Sussex County, Delaware

Comprehensive Annual Financial Report
For Fiscal Year Ended
June 30, 2007
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007

Prepared by the Finance Department
Susan M. Webb, Finance Director
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INTRODUCTORY SECTION
December 18, 2007

The Honorable Sussex County Council President, Members of the Sussex County Council, and the Citizens of Sussex County:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for the Sussex County Council for the fiscal year ended June 30, 2007. This report includes the annual financial statements as required by Delaware law, presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America.

This report consists of management's representations concerning the finances of Sussex County, Delaware (County). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. The County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Jefferson, Urian, Doane & Sterner, P.A., a firm of licensed certified public accountants. A goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended June 30, 2007, are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The single audit section of this report includes these reports and related information.
GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Sussex County's MD&A can be found immediately following the report from the independent auditors.

**Profile of Sussex County**

Sussex County is a mix of small towns with natural beauty, rich history and cultural attractions. Our county is the largest county in Delaware, comprising a total land area of approximately 938 square miles, or approximately 46 percent of the State's total area with a population of 183,798. The county is bordered on the east by the Atlantic Ocean, on the north by Kent County, Delaware, and on the south and west by a portion of the State of Maryland east of the Chesapeake Bay. The Town of Georgetown, the county seat, is situated in the center of the county. The county is within 200 miles of New York City, Philadelphia, Baltimore, and Washington, D.C.

The County Government was established on July 23, 1970, replacing the Levy Court Commission with a Council-Administrator form of government. The government is composed of a legislative body, the County Council, and an administrative body that includes operating departments and offices, some of which are administrated by officials elected at-large. The County Council, which has legislative powers, consists of five members representing each of the County's respective districts. Each council member is elected to four-year staggered terms. The County Administrator, County Finance Director and County Engineer are appointed by the County Council. The County Administrator is responsible for the entire range of executive, administrative and fiscal duties performed by all County departments.

Sussex County, Delaware, is a rural county with beaches along the Delaware Bay and Atlantic Ocean. Sussex County is the fastest growing Delaware county, with a population that grew 38 percent between 1990 and 2000. The U. S. Census Bureau estimates that the Sussex population increased an additional 13 percent since the 2000 Census. More people move to Sussex County than are being born here. Sussex County is a popular beach resort area along the Atlantic Coast and also a popular outlet shopping attraction. The County continues to be a desirable location for many people on the east coast. Year-round and seasonal population continues to bring increased requests for County government services.

The County Government provides a variety of services, which statute or Code mandates. Major public services include emergency medical services, land use, libraries, and sewer service. The County also owns and maintains the Sussex County Airport in Georgetown, the operation of which is leased to an independent contractor. The County provides paramedic services. The Department of Emergency Operations handles dispatching 911 non-police calls. The Department of Libraries includes three County-managed libraries and a bookmobile. The County has 539 employees. The Clerk of the Peace office issues marriage licenses and is administered by an elected Clerk of the Peace. An elected official also manages the Recorder of Deeds, which handles the recording of deeds and other legal documents. Elected officials
also direct the Register of Wills and Sheriff’s Office. The Sheriff’s Office is responsible for serving court-related documents.

The County provides substantial grant funding to volunteer fire departments annually. The County also assesses, bills and collects school taxes for eight school districts, as well as property taxes for the County government. The County also is the primary funding source for 11 local libraries, which are managed by independent library boards. During fiscal year 2007 the County also partially funds the cost of 32 additional Delaware State Police in Sussex County. The County has entered an agreement with the State of Delaware, subsequent to fiscal year ended June 30, 2007, to partially fund an additional 20 State Police in Sussex County over the next five years. This is in addition to the State of Delaware allotment.

County sewer and water districts compose a considerable portion of County expenditures. The County's growing sewer disposal operations handle over 58,000 current customers. There are 15 individual operating sewer and water districts managed by the County, as well as four sewer treatment plants. There are three new additional approved sewer projects in various stages of construction or design. The number of sewer and water customers has increased 73 percent over the last ten years. The County is aggressively working to provide additional sewer service to meet our environmental and population needs. Each sewer district is treated as a separate fund. Combined financial information is included for these sewer districts in the financial section.

