative Donors Choose partnership.
- Awarded more than \$100,000 in scholarships to New Castle County students pursuing college degrees.

The County's population has grown to an estimated 571,058 in 2022, up from 550,495 in 2013. By the year 2030, it is estimated that the County's population will grow to approximately 585,990. Much of that growth is projected to be located in the southern portion of the County, in the fast-growing Middletown and Townsend areas.

Revenues and expenditures.

New Castle County's total expenditures in the Governmental funds have increased over the past 10 years to \$318.1 million in fiscal year 2022 from \$220.5 million in fiscal year 2013.

Expenditures reached a high of \$507.6 million in fiscal year 2021 and a low of \$220.5 million in fiscal year 2013. Total governmental expenditures decreased \$189.5 million from fiscal year 2021 to fiscal year 2022.

General government operating costs have shown the largest dollar increase, \$42.7 million, growing to \$64.5 million in 2022 from \$21.8 million in 2013. Public safety operating costs were \$116.6 million in fiscal year 2022 versus \$87 million in fiscal year 2013. This \$29.6 million increase represents the second largest expenditure increase over the past 10 years.

Taxes, both property and real estate transfer, represent 62.5 percent of fiscal year 2022 Governmental funds revenue. Tax revenues have increased \$74.6 million since fiscal year 2013. Intergovernmental revenue represents 27 percent of fiscal year 2022 Governmental funds revenue. Intergovernmental revenue has increased \$51.2 million since fiscal year 2013.

Long-term financial planning. New Castle County has a long history of being fiscally responsible. Concentrated efforts have been made to maintain the AAA ratings for the County's general obligation bonds. In September 2021, all three major rating agencies reaffirmed the County's triple-A credit rating. Attaining the top rating from all three agencies reflects the County's strong financial management and planning capabilities and the quality of its elected and administrative leadership. These ratings allow the County to borrow money at the most competitive interest rates, which maximize the County's ability to invest in critical infrastructure at the lowest cost to improve County services. The County will continue to seek ways to maintain these ratings to provide the finest quality services at the lowest cost.

It has been shown time and again that New Castle County has very strong financial management and prudent budgeting practices, which have enabled the County to maintain ample reserves, even during an economic and housing market crisis. The level of these reserves is one measure of the County's financial strength. County Council has legislated a Budget Reserve Account or "rainy day fund" in the General fund. The General fund reserve of \$44,845,412 was created to give added protection against a turbulent economy or any unfunded legislated mandates. Additionally, County Council has legislated the Tax Stabilization Reserve Account, \$74,275,370 which may be appropriated as needed to balance the annual operating budget or cover budgeted capital costs that otherwise would require the issuance of bonds or an increase in the tax rate. The Transfer Tax Proceeds Reserve Account, \$35,800,269, was legislated such that proceeds from the real estate transfer tax received in any fiscal year in excess of those certified shall be designated as cash in lieu of capital bond authorizations that would ordinarily be used to support construction of capital facilities, or land acquisition, economic development programs, or to defease or otherwise reduce the County's indebtedness.

Listed below are the core budgeting priorities that guide us in managing the County finances in a responsible manner:

- Live within our means, reducing spending to levels consistent with revenue.
- Reduce debt spending.
- Govern honestly, transparently and efficiently.

- Collaborate within county government and with other levels of government to improve public services.
- Invest aggressively in our future.

The Fiscal Year 2023 Capital Budget of \$39.5 million supports planning and design of a new community library in Newark (\$17.0 million), as well as repairing and improving our aging sewer system (\$6.3 million), park improvements (\$8.6 million), and facility/equipment investments (\$6.1 million). The Fiscal Year 2023 Capital Budget supports a variety of maintenance needs, safety programs and service improvements. Highlights include:

- Planning and design of a new community library in Newark
- Replacement of cardiac monitors, public safety vests and equipment
- Complete design and begin construction of an emergency vehicle operations course
- Southern Regional Park (Begin construction – Fall 2022; Phase I completion – Summer 2023)
- County-wide Park Enhancements including construction of a second turf field at Banning Park

Relevant financial policies. New Castle County's continued commitment to balanced budgets, smart growth, sound infrastructure and prudent financial planning is intrinsic to providing a high quality of life for County residents. Many of the County's financial policies are designed to ensure that debt levels do not rise to an amount that would have an unfavorable impact on the County's finances. The total bonded debt limit for the General Fund is set at 3 percent of the total assessed taxable property value. As of June 30, 2022, the total General Fund bonded debt was 30.73 percent of the total debt limit.

Major initiatives. Our Fiscal Year 2023 Operating Budget funds the County's effort to provide for a safe, attractive, well-balanced community through quality services and programs. It provides funding for public safety, environmentally sound wastewater operations, quality development standards, effective code enforcement, recreational and cultural programs, partnerships with community groups and well-maintained public facilities including libraries and recreation centers. Our Fiscal Year 2023 Capital Budget supports security and building upgrades for various County facilities, purchase of fleet equipment, parkland improvements, playground equipment, sewer facilities, library construction, upgrades for public safety, and technology upgrades and enhancements.

Additional initiatives include:

- Jobs Now is an economic development, land use initiative that provides accelerated plan review to commercial developers committed to bringing new jobs or expanding employment opportunities in New Castle County.

- Small Business Web Development Assistance - The COVID-19 pandemic dramatically increased the use of e-commerce and home delivery for goods and some services. While larger businesses already had e-commerce capabilities and were able to easily pivot to more online sales during the stay-at-home orders, small businesses need more assistance. New Castle County launched a web development and e-commerce educational program in partnership with the New Castle County Chamber of Commerce.
- GreeNCC is a working group of environmentally conscious local governments, organizations, and advocates. The mission is to improve the environment and enhance the quality of life for County residents by enacting policies, practices, and legislation to: enhance water and air quality; encourage health and eco-friendly lifestyles; conserve and protect local habitats; promote smart growth; and reduce harmful emissions by promoting renewables and improving energy efficiency.

The County continues to review and update capital projects and procedures. The review is an evaluation of all projects in the Capital Program, including operating budget impacts of new capital projects and integration of the County's comprehensive development planning process and infrastructure investments.

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 New Castle County for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award, recognizing the highest standards for preparation of state and local government financial reports. As of the date of our current report, the GFOA has not completed its review of our Annual Comprehensive Financial Report for the year ended June 30, 2021; however, we are confident that report will be awarded the Certificate of Achievement for Excellence in Financial Reporting.

In order to be awarded a Certificate of Achievement, the County publishes an easily readable and efficiently organized Annual Comprehensive Financial Report, which conforms to program standards. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid only for a one-year period. New Castle County has received a Certificate of Achievement for the last 40 consecutive years (fiscal years ended 1981-2020). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA’s Award for Distinguished Budget Presentation for its 2022 budget document. To qualify for the Distinguished Budget Presentation Award, GFOA judged the County's budget document to be proficient in certain program criteria as an operations guide, as a financial plan, and as a communications medium. This was the 32nd consecutive year that the County received this award for its budget document.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of our Office of Finance staff. Each member who shared in the preparation of

this report has our sincere appreciation. Appreciation is also expressed to all additional individuals who assisted in this effort.

In closing, we also would like to express our gratitude to the County Council for its continued support and interest in the financial affairs of our County and to the staff of every office of County government, for working diligently each day in the taxpayers' interest.

Respectfully submitted,

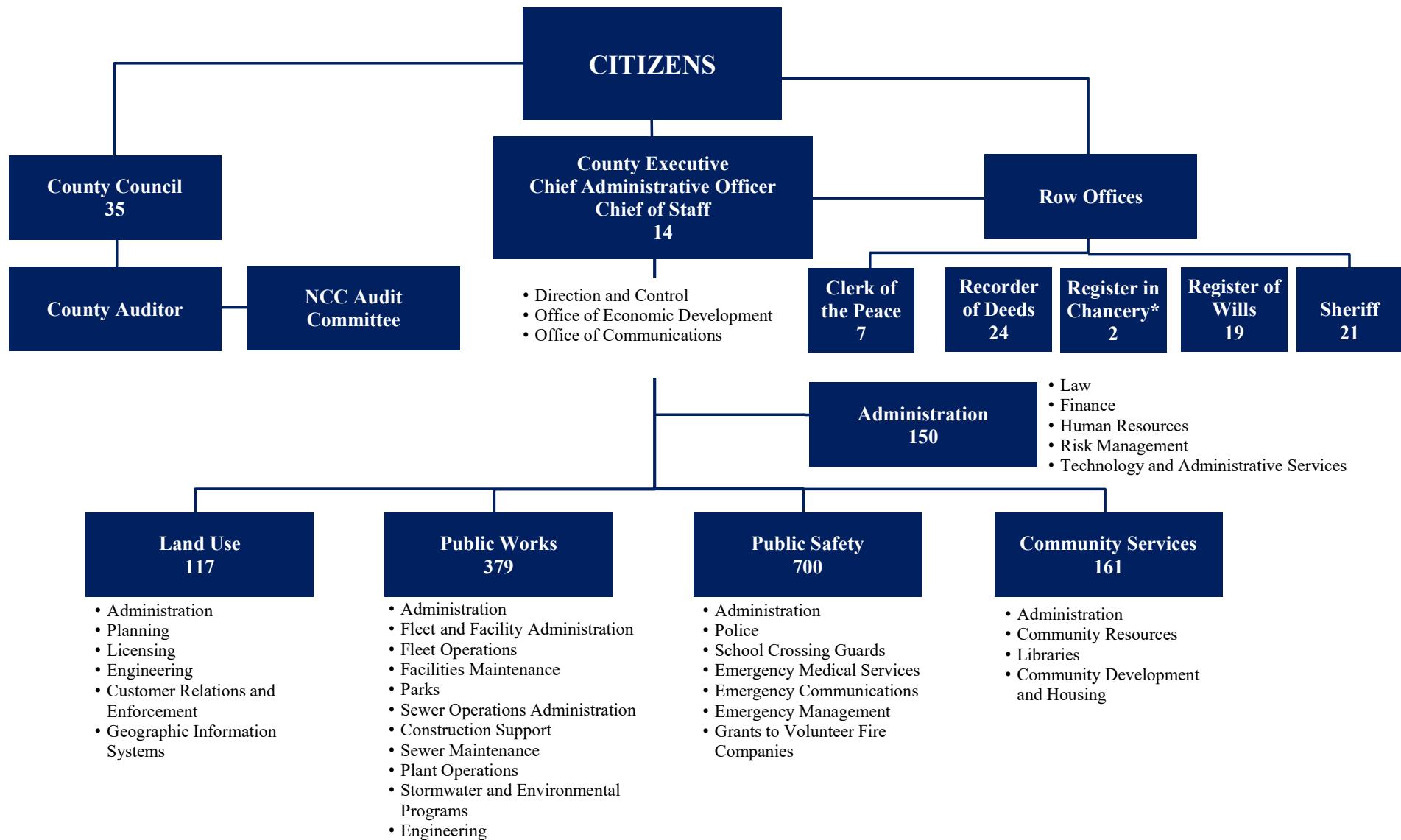


Matthew Meyer
County Executive



Michael Smith
Chief Financial Officer

FY2022 ORGANIZATION CHART



*Effective January 1, 2002 Register in Chancery became a State of Delaware Agency (see Chancery budget unit)

Total Authorized Positions - 1,629

**NEW CASTLE COUNTY, DELAWARE
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2022**

EXECUTIVE

County Executive Matthew Meyer

COUNTY COUNCIL

President of Council	Karen Hartley-Nagle
First District	Brandon Toole
Second District	Dee Durham
Third District	Janet Kilpatrick
Fourth District	Penrose Hollins
Fifth District	Valerie George
Sixth District	David Carter
Seventh District	George Smiley
Eighth District	John J. Cartier
Ninth District	Timothy P. Sheldon
Tenth District	Jea P. Street
Eleventh District	David L. Tackett
Twelfth District	J. William Bell

ADMINISTRATIVE

Chief Administrative Officer	Vanessa Phillips
Chief Financial Officer	Michael Smith
Chief Human Resources Officer	Jacqueline Jenkins
Chief of Technology and Administrative Services	Michael Hojnwicki
Community Services General Manager	Carey Casey
County Attorney	Wilson Davis
Land Use General Manager	Richard Hall
Public Works General Manager	Tracy Surles

ROW OFFICES

Clerk of the Peace	Lisa Darrah
Recorder of Deeds	Michael E. Kozikowski, Sr.
Register of Wills	Ciro Poppiti, III
Sheriff	Scott T. Phillips

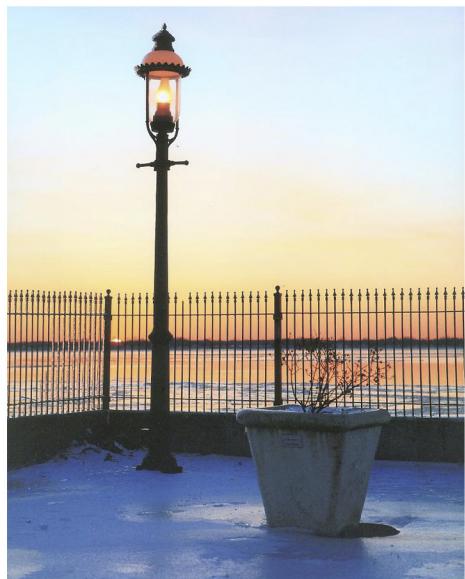


Report of
Independent Public
Accountants



NEW CASTLE COUNTY | DE
**PARKS &
RECREATION**

LIVE HEALTHY NEW CASTLE COUNTY





INDEPENDENT AUDITORS' REPORT

Members of County Council
New Castle County, Delaware
New Castle, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Castle County, Delaware (the County), as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in 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 Auditors' 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the County adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

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.

Auditors' 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 auditors' 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, the schedule of the changes in the County's net pension liability and related ratios and schedule of county contributions for the New Castle County, Delaware Employees' Pension Program, and the schedule of the County's proportionate share of the net pension liability/ (asset) and schedule of County contributions for the Delaware Municipal Police/Firefighter Pension Plan, the schedule of the changes in the County's net other postemployment benefits pension liability and related ratios, the schedule of county contributions for the other postemployment benefits and the Schedule of Investment Returns, 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 GAAS, 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 accompanying combining and individual fund statements, budgetary comparison schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules 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 report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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.

Members of County Council
New Castle County, Delaware

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 27, 2023

Management's Discussion and Analysis



Management's Discussion and Analysis

The following discussion and analysis of New Castle County's financial statements provides an overview of the financial activities of New Castle County for the fiscal year ended June 30, 2022. Please read it in conjunction with the transmittal letter, located at the front of this report, the basic financial statements, and the accompanying notes to those statements which follow this section.

Financial Highlights for Fiscal Year 2022

- The net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) of the County for fiscal year 2022 totaled \$297.0 million. Of this amount, \$155.2 million represents governmental activities net position, and \$141.8 million represents business-type net position.
- The current year change in net position for governmental activities was an increase of \$51.7 million and for the business-type activities a decrease of \$8.4 million.
- The General fund reported an ending fund balance of \$184.9 million, which represents an increase of \$27.9 million from fiscal year 2021. The Sewer Facilities fund net position reported an ending balance of \$139.5 million, a decrease of \$8.5 million of total net position from fiscal year 2021.
- The County's total outstanding bonds payable as of June 30, 2022, was \$558.9 million.

Overview of the Annual Comprehensive Financial Report

The County's financial statements are composed of this Management's Discussion and Analysis (MD&A) and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the County's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information for the County's pension and other postemployment benefit plans. This report also includes other supplementary information as listed in the table of contents, along with the statistical tables.

Government-wide Financial Statements

The government-wide financial statements are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: 1) Statement of Net Position and 2) Statement of Activities. The fiduciary activities, whose resources are not available to finance County programs, are excluded from these statements.

The Statement of Net Position presents the County's total assets/deferred outflows of resources, and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a gauge as to whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing the change in the County's net position during the current fiscal year. All revenues and expenses are reported in this statement as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The focus of this statement is the net cost of providing various activities to the citizens of the County.

Both of these government-wide financial statements have separate sections for the two different types of activities. These two types of activities are:

Governmental activities – The activities reflected in this section are general government, public safety, public works, community services, land use, and judiciary offices. These activities are supported mostly by taxes, charges for services, and operating grants and contributions.

Business-type activities – These activities include a sewer facilities system and an airport. These activities are intended to recover their cost of operation, including depreciation, primarily through user charges.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent, and how spending activities are controlled. The County divides its funds into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the basic services provided by the County are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as the available balances of these resources at the end of the fiscal year. This information is useful in determining the County's financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is for the current period, it is useful to compare this information to the data presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County has ten individual governmental funds: General, Grants, Light Tax, Crossing Guard, Garstin Trust, Housing Trust, and four Capital Projects funds. Of these, the General and Grants funds are reported as major funds and are presented in separate columns on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balance. The Light Tax, Crossing Guard, Garstin Trust, Housing Trust, Facilities and Equipment, Park Development, Public Safety, and Miscellaneous Capital Improvement funds are combined into a single, aggregated column on these statements. Individual fund data for these eight nonmajor funds can be found on the combining statements.

Proprietary funds – These funds are used to show activities that operate in a manner similar to private business enterprises. Because these funds charge fees for services provided, they are known as enterprise funds. Like the government-wide financial statements, proprietary fund financial statements use the economic resources measurement focus and the accrual basis of accounting.

Proprietary fund statements provide the same type of information as the government-wide financial statements for business-type activities, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Facilities fund and the New Castle County Airport fund. Of these two funds, only the Sewer Facilities fund is considered a major fund for the County.

Fiduciary funds – These funds are used to account for resources held for the benefit of parties outside of New Castle County. The fiduciary funds are not reflected in the government-wide financial statements, because the assets of these funds are not available to support the activities of the County. The economic resources measurement focus, and accrual basis of accounting are used for fiduciary funds, the same that are used for the proprietary funds.

The County has two fiduciary funds, the Pension Trust fund, and the Other Post-Employment Benefits Trust fund (OPEB). These funds are used to account for the activities of the defined benefit pension plan and the defined benefit OPEB plan for County employees. The fiduciary activities are reported in a separate statement of fiduciary net position and in a statement of changes in fiduciary net position. Individual fund data for these two funds can be found in the combining statements.

The fund financial statements can be found immediately following the government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the fund financial statements.

Other Supplementary Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information, combining statements for the nonmajor funds, schedules of budget to actual comparisons, the statistical tables.

Government-wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of New Castle County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$297.0 million for fiscal year 2022, an increase of \$43.3 million from fiscal year 2021.

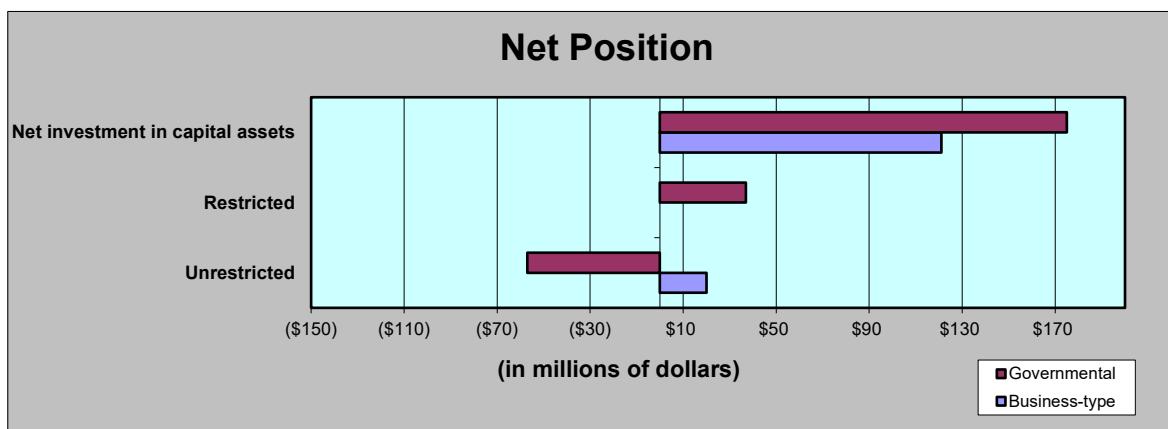
The following table reflects the condensed comparative Statement of Net Position:

New Castle County's Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 370,025	\$ 280,431	\$ 90,541	\$ 54,655	\$ 460,566	\$ 335,086
Other non-current assets	43,901	-	-	-	43,901	-
Capital assets	353,578	345,381	501,117	501,305	854,695	846,686
Total assets	767,504	625,812	591,658	555,960	1,359,162	1,181,772
Deferred Outflows:						
	84,068	77,883	10,613	14,500	94,681	92,383
Liabilities:						
Long-term liabilities	475,915	385,382	431,548	378,567	907,463	763,949

Other liabilities	152,425	123,308	25,723	30,254	178,148	153,562
Total liabilities	628,340	508,690	457,271	408,821	1,085,611	917,511
Deferred Inflows:	68,020	91,477	3,236	11,425	71,256	102,902
Net position:						
Net investment in capital assets	175,526	180,153	121,485	142,924	297,011	323,077
Restricted	36,965	25,611	-	-	36,965	25,611
Unrestricted	(57,279)	(102,236)	20,279	7,290	(37,000)	(94,946)
Total net position	\$ 155,212	\$ 103,528	\$ 141,764	\$ 150,214	\$ 296,976	\$ 253,742

Other liabilities increased \$24.6 million in Fiscal Year 2022 mainly from unearned revenue due to receipt of funding in FY22 from the Department of Treasury for the ARPA grant; offset by the spend down of the CARES Act grant.



The largest portion of the County's net position totaling \$297.0 million, reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This portion of net position decreased by \$26.1 million from the prior year, primarily because of the net addition of capital assets of \$7.5 million, the increase in related bond debt of (\$66.6 million), the net increase in loans payable of (\$0.9 million), the net decrease in capital leases payable of \$1.4 million, the net increase in unspent bond proceeds of \$46.4 million, the net amortization of the deferred effect of bond refunding of (\$7.8 million), and the inclusion of retainage payable and vouchers payable of (\$6.1 million).

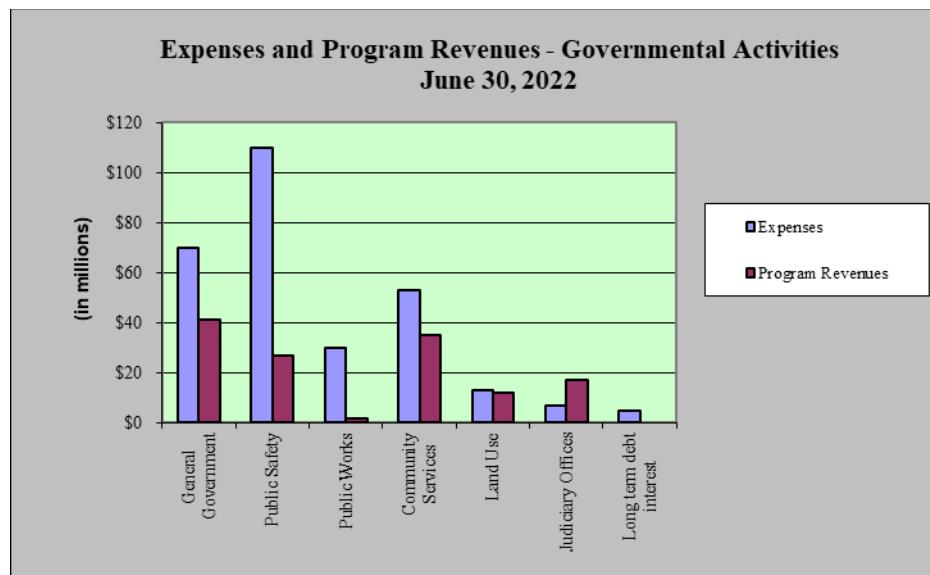
The second portion of net position, restricted net position of \$37.0 million, reported in the governmental activities, represents restricted balances for capital projects and special revenue funds.

The remaining portion of net position, unrestricted net position, is a deficit balance of (\$37.0 million). The governmental activities reflect a deficit balance of (\$57.3 million), while the

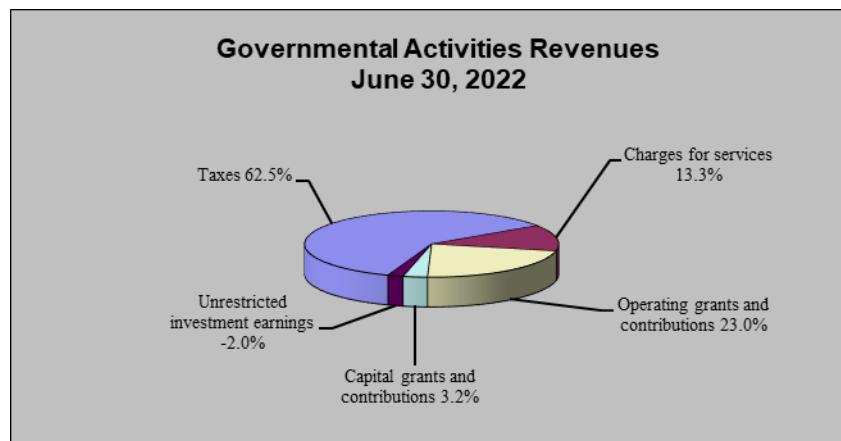
business-type activities have a balance of \$20.3 million. Unrestricted net position increased \$44.9 million in governmental activities from the prior year's unrestricted net position. The increase is mainly attributable to unrestricted revenues exceeding expenses by \$40.3 million which is explained in detail in the following section on governmental activity, the net effect of the decrease in net investment in capital assets \$4.6 million, described above. In business-type activities, unrestricted net position increased \$13.0 million from the prior year's unrestricted net position. The increase is mainly driven by the net effect of the sewer fund portion of the decrease in net investment in capital assets, \$21.5 million, described above, and expenses exceeding revenue (\$8.5 million). This increase is explained in detail in the following section on business-type activities.

New Castle County, Delaware
Changes in Net Position
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 45,308	\$ 38,536	\$ 88,187	\$ 79,373	\$133,495	\$117,909
Operating grants and contributions	78,091	305,240	1,912	2,694	80,003	307,934
Capital grants and contributions	10,890	5,064	-	-	10,890	5,064
General revenues:						
Real estate taxes	146,474	144,111	-	-	146,474	144,111
Transfer tax	63,468	35,761	-	-	63,468	35,761
Hotel tax	2,168	1,532	-	-	2,168	1,532
Investment earnings	(6,942)	1,131	(1,889)	153	(8,831)	1,284
Total revenues	339,457	531,375	88,210	82,220	427,667	613,595
Expenses:						
General government	70,407	276,858	-	-	70,407	276,858
Public safety	109,890	76,399	-	-	109,890	76,399
Public works	29,829	29,068	-	-	29,829	29,068
Community services	52,701	48,627	-	-	52,701	48,627
Land use	13,302	12,700	-	-	13,302	12,700
Judiciary offices	6,632	6,725	-	-	6,632	6,725
Interest on long-term debt	5,012	5,470	-	-	5,012	5,470
Sewer	-	-	96,660	87,421	96,660	87,421
Airport	-	-	-	-	-	-
Total expenses	287,773	455,847	96,660	87,421	384,433	543,268
Increase (decrease) in net position	51,684	75,528	(8,450)	(5,201)	43,234	70,327
Net position – beginning	103,528	28,000	150,214	155,415	253,742	183,415
Net position – ending	\$ 155,212	\$ 103,528	\$ 141,764	\$ 150,214	\$ 296,976	\$ 253,742



Governmental activities. Governmental activities increased the County's net position by \$51.7 million. Governmental activities are represented by the following funds: General, Grants, Light Tax, Crossing Guard, Garstin Trust, Housing Trust, and Capital Projects. For the fiscal year ended June 30, 2022, revenues from governmental activities totaled \$339.5 million.



Tax revenues totaling \$212.1 million, comprised of property, real estate transfer taxes and a hotel tax, represent 62.5 percent of revenue. Tax revenue increased by \$30.7 million from fiscal year 2021. Collection of the current tax levy remains strong at 99.2 percent, with a 10-year average of 99.1 percent. Property tax revenue increased \$2.4 million, due to collections from a new assessment of the Amazon plant on Boxwood Road in conjunction with increased amounts billed. Real estate transfer taxes yielded \$63.5 million, an increase of \$27.7 million, or 77.5 percent above fiscal year 2021 due to a highly active real estate market. Crossing Guard and Light taxes were a combined \$0.5 million higher than the prior year. The gross receipts tax on lodgings/hotels increased taxes by \$0.6 million from fiscal year 2021.

Charges for services, which account for \$45.3 million, or 13.3 percent of the governmental activities revenue, increased \$6.8 million from fiscal year 2021. This program revenue is derived from judiciary fees, \$17.2 million, primarily from real estate recording fees, Sheriff fees from foreclosed properties, and Register of Wills settlements; Land Use permits, fines and fees, \$12.1

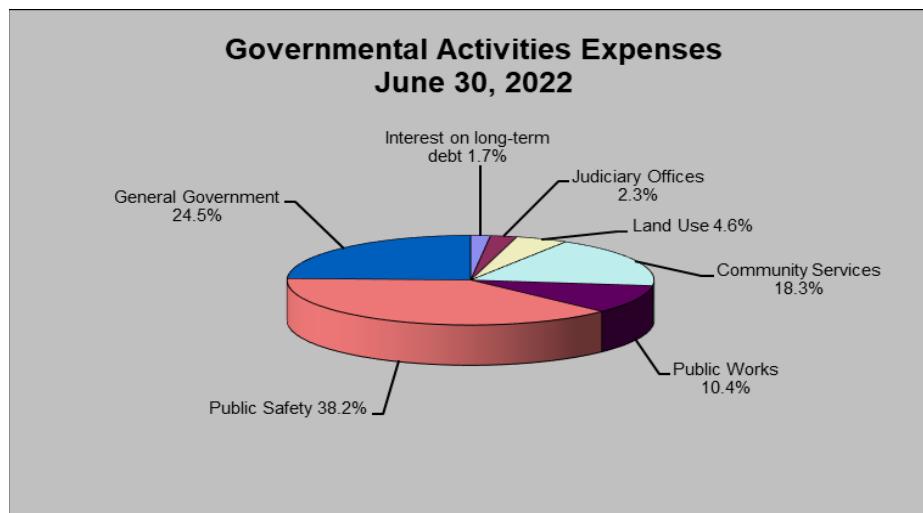
million, received primarily from building permits; Community Services revenues, \$6.6 million for grant related project income, recreation, and library activities; Public Safety-related services, \$2.4 million primarily from traffic fines, police contract duty services, and 911 reporting system fees; general government, \$5.5 million; and Public Works, \$1.5 million primarily for rentals of buildings and park pavilions and for golf course fees.

Operating grants and contributions totaling \$78.1 million were derived primarily from the U.S. Department of Treasury, \$33.1 million, from the CARES Act and ARPA-CSLFRF to combat the coronavirus and its negative economic impact, and \$20.2 million, from the U.S. Department of Housing and Urban Development, and an additional \$0.4 million from other housing authorities. These grants are used to aid low-income families in obtaining decent, safe, sanitary, and affordable rental housing, while also developing and expanding the supply of affordable housing for low-income families. Revenues in the amount of \$10.0 million were received from the State of Delaware for the paramedic reimbursement program and the State pension contribution allocation on behalf of County police. State grants of \$2.3 million were received for State aid to our libraries, 2.2 million were received from the Office of Management & Budget for community redevelopment projects, and a combined total of \$8.4 million was received from Federal and State Departments of Homeland Security. Interest income loss mainly related to the Garstin Trust totaled (\$0.4 million). Various other operating grants amounted to \$1.9 million to fund other programs.

Capital grants and contributions, which account for \$10.9 million, were primarily received from the State of Delaware - Department of State \$5.2 million, for use in the construction and development of the Appoquinimink Library; State of Delaware – Department of Safety and Homeland Security, \$3.3 million, to be used for the construction and equipment purchase for a new police shooting range and emergency vehicle operations course; State of Delaware – Office of Management and Budget, \$1.0 million, for the purchase, construction and renovation of EMS stations; State of Delaware - DNREC \$0.9 million, which was mainly used for construction on the Greenway systems and \$.5 million from budget transfers for various administrative technology initiatives.

Unrestricted investment income of (\$6.9 million) was earned by the governmental activities and is comprised of investment earnings, \$2.4 million, and an unrealized loss on investments \$9.3 million. This amount was \$8.1 million lower than what was earned in fiscal year 2021. A decrease in investment performance was seen in FY 2022 due to weakening of the overall markets resulting from high inflation coupled with the Fed's response to monetary policy (i.e., raising interest rates). This caused extreme volatility/uncertainty in the equity markets, particularly the international sector, due to geo-political concerns surrounding the Russia/Ukraine conflict. The rate changes caused the fixed income markets to suffer as well due to the inverse relationship between prices and yields.

For fiscal year ended June 30, 2022, expenses for governmental activities totaled \$287.8 million. This represents a total decrease of \$168.1 million, or 36.9 percent, from fiscal year 2021. Major functions represented by governmental activities include general government, public safety, public works, community services, land use, judiciary, and interest on debt.



General Government represents \$70.4 million, or 24.5 percent of the charges. This area supports services for the general administrative operations of the County. These costs decreased \$206.5 million from the prior fiscal year. This was mainly due to the large spend down of the CARES Act grant in the prior year, offset by funding from the American Rescue Plan Act grant (ARPA). These grant-related expenses contribute to the net decrease of \$233 million in FY 22. This decrease is offset by a \$2.1 million increase in Pension expense, a \$2.9 million increase in costs associated with the Countywide Reassessment project, and the net effect of capital assets, \$21.5 million.

Public Safety accounted for \$109.9 million, or 38.2 percent of these expenses, which were used to support police services, emergency medical services, emergency communications, crossing guards, and grants to volunteer fire companies. Public Safety expenses increased \$33.5 million over fiscal year 2021, primarily due to an increase of \$19.1 million in salaries and wages, \$9.1 million in employee benefits, these expenses increased due to most of the department's salary and benefits expenses being charged to the CARES Act grant in the prior year, so those expenses were reflected under general government; an increase of \$4.4 in fixed charges; an increase of \$2.6 million in contractual services; an increase in OPEB expense of \$1.4 million; offset by a decrease for pension expense, (\$3.2 million). Other miscellaneous decreases and increases totaled \$0.1 million.

Community Services represents \$52.7 million, or 18.3 percent of these charges, primarily for libraries and recreation programs. This area also covers grant programs aimed at helping low-income families obtain affordable rental housing. Costs for Community Services increased \$4.1 million from 2021 mainly due to an increase in Pension expense of \$1.6 million; increase in contractual services costs of \$1.1 million; increases in materials and supplies costs of \$0.7 million; increases of salaries of \$0.6 million due to cost-of-living adjustments; increases of \$0.4 million in fixed charges; and offset by employee benefit savings of (\$0.3 million) due to medical costs coming in less than what was budgeted.

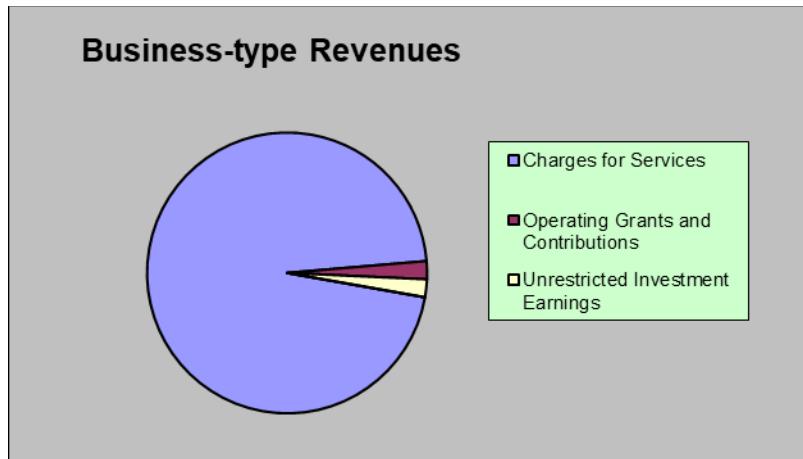
Public Works, which accounts for \$29.8 million, or 10.4 percent of these expenses, was used to support services for the operation of County parks, facilities, and vehicular fleet. These costs increased by \$0.7 million from fiscal year 2021. The change was attributable to increases in materials and supplies and salaries and wages offset by employee benefit savings due to medical costs coming in less than what was budgeted.

