

DELAWARE FIRE SERVICE FINANCIAL REVIEW AND ANALYSIS

Kent County

*Recommendations for Sustainability of the
Fire and Basic Life Support (BLS) Service*



August 29, 2025



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Executive Summary

Independent non-profit fire companies, rescue squads, and emergency medical services (EMS) organizations across the State of Delaware have a long and proud history of dedicated service to their communities. Over the years, the presence and operation of volunteer-based fire and EMS has relieved Delaware's local governments from the need to secure and allocate funding for the full cost of providing these basic public services.

The fire and emergency medical services in the United States, including the fire-EMS service in Delaware, is facing fundamental challenges in recruiting new members and retaining existing members. Recruitment and retention difficulties are especially salient in volunteer organizations across the country. Many volunteer fire-EMS departments nationwide are struggling to maintain a sufficient number of trained and capable members to provide the level of service expected by their residents, businesses, and visitors.

The demand for all-hazards fire and emergency services from Kent County (Kent) fire/EMS companies, especially the demand for EMS basic life support (BLS), has increased beyond the capacity of purely volunteer staffing. Consequently, the majority of ambulance transports in Kent County are now provided by full- or part-time fire/EMS personnel employed by the County's 19 independent fire/EMS companies.

The current fire and BLS system in Kent County is becoming increasingly difficult to sustain. A system that worked very well for decades has been overtaken by a number of factors including population growth, higher demands for emergency services, urban development, increased costs, societal shifts in volunteerism, and financial pressure on families.

As these challenges continue in future years, Kent County should consider a more coordinated and integrated approach to providing fire and EMS countywide, moving toward an eventual transition to a sustainable service model that is essentially staffed by career fire-EMS personnel, supported by the fire companies, and supplemented by volunteer firefighters and EMS providers. This model has been the landing place for a number of similarly situated counties in Maryland and Virginia over the past 20-30 years.

The current fire and BLS system in Kent County is essentially a "patchwork quilt" of 19 independent non-profit corporations that are almost entirely dependent on the State of Delaware and Kent County for the funds needed to operate. EMS advanced life support (ALS) care is directly provided by the Kent County Department of Public Safety, Emergency Medical Services Division; an operating unit of the Kent County Levy Court.

In addition to providing details about the financial condition of each of the County's fire/EMS companies, this report makes the following recommendations:

- The County and the leadership of its independent fire/EMS companies should work together on a planning process that envisions and details a strategic plan to bring the fire and EMS (BLS/ALS) system into the future. This comprehensive plan should contain provisions for system design, system capacity, system capabilities, the ownership of system resources, funding requirements, and a timetable for change.
- The County should consider facilitating or providing shared services to the fire/EMS companies that may save costs, increase revenues, or increase efficiency.
- Contemplate the response of the County and the County's fire/EMS service to the voluntary withdrawal, insolvency, or bankruptcy of a fire/EMS company. Possible responses include assumption of all or part of the services provided by the existing entity by the County, assumption of these duties by surrounding fire/EMS companies, or other methods.
- In the near term, the County should implement the service fee authorized by Delaware General Assembly (2023-2024) House Bill 127 (<https://legis.delaware.gov/BillDetail/130231>). The revenue generated by this fee should be distributed to companies based on the location of the property where the fee is assessed. This new revenue source should not supplant or replace the current sources of revenue from the State of Delaware or Kent County. In areas where the local fire company is not the primary provider of BLS ambulance service, the revenue generated should be split 50-50 between the fire company and the EMS provider. This revenue should be accompanied with additional controls aligned with the strategic plan recommended above.

We also make a number of suggestions on accounting systems and practices, grant funding, revenue enhancements, cost avoidance, and potential cost savings.

Ultimately, a significant and sustainable infusion of funding is needed to help all of Kent County's independent non-profit fire/EMS companies meet current service-level expectations and future demand.

Introduction

All-hazards fire/emergency response and BLS EMS in Kent County, Delaware is provided by 19 independent, non-profit fire/(EMS) companies. These companies are located across the County and all deliver some combination of fire suppression, rescue, BLS patient care, ambulance transportation, and other emergency services to County residents, businesses, and visitors; mutual-aid is also provided to surrounding jurisdictions in Delaware and Maryland.

In Kent County, EMS patient care at the ALS level is provided by career personnel employed with the Kent County Department of Public Safety, Emergency Medical Services Division. Kent County paramedics work closely with the County's independent fire/EMS companies on fire and EMS incidents of all types.

<https://www.kentcountyde.gov/My-Government/Departments/Public-Safety>

The origins of Delaware's independent fire/EMS companies trace back decades, to an era where volunteers joined together and founded non-profit organizations to meet community needs. As in many other states, increased service demands, rising costs, and myriad changes to the operating environment have made it difficult for voluntary public safety organizations to keep pace with their communities' expectations.

In August 2023, recognizing shared financial and operational pressures among non-profit fire/EMS companies statewide, Delaware's three counties advertised RFP 24PP-102, seeking a detailed financial analysis and recommendations for the sustainability of the "Delaware Fire and Basic Life Support (BLS) Service" across the State of Delaware.

FACETS Consulting, LLP (FACETS), founded in 2006 with a 19-year record of success working with a wide range of clients across the United States, was contracted by all three counties to perform the desired analyses using a common methodology.

Methodology

Introduction

The financial monitoring framework created for this FACETS evaluation is based on nationally accepted best practices developed by highly regarded agencies and organizations, including the Pew Charitable Trusts.

In September 2016, Pew published, *State Strategies to Detect Local Fiscal Distress*. (https://www.pewtrusts.org/-/media/assets/2016/09/detecting_local_distress_report.pdf)

In this report, Pew identified 22 states that actively and regularly review financial information from towns and cities with the aim of trying to detect fiscal distress. (Colorado, Connecticut, Florida, Iowa, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, and Washington.)

Within this group, there is a broad range in the scope and intensity of monitoring efforts. Of the 22 states, eight can be classified as “early warning” states, meaning that they have laws defining when towns or cities are in “fiscal distress” and systems to identify signs that a locality is declining toward such a condition. These eight states are: Louisiana, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, Rhode Island, and Tennessee.

These state efforts to monitor town/city fiscal health can be applied to monitoring the fiscal health of local non-profit fire/EMS companies with some modifications. Since the State of Delaware does not have its own system, the *Pennsylvania Governor’s Center for Local Government Services Financial Monitoring Workbook* (<https://dced.pa.gov/download/financial-monitoring-workbook/>) was used as a foundation for this evaluation, further informed by FACETS’ extensive fire-EMS management experience across the USA.

The *Workbook* identifies a total of 26 factors affecting municipalities’ fiscal health; not all of them apply to non-profit fire/EMS companies and the relevance of some factors may change from company to company and/or within one company over time. In the long run, these factors can be calculated, graphed, interpreted, and evaluated against previous results and projections. Information generated through a financial monitoring system will allow municipal officials to determine whether a fire/EMS company has the potential to independently support services and capital programs on a continuing basis. Where appropriate, an “action agenda” can be developed to address unfavorable results/trends. The proposed action strategies might include changes in current legislative policies, new management practices, as well as recognition of uncontrollable external influences.

Factors

Of the 26 factors, the following 13 factors were selected/adapted for evaluating the 62 Delaware fire companies' overall financial health and sustainability.

- 1) **Revenue per call*** – shows how a fire/EMS company's revenues are affected by changes in call volume

$$\frac{\text{Total operating revenue}}{\text{Calls}}$$

**This factor was adapted from per capita.*

- 2) **Expenditures per call*** – displays the cost of operating the fire/EMS company on a per call basis; reveals the effect of adding/deleting or changing service levels

$$\frac{\text{Total operating expenditures}}{\text{Calls}}$$

**This factor was adapted from per capita.*

- 3) **Employee benefits***: demonstrates impact that employee benefit costs have on a fire/EMS company's finances

$$\frac{\text{Total budgeted employee benefits cost}}{\text{Total salary and wages cost}}$$

**This factor only applies to fire/EMS companies with paid positions (full-time, part-time or stipend. Adapted from employee and volunteer benefits cost.*

- 4) **Cash position** – designed to give officials an idea of exactly where they stand (i.e., sufficient cash on-hand to pay bills) at a given point in time

$$\frac{\text{Cash and short-term investments}}{\text{Liabilities}}$$

- 5) **Debt service*** – shows the proportion of general operating revenue devoted to paying off outstanding debt (e.g., loans, bonds, vendor leases, and lease rental payments to authorities)

$$\frac{\text{Debt service (not including self-supporting)}}{\text{Total operating revenue}}$$

**This factor may not apply to all companies.*

- 6) **Debt per capita*** – designed to demonstrate the debt burden associated with each municipal resident (thereby taking into consideration the ability of the citizens to repay loans rather than the underlying value of the collateral pledged)

Long-term debt
Population

**This factor may not apply to all companies. It uses a static 2020 census population across all five years.*

- 7) **Operating position** – fire/EMS company's ability to balance its budget annually, maintain reserves to cover emergency situations, and have sufficient cash available for timely payment of bills; whether a municipality is operating on a break-even basis or is spending down fund balances from previous years to fund current operations

General fund operating expenditures
General operating revenue

- 8) **Revenue shortfalls** – examines both fiscal condition and performance of officials in controlling budgets (1=break-even; <1=revenues budgeted in excess of actual; >1=actual revenues in excess of budgeted)

Actual year-end revenue
Budgeted revenue

- 9) **Expenditure overruns** – way to assess how well the estimates for anticipated expenditures for the year were prepared and how closely the budgeted versus actual expenses were monitored throughout the year

Actual year-end expenditures
Budgeted expenditures

- 10) **EMS user fees*** – fire companies who provide EMS services should know whether these are high enough to cover all the costs associated with provision; if they aren't, policy or operational changes might be needed

Ambulance Billing Revenue
Total cost of providing service

**This factor was adapted from "user fees and charges"*

**It is extremely difficult to fully separate fire from EMS costs. This formula utilizes any costs 100% dedicated to EMS when easily recognizable in companies' profit and loss statements and/or financial statements (i.e. EMS salaries, purchase of EMS equipment, purchase of ambulance or principal/interest payments) plus 50% of all typical shared services*

including (but not limited to): utilities, fuel, janitorial supplies, payroll services, professional services, etc.

- 11) Capital outlay** – how much current revenue a fire/EMS company allocates on an annual basis to fund capital expenditures; a fire/EMS company ought to commit the same proportion of its current revenue to fund the acquisition or replacement of its infrastructure and apparatus as well as financing these types of purchases

Capital outlay from current operating funds
Operating expenditures

- 12) Fund balance** – using cash balances from prior years to fund operating expenditures for subsequent budget years is not a sound financial management practice; if surplus cash exists, it should be allocated as emergency operating reserve funds

(Current operating revenue – current operating expenditures)
Current operating expenditures

- 13) Solvency** – This factor is a good indicator of overall financial health for the company; a high liabilities to assets ratio can be a sign of financial distress

Total liabilities
Total assets

**This factor is not from the PA Financial Monitoring Workbook.*

A few factors originally were composed of two parts: employee and volunteer benefits, total cost and/or hours worked. Due to the fact that volunteers do not get paid salary or wages, there was no denominator that FACETS could use in the formula. FACETS places a high importance on the intangible benefits and value received from volunteers, which corresponds to hours of service provided to the fire/EMS company's district/community. While FACETS could glean the total benefit cost for volunteers for fire/EMS companies, only some of the companies are tracking hours volunteered in a reliable and consistent manner (either manually or with the assistance of software). Some companies track these in hours while others track them in points. Due to this challenge, FACETS concluded that it would not be viable to include a "volunteer benefits total cost" factor. "Unfunded pensions" was another factor that FACETS removed from the list of factors used for evaluation after realizing that it would not be applicable. This factor is designed to monitor long-term obligations (debts) to current and past employees and the formula is "unfunded pension liabilities / assessed valuation".

Most (if not all) volunteer/combination fire/EMS companies in Delaware that employ career staff participate in the Delaware Volunteer Firefighters Association's (DVFA) pension plan. The volunteers are offered a Length of Service Award Plan (LOSAP)

through the DVFA. These plans are administered by the Delaware Public Employees' Retirement System (DPERS). The plan is a cost-sharing, multiple employer, defined benefit plan, which covers all actively participating volunteers of fire/EMS companies, auxiliaries, or ambulance organizations within the State of Delaware. Employer contributions are determined by the Board of Pension trustees. Volunteer member contributions are \$60 per member per year. Some companies elect to pay both their contribution and the volunteers' contribution, while some simply pay the employer contribution. The service benefits are determined by multiplying \$5 by years of credited service (not to exceed 25 years) per month. Vesting begins at 10 years of credited service. These parameters are statewide - they are not determined by each fire/EMS company. The plan covers retirement benefits for participants aged 60 or older and with 10 or more years of service. In addition, a handful of fire companies maintain a separate LOSAP for volunteer members through different private providers such as VFIS.

The financial ratios used within these factors help tease out value from the numbers in financial records and could be effective tools for determining fire/EMS companies' overall financial wellness. These ratios are used in multiple categories: liquidity, efficiency, solvency, and valuation. Fire/EMS companies and local governments should compare financial ratios across periods and against peers to check if they are improving or declining. No single ratio is adequate to gauge fire/EMS companies' financial health ratings. Instead, a blend of ratio evaluations is being used across all statements. Outside influences should be included in the evaluation; including, but not limited to, the Consumer Price Index (CPI), which adjusts the fire/EMS companies' revenues and expenditures for inflation.

Delaware volunteer fire/EMS companies' capacity for self-sufficiency can be determined by assessing short and long-term financial condition in four areas:

1. Cash Solvency - Will the fire/EMS company consistently, on a 30-to-60 day basis, generate sufficient cash to pay its bills?
2. Budgetary Solvency - Will the fire/EMS company generate sufficient revenue over the twelve-month fiscal year to meet its current expenditure responsibilities and avoid a deficit?
3. Long-Run Solvency - Will the fire/EMS company pay all of its current expenses over the long term as well as provide funding for future expenses incurred today but payable in the future? Examples of long-run obligations include pensions, post retirement benefits, accrued vacation and sick leave and replacement or maintenance of the capital infrastructure.
4. Service Level Solvency - Will the fire/EMS company, over time, be able to provide basic public services at levels adequate to meet the health, safety and welfare needs of its residents? In addition, to assure service level solvency assumes that a fire/EMS company is able to attain and sustain cash, budgetary and long-term solvency.

It is recommended that Kent County continually analyze these financial factors to determine whether a fire/EMS company can meet the four types of solvency and help fire/EMS companies that:

1. Have previously recognized that problems exist and need to create a better understanding of those difficulties;
2. Believe problems may exist but don't know the exact nature of the problems;
3. Are currently in good financial condition but want to create a way to review and evaluate circumstances that could give rise to future problems; and/or
4. Are in danger of sliding towards fiscal distress.

Grading, Weights, and Scoring

Using the 13 factors, FACETS created a modified "traffic light" grading scale tied to a numerical system with assigned weights and ranges of years of sustainability.

Financial Health Grade Key

| Status | Description | Numeric | Est. Yrs. Sustain |
|--------|--|--------------|-------------------|
| GREEN | Fire Co./Dept. is in excellent financial health and is likely to survive | 100-90 | 16+ years |
| YELLOW | Fire Co./Dept. is in good financial health and might survive | 80-89 | 11-15 years |
| ORANGE | Fire Co./Dept. is in fair financial health and might survive | 60-79 | 4-10 years |
| RED | Fire Co./Dept. is in poor financial health and is unlikely to survive | 59 and below | 1-3 years |

| #. Factor Name | Weight |
|--------------------------|---------|
| 1. Revenue per call | 3.00% |
| 2. Expenditures per call | 3.00% |
| 3. Employee benefits | 5.00% |
| 4. Cash position | 15.00% |
| 5. Debt service | 5.00% |
| 6. Debt per capita | 5.00% |
| 7. Operating position | 10.00% |
| 8. Revenue shortfalls | 7.00% |
| 9. Expenditure overruns | 7.00% |
| 10. EMS user fees | 10.00% |
| 11. Capital outlay | 5.00% |
| 12. Fund balance | 10.00% |
| 13. Solvency | 15.00% |
| | 100.00% |

The weighting system above was developed based on how much each factor could affect a fire/EMS company's bottom line and its ability to sustain service delivery in the

future. Factors that help in monitoring financial health, but are largely out of a fire/EMS companies' control, are Revenue per call, Expenditures per call, and Debt per capita, for example. These factors are therefore assigned a lower weight. Understanding that many fire/EMS companies are in the midst of formalizing financial policies and procedures, and many did not have annual line item budgets for revenue and/or expenditures, the Revenue shortfalls and Expenditure overruns factors were also assigned lower weights.

When a company did not have budgets (revenue, expenditure, or both) for one to two years of the five years in the period, FACETS graded the factors that use this information off the available years of data. Only when budgets were unavailable for the majority of years, did FACETS assign zero points to the applicable factors.

When one of the five years produced an outlier for any of the factors, this was removed from the average calculation to prevent skewing the data.

Each fire company and EMS organization's health grade is calculated off the five-year averages for all 13 factors. There are a total of 1,300 possible points (100 per factor) across the 100% weighted scale. The number of points awarded in each factor depends upon where the company/agency's average falls within the "reasonable" or "best practices" range. In addition to averages, FACETS also examines the trend for each factor, which is a comparison of 2019 to 2023. A favorable trend, therefore, does not necessarily translate to a favorable average overall.

In Kent County, there is one EMS-only organization: American Legion Smyrna-Clayton. This organization functions slightly differently than the other 18 fire companies and this should be kept in mind when reviewing its fiscal health. There are 6 fire companies (Citizens Hose, Clayton, Dover, Farmington, Little Creek and South Bowers) in Kent County that do not provide EMS BLS services - they only provide fire and rescue services. Therefore the "Employee Benefits" (5%) and "EMS User Fees" (10%) factors do not apply to these two companies and FACETS redistributed this 15% worth of weight to the higher weighted factors (including but not limited to) as appropriate: Cash Position, Operating Position, Fund Balance, and Solvency.