The annual budget is recommended by the County Administrator and approved by the County Council prior to July 1 of each year, which is the start of the County's fiscal year. The budget serves as a financial guide for the County. The budget includes a five-year capital project plan, with proposed financing for projects. Please see note "A" - Section 18 on page 40, for additional budget information. Budget-to-actual comparisons, on pages 60 through 69 and on page 71, are also included.

Factors Affecting Financial Condition

Local Economy

Agriculture, tourism, healthcare, construction, retail sales and education are leading industries in Sussex County. Sussex County is the largest poultry-producing county in the United States, as was the case in 2002, 1997, 1992, 1987, 1982, 1978, 1949 and 1944. Two of the twenty largest U. S. poultry companies, Allen’s Family Foods, Inc. and Mountaire Farms, Inc., have headquarters in Sussex County. Perdue Farms, Inc. also has processing facilities in Sussex. Over 223 million broilers and meat-type chickens were produced in Sussex County in 2002. Soybeans, corn and other vegetables are also important agricultural products. Sussex County ranks 36th out of 3,075 counties in the United States for value of agricultural products sold, per the U. S. Department of Agriculture. There are 549 parcels covered by Agriculture Preservation easements now in Sussex County protecting over 54,030 acres as agriculture working lands. Federal, State, and County funds were used to purchase the development rights for these farms, which permanently preserve these properties for agricultural uses.

In recent years, residential home construction has boomed in Sussex County, but saw a leveling off in 2006 and a decline in 2007. The challenge now is to maintain and supplement
existing County services while facing a decrease in our major revenue source, realty transfer tax. Tremors from the housing market’s slump may start to strain future budgets as revenue shortfalls can translate into spending cutbacks. During fiscal year 2007, 2,323 permits for new dwellings were issued. That was down from the 3,409 permits for new dwellings issued in FY 2006, a decline of 32 percent. Still, the 2,323 issued in 2007 was well above the number issued a decade before in FY 1998, when 1,562 permits were issued. The residential housing boom of the past decade can be partially attributed to the quality of life in Sussex County, the seashore, and the reasonable cost-of-living in the county. Low state, school and county property taxes are also factors. Sussex County attracts a growing number of retirees. Delaware’s Population Consortium projects a more than 50 percent increase in the number of Sussex County residents 60 and older through 2020.

Three hospitals are located within the county, in Seaford, Lewes and Milford. Also throughout the county there are other subsidiary medical facilities. Milford Hospital is undertaking major expansions during the next few years to meet growing demand, while Nanticoke Hospital recently completed a major emergency room renovation. Meantime, Beebe Medical Center has completed a new outpatient facility near Lewes and is planning a new 24-hour emergency room facility in southeast Sussex County. Assisted living facilities and nursing homes are sited in Lewes, Georgetown, Milford, Seaford, Delmar, Millsboro, and Greenwood.

There are eight school districts in Sussex County, plus one Charter School and numerous private schools. The Delaware Technical & Community College, at its 146-acre campus in Georgetown, offers Associate college degree programs in health, business, public service, engineering and industrial education. This Community College has established connected degrees with various other institutions in the region that enables one to graduate with an Associates Degree and transfer to a four-year program at another college. Delaware Tech also provides an accelerated English and Math Program for Sussex County middle and high school students. The University of Delaware, Delaware State University, and Wilmington University also offer courses in Georgetown at the Delaware Technical & Community College. Some four-year degrees, Master degrees, and Doctoral Programs are available through their partnership. The Sussex Technical School District and Delaware Technical & Community College also work closely with county employers to provide specialized training for employees. Delaware Tech is the number one provider of training for technicians at area hospitals.