Land Use represents \$13.3 million, or 4.6 percent of these costs, and was responsible for short and long-range comprehensive land use planning. The costs increased \$0.6 million from fiscal year 2021. The increase is mainly attributable to an increase in pension expense of \$1.0 million offset by decreases in employee benefits costs of \$0.4 million, due to benefit savings realized from actual medical claims costs coming in lower than budgeted.

Judiciary offices, which account for \$6.7 million, or 2.3 percent of the expenses, are composed of the four “row offices.” The Register of Wills performs responsibilities relating to wills; the Recorder of Deeds serves as depository for real estate transaction records; the Sheriff provides services to the State of Delaware Superior Court, Supreme Court, Court of Common Pleas, and Family Court; and the Clerk of the Peace issues marriage licenses. These costs show no change from the previous fiscal year.

Interest on long-term debt represents \$5.0 million, or 1.7 percent of the expenses, and is used to pay interest on the outstanding general obligation bonds related to governmental activities. These costs reflect a decrease of \$0.5 million based on the structure of the payment schedule for debt service on outstanding general obligation bonds and the amortization of the deferred effect of bond refunding.

Business-type activities. Business-type activities decreased the County's net position by \$8.4 million. Key elements for revenues and expenditures are as follows:



Charges for Services totaling \$88.2 million are comprised of revenue that is primarily earned through sewer service charges to our customers. Residential customers generated approximately 48% percent of this revenue, with the balance being received from industrial, commercial, and other non-residential user classes. The Charges for Services was \$8.8 million higher than what was earned in fiscal year 2021. This increase is primarily due to \$6.4 million of revenue earned in FY22 from a new, fixed charge on residential and commercial parcels (Equivalent Dwelling Unit or 'EDU'), used to help defray capital costs of the County's investment in its system-wide wastewater infrastructure. Additional increases totaling \$2.4 million were due to higher current sewer service charge revenues from billings for residential and commercial properties.

Operating Grants and Contributions totaling \$1.9 million, comprised primarily of a combination of the Recovery Zone Economic Development Bond interest reimbursement of \$0.9 million, bond premium amortization of \$.6 million and miscellaneous revenue of \$.4 million.

Investment income of (\$1.9 million) was earned by the business-type activities, comprised of investment earnings equaling \$.6 million, and an unrealized loss on investments of (\$2.5 million). This amount was \$2.1 million lower than what was earned in fiscal year 2021. The decrease in investment performance in FY 2022 was attributable to weakening of the overall markets resulting from high inflation coupled with the Fed's response to monetary policy (i.e., raising interest rates). This caused extreme volatility/uncertainty in the equity markets, particularly the international sector, due to geo-political concerns surrounding the Russia/Ukraine conflict. The rate changes caused the fixed income markets to suffer as well due to the inverse relationship between prices and yields.

Expenses, which total \$96.6 million, increased \$9.2 million from the previous year. Decreases in salaries, wages & benefits of \$.8 million, equipment and administrative/fixed charges of \$.2 million, and interest of \$1.9 million were offset by increases in communications and utilities of \$7.5 million, pension/OPEB benefits expense of \$2.1 million, contractual services of \$.6 million and other \$1.9 million. The decrease in salaries, wages & benefits is due primarily to a benefits savings adjustment (budget to actual). The decrease in interest was primarily due to savings achieved through the Oct 2021 refunding bond sale of refunded Series 2012 (A & B) and Series 2015. The increase in communications and utilities expenses was due primarily to a legal settlement, for amounts owed from FY 17 to FY 21 for sewer treatment costs to the City of Wilmington. The increase in pension/OPEB expense was due to differences between projected to actual earnings, primarily driven by investment losses in FY 22. The increase in contractual services is due primarily to an increase in other professional service expenses. Other represents a combination of increases to materials and supplies, depreciation, land and structure, losses on sale of capital assets and amortized expenses.

Governmental Funds Financial Analysis

Governmental funds. The governmental funds are comprised of the General fund, Grants fund, Light Tax fund, Crossing Guard fund, Garstin Trust fund, Housing Trust fund, and the following Capital Projects funds: Facilities and Equipment, Park Development, Public Safety, and Miscellaneous Capital Improvements. For the fiscal year ended June 30, 2022, New Castle County governmental funds reported a combined ending fund balance of \$249.7 million, an increase of \$63.0 million from fiscal year 2021.

The General Fund is the primary operating fund of New Castle County. At the end of the current fiscal year, the fund balance of the General Fund was \$184.9 million. The fund balance of the County's General Fund increased \$27.9 million during the current fiscal year. This change in fund balance is the net result of revenues exceeding expenditures by \$42.3 million, net revenue transfers to other funds of (\$14.9 million), and the sale of capital assets of \$0.5 million. The General fund made net interfund transfers to the Grants fund (\$0.2 million) to provide funding for senior home repair, to sponsor a summer recreation camp for youth, and a summer youth employment program. Interfund transfers were also made to the Capital Projects Fund (\$14.7 million) to provide funding for land preservation, information systems equipment, fleet vehicles, public safety equipment and costs associated with the countywide reassessment project.

One measure of the County's financial strength is the level of cash reserves. The County has legislated in the General fund a Budget Reserve account or "rainy day" fund, a Tax Stabilization Reserve account, and a Transfer Tax Proceeds account. The Budget Reserve account equal to \$44.8 million as of June 30, 2022, was created to give added protection against a turbulent economy, or any unfunded legislated mandates. A ten-thirteenths vote from County Council is needed to appropriate these funds for the established conditions, or to change the percentage allocated to this reserve. The Tax Stabilization Reserve account, \$74.3 million at year end, was legislated so that funds could be appropriated as necessary to balance the annual operating budget, or to cover budgeted capital costs that would otherwise require the issuance of bonds or an increase in the tax rate. The Transfer Tax proceeds account, \$35.8 million at year end, was legislated to designate funds received beyond what was certified. These proceeds will be used to

cover capital bond authorizations, reduce the County's indebtedness, or for economic initiatives. County Council is authorized to establish and appropriate these proceeds as may be necessary.

Other fund balance amounts, totaling \$26.5 million, have been dedicated in the General fund. These amounts are reported as nonspendable, committed and assigned. Nonspendable has been established as prepaid costs, \$0.7 million; committed includes library, \$0.01 million; the Strategic Economic Development Fund, \$0.5 million; and the Reassessment Reserve, \$22 million; and assigned is established for departmental encumbrances, \$1.6 million, and for the Hope Center homeless shelter, \$1.7 million; See Note 18 for additional information on these amounts.

The unassigned fund balance of \$3.4 million may serve as a useful measure of the County's net resources.

The Grants fund is used to account for certain operating activities of the County. General Government, Public Safety, Community Services, Public Works, and Land Use are financed through this fund with revenue from federal, state, local, and private sources. The largest activity of the Grants fund was to address the COVID pandemic and the economic recovery. The second largest activity of the Grants fund is to provide aid to low-income families in obtaining decent, safe, sanitary, and affordable rental housing. The Grants fund ending fund balance is \$2.0 million for fiscal year 2022, a decrease of \$0.6 million. The decrease is primarily due to a decrease in the Section 8 Housing grants (0.4 million), NCC Summer Camp (0.1 million), and the match for the Emergency Management program (0.1 million).

Other governmental funds consist of the Light Tax fund, the Crossing Guard fund, the Garstin Trust fund, Housing Trust fund, and the Capital Projects funds. These funds are established to provide various services to the residents of New Castle County. The Light Tax fund provides street lighting to residents; the Crossing Guard fund provides crossing guards for the safety of children attending our local schools; the Garstin Trust fund provides care and maintenance of parks; while the Housing Trust fund provides funds to construct, purchase, and maintain permanently affordable housing units. For the fiscal year ending June 30, 2022, the Light Tax fund balance is \$1.5 million, a slight increase of \$0.3 million from the previous fiscal year. The Crossing Guard fund balance is \$0.7 million, which represents a decrease of \$0.2 million over 2021. The Garstin Trust fund balance is \$3.4 million, which is a decrease of \$0.8 million from the previous fiscal year. The Housing Trust fund balance is \$17.2 million, an increase of \$0.3 million from the previous year, due increased collection of revenue from building permits.

New Castle County has four capital projects funds. The Facilities and Equipment fund accounts for the design, construction, and improvement of County buildings. The ending fund balance is \$12.8 million. The Park Development fund accounts for the acquisition and development of County parkland. This fund balance is \$12.8 million. The Public Safety fund, with an ending fund balance of \$8.0 million, provides continued funding for the Public Safety facility and other public safety projects. The Miscellaneous Capital Improvements fund is used to account for all other capital improvements. This fund balance is \$6.4 million. In total, the four capital projects funds reported a fund balance of \$40.0 million representing an increase of approximately \$36.1 million from the previous year. The primary driver of the increased fund balance was due to the issuance of \$36.1 million in bonds occurring in fiscal year 2022.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements. Please refer to the business-type activities section listed previously for discussion of the activity in the proprietary funds.

Business-type activities reported unrestricted net position of \$20.3 million; \$4.7 million of this balance is comprised of capital recovery fees that are restricted by management for Sewer Fund debt service.

General Fund Budgetary Variances

Revenue budget. Revenue and transfers out budget differences between the original budget and final amended budget for fiscal year 2022 show increases of \$3.4 million. This increase is mainly due to increases in intergovernmental revenue, \$3.6 million; offset by an increase in transfers out (\$0.2 million). Intergovernmental revenue increased due to appropriations from the State of Delaware for the pension contribution allocation on behalf of County police. Transfers out changed for funds for the senior home repair program, the summer youth program, and summer camp funding.

Appropriation budget. Budgetary expenditure variances between the original (\$214.3 million) and prior year appropriations to the final budget (\$1.0 million) for fiscal year 2022 reflect an increase of \$7.1 million. This change is mainly attributed to increases in; Administration, \$7.9 million; Public Safety, \$0.8 million; Executive Office, \$0.5 million; offset by decreases in Public Works (\$0.5 million); Community Services (\$0.5 million); Judiciary offices (\$0.5 million); Council (\$0.4 million); Land Use, (\$0.2 million). Administration appropriations increased due to funding needed for salary and benefit costs for employee attrition as well as funding to the law department to fund attorney fees. Public Safety increases were to cover the benefits charge for the pension passthrough for police COLAs, increased information service costs and fleet vehicle costs, and increased equipment costs offset by a decrease in salary attrition. Executive Office increases were to cover contributions to community grants and other donations and for salary shortfalls and lobbyist fees. Public Works, Community Services, Judiciary Offices and Land Use saw reductions mainly due to attrition adjustments to salaries. Council appropriations were reduced due to attrition adjustments to salaries and reductions in fixed charges due to appropriations to the County's youth employment grant.

Budget to actual – revenue. Variances between actual revenue and budgeted revenue for fiscal year 2022 reflect a net positive variance of \$28.3 million, or 12.9 percent. Taxes showed a positive variance of \$31.2 million, due to a high volume of home sales in an extremely active real estate market resulting in increased receipts of real estate transfer tax. Charges for services were over budget by \$4.8 million mainly due to receipt of funding from multiple agencies for room rentals at the Hope Center homeless shelter and increased revenue from Wills settlements, Deeds corporation filing fees and greater than anticipated revenue from Deeds and Instruments offset by less than anticipated income from Sheriff's commission on sales. Intergovernmental revenue showed a positive variance of \$1.6 million mainly attributable to additional federal funding from the Department of Justice for County police services provided when President Biden visits Delaware as well as increased real estate tax commissions from the State of Delaware. Licenses and permits were over budget by \$0.2 million due to increased filings of plumbing permits. Miscellaneous revenue came in over budget by \$0.5 million due to an increase in medical stop loss refunds received during the fiscal year. Offsetting this positive variance, investment income showed a negative variance of \$9.9 million. The main contributor to portfolio underperformance was a weakening of the overall markets resulting from high inflation coupled with the Fed's decision to raise interest rates causing fixed income securities in the County's portfolio to suffer due to the inverse relationship between prices and yields. Rentals have a negative variance of \$0.1 million mainly due to lower reimbursements from the City of Wilmington.

Budget to actual – expenditure. Fiscal year 2022 reflected a positive variance between expenditures and final appropriations of \$18.1 million, or 8.1 percent. This positive variance was realized in all departments by managing expenditures while ensuring that service goals were met. Positive variances were reported in the following expenditure object levels: salaries and wages, \$7.6 million; employee benefits, \$5.5 million; contractual services, \$3.4 million; debt service, \$1.0 million; materials and supplies, \$0.7 million; fixed charges, \$0.7; contingencies, \$0.6 million; communications and utilities, \$0.5 million; equipment, \$0.3 million; training, \$0.1 million; and intragovernmental credits, \$2.3 million. Salaries had a positive variance due to position vacancies and police salaries were charged to the CARES Act grant during the early part of the fiscal year. Employee benefits had a positive variance because, as with salaries, employee benefit costs for

police were charged to the CARES Act grant and benefit savings were experienced since medical costs came in lower than budgeted. Factors contributing to the positive variance realized in contractual services are less than anticipated usage of service contracts, fleet vehicle services and information system support services, and a decrease in: attorney fees, janitorial services, fire and security services, other professional services, legal fees, health and medical fees, property enforcement services, instructor's fees, actuarial fees, landscaping services, printing costs, equipment and property rentals, sanitary waste services, telephone equipment repairs, and less need for vehicular repairs. Although a positive variance is shown in contractual services, some purchases of services have been deferred until the subsequent fiscal year, as evidenced by \$0.9 million in encumbrances against this line item. Debt service reflects a positive variance due to savings in interest payments achieved through the refunding of the 2012 and 2015 bond issues during the fiscal year. Materials and supplies variances are favorable mainly due to savings in library books, clothing and uniforms, and ammunition. Fixed charges showed a positive variance due to saving in workers comp costs for indemnifications and medical costs and for insurance settlements. Contingencies showed a positive variance due to savings in other lines which did not necessitate expending from this budget line. Communications and utilities variances were favorable due to savings in electric service, postage, water service, as well as gas heating and cell phone service from the contract with our service provider. Equipment charges were under budget by delaying purchases. Training reflects a positive variance due to a decrease in airfare, hotel travel, seminar fees, trainer fees, conference fees, and membership dues. Intragovernmental credits reflect a difference from lower-than-expected charge backs for workers compensation, information systems, and motor vehicle costs.

Capital Assets and Long-term Debt Activity

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$854.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, equipment, infrastructure, and construction in progress.

New Castle County Capital Assets
(Net of Depreciation)
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 91,545	\$ 90,203	\$ 35,321	\$ 35,321	\$ 126,866	\$ 125,524
Buildings	155,749	148,565	22,940	23,516	178,689	172,081
Leased buildings	129	-	-	-	129	-
Building improvements	39,533	38,774	2,485	2,566	42,018	41,340
Improvements other than buildings	17,458	16,605	1,632	1,588	19,090	18,193
Equipment	45,229	48,682	11,659	11,870	56,888	60,552
Leased Equipment	172	-	5	-	177	-
Infrastructure	46	48	421,581	421,144	421,627	421,192
Construction in progress	3,717	2,504	5,493	5,300	9,210	7,804
Total	\$ 353,578	\$ 345,381	\$ 501,116	\$ 501,305	\$ 854,694	\$ 846,686

The following highlights the amounts expended during the current fiscal year on major capital assets:

- Various capitalized facilities and equipment costs totaled \$7.3 million. These expenditures consisted of \$3.2 million for the purchase of vehicles and special purpose equipment, \$2.7 million for building rehabilitation, renovations/replacements, security upgrades and paving projects at various County facilities, while the remaining \$1.4 million was used for lease payments on vehicles and other equipment.
- Community Services capital projects totaled \$11.9 million, of which \$11.8 million was used for the building of a new library in southern New Castle County and \$0.1 million was used for various other community services projects.
- Park development expenditures during the year amounted to \$6.1 million. These expenditures included \$4.2 million for play area improvements and general parkland improvements; \$1.1 million of land acquisition for parkland preservation, \$0.4 million for various renovation/restoration projects; and \$0.4 million for various other park improvements and developments.
- Public Safety capital projects totaled \$.8 million, which included \$.4 million for police vests and other public safety equipment/upgrades; \$.3 million for development, renovation and improvement of EMS station and Public Safety building facilities and \$.2 million for the design and construction of an emergency vehicle operations course (EVOC); offset by retainage (\$.1 million).
- Miscellaneous capital improvements totaled \$4.8 million during the year. These improvements included \$2.9 million for the County's reassessment project, \$1.3 million for the human capital management system and consulting services, and \$.6 million for cybersecurity, cloud backup and other information system(s) initiatives.
- In the Sewer Facilities fund, project expenditures amounted to \$15.8 million. The costs incurred were for the Public Works Complex project, \$2.6 million; Christina River Force Main project, \$1.3 million; Southern Sewer Service Area project, \$1.7 million, offset by retainage (\$.2 million); various sewer rehabilitation projects, \$4.5 million; offset by retainage (\$.2 million); various sewer interceptor projects and other sewer improvement projects, \$1.9 million; fleet equipment expenditures, \$1.3 million; various sewer system replacements, repairs and upgrades, \$.6 million; and sewer expansion, \$.4 million. Additional capital expenditures in the Sewer Facilities Fund totaled \$1.9 million for stormwater rehabilitation, renovation and improvement projects.

Additional information on the County's capital assets can be found in Note 5 of the Notes to the Financial Statements.

Long-term debt. As of June 30, 2022, the County had total bonded debt outstanding of \$558.9 million. Of the total bonded debt, \$180.8 million is subject to New Castle County's debt limit of \$588.3 million, leaving a legal debt margin of \$407.5 million. Delaware Code limits the amount of outstanding bonds the County can issue to 3 percent of the total assessed valuation of the taxable real estate. The Code excludes enterprise debt from the outstanding debt that is subject to the debt limit. The County's applicable outstanding debt is well below the legal debt limit.

New Castle County Outstanding Debt
General Obligation Bonds
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	<u>\$180,800</u>	<u>\$152,900</u>	<u>\$378,075</u>	<u>\$315,755</u>	<u>\$558,875</u>	<u>\$468,655</u>

The County's bonds were first awarded the AAA rating in February 2001 by Standard and Poor's, and in October 2002, both Moody's Investor Service and Fitch Ratings awarded the Aaa/AAA bond rating. Concentrated efforts have been made to maintain these top ratings for the County's general obligation bonds, and the triple-A ratings have since been reaffirmed by all three agencies numerous times. In September 2021, all three agencies reaffirmed the Aaa/AAA ratings for the County's outstanding bonds and rated the County's new Series 2021 bonds Aaa/AAA. The Aaa/AAA assignment is a solid, independent validation of the County's financial strength and stability. These rating agencies believe that the County's financial operation, with healthy reserve levels, will remain strong given prudent management and long-term planning. These high-grade ratings have reduced the cost of raising capital for County projects, resulting in substantial savings for taxpayers. The County continues to seek ways to maintain these top ratings so as to provide the finest quality services at the lowest cost.

Additional information on the County's long-term debt can be found in Note 10 of the Notes to the Financial Statements.

Economic Factors and Fiscal Year 2023 Budgets

The County's unemployment rate as of June 2022 was 4.9 percent, which was slightly higher than the State of Delaware's rate of 4.5 percent, and higher than the national average of 3.6 percent. In the second quarter of 2022, estimated per capita personal income of Delaware residents was \$63,189.

The fiscal year 2023 operating budget is \$318.7 million, which is \$7.1 million or 2.28% more than the 2022 operating budget.

Highlights of the County's operating budget include:

- Funding of \$74.9 million to provide for 415 police officers, civilian employees, and support services to protect our communities.
- Emergency Medical Services funding of \$22.2 million to fund 147 paramedics.
- Emergency Communications Center funding of \$12.3 million which includes staffing of 95 positions.
- Funding of \$4.8 million for our partnership with 21 local volunteer fire companies which provide our residents fire, ambulance, and rescue services.
- Sewer payment to the City of Wilmington of \$21.4 million for wastewater treatment.
- Library budget of \$16.2 million, which covers operating costs of our 10 County libraries (\$12.5 million) and 5 contractual libraries (\$2.6 million).

- Information technology is funded at \$7.7 million to provide well-managed, secure, and accessible technology.
- Recreational, social, and cultural services that are fee-based are provided by offering programs to the public. The costs of these programs are defrayed with operating funding of \$6.7 million.
- Funding of \$7.4 million for licensing and enforcement of drainage, building, plumbing, and mechanical codes, with authorized staffing of 57 positions.

The fiscal year 2023 capital budget and six-year capital program provides funding of \$39.5 million for major projects throughout the County that will expand and enhance services to our residents.

Highlights of the County's 2023 capital budget and program include:

- Continued major sewer rehabilitation projects taking place throughout New Castle County and assisting communities with stormwater management are programmed to receive additional funding of \$6.3 million in fiscal year 2023 to ensure that our infrastructure receives the attention it requires to continue serving the public while protecting our environment.
- Renovations and upgrades to County facilities, parking lots, fleet, and upgrades to facilities security are budgeted for a total of \$6.1 million in fiscal year 2023.
- Parks is authorized for \$8.6 million in fiscal year 2023, with \$4.5 million slated for Southern Regional Park.
- Libraries are budgeted for a total of \$16.2 million, mainly for construction of a new community library in Newark.

Contacting New Castle County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of New Castle County's finances, and to demonstrate the County's accountability for the money it receives. Questions concerning this report, or requests for additional financial information should be directed to Michael Smith, Chief Financial Officer, New Castle County Government Center, 87 Reads Way, New Castle, Delaware 19720, telephone (302) 395-5170. Visit the County's website at www.newcastlende.gov.

Basic Financial Statements

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 210,530,410	\$ 14,464,825	\$ 224,995,235
Investments (Note 2)	113,693,209	33,245,454	146,938,663
Receivables (net of allowances):			
Taxes, including interest and penalties (Note 3 and 4)	3,127,685	-	3,127,685
Accounts	4,653,023	-	4,653,023
Service charges (Note 4)	-	8,743,346	8,743,346
Other	468,633	272,353	740,986
Due from other governments (Note 4)	10,131,723	5,750	10,137,473
Due from other agencies (Note 4)	42,718	-	42,718
Prepaid costs	723,941	-	723,941
Capital assets held for resale	640,755	-	640,755
Restricted:			
Cash and cash equivalents (Note 2)	26,011,902	33,809,640	59,821,542
Total current assets	370,023,999	90,541,368	460,565,367
Noncurrent assets:			
Capital assets, not being depreciated (Note 5)	95,262,993	40,813,885	136,076,878
Capital assets, being depreciated or amortized, net (Note 5)	258,315,373	460,302,426	718,617,799
Net Pension Asset (Note 24)	43,901,432	-	43,901,432
Total noncurrent assets	397,479,798	501,116,311	898,596,109
Total Assets	767,503,797	591,657,679	1,359,161,476
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow from pensions (Note 24)	65,695,044	6,770,182	72,465,226
Deferred outflows from OPEB (Note 19)	18,373,086	2,361,995	20,735,081
Deferred effect of bond refunding, net	-	1,481,191	1,481,191
Total Deferred Outflows of Resources	84,068,130	10,613,368	94,681,498
LIABILITIES			
Current liabilities:			
Vouchers payable and other current liabilities	48,819,031	3,980,149	52,799,180
Retainage payable	838,304	378,757	1,217,061
Accrued interest payable	1,622,666	4,232,824	5,855,490
Escrowed amounts	11,651,431	338,258	11,989,689
Unearned revenue (Note 9)	56,224,153	-	56,224,153
General obligation bonds payable plus unamortized bond premium (Note 10)	15,392,171	13,038,815	28,430,986
Loans payable (Notes 10)	-	1,341,964	1,341,964
Claims and judgments payable (Notes 10 and 14)	4,679,000	-	4,679,000
Lease payable and financed purchases (Notes 10, 21 and 22)	3,236,418	1,119,683	4,356,101
Accrued compensated leave (Notes 8 and 10)	9,846,150	1,292,306	11,138,456
Estimated liability for landfill postclosure care (Notes 10 and 13)	116,000	-	116,000
Total current liabilities	152,425,324	25,722,756	178,148,080
Noncurrent liabilities:			
General obligation bonds payable plus unamortized bond premium (Note 10)	172,465,653	371,147,880	543,613,533
Loans payable (Notes 10)	-	24,071,831	24,071,831
Claims and judgments payable (Notes 10 and 14)	11,694,692	-	11,694,692
Lease payable and financed purchases (Notes 10, 21 and 22)	3,549,859	1,945,674	5,495,533
Accrued compensated leave (Notes 8 and 10)	21,181,781	2,246,072	23,427,853
Net pension liability (Notes 10 and 24)	198,949,340	26,900,404	225,849,744
Net OPEB liability (Notes 10 and 19)	67,377,162	5,235,552	72,612,714
Estimated liability for landfill postclosure care (Notes 10 and 13)	696,000	-	696,000
Total noncurrent liabilities	475,914,487	431,547,413	907,461,900
Total Liabilities	628,339,811	457,270,169	1,085,609,980

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions (Note 24)	42,913,281	75,275	42,988,556
Deferred inflows from OPEB (Note 19)	23,607,969	3,161,143	26,769,112
Deferred effect of bond refunding, net	1,498,392	-	1,498,392
Total Deferred Inflows of Resources	<u>68,019,642</u>	<u>3,236,418</u>	<u>71,256,060</u>
NET POSITION			
Net investment in capital assets	175,525,691	121,484,996	297,010,687
Restricted:			
Street light special assessment	1,532,787	-	1,532,787
School crossing guards	509,228	-	509,228
Parkland improvements	3,361,833	-	3,361,833
Affordable housing services	17,171,036	-	17,171,036
Other programs	2,016,989	-	2,016,989
Pensions	12,373,625	-	12,373,625
Unrestricted (Note 17)			
Capital recovery fees	-	4,744,310	4,744,310
Other unrestricted	<u>(57,278,715)</u>	<u>15,535,154</u>	<u>(41,743,561)</u>
Total Net Position	<u>\$ 155,212,474</u>	<u>\$ 141,764,460</u>	<u>\$ 296,976,934</u>

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 70,406,999	\$ 5,535,767	\$ 35,228,963	\$ 436,027	\$ (29,206,242)	\$ -	\$ (29,206,242)
Public safety	109,889,583	2,340,098	20,481,218	4,335,000	(82,733,267)	-	(82,733,267)
Public works	29,829,178	1,483,946	(581,889)	923,508	(28,003,613)	-	(28,003,613)
Community services	52,700,629	6,605,742	22,962,457	5,195,421	(17,937,009)	-	(17,937,009)
Land use	13,301,492	12,110,644	-	-	(1,190,848)	-	(1,190,848)
Judiciary offices	6,632,367	17,231,737	-	-	10,599,370	-	10,599,370
Interest on long-term debt	5,012,214	-	-	-	(5,012,214)	-	(5,012,214)
Total governmental activities (See note 1)	287,772,462	45,307,934	78,090,749	10,889,956	(153,483,823)	-	(153,483,823)
Business-type activities:							
Sewer facilities	96,660,362	88,187,308	1,912,223	-	-	(6,560,831)	(6,560,831)
New Castle County airport	-	-	-	-	-	-	-
Total business-type activities	96,660,362	88,187,308	1,912,223	-	-	(6,560,831)	(6,560,831)
Total primary government	\$ 384,432,824	\$ 133,495,242	\$ 80,002,972	\$ 10,889,956	(153,483,823)	(6,560,831)	(160,044,654)
General revenues:							
Real estate tax				146,474,108	-	146,474,108	
Transfer tax				63,468,339	-	63,468,339	
Hotel tax				2,168,380	-	2,168,380	
Unrestricted investment earnings/(losses)				(6,942,142)	(1,888,804)	(8,830,946)	
Total general revenues				205,168,685	(1,888,804)	203,279,881	
Change in net position				51,684,862	(8,449,635)	43,235,227	
Net position:							
Beginning of year				103,527,612	150,214,095	253,741,707	
End of year				\$ 155,212,474	\$ 141,764,460	\$ 296,976,934	

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents (Note 2)	\$ 135,279,383	\$ 57,925,496	\$ 17,325,531	\$ 210,530,410
Investments (Note 2)	110,487,595	-	3,205,614	113,693,209
Receivables (net of allowances):				
Taxes, including interest and penalties (Note 3 and 4)	2,949,678	-	178,007	3,127,685
Accounts (Note 4)	4,653,023	-	-	4,653,023
Other (Note 4)	227,486	239,423	1,724	468,633
Due from other funds (Note 7)	-	-	40,662,004	40,662,004
Due from other governments (Note 4)	-	4,316,511	5,815,212	10,131,723
Due from other agencies (Note 4)	-	42,718	-	42,718
Cash - restricted	25,986,402	25,500	-	26,011,902
Capital assets held for resale	284,504	356,251	-	640,755
Prepaid costs	723,941	-	-	723,941
Total assets	\$ 280,592,012	\$ 62,905,899	\$ 67,188,092	\$ 410,686,003
LIABILITIES:				
Vouchers payable and accrued expenditures	\$ 30,397,368	\$ 4,907,704	\$ 3,499,789	\$ 38,804,861
Retainage payable	-	-	838,304	838,304
Due to other funds (Note 7)	40,662,004	-	-	40,662,004
Other liabilities	9,997,775	16,057	338	10,014,170
Escrowed amounts	11,625,931	25,500	-	11,651,431
Unearned revenues (Note 9)	284,504	55,939,649	-	56,224,153
Total liabilities	92,967,582	60,888,910	4,338,431	158,194,923
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue-property taxes (Note 9)	2,753,125	-	64,491	2,817,616
FUND BALANCES:				
Nonspendable:				
Prepaid costs - General	699,548	-	-	699,548
Prepaid costs - Hope Center	24,393	-	-	24,393
Restricted for:				
Light tax	-	-	1,532,787	1,532,787
Crossing guard	-	-	444,737	444,737
Garstin trust	-	-	3,361,833	3,361,833
Housing trust	-	-	17,171,036	17,171,036
Grants	-	2,016,989	-	2,016,989
Capital projects	-	-	40,006,429	40,006,429
Committed to:				
Budget reserve	44,845,412	-	-	44,845,412
Tax stabilization reserve	74,275,370	-	-	74,275,370
Transfer tax proceeds	35,800,269	-	-	35,800,269
Library	10,042	-	-	10,042
Strategic Economic Development fund	525,000	-	-	525,000
Reassessment Reserve	22,000,000	-	-	22,000,000
Assigned to:				
Hope Center	1,672,972	-	-	1,672,972
Other departmental purposes	1,614,209	-	268,348	1,882,557
Unassigned	3,404,090	-	-	3,404,090
Total fund balances	184,871,305	2,016,989	62,785,170	249,673,464
Total liabilities, deferred inflows of resources, and fund balances	\$ 280,592,012	\$ 62,905,899	\$ 67,188,092	\$ 410,686,003

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

RECONCILIATION OF THE GOVERNMENTAL FUNDS FUND BALANCE TO THE STATEMENT OF NET POSITION

GOVERNMENTAL FUNDS

June 30, 2022

Total fund balances for governmental funds (Exhibit 3)	\$ 249,673,464
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset available to fund future pension obligations	43,901,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Land and construction in progress	\$ 95,262,993
Other capital assets net of \$306,583,332 accumulated depreciation and amortization	<u>258,315,373</u>
Total capital assets, net	353,578,366
Deferred outflows of resources are recognized in the statement of net position, but are not reported in governmental funds:	
Pension contributions after the measurement date	5,112,970
Difference between expected and actual retirement plan experience	12,652,050
Change in actuarial assumptions	24,822,525
Change in actuarial assumptions - OPEB	14,061,839
Difference between projected and actual investment earnings	23,051,010
Difference between projected and actual investment earnings - OPEB	4,311,247
Change in proportionate share	<u>56,489</u>
	84,068,130
Deferred inflows of resources are recognized in the statement of net position, but are not reported in governmental funds:	
Deferred effect of bond refunding	(1,498,392)
Change in actuarial assumptions	(3,197,203)
Difference between expected and actual retirement plan experience	(2,263,858)
Difference between projected and actual investment earnings	(37,303,574)
Change in proportionate share	(148,646)
Difference between expected and actual retirement plan experience - OPEB	<u>(23,607,969)</u>
	(68,019,642)
Certain revenues reported in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
	2,817,616
Long-term liabilities and bonds payable are not due and payable in the current period and therefore are not reported in the funds. The balances of these liabilities are as follows:	
Claims and judgments payable	(16,373,692)
Accrued interest payable	(1,622,666)
Accrued compensated leave	(31,027,931)
Estimated liability for landfill postclosure care	(812,000)
Lease obligations and financed purchases	(6,786,277)
Unamortized bond premium	(7,057,824)
Net pension liability	(198,949,340)
Net OPEB liability	(67,377,162)
General obligation bonds payable	<u>(180,800,000)</u>
	(510,806,892)
Total net position of governmental activities	<u><u>\$ 155,212,474</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 4

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 201,966,495	\$ -	\$ 9,986,503	\$ 211,952,998
Charges for services	27,259,193	3,395,570	-	30,654,763
Licenses and permits	8,333,643	-	256,046	8,589,689
Intergovernmental	12,855,907	68,523,785	10,446,819	91,826,511
Investment income (loss)	2,351,882	162,073	84,895	2,598,850
Net appreciation (depreciation) in fair value of investments	(9,294,024)	-	(691,034)	(9,985,058)
Rentals	680,891	-	-	680,891
Miscellaneous	2,384,833	-	443,137	2,827,970
Total revenues	246,538,820	72,081,428	20,526,366	339,146,614
Expenditures:				
Current:				
General government	22,846,836	35,228,963	6,405,810	64,481,609
Public safety	102,160,041	10,979,461	3,465,190	116,604,692
Public works	17,435,639	-	172,625	17,608,264
Community services	23,526,279	26,619,222	-	50,145,501
Land use	12,873,079	-	-	12,873,079
Judiciary offices	6,425,027	-	-	6,425,027
Capital outlays	-	-	30,947,425	30,947,425
Debt service:				
Principal	13,305,000	-	-	13,305,000
Interest and other charges	5,712,858	-	-	5,712,858
Total expenditures	204,284,759	72,827,646	40,991,050	318,103,455
Excess (deficiency) of revenues over expenditures	42,254,061	(746,218)	(20,464,684)	21,043,159
Other Financing Sources (Uses):				
Transfers in	107,400	226,656	16,736,133	17,070,189
Transfers out	(14,962,789)	(107,278)	(2,000,122)	(17,070,189)
Debt issuance	-	-	36,150,000	36,150,000
Issuance of refunding bonds	57,450,000	-	-	57,450,000
Payment to refunded bond escrow agent	(57,450,000)	-	-	(57,450,000)
Bond premium proceeds	-	-	3,854,587	3,854,587
Leases/Financed purchases	-	-	1,425,416	1,425,416
Sale of capital assets	510,005	13,725	-	523,730
Total other financing sources (uses)	(14,345,384)	133,103	56,166,014	41,953,733
Net change in fund balances	27,908,677	(613,115)	35,701,330	62,996,892
Fund Balances:				
Beginning of year	156,962,628	2,630,104	27,083,840	186,676,572
End of year	\$ 184,871,305	\$ 2,016,989	\$ 62,785,170	\$ 249,673,464