A summary of the 13 factors and corresponding definitions, formulas, trend key, weights, and points grading scale is displayed below. The grading calculation is performed off an average of the actuals. Budget figures are only used in the formulas where appropriate. The total possible points that a company can get is 1,300 and the highest possible weighted grade is 100%. These will be displayed in greater detail in the Report Cards for each fire/EMS company.

Kent County Fire Service Financial Review and Analysis

| FACTOR | DEFINITION | FORMULA | TREND | WEIGHT | GRADING |
|-----------------------|---|--|--|--------|--|
| Revenue per call | Shows how a fire company's revenues are affected by changes in call volume | Total operating revenues / Total calls | Increasing= Favorable No change= Stable Decreasing= Unfavorable | 3.00% | \$0-\$500=-25 pts, \$501-\$1000=-50 pts, \$1001-\$1500=-75 pts, \$1501+=100 pts |
| Expenditures per call | Displays the cost of operating the fire company on a per call basis, reveals the effect of adjusting/changing service levels | Total operating expenditures / Total calls | Increasing= Unfavorable No change= Stable Decreasing= Favorable | 3.00% | \$1501+=-25 pts, \$1500-\$1001=-50 pts, \$1000-\$501=-75 pts, \$500-\$0=-100 pts |
| Employee benefits | Demonstrates impact that employee benefit costs have on a fire company's finances | Total employee benefits (total operational and administrative) / Total salary and wages cost | Increasing= Unfavorable No change= Stable Decreasing= Favorable | 5.00% | In the past, up to 15% was typical (100 pts) so in today's time, this would be viewed as keeping costs low. Now 18-50% is normal/reasonable (50 pts). Over 50% is borderline unreasonable (0 pts) |
| Cash position | Designed to give officials an idea of exactly where they stand (sufficient cash on hand to pay bills?) at a given point in time | Cash and short term investments / Current Liabilities | >1: Favorable =1: Stable <1: Unfavorable | 15.00% | Equal to 1 is the balanced ratio. Equal to 0 means no short term liabilities. Above 1 is good, below 1 is bad. Point results: 0 to 1=50, 2 to 75, 11 and above=100. |
| Debt service | Shows the proportion of general operating revenue devoted to paying off outstanding debt (bonds, bonds, vendor leases, and lease rental payments to authorities) | Debt service (not including self-supporting) / Total operating revenue | Increasing= Unfavorable No change= Stable Decreasing= Favorable | 5.00% | Up to 5% = 100 pts, 6%-10% = good (75 pts), 11-14% acceptable=50 pts, 15%-19% =25, 20%+=10 pts. Debt service in excess of 15%, 20% of operating revenues is considered a potential problem. Generally, debt analysts believe that a ratio of up to 10% debt to operating revenues is acceptable. |
| Debt per capita | Designed to demonstrate the debt burden associated with each resident (thereby taking into consideration the ability of the citizens to repay loans rather than the underlying value of the collateral pledged) | Long term debt / Population | Increasing= Unfavorable No change= Stable Decreasing= Favorable | 5.00% | \$1200/capita or 15% of per capita personal income are indicators used for municipalities. The grading scale has been recalculated for KC fire companies/appointments: \$0-\$75+=100 pts, \$76-125+=75 pts, \$126-\$200+=50 pts, \$201+=-25 pts |
| Operating position | Fire company's ability to balance its budget annually, maintain reserves to cover emergency situations, and have sufficient cash available for timely payment of bills, whether a fire department is operating on a break even basis or is spending down fund balances from previous years to fund current operations | General fund operating expenditures (General fund operating revenue | >1: Unfavorable (deficit) =1: Stable (break even) <1: Favorable (Surplus) | 10.00% | A number more than 1.0 means the fire company/department operated during the year at a deficit with its current expenses exceeding its revenues (0 pts). A result of 1.0 means you broke even or expenses were equal to revenues received (50 pts). And where the factor's value is less than 1.0, the fire company/department's current revenues exceeded its expenditures resulting in an operating surplus (100 pts) |
| Revenue shortfalls | Examines both fiscal condition and performance of officials in controlling budgets (1=break even, <1=revenue budget in excess of actual, >1=actual revenues in excess of budgeted) | Actual year end revenue/Budgeted revenue | >1: Favorable =1: Stable (break even) <1: Unfavorable | 7.00% | A result of 1.0 indicates a break even situation (50 pts), a result of less than 1.0 indicates revenues were budgeted in excess of actual revenues received (0 pts), and a ratio of more than 1.0 indicates actual revenues received were in excess of those budgeted (100 pts) |
| Expenditure overruns | Way to assess how well the estimates for anticipated expenditures for the year were prepared and how closely the budgeted versus actual expenses were monitored throughout the year | Actual year end expenditures / Budgeted expenditures | >1: Unfavorable =1: Stable <1: Favorable | 7.00% | Result of 1.0 indicates an exact budget to actual expense match (50 pts), a ratio of more than 1.0 indicates that actual expenditures exceed the amount budgeted (0 pts) and a value less than 1.0 represents actual expenditures below those budgeted (100 pts) |
| EMS user fees | Fire companies should know whether there are high enough to cover all the costs associated with provision, if they aren't, possible policy change | EMS Billing Revenue / Total cost of providing service | Greater than 100% = fees to high, Equal to 100% = fees adequate, Less than 100% = fees too low | 10.00% | 100% = 100 pts because costs are covered, 75-99% and 100-125% = 75 pts, 50-74%, and 126-150% = 50 pts, 0-49% and 151-200% = 25 pts. If need is higher than 100%, may be favorable or may be a profit issue |
| Capital outlay | How much current revenue a fire company allocates on an annual basis to the capital expenditures. Fire departments often to control the amount of its current revenue to fund the acquisition or replacement of its infrastructure and apparatus as well as financing these types of purchases. | Capital outlay from current operating funds/Operating expenditures | Increasing= Favorable Stable=Concistent Decreasing= Unfavorable | 5.00% | Up to 5% = 50 pts, 6%-10% acceptable= 75 pts, 11-20% good/common=100 pts, 21%+=30%, =25 pts, 31%+=10 pts |
| Fund balance | Using cash balances from prior years to fund operating expenditures for subsequent budget years is not a sound financial management practice. If a surplus cash exists, it should be allocated as emergency operating reserve funds | (Operating revenue - operating expenditures) / operating cash balance | Current operating revenue consistently requires current operating expenditures = favorable | 10.00% | Financial analysts advocate maintaining an unreserved fund balance equivalent to at least 5% of the general operating budget. Surplus in excess of 5%, 10% should be utilized for one time expenses or be used to fund capital improvements rather than be used to artificially balance next year's budget. On average, 3 months of expenditures = 8%, 4 months = 10%, 5 months = 10-15%, 6 months = 15-20%, 7 months = 20-25%, 8 months = 25-30%, 9 months = 30-35%, 10 months = 35-40%, 11 months = 40-45%, 12 months = 45-50% |
| Solvency | Examines how much of a fire company's assets are made of liabilities. A high liabilities to assets ratio can be negative, this indicates potential financial distress. The factor is a good indicator of financial health for the company | Total Liabilities / Total Assets | Upward trend may be cause for concern | 15.00% | Under .5 or 50% is optimal. Over 1.0 or 100% would indicate that liabilities exceed assets, which is not desirable. 0-50%=100 pts, 51-99%=50 pts, 100%+=0 pts. |

Meetings

The following 19 independent non-profit fire(-EMS) companies serve Kent County:

1. American Legion Ambulance (Smyrna-Clayton), Station No. 64 - *April 2025*
2. Bowers Fire Company, Station No. 40 - *February 2025*
3. Camden-Wyoming Fire Company, Station No. 41 - *February 2025*
4. Carlisle Fire Company, Station No. 42 - *January 2025*
5. Cheswold Volunteer Fire Company, Station 43 - *January 2025*
6. Citizens' Hose Company, No. 1, Station No. 44 - *March 2025*
7. Clayton Fire Company, No. 1 Inc., Station No. 45 - *February 2025*
8. Dover Fire Department, Station No. 46 - *March 2025*
9. Farmington Volunteer Fire Company, Station No. 47 - *March 2025*
10. Felton Community Fire Company, Station No. 48 - *March 2025*
11. Frederica Volunteer Fire Company, Station No. 49 - *April 2025*
12. Harrington Fire Company, Station No. 50 - *April 2025*
13. Hartly Volunteer Fire Company, Station No. 51 - *February 2025*
14. Houston Volunteer Fire Company, Station No. 52 - *March 2025*
15. Leipsic Volunteer Fire Company, Station No. 53 - *April 2025*
16. Little Creek Volunteer Fire Company, Station No. 54 - *March 2025*
17. Magnolia Volunteer Fire Company, Station No. 55 - *March 2025*
18. Marydel Volunteer Fire Company, Station No. 56 - *April 2025 and May 2025*
19. South Bowers Volunteer Company, Station No. 57 - *March 2025*

FACETS visited all 19 companies and conducted in-person informational interviews and data requests for financial records, including (but not limited to): profit and loss statements, audits (financial statements), fleet inventories/budgets, financial policies, lists of successful and unsuccessful grant applications, etc.

The companies' websites (when available and confirmed to contain current content) were also used as background information for this study, along with supporting data provided by Kent County.

As with any type of information and documentation review, there is a possibility for minor errors due to incomplete/incorrect information supplied and/or misinterpretation or transposition during review.

Kent County Fire Service Data

Call Volume (CY) 2019 - 2023

The following emergency response ("call") data for Kent County fire/EMS companies was obtained from the Kent Department of Public Safety's Emergency Communications Division, with coordination from the State of Delaware Fire Commission. The figures below are total calls, including both in-district fire-EMS and mutual-aid calls (where applicable).

Call Volume

| Kent Fire Company/EMS Agency | 2019 | 2020 | 2021 | 2022 | 2023 | AVG |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Amb 64-American Legion Smyrna-Clayton | 3,897 | 4,188 | 4,538 | 5,008 | 4,977 | 4,522 |
| Station 40-Bowers Beach | 481 | 514 | 556 | 576 | 467 | 519 |
| Station 41-Camden-Wyoming | 4,363 | 4,291 | 5,139 | 5,060 | 5,345 | 4,840 |
| Station 42-Carlise*** | 3,908 | 3,948 | 4,248 | 4,764 | 4,950 | 4,364 |
| Station 43-Cheswold | 2,200 | 2,172 | 2,337 | 1,956 | 2,320 | 2,197 |
| Station 44-Citizens Hose (Smyrna)* | 608 | 599 | 699 | 802 | 821 | 706 |
| Station 45-Clayton* | 319 | 311 | 389 | 441 | 484 | 389 |
| Station 46-Dover (Robbins) | 1,378 | 1,219 | 1,324 | 1,529 | 1,608 | 1,412 |
| Station 47-Farmington* | 259 | 263 | 323 | 375 | 316 | 307 |
| Station 48-Felton | 1,801 | 1,821 | 1,985 | 2,042 | 2,017 | 1,933 |
| Station 49-Frederica | 719 | 774 | 993 | 1,076 | 1,188 | 950 |
| Station 50-Harrington | 2,153 | 2,156 | 2,431 | 2,561 | 2,281 | 2,316 |
| Station 51-Hartly | 1,010 | 1,043 | 1,194 | 1,280 | 1,130 | 1,131 |
| Station 52-Houston | 1,128 | 1,122 | 1,369 | 1,345 | 1,406 | 1,274 |
| Station 53-Leipsic | 782 | 743 | 980 | 1,079 | 939 | 905 |
| Station 54-Little Creek* | 461 | 494 | 522 | 497 | 525 | 500 |
| Station 55-Magnolia | 1,488 | 1,657 | 1,802 | 1,784 | 1,898 | 1,726 |
| Station 56-Marydel | 828 | 868 | 967 | 1,026 | 999 | 938 |
| Station 57-South Bowers* | 81 | 120 | 114 | 124 | 131 | 114 |
| Fire & BLS Response Totals | 27,864 | 28,303 | 31,910 | 33,325 | 33,802 | 31,041 |

*Citizens Hose, Clayton, Dover (Robbins), Farmington, Little Creek, and South Bowers Beach Fire Companies do NOT provide EMS services. The above figures for these two companies are for fire and other emergencies.

**Dover (Robbins) is not dispatched through the County. Dover PD is the PSAP. County figures are utilized above.

***Carlisle Fire Company resides in both Sussex and Kent County. Only Kent responses reflected above. Sussex responses shown below. Total is used for report card calculations.

| Sussex Fire Company | 2019 | 2020 | 2021 | 2022 | 2023 | AVG |
|--|------|------|------|------|------|------|
| Carlisle Fire Company, Station No. 42 (Mutual Aid)** | 1678 | 1694 | 538 | 623 | 628 | 1032 |

| | |
|--------------|-------------|
| Total | 5396 |
|--------------|-------------|

Fire District Populations (2020 Census)

The following fire-EMS district populations were supplied by the Kent County GIS staff (via data source: 2020 Census) and Sussex County GIS (2023 ACS Key Population & Household Facts). These data will be used across all five years included in this study, since district population data is not collected annually. Therefore, any population growth that may have occurred from 2019 through 2023 is not captured in this study, as reflected in the following chart.

Population

| Kent Fire Company/EMS Agency | 2020 Census Population |
|---------------------------------------|-------------------------------|
| Amb 64-American Legion Smyrna-Clayton | 29,869 |
| Station 40-Bowers Beach | 1,695 |
| Station 41-Camden-Wyoming | 24,303 |
| Station 42-Carlise (Milford) | 9,969 |
| Station 43-Cheswold | 13,426 |
| Station 44-Citizens Hose (Smyrna) | 19,868 |
| Station 45-Clayton | 10,001 |
| Station 46-Dover (Robbins) | 47,514 |
| Station 47-Farmington | 2,081 |
| Station 48-Felton | 12,637 |
| Station 49-Frederica | 4,690 |
| Station 50-Harrington | 7,385 |
| Station 51-Hartly | 5,419 |
| Station 52-Houston | 4,669 |
| Station 53-Leipsic | 1,057 |
| Station 54-Little Creek | 1,015 |
| Station 55-Magnolia | 12,720 |
| Station 56-Marydel | 2,696 |
| Station 57-South Bowers Beach | 522 |
| TOTAL | 211,536 |

**Carlisle Fire Company resides in both Sussex and Kent County. Only Kent population reflected above. Sussex population shown below. Total is used for report card calculations.

| Sussex Fire Company | 2023 ACS Population |
|---------------------------------------|----------------------------|
| Carlisle Fire Company, Station No. 42 | 13,839 |

Staffing & Volunteers

As a key part of FACETS' exploration, career staffing and volunteerism were one of the focal points from both an expenditure and asset perspective.

14 out of 19 Kent fire-EMS companies have paid career staff, including both part-time and full-time employees. The Citizens Hose, Clayton, Farmington, Little Creek, and South Bowers Beach fire companies do not have paid staff. There are approximately 310 employees total in Kent County; about 240 of these are part-time and 70 are full-time. These include firefighter/EMTs, EMTs, and EMS drivers. Part-time personnel often work for more than one fire-EMS company and they may work for companies in Delaware and other states. Therefore, the number of part-time employees presented here may overstate the actual total.

Staffing

| <u>Fire/EMS Company/Department</u> | <u>County</u> | <u>PT</u> | <u>FT</u> | <u>Total</u> |
|------------------------------------|---------------|------------|-----------|--------------|
| Amb 64-American Legion | Kent | 15 | 15 | 30 |
| Station 40-Bowers Beach | Kent | 18 | 0 | 18 |
| Station 41-Camden-Wyoming | Kent | 8 | 14 | 22 |
| Station 42-Carlise (Milford) | Sussex/Kent | 15 | 9 | 24 |
| Station 43-Cheswold | Kent | 9 | 5 | 14 |
| Station 44-Citizens Hose (Smyrna) | Kent | 0 | 0 | 0 |
| Station 45-Clayton | Kent | 0 | 0 | 0 |
| Station 46-Dover (Robbins Hose) | Kent | 6 | 6 | 12 |
| Station 47-Farmington | Kent | 0 | 0 | 0 |
| Station 48-Felton | Kent | 14 | 8 | 22 |
| Station 49-Frederica | Kent | 27 | 0 | 27 |
| Station 50-Harrington | Kent | 16 | 9 | 25 |
| Station 51-Hartly | Kent | 28 | 0 | 28 |
| Station 52-Houston | Kent | 21 | 4 | 25 |
| Station 53-Leipsic | Kent | 31 | 0 | 31 |
| Station 54-Little Creek | Kent | 0 | 0 | 0 |
| Station 55-Magnolia | Kent | 15 | 0 | 15 |
| Station 56-Marydel | Kent | 17 | 0 | 17 |
| Station 57-South Bowers | Kent | 0 | 0 | 0 |
| TOTAL | | 240 | 70 | 310 |

Generally, part-time employees do not receive benefits other than wages, uniforms, and training. Part-time employees may work in multiple fire/EMS companies; not only in Kent County, but also in Sussex, New Castle, and outside of Delaware.

Part-time firefighters and EMTs often change employment to follow higher wages which increases pressure on companies to raise wages to be competitive.

The majority of Kent companies' EMS staffing models involve substantial part-time staff which requires additional management for scheduling/oversight (actual amount not tracked and therefore unknown) and there is a significant amount of turnover, which requires retraining costs.

Full-time employee benefits vary across Kent and typically include healthcare, dental, vision, pension (20-year, 25-year, or 30-year), 401k, paid time off (PTO), uniforms, personal protective equipment (PPE), training, etc. The negotiation of these benefits can occur via union contract, employment contract/agreement, or offer letter, depending upon the fire/EMS company's structure.

As shown below, the cost of 2023 salaries and benefits for all 19 fire/EMS companies/departments in Kent totaled \$6.5 million. This data was taken directly from the companies' financial statements.