The County is experiencing steady diversified growth in other industries. Significant other businesses located in the county include the Invista Nylon Plant in Seaford, Vlasic Foods, Inc. (a pickle processing plant) in Millsboro, and DeCrane Aircraft, Inc. (an airplane fuel tank and airplane services facility) in Georgetown. There has been significant growth at the County Industrial Park in Georgetown with the addition of the DeCrane Aircraft, Inc. facility, which services Boeing aircraft and manufactures patented auxiliary fuel tanks for Boeing. DeCrane Aircraft, Inc. currently has 535 skilled employees and plans to expand their operations by another 300 to 400 employees in the coming years. M & T Bank operates a call and consumer loan-processing center in Millsboro, employing approximately 420 employees. Other food processing companies include Sea Watch International (a seafood processing company) in Milford, Eastern Shore Poultry (a chicken processing plant) in Georgetown, and Burris Food, Inc. (a food distributor) in Milford. Other major employers include Johnny
Janosik (a furniture retailer in Laurel), Barcroft Company (a pharmaceutical producer) in Lewes, Caulk Dentsply (a manufacturer of dental products) in Milford, Schering Plough (a poultry vaccine producer) in Millsboro, and Universal Forest Products (a manufacturer of roof trusses) in Georgetown.

A more recent fast-growing industry in Sussex County is retail outlets. Along a two-mile stretch of Route 1, between Lewes and Rehoboth Beach, there are approximately 140 outlet stores offering myriad products, such as clothing, tools, shoes, books, stereo equipment, gourmet food, kitchen supplies, camping equipment, restaurants, and even hot peppers. These outlets have become a year-round attraction for out-of-state residents, especially for those who are attracted by reasonable prices and the lack of a Delaware sales tax. This Outlet Center is ranked the largest on the Delmarva Peninsula and, according to a 2005 trade publication, the eleventh largest in the nation.

Tourism is an important industry in Sussex County. In a 2005 tourism study, an estimated 2.65 million people-visits to Sussex County occur each year. Tourism had an estimated economic impact of $709 million, employing more than 10,000 people. Per another 2005 study, the most popular activities for visitors were beaches (40 percent), dining (39 percent), and shopping (32 percent). Atlantic Ocean beaches include Dewey, Fenwick Island, South Bethany, Bethany, Rehoboth, and the Cape Henlopen State Park. Delaware Bay beaches include Lewes, Broadkill Beach, and Slaughter Beach. The Delaware Seashore State Park is a popular attraction between Dewey Beach and Bethany Beach, offering swimming, surfing, clamming, fishing and boating as options. This section of beach is a narrow section of land, with the Atlantic Ocean on the east side and the Rehoboth and Indian River Bays on the west side. The Cape Henlopen State Park, between Lewes and Rehoboth, offers ocean and Delaware Bay beaches for swimming and fishing. There are also numerous hiking trails at the park. Sussex County is conveniently located to take advantage of a recent trend to vacation closer to home. The top five states of visitor origin are Maryland, Pennsylvania, Delaware, Virginia, and New Jersey.

Sussex County's population grew 38 percent between the 1990 and 2000 U. S. census. This rate of growth is the highest in the State of Delaware and is expected to continue as the fastest growing area in the state for the next 10 years. As noted, the attractiveness of Sussex County as a place to live, has provided the impetus for the recent residential home-building boom that has increased demands on the County to provide for growing needs for public safety, including paramedics and additional police, as well as sewer infrastructure.

The economic outlook for Sussex County is strong. The population is expected to increase at just under 2 percent per year through 2010, according to figures from the Delaware Population Consortium. New public schools are under construction. Construction continues at a healthy pace with the estimated value of new construction at $640 million.

**Financial Planning**

Sussex County has strengthened its financial condition, especially during the past several years as we experienced tremendous growth. A County goal is to maintain a sufficient undesignated fund balance amount each fiscal year. As of June 30, 2007, the General Fund’s undesignated fund balance of $9.9 million was 17 percent of the fiscal year 2008 budget.
This is net of reserves and designations for additional pension funding, landfill costs, sewer grants, airport projects, open space preservation, and sewer planning studies.

The County is attempting to fund its non-sewer and water assets on a pay-as-you-go basis and avoid issuing debt. In prior budget years, the County had set aside $6.8 million toward the cost of a new Emergency Operations Center. In the spring of fiscal year 2008, the Center will be completed and all paid without taking on any debt. A new County Administrative building is currently in the planning stages. $2.5 million is designated for libraries and $3.9 million is reserved for current and future infrastructure needs at our Industrial Park. By designating these funds, the future construction of these projects will be from available resources.

The County is also designating funds for a County Airport runway expansion and clear zone projects. Additional funds are set aside for infrastructure and a fire protection system. The County plans to fund these projects with Federal Aviation Administration (FAA) grants, State grants, and County contributions.