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

**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, 2022

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances-total governmental funds (Exhibit 4)	\$ 62,996,892
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. This is the amount by which net capital outlays (\$29,863,188) exceeded depreciation/amortization (\$22,122,269) in the current period.	7,740,919
The net effect of various miscellaneous transactions involving capital asset disposals (capital assets (\$3,174,862), and accumulated depreciation (\$3,121,148)), is to decrease net position.	(53,714)
Revenues from property taxes (\$157,829) in the statement of activities that do not provide current financial resources, are not reported as revenues in the funds.	157,829
The issuance of long-term debt (\$36,150,000), refunding bonds (\$57,450,000), bond premium proceeds (\$3,854,587), and lease/financed purchases proceeds (\$1,425,416), provided current financial resources to governmental funds, while the repayment of the long-term debt consumed current financial resources of governmental funds. This transaction has no effect on net position.	(98,880,003)
Governmental funds report debt service and lease/financed purchase principal payments as expenditures. However, these amounts are not recorded in the statement of activities, because bond principal payments (\$13,305,000), principal payments to refunded bond escrow agent (\$52,395,000) and lease/financed purchase payments (\$3,593,923) are a reduction of their related liability.	69,293,923
Decreases in operating expenses due to the decrease in pension expense for the amortization of deferred outflows and inflows of resources related to the net pension liability.	13,793,784
Increases in operating expenses due to the decrease in OPEB expense for the amortization of deferred outflows and inflows of resources related to the net OPEB liability.	14,093,883
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.	5,112,970
The change in 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. The net change in these expenses are as follows:	
Accrued compensated leave	(806,571)
Claims and judgments payable	(1,214,048)
Net pension asset	48,806,518
Net pension liability	(61,557,557)
Net OPEB liability	(13,530,750)
Accrued interest payable	304,942
Amortization of bond premium	9,111,954
Deferred effect of bond refunding, net	(3,358,109)
Estimated liability for landfill postclosure care	(328,000)
	<u>(22,571,621)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 51,684,862</u>

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 170,752,000	\$ 170,752,000	\$ 201,966,495	\$ 31,214,495
Charges for services	22,337,628	22,411,521	27,259,193	4,847,672
Licenses and permits	8,077,000	8,077,000	8,333,643	256,643
Intergovernmental	7,721,725	11,285,871	12,855,907	1,570,036
Investment income	3,000,500	3,000,500	2,351,882	(648,618)
Net (depreciation) in fair value of investments	-	-	(9,294,024)	(9,294,024)
Rentals	826,514	826,514	680,891	(145,623)
Miscellaneous	1,924,100	1,924,100	2,384,833	460,733
Total revenues	214,639,467	218,277,506	246,538,820	28,261,314
Expenditures:				
Current:				
General Government:				
Council:				
Salaries and wages	2,351,044	2,234,441	2,148,218	86,223
Fringe benefits	1,389,280	1,320,376	1,234,542	85,834
Training/civic affairs	85,888	78,742	54,665	24,077
Communications/utilities	19,752	20,907	18,293	2,614
Materials/supplies	64,834	37,422	19,950	17,472
Contractual services	360,480	360,480	301,583	58,897
Fixed charges/pass-thru-grants	310,184	175,040	174,637	403
Equipment	1,600	5,291	4,279	1,012
General and administrative credits	(8,658)	(8,658)	(8,658)	-
Total council	4,574,404	4,224,041	3,947,509	276,532
Executive:				
Salaries and wages	1,555,025	1,614,025	1,609,411	4,614
Fringe benefits	918,897	918,897	909,077	9,820
Training/civic affairs	31,904	32,033	32,500	(467)
Communications/utilities	14,414	14,814	13,838	976
Materials/supplies	22,236	22,005	22,885	(880)
Contractual services	156,458	223,213	203,869	19,344
Fixed charges/pass-thru-grants	43,000	424,703	422,421	2,282
Equipment	1,000	6,800	6,786	14
Contingencies	55,000	-	-	-
General and administrative credits	(50,524)	(50,524)	(50,524)	-
Total executive	2,747,410	3,205,966	3,170,263	35,703
Administration:				
Salaries and wages	7,754,951	11,257,053	10,973,931	283,122
Fringe benefits	4,501,443	6,570,920	6,205,775	365,145
Training/civic affairs	121,525	123,757	70,259	53,498
Communications/utilities	460,959	505,908	482,710	23,198
Materials/supplies	154,747	138,783	100,476	38,307
Contractual services	6,989,110	8,556,962	7,320,357	1,236,605
Fixed charges/pass-thru-grants	3,674,000	5,408,600	4,504,541	904,059
Equipment	389,900	304,230	289,519	14,711
Contingencies	1,480,596	626,726	-	626,726
Intragovernmental credits	(11,426,715)	(11,426,715)	(9,703,648)	(1,723,067)
General and administrative credits	(4,810,280)	(4,810,280)	(4,810,280)	-
Total administration	9,290,236	17,255,944	15,433,640	1,822,304

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
General Government:				
(Continued):				
Ethics Commission:				
Salaries and wages	\$ 38,000	\$ 38,000	\$ 37,702	\$ 298
Fringe benefits	4,503	4,503	4,467	36
Training/civic affairs	8,800	8,800	2,845	5,955
Communications/utilities	2,665	2,665	1,846	819
Materials/supplies	2,450	2,450	409	2,041
Contractual services	287,448	287,451	244,434	43,017
Equipment	500	500	-	500
Fixed charges/pass-thru-grants	-	-	3,721	(3,721)
Total ethics commission	344,366	344,369	295,424	48,945
Total general government	16,956,416	25,030,320	22,846,836	2,183,484
Public Safety:				
Salaries and wages	59,832,687	57,684,981	51,176,521	6,508,460
Fringe benefits	35,244,133	37,539,148	33,373,556	4,165,592
Training/civic affairs	122,579	126,638	113,973	12,665
Communications/utilities	978,683	969,365	841,949	127,416
Materials/supplies	1,144,461	1,314,926	845,913	469,013
Contractual services	9,026,749	9,565,067	8,730,502	834,565
Equipment	1,004,407	1,200,792	1,032,866	167,926
Fixed charges/pass-thru-grants	6,199,561	6,199,561	6,262,327	(62,766)
General and administrative credits	(217,566)	(217,566)	(217,566)	-
Total public safety	113,335,694	114,382,912	102,160,041	12,222,871
Public Works:				
Salaries and wages	9,450,166	9,045,395	8,844,169	201,226
Fringe benefits	5,522,165	5,282,975	5,038,536	244,439
Training/civic affairs	13,459	13,459	7,056	6,403
Communications/utilities	1,340,667	1,358,961	1,085,662	273,299
Materials/supplies	2,901,728	3,868,185	3,571,389	296,796
Contractual services	5,373,078	5,747,555	5,261,849	485,706
Fixed charges/pass-thru-grants	1,000,000	1,042,381	1,078,792	(36,411)
Equipment	464,685	522,903	451,809	71,094
Intragovernmental credits	(7,210,239)	(8,160,239)	(7,651,159)	(509,080)
General and administrative credits	(252,464)	(252,464)	(252,464)	-
Total public works	18,603,245	18,469,111	17,435,639	1,033,472
Community Services:				
Salaries and wages	10,607,738	10,177,074	10,159,269	17,805
Fringe benefits	5,029,231	4,976,229	4,839,233	136,996
Training/civic affairs	18,560	9,979	10,533	(554)
Communications/utilities	939,832	994,441	934,283	60,158
Materials/supplies	1,371,163	1,357,774	1,514,333	(156,559)
Contractual services	3,469,121	3,379,420	3,147,748	231,672
Fixed charges/pass-thru-grants	2,950,635	2,950,635	3,038,181	(87,546)
Equipment	17,900	82,396	64,699	17,697
Intragovernmental credits	(182,000)	(182,000)	(182,000)	-
Total community services	24,222,180	23,745,948	23,526,279	219,669

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Land Use:				
Salaries and wages	\$ 7,561,866	\$ 7,351,188	\$ 7,149,224	\$ 201,964
Fringe benefits	4,446,728	4,322,234	4,085,299	236,935
Training/civic affairs	60,165	49,720	28,831	20,889
Communications/utilities	104,188	104,908	87,078	17,830
Materials/supplies	125,127	67,052	49,195	17,857
Contractual services	2,270,146	2,531,090	2,128,860	402,230
Fixed charges/pass-thru-grants	31,500	31,500	48,240	(16,740)
Equipment	58,850	227,974	188,072	39,902
Intragovernmental credits	(584,268)	(584,268)	(543,958)	(40,310)
General and administrative credits	(347,762)	(347,762)	(347,762)	-
Total land use	13,726,540	13,753,636	12,873,079	880,557
Register in Chancery:				
Salaries and wages	113,172	57,022	14,397	42,625
Fringe benefits	66,876	33,696	8,274	25,422
Total register in chancery	180,048	90,718	22,671	68,047
Register of Wills:				
Salaries and wages	1,092,229	1,028,654	965,542	63,112
Fringe benefits	636,917	599,349	540,366	58,983
Training/civic affairs	35,150	32,150	30,955	1,195
Communications/utilities	13,148	13,166	12,292	874
Materials/supplies	9,062	7,366	7,404	(38)
Contractual services	88,367	89,197	76,596	12,601
Fixed charges/pass-thru-grants	-	-	2,003	(2,003)
Equipment	1,950	8,950	8,517	433
Total register of wills	1,876,823	1,778,832	1,643,675	135,157
Recorder of Deeds:				
Salaries and wages	1,266,779	1,178,194	1,115,238	62,956
Fringe benefits	736,756	684,409	635,678	48,731
Training/civic affairs	43,170	43,170	40,817	2,353
Communications/utilities	29,894	36,060	34,138	1,922
Materials/supplies	12,898	11,668	9,585	2,083
Contractual services	225,138	226,368	205,721	20,647
Fixed charges/pass-thru-grants	15,000	15,000	20,732	(5,732)
Equipment	8,000	37,257	36,407	850
Total recorder of deeds	2,337,635	2,232,126	2,098,316	133,810

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Judiciary Offices: (Continued):				
Sheriff:				
Salaries and wages	\$ 1,245,732	\$ 1,161,959	\$ 1,092,269	\$ 69,690
Fringe benefits	732,450	682,947	627,707	55,240
Training/civic affairs	29,452	29,452	22,000	7,452
Communications/utilities	18,269	18,269	10,968	7,301
Materials/supplies	20,684	21,455	12,035	9,420
Contractual services	210,820	218,244	190,453	27,791
Equipment	5,000	5,000	-	5,000
Fixed charges/pass-thru-grants	-	-	2,003	(2,003)
Total sheriff	2,262,407	2,137,326	1,957,435	179,891
Clerk of the Peace:				
Salaries and wages	455,861	430,473	411,864	18,609
Fringe benefits	269,378	254,376	236,691	17,685
Training/civic affairs	14,130	14,130	9,000	5,130
Communications/utilities	3,460	3,460	3,093	367
Materials/supplies	5,424	5,424	2,856	2,568
Contractual services	53,521	53,521	36,284	17,237
Fixed charges/pass-thru-grants	-	-	3,142	(3,142)
Total clerk of the peace	801,774	761,384	702,930	58,454
Total judiciary offices	7,458,687	7,000,386	6,425,027	575,359
Debt Service:				
Principal	13,305,000	13,305,000	13,305,000	-
Interest and other charges	6,668,422	6,668,422	5,712,858	955,564
Total debt service	19,973,422	19,973,422	19,017,858	955,564
Total expenditures	214,276,184	222,355,735	204,284,759	18,070,976
Excess of revenues over expenditures	363,283	(4,078,229)	42,254,061	46,332,290
Other Financing Sources (Uses):				
Transfers in	-	-	107,400	107,400
Transfers out	(3,326,300)	(3,555,956)	(14,962,789)	(11,406,833)
Issuance of refunding bonds	-	-	57,450,000	57,450,000
Payment to refunded bond escrow agent	-	-	(57,450,000)	(57,450,000)
Sale of capital assets	120,040	120,040	510,005	389,965
Total other financing sources (uses)	(3,206,260)	(3,435,916)	(14,345,384)	(10,909,468)
Net change in fund balance	(2,842,977)	(7,514,145)	27,908,677	35,422,822
Fund Balance:				
Beginning of year	42,719,086	5,521,912	156,962,628	151,440,716
End of year	\$ 39,876,109	\$ (1,992,233)	\$ 184,871,305	\$ 186,863,538

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities - Enterprise Funds		
	Sewer Facilities	Nonmajor Fund	Total
		New Castle County Airport	
ASSETS			
Current Assets:			
Cash and cash equivalents (Note 2)	\$ 14,408,767	\$ 56,058	\$ 14,464,825
Investments (Note 2)	33,245,454	-	33,245,454
Receivables (net of allowances):			
Service charges (Note 4)	8,743,346	-	8,743,346
Other (Note 4)	272,353	-	272,353
Due from other governments (Note 4)	5,750	-	5,750
Restricted cash and cash equivalents (Note 2)	33,809,640	-	33,809,640
Total current assets	<u>90,485,310</u>	<u>56,058</u>	<u>90,541,368</u>
Capital Assets: (Note 5)			
Land	33,162,038	2,158,912	35,320,950
Buildings	39,162,005	4,820,100	43,982,105
Building improvements	3,521,819	-	3,521,819
Equipment	48,166,710	1,000	48,167,710
Improvements other than buildings	4,200,030	43,682,500	47,882,530
Infrastructure	674,722,464	-	674,722,464
Construction in progress	5,492,935	-	5,492,935
Less accumulated depreciation/amortization	(309,470,602)	(48,503,600)	(357,974,202)
Total capital assets, net	<u>498,957,399</u>	<u>2,158,912</u>	<u>501,116,311</u>
Total noncurrent assets	<u>498,957,399</u>	<u>2,158,912</u>	<u>501,116,311</u>
Total assets	<u>589,442,709</u>	<u>2,214,970</u>	<u>591,657,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow from pensions (Note 24)	6,770,182	-	6,770,182
Deferred outflow from other post-employment benefits (Note 19)	2,361,995	-	2,361,995
Deferred effect of bond refunding, net (Note 10)	1,481,191	-	1,481,191
Total deferred outflows of resources	10,613,368	-	10,613,368
LIABILITIES			
Current Liabilities:			
Vouchers payable and accrued expenses	3,977,471	-	3,977,471
Retainage payable	378,757	-	378,757
Accrued interest payable	4,232,824	-	4,232,824
Escrowed amounts	338,258	-	338,258
Other liabilities	2,678	-	2,678
General obligation bonds - current (Note 10)	13,038,815	-	13,038,815
Loans payable - current (Note 10)	1,341,964	-	1,341,964
Leases payable/financed purchases - current (Notes 10, 21, 22)	1,119,683	-	1,119,683
Accrued compensated leave (Notes 8 and 10)	1,292,306	-	1,292,306
Total current liabilities	<u>25,722,756</u>	<u>-</u>	<u>25,722,756</u>
Noncurrent Liabilities:			
Net pension liability (Note 24)	26,900,404	-	26,900,404
Net other post-employment benefit liability (Note 19)	5,235,552	-	5,235,552
General obligation bonds payable			
(net of current portion) (Note 10)	371,147,880	-	371,147,880
Loans payable (Note 10)	24,071,831	-	24,071,831
Leases payable/financed purchases (Notes 10, 21, 22)	1,945,674	-	1,945,674
Accrued compensated leave (Notes 8 and 10)	2,246,072	-	2,246,072
Total noncurrent liabilities	<u>431,547,413</u>	<u>-</u>	<u>431,547,413</u>
Total liabilities	<u>457,270,169</u>	<u>-</u>	<u>457,270,169</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow from pensions (Note 24)	75,275	-	75,275
Deferred inflow from other post-employment benefits (Note 19)	3,161,143	-	3,161,143
Total deferred inflows of resources	3,236,418	-	3,236,418
NET POSITION			
Net investment in capital assets	119,326,084	2,158,912	121,484,996
Unrestricted (Note 17)			
Capital recovery fees	4,744,310	-	4,744,310
Other unrestricted	15,479,096	56,058	15,535,154
Total net position	<u>\$ 139,549,490</u>	<u>\$ 2,214,970</u>	<u>\$ 141,764,460</u>

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Business - type Activities Enterprise Funds		
	Sewer Facilities	New Castle County Airport	Total
Operating Revenues:			
Charges for services	\$ 88,187,308	\$ -	\$ 88,187,308
Total operating revenues	88,187,308	-	88,187,308
Operating Expenses:			
Salaries and wages	13,370,569	-	13,370,569
Employee benefits	7,811,549	-	7,811,549
Training and civic affairs	19,139	-	19,139
Communications and utilities	29,980,762	-	29,980,762
Materials and supplies	1,230,683	-	1,230,683
Contractual services	9,958,058	-	9,958,058
Equipment	25,222	-	25,222
Depreciation and Amortization	16,937,101	-	16,937,101
Pension expense	689,662	-	689,662
OPEB expense	(112,547)	-	(112,547)
Administrative and fixed charges	4,253,855	-	4,253,855
Land and structure	20,890	-	20,890
Total operating expenses	84,184,943	-	84,184,943
Operating Income (loss)	4,002,365	-	4,002,365
Non-operating Revenues (Expenses):			
Investment income	637,233	-	637,233
Net depreciation in fair value of investments	(2,526,037)	-	(2,526,037)
RZEDB Interest Reimbursement	862,389	-	862,389
Interest expense	(12,361,462)	-	(12,361,462)
Lease/financed purchases interest expense	(55,876)	-	(55,876)
Other revenues/expenses	377,477	-	377,477
Gain/Loss on sale of capital assets	(58,081)	-	(58,081)
Bond premium amortization	672,357	-	672,357
Total non-operating revenues (expenses)	(12,452,000)	-	(12,452,000)
Change in net position	(8,449,635)	-	(8,449,635)
Net Position:			
Beginning of year	147,999,125	2,214,970	150,214,095
End of year	\$ 139,549,490	\$ 2,214,970	\$ 141,764,460

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Business - type Activities - Enterprise Funds		
	Sewer Facilities	New Castle County Airport	Totals
Cash Flows From Operating Activities:			
Cash received from customers	\$ 87,328,853	\$ -	\$ 87,328,853
Cash payments to employees for services	(20,967,434)	-	(20,967,434)
Cash payments to suppliers for goods and services	(46,638,327)	-	(46,638,327)
Customer deposits received	281,672	-	281,672
Customer deposits returned	(432,942)	-	(432,942)
Other revenue	264,595	-	264,595
Net cash provided by operating activities	19,836,417	-	19,836,417
Cash Flows From Noncapital Financing Activities:			
Transfers from / to other funds	-	-	-
Cash Flows From Capital and Related Financing Activities:			
RZEDB Interest Reimbursement	862,389	-	862,389
Debt Issuance	207,125,063	-	207,125,063
Bond premium proceeds	3,208,444	-	3,208,444
Principal paid on bond debt	(11,140,000)	-	(11,140,000)
Interest paid on bond debt	(11,713,852)	-	(11,713,852)
Escrowed for bond refunding	(148,025,000)	-	(148,025,000)
Principal paid on loan payable	(148,153)	-	(148,153)
Interest paid on loan payable	(503,893)	-	(503,893)
Principal paid on lease payable	(1,109,792)	-	(1,109,792)
Interest paid on lease payable	(55,876)	-	(55,876)
Payments to acquire, construct, or improve capital assets	(20,326,375)	-	(20,326,375)
Capital Transfers	112,882	-	112,882
Net cash used for capital and related financing activities	18,285,837	-	18,285,837
Cash Flows From Investing Activities:			
Income received on investments	599,109	-	599,109
Proceeds from sales of investments	619,193,215	-	619,193,215
Purchases of investments	(628,985,529)	-	(628,985,529)
Net cash provided/(used) by investing activities	(9,193,205)	-	(9,193,205)
Net decrease in cash and cash equivalents	28,929,049	-	28,929,049
Cash and cash equivalents at beginning of year	19,289,358	56,058	19,345,416
Cash and cash equivalents at end of year	\$ 48,218,407	\$ 56,058	\$ 48,274,465
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income/(loss)	\$ 4,002,365	\$ -	\$ 4,002,365
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation expense	16,937,101	-	16,937,101
Other revenue/(expense)	264,595	-	264,595
Effect of changes in operating assets, liabilities, deferred inflows and deferred outflows:			
Decrease/(Increase) in receivables	(858,455)	-	(858,455)
Increase/(Decrease) in vouchers payable and accrued expenses	(937,713)	-	(937,713)
Increase/(Decrease) in escrowed amounts	(151,270)	-	(151,270)
Increase/(Decrease) in other liabilities	2,678	-	2,678
Increase/(Decrease) in net pension liability	7,619,804	-	7,619,804.00
Increase/(Decrease) in deferred inflow from pensions	(6,427,171)	-	(6,427,171.00)
Decrease/(Increase) in deferred outflow from pensions	(502,970)	-	(502,970.00)
Increase/(Decrease) in net OPEB liability	1,674,882	-	1,674,882.00
Increase/(Decrease) in deferred inflow from OPEB	(1,761,803)	-	(1,761,803.00)
Decrease/(Increase) in deferred outflow from OPEB	(25,626)	-	(25,626.00)
Total reconciling adjustments	15,834,052	-	15,834,052
Net cash provided by operating activities	\$ 19,836,417	\$ -	\$ 19,836,417
Noncash Investing, Capital, and Financing Activities:			
Increase/(Decrease) in fair value of investments	\$ (2,526,036)	\$ -	\$ (2,526,036)
Increase/(Decrease) in assets related to lease payable	1,806,502	-	1,806,502
Reconciliation to the Statement of Net Position:			
Cash and cash equivalents	\$ 14,408,767	\$ 56,058	\$ 14,464,825
Restricted cash and cash equivalents	33,809,640	-	33,809,640
Cash and cash equivalents at end of year	\$ 48,218,407	\$ 56,058	\$ 48,274,465

The accompanying notes to the financial statements are an integral part of this statement

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2022

	<u>Pension and OPEB Trusts</u>
ASSETS	
Cash and cash equivalents (Note 2)	\$ 14,350,974
Investments: (Note 2)	
Common and preferred stock	57,988,125
Mutual funds	115,228,012
Real estate equity funds	4,390,681
Collective trusts	305,356,626
Private equity	50,810,870
Receivables (net of allowances):	
Other (Note 4)	<u>3,235,355</u>
Total assets	<u>551,360,643</u>
LIABILITIES	
Vouchers payable and accrued expenses	638,936
Total liabilities	<u>638,936</u>
NET POSITION	
Net position restricted for pensions	492,928,275
Net position restricted for other post employment benefits	<u>57,793,432</u>
Total Net Position	<u>\$ 550,721,707</u>

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit 10

NEW CASTLE COUNTY, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Pension and OPEB Trusts
Additions:	
Contributions:	
Plan members	\$ 3,697,749
New Castle County	32,383,621
State of Delaware	3,564,146
Other contributions	<u>14,875</u>
Total contributions	<u>39,660,391</u>
Investment income:	
Net increase in fair value of investments	(82,353,867)
Interest, dividends, and other income, including realized gains/losses	<u>30,715,624</u>
Total investment income	<u>(51,638,243)</u>
Less investment expense	<u>2,852,739</u>
Net investment income	<u>(54,490,982)</u>
Total additions	<u>(14,830,591)</u>
Deductions:	
Benefit payments	52,552,845
Refunds of contributions	216,719
Administrative expenses	620,270
Other expenses, net	<u>56,465</u>
Total deductions	<u>53,446,299</u>
Net increase in net position	<u>(68,276,890)</u>
Net position	
Beginning of year	<u>618,998,597</u>
End of year	<u>\$ 550,721,707</u>

The accompanying notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

- (1) Summary of Significant Accounting Policies
- (2) Deposits and Investments
- (3) Property Taxes
- (4) Receivables
- (5) Capital Assets
- (6) Construction Commitments
- (7) Interfund Receivables, Payables and Transfers
- (8) Compensated Leave
- (9) Unavailable / Unearned Revenue
- (10) Long-term Debt
- (11) Debt Margin and Bonds Authorized but Unissued
- (12) Defeasance of Debt
- (13) Landfill Postclosure Care Costs
- (14) Risk Management
- (15) Contingencies
- (16) Conduit Debt
- (17) Unrestricted Net Position
- (18) Fund Balance
- (19) Other Post Employment Benefits
- (20) On-Behalf Payments
- (21) Leases
- (22) Financed Purchases
- (23) Deferred Compensation Plan
- (24) Defined Benefit Pension Plans
- (25) Tax Abatements

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies:

A. Financial Reporting Entity:

New Castle County Government was established on January 3, 1967, replacing the Levy Court Commission with a Council-Executive form of government. The powers and duties of the County Government are set forth in Chapter 11, Title 9 of the Delaware Code. The County Government is composed of (i) a legislative body (the "Council"), and (ii) an administrative body headed by the County Executive, (the "Administration"), which includes five operating departments and four judiciary (row) offices.

New Castle County, Delaware (the County) provides many governmental services. The majority of these services are mandated by statute or code; however, there are some services that are discretionary in nature and highly desired by the citizens of the County. Major public services/facilities include police protection, paramedic services, parks, recreation programs, libraries, sewer services and code enforcement.

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 financial reporting entity.

Related Organization

During the fiscal year ended June 30, 2021, the County purchased the Hope Center, which is owned by the County and operated by a third-party management company; residual, non-grant related activity is reported within the General Fund. A related 501c-3 organization, the New Castle County Hope Center, Inc. (the Center) was also formed to provide financial support to the Hope Center. The County contracted with an individual to establish the Center; however, the County is not responsible for appointing the members of the board, there is no financial benefit or burden relationship with the County and the County does not have any further accountability. Therefore, financial statements of the Center are not included in the County's financial statements.

B. Government-wide and Fund Financial Statements:

The accounting policies of New Castle County conform to generally accepted accounting principles generally accepted in the United States of America applicable to governments, including the presentation of the government-wide financial statements and the fund financial statements. Both of these are explained below.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, interfund activities have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among the program revenues are reported as general revenues. The County does not allocate general government (indirect) expenses to other functions.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

B. Government-wide and Fund Financial Statements (Continued):

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; however, the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, permits, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major funds:

General Fund – This fund is the County's primary operating fund. It accounts for the general operating activities of the County, except for those required to be accounted for in another fund. General government, police, public works, community services, land use, judiciary offices, and general governmental debt service are financed through this fund with receipts from general property taxes, licenses and permits, investment income, rentals, charges for current services, intergovernmental and other revenue.

Grants Fund – This fund accounts for certain operating activities of the County. It accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. Public safety, public works, community services, general government, and land use are financed through this fund with revenue from federal, state, local and private sources.

Proprietary funds are used when it is intended to recover the cost of operation, including depreciation, primarily through user charges. The County reports the following major proprietary fund:

Sewer Facilities Fund – This fund is used to account for the operation and construction of sewage and stormwater collection systems and is financed primarily with revenue from user sewer service charges.

Additionally, the County reports the following governmental, proprietary, and fiduciary fund types:

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

Governmental

Light Tax Fund – This fund is used to account for lighting costs financed with revenues from users within the light districts.

Crossing Guard Fund – This fund is used to account for school crossing guard costs financed with revenues from users within the school districts.

Garstin Trust Fund – This fund is used to account for the costs of providing for the care, maintenance, and upkeep of county parks and related facilities financed with proceeds from an endowment.

Housing Trust Fund – This fund is used to account for the construction, purchase, and maintenance of permanently affordable housing units.

Capital Projects Funds – These funds are used to account for and report financial resources provided by bond proceeds, intergovernmental grants and private contributions that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The Capital Projects Funds consist of the following funds:

- **Facilities and Equipment** - Used to account for design, construction and improvements of County buildings.
- **Park Development** – This fund is used to account for the acquisition and development of County parkland.
- **Public Safety** - Used to account for improvements at the police building and facilities.
- **Miscellaneous Capital Improvements** - Used to account for all other construction improvements.

Proprietary

New Castle County Airport Fund – This proprietary fund is used to account for the County's ownership of an airport facility and related industrial park.

Fiduciary

Pension Trust Fund – This fiduciary fund is used to account for the assets of the pension fund which are held in a trustee capacity for the employees of New Castle County. The Pension Program, which is part of the County's legal entity, is a single employer defined benefit pension plan that provides benefits to eligible county employees.

Other Post Employment Benefits Trust Fund – This fiduciary fund is used to account for the assets of the other post employment benefits (OPEB) trust fund which are held in a trustee capacity for the retirees of New Castle County. The OPEB Program, which is part of the County's legal entity, is a single employer defined benefit OPEB plan that provides benefits to eligible county employees.

D. Interfund Eliminations:

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the governmental activities and the business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

E. Program Revenues:

Amounts reported as 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.

F. Flow Assumption for Restricted Resources:

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

G. Operating and Nonoperating Revenues:

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The sewer facilities fund, which is a major enterprise fund, accounts for the majority of our operating revenues and expenses. The principal operating revenues of the sewer fund are charges to customers for providing sewer services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

H. Deposits and Investments:

Cash resources of the individual funds, excluding the Pension Trust fund and the OPEB Trust fund and certain endowment and grant funds, are combined to form a pool of cash and investments to maximize investment earnings.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

As a depositor, New Castle County generally requires full and continuous collateralization of average monthly ledger balances that are greater than the amount insured by the FDIC. Securities pledged as collateral must have a market value equal to or greater than 102% of the ledger balances in the accounts marked to market monthly, consisting of one or more of the following:

- U.S. Government securities
- U.S. Government agency or instrumentality securities
- State of Delaware securities.

As an investor, New Castle County may invest in a wide range of securities including:

- Securities issued by the U.S. Government and its Agencies or Instrumentalities, TIPS, certificates of deposit, cash and cash equivalents, time deposits, repurchase agreements, money market funds, and commercial paper.
- Corporate bonds, asset-backed securities, mortgage-backed securities issued by a U.S. Government agency or instrumentality, Yankee bonds, Eurodollar bonds, and sovereign debt.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

H. Deposits and Investments (Continued):

Pooled investment vehicles such as mutual funds may be utilized. The Pension Trust fund and OPEB Trust fund have separate investment policies. Please see Note 2 for more information on those policies.

I. Inventories:

Inventories are recorded as expenses/expenditures when acquired and are not considered material.

J. Advance Deposits and Prepaid Costs:

Metered postage and health care costs are recorded as prepaid items in both government-wide and fund financial statements. These items are recorded as expenses/expenditures when consumed.

K. Housing Loans:

The County issues rehab and Down Payment Settlement loans under the Community Development Block Grant (CDBG), various County and private revolving funds, and in the past has issued loans under the Home Investment (HOME) program; and records these loans as expenditures in the year the loans are made to participants. The HOME Program provides loans to housing developers on larger housing projects. Loans have a certain deferral period up to 20 years, with a repayment period of 10 years (total loan period of 30 years). The rehab loans are typically deferred and are not required to be paid back until the participating homeowner sells, transfers title to the rehabilitated property, or discontinues residence in the dwelling. In some cases, the loan repayment is forgiven under certain programs based upon an agreement with the owner under that county program. The County maintains detailed records of these loans and records loan principal and interest payments as program revenues in the year such payments are received. These loan balances are not included on the statement of net position or balance sheet of these financial statements due to their extended maturity dates and uncertainty of repayment and therefore have an allowance for the full amount. Loan balances outstanding as of June 30, 2022 were \$16,417,986.

L. Restricted Assets:

Restricted cash and cash equivalents in the governmental activities consist of Section 8 escrow funds required by the Department of Housing & Urban Development to be deposited into a separate depository account for the Family Self-Sufficiency (FSS) program. Upon the participants' successful completion of the program, the funds are paid to the FSS participants. Row Office funds represent deposits that are due to other agencies for collections of transfer taxes and sheriff fees. Restricted cash and cash equivalents in both the governmental and business-type activities also include unspent bond proceeds limited by applicable bond covenants to specific capital projects.

M. Capital Assets:

Capital assets, which include land, buildings, building improvements, equipment, improvements other than buildings, and infrastructure assets, are recorded in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with a value of \$5,000 or more and a useful life in excess of one year. This capitalization threshold is applied to individual capital assets rather than to groups/sets of capital assets (e.g. chairs, desks, etc.). Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

M. Capital Assets (Continued):

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense subject to capitalization incurred by the County during the current fiscal year was immaterial.

Buildings, building improvements, equipment, improvements other than buildings, and infrastructure are depreciated by using the straight-line method over the estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	45
Building Improvements	45
Equipment	5 - 20
Improvements other than buildings	20
Sewer System	45

N. Leases:

Right of Use Asset

Right-of-Use (ROU) assets are recognized at the lease commencement date and represent the County's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs.

Lease Liability

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on the stated borrowing rate or, if a rate is not stated, an average borrowing rate calculated by the County.

The County's ROU lease assets are measured based on the corresponding lease liability adjusted for: (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred, and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of ROU assets and lease liabilities when it is reasonably certain the options will be exercised.

Deferred Inflows

Leases where the County is the lessor are recorded as deferred inflows until the resources become available in the applicable reporting period.

O. Long-term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

O. Long-term Obligations (Continued):

activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

P. Deferred Inflows/Outflows of Resources:

Deferred Inflows of Resources, reported after Total Liabilities, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s). The County has several items that are required to be reported in this category: (1) differences between expected and actual retirement plan experience, changes in actuarial assumptions, changes in proportion, and differences between projected and actual investment earnings from pension, (2) the differences between expected and actual retirement plan experience and differences between projected and actual investment earnings from OPEB, and (3) unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The County has several items that are required to be reported in this category: (1) differences between expected and actual retirement plan experience, changes in actuarial assumptions, and differences between projected and actual investment earnings from pension (2) changes in employer proportionate share of the net pension assets that are being amortized over future periods and (3) pension contributions made subsequent to the measurement date related to pensions, and (4) changes in actuarial assumptions and differences between projected and actual investment earnings from OPEB. (5) The deferred effect of bond defeasance reported in the government-wide statement of net position, which results when the carrying value of a defeased bond is greater than or less than its reacquisition price. The difference is deferred and amortized over the remaining life of the old bond or the life of the new bond, whichever is shorter.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the County & Municipal Police and Firefighters' Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense, information about fiduciary net position of the County OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Budgetary Information:

The County follows these procedures in developing its budget:

1. Prior to April 1, the County Executive submits to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

Q. Budgetary Information (Continued):

2. Public hearings are conducted to review the proposed budget and obtain taxpayer comments.
3. Prior to June 1, the annual appropriated budget is enacted through legislation. Appropriations are legislated at the departmental level by object of expenditure. Appropriation control is maintained through the accounting system. Accordingly, no expenditures over appropriations are incurred.

The Budget Office is authorized to make certain budgetary transfers within a department, as allowed by the County Code. All other changes must be approved by the County Council.

Formal budgetary integration and project controls are employed as a management control device for governmental funds. The County legally adopts an annual budget for the General Fund, Light Tax Fund, and Crossing Guard Fund. Where grant budgets are adopted, these are on a grant basis and generally overlap fiscal years. The Capital Projects Funds budgets are for more than one fiscal year and, in many cases, encompass a six-year period. Comparisons of budget to actual for a fiscal year do not present a meaningful comparison for these funds and are therefore not presented. As an alternative, inception to date budget and actual schedules are presented for the grants and capital projects funds.

Budgets for the governmental funds are adopted on a basis materially consistent with generally accepted accounting principles (GAAP). The final budgeted amounts are presented as amended through June 30, 2022. Supplemental appropriations to the original budget of \$7,102,852 were necessary and legislated during the year. Unexpended appropriations in the operating budget lapse at year-end, while encumbered amounts are reappropriated in the subsequent year.

R. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in all governmental funds. Amounts encumbered for a specific purpose for which amounts have not been previously restricted, committed, or assigned, are classified as assigned, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent fiscal year.

While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to county regulations.

S. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(1) Summary of Significant Accounting Policies (Continued):

T. GASB Statements:

Adoption of New Accounting Pronouncements

During fiscal year ending June 30, 2022, the County adopted GASB Statement No. 87 Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. It requires the lessee to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The County adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. The impact of adoption created a lease liability and ROU lease asset for \$492,626 and \$492,626, respectively, as of July 1, 2021.

During fiscal year ending June 30, 2022, the County adopted GASB Statement No. 92 Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative guidance by addressing practice issues identified during implementation of certain GASB statements. Effective for reporting periods beginning after June 15, 2021. The County has evaluated this statement and determined there is no impact or application to the County.