Estimated Wages & Benefits

| Fire/EMS Company/Department | County | 2023 Wages & Benefits |
|---|---------------|--|
| Amb 64-American Legion | Kent | \$974,711 |
| Station 40-Bowers Beach | Kent | \$301,538 |
| Station 41-Camden-Wyoming | Kent | \$985,025 |
| Carlisle Fire Company, Station No. 42 (Mutual Aid) | Sussex/Kent | \$616,552 |
| Station 43-Cheswold | Kent | \$505,217 |
| Station 44-Citizens Hose (Smyrna) | Kent | Not Applicable |
| Station 45-Clayton | Kent | Not Applicable |
| | | \$381,427 |
| Station 46-Dover | Kent | Please note this is taken from the City of Dover's financials |
| Station 47-Farmington | Kent | Not Applicable |
| Station 48-Felton | Kent | \$481,955 |
| Station 49-Frederica | Kent | \$328,717 |
| | | \$251,218 |
| Station 50-Harrington | Kent | Please note this is only a portion - remainder in City of Harrington's Budget |
| Station 51-Hartly | Kent | \$270,084 |
| Station 52-Houston | Kent | \$373,006 |
| Station 53-Leipsic | Kent | \$357,646 |
| Station 54-Little Creek | Kent | Not Applicable |
| Station 55-Magnolia | Kent | \$321,206 |
| Station 56-Marydel | Kent | \$388,556 |
| Station 57-South Bowers | Kent | Not Applicable |
| TOTAL | | \$6,536,858 |

Benefits, if applicable, can include healthcare, pension, etc.; Citizens Hose, Clayton, Farmington, Little Creek, and South Bowers Beach Fire Companies do NOT have paid staff.

1 of the 19 Kent companies interviewed have unionized as shown below. Collective bargaining can affect benefit levels.

Unions

| <u>Fire/EMS Company/Department</u> | <u>County</u> | <u>Unionized</u> |
|--|---------------|-------------------|
| Amb 64-American Legion | Kent | No |
| Station 40-Bowers Beach | Kent | No |
| Station 41-Camden-Wyoming | Kent | No |
| Carlisle Fire Company, Station No. 42 (Mutual Aid) | Sussex/Kent | No |
| Station 43-Cheswold | Kent | No |
| Station 44-Citizens Hose (Smyrna) | Kent | Not Applicable |
| Station 45-Clayton | Kent | Not Applicable |
| Station 46-Dover | Kent | 5 in union, 7 not |
| Station 47-Farmington | Kent | Not Applicable |
| Station 48-Felton | Kent | No |
| Station 49-Frederica | Kent | No |
| Station 50-Harrington | Kent | No |
| Station 51-Hartly | Kent | No |
| Station 52-Houston | Kent | No |
| Station 53-Leipsic | Kent | No |
| Station 54-Little Creek | Kent | Not Applicable |
| Station 55-Magnolia | Kent | No |
| Station 56-Marydel | Kent | No |
| Station 57-South Bowers | Kent | Not Applicable |

As with many volunteer and combination fire-EMS organizations across the country, volunteerism in Delaware appears to be declining. Many volunteers become inactive (or less active) but stay on the membership rolls; this is true for Delaware as well. There are approximately 2,014 volunteers total in Kent County and 430 (or 21.94%) are active responders. In addition to active responders, there are also active volunteers within the companies who either respond to calls or attend meetings, events, fundraisers, etc. These figures include both operational and administrative roles. While some of these active volunteers do not respond to incidents, they provide valuable administrative support services to the company. Each of the 19 interviewed companies defines "active" differently. Some base it solely on number of calls or percent responded to annually, some require a minimum number of meetings and/or events attended, and some require

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a combination of the two or have other parameters. Please see the individual sections on the fire/EMS companies for their specific figures.

Volunteers

| <u>Fire/EMS Company/Department</u> | <u>County</u> | <u>Total Volunteers (All Categories)</u> | <u>Active Volunteers (All Categories)</u> | <u>Active Responders</u> | <u>% Active Responders</u> |
|------------------------------------|---------------|--|---|------------------------------|----------------------------|
| Amb 64-American Legion | Kent | 50 | 18 | 15 | 30.00% |
| Station 40-Bowers Beach | Kent | 48 | 28 | 10 | 20.83% |
| Station 41-Camden-Wyoming | Kent | 100 | 50 | 35 | 35.00% |
| Station 42-Carlise (Milford) | Sussex/Kent | 80 | 30 | 20 | 25.00% |
| Station 43-Cheswold | Kent | 72 | 25 | 25 | 34.72% |
| Station 44-Citizens Hose (Smyrna) | Kent | 140 | 80 | 30 | 21.43% |
| Station 45-Clayton | Kent | 188 | 100 | 23 | 12.23% |
| Station 46-Dover | Kent | 238 | 70 | 38 | 15.97% |
| Station 47-Farmington | Kent | 42 | 25 | 10 | 23.81% |
| Station 48-Felton | Kent | 152 | 72 | 25 | 16.45% |
| Station 49-Frederica | Kent | 70 | 30 | 15 | 21.43% |
| Station 50-Harrington | Kent | 194 | 88 | 55 | 28.35% |
| Station 51-Hartly | Kent | 125 | 30 | 25 | 20.00% |
| Station 52-Houston | Kent | 83 | 23 | 8 | 9.64% |
| Station 53-Leipsic | Kent | 45 | 15 | 9 | 20.00% |
| Station 54-Little Creek | Kent | 141 | 70 | 44 | 31.21% |
| Station 55-Magnolia | Kent | 99 | 71 | 20 | 20.20% |
| Station 56-Marydel | Kent | 85 | 20 | 15 | 17.65% |
| Station 57-South Bowers | Kent | 62 | 45 | 8 | 12.90% |
| # TOTAL and % AVG | | 2,014 | 890 | 430 | 21.94% |

**The above total is all volunteers across all categories (life, veteran, administrative operational, etc.), but does not include Ladies Auxiliary.*

**The above active responder figure is volunteer members who ride out on any type of call. There is also an "active volunteers" figure that includes vital members who support the company in administrative, fundraising and other efforts. This figure is typically more than the active responders figure - and about half the total volunteers figure.*

Adding staff can affect the level of volunteerism just as the demands in members' personal lives can detract from the time available to volunteer. Volunteers across Kent County are all given the benefit of a Length of Service Award Program (LOSAP) pension through the DVFA and the State of Delaware. Some companies pay just their contribution while others also pay for members' contributions (50% versus 100%). Most companies also purchase t-shirts/apparel for volunteers, food/snacks, appreciation outings, appreciation banquets and awards, etc. Only a few companies in Kent provide a "pay per call", "stipend", or run an "incentive" program.

It is challenging to articulate the true value a volunteer offers to a fire/EMS company. One way to quantify this is to track the hours volunteered. 17 of the 19 Kent companies interviewed track volunteer hours or points; 16 provided these logs/reports to FACETS. The 17 companies that track volunteer time either use a points system or hours system. Various software products are used while some track it manually. Some software systems distinguish emergency activity/response hours from other support hours (events, meetings, etc.). For the companies that use a point system, FACETS assigned one hour for one point. A summary of this data for 2023 or 2024 (based on availability) is provided below:

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Kent - Volunteer Hours

| Fire/EMS Company/Department | 2023 Total Hours* | Notes |
|-----------------------------------|-------------------|---|
| Amb 64-American Legion | N/A | Elected to not provide this data. |
| Station 40-Bowers Beach | 4,358 | Regular meetings, ambulance alarms, fire alarms, bingos, special/BOD meetings, and functions/misc |
| Station 41-Camden-Wyoming | 403 | Total volunteer hours supplied |
| Station 42-Carlise (Milford) | 16,734 | Alarms, meetings, and administrative |
| Station 43-Cheswold* | 16,158 | 2024 report supplied; board meetings, company meetings, fires, ambulance runs, ambulance duty, training, fund raising, and other |
| Station 44-Citizens Hose (Smyrna) | N/A | Did not begin tracking until 2024. |
| Station 45-Clayton | 19,412 | Alarms, fund raisers, miscellaneous, drills, uniform time, and company meetings. |
| Station 46-Dover | 24,077 | Alarm attendance (general, silent, crew, and officer) + duty crew hours. |
| Station 47-Farmington | N/A | Not Available |
| Station 48-Felton | 15,909 | Fire alarms, ambulance hours, training, meetings, and work |
| Station 49-Frederica | 4,844 | Attendance for all types of alarms across all members. Meeting time tracked separately and not included. |
| Station 50-Harrington | 19,171 | Meetings (committee, company, county, state, other), appointed/cnty/elected/state office, public relations event, work detail, training classes, funerals, volunteer duty crew, volunteer EMS call/response, fire alarms/service calls, fundraising, and miscellaneous |
| Station 51-Hartly | 3,501 | Meetings, meetings other, fire, fire other, ambulance, ambulance duty crew, training, functions, other administration credits, and elected position time. December-November year. |
| Station 52-Houston | N/A | Not Available |
| Station 53-Leipsic | 2,610 | Fire alarms, meetings, administrative, FS, DC, and miscellaneous. |
| Station 54-Little Creek | 23,591 | Total credits across all members for the following types of time: alarms (truck), alarms (station), Meetings (Reg Monthly), duty crew, training, events, and other |
| Station 55-Magnolia | 4,845 | Fire alarms and fire police time |
| Station 56-Marydel* | 1,078 | 2024 report supplied; EMS, EMS duty crew, fire, fire duty crew, function clean-up, function set-up, function worked, line officers meetings, meetings, BOD meetings, company meetings, fire police meetings, DE state meetings, MD state meetings, special duty, training, and work detail. |
| Station 57-South Bowers | 980 | Not currently tracked in software or Excel: FACETS reviewed Fire Report IDs 570001 - 570133 and calculated total time on call x number of members responding to call or station. Responses only - no drill, fundraising, meetings or other types of time reflected |
| TOTAL | 157,670 | |
| AVG | 9,482 | |

The 16 fire/EMS companies interviewed in Kent who provided reports, logged a total of 157,670 hours or an average of 9,482 hours per company. While there is no formal method to value volunteer hours, if an average part-time wage of \$21 per hour is assigned, this equates to \$3,311,070.00 worth of labor that Kent received at a relatively low cost (t-shirts, PPE, training) in 2023 or 2024.

None of the independent accountants performing audits of Kent County fire/EMS companies formally recognize the volunteer firefighters as donated resources/services in their financial statements. For comparison purposes, one accountant performed this valuation in New Castle County.

Policies and Procedures

As part of FACETS' study, the most recent version of financial policies and procedures were examined and 18 out of 19 companies were found to have some type of written policies. American Legion did not participate in this part of the study. Since 2021, Carlisle has participated in Sussex County's Agreed Upon Procedures (AUP) program - please see the Sussex report for more details. AUPs are not a requirement in Kent County.

Of the 18 companies that supplied various types of written policies, 7 are constitution/bylaws/other, 4 are employee handbook/administrative policies, and 3 are formal financial policy manuals or a similar format. Many of the 15 written policies address some or many of the following 11 topics that were identified in Bid# 24PP-102: financial responsibilities, conflicts of interest, budget process, collective bargaining agreements, receipt of fund procedures, disbursement of funds procedures, check and credit card policy, compensation approvals, insurance coverage, bank accounts, travel and expense reimbursement procedures, asset recording and tracking, and ambulance insurance billing.

Of the 18 companies that supplied written policies, 17 out of 18 covered at least 1 of the 11 topics. Of the 17, the topics covered ranged from 1 to 7. On average, companies with written policies covered 3 of the 11 topics.

In FACETS' discussions with companies that were lacking written policies for certain topics, they did indicate they follow verbal or mutually understood financial policies such as ensuring proper supporting documentation accompanies purchases, minimum signers on checks, checkstock is secured, etc.

It is important to note any organization can draft a written policy and approve/publish it. The simple presence of a written policy is just a starting point, as it is routinely followed/enforced after appropriate training is provided.

Kent County Fire Service Financial Review and Analysis

Policies and Procedures

| Agency | Financial Policy Format | Financial responsibilities by role | Conflicts of interest policy | Budget process | Receipt of funds procedures | Disbursement of funds procedures | Check and credit card policy | Compensation approvals | Insurance coverage | Bank accounts | Travel and expense reimbursement procedures | Asset recording and tracking |
|-----------------------------------|--|------------------------------------|------------------------------|----------------|-----------------------------|----------------------------------|------------------------------|------------------------|--------------------|---------------|---|------------------------------|
| Volunteer Fire Company/EMS | | | | | | | | | | | | |
| Agency | | | | | | | | | | | | |
| Arb 64-American Legion | Constitution & Bylaws | Yes | No | Yes | Yes | Did not provide | No | No | No | No | No | No |
| Station 40-Bowers Beach | Employee Handbook & Internal Controls Policy | | | | | Yes | No | | | | | |
| Station 41-Camden-Wyoming | Procedures | No | No | Yes | Yes | Yes | Yes | | Yes | Yes | Yes | No |
| Station 42-Carlise (Millford) | Constitution & Bylaws | Yes | No | No | No | No | Yes | | No | No | No | No |
| Station 43-Cheswold | Purchasing Policy | Yes | No | No | No | No | No | | No | No | No | No |
| Station 44-Citizens Hose (Smyrna) | Constitution & Bylaws and Administrative SOPs/SOGs | Yes | No | | | | | | | | | |
| Station 45-Clayton | Purchasing Policy and Bylaws | Yes | No | No | Yes | No | Yes | Not Applicable | Yes | No | No | Yes |
| Station 46-Dover/Robbins Hose | Financial Policies from Bylaws | Yes | Yes | No | Yes | Yes | No | Not Applicable | No | No | No | Yes |
| Station 47-Farmingington | Bylaws | Yes | No | Yes | Yes | Yes | No | No | No | No | No | No |
| Station 48-Felton | Employee Handbook + Constitution & Bylaws, Administrative Policy | Yes | No | Yes | Yes | Yes | Yes | | | No | No | No |
| Station 49-Frederica | Employee Handbook & Bylaws | Yes | No | No | No | No | No | | | No | No | No |
| Station 50-Harrington | Procurement Policy | No | Yes | No | Yes | Yes | No | | No | No | No | No |
| Station 51-Harley | Financial Policy | No | No | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | No |
| Station 52-Houston | Standard Operating Guidelines & Bylaws & Employee Handbook | No | No | No | No | No | No | | | No | No | No |
| Station 53-Leipsic | Bylaws | Yes | No | No | No | No | No | | No | No | No | No |
| Station 54-Little Creek | Standard Operating Guidelines and | | | | | | | | | | | |
| Station 55-Magnolia | Constitution & Bylaws | Yes | No | Yes | Yes | Yes | No | Not Applicable | No | No | No | No |
| Station 56-Marydel | Constitution & Bylaws Handbook and | Yes | No | Yes | No | No | Yes | No | No | Yes | No | No |
| Station 57-South Bowers | Constitution & Bylaws | Yes | No | Yes | No | No | Yes | | No | No | No | No |
| | Bylaws | | No | No | No | No | No | Not Applicable | No | No | No | No |

FACETS encourages Kent County fire/EMS companies with verbal policies to document them in a written format. FACETS encourages all companies to create an acknowledgement page that requires a signature (similar to an employee manual/handbook) if one does not already exist. This acknowledgement page was present in all the employee handbooks, but not necessarily in all financial policies. When these policies are reviewed/revised (once a year at a minimum is recommended), members should review and re-sign signifying they pledge to adhere.

At a minimum, fire/EMS companies in Kent should strive to have policies and procedures in the following topic areas:

- Financial responsibilities/roles
- Procurement (competitive bidding, purchase orders, etc.)
- Conflicts of interest; ethics
- Budgeting (process, approvals, etc.)
- Collective bargaining agreements
- Revenue and collections
 - Receipt of fund procedures
 - Cash management
- Disbursement of funds procedures
- Check, ACH, and credit card policy
- Compensation approvals
- Insurance coverage
- Risk management
- Debt management (with consideration for a maximum percentage)
- Investments
- Bank accounts and fund balance(s) (with consideration for a minimum percentage or flat dollar amount)
- Travel and expense reimbursement procedures
- Capital asset recording and tracking (depreciation, maintenance, useful life, etc.)
- Ambulance insurance billing
- Accounting and financial reporting; annual audit
- Policy review; revision history

Fire/EMS company Revenue and Expenditures

Over the past few decades, operational costs for fire-EMS departments nationwide have increased substantially, even as the availability and amount of volunteer support and fundraising revenues have declined.

Revenue

Income to the 19 volunteer fire-EMS companies in Kent County is derived from a variety of sources. This includes, but is not limited to:

Federal, State of Delaware, County & Municipal Funding

- Grant in Aid
- Insurance Fund
- One-time state grants
- Moving violation fees
- County grants to fire/ambulance companies
- Building permit fees
- Impact fees
- One-time CARES Act/CRF/HHS/ARPA Funds
- One-time PPP loans
- Federal grants
- Town/city contributions/allocations
- Out-of-state county contributions (Maryland)
- In-kind support (e.g. utilities, trash, rent and other services)
- Other funding

These are detailed in the next section entitled “Federal, State, County, and Municipal Funding”.

Fire/EMS company Funding Sources

- EMS & Rescue Billing to public and private insurance
- Fundraising
- Fund Drives
- Individual Donations
- Corporate Donations
- Hall Rentals
- Rental Income (fire/EMS company-owned properties)
- Interest and Dividends
- Proceeds from sale of properties, vehicles, and other equipment
- Federal, state, regional, and foundation grants
- Other funding

Some of these revenue sources are detailed later within this section.