While three new sewer districts went into service in fiscal year 2006, 2007 saw two more in the planning stage. These will be in environmentally sensitive areas of the county. The Angola Sewer District was approved after a successful referendum; this project will result in the removal of approximately 1350 septic systems along the Rehoboth Bay. An expansion to increase the capacity of the South Coastal Regional Wastewater Treatment Facility by one-third is in its third year. This project will cost over $20 million. The fiscal year 2007 Five-Year Capital Improvement Plan includes $230 million for sewer expansion and upgrades. Funding for these projects includes State Revolving Fund loans, State grants, Federal USDA loans and grants, and County contributions.

Cash Management Policies and Practices

Except for the fiduciary funds and West Rehoboth Sewer fund, the County invests available funds on a short-term basis with local Sussex County banks. The County solicits bids weekly for collateralized certificates of deposit with these banks. Collateralized money market accounts are also utilized to maximize interest earnings. The West Rehoboth Sewer fund invests in U. S. Treasury obligations and some repurchase agreements. Some investments from different County funds are pooled in bank investment accounts. Careful accounting records are maintained to track these investments.

The County conservatively requires collateralization with U. S. Treasury and accepted Agency Obligations. Our policy is to invest with local Sussex County banks that can provide this collateral held by third-party banks. Please see Note B, on pages 41 and 42, for additional information regarding cash and collateralization.

The Sussex County Pension Trust fund is diversified with three different managers, Fidelity Investments, the State of Delaware Local Government Pension Investment Pool, and the Wilmington Trust Company. The Sussex County Pension Committee oversees the management of the Pension Trust fund and the Post-retirement Employee Benefit fund and is responsible for recommendations to the County Council regarding investments and funding. Fiscal year 2007 the Pension Committee's policy was to set a goal of 60 percent investments in equity and 40 percent in bond investments. Over the last ten years the Pension Trust fund returns have averaged 8.23 percent per year.
Risk Management

During fiscal year 2007, the County expensed $1.3 million for insurance. This covers liability, auto, workers compensation, property, public officials errors and omissions, flood insurance, and employee bonding. Insurance matters are reviewed with an independent insurance consultant. Every three years, the County solicits bids on the insurance policies to obtain the best pricing available.

Regarding employee health insurance, the County maintains a self-insured plan, whereby the County funds expenses per insured up to $200,000 per year. Expenses over the $200,000 threshold are covered under a reinsurance policy, subject to a maximum aggregate limit of $9,742,795. The County deposits monies in the health fund each month to cover the health plan cost. The County has successfully maintained this self-insured plan for over 10 years. Please refer to Note K, on page 55, for additional information.

Pension and Other Post-Retirement Benefits

The County provides a defined benefit pension plan for its employees. Employees are vested with a minimum of 8 years of service. Surviving spouses are eligible for 50 percent of the covered employee's pension benefit. The Pension Trust fund is treated as a fiduciary fund in the financial section.

The County is proud that it has made substantial contributions to the Pension Trust fund over the last few years. The value of the fund has increased from $4 million in 1993 to $43.5 million as of June 30, 2007. Our goal has been to fully fund the pension plan. As of January 1, 2007, the pension plan was 93.3% funded. This result is, primarily, due to the strong asset returns and high contribution levels made by the County over the last few years. The fiscal year 2008 budget includes a pension contribution of $2.3 million, which is 10% of the budget wages.

The County, as part of the budgetary process, has limited pensioner cost-of-living increases to one-half of the County employee cost-of-living increase, with a maximum of two percent per year. Pensioner cost-of-living increases are recommended annually with the County budget.

The County provides post-retirement employment benefits to pensioners based on their years of service and status when they leave County employment. In anticipation of GASB 45, which will be effective for our fiscal year ending June 30, 2009, the County established a post-retirement benefit fund account with $500,000. This fund was valued at $10.6 million as of June 30, 2007, an increase of 123 percent. The County plans to make annual actuarial-determined contributions to fund the liability for pensioner healthcare benefits. In December 2007, the County plans to deposit an additional $4.5 million into this account for post-retirement benefits.
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sussex County for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fifth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis is due to the tremendous efforts of County employees in the Finance and Accounting Departments. We would especially like to thank those employees and the County auditors for their dedication to the completion of this report.