During fiscal year ending June 30, 2022, the County adopted GASB Statement No. 93 Replacement of Interbank Offered Rates. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) – predominately, the London Interbank Offered Rate (LIBOR). The removal of LIBOR as an appropriate benchmark interest rate is effective for all reporting periods ending after December 31, 2021. The County has evaluated this statement and determined there is no impact or application to the County.

In May of 2019, the GASB issued Statement No. 91 Conduit Debt Obligations. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. It also clarifies various definitions related to conduit debt obligations and improves required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The County is currently evaluating the future impact of this statement.

In May of 2020, the GASB issued Statement No. 96 Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement provides a definition for SBITA; establishes that SBITAs result in an intangible "right to use" subscription asset and corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments; and requires specific note disclosures for SBITAs. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The County is currently evaluating the future impact of this statement.

In April of 2022, the GASB issued Statement No. 99 Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative guidance by addressing practice issues identified during implementation of certain GASB

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Summary of Significant Accounting Policies (Continued):

T. GASB Statements (Continued):

statements. The requirements related to leases, PPP's, and SBITAs are effective for fiscal years beginning after June 15th, 2022 and the requirements relating to financial guarantees and reporting of derivative are effective for fiscal years beginning after June 15, 2023. The County is currently evaluating the future impact of this statement.

In June of 2022, the GASB issued Statement No. 100 Accounting Changes and Error Corrections. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements for this statement are effective for fiscal years beginning after June 15, 2023. The County is currently evaluating the future impact of this statement.

In June of 2022, the GASB issued Statement No. 101 Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The County is currently evaluating the future impact of this statement.

(2) Deposits and Investments:

Custodial credit risk:

Deposits:

For deposits, custodial credit risk is the risk that in the event of the failure of a depository financial institution, a government might be unable to recover its deposits or related collateral securities. The carrying amount of the County's, Pension and OPEB's cash deposits and cash on hand at June 30, 2022 was \$173,723,658. The bank balances were \$176,359,076. In addition, \$813,266 in bank money market accounts were classified as deposits for purposes of custodial credit risk disclosure. Of the \$177,573,920 in total deposits, none of the County's deposits were subject to custodial risk because they were collateralized as of June 30, 2022 with the exception of \$972,871 of deposits attributable to the Hope Center which were not collateralized. The investment policies for the County and the Fiduciary funds do not address custodial credit risk for deposits.

Cash Equivalents:

Of the County's, Pension, and OPEB's \$125,444,093 in highly liquid investments (maturing in less than a year), consisting of a combination of investment types such as money market mutual funds, treasuries, commercial paper and agencies, \$123,880,827 are unsecured investment instruments and therefore are reflected as uncollateralized.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Investments (Continued):

The following is a schedule which details the County's and OPEB Trust fund's investments. The County has reviewed the credit ratings assigned by two of the major credit rating agencies (when two ratings are provided by the custodian) for each security as of June 30, 2022. The lower of the two ratings was used in this table.

Investment Type	Fair Value	Weighted Average Modified Duration (Years)	Credit Rating	Rating Agency
US Government Obligations	\$ 44,350,331	4.005	AA+	S&P
US Government Agencies and Instrumentalities	13,523,849	1.485	AA+	S&P
Corporate Obligations	114,840		Aaa	Moody's
Corporate Obligations	120,011		AA+	S&P
Corporate Obligations	618,996		Aa2	Moody's
Corporate Obligations	669,330		AA3	Moody's
Corporate Obligations	24,949		AA-	S&P
Corporate Obligations	1,091,852		A1	Moody's
Corporate Obligations	862,104		A+	S&P
Corporate Obligations	4,733,382		A2	Moody's
Corporate Obligations	3,471,076		A	S&P
Corporate Obligations	4,481,044		A3	Moody's
Corporate Obligations	6,634,325		A-	S&P
Corporate Obligations	7,820,757		Baa1	Moody's
Corporate Obligations	4,863,070		BBB+	S&P
Corporate Obligations	7,963,598		Baa2	Moody's
Corporate Obligations	2,007,286		BBB	S&P
Corporate Obligations	1,952,019		Baa3	Moody's
Corporate Obligations	218,140		BBB-	S&P
Corporate Obligations	780,144		NR	
Subtotal - Corporate Obligations	48,426,923	3.230		
Asset Backed Securities	620,297		Aaa	Moody's
Asset Backed Securities	718,011		Aa1	Moody's
Asset Backed Securities	14,055,216		AA+	S&P
Asset Backed Securities	92,503		A+	S&P
Asset Backed Securities	39,744		A2	Moody's
Asset Backed Securities	8,717,639		NR	
Subtotal - Asset Backed Securities	24,243,410	1.872		

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Investments (Continued):

Investment Type	Fair Value	Weighted Average Modified Duration (Years)	Credit Rating	Rating Agency
Municipal Obligations	\$ 190,367		Aaa	Moody's
Municipal Obligations	471,600		Aa1	Moody's
Municipal Obligations	622,038		Aa2	Moody's
Municipal Obligations	195,600		AA	S&P
Municipal Obligations	1,222,533		Aa3	Moody's
Municipal Obligations	19,655		AA-	S&P
Municipal Obligations	1,894,920		A1	Moody's
Municipal Obligations	238,961		A+	S&P
Municipal Obligations	163,848		A2	Moody's
Municipal Obligations	287,339		A	S&P
Municipal Obligations	633,312		A3	Moody's
Municipal Obligations	70,190		A-	S&P
Municipal Obligations	49,730		Baa1	Moody's
Municipal Obligations	49,801		Baa2	Moody's
Municipal Obligations	189,688		Baa3	Moody's
Municipal Obligations	121,728		NR	
Municipal Obligations	<u>6,767,227</u>			
Subtotal - Municipal Obligations	<u>13,188,537</u>	5.394		
Subtotal Debt Securities	<u>143,733,050</u>			
Portfolio weighted modified duration		3.274		
Mutual Funds	<u>61,012,381</u>	N/A	N/A	
Total Investments at Fair Value	<u>204,745,431</u>	N/A	N/A	
US Treasury Bills (included in cash deposits)	21,929,072	N/A	N/A	
US Government Instrumentalities (included in cash and cash equivalents)	8,792,901			
Money Market Mutual Funds (included in cash equivalents)	58,176,702	N/A	N/A	
Money Market Funds (included in cash equivalents)	813,266	N/A	N/A	
Commercial Paper (included in cash equivalents)	<u>21,072,413</u>	N/A	N/A	
Subtotal Cash Equivalents	<u>110,784,354</u>			
Total	<u>\$ 315,529,786</u>			

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Investments (Continued):

Investment Type	Fair Value	Investment Maturities (In Years)					Interest Rate
		Less than 1	1 - 5 years	6 - 10 years	10 + years		
U.S. Government Obligations	\$ 44,350,331	\$ 2,089,195	\$ 35,851,647	\$ 6,409,489	\$ -	-	0.25% - 3.13%
U.S. Government Agencies and Instrumentalities	13,523,849	631,168	9,617,612	667,433	2,607,636	0.25% - 3.83%	
Corporate Obligations	48,426,923	4,273,282	36,675,522	6,984,327	493,792	0.35% - 7.95%	
Municipal Obligations	13,188,537	545,098	5,472,197	3,509,818	3,661,424	0.00% - 7.09%	
Asset Backed Securities	24,243,410	700,499	7,674,520	1,565,312	14,303,079	0.60% - 6.15%	
Total	\$ 143,733,050	\$ 8,239,242	\$ 95,291,498	\$ 19,136,379	\$ 21,065,931		

The following is a schedule which details the Pension Trust fund's investments.

Investment Type	Fair Value
Common and Preferred Stock	\$ 57,988,125
Mutual Funds	57,421,243
Real Estate Equity Funds	4,390,681
Subtotal Equity Securities	119,800,049
Collective Trusts	305,356,626
Private Equity	50,810,870
Total Investments at Fair Value	475,967,545
Short Term Investment Trusts (included in cash deposits)	12,752,419
Total	\$ 488,719,964

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Investments (Continued):

New Castle County: Authority and responsibility for managing the County investment program is granted to the Chief Financial Officer via the County Executive, and is derived from Delaware Code, Title 9, Chapter 13.

Pension fund: New Castle County Code, Chapter 26 authorizes the Board of Trustees of the New Castle County Employees' Pension Program to manage the investment of the plan's assets.

OPEB fund: New Castle County Code, Chapter 26 authorizes the Board of Trustees of the Other Post-Employment Benefits (OPEB) Trust fund, which is separate and distinct from the pension fund, to invest funds in accordance with the investment policy the Board has adopted.

Interest rate risk: The County manages its exposure to interest rate risk by managing, in a conservative fashion, the duration and/or maturities of investments. For short-term investments, maturities (at the time of purchase) will be less than one year. For bond proceeds, maturities will depend on purpose/scope of projects underlying issue. For longer-term investments (reserve funds), average duration will not exceed ten years. While investment guidelines for longer-term portfolios do not directly address interest rate risk, there are limits on credit risk and concentration risk that limit overall risk in those portfolios.

The Pension Trust fund's investment policy states that investment managers who use derivatives in a portfolio must monitor changing risk exposures to ensure that they comply with duration and other risk exposure limits specified in the manager's guidelines on an ongoing basis. While the OPEB Trust fund's investment policy does not specifically address interest rate risk, there are limits on credit risk and concentration risk that limit overall risk in the portfolio.

Credit risk: Cash deposits and short-term investments (liquidity funds), as defined by policy, are invested conservatively in various cash and cash equivalent vehicles, such as publicly/not publicly traded money market funds, mutual or collateralized money market funds and short-term securities. For separately managed portfolios, other allowable investments include (at time of purchase):

Type of security	Target Max
US Treasuries & Agencies	No limit
Corporate Debt	60%
Repurchase Agreements	No limit
Certificate of Deposit and Time	25%

Corporate debt should be diversified by issuer and industry and may consist of bonds/notes not lower than A/A3 as measured by Moody's, Standard and Poor and Fitch. Commercial paper is rated A1/P1 or higher. Repurchase agreements should be collateralized 102% by direct U.S. Government or U.S. Government Agencies/Instrumentalities. Certificates of Deposit and Time Deposits should be collateralized 102% by same or from institutions rated at least 'A' or higher by two of the following: Moody's, Standard and Poor and Fitch.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Investments (Continued):

Credit risk: (Continued):

For longer term managed portfolios (reserve funds), asset allocation strategies and allowable securities are defined under the following parameters:

Type of security	Minimum Range	Maximum Range
US Treasuries & Agencies	10%	100%
TIPS	0%	10%
GNMA	0%	50%
Residential & Commercial Mortgage Backed	0%	35%
Asset Backed Securities	0%	15%
Yankees	0%	10%
US Corporates	0%	50%
Eurodollar Bonds	0%	10%
Sovereign Debt	0%	15%
Cash & Equivalents, and Other Short-Term Investments	0%	50%
Municipal/Taxable Municipals	0%	15%

Reserve fund portfolios must have a minimum average credit rating of A as rated by Standard & Poor's, Moody's or Fitch. Individual securities must be rated BBB/Baa to be purchased. Downgrades to securities to a non-investment grade rating by any one of the major credit rating services must be sold immediately, unless a review of a preponderance of extenuating evidence allows for retaining such a security. Excluding securities issued or guaranteed by the US Government or its agencies, securities of a single issuer shall not exceed 3% of the market value of the overall portfolio(s).

The pooled fund, as defined by policy, is prohibited from making direct investments in the following: equities, preferred stock, private placements, futures or options, credit default swaps, speculative derivatives, collateralized mortgage obligations (CMO's), collateralized loan obligations (CLO's), and securities lending. The aforementioned policy restrictions are not applicable to mutual funds, exchange traded funds, or other commingled investments which are subject to fund specific guidelines that are not altered for individual investors.

Per the Pension Trust fund's investment policy, allowable investments include: 1) equities (developed, global and emerging markets), including common and preferred stocks of companies domiciled both within the U.S. and outside the U.S. that trade on U.S. or foreign exchanges and over the counter, 2) fixed income (developed, global and emerging markets), including U.S. Government and Federal Agency obligations, non-U.S. government/entities, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage-backed securities and other domestically issued fixed income instruments deemed prudent by the investment managers, as well as high yield and multi-sector management 3) mutual funds and other types of commingled vehicles under 1) and 2) and 4) other assets, professionally managed commingled funds investing predominantly in real assets, real estate, hedge funds, private equity and opportunistic debt, and other types of risk parity/global asset allocation strategies that may include some of the vehicles listed above.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Investments: Credit risk (Continued):

The OPEB Trust fund's investment policy states that the minimum average credit quality of fixed income investments shall be investment grade (Standard & Poor's BBB; Moody's Baa) or higher upon purchase, and no more than 5% of the portfolio may be invested in securities with ratings below investment grade. Pooled investments such as mutual funds may be utilized.

Concentration of credit risk: Per the Pension Trust fund's investment policy, the following general asset allocation guidelines have been established:

	Target Allocation	Minimum Allocation	Maximum Allocation
Large Cap Passive U.S. Equities	8.0%	6.0%	18.0%
Large Cap U.S. Growth Equities	4.5%	0.0%	10.0%
Large Cap U.S. Value Equities	4.5%	0.0%	10.0%
Small Cap U.S. Growth Equities	3.0%	0.0%	5.0%
Small Cap U.S. Value Equities	3.0%	0.0%	5.0%
Non-U.S. Equities	15.0%	10.0%	20.0%
Dedicated Emerging Market Equities	2.0%	0.0%	5.0%
Hedge Funds	5.0%	0.0%	10.0%
Private Equity	5.0%	0.0%	10.0%
Real Estate	5.0%	0.0%	10.0%
Total "Equity Like"	55.0%	20.0%	80.0%
Core Bonds	7.0%	5.0%	12.0%
Multi-Sector Fixed Income	13.0%	5.0%	25.0%
Absolute Return Fixed Income	6.0%	0.0%	11.0%
Emerging Market Debt	5.0%	0.0%	10.0%
Opportunistic Debt	3.0%	0.0%	10.0%
Cash	1.0%	0.0%	5.0%
Total "Fixed Income Like"	35.0%	20.0%	80.0%
Global Tactical Asset Allocation/Risk Parity	10.0%	0.0%	15.0%

Other policy constraints on managers of the pension fund on the aforementioned investment types include a) for equities, to be diversified in industry and number, b) for domestic fixed income, to invest no more than 10% in any one issuer, except for obligations of the U.S. government, c) for global fixed income, to invest no more than 30% of the portfolio market value of any single government or non-U.S. types of alternative investments (including hedge funds, private equity/opportunistic debt, real estate and real assets) that are made via commingled vehicles and the pension plan recognizes that the portfolios cannot be customized or altered for one investor. Accordingly, the pension plan adopts the investment guidelines of the commingled vehicles so long as they keep in the spirit and intent of the guidelines contained in the Pension Trust fund's investment policy.

The OPEB Trust fund's investment policy states that: a) with the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Plan assets, and b) with the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or mutual fund shall comprise more than 20% of total Plan assets. There were no concentrations of credit risk issues.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Fair Value Measurement of Investments

New Castle County categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles, as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets;
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drives are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

New Castle County and the OPEB Trust fund have the following recurring fair value measurements as of June 30, 2022:

Investments and Derivative Instruments Measured at Fair Value

	Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Inputs (Level 3)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2022
Investments by fair value level					
Debt Securities					
U.S. Treasury obligations	\$ -	\$ 44,350,331	\$ -	\$ 44,350,331	
U.S. Government Agencies		- 13,523,849		- 13,523,849	
Corporate Bonds		- 48,426,923		- 48,426,923	
Asset Backed Securities		- 24,243,410		- 24,243,410	
Municipal Obligations		- 13,188,537		- 13,188,537	
Total Debt Securities	-	143,733,050			143,733,050
Fixed Income Mutual Funds		18,801,843	-	-	18,801,843
Equity Mutual Funds		42,210,538	-	-	42,210,538
Total investments in equity securities and mutual funds		61,012,381			61,012,381
 Total investments, at fair value	 \$ 61,012,381	 \$ 143,733,050			 \$ 204,745,431

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. There were no investments measured with Level 3 inputs.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Fair Value Measurement of Investments (Continued)

The Pension Trust has the following recurring fair value measurements as of June 30, 2022:

Investments and Derivative Instruments Measured at Fair Value

	Fair Value Measurements Using					Balance as of June 30, 2022	
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Other Unobservable Inputs	Significant Inputs			
	(Level 1)	(Level 2)	(Level 3)	(Level 1)			
Investments by fair value level							
Equity Securities							
Energy	\$ 1,895,140	\$ -	\$ -	\$ 1,895,140			
Consumer discretionary	7,019,803	-	-	7,019,803			
Health care	13,113,107	-	-	13,113,107			
Materials	1,227,740	-	-	1,227,740			
Consumer staples	6,740,034	-	-	6,740,034			
Information technology	7,246,435	-	-	7,246,435			
Industrials	8,569,926	-	-	8,569,926			
Real estate	3,213,220	-	-	3,213,220			
Utilities	304,442	-	-	304,442			
Financials	7,829,308	-	-	7,829,308			
Communication Services	828,970	-	-	828,970			
Real estate equity funds	4,390,681	-	-	4,390,681			
Mutual Funds							
Equity mutual funds	57,421,243	-	-	57,421,243			
Total investments by fair value level	<u>119,800,049</u>	<u>-</u>	<u>-</u>	<u>119,800,049</u>			
Investments measured at the net asset value (NAV)							
Private equity/private debt investments	-	-	-	50,810,870			
Collective trusts - hedge funds	-	-	-	36,662,195			
Collective trusts - real estate funds	-	-	-	37,899,573			
Collective trusts - equities	-	-	-	88,473,157			
Collective trusts - fixed income	-	-	-	142,321,701			
Total investments measured at the NAV	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,167,496</u>			
Total investments	<u>\$ 119,800,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,967,545</u>			

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Fair Value Measurement of Investments (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. There were no investments measured with Level 2 or Level 3 inputs.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investment	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity/private debt investments	\$ 50,810,870	\$ 17,792,342	N/A	N/A
Collective trusts - hedge funds	36,662,195	-	Quarterly	90-95 days
Collective trusts - real estate funds	37,899,573	-	Quarterly	45 days
Collective trusts - equities	88,473,157	-	Daily	0-2 days
Collective trusts - fixed income	142,321,701	-	Daily	0 days
Total	\$ 356,167,496	\$ 17,792,342		

Investments in private equity and private debt funds consists of investments in fifteen funds. The objectives of the Funds are to seek total return by managing a broad opportunity set of asset classes including, but not limited to, global equities, global bonds, commodities, currencies and cash. These investments are valued at the net asset value (NAV) of outstanding units. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Collective Trusts-Hedge Funds consists of investments in three investment trusts. The objectives of the Funds are to seek total return by managing a broad opportunity set of asset classes including, but not limited to, global equities, global bonds, commodities, currencies and cash. These investments are valued at the net asset value (NAV) of units of the collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Collective Trusts-Real Estate funds consists of an investment in two trusts. The objectives of the fund are to identify real estate projects with stabilized occupancies, that produce a relatively high level of current income combined with moderate appreciation potential. These investments are valued at the net asset value (NAV) of units of the collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Collective Trusts-Equity Funds consists of investments in three investment trusts. The Fund's investment objective is to seek long-term capital appreciation through equity securities of companies located in emerging market countries. These investments are valued at the net asset value (NAV) of units of the collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(2) Deposits and Investments (Continued):

Fair Value Measurement of Investments (Continued)

Collective Trusts-Fixed Income Funds consists of an investment in five trusts. The objective of the fund is to outperform the Barclays Capital U.S. Government/Credit Index and the Barclays US Aggregate Total Return Index. These investments are valued at the net asset value (NAV) of units of the collective trusts. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

(3) Property Taxes:

Property taxes attach as an enforceable lien on property when levied. Unpaid property taxes may subject a property to sheriff's sale as the final instrument to satisfy past due balances. Taxes are levied on July 1 and are payable on or before September 30. Taxes paid after the payable date are assessed a six percent penalty for nonpayment and one percent penalty per month thereafter. The County bills and collects its own property taxes. County property tax revenues are recognized in the fiscal year levied. Tax receivables, as reported in the fund financial statements, consist of property tax receivable of \$3,789,392, and penalties and interest receivable of \$2,562,416 and are reduced by an allowance for uncollectible accounts of \$3,402,130 for 2022 which is determined by a review of account status and location.

Assessed values are established by the County at 100 percent of 1983 market value based upon the county-wide reassessment completed in 1985. Real property in the County for the FY 2022 initial levy was assessed at \$19.6 billion.

(4) Receivables:

Receivables as of June 30, 2022 for the County's individual major funds, nonmajor funds, and fiduciary funds in the aggregate, net of applicable allowances for uncollectible accounts are as follows:

	General	Grants	Sewer	Nonmajor / Fiduciary *	Total
Receivables					
Taxes	\$ 2,949,678	\$ -	\$ -	\$ 178,007	\$ 3,127,685
Service charges	-	-	8,743,346	-	8,743,346
Accounts	4,653,023	-	-	-	4,653,023
Other	227,486	239,423	272,353	3,237,079	3,976,341
Due from other governments	-	4,316,511	5,750	5,815,212	10,137,473
Due from other agencies	-	42,718	-	-	42,718
Total Receivables, Net	\$ 7,830,187	\$ 4,598,652	\$ 9,021,449	\$ 9,230,298	\$ 30,680,586

* Included in the Nonmajor/Fiduciary column are receivables for Light Tax fund, Crossing Guard fund, Garstin Trust fund, Facilities and Equipment Capital Projects fund, Park Development Capital Projects fund, Public Safety Capital Projects fund, Pension Trust fund, and the OPEB Trust fund.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(4) Receivables (Continued):

Residential sewer service charges are levied on January 1st and non-residential sewer service charges are billed quarterly and shall be due and payable as of January 1st, April 1st, July 1st and October 1st. Sewer service charges paid after the payable date are assessed a six percent penalty for nonpayment and a one percent penalty per month thereafter. The County bills and collects its own sewer service charges. Sewer service revenues are recognized in the fiscal year levied. Service charges receivables consist of sewer service receivable of \$8,086,697 and penalties and interest receivable of \$1,356,011 and are reduced by an allowance for uncollectible accounts of \$699,362 for 2022 which is determined by a review of account aging.

(5) Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 90,202,768	\$ 1,342,315	\$ -	\$ 91,545,083
Construction in progress	2,504,286	1,213,624	-	3,717,910
Total capital assets, not being depreciated	92,707,054	2,555,939	-	95,262,993
Capital assets, being depreciated or amortized:				
Buildings	225,993,223	11,606,024	-	237,599,247
Right to use leased buildings	168,338	-	-	168,338
Building improvements	49,775,537	1,956,088	-	51,731,625
Other improvements	88,934,742	3,827,182	-	92,761,924
Equipment	175,495,665	9,917,955	(3,174,862)	182,238,758
Right to use leased equipment	313,910	27,652	-	341,562
Infrastructure	57,251	-	-	57,251
Total capital assets, being depreciated and amortized	540,738,666	27,334,901	(3,174,862)	564,898,705
Less accumulated depreciation for:				
Buildings	(77,428,160)	(4,421,641)	-	(81,849,801)
Building improvements	(11,001,089)	(1,198,389)	-	(12,199,478)
Other improvements	(72,329,399)	(2,974,601)	-	(75,304,000)
Equipment	(126,814,013)	(13,317,159)	3,121,148	(137,010,024)
Infrastructure	(9,550)	(1,273)	-	(10,823)
Less accumulated amortization for:				
Right to use leased assets	-	(209,206)	-	(209,206)
Total accumulated depreciation and amortization	(287,582,211)	(22,122,269)	3,121,148	(306,583,332)
Total capital assets, being depreciated and amortized, net	253,156,455	5,212,632	(53,714)	258,315,373
Governmental activities				
capital assets, net	\$ 345,863,509	\$ 7,768,571	\$ (53,714)	\$ 353,578,366

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(5) Capital Assets (Continued):

	<u>Beginning Balance (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 35,320,950	\$ -	\$ -	\$ 35,320,950
Construction in progress	5,299,768	1,156,943	(963,776)	5,492,935
Total capital assets, not being depreciated	<u>40,620,718</u>	<u>1,156,943</u>	<u>(963,776)</u>	<u>40,813,885</u>
Capital assets, being depreciated or amortized:				
Buildings	43,717,853	264,252	-	43,982,105
Building improvements	3,521,819	-	-	3,521,819
Other improvements	47,668,364	214,166	-	47,882,530
Equipment	46,633,146	2,251,829	(728,625)	48,156,350
Right to use leased equipment	10,378	982	-	11,360
Infrastructure	660,744,081	13,978,383	-	674,722,464
Total capital assets, being depreciated and amortized	<u>802,295,641</u>	<u>16,709,612</u>	<u>(728,625)</u>	<u>818,276,628</u>
Less accumulated depreciation for:				
Buildings	(20,201,388)	(840,399)	-	(21,041,787)
Building improvements	(955,911)	(80,812)	-	(1,036,723)
Other improvements	(46,080,232)	(170,901)	-	(46,251,133)
Equipment	(34,763,311)	(2,297,845)	563,883	(36,497,273)
Infrastructure	(239,600,142)	(13,541,300)	-	(253,141,442)
Less accumulated amortization for:				
Right to use leased assets	-	(5,844)	-	(5,844)
Total accumulated depreciation and amortization	<u>(341,600,984)</u>	<u>(16,937,101)</u>	<u>563,883</u>	<u>(357,974,202)</u>
Total capital assets, being depreciated and amortized, net	<u>460,694,657</u>	<u>(227,489)</u>	<u>(164,742)</u>	<u>460,302,426</u>
Business-type activities				
capital assets, net	<u>\$ 501,315,375</u>	<u>\$ 929,454</u>	<u>\$ (1,128,518)</u>	<u>\$ 501,116,311</u>

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(5) Capital Assets (Continued):

Depreciation/amortization expense was charged to functions/programs of the County as follows:

Governmental activities:

General Government	\$ 5,542,792
Public Works	10,521,893
Police	3,564,752
Community Services	2,430,610
Land Use	46,403
Judiciary Offices	<u>15,819</u>
Total depreciation/amortization expense-governmental activities	<u>\$ 22,122,269</u>

Business-type activities:

Sewer Facilities	<u>\$ 16,937,101</u>
Total depreciation/amortization expense-business-type activities	<u>\$ 16,937,101</u>

(6) Construction Commitments:

The County has active construction projects as of June 30, 2022. The projects include building and facility renovations, park development, public safety, and sewer construction. At year end, the County's commitments with contractors for construction in progress are as follows:

Project	Expended Through June 30, 2022	Remaining Commitment
Buildings and facilities	\$ 1,721,258	\$ 430,348
Park development	1,487,138	22,727
Public safety	<u>509,514</u>	<u>274,025</u>
Subtotal	3,717,910	727,100
Sewer/stormwater construction	<u>5,492,935</u>	<u>1,157,294</u>
Total	<u>\$ 9,210,845</u>	<u>\$ 1,884,394</u>

The building and facilities portion of the commitment and the park development portion of the commitment are financed primarily by general obligation bonds and state funding. The Public safety portion of the commitment is financed by general obligation bonds, impact fees and state funding. The sewer construction portion of the commitment is financed by general obligation bonds.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(6) Construction Commitments (Continued):

Encumbrance Commitments by Fund:

General Fund	\$ 1,614,209
Grants Fund	8,961,706
Sewer Facilities Fund	14,338,269
Nonmajor Funds	8,220,067
Total Encumbrances	<u>\$ 33,134,251</u>

(7) Interfund Receivables, Payables and Transfers:

The compositions of interfund balances as of June 30, 2022, are as follows:

Due To	Due From	
	General Fund	
Light Tax Fund	\$ 1,924,763	
Crossing Guard Fund	725,669	
Facilities and Equipment	9,353,454	
Park Development	13,810,195	
Public Safety	8,113,693	
Miscellaneous Capital Improvements	6,734,230	
Total	<u>\$ 40,662,004</u>	

During normal operations, the County has numerous short-term transactions between funds. The amounts due to the Light Tax fund, Crossing Guard fund, and the Capital Projects funds from the General fund represent the cash that is swept daily and invested with General fund proceeds.

The compositions of inter-fund transfers during the fiscal year ended June 30, 2022, are as follows:

	Transfers In						
	Grants Fund	General Fund	Facilities and Equipment	Public Safety	Parks	Misc Capital Projects	Total
Transfers Out							
General Fund	\$ 226,656	\$ -	5,067,300	\$ 259,000	\$ 2,778,000	\$ 6,631,833	\$ 14,962,789
Grants Fund	-	107,278	-	-	-	-	107,278
Facilities and Equipment	-	122	-	-	-	2,000,000	2,000,122
Total	<u>\$ 226,656</u>	<u>\$ 107,400</u>	<u>\$ 5,067,300</u>	<u>\$ 259,000</u>	<u>\$ 2,778,000</u>	<u>\$ 8,631,833</u>	<u>\$ 17,070,189</u>

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(7) Interfund Receivables, Payables and Transfers (Continued):

During the fiscal year, several inter-fund transactions occurred between funds. The General Fund contributed proceeds to the Grants Fund to sponsor a summer camp for youth, to provide employment for youth during the summer months and to provide funding for senior home repair. The Grants Fund returned unused emergency management match funds to the General Fund. The Capital Projects fund received proceeds from the General Fund to fund capital costs for land preservation as well as for the purchase of information systems equipment, fleet equipment, public safety equipment and costs associated with the countywide reassessment project.

(8) Compensated Leave:

The County accrues a liability for vacation, sick, and other compensated leave as the leave is earned by the employees to the extent it is probable that the County will compensate the employees for the leave through paid time off or some other means, such as cash payments at termination or retirement.

County employees earn vacation leave depending on their length of service. Vacation leave, depending on years of service, accumulates on a monthly basis and is fully vested when earned. Accumulated vacation leave cannot exceed 30 days or 50 days, depending on union affiliation, at the end of any calendar year. All unused vacation leave is paid upon leaving County service. County employees earn one day of sick leave for each completed month of service. Accumulation of sick leave is unlimited. All employees have vested rights for payment of accumulated unused sick leave. This severance payment is for a maximum of 20 days for voluntary termination and a maximum of 100 days for retirement, layoffs and death. For employees hired on or before June 30, 1977, payment is based on one day paid for each day accrued. For employees hired on or after July 1, 1977, payment is based on one day paid for each two days accrued. All vacation leave, sick leave, and other compensated leave is accrued in the government-wide and proprietary fund financial statements.

At June 30, 2022, total accumulated vacation leave for governmental fund types was \$20,157,625, (including accrued FICA and Medicare), total vested sick leave was \$9,298,271 (including accrued FICA and Medicare), and other total compensated leave was \$1,572,035 (including accrued FICA and Medicare). These amounts total to \$31,027,931 and are reported in the government-wide financial statements. At June 30, 2022, accumulated vacation, sick, and other compensated leave for Proprietary Funds in the amount of \$3,538,378 have been included in accrued expenses. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(9) Unavailable / Unearned Revenue:

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2022, the various components of unavailable or unearned revenue reported in the governmental funds were as follows:

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(9) Unavailable / Unearned Revenue (Continued):

General Fund:

Property tax receivables-net	\$ 2,949,678
Less: estimated 60-day collection 7/22 - 8/22	<u>(196,553)</u>
Total General Fund – Unavailable	\$2,753,125

Total General Fund – Unearned (Capital Assets Held for Resale)	284,504
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Crossing Guard Fund:

Property tax receivables-net	69,661
Less: estimated 60-day collection 7/22 - 8/22	<u>(5,170)</u>
Total Crossing Guard Fund – Unavailable	64,491

Grants Fund:

Unearned grant revenue	55,582,680
Capital assets held for resale	356,251
Police duty fund	<u>718</u>
Total Grants Fund – Unearned	55,939,649
Total	<u>\$59,041,769</u>

Governmental funds report unavailable revenue of \$2,817,616, whereas the governmental activities report no unavailable revenue as a result of the full accrual reporting of property tax receivable to revenue.

(10) Long-term Debt:

General Obligation Bonds:

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

All bonds outstanding as of June 30, 2022 are general obligation debt supported by the full faith and credit of the County and are summarized as follows:

Purpose	Original Issue	Maturities	Interest Rates	Outstanding Amount
Governmental Activities	\$304,210,000	2042	.29 – 5.00%	\$180,800,000
Business-type Activities:				
Sewer Facilities	<u>570,925,000</u>	2052	.29 – 5.00%	<u>378,075,000</u>
TOTAL	<u>\$875,135,000</u>			<u>\$558,875,000</u>

The County has always paid principal and interest on its bonds in a timely manner. In the event the County fails to make timely payment of principal or interest on its bonds, the registered owners of the bonds on which the default in payment has occurred may sue the County for breach of contract.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(10) Long-term Debt (Continued):

General Obligation Bonds (Continued):

Annual debt service requirements to maturity for general obligation bonds were as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	14,995,000	5,147,093	12,645,000	11,513,159
2024	15,590,000	4,544,796	11,525,000	10,970,848
2025	16,770,000	4,069,374	12,190,000	10,467,589
2026	16,390,000	3,478,040	13,705,000	9,882,672
2027	16,265,000	3,006,039	13,235,000	9,385,619
2028-2032	48,510,000	10,476,829	76,555,000	40,636,085
2033-2037	37,535,000	4,406,335	82,100,000	29,388,197
2038-2042	14,745,000	752,631	84,280,000	17,034,703
2043-2047	-	-	54,210,000	6,788,847
2048-2052	-	-	17,630,000	1,033,037
	<u>\$ 180,800,000</u>	<u>\$ 35,881,137</u>	<u>\$ 378,075,000</u>	<u>\$ 147,100,756</u>

On September 30, 2021 the County issued \$92,950,000 (par amount) of General Obligation Bonds Series 2021A and \$205,475,000 (par amount) of General Obligation Bonds Series 2021B. The details of the issues are as follows:

For the Bond Series 2021A, \$92,950,000 (par amount) and \$7,050,000 (premium) will be used to fund various capital projects authorized by County Council: \$40,000,000 in the Capital Projects fund and \$60,000,000 in the Sewer Facilities fund. The coupon interest rates on the Series 2021A bonds range from 1.75% to 5.00%, with a true interest cost (TIC) of 2.010999% as a result of the bonds being issued at a premium. The last maturity date of the governmental bonds is October 1, 2041 and of the business-type bonds is October 1, 2051.

For the Bond Series 2021B, \$205,475,000 (par amount) was used to advance-refund \$183,760,000 (par amount) of the bonded indebtedness with coupon interest rates ranging between .29% to 2.83%. A total of \$204,354,727 was used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to advance-refund bonds issued in 2012 and 2015, plus interest that will accrue until the date the bonds are refunded. The excess of the escrowed amount over the par value of the refunded debt, net of transaction fees, is recorded as a deferred effect of refunding, and will be amortized over the remaining life of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the appropriate funds. The refunding resulted in \$18,186,764 in net present value savings. The last maturity date of the governmental bonds is July 15, 2035 and of the business-type bonds is July 15, 2045.

State of Delaware Water Pollution Control Revolving Fund (WPCRF) Loans:

The purpose of these loans is to finance all or a portion of construction costs associated with the County's approved wastewater projects, consisting of sewer repair, septic elimination, and stormwater management ponds rehabilitation projects. The County's repayment obligation constitutes a general obligation of the

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(10) Long-term Debt (Continued):

State of Delaware Water Pollution Control Revolving Fund (WPCRF) Loans (Continued):

County, secured by a pledge of its full faith, credit and taxing power. During fiscal year 2022 \$1,094,408 was drawn on the WPCRF to fund various projects.