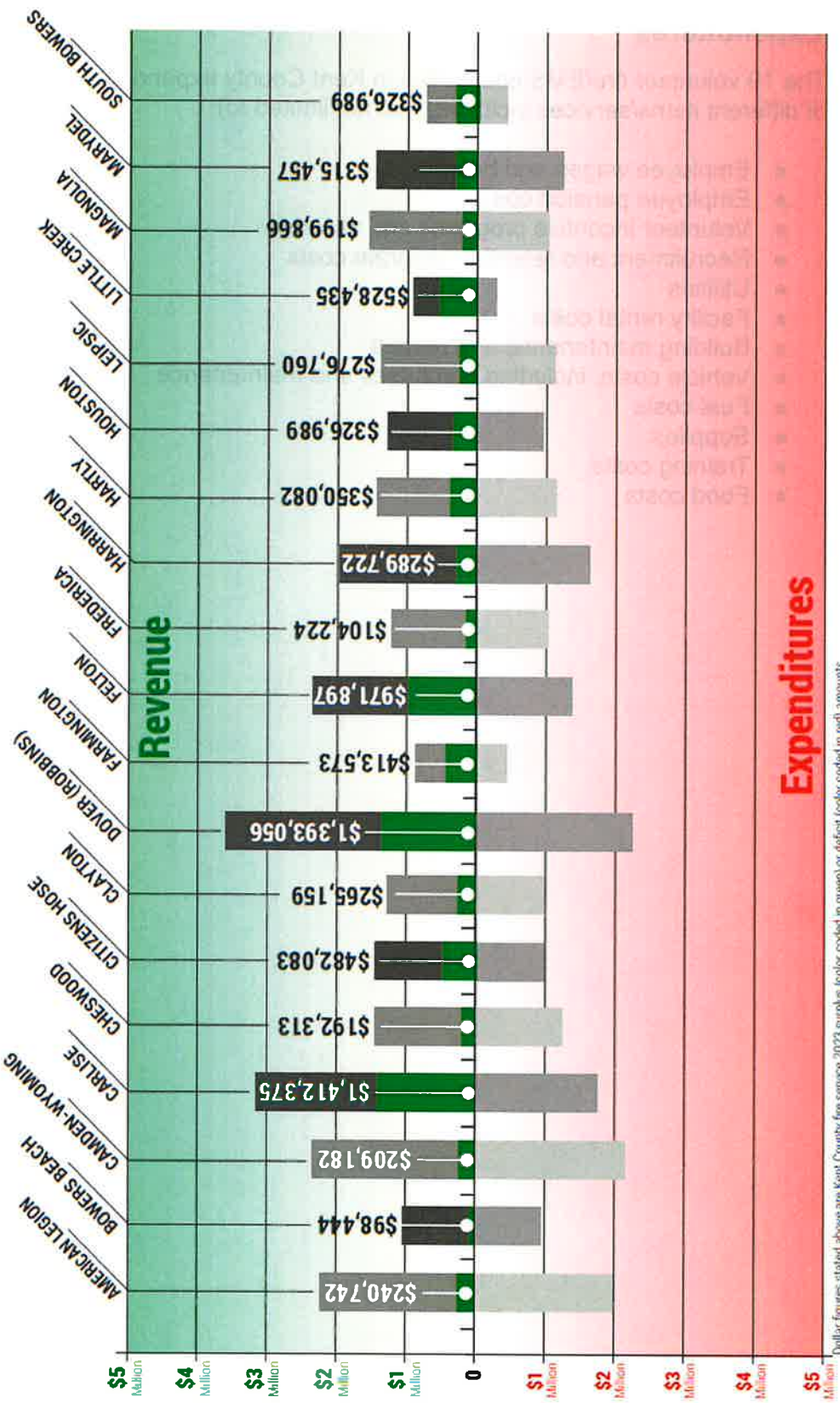
Expenditures

The 19 volunteer fire/EMS companies in Kent County expend their revenue on a variety of different items/services including (but not limited to):

- Employee wages and benefits
- Employee pension costs
- Volunteer incentive programs and stipends
- Recruitment and retention program costs
- Utilities
- Facility rental costs
- Building maintenance and repairs
- Vehicle costs, including purchases and maintenance
- Fuel costs
- Supplies
- Training costs
- Food costs

Kent County 2023 Summary Revenue / Expenditures

Data source: Audited Financial Statements



Dollar figures stated above are Kent County fire service 2023 surplus (color coded in green) or deficit (color coded in red) amounts

As of 2023, the 19 Kent County fire/EMS companies/departments total revenues (all sources) were \$31,714,858 and total expenditures were \$22,998,038 for a collective positive fund balance (or surplus) of \$8,384,310. Therefore, the Fund Balance factor ratio (Operating revenue – operating expenditures = cash balance) / operating expenditures) of Kent County fire/EMS companies is 36.46%. Financial analysts advocate maintaining an unreserved fund balance equivalent to at least 5 - 10% of the general operating budget. Using cash balances from prior years to fund operating expenditures for subsequent budget years is not a sound financial management practice - the majority of Kent County companies are not doing this. Surpluses should be allocated as emergency operating reserve funds or set aside for capital purchases.

It is worth noting that major purchases such as ambulances and fire apparatus are not made each year so some of the surplus funds noted above are placed in sinking accounts that accumulate funding over a period of years in anticipation of infrequent but very costly purchases. With a Fund Balance ratio of 36.46%, some Kent companies might benefit from reinvesting more into capital purchases.

The Operating Position (General fund operating expenditures / General fund operating revenue) of Kent fire/EMS companies is 0.7251. A number less than 1.0 means the fire/EMS company/department's current revenues exceeded its expenditures resulting in an operating surplus. A number more than 1.0 means the fire/EMS company/department operated during the year at a deficit with its current expenses exceeding its revenues. A result of 1.0 is a break even scenario. Overall, the 19 fire/EMS companies' abilities to balance their budgets annually, maintain reserves to cover emergency situations, and have sufficient cash available for timely payment of bills are good.

Therefore, according to these two factors that use actual revenue and expenditures in their calculations, Kent fire/EMS companies overall are in good financial health. However, Fund Balance and Operating Position are only 2 of the 13 factors evaluated in this study. Two other factors are Revenue Per Call and Expenditures Per Call. These factors show how a fire/EMS company's revenues are affected by changes in call volume and reveal the effect of adding/deleting/changing service levels.

In FACETS' discussions with the 19 companies, mutual aid was estimated to be anywhere from 5% to 50% of total call volume. Carlisle understandably gives more mutual aid because the company resides in both Kent and Sussex Counties. Mutual aid is not being separated out from in-district response.

Revenue Per Call

| <u>Volunteer Fire Department/EMS Agency</u> | <u>County</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>19-'23 Rate of Change</u> | <u>AVG</u> |
|---|---------------|-------------|-------------|-------------|-------------|-------------|--------------------------------------|------------|
| Amb 64-American Legion | Kent | \$432.48 | \$362.05 | \$521.29 | \$420.19 | \$449.15 | 3.85% | \$437.03 |
| Station 40-Bowers Beach | Kent | \$1,761.91 | \$1,311.24 | \$1,317.96 | \$1,936.53 | \$2,223.85 | 26.22% | \$1,710.30 |
| Station 41-Camden-Wyoming | Kent | \$411.00 | \$398.39 | \$374.92 | \$538.54 | \$420.99 | 2.43% | \$428.77 |
| Station 42-Carlise (Milford) | Sussex/Kent | \$436.75 | \$421.54 | \$744.41 | \$196.78 | \$567.08 | 29.84% | \$473.31 |
| Station 43-Cheswold | Kent | \$622.14 | \$569.56 | \$559.30 | \$793.14 | \$632.43 | 1.65% | \$635.32 |
| Station 44-Citizens Hose (Smyrna) | Kent | \$1,794.81 | \$1,605.50 | \$1,824.80 | \$1,152.99 | \$1,771.71 | -1.29% | \$1,629.96 |
| Station 45-Clayton | Kent | \$3,497.04 | \$3,920.61 | \$3,491.01 | \$3,240.60 | \$2,603.88 | -25.54% | \$3,350.63 |
| Station 46-Dover | Kent | \$1,223.98 | \$1,263.99 | \$1,617.09 | \$848.27 | \$2,250.69 | 83.88% | \$1,440.80 |
| Station 47-Farmington | Kent | \$2,347.89 | \$2,516.54 | \$2,107.97 | \$2,595.01 | \$2,748.27 | 17.05% | \$2,463.14 |
| Station 48-Felton | Kent | \$775.62 | \$744.64 | \$880.07 | \$516.29 | \$1,165.75 | 50.30% | \$816.48 |
| Station 49-Frederica | Kent | \$1,240.57 | \$1,100.81 | \$991.13 | \$1,145.97 | \$1,001.08 | -19.31% | \$1,095.91 |
| Station 50-Harrington | Kent | \$664.06 | \$602.79 | \$599.41 | \$722.35 | \$839.44 | 26.41% | \$685.61 |
| Station 51-Hartly | Kent | \$1,144.44 | \$941.34 | \$985.82 | \$679.24 | \$1,294.90 | 13.15% | \$1,009.15 |
| Station 52-Houston | Kent | \$779.58 | \$807.18 | \$666.75 | \$994.09 | \$918.13 | 17.77% | \$833.15 |
| Station 53-Leipsic | Kent | \$1,512.24 | \$1,554.79 | \$1,025.88 | \$408.21 | \$1,487.17 | -1.66% | \$1,197.66 |
| Station 54-Little Creek | Kent | \$1,809.92 | \$1,231.04 | \$1,428.28 | \$2,817.67 | \$1,733.73 | -4.21% | \$1,804.13 |
| Station 55-Magnolia | Kent | \$828.07 | \$704.87 | \$695.57 | \$544.34 | \$817.31 | -1.30% | \$718.03 |
| Station 56-Marydel | Kent | \$1,151.49 | \$1,131.85 | \$1,025.51 | \$1,212.54 | \$1,452.90 | 26.18% | \$1,194.86 |
| Station 57-South Bowers | Kent | \$7,501.93 | \$4,995.54 | \$5,545.96 | \$7,171.91 | \$6,059.06 | -19.23% | \$6,254.88 |

As shown above, 7 out of 19 companies show a decline in revenue per call. Average revenue per call ranges from \$428.77 to \$6,254.88 per call (Camden-Wyoming at 4,840 avg. calls to South Bowers at 114 avg. calls respectively).

Expenditures Per Call

| Volunteer Fire Department/EMS Agency | County | 2019 | 2020 | 2021 | 2022 | 2023 | 19-'23 Rate of Change | AVG |
|---|---------------|-------------|-------------|-------------|-------------|-------------|--------------------------------------|------------|
| Amb 64-American Legion | Kent | \$394.85 | \$389.81 | \$402.11 | \$370.12 | \$400.78 | 1.50% | \$391.54 |
| Station 40-Bowers Beach | Kent | \$1,629.66 | \$1,405.27 | \$1,298.51 | \$1,337.23 | \$2,013.05 | 23.53% | \$1,536.74 |
| Station 41-Camden-Wyoming | Kent | \$372.59 | \$388.01 | \$365.45 | \$401.73 | \$401.62 | 7.79% | \$385.88 |
| Station 42-Carlise (Milford) | Sussex/Kent | \$242.65 | \$259.78 | \$300.63 | \$317.79 | \$313.88 | 29.35% | \$286.95 |
| Station 43-Cheswold | Kent | \$575.55 | \$504.52 | \$541.66 | \$583.44 | \$549.54 | -4.52% | \$550.94 |
| Station 44-Citizens Hose (Smyrna) | Kent | \$1,197.48 | \$871.57 | \$968.81 | \$1,128.97 | \$1,184.52 | -1.08% | \$1,070.27 |
| Station 45-Clayton | Kent | \$2,261.70 | \$2,046.68 | \$1,960.71 | \$1,845.91 | \$2,056.03 | -9.09% | \$2,034.21 |
| Station 46-Dover | Kent | \$1,161.93 | \$1,344.31 | \$1,277.76 | \$1,241.35 | \$1,384.36 | 19.14% | \$1,281.94 |
| Station 47-Farmington | Kent | \$1,378.65 | \$1,442.14 | \$1,319.63 | \$1,116.36 | \$1,439.49 | 4.41% | \$1,339.25 |
| Station 48-Felton | Kent | \$640.87 | \$616.59 | \$514.61 | \$540.18 | \$683.90 | 6.71% | \$599.23 |
| Station 49-Frederica | Kent | \$1,132.89 | \$1,059.97 | \$700.73 | \$874.12 | \$924.32 | -18.41% | \$938.40 |
| Station 50-Harrington | Kent | \$609.57 | \$591.11 | \$537.48 | \$598.77 | \$712.43 | 16.87% | \$609.87 |
| Station 51-Hartly | Kent | \$857.83 | \$960.76 | \$944.28 | \$852.67 | \$985.10 | 14.84% | \$920.13 |
| Station 52-Houston | Kent | \$615.80 | \$657.81 | \$563.55 | \$639.23 | \$685.56 | 11.33% | \$632.39 |
| Station 53-Leipsic | Kent | \$1,031.06 | \$1,107.81 | \$930.29 | \$933.34 | \$1,192.43 | 15.65% | \$1,038.99 |
| Station 54-Little Creek | Kent | \$1,478.00 | \$1,466.40 | \$1,399.47 | \$2,295.31 | \$2,127.72 | 43.96% | \$1,753.38 |
| Station 55-Magnolia | Kent | \$564.86 | \$485.59 | \$464.26 | \$532.42 | \$538.89 | -4.60% | \$517.20 |
| Station 56-Marydel | Kent | \$1,061.00 | \$986.48 | \$1,011.40 | \$1,136.61 | \$1,252.84 | 18.08% | \$1,089.67 |
| Station 57-South Bowers | Kent | \$5,615.94 | \$3,950.40 | \$4,011.09 | \$3,676.56 | \$3,191.13 | -43.18% | \$4,089.02 |

As shown above, 6 out of 19 companies show a decline in expenditures per call. Average expenditures per call ranges from \$286.95 to \$4,089.02 per call (Carlisle at 4,364 avg. calls to South Bowers at 114 avg. calls respectively). It is important to note that out of these 6 companies, 5 of them are also showing a decline in revenue.

Net Per Call

| <u>Volunteer Fire Department/EMS Agency</u> | <u>County</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>AVG</u> |
|---|---------------|-------------|-------------|-------------|-------------|-------------|------------|
| Amb 64-American Legion | Kent | \$37.63 | -\$27.76 | \$119.18 | \$50.07 | \$48.37 | \$45.50 |
| Station 40-Bowers Beach | Kent | \$132.25 | -\$94.03 | \$19.44 | \$599.30 | \$210.80 | \$173.55 |
| Station 41-Camden-Wyoming | Kent | \$38.40 | \$10.37 | \$9.47 | \$136.81 | \$19.37 | \$42.88 |
| Station 42-Carlise (Milford) | Sussex/Kent | \$194.10 | \$161.76 | \$443.78 | -\$121.01 | \$253.20 | \$186.37 |
| Station 43-Cheswold | Kent | \$46.59 | \$65.04 | \$17.64 | \$209.70 | \$82.89 | \$84.37 |
| Station 44-Citizens Hose (Smyrna) | Kent | \$597.33 | \$733.93 | \$855.99 | \$24.01 | \$587.19 | \$559.69 |
| Station 45-Clayton | Kent | \$1,235.34 | \$1,873.93 | \$1,530.31 | \$1,394.69 | \$547.85 | \$1,316.42 |
| Station 46-Dover | Kent | \$62.05 | -\$80.32 | \$339.33 | -\$393.08 | \$866.33 | \$158.86 |
| Station 47-Farmington | Kent | \$969.24 | \$1,074.40 | \$788.34 | \$1,478.65 | \$1,308.78 | \$1,123.88 |
| Station 48-Felton | Kent | \$134.75 | \$128.05 | \$365.46 | -\$23.89 | \$481.85 | \$217.25 |
| Station 49-Frederica | Kent | \$107.68 | \$40.83 | \$290.41 | \$271.86 | \$76.76 | \$169.96 |
| Station 50-Harrington | Kent | \$54.48 | \$11.68 | \$61.93 | \$123.58 | \$127.02 | \$75.74 |
| Station 51-Hartly | Kent | \$286.61 | -\$19.43 | \$41.54 | -\$173.43 | \$309.81 | \$89.02 |
| Station 52-Houston | Kent | \$163.79 | \$149.37 | \$103.19 | \$354.87 | \$232.57 | \$200.76 |
| Station 53-Leipsic | Kent | \$481.18 | \$446.98 | \$95.59 | -\$525.13 | \$294.74 | \$158.67 |
| Station 54-Little Creek | Kent | \$331.92 | -\$235.36 | \$28.81 | \$522.36 | -\$393.98 | \$50.75 |
| Station 55-Magnolia | Kent | \$263.21 | \$219.28 | \$231.31 | \$11.91 | \$278.42 | \$200.83 |
| Station 56-Marydel | Kent | \$90.48 | \$145.37 | \$14.11 | \$75.94 | \$200.07 | \$105.19 |
| Station 57-South Bowers | Kent | \$1,885.99 | \$1,045.14 | \$1,534.87 | \$3,495.35 | \$2,867.93 | \$2,165.86 |

From a per call basis, none of 19 Kent County companies are running a deficit, on average, over the 5-year period.

Ambulance Billing (EMS) & Rescue Billing Revenue

Of the 19 Kent County fire and EMS organizations, 1 is strictly an EMS agency: American Legion. Of the remaining 18 fire service organizations, 12 provide BLS EMS services and all outsource the billing for those services to third-party providers. Of the 12, 1 company elected to not fully participate in this study: American Legion. Citizens Hose, Clayton, Dover, Farmington, Little Creek and South Bowers Beach do not provide BLS EMS services. In total, the 11 fire-EMS companies examined currently use a total of 7 different ambulance billing providers. FACETS discovered that only 3 out of the 19 fire-EMS companies/departments use the same provider. Most fire/EMS companies/departments do not have a set contract term. Typically they must renew annually or every three years. The majority of contracts are either 3-year terms or renewed in perpetuity.

Seven fire companies currently pursue rescue billing for motor vehicle accidents, but all indicate there is a very small annual return (less than \$10K) and it is not necessarily worth the effort. All companies that pursue rescue billing use an independent third party provider; this is often the same firm used for ambulance billing.

FACETS discovered the majority of billing companies send between 2 and 3 bills; the first bill is sent to the insurance company and the balance bill is sent to the patient. See the following analysis of Kent ambulance billing contracts. The rates charged by the ambulance billing providers range from 5% to 8% across the 11 contracts examined, corresponding to a 6% average. FACETS collected 2019-2023 EMS accounts receivable summary reports to garner the 5-year average collection rate. The average net collection rate from 2019 to 2023 across all 11 fire/EMS companies/departments that provide BLS transport services (and participated in the study) was 52.78%.