We would also like to thank the County Council for their support in maintaining the strong financial position of our County by supporting fiscally sound financial policies. Appreciation is also expressed to all additional individuals who assisted in this effort.

Respectfully submitted,

David B. Baker        Susan M. Webb
County Administrator       Finance Director

DBB:SMW/nc
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sussex County Delaware

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

[Signatures]

President

Executive Director
# SUSSEX COUNTY, DELAWARE

## LIST OF ELECTED OFFICIALS

### JUNE 30, 2007

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<th>COUNCIL</th>
<th>Length of Service</th>
<th>Term Expires</th>
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<td><strong>District 1</strong> - (President)</td>
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<tr>
<td>Dale R. Dukes</td>
<td>19 Years</td>
<td>Jan. 2009</td>
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<tr>
<td><strong>District 2</strong> - (Vice - President)</td>
<td></td>
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<tr>
<td>Finley B. Jones, Jr.</td>
<td>11 Years</td>
<td>Jan. 2009</td>
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<tr>
<td><strong>District 3</strong></td>
<td></td>
<td></td>
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<tr>
<td>Lynn J. Rogers</td>
<td>11 Years</td>
<td>Jan. 2009</td>
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<td><strong>District 4</strong></td>
<td></td>
<td></td>
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<tr>
<td>George B. Cole</td>
<td>21 Years</td>
<td>Jan. 2011</td>
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<tr>
<td><strong>District 5</strong></td>
<td></td>
<td></td>
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<tr>
<td>Vance C. Phillips</td>
<td>9 Years</td>
<td>Jan. 2011</td>
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<th>Clerk of the Peace</th>
<th>George Parrish</th>
<th>2 Year</th>
<th>Jan. 2009</th>
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<td>Register of Wills</td>
<td>David L. Wilson, Sr.</td>
<td>1 Year</td>
<td>Jan. 2011</td>
</tr>
<tr>
<td>Sheriff</td>
<td>Eric D. Swanson</td>
<td>1 Year</td>
<td>Jan. 2011</td>
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<tr>
<td>Position</td>
<td>Name</td>
<td>Length of Time in Position</td>
<td>Length of Service with the County</td>
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<tr>
<td>County Administrator</td>
<td>David B. Baker</td>
<td>1 yr.</td>
<td>29 years</td>
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<td>County Attorney</td>
<td>James D. Griffin, Esquire</td>
<td>4 yrs.</td>
<td>4 years</td>
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<td>Finance Director</td>
<td>Susan M. Webb, CPA (not in public practice)</td>
<td>1 yr.</td>
<td>14 years</td>
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<td>County Engineer</td>
<td>Michael A. Izzo, P.E.</td>
<td>11 yrs.</td>
<td>23 years</td>
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<td>Accounting Division Director</td>
<td>Gina A. Jennings</td>
<td>1 yr.</td>
<td>1 year</td>
</tr>
<tr>
<td>Assessment Division Director</td>
<td>Eddy J. Parker</td>
<td>17 yrs.</td>
<td>27 years</td>
</tr>
<tr>
<td>Facilities Manager</td>
<td>Ray W. Webb</td>
<td>28 yrs.</td>
<td>30 years</td>
</tr>
<tr>
<td>Community Development Program Director</td>
<td>William C. Lecates</td>
<td>17 yrs.</td>
<td>28 years</td>
</tr>
<tr>
<td>Data Processing Director</td>
<td>Bonnie O. Smith</td>
<td>20 yrs.</td>
<td>38 years</td>
</tr>
<tr>
<td>Director of Sussex Airport and Industrial Park Operations</td>
<td>James A. Hickin</td>
<td>1 yr.</td>
<td>2 years</td>
</tr>
<tr>
<td>Emergency Preparedness Director</td>
<td>Joseph L. Thomas</td>
<td>10 yrs.</td>
<td>21 years</td>
</tr>
<tr>
<td>Library Director</td>
<td>Carol H. Fitzgerald</td>
<td>22 yrs.</td>
<td>22 years</td>
</tr>
<tr>
<td>Paramedic Director</td>
<td>Glenn H. Luedtke</td>
<td>7 yrs.</td>
<td>7 years</td>
</tr>
<tr>
<td>Personnel Director</td>
<td>Dennis V. Cordrey</td>
<td>27 yrs.</td>
<td>30 years</td>
</tr>
<tr>
<td>Planning and Zoning Director</td>
<td>Lawrence B. Lank</td>
<td>22 yrs.</td>
<td>38 years</td>
</tr>
<tr>
<td>Treasury Division Director</td>
<td>Amanda M. Bennett</td>
<td>1 yr.</td>
<td>4 years</td>
</tr>
<tr>
<td>Utility Billing Division Director</td>
<td>Patricia Faucett</td>
<td>1 yr.</td>
<td>7 years</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the President and Members
of the County Council
Sussex County, Delaware
Georgetown, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2007, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sussex County, Delaware’s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2007, on our consideration of Sussex County, Delaware’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management’s discussion and analysis on pages 3 through 17 and the required supplementary information on pages 58 and 59, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sussex County, Delaware’s basic financial statements. The combining and individual fund financial statements and schedules, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Sussex County, Delaware. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Georgetown, Delaware
December 18, 2007