<u>Purpose</u>	<u>Original Issue</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Outstanding Amount</u>
Business-type Activities:				
Sewer Facilities	<u>\$27,087,290</u>	2040	2.00 – 2.601%	<u>\$25,413,795</u>

Annual debt service requirements to maturity for WPCRF loans are as follows:

Fiscal Year	Business-type Activities	
	Principal	Interest
2023	\$ 1,341,964	\$ 529,305
2024	1,426,716	496,458
2025	1,446,797	466,261
2026	1,423,366	435,876
2027	1,443,376	405,743
2028-2032	7,400,035	1,562,936
2033-2037	7,398,051	788,715
2038-2040	3,533,490	102,630
	<u>\$ 25,413,795</u>	<u>\$ 4,787,924</u>

The schedule above includes estimated debt service for WPCRF loans that are in the process of being drawn down because the related projects are in the construction stage. The maximum potential amount of these loans combined is \$11,180,354. Of this amount, \$7,557,052 had been drawn down as of June 30, 2022.

On June 30, 2022, New Castle County entered into a financing agreement with the Delaware Water Pollution Control Revolving Fund, acting by and through the Delaware Department of Natural Resources and Environmental Control (DNREC), a public agency of the State of Delaware, for a loan in the amount of \$997,000. The project for which the funds were borrowed will finance a portion of the costs associated with the restoration of 1,767 linear feet of an unnamed tributary of the Christina River at Robscott Manor Park in Newark, Delaware.

In conjunction with the agreement, the County entered into a tri-party agreement with DNREC and the State of Delaware, Department of Transportation (DELDOT). Under the tri-party agreement, the project is sponsored by and will be completed by DELDOT, with authorization for DELDOT to submit reimbursement requests, to be approved by the County, to be paid directly to DELDOT from DNREC. Long-term maintenance responsibility for the project will be assumed by the County.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(10) Long-term Debt (Continued):

State of Delaware Water Pollution Control Revolving Fund (WPCRF) Loans (Continued):

The financing agreement assumes an expected project completion date of June 5, 2024. If the project is confirmed completed by that date, all principal amount advanced and outstanding will be forgiven. If the project is not completed, the amortization start date and repayment will commence, with principal amount advanced and outstanding and interest (at the rate of 1.00% per annum and an administrative fee at the rate of 1.00% per annum) payable semi-annually on each January 1 and July 1, commencing on the amortization start date and amortized over twenty (20) years in substantially equal semiannual payments. As of 6/30/2022, the County expects the project to be completed by the aforementioned project completion date.

The general obligations and loans of the County have certain events of default that include: (A) failure to make payment of principal or interest when due; failure to perform or observe any of the covenants, agreements or conditions of the Agreement and continuing disclosure requirements. (B) When an event of default occurs, the lender may discontinue advances of loan proceeds and/or declare immediately due and payable all payments due or to become due under the Agreement.

Changes in Long-term Liabilities:

Long-term liability activity for the year ended June 30, 2022, was as follows:

Liability	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Compensated leave	\$ 30,221,360	\$ 10,459,659	\$ 9,653,088	\$ 31,027,931	\$ 9,846,150
Claims and judgment costs	15,159,644	4,433,759	3,219,711	16,373,692	4,679,000
Lease payable/financed purchases	8,927,132	1,425,416	3,566,271	6,786,277	3,236,418
Estimated liability for landfill postclosure care costs	484,000	328,000	-	812,000	116,000
Unamortized bond premium	12,315,190	3,854,587	9,111,953	7,057,824	397,171
Bonds	152,900,000	93,600,000	65,700,000	180,800,000	14,995,000
Net OPEB liability	53,846,412	13,530,750	-	67,377,162	-
Net pension liability	142,296,869	61,557,557	4,905,086	198,949,340	-
Governmental activity					
Long-term liabilities	\$ 416,150,607	\$ 189,189,728	\$ 96,156,109	\$ 509,184,226	\$ 33,269,739
Business-type activities:					
Compensated leave	\$ 3,387,686	\$ 1,417,659	\$ 1,266,967	\$ 3,538,378	\$ 1,292,306
Lease payable/financed purchases	2,367,665	1,807,484	1,109,792	3,065,357	1,119,683
Loans payable	24,467,540	1,094,408	148,153	25,413,795	1,341,964
Unamortized bond premium	24,480,627	3,208,444	21,577,376	6,111,695	393,815
Bonds	315,755,000	204,825,000	142,505,000	378,075,000	12,645,000
Net OPEB liability	3,560,670	1,674,882	-	5,235,552	-
Net pension liability	19,280,600	7,619,804	-	26,900,404	-
Business-type activity					
Long-term liabilities	\$ 393,299,788	\$ 221,647,681	\$ 166,607,288	\$ 448,340,181	\$ 16,792,768

For the governmental activities, compensated leave, claims and judgment costs, estimated liability for landfill postclosure care costs, and net pension and OPEB liabilities are liquidated by the General Fund.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(11) Debt Margin and Bonds Authorized but Unissued:

Bonds authorized but unissued at June 30, 2022 totaled \$62,644,409. The County's legal debt margin for general obligation debt at year end was \$407,548,092. Delaware Code allows for the exclusion of Enterprise debt from the legal debt margin.

(12) Defeasance of Debt:

In FY 2022, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, assets in the trust account and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2022, \$183.8 million of bonds outstanding are considered defeased.

(13) Landfill Postclosure Care Costs:

State and federal laws and regulations require that New Castle County perform certain maintenance and monitoring functions at the Army Creek Landfill (ACL) for thirty years after closure. This landfill has not collected waste at this site since 1968. The ACL closure was completed and accepted by the United States Environmental Protection Agency on November 18, 1993. The County is currently performing the required maintenance and monitoring functions. The estimated cost to comply with postclosure regulations is \$812,000. However, the actual cost may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The annual operating costs for maintenance and monitoring the landfill site will continue to be funded by the County and recorded as a long-term liability in the governmental activities in the Statement of Net Position.

(14) Risk Management:

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County is self-insured and also carries commercial insurance. The County currently reports all of its risk management activities in the General Fund. The County recognizes expenditures/expenses in the General Fund. Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported and claims and adjustment expenses. Claim liabilities are based upon actuarial calculations which consider the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, other economic and social factors, specific incremental claim adjustment expenses, and salvage and subrogation. There were no settlements exceeding insurance coverage for the past three fiscal years. Changes in the liability during the past two years are as follows:

	<u>Governmental</u>	
	<u>2022</u>	<u>2021</u>
Unpaid claims, beginning balance	\$ 15,159,644	\$ 14,866,718
Incurred claims	4,433,759	4,165,579
Claim payments and adjustments	(3,219,711)	(3,872,653)
Unpaid claims, ending balance	<u>\$ 16,373,692</u>	<u>\$ 15,159,644</u>

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(15) Contingencies:

The Federal and State governments participate in funding certain County capital projects and operating grants, and the County has recorded receivables in the Capital Projects and Operating Grants Funds for the portion of the costs incurred on projects and grants to be funded from these sources. The costs charged to the funding agency are subject to audit and approval by the agency and, in the event of disallowance, must be funded by the County. Management does not believe that any material amounts of such costs will be disallowed by the funding agency.

The County is a defendant in various litigation matters wherein plaintiffs have claimed substantial damages. In many cases, the County disputes liability. These matters are in various stages of litigation and the issues of liability and damages have not been resolved. The possible liability, if any, on the part of the County in these actions is not currently determinable. However, the County does not currently expect any of these actions to materially adversely affect the County's financial position or exceed available insurance coverage to the extent the claims are not subject to the County's limitation of liability under Delaware law.

The County is involved in a number of other actions related to tax billings, property assessments, land use appeals, and other matters. In February of 2021, the County resolved litigation that sought to compel the County to undertake a general reassessment of all real property within the County for the first time since 1983. The County entered into a contract with a third-party vendor to conduct a general reassessment. The reassessment is to be completed by February of 2025. The general reassessment will cost \$15.5 million. The reassessment will be paid from a Reassessment Reserve Account currently funded with \$22 million. County Council has adopted a resolution declaring its intention not to increase tax revenues by 15% after reassessment as permitted by Delaware law. Reassessment is expected to have little to no material impact on the County's property tax collections.

The County is also involved in a number of other actions related to tax billings, assessment valuations, land use board appeals, and other administrative matters. The County does not currently expect any of these actions to materially adversely affect the County's financial position.

(16) Conduit Debt:

Conduit debt obligations refer to certain limited-obligation revenue bonds or similar debt instruments issued by the County for the purpose of providing capital financing for a third party that is not part of the County's reporting Entity. The County has authorized and issued various series of revenue bonds and recovery zone facility bonds to provide funds for various commercial, industrial, housing and agricultural development projects. In the opinion of bond counsel, such bonds are not subject to the debt limit imposed by the Delaware Code, but are payable solely from proceeds of the bonds and certain other revenues and special funds created under the indenture pursuant to which such bonds were issued. The County does not have an obligation to pay the bonds other than from such sources; therefore, such amounts have not been included in the financial statements. As of June 30, 2022, conduit debt in an aggregate principal amount of \$8,000,000 was outstanding.

(17) Unrestricted Net Position:

General Fund

The County's committed net position represents resources that are subject to legislated restrictions on how they may be used. For the general fund, reserves have been established for the following purposes: Budget Reserve account of \$44,845,412 was legislated to set aside resources to cover unanticipated deficits or revenue reductions and other externally imposed regulations; Tax Stabilization Reserve account of \$74,275,370 was legislated so that funds could be appropriated as necessary to balance the annual

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(17) Unrestricted Net Position:

General Fund (Continued)

operating budget, or to cover budgeted capital costs that would otherwise require the issuance of bonds or an increase in the tax rate; Transfer Tax of \$35,800,269 was legislated to designate funds received beyond what was certified to cover capital bond authorizations, reduce the County's indebtedness, or for economic initiatives. County Council is authorized to establish these reserves and appropriate these reserves as may be necessary.

Business-type Activities / Sewer Facilities Fund

Business-type activities reported unrestricted net position of \$15,535,154 of which \$4,744,310 is comprised of capital recovery fees that are restricted by management for Sewer Fund debt service.

(18) Fund Balance:

Fund balances are classified as follows:

- **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.
- **Restricted** – the portion of the net position of a governmental fund that represents resources subject to externally enforceable constraints.
- **Committed** – Amounts that can be used only for specific purposes determined by a formal action by County Council ordinance.
- **Assigned** – Amounts that are constrained by the County's intent to be used for a specific purpose and these decisions can be made by management.
- **Unassigned** – All amounts not included in other spendable classifications. Any deficit fund balances within the other governmental fund types are reported as unassigned.

Fund balance amounts have been designated as nonspendable, restricted, committed, and assigned in the Governmental Funds for specific purposes as follows:

- **Nonspendable:**
 - **Prepaid costs** (\$723,941): Prepaid costs are reserved to cover charges that will be incurred within the next ninety days.
- **Restricted:**
 - **Light tax** (\$1,532,787): This balance is restricted for lighting costs financed with revenues from users within the light districts.
 - **Crossing guard** (\$444,737): This balance is restricted for school crossing guard costs financed with revenues from users within the school districts.
 - **Garstin trust** (\$3,361,833): This balance is restricted for the care, maintenance, and upkeep of parks in New Castle County.
 - **Housing trust** (\$17,171,036): This balance is restricted for costs to construct, purchase, and maintain permanently affordable housing units.
 - **Grants** (\$2,016,989): This balance is restricted for use in accordance with the purpose of grant agreements.
 - **Capital projects** (\$40,006,429): This balance is restricted for acquisition or construction of capital facilities or equipment other than those financed by proprietary funds.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(18) Fund Balance (Continued):

- **Committed:**
 - **Budget reserve** (\$44,845,412): The budget reserve was legislated to set aside resources of twenty percent of the General Fund's Fiscal Year 2022 estimated revenue to cover unanticipated deficits or revenue reductions caused by a turbulent economy and/or unfunded legislated mandates. A ten-thirteenths vote from County Council through an Ordinance is needed to appropriate these funds for the established conditions or to change the percentage allocated to this fund.
 - **Tax stabilization reserve** (\$74,275,370): This reserve account was legislated so that funds could be appropriated as necessary to balance the annual operating budget or to cover budgeted capital costs that would otherwise require the issuance of bonds or an increase in the tax rate. County Council is authorized through an Ordinance to establish these reserves and appropriate these reserves as may be necessary.
 - **Transfer tax** (\$35,800,269): This balance was legislated to designate funds received beyond what was certified to cover capital bond authorizations, reduce the County's indebtedness, or for economic initiatives. County Council is authorized through an Ordinance to establish and appropriate these proceeds as may be necessary.
 - **Library** (\$10,042): County Council is authorized to appropriate this fund balance.
 - **Strategic Economic Development fund** (\$525,000): County Council is authorized to appropriate this fund balance.
 - **Reassessment Reserve** (\$22,000,000): County Council is authorized to appropriate this fund balance.
- **Assigned:**
 - **Hope Center** (\$1,672,972): These funds are used to account for activities related to the Hope Center.
 - **Departmental purposes** (\$1,882,557): The Chief Financial Officer, through the Key Financial Policies, assigns funds to be set aside to cover orders placed for goods and services that were committed prior to June 30, 2022. County Council appropriated fund balance for these encumbrances. The separation of these funds by function is detailed below:
 - **General Government** - \$489,648
 - **Public Works** - \$343,716
 - **Community Services** - \$80,912
 - **Land Use** - \$137,134
 - **Public Safety** - \$560,122
 - **Judiciary Offices** - \$2,677
 - **Crossing Guard** - \$268,348

(19) Other Post Employment Benefits:

Plan Description:

The New Castle County, Delaware Other Post Employment Benefits (OPEB) Trust Fund is a single-employer defined benefit OPEB plan (the Plan) administered by the OPEB Board of Trustees. Section 26.03.911 of the New Castle County Code assigns the authority to adopt and amend the trust agreement to the OPEB Board of Trustees. The OPEB Board of Trustees shall be separate and distinct from the Employees' Retirement System Board of Trustees established by Section 2.05.505 of the New Castle County Code. The Board consists of six current County employees outlined in 26.03.911C of County Code.

The Plan is considered part of the County's financial reporting entity and is included in the County's financial statements as a trust fund. A separate report for the OPEB trust fund is not prepared.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(19) Other Post Employment Benefits (Continued):

Plan Description (Continued):

New Castle County permanent active employees are eligible to continue group insurance coverage after retirement provided that: retiring employees have coverage in effect when they stop working; retirement commences on the first of the month following the last day they were employed; and all requirements to receive their pension, in addition to vesting, are met. Retirees/spouses who are eligible for Medicare Parts A and B must enroll for Medicare Coverage in order to retain coverage under the County's plans.

Membership consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Medical/Drug		Life	
Actives	1,433	Actives	1,433
Retirees	982	Retirees	982
Total	<u>2,415</u>		<u>2,415</u>

Benefits Provided:

The Plan provides healthcare, prescription drug, and life insurance benefits to eligible retirees and their spouses and dependents through several insurance providers.

Funding Policy and Contributions:

The Trust is funded through deposits of County operating appropriations and other contributions made by the County as an employer, retiree contributions, earnings from investments, refunds, reimbursements, or any other appropriate source. The County's cost of providing retiree medical coverage and life insurance is paid out of the OPEB Trust, in addition to any fees and expenses authorized by the Board. For fiscal year 2022, the County contributed \$5,655,404 to the Plan to prefund benefits and fund current benefits.

The County's policy is to contribute the pay-as-you-go cost plus an additional \$1,000,000 to the Trust each year.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees of the New Castle County OPEB Board. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation
Domestic Equity	35%
International Equity	35%
Fixed Income – Investment Grade	30%
Fixed Income – Below-Investment Grade	0%
Cash	0%
Total	100%

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(19) Other Post Employment Benefits (Continued):

Concentrations of Investments:

The Plan is invested entirely in mutual funds and therefore contains no individual investments that represent more than five percent of the Plan's net position that are required to be disclosed.

Rate of Return:

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of investment expense, was -14.8%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested and other cash flows during the year.

Funded Status:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Net OPEB Liability:

The components of the net OPEB liability of the County as of June 30, 2022, were as follows:

Total OPEB Liability	\$130,406,146
Plan Fiduciary Net Position	<u>57,793,432</u>
County's Net OPEB Liability	<u>\$ 72,612,714</u>
Plan Fiduciary Net Position as a percentage of Total OPEB liability	44.3%

Actuarial Methods and Assumptions:

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the Entry Age actuarial cost method. The actuarial assumptions include a 6.00% investment rate of return, net of expenses and including inflation, and annual medical and prescription inflation trends varying from 5.75% to 4.25%.

Mortality rates were based on the RP-2014 Combined Healthy Mortality Table with Blue Collar adjustments and generational projections using Scale SSA with a 1 year set forward for females. 50% of these rates are applied for pre-retirement deaths. Mortality rates for Disabled members were based on the RP-2014 Disabled tables for disabled lives, projected generationally with Scale SSA.

The assumed rate of return remained unchanged at 6.00% since the prior year.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(19) Other Post Employment Benefits (Continued):

Long-Term Expected Rate of Return:

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Asset Class	Long-Term Expected Real Return - Portfolio	Weight
Domestic Equity	5.95%	35%
International Equity	6.25%	35%
Fixed Income – U.S.	1.50%	30%
Total Weighted Average Real Return	4.72%	100%
Plus inflation	2.50%	
Total return without Adjustment	7.22%	
Risk adjustment	-1.22%	
Total Expected Return	6.00%	

Discount Rate:

The discount rate used to measure the total OPEB liability is 6.00%. The County's funding expectations/policy is to contribute approximately \$1,000,000 per year to the Trust, in addition to amounts to cover annual benefits for retirees.

Based on this information, the OPEB plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members.

Therefore, the long-term expected rate of return on OPEB Trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(19) Other Post Employment Benefits (Continued):

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	Current	1% Decrease	Discount Rate	1% Increase
Discount rate	5.00%	6.00%	7.00%	
Total OPEB Liability	\$ 147,288,528	\$ 130,406,146	\$ 116,446,277	
Plan Net Position	57,793,432	57,793,432	57,793,432	
Net OPEB Liability	\$ 89,495,096	\$ 72,612,714	\$ 58,652,845	
Ratio of Plan Net Position to Total OPEB Liability	39.24%	44.32%	49.63%	

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the Trust, calculated using the healthcare trend rate of 5.75% to an ultimate rate of 4.25%, as well as what the County's net OPEB liability would be if it were calculated using trend rates for each year that are 1.00% lower or 1.00% higher than the current rates:

	Current	Ultimate	
	1% Decrease	Trend Rate	1% Increase
Ultimate Trend	3.25%	4.25%	5.25%
Total OPEB Liability	\$ 111,545,611	\$ 130,406,146	\$ 153,547,292
Plan Net Position	57,793,432	57,793,432	57,793,432
Net OPEB Liability	\$ 53,752,179	\$ 72,612,714	\$ 95,753,860
Ratio of Plan Net Position to Total OPEB Liability	51.81%	44.32%	37.64%

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(19) Other Post Employment Benefits (Continued):

Net OPEB Liability and Deferred Outflows/Inflows of Resources:

The County's change in Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for the year ended June 30, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) – (b)
Balances at 6/30/21	\$124,049,236	\$66,642,154	\$57,407,082
Changes for the year:			
Service cost	3,497,158	-	3,497,158
Interest	7,515,156	-	7,515,156
Changes in benefit terms	-	-	-
Difference between expected & actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions – employer	-	5,655,404	(5,655,404)
Contributions – employee	-	1,051,845	(1,051,845)
Net investment income	-	(9,844,164)	9,844,164
Benefit payments	(4,655,404)	(5,707,249)	1,051,845
Administrative expense	-	(4,558)	4,558
Net changes	6,356,910	(8,848,722)	15,205,632
Balances at 6/30/22	\$130,406,146	\$57,793,432	\$72,612,714

As of June 30, 2022, \$5,235,552 of the net OPEB liability is reported as a liability in the business-type activities in the government-wide statement of net position and in the proprietary fund type in the fund financial statement of net position. The remaining \$67,377,162 of the net OPEB liability is reported as a liability related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position.

Investment gains and losses for each year will be recognized over five years. Demographic gains and losses as well as assumption changes will be recognized over the average remaining lifetimes of all plan participants, which could vary from year to year. In general, the impact of any plan changes will be recognized immediately.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(19) Other Post Employment Benefits (Continued):

Net OPEB Liability and Deferred Outflows/Inflows of Resources (continued):

The County recognized \$4,979,725 in OPEB expense and as of June 30, 2022, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience (gain) or loss	\$ -	\$ (26,769,112)
Changes of assumptions	15,944,021	-
Net difference between projected and actual earnings on plan investments	4,791,060	-
Total	\$ 20,735,081	\$ (26,769,112)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year ended June 30</u>	<u>Amount</u>
2023	\$ (1,966,475)
2024	(2,035,939)
2025	(1,278,522)
2026	1,007,950
2027	(1,761,045)
Total	<u>\$ (6,034,031)</u>

(20) On-Behalf Payments:

The County receives a pension contribution from the State of Delaware for New Castle County Police to the Employees' Pension Program. This on-behalf payment is recorded in the General Fund as intergovernmental revenue and expenditure paid to the Pension Trust Fund. This amount for FY 2022 was \$3,564,146.

(21) Leases:

Leases Receivable:

On July 1, 1995, the Delaware River and Bay Authority (DRBA) assumed responsibility for the New Castle County Airport under the terms of a 30-year lease. The DRBA has reimbursed the County for all debt service payments attributable to the Airport fulfilling its required lease payments. This arrangement is structured to reduce operating losses at the airport while advancing overall economic development and job creation within the County. This agreement was deemed to be a non-exchange transaction and not applicable under GASB 87, Leases.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(21) Leases (Continued):

Leases Payable:

In addition, the County has entered into non-cancellable lease agreements for buildings and copier equipment. Payments are due in monthly installments with interest rates varying from 1.63% to 1.87%.

The assets acquired through leases are as follows:

	Governmental Activities	Business-Type Activities
ROU Equipment	\$ 341,562	\$ 11,360
ROU Buildings	168,338	-
Less: accumulated amortization	<u>(209,206)</u>	<u>(5,844)</u>
	<u><u>\$ 300,694</u></u>	<u><u>\$ 5,516</u></u>

Total future minimum lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 186,444	\$ 3,636	\$ 5,069	\$ 53	\$ 195,202
2024	57,126	1,568	363	6	59,063
2025	49,245	647	127	1	50,020
2026	<u>14,483</u>	<u>49</u>	<u>2</u>	<u>-</u>	<u>14,534</u>
	<u><u>\$ 307,298</u></u>	<u><u>\$ 5,900</u></u>	<u><u>\$ 5,561</u></u>	<u><u>\$ 60</u></u>	<u><u>\$ 318,819</u></u>

(22) Financed Purchases:

The County has entered into numerous agreements for the financing of new police and emergency service vehicles and equipment and new sewer service vehicles and equipment. Payments are due in monthly/quarterly installments with interest rates varying from .96% to 4.80% per annum. The County has also entered into an agreement for the financing of energy efficient HVAC building equipment. Payments are due in quarterly installments with an interest rate of 3.79%.

The assets acquired through financed purchases are as follows:

	Governmental Activities	Business-Type Activities
Equipment	\$ 40,046,303	\$ 12,768,626
Less: accumulated depreciation	<u>(28,860,707)</u>	<u>(8,466,358)</u>
	<u><u>\$ 11,185,596</u></u>	<u><u>\$ 4,302,268</u></u>

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(22) Financed Purchases (Continued):

Total future minimum payments under financed purchases agreements are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 3,049,974	\$ 102,706	\$ 1,114,614	\$ 23,051	\$ 4,290,345
2024	1,988,419	38,819	739,507	8,183	2,774,928
2025	1,145,404	13,963	569,108	2,575	1,731,050
2026	244,819	2,585	435,916	501	683,821
2027	50,363	472	200,651	1,192	252,678
Total minimum payments	<u>\$ 6,478,979</u>	<u>\$ 158,545</u>	<u>\$ 3,059,796</u>	<u>\$ 35,502</u>	<u>\$ 9,732,822</u>

(23) Deferred Compensation Plan:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years.

As required by IRC Section 457 (g), the County's Deferred Compensation Plan (DCP) Trust Agreement provides that all assets and income of the DCP are held in the DCP Trust for the exclusive benefit of participants and their beneficiaries. Therefore, these assets are not the property of the County and will not be subject to the claims of the County's general creditors.

All costs and expenses of administering the plan are borne by the participants.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans:

New Castle County, Delaware Employees' Pension Program

Plan Description and Provisions:

New Castle County maintains a single-employer, defined benefit pension plan that covers substantially all full-time County employees (except for police employees who are covered by the Delaware Municipal Police/Firefighter Pension Plan) as well as part-time school crossing guards. Benefits are administered under the County's Pension Program (Program) by a quasi-independent agency, which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Human Resources division of the Department of Administration.

The Program consists of five separate pension plans with members' benefits varying according to the plan in which they participate. Membership in a particular plan generally is based upon the date of employment. The Program's five pension plans are: the County Employees' Pension Plan (Plan); the Employees' Retirement System (the System); the Alternate Pension Plan (the Closed Plan); the County 2011 Plan (Hybrid Plan); and, the School Crossing Guards' Pension Plan (Crossing Guards' Plan). Upon organization of the Program, all of the assets of the County's previously separate pension plans were pooled and made available to satisfy the obligations to members under any of the plans. Consequently, the plans are not considered to be separate for actuarial, funding, or financial reporting purposes.

Benefits Provided:

The Program provides retirement, disability, and death benefits to Program members and beneficiaries. Retirement benefits for members of the System include automatic post-retirement benefit increases. Those benefits are established under the provisions of the County Code and may be amended by action of the County Council.

County employees covered by the Plan and hired before December 15, 2006, become eligible for benefits upon 15 years of credited service and attainment of age 60, 10 years of credited service and attainment of age 62, 5 years of credited service and attainment of age 65, or 30 years of credited service. Employees hired after December 15, 2006, become eligible upon 15 years of credited service and age 60, 10 years of credited service and age 62, or 30 years of credited service. The amount of the monthly service or disability pension payable to a Plan member equals 1/60 of his or her final average compensation multiplied by the number of years of his or her credited service, taken to the nearest 1/12 of a year, provided that:

- A. Beginning no earlier than age 62, the service pension payable shall in no case exceed 1% of final average compensation plus 0.5% of final average compensation in excess of 30% of covered compensation plus 0.5% of final average pay in excess of covered compensation, the sum of which is multiplied by years of service not in excess of 30 and:
- B. The disability pension, when combined with the disability or old age insurance benefit for which he or she is eligible under the federal Social Security Act, without taking into account any increases in such benefit after payments commence, shall not exceed 75% of final average compensation.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

New Castle County, Delaware Employees' Pension Program (Continued)

Benefits Provided (Continued):

For participants who are age 55 prior to January 1, 1997, benefits shall not be less than 75% of final average compensation less the age 62 Social Security benefit; the result to be multiplied by a ratio not to exceed 1, the numerator of which is the participant's years of credited service and the denominator of which is 30 years. Benefits are proportionately less for members with less than 30 years of credited service.

County nonpolice employees covered by the System and hired before December 15, 2006, become eligible for benefits at age 60, 55, or 50, provided they have completed at least 5, 15, or 25 years of service, respectively, or at any age upon attaining 30 years of credited service. Nonpolice employees hired after December 15, 2006, become eligible for benefits at age 60, 55, or 50, provided they have completed at least 10, 15, or 25 years of service, respectively, or at any age upon attaining 30 years of credited service. Police members become eligible to retire after 20 years if they complete a minimum of 15 years of service during the 20-year period or at age 50 with at least 10 years of service and have not obtained a refund. Police are subject to mandatory retirement at age 55. Normal monthly retirement benefits for nonpolice System members are calculated based upon a monthly average of the member's highest base salary or wage, excluding overtime and shift premium compensation, for 36 months (12 months for police members with at least 15 years of credited service), whether or not consecutive, multiplied by a specific percentage that ranges from 1.7% to 2.5% and multiplied by years of service. Police pensions are calculated at 2.5% of final average salary for each year of police service. Benefits are limited to 80% of the average salary calculated above. Service retirement benefits for nonpolice employees are automatically increased January 1st each year by 2% of the initial benefit beginning the earlier of five years of retirement or attaining age 60 and one year of retirement. Service retirement benefits for police members are automatically increased each year beginning after three years of retirement or age 60 and 1 year of retirement by a 3% cost of living adjustment compounded annually.

Under the Closed Plan, County members are eligible for benefits upon completion of 20 years of credited service or at age 60 and completion of 15 years of credited service. Normal monthly retirement benefit is calculated based upon a monthly average of a member's highest wage, excluding overtime and shift premium compensation, for 60 consecutive months, multiplied by 2.5% and further multiplied by the total years of service. Benefits range from a minimum of \$200 per month to a maximum of \$300 per month.

Under the Guard Plan, members hired before December 15, 2006, become eligible for benefits upon 15 years of credited service and attainment of age 60, 10 years of credited service and attainment of age 62, 5 years of credited service and attainment of age 65, or 30 years of credited service. Employees hired after December 15, 2006, become eligible upon 15 years of credited service and age 60, 10 years of credited service and age 62, or 30 years of credited service. The annual service retirement benefit is equal to \$10 per month for each year of credited service.

Under the Hybrid Plan, members hired after November 1, 2011, become eligible for benefits upon 10 years of credited service and attainment of age 65, or if they are an Emergency Responder with 10 years of credited service and attainment of age 60, or upon 30 years of credited service, regardless of age. The amount of monthly service retirement benefit is equal to 1% of his or her final average salary multiplied by the number of years and partial years of credited service, taken to the nearest month.

The Program also provides death and disability benefits.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

New Castle County, Delaware Employees' Pension Program (Continued)

Contribution Requirements:

The requirements for County and employee contributions are established under County Code and may be amended by action of the County Council. The requirements for State contributions are established under State Statute. The required contribution rates of active Program members are as follows:

Plan	3% of annual compensation in excess of \$5,980 plus 2% of annual compensation in excess of the social security taxable wage base
System	7.0% (police members) and 5% (non-police members) of base salary or wages
Closed Plan	No contribution required
Crossing Guards' Plan	\$10 per bi-weekly pay period
County 2011 Plan	3% of base salary

State contributions to the Program are for police members of the System and are based on a ratable share of the State's tax on insurance premiums. The share provided to the County is based on the relative number of police employees covered by the County Program compared to the total number of state, county, and municipal police employees in the State covered by pension plans that are eligible to participate in the distribution of the tax.

The County is required by County Code to contribute to the Program based on an actuarial valuation. The current rate is 39.31% of annual covered payroll.

Actuarial Assumptions:

The actuarial valuations are used to determine the contributions to be made by the County in the fiscal year starting six months after the valuation date. For example, the January 1, 2021, valuation is used to establish the contribution level for the year ended June 30, 2022.

The total pension liability was determined as of June 30, 2022 using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate of return and (b) projected salary increases of 3.25% (7.75% for General employees with less than 10 years of service and 2.75% for Crossing Guards). The assumptions include post-retirement benefit increases for members of the System and a 2.75% inflation rate assumption. The annual required contribution for the year was determined on a percentage of payroll basis.

Mortality rates were based on the RP-2014 Combined Healthy Mortality Tables (Blue Collar), as appropriate, with adjustments for mortality improvements based on Scale SSA projected on a generational basis. RP-2014 Disabled tables were used for the valuation of disabled members.

A full experience study was conducted in 2018 and several assumptions were updated, including the ones listed above as well as the assumed rates of termination, disability, and retirement.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

New Castle County, Delaware Employees' Pension Program (Continued)

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension program investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension program investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of arithmetic real rates of return for each major asset class included in the pension program's target asset allocation as of June 30, 2022, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weight
Domestic Equity	5.95%	23%
International Equity	6.25%	17%
Fixed Income – U.S.	1.75%	31%
Global Asset Allocation	5.00%	10%
Opportunistic Debt	3.50%	3%
Real Estate	4.95%	5%
Private Equity	7.50%	5%
Hedge Funds	2.50%	5%
Cash Equivalents	0.20%	1%
Total Weighted Average Real Return	4.33%	100%
Plus inflation	2.75%	
Total return without Adjustment	7.08%	
Risk adjustment	-0.08%	
Total Expected Return	7.00%	

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

New Castle County, Delaware Employees' Pension Program (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate 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 rates of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Total Pension Liability	\$796,443,516	\$718,778,019	\$640,648,813
Plan Net Position	492,928,275	492,928,275	492,928,275
Net Pension Liability	<u>\$303,515,241</u>	<u>\$225,849,744</u>	<u>\$147,720,538</u>
Ratio of Plan Net Position to Total Pension Liability	61.9%	68.6%	76.9%

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

New Castle County, Delaware Employees' Pension Program (Continued)

Net Pension Liability and Deferred Outflows/Inflows of Resources:

The County's change in Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the year ended June 30, 2022, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at 6/30/21	\$709,028,826	\$552,356,443	\$156,672,383
Changes for the year:			
Service cost	7,405,676	-	7,405,676
Interest	48,531,093	-	48,531,093
Differences between expected and actual experience	874,739	-	874,739
Changes in assumptions	-	-	-
Contributions – employer	-	30,292,363	(30,292,363)
Contributions – employee	-	2,645,904	(2,645,904)
Net investment income	-	(44,631,943)	44,631,943
Benefit payments, including refunds of employee contributions	(47,062,315)	(47,062,315)	-
Administrative expense	-	(672,177)	672,177
Net changes	9,749,193	(59,428,168)	69,177,361
Balances at 6/30/22	\$718,778,019	\$492,928,275	\$225,849,744

As of June 30, 2022, \$26,900,404 of the net pension liability is reported as a liability in the business-type activities in the government-wide statement of net position and in the proprietary fund type in the fund financial statement of net position. The remaining \$198,949,340 of the net pension liability is reported as a liability related to the governmental funds and is only recorded in the governmental activities in the government-wide statement of net position.

The County recognized \$36,144,048 in Pension expense for fiscal year 2022 and as of June 30, 2022, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,626,314	\$ (628,738)
Changes in actuarial assumptions	26,444,102	-
Net difference between projected and actual earnings on plan investments	25,562,799	-
Total	\$ 61,633,215	\$ (628,738)

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

New Castle County, Delaware Employees' Pension Program (Continued)

Net Pension Liability and Deferred Outflows/Inflows of Resources (Continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>		
2023	\$	21,462,424
2024	\$	13,403,892
2025	\$	9,447,008
2026	\$	16,691,153
Total	\$	<u>61,004,477</u>

Delaware Public Employees' Retirement System (DPERS) County and Municipal Police and Firefighters' Pension Plan

Plan Description:

The County contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System (DPERS). The plan, which is the DPERS County and Municipal Police and Firefighters' Pension Plan, covers County police employees hired on or after February 1, 1993. Benefit provisions of the plan are established under the provisions of State law and may be amended by an act of the State legislature. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Delaware Public Employees' Retirement System issues a publicly available financial report that includes financial statements for the plan. That report may be obtained by writing to the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, Delaware 19904.

Benefits Provided:

Service benefits provided by this plan are as follows: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation. Retirement eligibility is age 62 with 5 years of service, age plus credited service (but not less than 10 years) equals 75, or 20 years of credited service.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

DPERS County and Municipal Police and Firefighters' Pension Plan (Continued)

Measurement Date:

The measurement date of the plan is as of June 30, 2021.

Contributions:

The contribution policy is set by State law and requires contributions by active members and by participating employers. Plan members are required to contribute 7% of base compensation. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. The County was required to contribute at the following rates for the fiscal years ending June 30, 2022, 2021, and 2020: 16.03%, 16.59%, and 16.84%. The County's contributions to the plan for the same fiscal years were \$5,112,970, \$5,132,783, and \$4,900,686, respectively. Those amounts are equal to or greater than the required contribution for each year.

Actuarial assumptions:

The investment rate of return/discount rate was assumed to be 7.0%, with projected salary increases at 2.5% plus a merit increase, and no cost-of-living adjustments were included. Inflation is included at 2.5%. The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years.

Mortality rates were based on the RP-2014 Mortality Tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amount of the changes.