Kent County Fire Service Financial Review and Analysis

Kent County Ambulance Contracts Summary

| Department/Company | Billing Provider | Contract Start Date | Term | Billing Process | Subscription Program | Collections | Bad Debt | Rescue Billing |
|-----------------------------------|---------------------------|---------------------|---|--|---|---|--|----------------|
| Amb 64-American Legion | Unified | April-25 | 5 years | 6-month billing clause; 3 months of active billing | No | Soft collections through their name in-house. Unified is authorized to collect 80% and American Legion pursues the 20%. | Automatic write-off after 6 month billing timeframe | No |
| Station 40-Bowers Beach | SpecTrin | January-25 | 3 years | 3 bills sent and then proposed for write-off | No | None | Write-off does not occur without consent | Yes |
| Station 41-Camden-Wyoming | SpecTrin | June-24 | 1 year | 3 bills sent | Yes - \$100 annually for up to 5 occupants & 4 family members per household | Sent to separate soft collections company (rate charged is 50%) | Written off automatically after collections attempts | Yes |
| Station 42-Carlise (Milford) | AdventEdge | N/A | Multi-year | 5 bills sent | Yes - \$75 per household | None | Written off automatically after the 5 bills | No |
| Station 43-Cheswold | EMTech | March-22 | Multi-year | | No | Only for out of district calls | | Yes |
| Station 44-Citizens Hose (Smyrna) | Not Applicable | | | | | | | |
| Station 45-Clayton | Not Applicable | | | | | | | |
| Station 46-Dover | Not Applicable | | | | | | | |
| Station 47-Farmington | Not Applicable | | | | | | | |
| Station 48-Fallon | SpecTrin | 2/1/2025 | 3 years | 2 bills sent | No | Yes - separate company | Unavailable | No |
| Station 49-Frederica | Arco | Sep-23 | Perpetuity unless canceled (60 days notice) | Monthly bill for 2 years | No | No | Written off after the 2 years of billing attempts - EMS Supervisor must confirm prior to write off | No |
| Station 50-Harrington | Ambulance Medical Billing | Apr-23 | 5 years (auto renew for 1 yr unless canceled) | 3 bills minimum sent | Yes - \$75 per household | Greater than \$300 balance goes to collections | Does not write off bad debt | Yes |
| Station 51-Hardy | EMTech | Jan-19 | Perpetuity unless canceled | 3 bills minimum sent | | Yes - done by same company | | Yes |
| Station 52-Houston | Novitas | May-19 | Perpetuity unless canceled (60 days notice) | 2 bills + 1 final notice | | None | Automatic write-off after 3 bills/notices | |
| Station 53-Lispic | Arco | Jul-19 | Perpetuity unless canceled (60 days notice) | 3 bills minimum sent | No | No | After sending 2 patient statements over 60 days, receivables then classified as bad debt. Company waits 30 more days before writing off (i.e. in total, 90 day process). | No |
| Station 54-Little Creek | Not Applicable | | | | | | | |
| Station 55-Magnolia | Arco | Mar-23 | Month-to-Month | 3 bills minimum sent | Yes - \$125 per household | None | Done automatically after 3 bills | Yes |
| Station 56-Marydel | EMTech | May-20 | Annual | 1 in 2 bills sent | Yes - \$35 for individual, \$50 for family, \$100 for multiple | None | Written off after first bill and check for subscription program | Yes |
| Station 57-South Bowers | Not Applicable | | | | | | | |

Kent County Fire Service Financial Review and Analysis

Kent Ambulance Net Collection Rates '19-'23 (contractual adjustments/obligations removed)

| Volunteer Fire Company/EMS Agency | 2019 | 2020 | 2021 | 2022 | 2023* | AVG |
|-----------------------------------|----------------------------------|--------|--------|--------|---------------|--------|
| Amb 64-American Legion | Elected not to provide this data | | | | | N/A |
| Station 40-Bowers Beach | 77.83% | 45.33% | 46.63% | 52.14% | 64.14% | 57.21% |
| Station 41-Camden-Wyoming* | N/A | N/A | N/A | N/A | 54.96% | 54.96% |
| Station 42-Carlise (Milford) | 45.92% | 44.95% | 43.83% | 31.96% | 69.44% | 47.22% |
| Station 43-Cheswold | 40.95% | 57.93% | 53.42% | 78.45% | 61.35% | 58.42% |
| Station 48-Felton | N/A | N/A | 52.07% | 62.23% | 67.94% | 60.75% |
| Station 49-Frederica | N/A | N/A | N/A | N/A | 25% | 25.24% |
| Station 50-Harrington** | 85.45% | N/A | N/A | 59.42% | 42.41% | 62.43% |
| Station 51-Hartly | 36.26% | 57.63% | 45.24% | 73.62% | 50.36% | 52.62% |
| Station 52-Houston | 54.35% | 68.41% | 62.50% | 63.27% | 56.28% | 60.96% |
| Station 53-Leipsic | 38.05% | 44.68% | 45.29% | 40.77% | 52.81% | 44.32% |
| Station 55-Magnolia | N/A | N/A | 43.14% | 53.11% | 73.11% | 56.45% |
| Station 56-Marydel | Did not provide this data | | | | | N/A |
| | | | | | AVG Kent Rate | 52.78% |

Notes: Citizens Hose, Clayton, Dover, Farmington, Little Creek and South Bowers Beach do not provide EMS services and therefore there are no ambulance collections to report.

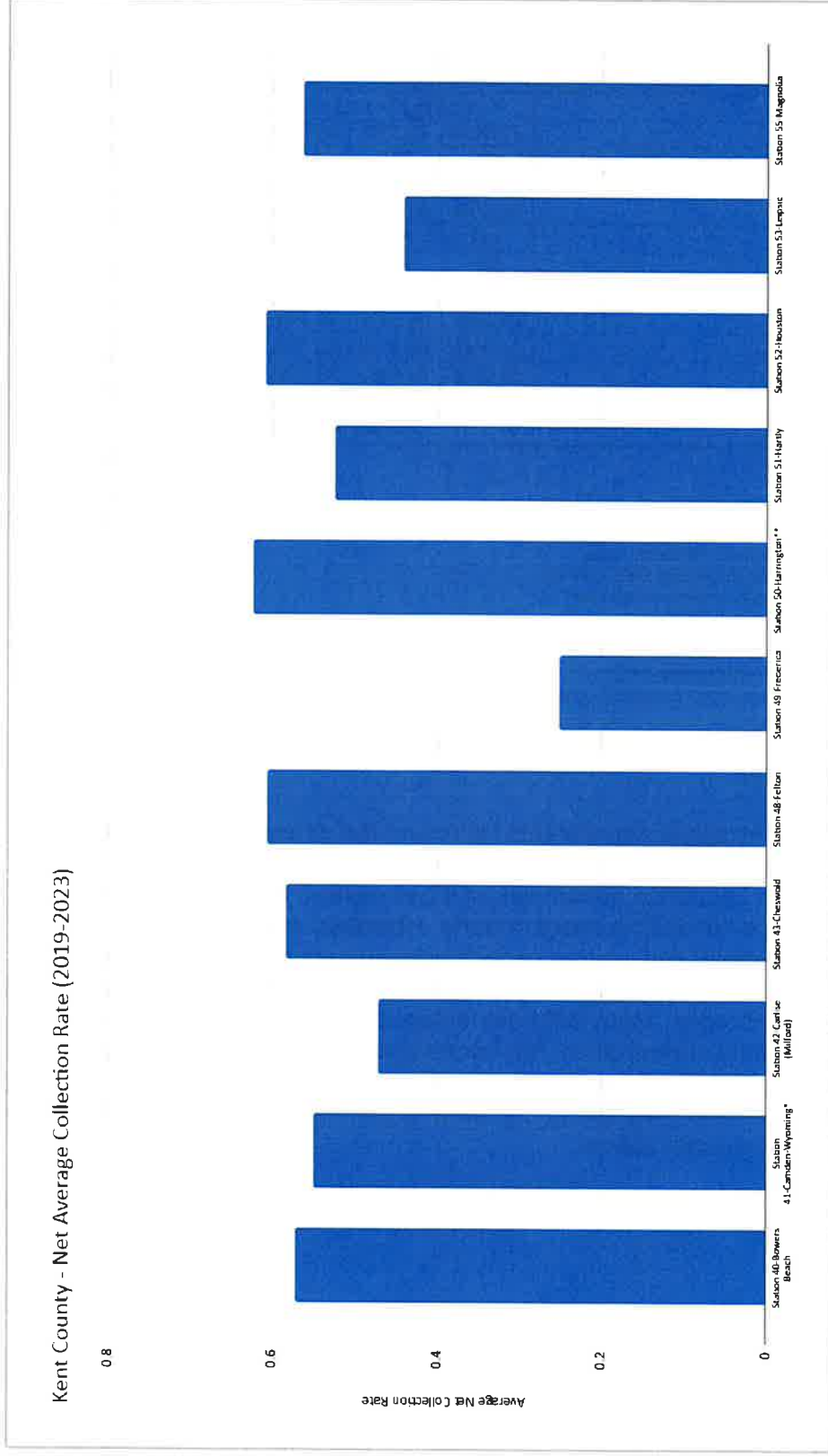
*Camden-Wyoming supplied a 2024 report

**Harrington switched vendors in 2020-2021 and therefore data is skewed and these years are being excluded

Net collection rate is calculated as follows: Total Payments / (Total Charges - Contractual Adjustments).

In ambulance billing, contractual adjustments represent the difference between the amount an ambulance service bills for a service and the amount it is contractually obligated to accept from insurance companies or other payers. Bad debt is often a component of ambulance billing/collections reports. However, every third party billing company defines it differently and waiting periods vary. Across the 11 companies, bad debt ranged from \$300 to \$150,000 annually. Therefore, FACETS elected to not deduct bad debt from the total charges. Many different factors can affect a collection rate: ambulance billing company performance, insurance company payments, the patient's ability to pay, economic climate of the district, etc. The percentage that the fire company or EMS agency pays the third party billing company is billed at the end of the month and is not deducted from the figures above.

Kent County Fire Service Financial Review and Analysis



Donations/Fund Drives/Subscriptions

The 19 Kent County fire/EMS companies receive individual donations as well as donations via organized fund drives. All companies outsource the fund drive services to a third party vendor who performs the printing and mailing. The companies supply the addresses and the information/design of the mailing. Some companies do separate mailings for fire versus EMS fund drives while some perform one mailing for both service types. Some companies perform one mailing per year while others perform two (and therefore four total if separated by service type). The cost of the vendor performing the fund drive mailing is not netted out of the gross revenue recorded. In 2023, the 19 Kent fire/EMS companies/departments received approximately \$2,631,409 in donations and fund drives/subscriptions.

Grants

About 11 of the 19 Kent fire/EMS companies/departments submitted competitive grant applications to the federal/state government and/or private foundations for funding from 2019 to 2023. Approximately 4 of the 19 companies hired an independent grant writer, 4 kept these services solely in-house, and 3 companies did a combination of both, as reflected in the following chart.

Kent County Fire Service Financial Review and Analysis

Competitive Grants

| Volunteer Fire Company/EMS Agency | 2019-2023 | | Method | Programs | Programs |
|-----------------------------------|-----------|---------|----------------|--|---|
| | Sought | Awarded | | | |
| Amb 64-American Legion | No | No | Not Applicable | | |
| Station 40-Bowers Beach | No | No | Not Applicable | | |
| Station 41-Camden-Wyoming | Yes | Yes | Combination | AFG and Energize DE | SCBAs and battery powered rescue tools |
| Station 42-Carlise (Milford) | Yes | Yes | In-House | Energize DE | Battery powered rescue tools |
| Station 43-Cheswold | No | No | Not Applicable | | |
| Station 44-Citizens Hose (Smyrna) | Yes | Yes | Hired | AFG | SCBAs |
| Station 45-Clayton | Yes | Yes | In-House | AFG and Leary Foundation | SCBAS and small equipment |
| Station 46-Dover | Yes | Yes | Hired | AFG and SAFER | PPE and staffing |
| Station 47-Farmington | No | No | Not Applicable | | |
| Station 48-Felton | Yes | Yes | In-House | AFG, SAFER, and Energize DE | Equipment, staffing, and electric utility truck |
| Station 49-Frederica | No | No | Not Applicable | | |
| Station 50-Harrington | Yes | Yes | Combination | AFG | SCBA and Compressor |
| Station 51-Hartly | Yes | Yes | Hired | AFG and State | SCBAs and extrication tools |
| Station 52-Houston | Yes | Yes | Combination | AFG, Energize DE, Gary Sinise Foundation, Globe Give-Away, Wildland, Other | Airpaks, extrication tools, PPE, Lucas device |
| Station 53-Leipsic | No | No | Not Applicable | P3GP, State forestry more than 5 yrs ago | Plans to apply for Firehouse Subs etc for small equipment in future |
| Station 54-Little Creek | No | No | Not Applicable | Sought grants more than 5 yrs ago w/ combo | |
| Station 55-Magnolia | Yes | Yes | In-House | Forestry | Small equipment/PPE |
| Station 56-Marydel | Yes | Yes | Hired | AFG, USDA, and Other | SCBA, washer/dryer, Ambulance, and parking lot |
| Station 57-South Bowers Beach | No | No | Not Applicable | | Grants committee established recently and plans to pursue in future |

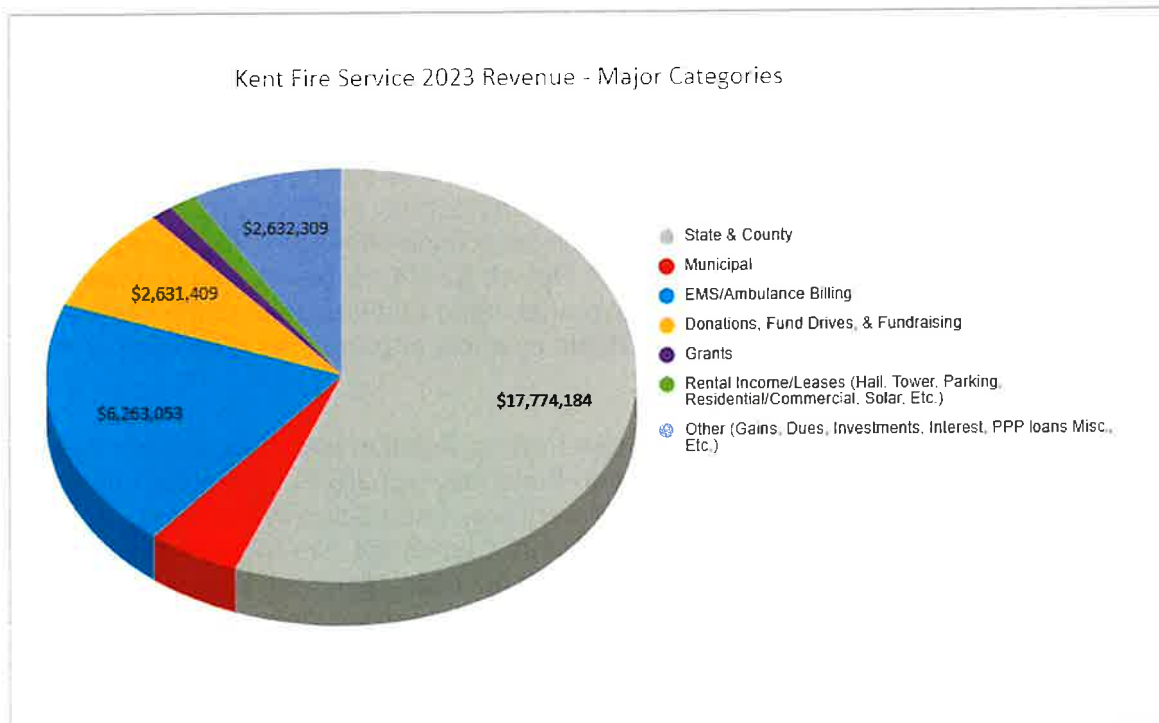
*State Senator discretionary funds program not included above but administered frequently for command vehicles, etc.

Summary

A detailed breakdown of the major revenue sources is provided below:

| Kent Major Categories | 2023 Revenue |
|--|---------------------|
| State & County | \$17,774,184 |
| Municipal | \$1,604,486 |
| EMS/Ambulance Billing | \$6,263,053 |
| Donations, Fund Drives, & Fundraising | \$2,631,409 |
| Grants | \$378,036 |
| Rental Income/Leases (Hall, Tower, Parking, Residential/Commercial, Solar, Etc.) | \$491,623 |
| Other (Gains, Dues, Investments, Interest, PPP loans Misc., Etc.) | \$2,632,309 |
| TOTAL | \$31,775,100 |

**Please note the revenues above are gross figures.*



Federal, State, County & Municipal Funding

Some of the largest state and county sources of annually recurring revenue that are distributed to the volunteer fire/EMS companies are discussed in more detail below.

Red Light Camera Distributions

The Electronic Red Light Safety Program (ERLSP) began operations on February 1, 2004. Senate Bill 262 legislated that 20 locations across the state could be equipped with approximately 32 cameras for the video enforcement of red light running violations. These locations included Dover, Newark, Seaford, Elsmere, and other unincorporated areas of the state. Senate Bill 155 in 2010 contained the authorizing language to keep the program going on an open-ended basis. 26 additional intersections across 10 locations received a total of 24 red light monitoring cameras. Under the program, fines are sent to the registered owner of the vehicle. The fine for a violation is \$137.50. This amount is calculated using three components: a base fine of \$75.00, a surcharge of \$37.50, a \$10.00 assessment for the Volunteer Ambulance Company Fund, and a \$15.00 assessment for the Fund to Combat Violent Crimes. Late charges can apply.

The red light camera violation does not add points to a driver's license, but it does affect the offender's ability to get anything done with license and/or registration renewals. Delaware counties do not receive an audit or accounting of the state's fund with this money. Therefore, they are unaware if there is a surplus in the account remaining after distributions to the counties.