Jefferson, Urian, Doane & Sterner, P.A.
This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2007. Please consider this Management's Discussion and Analysis (MD & A) along with other additional information included in the letter of transmittal and other sections of the report.

**Financial Highlights**

*Government-wide Financial Statements*

- As of June 30, 2007, assets exceeded liabilities by $377 million. Of this amount, $29 million was unrestricted and may be used for ongoing obligations to citizens and creditors.

- The County's total net assets increased by $44 million during the year. The governmental activities portion of the increase, $14 million, is attributable to an increase in capital assets purchased, and an increase in realty transfer tax restricted cash. By law, realty transfer tax can only be used for certain expenditures. The portion of realty transfer tax collected in fiscal 2007 that is not part of allowable expenditures is therefore reserved for future use. The business-type activities increase in net assets of $30 million is, primarily, due to growth-related capital costs, connection fee income, State grant capital contributions, and County contributions.

*Fund Financial Statements*

- As of June 30, 2007, the County's governmental funds reported an ending fund balance of $106 million. This increased $4 million from the preceding year. About 13 percent, or $14 million, was unreserved or available for spending at the County's discretion.

- The undesignated fund balance as of June 30, 2007 for the governmental funds was $10 million, or 17 percent of the fiscal year 2008 budget for these funds.

**Overview of the Financial Statements**

Management's Discussion and Analysis introduces the County's basic financial statements. These basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Supplementary information, in addition to the basic financial statements, is also included. The Single Audit (Federal Funds) Supplement follows the supplementary information.
Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business. This government-wide financial reporting includes two statements: the Statement of Net Assets and the Statement of Activities. Fiduciary activity, is excluded from these statements because its resources are not available to finance other County programs.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of Sussex County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the current fiscal year. Changes in net assets are reported when the underlying event occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not impact cash flows until future fiscal periods.

Both the Statement of Net Assets and Statement of Activities account separately for governmental activities and business-type activities.

- Governmental activities include General Government, Paramedics, Libraries, Planning and Zoning, Economic Development, Emergency Preparedness (911), and Constitutional Offices. These activities are mostly supported by user charges, taxes, and operating grants.

- Business-type activities - This includes Sussex County sewer and water districts, which are funded primarily by user charges, assessment charges, connection fees, and contributions.
The government-wide financial statements immediately follow this MD & A on pages 18 and 19 of this report.

**Fund Financial Statements**

The next group of financial statements, beginning on page 20 of this report, are fund financial statements. The fund financial statements reinforce and provide additional information.

A fund is an accounting entity that is used to maintain control over resources that have been segregated for specific activities or objectives. Sussex County, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Sussex County's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds** - Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund financial statements do focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near term financing requirements. Because the focus of governmental funds is for the current period, it is useful to compare this information with similar information presented for governmental activities in the government-wide financial statements. Readers may then better understand the long-term impact of the government's current financing decisions. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance include reconciliations to the government-wide financial statements (see pages 20 through 22).