The County's proportionate share of the net pension asset/(liability) is equal to the collective net pension asset/(liability) multiplied by our proportionate share percentage for fiscal year ending June 30, 2021 in the Schedule of Employer Allocations in the DPERS County and Municipal Police and Firefighters' Pension Plan report. The proportionate share percentage is 31.9%, unchanged from the year ending June 30, 2020.

The difference between expected and actual experience and the change in assumptions with regard to economic and demographic factors, and the change in employer proportionate share are amortized over the average of the expected remaining service life of active and inactive members which is 10 years.

The difference between the actual earnings on plan investments compared to the plan's expected rate of return of 7.0% is amortized over a closed period of 5 years.

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

DPERS County and Municipal Police and Firefighters' Pension Plan (Continued)

Long-Term Expected Rate of Return

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 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation.

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.3%	5.7%
International equity	18.1%	5.7%
Fixed income	20.6%	2.0%
Alternative investments	24.2%	7.8%
Cash and equivalents	4.8%	0.0%
Total	100.0%	

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total DPERS County and Municipal Police and Firefighters' Pension Plan Net Pension Asset/(Liability)	(\$63,527,000)	(\$137,604,064)	(\$198,048,000)
County's Proportionate Share	(\$20,267,760)	(\$43,901,432)	(\$63,185,563)

Pension plan fiduciary net position: Detailed information about the DPERS County and Municipal Police and Firefighters' Pension Plan's fiduciary net position is available in the separately issued financial report.

Net Pension Liability and Deferred Outflows/Inflows of Resources:

The County recognized \$11,317,737 in Pension expense in fiscal year 2022 and, as of June 30, 2022 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(24) Defined Benefit Pension Plans (Continued):

DPERS County and Municipal Police and Firefighters' Pension Plan (Continued)

Net Pension Liability and Deferred Outflows/Inflows of Resources (Continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 5,112,970	\$ ---
Proportionate share increase	56,489	(148,646)
Experience (gain) or loss	4,153,958	(1,710,395)
Changes of assumptions	1,508,594	(3,197,203)
Net difference between projected and actual earnings on plan investments	---	(37,303,574)
Total	<u>\$ 10,832,011</u>	<u>\$ (42,359,818)</u>

The County reported \$5,112,970 as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended June 30</u>		
2023	\$ (7,394,435)	
2024	(7,394,435)	
2025	(7,394,435)	
2026	(7,394,435)	
2027-2032	(7,063,037)	
Total	<u>\$ (36,640,777)</u>	

The following table provides aggregate information for the County's pension plans:

	Total Pension Liability	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
New Castle County Pension Plan	\$718,778,019	\$225,849,744	\$61,633,215	\$ (628,738)	\$36,144,048
DPERS (proportionate share)	N/A	(43,901,432)	10,832,011	(42,359,818)	11,317,737
Total Pension Plans	<u>\$718,778,019</u>	<u>\$181,948,312</u>	<u>\$72,465,226</u>	<u>\$ (42,988,556)</u>	<u>\$47,461,785</u>

NEW CASTLE COUNTY, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(Continued)

(25) Tax Abatements:

As of June 30, 2022, New Castle County provides two tax abatements requiring disclosure under GASB Statement No. 77:

- 1) Ordinance No. 19-115 provides an exemption from County property taxes on property purchased by Dot Foods, Inc. ("Dot Foods") at 301 American Blvd. in Bear, Delaware, for any increase in assessed valuation attributable to new construction or renovation of the property. The exemption commenced on July 1, 2020 and will continue for five years or until a total of \$150,000 in property taxes have been exempted, whichever first occurs. This property tax exemption will sunset no later than June 30, 2025. If Dot Foods sells or leases any part of the property to any third party or if it files for bankruptcy, the exemption will terminate as of the date of the sale, lease or bankruptcy. Dot Foods will forfeit the otherwise applicable County tax exemption for the following County fiscal year if it fails to pay timely all County sewer service charges or annual school taxes. It will forfeit the County tax exemption in its entirety and be obligated to pay all amounts previously exempted if it does not create 201 new full-time positions by May 30, 2025. \$39,931.32 in County property taxes qualified for this tax abatement in fiscal year 2022, with a cumulative total of \$119,549.56 through fiscal year 2022.
- 2) Ordinance No. 21-104 authorized an abatement of New Castle County Real Property Taxes and Penalties on the property of the Hockessin Historical Society located at 1041 Valley Road, Hockessin, Delaware. The owner of the property is a registered nonprofit organization and in recognition of the nonprofit status, New Castle County Council authorized a one-time abatement of New Castle County taxes and penalties assessed on July 1, 2021, exclusive of school taxes and penalty, of \$7,438.35, pursuant to New Castle County Code § 14.05.003. The full amount of the abatement has been applied.

Required Supplementary Information

NEW CASTLE COUNTY, DELAWARE EMPLOYEES' PENSION PROGRAM

(A Pension Trust Fund of New Castle County, Delaware)

Required Supplementary Information

June 30, 2022

Schedule of Changes in Net Pension Liability and Related Ratios*

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
<u>Total Pension Liability</u>									
Service Cost	\$ 7,405,676	\$ 7,622,511	\$ 6,782,145	\$ 8,002,663	\$ 7,578,587	\$ 7,700,742	\$ 7,847,444	\$ 7,733,029	\$ 7,803,030
Interest	48,531,093	45,222,885	44,219,774	43,722,887	42,043,474	41,203,676	40,893,316	40,243,005	43,328,727
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	874,739	10,034,013	7,265,293	(3,143,686)	3,123,070	(2,077,314)	1,314,713	1,188,291	-
Changes in assumptions	-	30,811,236	-	39,786,800	-	(1,789,625)	11,647,493	721,980	-
Benefit payments, including refunds	(47,062,315)	(45,393,295)	(44,182,032)	(42,835,175)	(41,141,436)	(39,523,627)	(37,813,325)	(36,345,952)	(34,213,002)
Net Change in Total Pension Liability	9,749,193	48,297,350	14,085,180	45,533,489	11,603,695	5,513,852	23,889,641	13,540,353	16,918,755
Total Pension Liability - Beginning of Year	709,028,826	660,731,476	646,646,296	601,112,807	589,509,112	583,995,260	560,105,619	546,565,266	529,646,511
Total Pension Liability - End of Year	<u>\$ 718,778,019</u>	<u>\$ 709,028,826</u>	<u>\$ 660,731,476</u>	<u>\$ 646,646,296</u>	<u>\$ 601,112,807</u>	<u>\$ 589,509,112</u>	<u>\$ 583,995,260</u>	<u>\$ 560,105,619</u>	<u>\$ 546,565,266</u>
<u>Plan Fiduciary Net Position</u>									
Contributions - employer	\$ 30,292,363	\$ 30,026,272	\$ 26,734,944	\$ 22,504,179	\$ 22,677,474	\$ 17,259,347	\$ 17,035,119	\$ 18,025,370	\$ 13,672,749
Contributions - member	2,645,904	2,790,057	2,586,225	2,639,998	2,688,889	2,679,140	2,840,013	2,779,085	2,845,513
Net investment income (loss)	(44,631,943)	108,424,912	18,563,905	26,789,755	36,749,800	46,007,003	(8,901,831)	15,220,117	48,084,200
Benefit payments, including refunds	(47,062,315)	(45,393,295)	(44,182,032)	(42,835,175)	(41,141,436)	(39,523,627)	(37,813,327)	(36,345,952)	(34,213,002)
Administrative expenses	(615,712)	(574,320)	(743,098)	(830,410)	(717,800)	(682,369)	(660,453)	(581,179)	(642,018)
Other expenses	(56,465)	(107)	(31,633)	(61,202)	(16,704)	(33,285)	-	-	-
Net Change in Plan Fiduciary Net Position	(59,428,168)	95,273,519	2,928,311	8,187,145	20,240,223	25,706,209	(27,500,479)	(902,559)	29,747,442
Plan Fiduciary Net Position - Beginning of Year	552,356,443	457,082,924	454,154,613	445,967,468	425,727,245	400,021,036	427,521,515	428,424,074	398,676,632
Plan Fiduciary Net Position - End of Year	<u>\$ 492,928,275</u>	<u>\$ 552,356,443</u>	<u>\$ 457,082,924</u>	<u>\$ 454,154,613</u>	<u>\$ 445,967,468</u>	<u>\$ 425,727,245</u>	<u>\$ 400,021,036</u>	<u>\$ 427,521,515</u>	<u>\$ 428,424,074</u>
Net Pension Liability - Beginning of Year	\$ 156,672,383	\$ 203,648,552	\$ 192,491,683	\$ 155,145,339	\$ 163,781,867	\$ 183,974,224	\$ 132,584,104	\$ 118,141,192	\$ 130,969,879
Net Pension Liability - End of Year	<u>\$ 225,849,744</u>	<u>\$ 156,672,383</u>	<u>\$ 203,648,552</u>	<u>\$ 192,491,683</u>	<u>\$ 155,145,339</u>	<u>\$ 163,781,867</u>	<u>\$ 183,974,224</u>	<u>\$ 132,584,104</u>	<u>\$ 118,141,192</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	68.6%	77.9%	69.2%	70.2%	74.2%	72.2%	68.5%	76.3%	78.4%
Covered Payroll	\$ 67,024,711	\$ 66,089,534	\$ 63,622,011	\$ 62,750,893	\$ 63,082,234	\$ 61,704,013	\$ 61,711,130	\$ 62,272,733	\$ 62,346,860
Net Pension Liability as a percentage of Covered Payroll	337.0%	237.1%	319.9%	306.8%	245.9%	265.4%	298.1%	212.9%	189.5%

Notes to schedule:

Benefit changes: None

Changes of assumptions: In 2021, there was a change in assumption for the COLAs for Police participants. It is now assumed that annuities will increase by 3.00% per annum compounded, with an offset for expected State COLA amounts. This is a change from the previous assumption of 1.80% with no offset. In 2019, amounts reported as changes of assumptions resulted primarily from adjustments to the discount rate, salary increases, and inflation. Also in 2019, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2014 Combined Healthy Mortality Tables (Blue Collar) for purposes of developing mortality rates. In 2015, 2016 and 2017, the only changes in actuarial assumptions were due to the change in the GASB discount rate.

*A full 10-year trend is unavailable at this time. Per GASB 67 standards, this schedule covers the time period in which data was available for the Pension plan.

NEW CASTLE COUNTY, DELAWARE EMPLOYEES' PENSION PROGRAM

(A Pension Trust Fund of New Castle County, Delaware)

Required Supplementary Information

June 30, 2022

SCHEDULE OF COUNTY CONTRIBUTIONS

Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 30,292,363	\$ 30,026,272	\$ 26,734,944	\$ 22,504,179	\$ 22,677,474	\$ 17,259,347	\$ 17,035,119	\$ 19,158,322	\$ 14,803,656	\$ 13,407,480
Contributions in relation to the actuarially determined contribution	30,292,363	30,026,272	26,734,944	22,504,179	22,677,474	17,259,347	17,035,119	18,025,371	13,672,749	13,626,668
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,132,951	\$ 1,130,907	\$ (219,188)
Covered payroll	\$ 67,024,711	\$ 66,089,534	\$ 63,662,011	\$ 62,750,893	\$ 63,082,234	\$ 61,704,013	\$ 61,711,130	\$ 62,272,733	\$ 62,346,860	\$ 62,292,327
Contributions as a percentage of covered payroll	45.20%	45.43%	42.00%	35.86%	35.95%	27.97%	27.60%	28.95%	21.93%	21.88%

Note: Actuarial contributions are determined as a percentage of payroll. This rate is applied to actual payroll to determine the employer contribution. The County amounts include funds received from the State of Delaware. There have also been two separate time periods in which the actuarial contribution rate was phased in over a period of several years. This occurred in 2010 through 2012, as well as 2014 through 2015. The County and Retirement Board's current policy is to contribute the full actuarial cost each year going forward.

NEW CASTLE COUNTY, DELAWARE
Required Supplementary Information
June 30, 2022

DPERS County and Municipal Police and Firefighters' Pension Plan
Schedule of the County's Proportionate Share of the Net Pension Asset/(Liability)

Measurement Date June 30*:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportionate share of the net pension asset/(liability)	32%	32%	33%	33%	33%	33%	33%
County's proportionate share of the net pension asset/(liability)	\$ 43,901,432	\$ (4,905,086)	\$ (9,545,673)	\$ (7,663,479)	\$ (3,278,567)	\$ (5,301,474)	\$ 1,724,155
County's covered payroll	\$ 31,896,070	\$ 29,076,581	\$ 29,378,545	\$ 28,459,289	\$ 26,451,763	\$ 24,292,287	\$ 23,203,998
County's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	137.6%	16.9%	32.5%	26.9%	12.4%	21.8%	7.4%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	128.2%	96.7%	93.3%	94.1%	97.0%	94.7%	102.0%

**A full 10-year trend is unavailable at this time. Per GASB 67 standards, this schedule covers the time period in which data was available for the Pension plan.*

NEW CASTLE COUNTY, DELAWARE
DPERS County and Municipal Police and Firefighters' Pension Plan
Required Supplementary Information
June 30, 2022

SCHEDULE OF COUNTY CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Required contribution	\$ 5,112,940	\$ 5,089,826	\$ 4,896,496	\$ 4,900,341	\$ 3,250,051	\$ 3,642,408	\$ 3,364,482	\$ 3,290,327	\$ 3,268,300	\$ 2,931,021
Contributions in relation to the required contribution	5,112,970	5,132,783	4,900,686	4,900,351	3,308,991	3,679,422	3,365,308	3,293,491	3,270,358	2,928,485
Contribution deficiency/(excess)	\$ (30)	\$ (42,957)	\$ (4,190)	\$ (10)	\$ (58,940)	\$ (37,014)	\$ (826)	\$ (3,164)	\$ (2,058)	\$ 2,536
Covered payroll	\$ 31,896,070	\$ 30,680,085	\$ 29,076,581	\$ 29,378,545	\$ 28,459,289	\$ 26,451,763	\$ 24,292,287	\$ 23,203,998	\$ 21,058,636	\$ 19,871,328
Contributions as a percentage of covered payroll	16.03%	16.73%	16.85%	16.68%	11.63%	13.91%	13.85%	14.19%	15.53%	14.74%

NEW CASTLE COUNTY, DELAWARE
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

OTHER POST EMPLOYMENT BENEFITS TRUST FUND
Schedule of Changes in Net OPEB Liability and Related Ratios*

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
<u>Total OPEB Liability</u>						
Service Cost	\$ 3,497,158	\$ 3,367,370	\$ 3,269,291	\$ 2,691,193	\$ 4,370,366	\$ 4,243,074
Interest	7,515,156	8,521,618	8,118,407	15,171,003	14,404,594	13,711,845
Changes in benefit terms	-	-	-	(101,946,003)	-	-
Difference between expected and actual experience	-	(31,618,315)	-	(12,553,801)	-	-
Changes in assumptions	-	19,291,017	-	6,494,167	-	-
Benefit payments, including refunds	(4,655,404)	(6,393,141)	(4,206,368)	(4,767,616)	(7,185,024)	(8,956,954)
Net Change in Total OPEB Liability	6,356,910	(6,831,451)	7,181,330	(94,911,057)	11,589,936	8,997,965
 Total OPEB Liability – Beginning of Year	124,049,236	130,880,687	123,699,357	218,610,414	207,020,478	198,022,513
Total OPEB Liability – End of Year	<u>\$ 130,406,146</u>	<u>\$ 124,049,236</u>	<u>\$ 130,880,687</u>	<u>\$ 123,699,357</u>	<u>\$ 218,610,414</u>	<u>\$ 207,020,478</u>
 <u>Plan Fiduciary Net Position</u>						
Contributions - employer	\$ 5,655,404	\$ 7,393,141	\$ 5,206,368	\$ 5,767,616	\$ 8,185,024	\$ 9,956,954
Net investment income	(9,844,164)	14,503,559	1,883,359	2,776,954	3,170,902	4,374,426
Benefit payments	(4,655,404)	(6,393,141)	(4,206,368)	(4,767,616)	(7,185,024)	(8,956,954)
Administrative expenses	(4,558)	(16,501)	(9,241)	(15,478)	(4,010)	(16,475)
Net Change in Plan Fiduciary Net Position	(8,848,722)	15,487,058	2,874,118	3,761,476	4,166,892	5,357,951
 Plan Fiduciary Net Position - Beginning of Year	66,642,154	51,155,096	48,280,978	44,519,502	40,352,610	34,994,659
Plan Fiduciary Net Position - End of Year	<u>\$ 57,793,432</u>	<u>\$ 66,642,154</u>	<u>\$ 51,155,096</u>	<u>\$ 48,280,978</u>	<u>\$ 44,519,502</u>	<u>\$ 40,352,610</u>
 Net OPEB Liability – Beginning of Year	\$ 57,407,082	\$ 79,725,591	\$ 75,418,379	\$ 174,090,912	\$ 166,667,868	\$ 163,027,854
Net OPEB Liability – End of Year	<u>\$ 72,612,714</u>	<u>\$ 57,407,082</u>	<u>\$ 79,725,591</u>	<u>\$ 75,418,379</u>	<u>\$ 174,090,912</u>	<u>\$ 166,667,868</u>
 Plan Fiduciary Net Position as a percentage of Total OPEB Liability	44.3%	53.7%	39.1%	39.0%	20.4%	19.5%
 Covered Payroll	\$ 98,920,781	\$ 96,769,619	\$ 92,738,592	\$ 92,129,438	\$ 91,541,524	\$ 88,155,776
 Net OPEB Liability as a percentage of Covered Payroll	73.4%	59.3%	86.0%	81.9%	190.1%	189.1%

*A full 10-year trend is unavailable at this time. Per GASB 74 standards, this schedule covers the time period in which data was available for the OPEB plan.

NEW CASTLE COUNTY, DELAWARE
OTHER POST EMPLOYMENT BENEFITS TRUST FUND
(An OPEB Trust Fund of New Castle County, Delaware)
Required Supplementary Information
June 30, 2022

SCHEDULE OF COUNTY CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 8,794,248	\$ 8,692,389	\$ 9,617,995	\$ 9,414,559	\$ 18,489,193	\$ 18,338,946	\$ 17,582,179	\$ 22,562,637	\$ 24,179,501	\$ 24,585,445
Contributions in relation to the actuarially determined contribution	5,655,404	7,393,141	5,206,368	5,767,616	8,185,024	9,956,954	9,883,996	9,361,876	9,363,060	11,451,980
Contribution deficiency	\$ 3,138,844	\$ 1,299,248	\$ 4,411,627	\$ 3,646,943	\$ 10,304,169	\$ 8,381,992	\$ 7,698,183	\$ 13,200,761	\$ 14,816,441	\$ 13,133,465
Covered payroll	\$98,920,781	\$96,769,619	\$92,738,592	\$92,129,438	\$91,541,524	\$88,155,776	\$86,003,417	\$85,476,731	\$83,405,496	\$82,163,655
Contributions as a percentage of covered payroll	5.72%	7.64%	5.61%	6.26%	8.94%	11.29%	11.49%	10.95%	11.23%	13.94%

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses	-14.80%	28.30%	3.90%	6.20%	7.90%	12.60%

*A full 10-year trend is unavailable at this time. Per GASB 74 standards, this schedule covers the time period in which data was available for the OPEB plan.

**NEW CASTLE COUNTY, DELAWARE
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NEW CASTLE COUNTY, DELAWARE OTHER POST EMPLOYMENT BENEFITS PLAN

Notes to Required Supplementary Information

Valuation date: The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Methods or assumptions used to determine contribution rates:

Actuarial cost method: Entry Age

Amortization method: Level Dollar

Amortization period: 30 years

Investment Return: 6.00%, net of investment expense and including inflation

Healthcare Trend: 5.75% initially, grading down to 4.25% ultimate

Mortality rates:

Mortality rates were based on the RP-2014 Combined Mortality Tables with Blue Collar adjustments and generational projections using Scale SSA with a 1 year set forward for females. 50% of these rates are applied for pre-retirement deaths. Mortality rates for Disabled members were based on the RP-2014 Disabled tables projected generationally with Scale SSA.

Changes of actuarial assumptions: There were no changes in actuarial assumptions since the prior year.

Changes of benefit terms: There was a significant decrease in the cost of the post-Medicare (post-65) plan premiums from \$417.30 per month in 2016 to \$110.23 per month in 2018. This accounted for nearly all of the large decrease in the County's total OPEB liability. The retiree cost share for retirees in the EPO and PPO plans increased by 14% and 12%, respectively. These cost-sharing changes accounted for a significant portion of the decrease in the total OPEB liability as well.

Combining and Individual Fund Financial Statements and Schedules



New Castle County Public Works



Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- **Light Tax Fund** – Used to account for lighting costs financed with revenues from users within the light districts.
- **Crossing Guard Fund** – Used to account for school crossing guard costs financed with revenues from users within the school districts.
- **Garstin Trust Fund** – Used to account for the costs of providing for the care, maintenance, and upkeep of county parks and related facilities financed with proceeds from an endowment.
- **Housing Trust Fund** – Used to account for costs to construct, purchase, and maintain permanently affordable housing units.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources provided by bond proceeds, intergovernmental grants, and private contributions used for the acquisition or construction of capital facilities and for equipment purchases other than those financed by proprietary funds.

- **Facilities and Equipment** – Used to account for design, construction, and improvements of County buildings and for equipment purchases.
- **Park Development** – Used to account for the acquisition and development of County parkland.
- **Public Safety** – Used to account for improvements at the police building and facilities and for equipment purchases.
- **Miscellaneous Capital Improvements** – Used to account for all other construction improvements and equipment purchases.

NEW CASTLE COUNTY, DELAWARE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue				Total Special Revenue Funds	Facilities and Equipment	Capital Projects			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Light Tax	Crossing Guard	Garstin Trust	Housing Trust			Park Development	Public Safety	Miscellaneous Capital Improvements		
ASSETS:											
Cash and cash equivalents	\$ -	\$ -	\$ 154,495	\$ 17,171,036	\$ 17,325,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,325,531
Investments	-	-	3,205,614	-	3,205,614	-	-	-	-	-	3,205,614
Receivables (net of allowances):											
Taxes, including interest and penalties	108,346	69,661	-	-	178,007	-	-	-	-	-	178,007
Other	-	-	1,724	-	1,724	-	-	-	-	-	1,724
Due from other funds	1,924,763	725,669	-	-	2,650,432	9,353,454	13,810,195	8,113,693	6,734,230	38,011,572	40,662,004
Due from other governments	-	-	-	-	-	5,775,455	39,757	-	-	5,815,212	5,815,212
Total assets	\$ 2,033,109	\$ 795,330	\$ 3,361,833	\$ 17,171,036	\$ 23,361,308	\$ 15,128,909	\$ 13,849,952	\$ 8,113,693	\$ 6,734,230	\$ 43,826,784	\$ 67,188,092
LIABILITIES:											
Vouchers payable and accrued expenditures	\$ 500,322	\$ 17,754	\$ -	\$ -	\$ 518,076	\$ 1,653,006	\$ 880,324	\$ 80,399	\$ 367,984	\$ 2,981,713	\$ 3,499,789
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	338	-	-	-	338	338
Retainage payable	-	-	-	-	-	686,728	137,867	13,709	-	838,304	838,304
Total liabilities	500,322	17,754	-	-	518,076	2,340,072	1,018,191	94,108	367,984	3,820,355	4,338,431
DEFERRED INFLOWS OF RESOURCES:											
Unavailable revenue-property taxes	-	64,491	-	-	64,491	-	-	-	-	-	64,491
FUND BALANCES:											
Restricted for:											
Light tax	1,532,787	-	-	-	1,532,787	-	-	-	-	-	1,532,787
Crossing guard	-	444,737	-	-	444,737	-	-	-	-	-	444,737
Garstin trust	-	-	3,361,833	-	3,361,833	-	-	-	-	-	3,361,833
Housing trust	-	-	-	17,171,036	17,171,036	-	-	-	-	-	17,171,036
Capital projects	-	-	-	-	-	12,788,837	12,831,761	8,019,585	6,366,246	40,006,429	40,006,429
Assigned for:											
Crossing guard	-	268,348	-	-	268,348	-	-	-	-	-	268,348
Unassigned (Note 18)	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	1,532,787	713,085	3,361,833	17,171,036	22,778,741	12,788,837	12,831,761	8,019,585	6,366,246	40,006,429	62,785,170
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,033,109	\$ 795,330	\$ 3,361,833	\$ 17,171,036	\$ 23,361,308	\$ 15,128,909	\$ 13,849,952	\$ 8,113,693	\$ 6,734,230	\$ 43,826,784	\$ 67,188,092

NEW CASTLE COUNTY, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue					Capital Projects					Total Nonmajor Governmental Funds	
	Light Tax	Crossing Guard	Garstin Trust	Housing Trust	Total Special Revenue Funds	Facilities and Equipment	Park Development	Public Safety	Miscellaneous Capital Improvements	Total Capital Projects Funds		
Revenues:												
Taxes	\$ 6,717,596	\$ 3,268,907	\$ -	\$ -	\$ 9,986,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,986,503	
Licenses and permits	-	-	-	256,046	256,046	-	-	-	-	-	256,046	
Intergovernmental	-	-	-	-	-	5,188,421	923,398	4,335,000	-	10,446,819	10,446,819	
Investment income	-	-	84,895	-	84,895	-	-	-	-	-	84,895	
Net appreciation in fair value of investments	-	-	(691,034)	-	(691,034)	-	-	-	-	-	(691,034)	
Contributions from private sources	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous Revenue	-	-	-	-	-	7,110	-	-	436,027	443,137	443,137	
Total revenues	6,717,596	3,268,907	(606,139)	256,046	9,636,410	5,195,531	923,398	4,335,000	436,027	10,889,956	20,526,366	
Expenditures:												
Current:												
General government	6,405,810	-	-	-	6,405,810	-	-	-	-	-	6,405,810	
Public safety	-	3,465,190	-	-	3,465,190	-	-	-	-	-	3,465,190	
Public Works	-	-	172,625	-	172,625	-	-	-	-	-	172,625	
Capital outlays	-	-	-	-	-	19,226,693	6,062,468	833,856	4,824,408	30,947,425	30,947,425	
Total expenditures	6,405,810	3,465,190	172,625	-	10,043,625	19,226,693	6,062,468	833,856	4,824,408	30,947,425	40,991,050	
Excess (deficiency) of revenues over expenditures	311,786	(196,283)	(778,764)	256,046	(407,215)	(14,031,162)	(5,139,070)	3,501,144	(4,388,381)	(20,057,469)	(20,464,684)	
Other Financing Sources:												
Bond proceeds						18,473,030	10,123,535	4,225,171	3,328,264	36,150,000	36,150,000	
Bond premium proceeds						3,854,587	-	-	-	3,854,587	3,854,587	
Leases/financed purchases	-	-	-	-	-	1,425,416	-	-	-	1,425,416	1,425,416	
Transfers in	-	-	-	-	-	5,067,300	2,778,000	259,000	8,631,833	16,736,133	16,736,133	
Transfers out	-	-	-	-	-	(2,000,122)	-	-	-	(2,000,122)	(2,000,122)	
Total other financing sources	-	-	-	-	-	26,820,211	12,901,535	4,484,171	11,960,097	56,166,014	56,166,014	
Net change in fund balances	311,786	(196,283)	(778,764)	256,046	(407,215)	12,789,049	7,762,465	7,985,315	7,571,716	36,108,545	35,701,330	
Fund Balances:												
Beginning of year	1,221,001	909,368	4,140,597	16,914,990	23,185,956	(212)	5,069,296	34,270	(1,205,470)	3,897,884	27,083,840	
End of year	\$ 1,532,787	\$ 713,085	\$ 3,361,833	\$ 17,171,036	\$ 22,778,741	\$ 12,788,837	\$ 12,831,761	\$ 8,019,585	\$ 6,366,246	\$ 40,006,429	\$ 62,785,170	

NEW CASTLE COUNTY, DELAWARE

LIGHT TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 6,608,258	\$ 6,608,258	\$ 6,717,596	\$ 109,338
Expenditures:				
General government	6,876,504	6,876,504	6,405,810	470,694
Excess (deficiency) of revenues over expenditures	(268,246)	(268,246)	311,786	580,032
Fund Balance:				
Beginning of year	1,221,001	1,221,001	1,221,001	-
End of year	\$ 952,755	\$ 952,755	\$ 1,532,787	\$ 580,032

NEW CASTLE COUNTY, DELAWARE

GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022 (1)

	Actual			
	Prior Years	Current Year	Total to Date	Grant Budget
Revenues:				
Intergovernmental	\$ 835,006,832	\$ 68,523,785	\$ 903,530,617	\$ 987,279,809
Charges for services	61,762,863	3,409,295	65,172,158	65,899,892
Investment income	1,791,706	162,073	1,953,779	1,675,393
Total revenues	898,561,401	72,095,153	970,656,554	1,054,855,094
Expenditures:				
General government	303,343,652	35,228,963	338,572,615	384,950,111
Public safety	76,819,269	10,979,461	87,798,730	91,821,877
Public works	1,112,059	-	1,112,059	1,136,309
Community services	541,663,144	26,619,222	568,282,366	604,515,588
Land use	5,417,043	-	5,417,043	5,650,709
Total expenditures	928,355,167	72,827,646	1,001,182,813	1,088,074,594
Deficiency of revenues over expenditures	(29,793,766)	(732,493)	(30,526,259)	(33,219,500)
Other Financing Sources:				
Net transfers in	32,423,870	119,378	32,543,248	33,219,500
Net change in fund balance	\$ 2,630,104	(613,115)	\$ 2,016,989	\$ -
Fund Balance:				
Beginning of year		2,630,104		
End of year		\$ 2,016,989		

(1) Encompassing current grant file information.

NEW CASTLE COUNTY, DELAWARE

CAPITAL PROJECTS FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Actual			
	Prior Years	Current Year	Total to Date	Project Authorization
Revenues:				
Intergovernmental	\$ 33,215,283	\$ 10,446,819	\$ 43,662,102	\$ 44,327,568
Contributions from Private Sources	2,362,326	-	2,362,326	2,424,826
Other	7,519,377	443,137	7,962,514	7,943,185
Total revenues	43,096,986	10,889,956	53,986,942	54,695,579
Expenditures:				
General government	12,585,640	4,824,408	17,410,048	24,596,273
Public safety	28,099,553	833,856	28,933,409	39,068,018
Public works	135,073,998	13,369,576	148,443,574	198,486,914
Community services	54,754,523	11,919,585	66,674,108	69,091,580
Total expenditures	230,513,714	30,947,425	261,461,139	331,242,785
Deficiency of revenues over expenditures	(187,416,728)	(20,057,469)	(207,474,197)	(276,547,206)
Other Financing Sources/(Uses):				
Debt issuance	144,214,596	36,150,000	180,364,596	215,782,837
Bond premium	7,983,672	3,854,587	11,838,259	7,983,672
Lease proceeds	2,917,876	1,425,416	4,343,292	-
Transfers	36,198,468	14,736,011	50,934,479	52,780,697
Total other financing sources	191,314,612	56,166,014	247,480,626	276,547,206
Net change in fund balances	\$ 3,897,884	36,108,545	\$ 40,006,429	\$ -
Fund Balances:				
Beginning of year		3,897,884		
End of year		\$ 40,006,429		

(1) This schedule covers only current projects. Amounts in Prior Years column and Project Authorization column include only projects that were active in the current fiscal year.

NEW CASTLE COUNTY, DELAWARE

CROSSING GUARD FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 3,337,270	\$ 3,337,270	\$ 3,268,907	\$ (68,363)
Expenditures:				
General government	1,002,018	1,002,018	1,002,018	-
Public safety	2,615,252	2,616,013	2,463,172	152,841
Total expenditures	3,617,270	3,618,031	3,465,190	152,841
Net change in fund balance	(280,000)	(280,761)	(196,283)	84,478
Fund Balance:				
Beginning of year	909,368	909,368	909,368	-
End of year	\$ 629,368	\$ 628,607	\$ 713,085	\$ 84,478

NEW CASTLE COUNTY, DELAWARE

BALANCE SHEET BY SUBFUND

GENERAL FUND

June 30, 2022

General Fund									
	General	Jean W. Sinclair Trust	Strategic Economic Development	Reassessment Reserve	Hope Center		Total General Fund		
ASSETS:									
Cash and cash equivalents	\$ 111,438,887	\$ 10,042	\$ 525,000	\$ 22,000,000	\$ 1,305,454	\$ -	\$ 135,279,383		
Investments	110,487,595	-	-	-	-	-	110,487,595		
Receivables (net of allowances):									
Taxes, including interest and penalties	2,949,678	-	-	-	-	-	2,949,678		
Accounts	4,281,098	-	-	-	-	371,925	4,653,023		
Other	227,486	-	-	-	-	-	227,486		
Due from other funds	-	-	-	-	-	-	-		
Cash - restricted	25,986,402	-	-	-	-	-	25,986,402		
Capital assets held for resale	284,504	-	-	-	-	-	284,504		
Prepaid costs	699,548	-	-	-	-	24,393	723,941		
Total assets	\$ 256,355,198	\$ 10,042	\$ 525,000	\$ 22,000,000	\$ 1,701,772	\$ -	\$ 280,592,012		
LIABILITIES:									
Vouchers payable and accrued expenditures	\$ 30,392,961	\$ -	\$ -	\$ -	\$ 4,407	\$ -	\$ 30,397,368		
Due to other funds	40,662,004	-	-	-	-	-	40,662,004		
Other liabilities	9,997,775	-	-	-	-	-	9,997,775		
Escrowed amounts	11,625,931	-	-	-	-	-	11,625,931		
Unearned revenues	284,504	-	-	-	-	-	284,504		
Total liabilities	92,963,175	-	-	-	4,407	-	92,967,582		
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenue-property taxes	2,753,125	-	-	-	-	-	2,753,125		
FUND BALANCES:									
Nonspendable:									
Prepaid costs	699,548	-	-	-	-	24,393	723,941		
Committed to:									
Budget reserve	44,845,412	-	-	-	-	-	44,845,412		
Tax stabilization reserve	74,275,370	-	-	-	-	-	74,275,370		
Transfer tax proceeds	35,800,269	-	-	-	-	-	35,800,269		
Library	-	10,042	-	-	-	-	10,042		
Strategic Economic Development fund	-	-	525,000	-	-	-	525,000		
Reassessment Reserve	-	-	-	22,000,000	-	-	22,000,000		
Assigned to:									
Hope Center						1,672,972	1,672,972		
Other departmental purposes	1,614,209	-	-	-	-	-	1,614,209		
Unassigned	3,404,090	-	-	-	-	-	3,404,090		
Total fund balances	160,638,898	10,042	525,000	22,000,000	1,697,365	-	184,871,305		
Total liabilities, deferred inflows of resources, and fund balances	\$ 256,355,198	\$ 10,042	\$ 525,000	\$ 22,000,000	\$ 1,701,772	\$ -	\$ 280,592,012		

NEW CASTLE COUNTY, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES BY SUBFUND

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

General Fund						
	General	Jean W. Sinclair Trust	Strategic Economic Development	Reassessment Reserve	Hope Center	Total General Fund
Revenues:						
Taxes	\$ 201,966,495	\$ -	\$ -	\$ -	\$ -	\$ 201,966,495
Charges for services	24,817,743	-	-	-	2,441,450	27,259,193
Licenses and permits	8,333,643	-	-	-	-	8,333,643
Intergovernmental	12,855,907	-	-	-	-	12,855,907
Investment income (loss)	2,351,869	13	-	-	-	2,351,882
Net appreciation (depreciation) in fair value of investments	(9,294,024)	-	-	-	-	(9,294,024)
Rentals	680,891	-	-	-	-	680,891
Miscellaneous	2,384,038	-	-	-	795	2,384,833
Total revenues	244,096,562	13	-	-	2,442,245	246,538,820
Expenditures:						
Current:						
General government	22,846,836	-	-	-	-	22,846,836
Public safety	102,160,041	-	-	-	-	102,160,041
Public works	17,435,639	-	-	-	-	17,435,639
Community services	22,781,399	-	-	-	744,880	23,526,279
Land use	12,873,079	-	-	-	-	12,873,079
Judiciary offices	6,425,027	-	-	-	-	6,425,027
Debt service:						
Principal	13,305,000	-	-	-	-	13,305,000
Interest and other charges	5,712,858	-	-	-	-	5,712,858
Total expenditures	203,539,879	-	-	-	744,880	204,284,759
Excess (deficiency) of revenues over expenditures	40,556,683	13	-	-	1,697,365	42,254,061
Other Financing Sources (Uses):						
Transfers in	107,400	-	-	-	-	107,400
Transfers out	(6,962,789)	-	-	(8,000,000)	-	(14,962,789)
Sale of capital assets	510,005	-	-	-	-	510,005
Total other financing sources (uses)	(6,345,384)	-	-	(8,000,000)	-	(14,345,384)
Net change in fund balances	34,211,299	13	-	(8,000,000)	1,697,365	27,908,677
Fund Balances:						
Beginning of year	126,427,599	10,029	525,000	30,000,000	-	156,962,628
End of year	\$ 160,638,898	\$ 10,042	\$ 525,000	\$ 22,000,000	\$ 1,697,365	\$ 184,871,305

NEW CASTLE COUNTY, DELAWARE

COMBINING STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2022

	Pension Trust	Other Postemployment Benefits Trust	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents (Note 2)	\$ 14,350,974	\$ -	\$ 14,350,974
Investments: (Note 2)			
Common and preferred stock	57,988,125	-	57,988,125
Mutual funds	57,421,244	57,806,768	115,228,012
Real estate equity funds	4,390,681	-	4,390,681
Collective trusts	305,356,626	-	305,356,626
Private equity	50,810,870	-	50,810,870
Receivables (net of allowances):			
Other (Note 4)	3,235,355	-	3,235,355
Total assets	493,553,875	57,806,768	551,360,643
LIABILITIES			
Vouchers payable and accrued expenses	625,600	13,336	638,936
Total liabilities	625,600	13,336	638,936
NET POSITION			
Total Net Position	\$ 492,928,275	\$ 57,793,432	\$ 550,721,707

The accompanying notes to the financial statements are an integral part of this statement.