Moving Violations Distributions

Motor vehicle and traffic fines are established by statute. Speeding penalties are found in 24 Del. C. §4169(c). The general rules of the road penalty section is found at 24 Del. C. §4205. Similarly, the general penalty section for license offenses is found at 24 Del. C. §2757 and for registration violations at 24 Del. C. §2474. However, many violations carry a penalty specific to that offense. Payments made on fines goes to the State's General Fund. Fines are typically suspendable in whole or part at the discretion of the judge.

There are approximately 10 components to a moving violation fee. They include the base fine, court costs, Victims Compensation Fund fee, DELJIS Fund fee, Videophone Fund fee, Transportation Trust Fund Assessment fee, Court Security Fund fee, Ambulance Fund fee, and Fund to Combat Violent Crimes fee. Moving violation examples include speeding 9 miles per hour over the limit, speeding 15 miles per hour over the limit, and failure to obey stop signs with seat belt assessment. The fees (with all components listed above) can range from \$110.50 to \$129.50. The Ambulance Fund Fee is a \$10.00 assessment required under 11 Del. C. §4101(j), and is assessed for all Title 24 violations to include traffic and civil traffic. This Fund will be distributed to volunteer ambulance companies to improve the funding of basic life support ambulance services.

These moving violation funds only go to fire companies providing EMS response - contractual EMS organizations are ineligible.

Insurance Distributions (commonly referred as a Premium Tax or a Fire Tax)

According to the Delaware Insurance Code, Title 18, Chapter 7: Fees and Taxes, all insurance companies that sell insurance products to cover risks located in Delaware pay a 2% tax on the total premiums the company reports as written during the previous calendar year. After determining that all required companies have submitted filings, that what is reported is accurate, and that significant increases or decreases in premium can be justified, the Delaware Department of Insurance totals the reported portions of premiums allocable to each county and the City of Wilmington. The Department of Insurance then calculates the disbursement amounts that will be sent to fire departments throughout the State. These amounts are determined by first multiplying the total Fire Tax premiums for each county by 3¼%, as specified in 18 Del. C., §705(b), then dividing each county total by the number of registered fire departments within that county. The premium totals and calculated disbursement amounts are reported to the State Treasurer on April 1, to comply with 18 Del. C., §705(b). This insurance revenue is one of two sources that are divided equally among the fire/EMS companies.

Not every residential home in Delaware has fire insurance because there is no law that mandates it. The fire insurance money does not pass through the county - it goes directly from the State to the fire/EMS companies. It is unclear what would happen to the insurance revenue source if two fire/EMS companies merged.

The insurance distributions are done two times a year and in different amounts: 80% is distributed in May and 20% in October. In recent years, 1600 insurance companies write property insurance policies while 900 write health insurance policies.

In-Kind Services

Some Kent County fire/EMS companies receive in-kind services in the form of discounts and/or waivers related to property taxes. In Kent, none of the volunteer fire/EMS company properties are levied; only if a fire/EMS company decides to purchase a property and put a completely different non-fire or EMS related use in the building would it be taxed.

As a result of FACETS interviews with the 19 Kent companies, it was discovered that 9 receive in-kind services as shown below:

1. American Legion receives free electricity from the Town of Smyrna and free water
2. Camden-Wyoming receives free water and sewer from the Authority; free permits, trash and grass cutting from the City
3. Citizens Hose receives free electricity, water, and sewer

4. Clayton receives free water for the Engine Room only
5. Farmington receives free cable
6. Frederica receives free cable and water
7. Harrington receives free water for line for filling trucks only
8. Houston receives free cable
9. Magnolia receives free water and discounted cable

It is important to note while these in-kind services are greatly appreciated by the companies and every discount helps, these benefits are small when compared to the magnitude of their annual expenses.

Impact Fees

Delaware Code Title 29, Chapter 91, Section 9124 gives the county government the authority to charge impact fees for services for which the county will bear increased costs of development.

Prior to July 31, 2006, County Code allowed for the assessment of sewer impact fees for development in the Southern Sewer Service Area (SSSA), i.e., the area of Kent County south of the C & D Canal. Sewer impact fees were removed from the Code by Substitute No. 1 to Ordinance No. 06-042 and replaced by capital recovery fees. However, there are still some sewer impact fees being collected for land use development agreements entered into before the effective date of that ordinance.

The Kent County Department of Public Works, Wastewater Division, maintains sewer infrastructure and treats wastewater across the County. System connection charges (impact fees) are collected prior to the issuance of building permits.

Delaware Volunteer Fire Service Revolving Loan Fund

The Delaware Volunteer Fire Service Revolving Loan Fund was established to upgrade equipment and improve facilities that are essential to providing adequate fire, rescue, emergency medical, and technical emergency response-related services to Delaware communities. Loan funds are limited and are not available for equipment that has already been delivered or for the expansion of facilities including parking that has already been completed. For consideration, equipment and expansions must be deemed necessary to provide adequate fire, rescue, and emergency medical and technical emergency response services to the surrounding community by the Delaware Council on Volunteer Fire Service.

These loans are offered to fire/EMS companies at a fixed annual rate of 2.0%. The amount of each loan is limited. In 2022, for example, a new fire apparatus loan is limited to \$450,000, or 50% of the cost of the apparatus, whichever is lower, with a 10-year maximum term. New vehicles and apparatus have the highest priority for the program. The funds available for the program are limited and can vary from year to year.

Several Kent County fire/EMS companies utilize this program and cite the below market (current market) interest rate as a benefit. Others can appreciate the benefit of the program but do not use it because they require a loan for 100% of the cost.

Federal Funding Distributions

Coronavirus Relief Fund (CRF)/Coronavirus Aid, Relief, and Economic Security Act CARES

The Provider Relief Fund (PRF) supported healthcare providers during the COVID-19 pandemic. Through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Paycheck Protection Program and Health Care Enhancement Act (PPPCHEA); the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and the American Rescue Plan Act of 2021, the federal government allocated billions in payments to be distributed through the PRF. The State of Delaware did not distribute any portion of its CRF/CARES Act allocation directly to volunteer fire companies. Kent County did not receive CRF or CARES funds to distribute to the 19 fire companies/EMS agencies.

American Rescue Plan Act (ARPA)

Kent County had an ARPA grant program similar to New Castle and Sussex Counties. Kent County requested that the 19 fire/EMS companies (and fire police association) provide proof of revenue loss or demonstrate capital needs related to COVID-19. A percentage based formula was then applied by Kent County to distribute a little over \$3.7M. All companies received a minimum of \$60,000.

Kent County Fire Service Financial Review and Analysis

| | |
|-------------------------------------|-----------------------|
| Kent County Fire Police Association | \$11,507.00 |
| American Legion Post #14 | \$67,200.00 |
| Bowers | \$140,371.00 |
| Camden-Wyoming | \$557,384.00 |
| Carlisle | \$86,646.00 |
| Cheswold | \$128,843.00 |
| Citizens Hose | \$65,909.00 |
| Clayton | \$75,900.00 |
| Farmington | \$60,000.00 |
| Felton | \$105,716.00 |
| Frederica | \$97,285.00 |
| Harrington | \$179,552.00 |
| Hartly | \$155,744.00 |
| Houston | \$138,301.00 |
| Leipsic | \$60,000.00 |
| Little Creek | \$389,399.00 |
| Magnolia | \$60,000.00 |
| Marydel | \$71,230.00 |
| Robbins Hose (Dover) | \$1,188,994.00 |
| South Bowers | \$118,375.00 |
| TOTAL | \$3,758,356.00 |

Other Counties/States

Marydel Fire company is the only fire company in Kent County that receives funding from another state beyond Delaware – namely Maryland.

Municipal

Of the 19 Kent fire/EMS companies, 4 receive funding from their respective town/city according to their financial statements. In 2023, total municipal funding across the County was \$1,604,486.

The towns/cities that provide funding to fire/EMS companies in Kent County are:

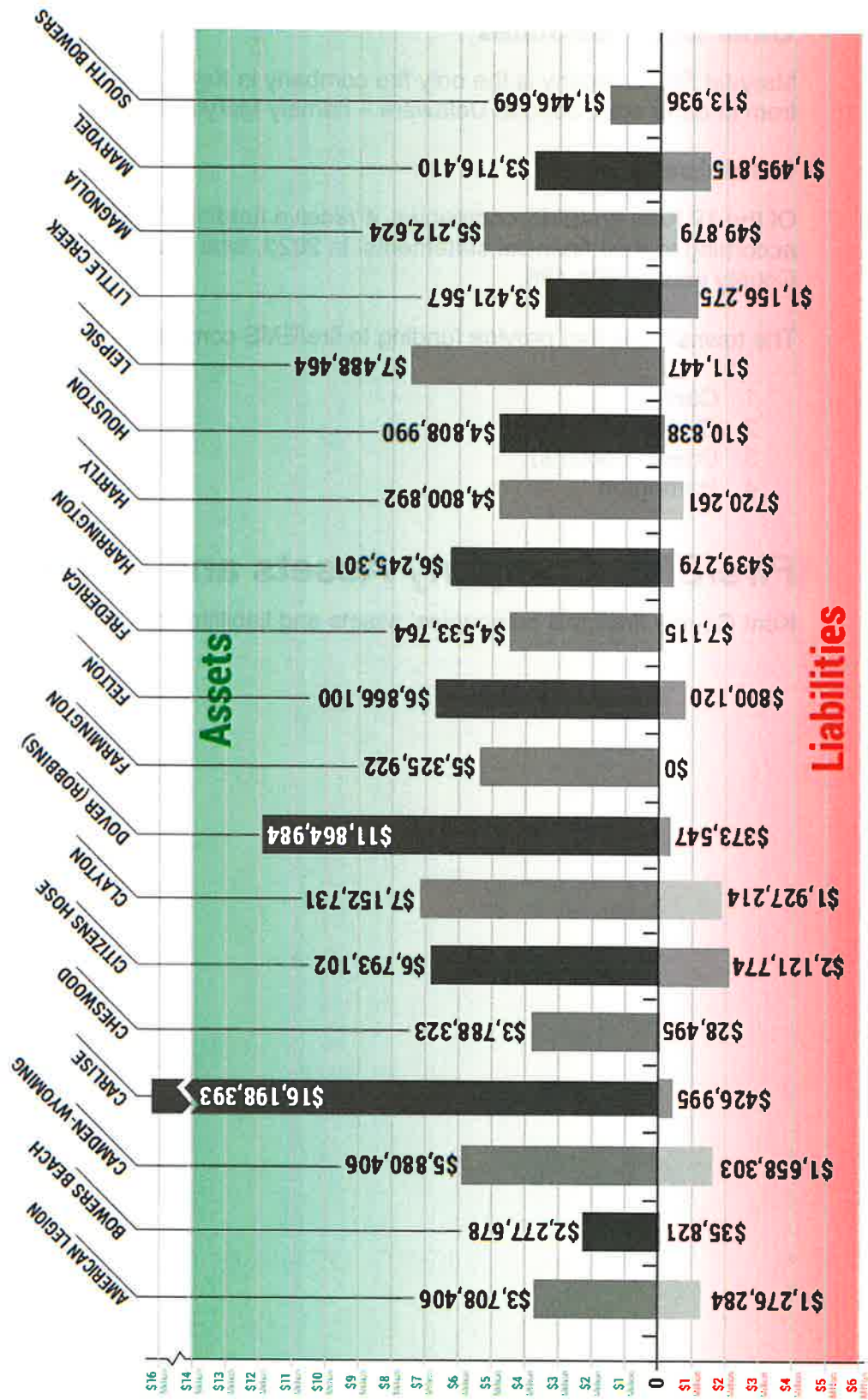
1. Carlisle
2. Clayton
3. Dover (Robbins)
4. Harrington

Fire/EMS Company Assets and Liabilities

Kent County fire/EMS companies' assets and liabilities are shown in the following chart:

Kent County 2023 Summary Assets / Liabilities

Dollar figures stated above are totals (long term, short term, and other)



Assets

As of 2023, the 19 Kent fire/EMS companies/departments total assets were valued at \$11,530,726 and total liabilities were \$12,553,398. Therefore, the solvency (Liabilities / Assets) of Kent fire/EMS companies is 11.26%. Solvency is one of the 13 factors evaluated in this study and each company's solvency is discussed in more detail in the "Financial Health Narratives and Report Cards" section. Solvency examines how much of a fire/EMS company's assets are made of liabilities. A high liabilities to assets ratio can be negative; this indicates potential financial distress. This factor is a good indicator of financial health. Under .5 or 50% is better. Over 1.0 or 100% would indicate that liabilities exceed assets, which is not desirable. Therefore, with a 11.26% solvency, Kent fire/EMS companies overall are in good financial health.

Kent County does not require a uniform format for annual financial statements and therefore, the categories of assets and liabilities that the accounting firms use for the 19 companies vary. Some accounting firms are selected by more than one fire/EMS company and therefore sometimes the format is consistent. For example, most accounting firms place investments in non-current assets but a couple either place them in current assets or the firm does not differentiate between current and non-current. This may have affected some of the formulas used for factors in this study. Some firms have an "Other Assets" category which had miscellaneous assets or investments included. Some accountants do not term "Property and Equipment" as Non-Current assets, however, that is how they were treated in this study.

Each accountant approaches capital assets and depreciation slightly differently. The majority of the firms carry property and equipment at-cost and any improvements that extend the useful life of an asset are capitalized. Depreciation is typically calculated using the straight-line method, however, there are some accountants who are incorporating the accelerated depreciation method in Kent. In the Notes to the Financial Statements, accountants provide a summary of the useful life ranges for capital assets for each company typically by the type of asset. Some firms provide the types while others do not provide any detail. Capitalization thresholds also differ from accountant to accountant and/or company to company.

Fleet

As a part of FACETS' exploration, each of the 19 Kent fire/EMS company's fleets were examined. An inventory was collected from each company and a brief visual review was performed during the walkthrough of the station following the meeting. Each company in Kent has a unique manner of naming/categorizing its fleet vehicles. A standard replacement cycle has not been adopted by Kent County - each company's fleet replacement cycle is slightly different - most attempt to follow National Fire Protection Association (NFPA) standards.

The five busiest companies on average, which are American Legion Smyrna-Clayton (4,522), Camden-Wyoming (4,840), Carlisle (4,364 - Kent Only), Cheswold (2,197), and

Kent County Fire Service Financial Review and Analysis

Harrington (2,316), have higher volume and it therefore is rational for them to have shorter than average life cycles (i.e., 15-20 years for engines/pumpers/rescues (if applicable) and 5-7 years for ambulances, UTVs, utilities, and command).

For normalization purposes, FACETS assigned the following categories so that the same useful life and current replacement cost could be assigned - chart provided below.

| Fleet Replacement Key | | |
|--|-------------------|---------------------------------------|
| Apparatus Type | Useful Life Years | Current (2024) Replacement Cost (new) |
| Antique | N/A | N/A |
| Engine | 20 | \$1,200,000 |
| Rescue | 20 | \$1,200,000 |
| Ladder/Tower | 20 | \$2,400,000 |
| Tanker | 20 | \$800,000 |
| Ambulance | 10 | \$350,000 |
| Command (fly car, other; sedan/van/etc.) | 10 | \$65,000 |
| Utility (pick-up)/Cargo Truck | 10 | \$100,000 |
| UTV/Other | 15 | \$30,000 |
| Trailer (flatbed/enclosed/boat/other) | 15 | \$25,000 |
| Boat - Large (mid-size/hard)) (with motor) | 20 | \$200,000 |
| Boat - Small (soft/small) (with motor) | 15 | \$45,000 |

The 2024 quantities by fleet category for Kent fire/EMS companies are provided in the following chart. Individual fleet charts will be provided in the company report cards section.

Kent County Fire Service Financial Review and Analysis

Current Fleet Summary (2025)

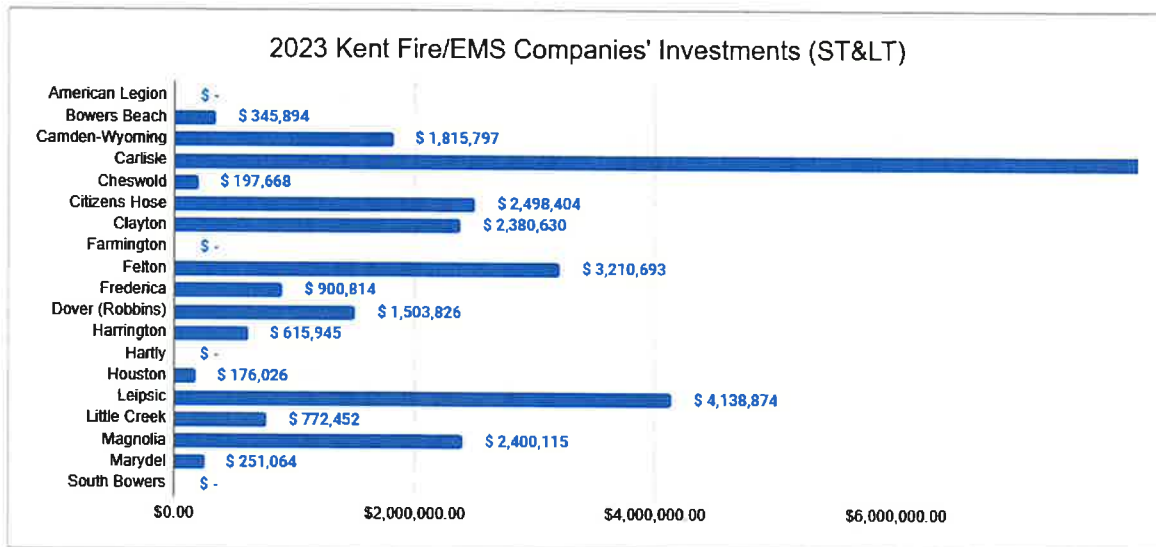
| Volunteer Fire/EMS Company | County | Antique | Engine | Rescue | Ladder/ Tower | Tanker | Ambulance | Command | Utility | UTV/Other | Trailer | Boat - Large | Boat - Small | TOTAL |
|--|--------------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|-----------------|------------|
| American Legion Ambulance Smyrna-Clayton, Station No. 64 | Kent | 1 | 2 | 1 | 1 | 0 | 1 | 4 | 0 | 0 | 3 | 1 | 0 | 0 |
| Bowers Beach Fire Company, Station No. 40 | Kent | 0 | 4 | 0 | 1 | 2 | 6 | 1 | 3 | 2 | 1 | 0 | 0 | 20 |
| Camden-Wyoming Fire Company, Station No. 41 | Kent | 0 | 3 | 1 | 1 | 0 | 2 | 3 | 2 | 0 | 3 | 0 | 0 | 15 |
| Carlisle Fire Company, Station 42 | Sussex/Kent | 0 | 3 | 0 | 1 | 0 | 2 | 2 | 3 | 0 | 2 | 0 | 1 | 14 |
| Cheswold Volunteer Fire Company, Station 43 | | 2 | 4 | 1 | 1 | 2 | 0 | 3 | 2 | 1 | 0 | 0 | 2 | 18 |
| Citizens' Hose Company, No. 1, Station No. 44 | Kent | 0 | 2 | 1 | 1 | 0 | 0 | 1 | 4 | 2 | 0 | 0 | 0 | 11 |
| Clayton Fire Company, No1 Inc., Station No. 45 | Kent | 2 | 3 | 2 | 2 | 0 | 0 | 3 | 4 | 1 | 3 | 0 | 1 | 21 |
| Dover Fire Department, Station No. 46 | Kent | 1 | 2 | 1 | 0 | 1 | 0 | 3 | 4 | 1 | 2 | 0 | 0 | 15 |
| Farmington Volunteer Fire Company, Station No. 47 | Kent | 0 | 3 | 1 | 0 | 1 | 3 | 2 | 3 | 2 | 3 | 0 | 0 | 18 |
| Felton Community Fire Company, Station No. 48 | Kent | 1 | 3 | 1 | 1 | 0 | 2 | 3 | 2 | 1 | 3 | 0 | 1 | 18 |
| Frederica Volunteer Fire Company, Station No. 49 | Kent | 0 | 3 | 1 | 1 | 1 | 4 | 2 | 3 | 3 | 0 | 0 | 0 | 18 |
| Harrington Fire Company, Station No. 50 | Kent | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 2 | 1 | 1 | 0 | 0 | 8 |
| Harly Volunteer Fire Company, Station No. 51 | Kent | 0 | 2 | 1 | 0 | 1 | 2 | 0 | 3 | 0 | 0 | 0 | 0 | 9 |
| Houston Volunteer Fire Company, Station No. 52 | Kent | 0 | 1 | 1 | 0 | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 2 | 14 |
| Leipsic Volunteer Fire Company, Station No. 53 | Kent | 1 | 2 | 0 | 1 | 1 | 0 | 3 | 4 | 4 | 0 | 1 | 2 | 19 |
| Little Creek Volunteer Fire Company, Station No. 54 | Kent | 3 | 2 | 1 | 0 | 2 | 2 | 1 | 3 | 1 | 0 | 0 | 3 | 18 |
| Magnolia Volunteer Fire Company, Station No. 55 | Kent | 1 | 2 | 0 | 0 | 1 | 3 | 0 | 3 | 0 | 0 | 0 | 0 | 10 |
| Marydel Volunteer Fire Company, Station No. 56 | Kent | 0 | 2 | 1 | 0 | 2 | 0 | 2 | 6 | 0 | 1 | 1 | 2 | 17 |
| South Bowers Volunteer Company, Station No. 57 | Kent | 0 | 2 | 1 | 0 | 2 | 0 | 2 | 6 | 0 | 1 | 1 | 2 | 17 |
| TOTAL | TOTAL | 12 | 46 | 16 | 11 | 16 | 29 | 36 | 63 | 20 | 23 | 4 | 14 | 277 |

*The above figures may include County special operation units that are housed at various stations, but not those fire/EMS companies' fiscal responsibility.

There are approximately 277 total vehicles across the 18 interviewed fire/EMS companies in Kent. There is a margin of error - some fleet inventories supplied may have been incomplete - this is particularly likely with trailers. Some companies house County special operations units - these figures may be included in the quantities above but are not the fiscal responsibility of said company(ies). The 2 fire/EMS companies with the largest fleets (over 20 pieces) are as follows: Camden-Wyoming (20) and Dover (Robbins) (21). With the average age of the 18 companies' fleets being 13 years old (or 12), their annual operating budgets will most likely see continuous increases in maintenance costs as the fleet continues to age if replacements do not occur at suggested life cycles. Fleet is recorded as an asset on the financial statements, but one could also argue it is one of a fire/EMS company's biggest liabilities in the sense of cost to maintain, insure, replace, train, etc.

Investments

Of the 19 Kent County fire/EMS companies, 15 have investments (either short or long term). Of the 15, this ranged from \$176,206 (Houston) to \$11,791,181 (Carlisle). Investment types include (but are not limited to): certificates of deposit (CDs), treasury bills, mutual funds, corporate bonds, marketable securities, trusts, endowments, non-current cash, etc. Kent fire/EMS companies' investments totaled \$32,999,383 for 2023 according to their audited financial statements. Investments do not include cash (in either a checking or savings account).



*Includes CDs, treasury bills, mutual funds, corporate bonds, marketable securities, trusts, endowments, non-current cash, etc.
Does NOT include cash in checking or savings accounts*

Liabilities

Most Kent fire/EMS companies' liabilities were comprised of accounts payable, payroll, and short/long-term debt. Only 2 out of 19 companies took out a Paycheck Protection Program (PPP) loan or a Health and Human Services (HHS) loan during the COVID-19 pandemic totaling \$150,807. All of these loans were one-time loans and either fully forgiven or partially forgiven.

Debt

While fleet is (typically) recorded as a long-term asset under "property and equipment" on financial statements, it also is inherently tied to debt as many fire/EMS companies do not have enough cash on-hand to purchase large apparatus outright due to rising costs. Of the 19 Kent companies, 8 companies had zero debt as of the 2023 financial statements: Bowers Beach, Cheswold, Farmington, Frederica, Houston, Leipsic, Magnolia and South Bowers. Farmington maintained zero debt for all five years. Kent fire/EMS companies' debt is not only made up of fleet but also buildings and equipment.

The following chart is provided to summarize existing debt in 2024 and project existing plus forecasted fleet and equipment debt based on fleet life cycles and discussions about equipment in interviews. Individual debt charts will be provided in the company report cards section. Estimated current-day replacement prices are based on average market conditions and future replacement costs at life cycle factor in 8% annual inflation to establish the base price. A 10-year note is assumed with a fixed 5% borrowing rate and \$0 downpayment for normalization purposes. In reality, many Kent fire/EMS companies are able to get a lower rate through loans at their respective banks and/or take advantage of the State of Delaware's Revolving Loan at 2% for 50% of the total cost. It is also likely that a portion of larger apparatus will be funded by cash and and/or the smaller vehicles (command, utility, and/or UTV) might be funded entirely by cash if the fire/EMS companies' cash reserves can handle such a purchase while still fulfilling daily obligations. Many fire/EMS companies have also been successful in contacting their legislators to donate command vehicles and/or UTVs.

Below is a summary of 18 Kent County fire/EMS companies' fleet, equipment, and building debt for the next six years using the above stated percentages. The equipment included may not be exhaustive. The total potential debt for all types across all companies is \$55,558,645 from 2025-2030.

Kent County Fire Service Financial Review and Analysis

Projected Debt Summary

| Volunteer Fire/EMS Company | County | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | TOTAL |
|--|--------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| American Legion Ambulance Smyrna-Clayton, Station No. 64 | Kent | | | | Not Available | | | |
| Bowers Beach Fire Company, Station No. 40 | Kent | \$ - | \$ 382,915 | \$ 382,915 | \$ 858,844 | \$ 904,171 | \$ 904,171 | \$ 3,433,014 |
| Camden-Wyoming Fire Company, Station No. 41 | Kent | \$ 161,927 | \$ 1,033,110 | \$ 1,445,655 | \$ 1,258,065 | \$ 1,918,065 | \$ 1,408,065 | \$ 5,816,823 |
| Carlisle Fire Company, Station 42 | Sussex/Kent | \$ 206,492 | \$ 581,946 | \$ 581,946 | \$ 581,946 | \$ 658,871 | \$ 825,834 | \$ 3,437,034 |
| Cheswold Volunteer Fire Company, Station 43 | Kent | \$ 34,400 | \$ 661,604 | \$ 586,604 | \$ 586,604 | \$ 586,604 | \$ 646,435 | \$ 3,102,251 |
| Citizens' Hose Company, No. 1, Station No. 44 | Kent | \$ 281,876 | \$ 1,522,738 | \$ 1,122,738 | \$ 954,900 | \$ 1,160,035 | \$ 1,137,635 | \$ 6,179,924 |
| Clayton Fire Company, No1 Inc., Station No. 45 | Kent | \$ 267,929 | \$ 339,753 | \$ 344,260 | \$ 344,260 | \$ 361,354 | \$ 379,485 | \$ 1,657,555 |
| Dover Fire Department, Station No. 46 | Kent | \$ - | \$ 195,112 | \$ 195,112 | \$ 387,814 | \$ 387,814 | \$ 387,814 | \$ 1,165,852 |
| Farmington Volunteer Fire Company, Station No. 47 | Kent | \$ 400,000 | \$ 1,013,294 | \$ 213,294 | \$ 213,294 | \$ 213,294 | \$ 225,079 | \$ 2,053,176 |
| Felton Community Fire Company, Station No. 48 | Kent | \$ 81,327 | \$ 221,192 | \$ 225,698 | \$ 725,698 | \$ 990,665 | \$ 995,197 | \$ 3,239,777 |
| Frederica Volunteer Fire Company, Station No. 49 | Kent | \$ - | \$ 1,205,947 | \$ 1,130,947 | \$ 1,141,385 | \$ 1,141,385 | \$ 1,141,385 | \$ 5,761,047 |
| Harrington Fire Company, Station No. 50 | Kent | \$ 98,886 | \$ 704,472 | \$ 667,518 | \$ 718,444 | \$ 724,277 | \$ 724,277 | \$ 3,637,874 |
| Harley Volunteer Fire Company, Station No. 51 | Kent | \$ - | \$ 353,159 | \$ 353,159 | \$ 353,159 | \$ 370,254 | \$ 430,254 | \$ 1,859,984 |
| Houston Volunteer Fire Company, Station No. 52 | Kent | \$ - | \$ 411,235 | \$ 411,235 | \$ 411,235 | \$ 411,235 | \$ 556,280 | \$ 2,201,222 |
| Leipsic Volunteer Fire Company, Station No. 53 | Kent | \$ 331,172 | \$ 511,273 | \$ 150,766 | \$ 150,766 | \$ 155,040 | \$ 367,856 | \$ 1,666,873 |
| Little Creek Volunteer Fire Company, Station No. 54 | Kent | \$ 173,245 | \$ 234,785 | \$ 234,785 | \$ 427,488 | \$ 443,728 | \$ 443,728 | \$ 1,957,760 |
| Magnolia Volunteer Fire Company, Station No. 55 | Kent | \$ 45,327 | \$ 478,908 | \$ 478,908 | \$ 548,908 | \$ 618,908 | \$ 598,908 | \$ 2,769,866 |
| Marydel Volunteer Fire Company, Station No. 56 | Kent | \$ 125,859 | \$ 483,079 | \$ 480,097 | \$ 446,126 | \$ 462,184 | \$ 462,184 | \$ 2,459,530 |
| South Bowers Volunteer Company, Station No. 57 | Kent | \$0 | \$618,902 | \$627,994 | \$627,994 | \$627,994 | \$656,200 | \$ 3,159,083 |
| TOTAL | TOTAL | \$ 2,208,440 | \$ 10,953,424 | \$ 9,633,631 | \$ 10,736,930 | \$ 12,135,978 | \$ 12,290,787 | \$ 55,558,645 |

With the age of each apparatus and how replacement years sometimes fall, there might be years for some Kent fire/EMS companies where there are no vehicles/apparatus scheduled to be replaced. This would be a prime opportunity for these fire/EMS companies to use that year to purchase PPE, self-contained breathing apparatus (SCBA), hose, extrication tools, washers and dryers, compressors, power loads/cots, and other expensive capital items that it needs.

Each of the 19 Kent companies has a different approach to funding larger purchases. The majority of the companies typically pay for 100% of smaller purchases (less than \$250K+/-) with cash and all larger purchases are partially or fully financed. These are all finance to purchase agreements - none of the Kent fire/EMS companies were found to participate in lease programs currently.

Financial Health Narratives and Report Cards

On the following pages, the financial health of each of the 19 companies will be discussed and evaluated.

that liabilities exceed assets, which is not desirable. Therefore, as of 2023, South Bowers is able to meet its long-term debts and other financial obligations and manage operations into the foreseeable future.

Summary

The 19 Kent fire-(EMS) companies' financial health scores are as follows: 0 Green, 6 Yellow, 12 Orange, and 2 Red; the average of these 19 scores is Orange (74.31), as reflected in the summary chart below.

| Fire Company/EMS Agency | County | Financial Health Color | Financial Health Grade | Sustainability (Est. # of Yrs) |
|-----------------------------------|-------------|------------------------|------------------------|--------------------------------|
| Amb 64-American Legion | Kent | ORANGE | 71.25 | 4-10 Years |
| Station 40-Bowers Beach | Kent | ORANGE | 77.00 | 4-10 Years |
| Station 41-Camden-Wyoming | Kent | ORANGE | 75.25 | 4-10 Years |
| Station 42-Carlise (Milford) | Sussex/Kent | YELLOW | 83.25 | 11-15 Years |
| Station 43-Cheswold | Kent | ORANGE | 69.50 | 4-10 Years |
| Station 44-Citizens Hose (Smyrna) | Kent | YELLOW | 84.25 | 11-15 Years |
| Station 45-Clayton | Kent | YELLOW | 81.50 | 11-15 Years |
| Station 46-Dover | Kent | ORANGE | 75.75 | 4-10 Years |
| Station 47-Farmington | Kent | RED | 57.00 | 1-3 Years |
| Station 48-Felton | Kent | YELLOW | 84.00 | 11-15 Years |
| Station 49-Frederica | Kent | YELLOW | 82.75 | 11-15 Years |
| Station 50-Harrington | Kent | YELLOW | 87.75 | 11-15 Years |
| Station 51-Hartly | Kent | ORANGE | 74.00 | 4-10 Years |
| Station 52-Houston | Kent | ORANGE | 73.75 | 4-10 Years |
| Station 53-Leipsic | Kent | ORANGE | 68.25 | 4-10 Years |
| Station 54-Little Creek | Kent | RED | 51.88 | 1-3 Years |
| Station 55-Magnolia | Kent | ORANGE | 78.50 | 4-10 Years |
| Station 56-Marydel | Kent | ORANGE | 62.50 | 4-10 Years |
| Station 57-South Bowers Beach | Kent | ORANGE | 73.75 | 4-10 Years |

Financial Health Grade Key

| Status | Description | Numeric | Est. Yrs. Sustain |
|--------|--|--------------|-------------------|
| GREEN | Fire Co./Dept. is in excellent financial health and is likely to survive | 100-90 | 16+ years |
| YELLOW | Fire Co./Dept. is in good financial health and might survive | 80-89 | 11-15 years |
| ORANGE | Fire Co./Dept. is in fair financial health and might survive | 60-79 | 4-10 years |
| RED | Fire Co./Dept. is in poor financial health and is unlikely to survive | 59 and below | 1-3 years |

| #. Factor Name | Weight |
|--------------------------|---------|
| 1. Revenue per call | 3.00% |
| 2. Expenditures per call | 3.00% |
| 3. Employee benefits | 5.00% |
| 4. Cash position | 15.00% |
| 5. Debt service | 5.00% |
| 6. Debt per capita | 5.00% |
| 7. Operating position | 10.00% |
| 8. Revenue shortfalls | 7.00% |
| 9. Expenditure overruns | 7.00% |
| 10. EMS user fees | 10.00% |
| 11. Capital outlay | 5.00% |
| 12. Fund balance | 10.00% |
| 13. Solvency | 15.00% |
| | 100.00% |

It is important to reiterate that these financial health grades are not a reflection of the independent fire companies' longstanding and continued dedication to providing lifesaving services in their communities. To the contrary, FACETS' meetings with every fire company reinforced the fact that these largely volunteer-managed organizations are doing their absolute best to stretch their limited financial and human resources to meet the burgeoning fire-EMS demands of a County where the resident population has grown significantly.