NEW CASTLE COUNTY, DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Pension Trust	Other Postemployment Benefits Trust	Total Fiduciary Funds
Additions:			
Contributions:			
Plan members	\$ 2,645,904	\$ 1,051,845	\$ 3,697,749
New Castle County	26,728,217	5,655,404	32,383,621
State of Delaware	3,564,146	-	3,564,146
Other contributions	14,875	-	14,875
Total contributions	32,953,142	6,707,249	39,660,391
Investment income:			
Net increase in fair value of investments	(70,958,827)	(11,395,040)	(82,353,867)
Interest, dividends, and other income, including realized gains/losses	29,109,494	1,606,130	30,715,624
Total investment income	(41,849,333)	(9,788,910)	(51,638,243)
Less investment expense	2,797,485	55,254	2,852,739
Net investment income	(44,646,818)	(9,844,164)	(54,490,982)
Total additions	(11,693,676)	(3,136,915)	(14,830,591)
Deductions:			
Benefit payments	46,845,596	5,707,249	52,552,845
Refunds of contributions	216,719	-	216,719
Administrative expenses	615,712	4,558	620,270
Other expenses, net	56,465	-	56,465
Total deductions	47,734,492	5,711,807	53,446,299
Net increase in net position	(59,428,168)	(8,848,722)	(68,276,890)
Net position			
Beginning of year	552,356,443	66,642,154	618,998,597
End of year	\$ 492,928,275	\$ 57,793,432	\$ 550,721,707

STATISTICAL SECTION

This part of the New Castle 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.

Contents

Exhibit

Financial Trends

B-1 to B-5

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

C-1 to C-4

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

D-1 to D-4

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.

Demographic and Economic Information

E-1 to E-2

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

F-1 to F-3

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the county provides and the activities it performs.

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

NEW CASTLE COUNTY, DELAWARE

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2013	2014 (1)	2015 (2)	2016	2017	2018 (3)	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 80,388	\$ 96,158	\$ 110,575	\$ 120,590	\$ 121,493	\$ 132,728	\$ 138,622	\$ 147,889	\$ 180,154	\$ 175,526
Restricted	-	20,185	15,214	11,699	15,942	14,031	13,406	12,253	10,610	36,965
Unrestricted	34,171	(9,262)	(127,999)	(146,974)	(167,609)	(241,937)	(163,882)	(132,142)	(87,236)	(57,279)
Total governmental activities net position	<u>\$ 114,559</u>	<u>\$ 107,081</u>	<u>\$ (2,210)</u>	<u>\$ (14,685)</u>	<u>\$ (30,174)</u>	<u>\$ (95,178)</u>	<u>\$ (11,854)</u>	<u>\$ 28,000</u>	<u>\$ 103,528</u>	<u>\$ 155,212</u>
Business-type activities										
Net investment in capital assets	\$ 125,891	\$ 153,387	\$ 148,646	\$ 149,931	\$ 129,604	\$ 131,750	\$ 128,142	\$ 128,231	\$ 142,924	\$ 121,485
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	50,821	14,384	20,536	13,066	26,181	10,697	26,770	27,184	7,290	20,279
Total business-type activities net position	<u>\$ 176,712</u>	<u>\$ 167,771</u>	<u>\$ 169,182</u>	<u>\$ 162,997</u>	<u>\$ 155,785</u>	<u>\$ 142,447</u>	<u>\$ 154,912</u>	<u>\$ 155,415</u>	<u>\$ 150,214</u>	<u>\$ 141,764</u>
Primary government										
Net investment in capital assets	\$ 206,279	\$ 249,545	\$ 259,221	\$ 270,521	\$ 251,097	\$ 264,478	\$ 266,764	\$ 276,120	\$ 323,078	\$ 297,011
Restricted	-	20,185	15,214	11,699	15,942	14,031	13,406	12,253	10,610	36,965
Unrestricted	84,992	5,122	(107,463)	(133,908)	(141,428)	(231,240)	(137,112)	(104,958)	(79,946)	(37,000)
Total primary government net position	<u>\$ 291,271</u>	<u>\$ 274,852</u>	<u>\$ 166,972</u>	<u>\$ 148,312</u>	<u>\$ 125,611</u>	<u>\$ 47,269</u>	<u>\$ 143,058</u>	<u>\$ 183,415</u>	<u>\$ 253,742</u>	<u>\$ 296,976</u>

(1) In 2014 a portion of unrestricted net position was reclassified as restricted to reflect capital projects and special revenue funds restricted balances.

(2) Governmental activities and business-type activities net position as of June 30, 2014 are restated due to changes in accounting for pensions required by GASB 68; business-type activities net position as of June 30, 2014 is also restated due to treatment of capital recovery fees.

(3) Governmental activities and business-type activities net position as of June 30, 2017 are restated due to changes in accounting for OPEB required by GASB 75.

NEW CASTLE COUNTY, DELAWARE

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year									
	2013	2014	2015 (1)	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ 33,218	\$ 38,368	\$ 35,655	\$ 33,516	\$ 36,884	\$ 30,391	\$ 29,813	\$ 59,467	\$ 276,859	\$ 70,407
Public safety	92,696	95,797	104,391	109,328	115,072	118,764	119,453	91,935	76,399	109,890
Public works	17,588	18,400	17,913	19,627	23,836	22,439	27,144	22,941	29,068	29,829
Community services	45,477	45,170	43,074	46,751	47,408	48,665	50,402	48,857	48,627	52,701
Land use	10,763	11,057	10,905	12,503	12,382	12,121	13,138	12,260	12,700	13,301
Judiciary offices	6,804	6,680	6,663	7,306	7,342	7,238	7,373	6,582	6,725	6,632
Interest on long-term debt	6,734	6,180	5,964	6,764	6,891	7,471	7,147	6,052	5,470	5,012
Total governmental activities expenses	<u>213,280</u>	<u>221,652</u>	<u>224,565</u>	<u>235,795</u>	<u>249,815</u>	<u>247,089</u>	<u>254,470</u>	<u>248,094</u>	<u>455,848</u>	<u>287,772</u>
Business-type activities:										
Sewer facilities	77,277	79,257	76,061	80,756	80,047	80,586	86,076	84,732	87,420	96,660
New Castle County airport	88	88	52	2	1	-	-	-	-	-
Total business-type activities expenses	<u>77,365</u>	<u>79,345</u>	<u>76,113</u>	<u>80,758</u>	<u>80,048</u>	<u>80,586</u>	<u>86,076</u>	<u>84,732</u>	<u>87,420</u>	<u>96,660</u>
Total primary government expenses	<u>290,645</u>	<u>300,997</u>	<u>300,678</u>	<u>316,553</u>	<u>329,863</u>	<u>327,675</u>	<u>340,546</u>	<u>332,826</u>	<u>543,268</u>	<u>384,432</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Land use	8,017	7,978	8,355	9,133	9,916	10,525	12,377	13,677	11,413	12,111
Judiciary offices	15,213	15,175	15,010	15,669	18,078	17,772	14,824	14,297	17,252	17,232
Other activities	8,295	10,801	11,169	11,341	11,245	11,428	10,849	10,709	9,871	15,965
Operating grants and contributions	35,397	31,966	32,868	30,494	31,752	32,917	33,325	62,839	305,240	78,091
Capital grants and contributions	7,663	3,413	1,677	4,541	7,460	5,862	4,447	3,632	5,064	10,890
Total governmental activities program revenues	<u>74,585</u>	<u>69,333</u>	<u>69,079</u>	<u>71,178</u>	<u>78,451</u>	<u>78,504</u>	<u>75,822</u>	<u>105,154</u>	<u>348,840</u>	<u>134,289</u>
Business-type activities:										
Charges for services-Sewer	63,156	67,046	68,675	71,918	72,049	71,702	82,421	79,607	79,373	88,187
Operating grants and contributions	2,586	2,643	1,763	1,866	488	932	992	1,065	2,694	1,912
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>65,742</u>	<u>69,689</u>	<u>70,438</u>	<u>73,784</u>	<u>72,537</u>	<u>72,634</u>	<u>83,413</u>	<u>80,672</u>	<u>82,067</u>	<u>90,099</u>
Total primary government program revenues	<u>140,327</u>	<u>139,022</u>	<u>139,517</u>	<u>144,962</u>	<u>150,988</u>	<u>151,138</u>	<u>159,235</u>	<u>185,826</u>	<u>430,907</u>	<u>224,388</u>
Net (Expense) Revenue										
Governmental activities	(138,695)	(152,319)	(155,486)	(164,617)	(171,364)	(168,585)	(178,648)	(142,940)	(107,008)	(153,483)
Business-type activities	(11,623)	(9,656)	(5,675)	(6,974)	(7,511)	(7,952)	(2,663)	(4,060)	(5,353)	(6,561)
Total primary government net expenses	<u>(150,318)</u>	<u>(161,975)</u>	<u>(161,161)</u>	<u>(171,591)</u>	<u>(178,875)</u>	<u>(176,537)</u>	<u>(181,311)</u>	<u>(147,000)</u>	<u>(112,361)</u>	<u>(160,044)</u>

NEW CASTLE COUNTY, DELAWARE

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Real estate tax	\$ 137,408	\$ 143,289	\$ 146,418	\$ 149,779	\$ 154,984	\$ 159,850	\$ 165,823	\$ 176,768	\$ 144,111	\$ 146,474
Transfer tax	-	-	-	-	-	-	-	-	35,761	63,468
Hotel tax	-	-	-	-	-	-	-	-	1,532	2,168
Unrestricted investment earnings	991	1,871	1,477	2,363	891	263	6,408	7,526	1,131	(6,942)
Transfers	23	(319)	-	-	-	-	-	(1,500)	-	-
Special item - effect of change in OPEB benefit terms	-	-	-	-	-	-	89,741	-	-	-
Total governmental activities	138,422	144,841	147,895	152,142	155,875	160,113	261,972	182,794	182,535	205,168
Business-type activities:										
Unrestricted investment earnings	234	396	203	790	299	844	2,923	3,062	153	(1,889)
Transfers	(23)	319	-	-	-	-	-	1,500	-	-
Special item - effect of change in OPEB benefit terms	-	-	-	-	-	-	12,205	-	-	-
Total business-type activities	211	715	203	790	299	844	15,128	4,562	153	(1,889)
Total primary government	138,633	145,556	148,098	152,932	156,174	160,957	277,100	187,356	182,688	203,279
Change in Net Position										
Government activities	(273)	(7,478)	(7,591)	(12,475)	(15,489)	(8,472)	83,324	39,854	75,527	51,685
Business-type activities	(11,412)	(8,941)	(5,472)	(6,184)	(7,212)	(7,108)	12,465	502	(5,200)	(8,450)
Total primary government	\$ (11,685)	\$ (16,419)	\$ (13,063)	\$ (18,659)	\$ (22,701)	\$ (15,580)	\$ 95,789	\$ 40,356	\$ 70,327	\$ 43,235

Notes:

(1) Governmental activities and business-type activities net position as of June 30, 2014 are restated due to changes in accounting for pensions required by GASB 68; business-type activities net position as of June 30, 2014 is also restated due to treatment of capital recovery fees.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Fund balances:										
Nonspendable	\$ 109,714	\$ 140,788	\$ 430,348	\$ 859,815	\$ 3,836,550	\$ 3,894,586	\$ 3,083,813	\$ 15,758	\$ 563,579	\$ 723,941
Committed	91,456,225	91,525,479	86,885,580	78,141,417	75,362,993	72,051,126	81,568,688	122,766,059	151,768,786	177,456,093
Assigned	3,283,016	2,512,342	1,883,240	9,590,112	8,975,172	6,974,779	5,281,440	5,280,796	976,698	3,287,181
Unassigned	3,898,334	4,227,713	4,056,261	3,767,295	2,158,009	3,813,395	3,698,805	5,578,728	3,653,565	3,404,090
Total general fund	<u>\$ 98,747,289</u>	<u>\$ 98,406,322</u>	<u>\$ 93,255,429</u>	<u>\$ 92,358,639</u>	<u>\$ 90,332,724</u>	<u>\$ 86,733,886</u>	<u>\$ 93,632,746</u>	<u>\$ 133,641,341</u>	<u>\$ 156,962,628</u>	<u>\$ 184,871,305</u>
All other governmental funds										
Fund balances:										
Nonspendable	\$ 622	\$ -	\$ -	\$ -	\$ -	\$ 101,270	\$ 46,389	\$ 3,794	\$ -	\$ -
Restricted	25,959,297	20,107,655	34,138,751	19,608,313	36,188,869	25,140,227	38,383,600	26,228,232	30,651,278	64,533,811
Assigned	-	-	-	-	-	268,348	268,348	268,348	268,348	268,348
Unassigned	-	(1,538,612)	-	(883,184)	-	(2,125,618)	-	-	(1,205,682)	-
Total all other govermental funds	<u>\$ 25,959,919</u>	<u>\$ 18,569,043</u>	<u>\$ 34,138,751</u>	<u>\$ 18,725,129</u>	<u>\$ 36,188,869</u>	<u>\$ 23,384,227</u>	<u>\$ 38,698,337</u>	<u>\$ 26,500,374</u>	<u>\$ 29,713,944</u>	<u>\$ 64,802,159</u>

NEW CASTLE COUNTY, DELAWARE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes (1)	\$ 137,342	\$ 142,952	\$ 146,374	\$ 149,741	\$ 155,004	\$ 160,023	\$ 165,930	\$ 176,546	\$ 181,316	\$ 211,953
Charges for services	23,081	24,142	23,024	25,622	26,804	26,607	26,667	24,874	25,358	30,655
Licenses and permits	6,277	6,142	6,791	6,674	7,817	7,821	7,489	9,537	8,071	8,590
Intergovernmental	40,635	34,944	34,863	34,885	40,132	38,025	36,327	65,876	309,960	91,826
Investment income	1,374	2,442	1,570	2,365	1,346	531	6,597	7,672	2,160	(7,386)
Rentals	776	753	744	732	725	841	732	721	571	681
Contributions from private sources	2,553	630	298	778	10	-	30	-	688	-
Miscellaneous	524	1,799	2,546	1,503	1,741	2,742	2,139	4,031	3,072	2,828
Total revenues	212,562	213,804	216,210	222,300	233,579	236,590	245,911	289,257	531,196	339,147
Expenditures										
General government	21,796	23,525	23,379	23,649	26,221	26,609	24,777	56,002	298,458	64,482
Public safety	87,003	91,588	100,229	100,370	105,594	108,673	105,385	84,132	79,004	116,605
Public works	13,448	14,419	13,714	11,504	13,640	11,839	15,498	15,579	16,980	17,608
Community services	43,428	43,009	41,608	43,380	44,001	44,599	45,108	45,147	47,484	50,146
Land use	10,294	10,793	10,765	11,438	11,564	11,346	11,846	11,699	13,311	12,873
Judiciary offices	6,476	6,486	6,539	6,641	6,836	6,753	6,605	6,242	7,028	6,425
Capital outlays	15,006	15,881	20,847	26,930	39,049	25,488	28,201	24,049	25,475	30,947
Debt service										
Principal	15,346	13,088	13,824	10,242	13,103	13,335	14,031	14,285	13,185	13,305
Interest	7,686	7,186	6,628	7,390	6,611	7,363	6,963	7,225	6,682	5,713
Total expenditures	220,483	225,975	237,533	241,544	266,619	256,005	258,414	264,360	507,607	318,104
Excess of revenues over (under) expenditures	(7,921)	(12,171)	(21,323)	(19,244)	(33,040)	(19,415)	(12,503)	24,897	23,589	21,043
Other Financing Sources (Uses):										
Transfers in	835	3,212	5,339	6,170	4,278	6,218	6,362	5,400	23,525	17,070
Transfers out	(813)	(3,531)	(5,339)	(6,170)	(4,278)	(6,218)	(6,362)	(6,900)	(23,525)	(17,070)
Debt issuance	11,260	-	20,670	-	37,600	-	28,040	-	-	36,150
Bond premium (net of issuance costs)	739	-	4,345	-	2,409	-	2,050	-	-	3,855
Issuance of refunding bonds	58,296	-	53,021	-	2,210	-	-	-	-	57,450
Payment to refunded bond escrow agent (2)	(58,296)	-	(53,021)	-	-	-	-	-	-	(57,450)
Leases/financed purchases	-	4,643	6,301	2,807	5,952	2,786	4,205	4,277	2,637	1,425
Sale of capital assets	120	115	426	127	307	226	421	137	309	524
Total other financing sources (uses)	12,141	4,439	31,742	2,934	48,478	3,012	34,716	2,914	2,946	41,954
Net change in fund balances	\$ 4,220	\$ (7,732)	\$ 10,419	\$ (16,310)	\$ 15,438	\$ (16,403)	\$ 22,213	\$ 27,811	\$ 26,535	\$ 62,997

Debt service as a percentage of noncapital expenditures 11.3% 9.7% 9.5% 8.1% 8.6% 8.8% 9.0% 9.0% 4.3% 6.3%

Bonded debt service as a percentage of total general governmental expenditures (3) 10.4% 9.0% 8.6% 7.3% 7.4% 8.1% 8.1% 8.1% 3.9% 6.0%

Notes:

(1) See Exhibit B-5 for tax revenues by source.

(2) Included in Debt Service expense in 2017 due to a current refunding

(3) Excludes debt service of Enterprise Funds.

NEW CASTLE COUNTY, DELAWARE

REAL ESTATE TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax (1)</u>	<u>Transfer Tax</u>	<u>Crossing Guards (1)</u>	<u>Light Tax(1)</u>	<u>Total</u>
2013	\$ 109,038,614	\$ 19,666,166	\$ 3,672,563	\$ 4,964,647	\$ 137,341,990
2014	109,403,854	25,300,207	3,515,390	4,732,119	142,951,570
2015	110,973,803	25,791,522	3,940,242	5,668,131	146,373,698
2016	111,473,621	29,044,675	3,760,878	5,461,444	149,740,618
2017	113,314,065	32,651,718	3,535,350	5,502,960	155,004,093
2018	112,891,868	36,866,613	3,705,590	6,558,488	160,022,559
2019	126,128,330 (2)	29,428,190	3,716,704	6,656,726	165,929,950
2020	135,031,861 (2)	31,918,030	3,375,256	6,220,546	176,545,693
2021	136,031,661	35,760,346	3,207,987	6,316,392	181,316,386
2022	138,498,156	63,468,339	3,268,907	6,717,596	211,952,998

1) Includes penalties and interest.

2) Property tax increase of 7.5%

NEW CASTLE COUNTY, DELAWARE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Residential Property (3)	Commercial Property	Less: Tax Exempt Property (4)	Total Taxable Assessed Value (1)	Total Direct Tax Rate (2)	Estimated Actual Value
2013	\$ 12,084,980	\$ 10,350,300	\$ 4,351,439	\$ 18,083,841	0.7006	*
2014	12,202,534	10,242,202	4,256,838	18,187,898	0.7006	*
2015	12,306,710	10,266,437	4,215,135	18,358,012	0.7006	*
2016	12,407,486	10,377,421	4,227,683	18,557,224	0.7006	*
2017	12,588,485	10,427,187	4,238,871	18,776,801	0.7006	*
2018	12,754,570	10,470,089	4,253,844	18,970,815	0.7006	*
2019	12,912,916	10,409,251	4,266,258	19,055,907	0.8057 (5)	*
2020	13,094,215	10,434,028	4,253,889	19,274,354	0.8040	*
2021	13,263,442	10,438,671	4,243,858	19,458,255	0.8104	*
2022	13,445,794	10,429,721	4,263,912	19,611,603	0.8111	*

Source: New Castle County-Department of Land Use-Annual Certification

Note: (1) The County last conducted a County-wide reassessment of all real property on July 1, 1985.
 Real property is assessed at 100% of the 1983 market value.

(2) Represents basic County tax rate to all unincorporated areas. See Exhibit C-2 for incorporated rates.

(3) Residential property amounts are shown net of senior and disability exemptions.

(4) These amounts represent general exemptions only. They do not include senior and disability exemptions, which are already accounted for in the Residential Property column (see Note 3 immediately above).

(5) Per Substitute 1 to Ordinance 18-061, property owners were provided a one-time credit which resulted in a net effective tax rate increase of 7.5% for 2019 (effectively resulting in a rate of \$.7531).

*Property in the County is not reassessed annually, therefore the estimated actual value is not available.

NEW CASTLE COUNTY, DELAWARE

PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS

(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Direct Rates:										
Unincorporated area:										
New Castle County										
General operating budget	\$ 0.2436	\$ 0.2436	\$ 0.2436	\$ 0.2436	\$ 0.2436	\$ 0.2436	\$ 0.2801	\$ 0.2711	\$ 0.2562	\$ 0.2523
Local service function budget	0.4570	0.4570	0.4570	0.4570	0.4570	0.4570	0.5256	0.5329	0.5542	0.5588
Total Direct Rate (1)	\$ 0.7006	\$ 0.7006	\$ 0.7006	\$ 0.7006	\$ 0.7006	\$ 0.7006	\$ 0.8057	(7)	\$ 0.8040	\$ 0.8104
Incorporated areas: (6)										
Arden	0.5821	0.5821	0.5821	0.5821	0.5821	0.5821	0.6694	0.7572	0.7531	0.7515
Bellefonte	0.6966	0.6966	0.6966	0.6966	0.6966	0.6966	0.8011	0.7926	0.7998	0.7966
Newark	0.2436	0.2436	0.2436	0.2436	0.2436	0.2436	0.2801	0.2904	0.2562	0.2523
Elsmere	0.3193	0.3193	0.3193	0.3193	0.3193	0.3193	0.3672	0.3192	0.2973	0.2916
Newport	0.2838	0.2838	0.2838	0.2838	0.2838	0.2838	0.3263	0.3554	0.3435	0.3360
New Castle	0.2529	0.2529	0.2529	0.2529	0.2529	0.2529	0.2908	0.3192	0.3032	0.2975
Delaware City	0.2529	0.2529	0.2529	0.2529	0.2529	0.2501	0.2876	0.3192	0.3071	0.3014
Middletown	0.2529	0.2529	0.2529	0.2529	0.2529	0.2529	0.2908	0.3192	0.2849	0.2801
Odessa	0.3640	0.3640	0.3640	0.3640	0.3640	0.3640	0.4186	0.3772	0.3599	0.3600
Townsend	0.3616	0.3616	0.3616	0.3616	0.3616	0.3616	0.4158	0.3466	0.3347	0.3314
Wilmington	0.2436	0.2436	0.2436	0.2436	0.2436	0.2436	0.2801	0.2711	0.2562	0.2523
Ardentown	0.5821	0.5821	0.5821	0.5821	0.5821	0.5821	0.6694	0.7572	0.7588	0.7561
Smyrna	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.8057	0.8040	0.8104	0.8111
Ardencroft	0.5821	0.5821	0.5821	0.5821	0.5821	0.5821	0.6694	0.7572	0.7581	0.7565
Clayton	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.8057	0.8040	0.8104	0.8111
Overlapping Rates:										
School Districts:										
Appoquinimink District	1.4527	1.7527	1.7647	1.7707	1.8473	2.1024	2.1024	2.2461	2.5001	2.5404
Brandywine District	1.8385	2.1785	2.1835	2.1835	2.4435	2.4435	2.4435	2.5385	2.5385	2.5385
Christina District	1.7770	1.9970	2.0900	2.0900	2.3800	2.3850	2.3850	2.4850	2.9382	3.0440
Colonial District	1.3660	1.7060	1.7360	1.7360	1.7360	2.0430	2.0430	2.1930	2.1930	2.1730
Red Clay District	1.6620	1.7410	1.7710	1.9840	2.1740	2.3140	2.3140	2.3080	2.3080	2.2980
New Castle County Vo-Tech	0.1410	0.1500	0.1533	0.1550	0.1583	0.1603	0.1603	0.1710	0.1710	0.1695
Smyrna District	1.0119	1.1267	1.3077	1.4191	1.4065	1.3780	1.3780	1.3813	1.3621	1.6120
Polytech (4)	0.1111	0.1128	0.1128	0.1163	0.1220	0.1251	0.1251	0.1272	0.1298	0.1291
Municipalities (3):										
Wilmington	1.7670	1.7670	1.8550	1.8550	1.8550	1.9950	1.9950	1.9950	1.9950	1.9950
Newark	0.6458	0.6961	0.7065	0.7737	0.7737	0.7737	0.8047	0.8047	0.9120	0.9120
Elsmere (5)	0.8750	0.8750	0.8750	0.8750	0.8750	0.8750	0.8750	0.8750	0.8750	0.8750
Newport	0.9315	0.9315	1.0712	1.0712	1.0712	1.0712	1.0712	1.2318	1.2318	1.2318
New Castle	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000
Delaware City	1.0900	1.0900	1.0900	1.0900	1.0900	1.0900	1.1900	1.1900	1.1900	1.1900
Middletown	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Townsend	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.8000	0.8000	0.8000
Odessa (2)	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
Bellefonte	0.4500	0.4500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5000	0.5000	0.5000

Notes: (1) Represents basic County tax rate applicable to all unincorporated areas.

(2) Residential rates.

(3) Exclusive of basic County tax rate.

(4) Applies to properties in the Smyrna School District.

(5) Residential rates. Commercial rate is \$1.20 per \$100 of assessed value. In addition, Elsmere charges a flat rate of \$436.60 per residential or commercial unit.

(6) All incorporated areas include the general operating budget rate as shown under the unincorporated area of New Castle County for each respective year.

(7) Per Substitute 1 to Ordinance 18-061, property owners were provided a one-time credit which resulted in a net effective tax rate increase of 7.5% for 2019 (effectively resulting in a rate of \$0.7531).

NEW CASTLE COUNTY, DELAWARE
PRINCIPAL PROPERTY TAXPAYERS

June 30, 2022

(amounts expressed in thousands)

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Delmarva Power & Light Co.	\$ 477,183	1	2.43%	\$ 328,141	1	1.81%
Dupont Specialty Products USA LLC	200,294	2	1.02	-	-	-
Verizon Delaware LLC (1)	191,626	3	0.98	262,822	3	1.45
AWCI Inc.	95,277	4	0.49	91,660	6	0.51
Bank of America National Assoc.	86,912	5	0.44	-	-	-
Delaware City Refining Company, LLC	73,081	6	0.37	-	-	-
JPMorgan Chase Bank National Assoc.	71,246	7	0.36	-	-	-
Manufacturers & Traders Trust Co.	56,569	8	0.29	-	-	-
Chase Bank USA National Assoc.	54,558	9	0.28	-	-	-
Christiana Mall LLC	47,479	10	0.24	49,727	10	0.28
E. I. Dupont de Nemours & Co	-		-	297,259	2	1.64
AstraZeneca Pharmaceuticals LP	-		-	172,332	4	0.95
Bracebridge Corporation	-		-	151,251	5	0.84
Barley Mill, LLC	-		-	58,588	7	0.32
D C L Leasing Partners LP LTD VI	-		-	58,084	8	0.32
United Water Delaware Inc	-		-	57,048	9	0.32
	\$ 1,354,225		6.90%	\$ 1,526,912		8.44%

(1) In FY 2022 and FY 2013, some property owned by Verizon was titled in the name of Diamond State Telephone Co.

Source: New Castle County Assessment Division

Exhibit C-4

NEW CASTLE COUNTY, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount (2)	Percent of Levy
2013	\$ 108,355,824	\$ 107,273,166	99.0	\$ 1,208,429	\$ 108,481,595	100.1
2014	109,413,344	108,189,703	98.9	1,025,596	109,215,299	99.8
2015	110,635,797	109,510,528	99.0	476,320	109,986,848	99.4
2016	111,777,226	110,570,085	98.9	556,791	111,126,876	99.4
2017	113,011,393	111,770,567	98.9	399,979	112,170,546	99.3
2018	113,528,395	112,594,765	99.2	654,224	113,248,989	99.8
2019	131,782,816	130,845,128	99.3	577,100	131,422,228	99.7
2020	132,811,856	131,788,047	99.2	502,527	132,290,574	99.6
2021	134,273,183	133,279,945	99.3	410,701	133,690,646	99.6
2022	135,890,759	134,797,463	99.2	-	134,797,463	99.2

Notes: (1) Represents initial annual levy plus quarterly additions.

(2) Represents property tax collections in the General Fund only; excludes the crossing guard tax and tax penalties/interest.

NEW CASTLE COUNTY, DELAWARE

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(dollar amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Leases/Financed Purchases	General Obligation Bonds	Leases/Financed Purchases	Loans Payable			
2013	\$ 175,029	\$ 5,204 (3)	\$ 227,651	\$ - (3)	\$ 2,332	\$ 410,216	1.59	745.18
2014	165,389 (2)	8,284 (3)	224,088 (2)	462 (3)	2,195	400,418	1.49	723.64
2015	179,566 (2)	10,972 (3)	282,944 (2)	2,859 (3)	2,054	478,395	1.69	859.21
2016	168,336 (2)	9,832 (3)	275,548 (2)	4,522 (3)	2,251	460,489	1.60	822.09
2017	196,788 (2)	12,122 (3)	338,194 (2)	4,493 (3)	2,087	553,684	1.84	982.71
2018	181,289 (2)	10,434 (3)	326,947 (2)	4,493 (3)	7,008	530,171	1.67	939.07
2019	195,209 (2)	9,898 (3)	366,209 (2)	4,385 (3)	10,278	585,979	1.77	1,041.38
2020	179,638 (2)	9,959 (3)	352,499 (2)	3,316 (3)	19,164	564,576	1.68	1,010.22
2021	165,215 (2)	8,445 (3)	340,236 (2)	2,357 (3)	24,468	540,721	*	945.80
2022	187,858 (2)	6,786 (4)	384,186 (2)	3,065 (4)	25,414	607,309	*	1,063.48

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Exhibit E-1 for personal income and population data.

(2) Includes unamortized bond premium. See Note 10 for details.

(3) Pre-GASB 87 implementation

(4) Post-GASB 87 implementation

* Not available

Exhibit D-2

NEW CASTLE COUNTY, DELAWARE
RATIO OF GENERAL BONDED DEBT
TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Taxable Assessed Value (000 Omitted)	General Obligation Bonded Debt (000 Omitted)	Percentage of Long-Term Bonded Debt to Assessed Value	Long-Term Bonded Debt Per Capita
2013	550,495	\$ 18,083,841	\$ 402,680	2.2	\$ 731
2014	553,340	18,187,898	389,477 (2)	2.1	703.87
2015	556,786	18,358,012	462,510 (2)	2.5	830.68
2016	560,147	18,557,224	443,884 (2)	2.4	792.44
2017	563,423	18,776,801	534,982 (2)	2.8	949.52
2018	564,568	18,970,815	508,236 (2)	2.7	900.22
2019	562,694	19,055,907	561,418 (2)	2.9	997.73
2020	558,863	19,274,354	532,137 (2)	2.8	952.18
2021	571,708	19,458,255	505,451 (2)	2.6	884.11
2022	571,058	19,611,603	572,044 (2)	2.9	1,001.73

(1) Bureau of Economic Analysis, BEA.gov.

(2) Includes unamortized bond premium.

NEW CASTLE COUNTY, DELAWARE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

AS OF JUNE 30, 2022

<u>Jurisdiction</u>	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to New Castle County</u>	<u>Amount Applicable to New Castle County</u>
New Castle County	\$ 194,644,101 (2)	100%	\$ 194,644,101
School Districts:			
Appoquinimink	106,114,770	100	106,114,770
Brandywine	44,135,371	100	44,135,371
Christina	24,596,378	100	24,596,378
Colonial	14,061,103	100	14,061,103
Red Clay	48,296,769	100	48,296,769
New Castle VoTech	36,552,417	100	36,552,417
Smyrna (1)	14,682,998	29	4,258,069
Total Districts	288,439,806		278,014,877
Municipalities:			
Middletown	25,431,941	100	25,431,941
Newark	28,963,080	100	28,963,080
Wilmington	106,487,083	100	106,487,083
Total Municipalities	160,882,104		160,882,104
Total Overlapping Debt	449,321,910		438,896,981
Total Direct and Overlapping Debt	\$ 643,966,011		\$ 633,541,082

Note: (1) The percentage of overlapping debt is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the school districts' taxable assessment that is within the County's boundaries and dividing it by the County's total taxable assessed value. Approximately 71% of the Smyrna School District's total property assessment lies outside the boundaries of New Castle County.

(2) Includes leases/financed purchases and unamortized bond premium. See Note 10.

Sources: New Castle County Office of Finance, Statewide School Districts' Debt Service Accounts, and Municipalities' Departments of Finance.

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	Fiscal Year										#	2022
	2013	2014	2015	2016	2017	2018	2019	2020	2021			
Total assessed taxable value at July 1	\$ 18,083,841	\$ 18,187,898	\$ 18,358,012	\$ 18,557,224	\$ 18,776,801	\$ 18,970,815	\$ 19,055,907	\$ 19,274,354	\$ 19,458,255	\$ 19,611,603		
Debt limit - 3% of total assessed value	\$ 542,515	\$ 545,637	\$ 550,740	\$ 556,717	\$ 563,304	\$ 569,124	\$ 571,677	\$ 578,231	\$ 583,748	\$ 588,348		
Amount of debt applicable to debt limit: (2)												
Total bonded debt	402,680	380,795	416,310	399,945	487,230	464,840	518,930	492,560	468,655	558,875		
Less:												
Deductions allowed by Delaware Code (1):												
Sewer facilities	(227,651)	(218,854)	(252,909)	(246,785)	(307,534)	(298,478)	(338,560)	(326,475)	(315,755)	(378,075)		
Total amount of debt applicable to debt limit	175,029	161,941	163,401	153,160	179,696	166,362	180,370	166,085	152,900	180,800		
Legal debt margin	\$ 367,486	\$ 383,696	\$ 387,339	\$ 403,557	\$ 383,608	\$ 402,762	\$ 391,307	\$ 412,146	\$ 430,848	\$ 407,548		
Total net debt applicable to the limit as a percentage of debt limit	32.26%	29.68%	29.67%	27.51%	31.90%	29.23%	31.55%	28.72%	26.19%	30.73%		

Note: (1) In accordance with Title 9, Delaware Code Sec. 1163(a)(7), the aggregate principal of all outstanding bonds of New Castle County may not be in excess of 3% of the total assessed valuation of the taxable real estate. The "outstanding bonds" are not to include any bonds, notes, etc. issued for the purpose of financing certain Special Assessment and Enterprise Fund projects and facilities, or issued in anticipation of tax or other revenues, or which are secured by a pledge of obligations of or guaranteed by the U. S. Government or any agency or instrumentality thereof or which do not pledge the full faith and credit of the County. Debt secured by pledged funds is not included in the above schedule because it is considered defeased in-substance.