2019-2023 Kent County Averages

| # FACTORS FIRE/EMS COMPANY | 1. Revenue per call | 2. Expenditures per call | 3. Employee benefits | 4. Cash position | 5. Debt service | 6. Debt per capita | 7. Operating position | 8. Revenue shortfalls | 9. Expenditure overruns | 10. EMS user fees | 11. Capital outlay | 12. Fund balance | 13. Solvency |
|----------------------------------|---------------------------|--------------------------------|----------------------------|------------------------|-----------------------|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------|--------------------------|------------------------|-----------------|
| American Legion | \$437.03 | \$391.54 | 10.84% | 2.31 | 9% | \$39.87 | 0.91 | Not Available | Not Available | 136% | 12% | 12% | 45% |
| Bowers Beach | \$1,710.30 | \$1,536.74 | 0% | 23.13 | 5% | \$3.93 | 0.92 | 1.43 | 1.26 | 20% | 21% | 12% | 2% |
| Camden-Wyoming | \$428.77 | \$385.88 | 13% | 4.87 | 18% | \$80.31 | 0.91 | 1.14 | 0.95 | 67% | 10% | 13% | 38% |
| Carlisle | \$473.31 | \$286.95 | 6% | 62.07 | 2% | \$10.70 | 0.75 | 1.90 | 1.11 | 111% | 5% | 29% | 2% |
| Cheswold | \$635.32 | \$550.94 | 15% | 37.46 | 65% | \$4.85 | 0.88 | 1.07 | 1.04 | 47% | 24% | 9% | 3% |
| Citizens Hose | \$1,629.96 | \$1,070.27 | Not Applicable | 42.84 | 4% | \$77.70 | 0.68 | 1.20 | 0.79 | Not Applicable | 10% | 55% | 26% |
| Clayton | \$3,350.63 | \$2,034.21 | Not Applicable | 11.77 | 7% | \$175.55 | 0.62 | 1.73 | 0.88 | Not Applicable | 31% | 59% | 35% |
| Farmington | \$2,463.14 | \$1,339.25 | Not Applicable | 0.00 | 0% | \$0.00 | 0.55 | Not Available | 3.77 | Not Applicable | 38% | 74% | 0% |
| Felton | \$816.48 | \$599.23 | 18% | 24.61 | 6% | \$23.00 | 0.77 | 1.14 | 0.89 | 57% | 0% | 29% | 0% |
| Frederica | \$1,084.48 | \$938.40 | 0% | 245.55 | 0% | \$0.00 | 0.86 | 1.24 | 1.25 | 51% | 25% | 19% | 0% |
| Dover (Robbins) | \$1,440.80 | \$1,281.94 | 0% | 5.61 | 14% | \$41.46 | 0.98 | 2.19 | 1.53 | Not Applicable | 50% | 13% | 27% |
| Harrington | \$685.61 | \$609.87 | 0% | 15.28 | 0% | \$38.07 | 0.89 | 1.14 | 0.99 | 68% | 5% | 12% | 7% |
| Harly | \$1,009.15 | \$920.13 | 4% | 7.79 | 11% | \$141.13 | 0.95 | 1.25 | 1.15 | 24% | 15% | 9% | 20% |
| Houston | \$833.15 | \$632.39 | 4% | 391.09 | 0% | \$0.00 | 0.77 | Not Available | Not Available | 42% | 16% | 31% | 0% |
| Leipsic | \$1,197.66 | \$1,038.99 | 0% | 808.85 | 7% | \$0.00 | 1.08 | 1.19 | 1.59 | 24% | 8% | 13% | 0% |
| Little Creek | \$1,804.13 | \$1,081.40 | Not Applicable | 1.02 | 13% | \$367.87 | 0.69 | Not Available | Not Available | Not Applicable | 39% | 3% | 29% |
| Magnolia | \$718.03 | \$517.20 | 0% | 94.57 | 0% | \$0.00 | 0.74 | 1.44 | 1.01 | 61% | 30% | 39% | 0% |
| Marydel | \$1,194.86 | \$1,089.67 | 0% | 37.37 | 5% | \$422.76 | 0.92 | Not Available | Not Available | 16% | 34% | 9% | 36% |
| South Bowers | \$6,254.88 | \$4,089.02 | Not Applicable | 0.00 | 0% | \$0.00 | 0.69 | 1.77 | 1.43 | Not Applicable | 10% | 33% | 0% |
| COUNTY AVERAGE | \$1,482.51 | \$1,073.37 | 5% | 95.59 | 9% | \$75.12 | 0.82 | 1.39 | 1.34 | 58% | 20% | 25% | 14% |

Sustainability of Volunteerism

Twenty years ago, the International Association of Fire Chiefs (IAFC) Volunteer and Combination Officers Section (VCOS) released, "A Call For Action: The Blue Ribbon Report—Preserving and Improving the Future of the Volunteer Fire Service." (IAFC, March 2004) This report described a national picture that is very similar to what Delaware has experienced over the past twenty years, as volunteerism has declined and the number of full-/part-time career firefighters has increased to handle escalating service demand and meet growing communities' expectations for timely response to emergencies of all types.

Kent County is an exemplar of this continuing national trend, with most Kent County fire companies now employing full- and/or part-time firefighters and EMS personnel to handle daily service demand.

Opportunities and Threats

From the meetings FACETS conducted with all 19 Kent fire companies, and the subsequent in-depth financial analyses presented in this report, it appears the existing model of funding fire and BLS service across Kent County is largely unsustainable to meet current/future demands on the County's overall fire-EMS system.

Funding Scenarios in Other Jurisdictions

Viewed in the aggregate, Kent County's independent non-profit fire companies deploy fire-EMS response resources that are roughly equivalent to other U.S. localities with similarly-sized populations. Given the increasingly urban character of Kent's built environment, along with the tourist influx in coastal communities during the summer months, this seems to be a reasonable comparison.

| | Population | Area | Density | Total** Career Staffing | Fire-EMS Stations | Total Operating Budget | Operating \$\$/Capita |
|-------------------------------|------------|------|---------|-------------------------|-------------------|------------------------|-----------------------|
| Montgomery County, MD* | 1,058,000 | 507 | 2,154 | 1,177 | 37 | \$ 292,436,391 | \$ 276.40 |
| Nashville-Davidson County, TN | 687,788 | 476 | 1,449 | 1,561 | 39 | \$ 206,856,100 | \$ 300.76 |
| New Castle County, DE* | 578,592 | 426 | 1,339 | 742 | 21 | \$ 64,568,113 | \$ 111.60 |
| Howard County, MD* | 336,001 | 254 | 1,145 | 640 | 14 | \$ 163,325,188 | \$ 486.09 |
| Sussex County, DE* | 263,509 | 936 | 282 | 516 | 24 | \$ 45,241,285 | \$ 171.69 |
| Kent County, DE* | 192,690 | 586 | 329 | 310 | 19 | \$ 31,775,100 | \$ 164.90 |

* Career/Volunteer system
** Full- & Part-Time

The preceding chart is provided for comparison purposes only, and is not intended as a suggestion to adopt a different organizational structure for delivering fire and EMS across the County.

Fire companies are not stand-alone governmental entities with their own taxing authority and ability to set fees. A fire district tax is typically collected to fund a fire company and is collected within each district. The municipality or the county typically collects the tax and charges the fire company a very small percentage for the collection, which can be netted out of the proceeds. The remaining money is then used for fire protection in the area it was collected. The governing body, which can be the municipality or the county, is required to approve each fire company's tax rate, usually expressed as "cents per hundred." For example, if a fire district tax is \$0.10 / \$100.00, this means that for each \$100 of property value, the property owner pays 10 cents per year.

Therefore, property with a tax value of \$300,000, would cost \$300 per year in fire tax. This tax can either appear separately or can be lumped in with the municipality's mill rate calculation. Many fire companies and municipalities around the country have elected to institute this tax. Advocates for this type of tax say it is a more clear-cut and fair method of fire company funding.

With the nationwide volunteer crisis, greater call volumes, rising expenses, and dwindling donations/funding, it may be an option many fire companies across the county will ultimately be forced to consider. Many fire companies in Delaware's neighboring state, Pennsylvania, have fire district taxes. For reference, at least 15 municipalities in Dauphin County, PA have a fire tax. It is a concept that is not only used in Pennsylvania, but also in other states around the country.

Observations and Recommendations

Observations

Independent non-profit fire companies, rescue squads, and EMS companies across the State of Delaware have a long and proud history of dedicated service to their communities. Over the years, the presence and operation of volunteer-based fire and emergency medical services (EMS) organizations has relieved Delaware's local governments from the need to raise and expend funding for the full cost of providing these basic public services.

The fire and emergency medical services in the United States, including the fire-EMS service in Delaware, is facing fundamental challenges to recruitment of new members and retention of existing members. This is especially salient in the volunteer fire and emergency medical services. Many volunteer fire-EMS departments nationwide are struggling to maintain a sufficient number of trained and capable members to provide the level of service expected by their residents, businesses, and visitors.

The demand for all-hazards fire and emergency services from Kent County (Kent) companies, especially the demand for EMS Basic Life Support (BLS), has increased beyond the capacity of purely volunteer staffing. Consequently, the vast majority of ambulance transports in Kent County are now provided by full-time or part-time fire/EMS personnel employed by most of the County's 19 independent fire/EMS companies.

Five of these companies – Citizens Hose, Clayton, Farmington, Little Creek, and South Bowers – remain fully volunteer-staffed.

The current fire and BLS system in Kent County is becoming increasingly difficult to sustain. A system that worked very well for decades has been overtaken by a number of factors including population growth, higher demands for emergency services, urban development, increased costs, societal shifts in volunteerism, and financial pressure on families.

Fire-EMS stations in Kent County are not located according to any comprehensive plan, they were located organically as fire companies formed over many decades.

The primary sources of revenue for fire/EMS companies in Kent County are the State of Delaware, Kent County, and payment for emergency medical services (with the exception of the five fire companies that do not provide BLS ambulance service). Fund raising, long a source of significant funding for fire companies, has – with many Kent fire companies – dropped significantly as a revenue source.

The financial condition of Kent fire companies varies widely, with some companies living hand to mouth and others with significant cash reserves.

While we were not conducting an audit, we did not find examples of inappropriate or excessive spending. The rules for spending money in each fire company do generally have controls in place as required by Kent County to implement a separation of duties and responsibilities that discourage fraud with a few exceptions. The rules for purchasing vehicles, supplies, and equipment do not generally provide for multiple bids that may reduce costs.

The people who volunteer to manage Kent County's fire/EMS companies are aging and many are concerned that there is little interest in the next generations to assume their roles. The culture of each fire/EMS company differed - it was observed that those with welcoming environments tended to not have a problem (or have fewer concerns) with retention.

The services provided by each fire/EMS company and the apparatus and facilities operated by each company are essentially at the sole discretion of the fire/EMS company itself. There is no central control of these resources to decide what capabilities are in the best interest of the emergency service delivery system as a whole.

The current state and county funding mechanisms discourage fire company consolidation that could reduce administrative operating costs.

Each fire company is compelled to secure and pay for support services such as audits, legal advice, human resources advice, and other services needed to operate their organizations.

In the near term, the enhancements suggested below will extend the life of the current fire and emergency medical services system in Kent County but a longer-term solution that transitions to a fully career staffed and managed system that supplements (and possibly replaces) the current system is inevitable.

Recommendations

The current fire and BLS model in Kent County is becoming less sustainable. A system that worked very well for decades is being challenged by a number of factors including population growth, higher demands for emergency services, urban development, increased costs, societal shifts in volunteerism, and financial pressure on families.

The current fire and BLS system in Kent County is essentially a “patchwork quilt” of 19 non-profit independent corporations that are almost entirely dependent on the State of Delaware and Kent County for the funds needed to operate.

Kent County should consider a more coordinated and integrated approach to providing fire and EMS countywide, moving toward an eventual transition to a sustainable service model that is essentially staffed by career firefighters and emergency medical providers, supported by the fire companies, and supplemented by volunteer firefighters and emergency medical workers. This model has been the landing place for a number of similarly situated counties in Maryland and Virginia.

The first step in this process is to provide Kent County’s fire companies with the financial resources needed to continue operations in the near term. To facilitate movement to a more coordinated system, financial support should be accompanied by financial and operational requirements that move the County and the fire companies toward a planned future.

Develop a Strategic Plan for the Future of the Fire and BLS Service in Kent County

The County and the leadership of its independent fire/EMS companies should work together on a planning process that envisions and details a strategic plan to bring the fire and BLS system into the future. This comprehensive plan should contain provisions for system design, system capacity, system capabilities, the ownership of system resources, funding requirements, and a timetable for change.

This plan can explore and make recommendations for all or some of the following:

- The role of Kent County EMS. Options include the eventual assumption of ambulance transportation services in the County by the ALS system.
- The number and type of emergency resources needed to adequately serve the current and future needs of the county and its residents and visitors. This should be informed by a comprehensive deployment analysis to determine which existing fire stations should continue to be operated, where additional fire stations may be needed, and which emergency response units should continue to be provided and/or staffed. The plan should support the number and location of fire stations, engines, and ambulances that are needed for operations as well as specialized response units such as heavy rescues, ladders, boats, and other specialty units that it needs on a system-wide basis.

- The ownership of existing and future fire and BLS resources such as ambulances, fire apparatus, equipment, and facilities.

Provide or Facilitate Support Services

The County might consider facilitating or providing shared services to fire companies that may save costs, increase revenues, or increase efficiency.

The County should consider offering support to fire companies that may include the following:

- A centralized ambulance and emergency medical service billing provider. The purchasing power of the 19 companies combined into one agreement may yield reduced costs and additional revenue.
- Group agreements for consultation with professional support services such as accounting and human resources, and other services that are needed by every company.
- Group agreements or contracts for support services such as vehicle maintenance, equipment maintenance, and facility maintenance.
- The availability of County-owned reserve engine and ambulance apparatus that can be used as needed by fire companies for short-term replacement of company vehicles that are out of service for maintenance or repair. The County could assess a daily fee for the use of these vehicles. The availability of these shared reserve resources can relieve the need for each company to be self-sufficient in terms of vehicles.
- Seek a change to law or regulation that allows fire companies to merge without negative consequences to the amount of funding received from the State of Delaware. Currently, some funds are divided equally among the county's fire companies and two or more companies that merge or consolidate would likely see a net loss in revenue from this source.
- A group agreement to make a fire service grant writer available for consultation with fire companies. There are a number of grants and alternative funding sources available to the fire service including the Assistance to Firefighters (AFG) program.

Implement the Service Fee Authorized by House Bill 127

In the near term, the County should implement the service fee authorized by Delaware General Assembly (2023-2024) House Bill 127 (<https://legis.delaware.gov/BillDetail/130231>). The revenue generated by this fee should be distributed to fire/EMS companies based on the location of the property where the fee is assessed. This new revenue source should not supplant or replace the current sources of revenue from the State of Delaware or Kent County.

In areas where the local fire company is not the primary provider of BLS ambulance service, the revenue generated should be split 50-50 between the fire company and the EMS provider. This revenue should be accompanied with additional controls to support the strategic plan recommended above.

The provision of these additional funds to fire/EMS companies should be made in support of the strategic plan suggested above. These funds and existing financial resources should provide movement toward the shared future envisioned in the plan.

The amount of this fee should be reflective of the cost of providing emergency response services to county residents, businesses, and visitors. We heard concerns from at least one fire/EMS company that the imposition of this fee may have an impact on the ability of fire companies to generate revenue through voluntary donations or other existing service fee agreements.

To support the system-wide goals that will be detailed in the strategic plan, these funds should be accompanied with controls on their use and the use of existing funding resources. These controls may include:

- More rigorous standardized annual financial reporting by fire companies more fully described later in this report. The timely submission of these reports will provide a full characterization of the community investment in these services.
- A requirement that fire companies comply with County standards on the use of these funds. The County may require the submission of an annual or periodic budget request detailing each company's planned use of the funds for review and approval by the County.
- A requirement for approval of major capital expenses, regardless of funding source, by the County. This will assure that major expenses such as fire station improvement projects and apparatus purchases comport with and support the strategic plan.
- A requirement that future equipment purchases support a standardized approach. For example, fire companies in Kent County currently utilize more than one brand/type of Self-Contained Breathing Apparatus (SCBA). These

units are not fully compatible. Future SCBA purchases should move toward a standardized brand/type.

Contemplate Actions in the Event of a Fire/EMS Company Failure

Contemplate the response of the County and the County's fire/EMS service to the voluntary withdrawal, insolvency, or bankruptcy of a fire/EMS provider. Possible responses include assumption of all or part of the services provided by the failed entity by the County, assumption of these duties by surrounding fire/EMS entities, or other methods.

Accounting Systems and Practices

We make a number of suggestions on specific accounting procedures and audit procedures in Appendix A.

These suggestions, if adopted in full or in part, will improve the transparency and standardization of fire company fiscal practices and records.

The County should consider publishing a standard or template for fire company financial statements. The County should consider making this standard a contractual requirement in agreements between the County and fire companies. A phase-in and training period may be desirable.

The County should begin to require annual financial reviews and the Agreed Upon Procedures (AUPs) testing performed by third party independent accountants, similar to Sussex County.

Grants

A number of fire companies have a successful history of applying for and executing grants for fire equipment, vehicles, and other items. We detail possible grant funding resources in Appendix B.

Earlier in this report, we suggested grant writing services as a possible shared service that may be provided or enabled by the County to support fire companies.

Revenue Enhancements, Cost Avoidance, Cost Savings

Fire companies may enhance revenue generation from non-governmental sources as well as institute programs or practices to avoid costs or reduce costs. Suggestions for some possibilities include:

- Post more budget/fiscal information on the company's website (charts, graphical displays) to remind the community of the organization's services and corresponding needs.
- Hold open-houses with activities, fire demonstrations, raffles, informational sessions, etc. to maintain visibility in the community and garner donations.
- Newsletters can be a way to get information out to the public. Fire companies could publish their own newsletter and/or submit information to their municipality's or county's respective newsletter for inclusion. This is a way to get the word out about what fire companies do and the resources they need without incurring their own mailing costs.
- Pursue negotiating a set of criteria with the ambulance billing vendor that requires 5 notifications after the original bill if the account is still delinquent, for example. Payment plans should also be pursued. Due to the prohibitive nature of Medicare and Medicaid reimbursement structures and how that significantly increases bad debt, fire companies should ensure that their ambulance billing vendor is being as aggressive as possible for at least 365 days to collect payments on any given account before it writes it off as uncollectible. It is also suggested that fire companies require that ambulance billing vendors present a bad debt list for approval to be written off.
- Reconsider investment strategies to create a higher yield. While CDs typically pay higher interest than savings accounts, they have been struggling to keep pace with money market accounts. Sweep accounts are something that many banks offer their bigger clients; they are used frequently by governmental entities that consistently maintain million-dollar balances. Sweep accounts are bank accounts that automatically transfer amounts that exceed/fall short of a certain level into a higher interest earning investment option at the close of each business day. Commonly, these are money market funds and the intention is to minimize idle cash drag. Oftentimes, there are fees associated with sweep accounts that may detract from the benefit, however, with powerful negotiation skills, strong relationships and the 501c3 status, fire companies may be able to get most of these fees waived with its bank(s).
- Pursue initiating or expanding a live-in volunteer/student program.
- Evaluate activity/event hall operations (if the fire company has one) to ensure they are breaking even or making a profit.
- Pursue sweep accounts with bank(s) and/or other interest generating activities with its bank accounts/financial institutions.

Kent County Fire Service Financial Review and Analysis

- Pursue additional contributions from the city or town government that the fire company is located in and ensure that fire company leadership maintains relationships with its government budget and executive staff.