(2) Amounts for legal debt margin exclude premium for consistency.

NEW CASTLE COUNTY, DELAWARE

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (1) (000 Omitted)	Per Capita Income (1)	School Enrollment (2)	Unemployment Rate (3)
2013	550,495	\$ 25,779,767	\$ 48,983	77,466	7.8
2014	553,340	26,839,193	48,292	78,008	6.6
2015	556,786	28,235,100	50,820	78,656	5.2
2016	560,147	28,802,867	51,859	78,892	4.8
2017	563,423	30,156,725	54,198	79,113	4.9
2018	564,568	31,739,233	56,745	79,164	3.9
2019	562,694	33,064,369	59,175	79,578	3.6
2020	558,863	33,666,443	59,955	79,767	13.0
2021	571,708	36,125,614	63,189	78,073	5.9
2022	571,058	*	*	78,878	4.9

Sources:

- (1) Bureau of Economic Analysis, BEA.gov.
- (2) Delaware Department of Education, Public School Enrollment.
- (3) State of Delaware Department of Labor, Bureau of Labor Statistics

* Figures not available.

NEW CASTLE COUNTY, DELAWARE

PRINCIPAL EMPLOYERS (1)

CURRENT YEAR AND TEN YEARS AGO

<u>Industry Description</u>	2022			2013		
	<u>Employment</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employment</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Health care and social assistance	69,499	1	15.5%	62,130	1	14.8%
Retail trade	49,193	2	11.0%	54,710	2	13.0%
Finance and insurance	42,057	3	9.4%	39,227	3	9.3%
Accommodation and food services	38,693	4	8.6%	34,543	4	8.2%
State government	32,660	5	7.3%	29,611	5	7.0%
Administration and waste services	29,989	6	6.7%	25,918	8	6.2%
Local government	29,185	7	6.5%	26,237	7	6.2%
Professional & technical services	25,926	8	5.8%	28,929	6	6.9%
Manufacturing	25,849	9	5.8%	25,475	9	6.1%
Construction	22,906	10	5.1%	19,466	10	4.6%
Transportation and warehousing	19,608	11	4.4%	11,898	13	2.8%
Total	<u><u>385,565</u></u>		<u><u>86.2%</u></u>	<u><u>358,144</u></u>		<u><u>85.1%</u></u>

(1) The United States Department of Labor, Employment & Training Administration has informed the Delaware Department of Labor that pursuant to 20 CFR (Code of Federal Regulations) Part 603, this information (the names of Delaware's top employers) is confidential and may not be disclosed to the public. Therefore, information about employment by industry is provided.

Source: Delaware Department of Labor - Office of Occupational and Labor Market Information (LMI).

NEW CASTLE COUNTY, DELAWARE

FULL-TIME COUNTY EMPLOYEE POSITIONS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
County Council										
Legislation	32	32	33	32	32	32	32	32	32	32
Audit	1	1	1	2	2	2	2	2	3	3
	<u>33</u>	<u>33</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>35</u>	<u>35</u>
County Executive										
Direction and Control	12	13	12	12	11	12	12	12	12	12
Office of Economic Development	2	1	1	1	1	1	1	1	1	1
Office of Communications	-	-	-	-	2	1	1	1	1	1
	<u>14</u>	<u>14</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Dept of Administration										
Law	22	22	23	23	18	18	18	18	18	18
Administrative Services	43	43	42	42	41	40	32	32	32	31
Finance	75	75	77	77	77	78	73	73	73	73
Human Resources and Risk Management	18	19	19	19	24	25	25	26	26	28
	<u>158</u>	<u>159</u>	<u>161</u>	<u>161</u>	<u>160</u>	<u>161</u>	<u>148</u>	<u>149</u>	<u>149</u>	<u>150</u>
Total General Government	<u>205</u>	<u>206</u>	<u>208</u>	<u>208</u>	<u>208</u>	<u>209</u>	<u>196</u>	<u>197</u>	<u>198</u>	<u>199</u>
Public Safety:										
Administration	9	9	9	8	8	8	8	8	8	8
Police Operations	400	400	405	417	432	432	434	434	434	449
Crossing Guards	3	3	3	3	3	3	3	3	3	3
Emergency Services	209	209	216	217	217	223	225	240	240	240
Total Public Safety	<u>621</u>	<u>621</u>	<u>633</u>	<u>645</u>	<u>660</u>	<u>666</u>	<u>670</u>	<u>685</u>	<u>685</u>	<u>700</u>
Public Works:										
Non-Sewer related:										
Administration	19.5	18.5	18.5	18.5	18.5	17.5	16.5	15.5	14.5	14.5
Internal Services	6	6	6	6	6	6	6	5	5	5
Fleet Operations	34	32	32	32	31	30	29	29	29	29
Facilities Maintenance	35	35	36	36	36	34	33	33	33	33
Parks	67	67	66	66	67	65	62	64	65	66
Engineering	36	36	36	35	35	35	35	34	32	32
Total Non-Sewer related	<u>197.5</u>	<u>194.5</u>	<u>194.5</u>	<u>193.5</u>	<u>193.5</u>	<u>187.5</u>	<u>181.5</u>	<u>180.5</u>	<u>178.5</u>	<u>179.5</u>
Sewer:										
Sewer Operations Administration	10.5	10.5	10.5	10.5	10.5	10.5	10.5	9.5	10.5	10.5
Construction Support	64	64	63	63	63	63	63	63	63	63
Sewer Maintenance	53	53	53	53	53	53	53	53	53	53
Plant Operations	53	53	53	53	53	53	53	53	53	53
Stormwater and Environmental Program	17	17	17	17	17	17	17	19	20	20
Total Sewer	<u>197.5</u>	<u>197.5</u>	<u>196.5</u>	<u>196.5</u>	<u>196.5</u>	<u>196.5</u>	<u>196.5</u>	<u>197.5</u>	<u>199.5</u>	<u>199.5</u>
Total Public Works	<u>395</u>	<u>392</u>	<u>391</u>	<u>390</u>	<u>390</u>	<u>384</u>	<u>378</u>	<u>378</u>	<u>378</u>	<u>379</u>

NEW CASTLE COUNTY, DELAWARE

FULL-TIME COUNTY EMPLOYEE POSITIONS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Community Services:										
Administration	14	17	16	16	15	16	15	15	15	16
Community Resources	16	17	17	17	19	25	26	27	27	27
Community Development/Housing	34	33	33	33	32	30	30	29	29	32
Libraries	83	83	83	82	84	84	84	84	84	86
Total Community Services	147	149	149	148	150	155	155	155	155	161
Land Use:										
Administration	9	9	10	10	10	9	8	8	14	14
Planning	17	17	18	18	17	17	19	19	19	20
Licensing	61	61	59	59	58	51	46	46	46	46
Engineering	-	-	-	-	-	8	8	10	10	10
Customer Relations and Enforcement	31	31	31	31	30	30	27	27	22	22
Geographic Information Systems	-	-	-	-	-	-	5	5	5	5
Total Land Use	118	118	118	118	115	115	113	115	116	117
Judiciary Offices:										
Register in Chancery (A)	3	3	3	3	3	3	3	3	3	2
Register of Wills	19	19	19	19	19	19	18	18	19	19
Recorder of Deeds	27	27	27	27	27	25	25	25	24	24
Sheriff	20	20	21	21	21	21	21	21	21	21
Clerk of the Peace	7	7	7	7	7	7	7	7	7	7
Total Judiciary Offices	76	76	77	77	77	75	74	74	74	73
Total Full-Time Employees	1,562	1,562	1,576	1,586	1,600	1,604	1,586	1,604	1,606	1,629

Source: New Castle County Budget Office

Notes:

(A) Effective 1/1/2002 became a State of Delaware Agency.

NEW CASTLE COUNTY, DELAWARE
OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year										2022-Est.
	2013	2014	2015	2016	2017	2018	2019	2020	2021		
County Council											
Avg. constituency represented per district	46,000	46,500	46,500	46,500	47,016	46,500	46,500	46,500	47,560	46,500	
Resolutions/ordinances adopted	322	390	368	337	361	325	353	348	374	330	
Administration											
Finance											
% of current property tax levy collected	99.0	99.0	99.0	98.9	98.9	99.0	97.0	99.2	99.3	99.0	
% of vendor invoices processed within thirty days	87.6	87.6	86.0	84.4	80.4	67.1	75.0	69.7	79.5	75.0	
Assessment											
Real property parcels	207,400	208,000	208,400	209,400	210,100	210,200	210,300	211,500	211,900	213,000	
Exemption applications processed	2,140	1,563	1,346	1,355	1,418	1,541	1,501	1,229	1,233	1,300	
Human Resources											
Applications received	3,751	4,911	3,847	4,003	4,788	5,194	5,450	4,797	5,374	5,300	
New retirees	95	61	89	73	90	69	123	96	129	98	
Public Works											
Fleet Operations											
Average cost per mile per vehicle	\$ 0.70	\$ 0.48	\$ 0.83	\$ 0.37	\$ 0.34	\$ 0.34	\$ 0.36	\$ 0.44	\$ 0.47	\$ 0.54	
Engineering											
CIP budget (millions) / # of projects	\$17.0 / 35	\$35.6 / 40	\$58.4 / 48	\$59.7 / 59	\$55.5 / 68	\$35.3 / 51	\$48.2 / 55	\$75.9 / 49	\$65.2 / 53	\$60.4 / 45	
Property Maintenance											
Acres maintained	5,832	5,893	5,894	5,923	5,923	5,934	5,097	5,099	5,099	5,099	
Parks maintained	258	243	248	245	248	248	248	249	249	249	
Wastewater											
Miles of sewer line maintained	1,800	1,744	1,744	1,744	1,764	1,764	1,764	1,804	1,811	1,818	
Pump stations in operation	170	174	176	176	175	175	175	172	172	173	
Number of residential sewer service accounts	116,361	116,888	117,597	118,653	119,582	119,582	121,723	122,344	123,648	125,110	
Community Services											
Administration											
Number of seniors served	18,398	15,759	22,596	27,316	30,473	33,285	35,663	26,374	43,514*	15,000	
Total participants in Com Resources programs	242,601	298,334	308,729	322,829	382,596	322,384	305,979	236,039	202,697*	165,000	
Libraries											
Average number of items checked out per week	76,829	77,666	76,405	73,109	68,616	68,492	69,243	51,280	30,584*	53,846	
Visits annually	2,071,536	2,203,838	2,358,123	2,354,342	2,334,895	2,292,579	2,310,372	1,599,025	253,569*	1,600,000	
Community Development & Housing											
Number of units rehabbed (CDBG)/repair	103	99	84	56	59	55	62	66	59	107	

Sources: New Castle County Comprehensive Annual Budget Summary - Departmental submissions.

NEW CASTLE COUNTY, DELAWARE

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year										2022-Est.
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022-Est.	
Land Use Administration											
Number of walk-in customers	n/a	n/a	24,630	23,646	25,064	23,680	23,689	15,573	-	-	
Number of customer phone calls	n/a	n/a	39,277	21,162	55,085	50,845	53,752	43,075	54,639	50,000	
Planning											
No. Board of Adjustment applications processed	169	151	165	161	196	185	175	126	174	125	
Land Use plans submitted and reviewed	139	120	127	143	135	114	114	114	112	112	
Licensing											
Number of permits issued	15,295	14,405	16,237	16,529	16,425	n/a	n/a	n/a	n/a	n/a	
Inspections performed	48,150	51,517	51,517	59,700	53,257	n/a	n/a	n/a	n/a	n/a	
Customer Service and Enforcement											
Calls received by Customer Service	27,899	30,156	33,101	33,101	n/a	n/a	n/a	n/a	n/a	n/a	
Code Enforcement cases assigned	8,868	8,276	9,706	9,706	9,496	9,812	8,854	8,128	7,979	8,000	
Public Safety											
Emergency Communications											
Calls for service **	131,469	134,402	250,114	267,407	253,726	292,758	292,341	268,113	285,236	279,482	
Emergency Services											
Annual paramedic responses	40,770	38,132	41,548	45,811	50,139	52,191	54,250	53,490	57,405	56,470	
No. of people trained/recertified in CPR by EMS division	1,135	880	1,268	969	1,264	712	1,498	172	212	600	
School Crossing Guards											
Number of schools serviced	78	76	83	83	83	84	86	86	87	87	
Number of stations guarded	276	268	230	230	232	232	230	231	233	233	
Register of Wills											
Files opened	2,516	2,542	2,707	2,646	2,748	2,806	2,702	2,560	2,975	2,801	
Estates probated	1,351	1,402	1,517	1,473	1,537	1,530	1,508	1,430	1,714	1,642	
Recorder of Deeds											
Deeds recorded and indexed	12,133	11,881	12,636	13,565	14,261	14,930	14,337	13,929	16,147	17,000	
Mortgages recorded and indexed	24,506	17,057	17,096	17,764	19,007	17,243	15,467	21,230	32,616	30,000	
Sheriff											
Prisoner commitments*	14	25	1	11	0	0	0	0	0	0	
Service trips for court documents	49,137	54,558	49,670	49,523	49,313	50,642	42,973	30,079	22,164	24,948	
Clerk of the Peace											
Marriage licenses issued	2,731	3,432	2,791	2,825	2,746	2,148	2,646	1,983	2,819	2,900	
Marriage ceremonies performed	842	1,108	846	1,035	1,041	828	837	261	0	750	

Sources: New Castle County Comprehensive Annual Budget Summary - Departmental submissions.

* Effective November 2010, prisoner transfer responsibility was transferred to Capitol Police.

** Effective FY 2015, calls for service include County Police, Paramedic Services, and Volunteer Fire Companies

*2021 includes virtual programs provided during the COVID-19 pandemic

NEW CASTLE COUNTY, DELAWARE

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety:										
Police										
Number of stations/substations	4	4	4	4	6	6	6	5	5	5
Emergency Services										
Number of paramedic stations/substations	9	9	9	9	9	9	9	9	9	9
Public Works:										
Parks										
Regional park acreage	3,133	3,199	3,200	3,225	3,225	3,225	3,225	3,225	3,225	3,225
Local/district park acreage	2,699	2,694	2,694	2,698	2,698	2,709	2,715	2,820	2,820	2,820
Parks	258	243	248	245	248	248	248	249	249	249
Golf courses	1	1	1	1	1	1	1	1	1	1
Riding stables	1	1	1	1	1	1	1	1	1	1
Softball/baseball fields	92	92	92	92	92	92	70	96	96	96
Football fields	3	3	3	3	3	3	5	5	5	5
Basketball courts	100	100	100	100	100	100	91	91	91	91
Tennis courts	70	70	70	70	70	70	60	68	68	59
Soccer fields	38	38	38	38	38	38	15	24	24	24
Big toy play equipment units	131	131	131	131	131	131	131	127	127	125
Museums	1	1	1	1	1	1	1	1	1	1
Fleet										
Fleet vehicles and equipment	1,729	1,729	1,729	1,806	1,806	1,832	1,832	1,834	1,881	1,881
Sewer Facilities										
Sanitary sewer (miles)	1,800	1,744	1,744	1,744	1,764	1,764	1,790	1,804	1,811	1,818
Pump stations	170	174	176	176	175	175	175	172	172	173
Treatment plants	4	4	4	4	4	4	4	4	4	4
Community Services:										
Libraries:										
Number of libraries directly administered	10	9	9	9	10	10	10	10	10	10
Circulation (millions)	3.9	4.0	4.0	4.0	3.7	3.6	3.6	2.6	1.6	2.8
Airport*	1	1	1	1	1	1	1	1	1	1

Sources: Various County departments.

* On June 30, 1995, New Castle County transferred operation and control of the New Castle County Airport to the Delaware River and Bay Authority (DRBA), vis-à-vis a 30-year lease agreement. All capital improvements at the County Airport are financed and managed by DRBA.

New Castle County
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2022

Federal Agency: Pass-through Entity: Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Total Subgrantee Expenditures
U.S. Department of Housing & Urban Development:				
Office of Community Planning and Development				
Emergency Solutions Grant Program	14.231		979,601	922,771
HOME Investment Partnerships Program	14.239		1,149,233	969,481
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Neighborhood Stabilization Program ARRA	14.256	NSP 02-09	125,166	-
CDBG - Entitlement Grants Cluster				
COVID-19 Community Development Block Grant/Entitlement Grants	14.218		3,644,967	1,165,720
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Community Development Block Grants/Entitlement Grants	14.218	NSP 05-08	26,182	
Total CDBG - Entitlement Grants Cluster			<u>3,671,149</u>	<u>1,165,720</u>
CDBG - State-Administered CDBG Cluster				
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Community Development Block Grants/State	14.228	NSP 02-11	69,034	-
Total CDBG - State-Administered CDBG Cluster			<u>69,034</u>	<u>-</u>
Office of Public and Indian Housing				
Housing Choice Voucher Cluster				
Section 8 Housing Choice Vouchers (3)	14.871		16,632,099	384,836
Total Housing Choice Voucher Cluster			<u>16,632,099</u>	<u>384,836</u>
Office of Lead Hazard Control and Healthy Homes				
Lead-Based Paint Hazard Control in Privately-owned Housing	14.900		350,284	-
Healthy Homes Production Program	14.913		11,443	-
			<u>361,727</u>	
Total U.S. Department of Housing & Urban Development			<u>22,988,009</u>	<u>3,442,808</u>
U.S. Department of Justice:				
Office for Victims of Crime				
<i>Department of Safety and Homeland Security (1)</i>				
Crime Victim Assistance	16.575	SUBGRANT 2178 & 2044	152,288	-
Office of Justice Programs				
Bureau of Justice Assistance				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		138,793	-
Comprehensive Opioid Abuse Site-Based Program	16.838		292,741	-
ABH Mental Health	16.745		198,765	-
COVID-19 Coronavirus Emergency Supplement Funding Program	16.034		257,294	-
Pass-Through Programs From:				
<i>Criminal Justice Council (1)</i>				
Comprehensive Opioid Abuse Site-Based Program	16.838	2017-AR-BXK015	50,692	-
Office of Community Oriented Policing Services				
Public Safety Partnership and Community Policing Grants	16.710		115,196	-
Criminal Division				
Equitable Sharing Program	16.922		13,409	-
Total U.S. Department of Justice			<u>1,219,178</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

New Castle County
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2022

Federal Agency: Pass-through Entity: Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Total Subgrantee Expenditures
<u>U.S. Department of Transportation:</u>				
National Highway Traffic Safety Administration				
Pass-Through Programs From:				
<i>Department of Transportation (1)</i>				
Alcohol Open Container Requirements	20.607	Various	7,693	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AAME-1 & AAME-2	-	-
<i>Highway Safety Cluster</i>				
Pass-Through Programs From:				
<i>Department of Transportation (1)</i>				
State and Community Highway Safety	20.600	Various	24,533	-
National Priority Safety Programs	20.616	Various	7,388	-
Total Highway Safety Cluster			<u>31,921</u>	<u>-</u>
Total U.S. Department of Transportation			<u>39,614</u>	<u>-</u>
<u>U.S. Department of Treasury:</u>				
Coronavirus Relief Fund				
COVID-19 Coronavirus Relief Fund	21.019		30,690,850	5,300,259
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		9,585,374	743,643
Pass-Through Programs From:				
<i>Delaware State Housing Authority (1)</i>				
COVID-19 Emergency Rental Assistance Program	21.023	DE-ERA-HSS-CNP-011	83,394	-
<i>Sussex County</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	75,000	-
Total U.S. Department of Treasury			<u>40,434,618</u>	<u>6,043,902</u>
<u>Institute of Museum and Library Services</u>				
Institute of Museum and Library Services,				
Pass-Through Programs From:				
<i>Department of State (1)</i>				
COVID-19 Grants to States - ARPA	45.310	N/A	144,595	-
COVID-19 National Leadership Grants-CARES Act	45.312	CAG-ML-FY20	42	-
Total Institute of Museum and Library Services			<u>144,637</u>	<u>-</u>
<u>Environmental Protection Agency:</u>				
Office of Wastewater Management				
Pass-Through Program From:				
<i>Department of Natural Resources and Environmental Control (1)</i>				
ARRA-CW State Revolving Fund	66.458	CW-2017-010	1,094,409	-
Total Clean Water State Revolving Fund Cluster			<u>1,094,409</u>	<u>-</u>
Total Environmental Protection Agency			<u>1,094,409</u>	<u>-</u>
<u>Department of Health and Human Services:</u>				
Centers for Disease Control and Prevention				
Pass-Through Programs From:				
<i>Department of State(1)</i>				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	98,018	-
Total Department of Health and Human Services			<u>98,018</u>	<u>-</u>
<u>Department of Homeland Security:</u>				
Pass-Through Programs From:				
<i>Department of Safety and Homeland Security (1)</i>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	7,307,911	4,347,718
Emergency Management Performance Grants	97.042	EMPG-(16,17,18,19,20)-002	396,568	10,979
FY15 Pre-Disaster Mitigation 143 FW Rd	97.047	PDMC-PJ-DE-2015-003	656	-
Homeland Security Grant Program (2)	97.067	MOU	147,805	-
Total Department of Homeland Security			<u>7,852,940</u>	<u>4,358,697</u>
TOTAL FEDERAL AWARDS			<u>73,871,423</u>	<u>13,845,407</u>

(1) Pass-Through the State of Delaware.

(2) Donated Federal Equipment-\$76,335.06

(3) Housing Choice Vouchers Subgrantee - Ports-In

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

NEW CASTLE COUNTY
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of New Castle County, Delaware and is presented on the modified accrual basis of accounting. Matching funds are excluded from the schedule and Program Income generated from Federal Grants is classified as Federal Expenditures when spent. The information on this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing Number (ALN) 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2. Loans Outstanding

New Castle County, Delaware administers low-income housing loan programs under the Community Development Block Grant and Home Investment Partnership Program, and Neighborhood Stabilization Program. The County had the following loan balances outstanding at June 30, 2022:

Program Title	Federal ALN Number	Amount Outstanding
Community Development Block Grants/Entitlement Grants	14.218	\$ 9,600,049
HOME Investment Partnerships Program	14.239	4,453,883
NSP Grants G40400099, G40400100 and G4040010	14.218, 14.256, 14.228	693,369
		<u>\$ 14,747,301</u>

Note 3. Indirect Costs

The County did not elect to use the De Minimis cost rate for indirect costs.

Note 4. Unexpended balance of loans available from CW State Revolving Fund:

ARRA Clean Water State Revolving Fund	66.458	\$ 4,983,131
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Note 5. Reclass of prior year expenditures

Disaster Grants – Public Assistance ALN (97.036): After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs. For the year ended June 30, 2022, \$7,307,911 of approved eligible expenditures that were incurred in a prior year are included on the Schedule.



**INDEPENDENT AUDITORS' 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**

Members of County Council
New Castle County, Delaware
New Castle, 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 New Castle County, Delaware (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

Members of County Council
New Castle County, Delaware

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Castle County, Delaware'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*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 27, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Members of County Council
New Castle County, Delaware
New Castle, Delaware

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited New Castle County (the County)'s 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, 2022. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Community Block Development Grant/Entitlement Grants (CDBG) and Coronavirus State & Local Fiscal Recovery Funds (CSLFRF) Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CDBG and CSLFRF programs for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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 Auditors' 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.

Matters Giving Rise to Qualified Opinions on the Community Block Development Grant/Entitlement Grants (CDBG) and Coronavirus State & Local Fiscal Recovery Funds (CSLFRF) Programs

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding:

Program	Assistance Listing	Noncompliance	Finding Number
Community Block Development Grant/Entitlement Grants	14.218	Reporting	2022-003
Coronavirus State & Local Fiscal Recovery Funds	21.027	Reporting	2022-004

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to the programs.

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.

Auditors' 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.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004 to be material weaknesses.

Members of County Council
New Castle County, Delaware

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 27, 2023

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I – Summary of Independent Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/> none reported
3. Noncompliance material to basic financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> no

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> none reported
2. Type of auditors' report issued on compliance for major federal programs:	See below.		
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/> no

Identification of Major Federal Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
14.218	Community Development Block Grant	Qualified
97.036	Disaster Grants – Public Assistance	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$2,216,143

Auditee qualify as low-risk auditee? Yes

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

2022 – 001 Financial Close and Reporting

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition

The financial statements of New Castle County, Delaware for the year ended June 30, 2021 omitted the activity of the Hope Center, a sub-fund of the General Fund.

Criteria

Governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting governmentwide and fund financial statements, including the related footnotes (i.e., external financial reporting.)

Context

During the fiscal year ended June 30, 2021, a checking account was established in the name of the County for the operation of the Hope Center. The balance in this account was not properly identified and reported in the financial statements for the year ended June 30, 2021. The balances excluded from the County's financial statements for the Hope Center for cash and accounts receivable were \$632,560 and \$119,700, respectively. Revenue excluded from the County's financial statements was \$1,090,633.

Effect

The financial statements for the year ended June 30, 2021 were misstated. Correcting entries were subsequently posted by management to the County's records and the appropriate balances are presented in the audited financial statement.

Cause

The accounting division was not notified that the separate account was established, nor was the finance department notified of the activity being recorded in the separate account. This caused the fund's omission.

Repeat Finding

No.

Recommendation

We recommend the County review its current process for establishing cash accounts and corresponding funds and communicating those accounts to the finance department.

Views of responsible officials

Management agrees with the finding. It is noted that the New Castle County Hope Center was created during the height of the COVID-19 Pandemic to address an urgent need to provide emergency housing for people experiencing homelessness. From the purchase of Hope Center on December 1, 2020 to opening on December 15, 2020, there was an expediency due to the public health emergency in creating the required fiscal procedures and policies. The County is developing a policy related to external bank accounts to ensure that all activity is appropriately captured in the financial records of the County.

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

2022 – 002

Reporting – Schedule of Expenditures of Federal Awards (SEFA)

Type of Finding:

Significant Deficiency in Internal Control over Financial Reporting

Condition

The Schedule of Expenditures of Federal Awards (SEFA) contained errors related to the amount provided to subrecipients.

Criteria

2 CFR part 200.510 states that the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended. At a minimum, the schedule must:

- 1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- 2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- 3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- 4) Include the total amount provided to subrecipients from each Federal program.

Context

The Community Development Block Grant (CDBG) ALN#14.218 and the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) ALN#21.027 reported subrecipients expenditures of \$391,512 and \$75,000, respectively which were expenditures incurred by the County.

Effect

The amounts reported as Subgrantee Expenditures on the SEFA were initially misstated; however, total Federal Expenditures on the SEFA were accurately reflected.

Cause

The expenditures were provided to a third-party management company who processed invoices on behalf of the County. These expenditures were recorded as subrecipient payments.

Repeat Finding

No.

Recommendation

We recommend the County review its process for identifying and reporting subrecipient activities.

Views of responsible officials

Management agrees with the finding. Additional controls have been put in place to require an additional review level at the department level for all amounts reported as subrecipient expenditures.

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 003

Federal Agency: U.S. Department of the Treasury
Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number: 21.027
Award Period: March 3, 2021 – December 31, 2024, liquidated by December 31, 2026
Compliance Requirement: Reporting
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Reporting requirements for Coronavirus State and Local Fiscal Recovery Funds includes the following:

Project and Expenditure Reports: Each recipient is required to report obligations and expenditures by project according to its corresponding Expenditure Category. The Project and Expenditure Report provides information on projects funded, expenditures, and contracts and subawards greater than or equal to \$50,000, and other information required from recipients.

For purposes of reporting in the SLFRF portal, an obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment. An expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).

An initial quarterly Project and Expenditure Report covered three calendar quarters from March 3, 2021 to December 31, 2021 and was required to be submitted to Treasury by January 31, 2022. Subsequent quarterly reports cover one calendar quarter and are required to be submitted to Treasury by the last day of the month following the end of the period covered.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The supporting documentation did not agree with amounts reported for obligations, expenditures and subawards on the Project and Expenditure Reports.

Context:

The following reports were selected for testing:

- 1) Project and Expenditure Reports for the 3/31/2022 and 6/30/2022 quarters: From these reports, 17 projects were selected for testing obligations and expenditures, 2 subawards greater than \$50,000 and 11 subawards less than \$50,000 were selected.

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

The following exceptions were noted:

1) Project and Expenditure Reports:

- Obligations: For 8 of 17 projects reported, obligations did not agree to supporting documentation. Additionally, 3 projects were included in the supporting documentation that were not reported.
- Expenditures – For 3 of 17 projects reported, expenditures did not agree to supporting documentation. Additionally, 3 projects were included in the supporting documentation that were not reported.
- Subawards greater than \$50,000: For 1 of 2 subawards greater than \$50,000, reported obligations did not match supporting documentation.
- Subawards less than \$50,000: For 6 of 11 subawards, reported obligations did not match supporting documentation.

Questioned costs:

Undetermined.

Cause:

Internal Controls were not operating effectively to ensure that Project and Expenditure Reports were submitted accurately.

Effect:

Obligations, expenditures, and subaward information reported to Treasury did not agree to supporting documentation.

Recommendation:

The County should enhance its procedures and internal controls regarding preparation of the Project and Expenditure Reports to ensure that information reported is accurate and agrees to supporting documentation.

Views of responsible officials: Management agrees with the finding. New Castle County self-reported the variances in expenditures and obligations due to accruals of costs to previously reported quarters. Such variances can be common with just-in-time reporting. Regarding the omitted projects, the Reporting Portal has undergone several updates throughout the period of performance. These updates contributed to confusion in required data for projects. The omitted projects were included in the subsequent reports after the data points were known and tracked. Regarding the reporting of project obligations, Treasury's definition of obligation is very broad, and FAQ 13.17 allows the recipient to use its discretion to determine when an obligation is incurred. Such discretion calls for the interpretation of several source documents. In each report total obligations were not less than total expenditures nor did total obligations exceed available funding.

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

2022 – 004

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grant/Entitlement Grants
Assistance Listing Number: 14.218
Award Period: June 23, 2009 through September 1, 2028
Compliance Requirement: Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding: Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$30,000. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or over \$30,000, the award will be subject to the reporting requirements as of the date the award exceeds \$30,000. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; and \$30,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The County did not report required subaward information to FSRS for first-tier subawards of \$30,000 or more.

Context:

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Zero of two subawards selected for testing were reported to FSRS. Total subawards tested were \$1,090,268, and \$0 was reported as required by FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
2	2	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$1,090,268	\$1,090,268	\$0	\$0	\$0

Questioned costs:

None noted.

Cause:

The County's policies and procedures were not sufficient to ensure that required subaward information was reported to FSRS. Internal controls did not prevent or detect the errors.

Effect:

Subawards were not reported to FSRS in accordance with FFATA requirements.

Recommendation:

We recommend that the County develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the County develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS.

Views of responsible officials: Management agrees with the finding. The Department of Community Services is developing internal controls to ensure that FFATA reporting requirements are met. A system has been created to ensure all required sub-awards are reported accurately and timely in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). See Corrective Action Plan for details.



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OFFICE OF FINANCE

**NEW CASTLE COUNTY, DELAWARE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

New Castle County, Delaware respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2022-001 Financial Close and Reporting

Recommendation: We recommend the County review its current process for establishing cash accounts and corresponding funds and communicating those accounts to the finance department.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned/taken in response to finding: Management agrees with the finding. It is noted that the New Castle County Hope Center was created during the height of the COVID-19 Pandemic to address an urgent need to provide emergency housing for people experiencing homelessness. From the purchase of Hope Center on December 1, 2020 to opening on December 15, 2020, there was an expediency due to the public health emergency in creating the required fiscal procedures and policies. The County is developing a policy related to external bank accounts to ensure that all activity is appropriately captured in the financial records of the County.

Name(s) of the contact person(s) responsible for corrective action: Stephanie Scola, Karen Wallace, Carey Casey

Planned completion date for corrective action plan: June 30, 2023

2022-002 Reporting – Schedule of Expenditures of Federal Awards (SEFA)

Recommendation: We recommend the County review its process for identifying and reporting subrecipient activities.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

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COUNTY EXECUTIVE



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CHIEF FINANCIAL OFFICER

OFFICE OF FINANCE

Action taken in response to finding: Management agrees with the finding in that the amounts reported as Subgrantee Expenditures on the SEFA were initially misstated; however, the amounts reported as Total Federal Expenditures on the SEFA were accurately reflected. Additional controls have been put in place to require an additional review level at the department level for all amounts reported as subrecipient expenditures.

Name(s) of the contact person(s) responsible for corrective action: Karen Wallace, Fiscal Staff at each department

Planned completion date for corrective action plan: June 30, 2023

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

MATERIAL WEAKNESS

2022-003 Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing No. 21.027
Recommendation: The County should enhance its procedures and internal controls regarding preparation of the Project and Expenditure Reports to ensure that information reported is accurate and agrees to supporting documentation.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: : New Castle County self-reported the variances in expenditures and obligations due to accruals of costs to previously reported quarters. Such variances can be common with just-in-time reporting. Regarding the omitted projects, the Reporting Portal has undergone several updates throughout the period of performance. These updates contributed to confusion in required data for projects. The omitted projects were included in the subsequent reports after the data points were known and tracked. Regarding the reporting of project obligations, Treasury's definition of obligation is very broad and FAQ 13.17 allows the recipient to use its discretion to determine when an obligation is incurred. Such discretion calls for the interpretation of several source documents. In each report total obligations were not less than total expenditures nor did total obligations exceed available funding.

Name(s) of the contact person(s) responsible for corrective action: Benjamin Morris-Levenson

Planned completion date for corrective action plan: June 30, 2023

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2022-004 Community Development Block Grant/Entitlement Grants – Assistance Listing No.
14.218

Recommendation: We recommend that the County develop internal controls and procedures to ensure that FFATA reporting requirements are met. We further recommend the County develop controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Department of Community Services is developing the following internal controls to ensure that FFATA reporting requirements are met. A system has been created to ensure all required sub-awards are reported accurately and timely in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

The following actions have been taken to ensure future compliance FFATA reporting requirements:

- DCS Fiscal Staff is creating an account within the FSRS system on March 27, 2023
- DCS Grant Management Staff visited the FSRS site to research the data needed to report
- DCS Grant Management Staff created a document outlining the subaward entity information needed. Any entities receiving a sub-award of \$30,000 or more will have this document attached to their Funding Award Letter. The FFTA Forms **must** be completed by the entity (signed by their Fiscal Officer) and returned to DCS Grant Management staff within 10 business days. A contract will not be issued until the completed FFTA Form is received.

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- When the entity returns the completed FFATA Reporting Form to the DSC Grants Department, staff will forward a copy to DCS's Fiscal Department. DCS's Fiscal staff will enter the information into the FSRS. A contract will then be sent to the entity.
- DCS Grants Management and Fiscal Staff will be provided the FFATA/FSTS guidance and educated on the new process DCS has established for FFATA Reporting.
- DCS will have until the end of the month, plus one additional month after an award or sub-award is made to enter the information into FSRS system. The DCS issued agency award letter is the point of reference.

Name(s) of the contact person(s) responsible for corrective action: Carey Casey

Planned completion date for corrective action plan: June 30, 2023

If there are questions regarding this plan, please call Karen Wallace at 302-395-5165.



NEW CASTLE COUNTY, DELAWARE



2022 Annual Comprehensive Financial Report