Sussex County maintains two individual governmental funds. These include the following: General and Capital Project funds. They are presented in separate columns on the governmental funds financial statements.

The basic financial statements include a budgetary comparison statement for the General fund. A budgetary comparison schedule has been included for the capital projects fund in the supplemental information. Sussex County adopts an annual appropriated budget for its General and Capital Project funds.

- **Proprietary Funds** - Sussex County's proprietary funds are solely enterprise funds, which operate in a manner similar to private business enterprises. Sussex County's proprietary funds include three major funds for the Bethany, West Rehoboth, and the South Coastal Regional Wastewater Facility. They also include seventeen nonmajor sewer and water funds (see pages 24 through 31).

- **Fiduciary Funds** - Sussex County has two fiduciary funds, the Pension Trust fund and the Post-retirement Employee Benefit fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The separate accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 32 and 33 of this report.
Notes to the Financial Statements

Notes to the financial statements found on pages 34 through 57 of this report, provide additional information that is important for a better understanding of the data provided in the financial statements.

Other Information

Pages 58 and 59 include required supplementary information regarding pension funding progress. Following those schedules are General fund and Capital Project fund budgetary comparison schedules, General fund revenue and expenditure schedules and combining proprietary fund schedules. These follow on pages 60 through 91. The statistical section follows on pages 92 through 162 with additional County information. The Single Audit, a separate federal awards audit, follows the statistical section.

Government-wide Financial Analysis

As previously noted, assets exceed liabilities by $377 million as of June 30, 2007. Net assets may serve over time as a useful indicator of a government's financial position.

The following Table is a summary of the government-wide statement of net assets:

**SUSSEX COUNTY'S SCHEDULE OF NET ASSETS**

**As of June 30, 2007 and 2006**

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and Other Assets</td>
<td>$143,654,585</td>
<td>$135,911,975</td>
<td>$135,911,975</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>43,542,689</td>
<td>34,321,614</td>
<td>34,321,614</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$187,197,274</td>
<td>$170,233,589</td>
<td>$166,574,301</td>
</tr>
<tr>
<td>Current and Other Liabilities</td>
<td>$26,710,996</td>
<td>$23,969,900</td>
<td>$23,969,900</td>
</tr>
<tr>
<td>Long-term Liabilities Outstanding</td>
<td>9,006,009</td>
<td>8,610,139</td>
<td>8,610,139</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$35,717,005</td>
<td>$32,580,039</td>
<td>$32,580,039</td>
</tr>
</tbody>
</table>

Net Assets:

- **Invested in Capital Assets, Net of Related Debt**: $43,377,418, $34,140,268, $150,185,092, $111,947,402, $193,562,510, $146,087,670
- **Restricted**: $72,996,872, $65,642,834, $81,095,890, $60,903,962, $154,092,762, $126,546,796
- **Unrestricted**: $35,105,979, $37,870,448, ($5,622,038), $6,930,855, $22,596,611, $60,468,791


A large portion of the County's net assets (51 percent) are not available for future spending since they represent amounts invested in capital assets (e.g., land, buildings, machinery and equipment). This investment is net of any related debt that was used to acquire those assets that is still outstanding. It should be noted that the resources needed to repay outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This portion of net assets increased by $47 million during fiscal year 2007, primarily due to developer contributions of sewer infrastructure and County sewer project expansion.

Of the remaining $183 million in net assets, $81 million is restricted for the repayment of interest and principal on bonds issued to finance water and sewer district costs or for capital costs incurred. For governmental activities, $73 million represents realty transfer taxes, 911 fees received, and grant funds on-hand, which are restricted for specific purposes. Realty transfer taxes must be used for public safety,
economic development, public works, capital projects, infrastructure projects, or debt reduction. Realty transfer taxes restricted funds include reservations for sewer district contributions ($2.9 million), library expansion projects ($2.2 million), a new County Administration Building ($10.2 million), Industrial Park infrastructure ($4.0 million), landfill cleanup costs ($2.6 million), and County Airport improvements ($4.9 million). Available 911 fees are restricted for specific emergency dispatch purposes, i.e., software to maintain addressing and mapping.

The remaining $30 million in net assets is unrestricted and may be used for ongoing obligations to citizens and creditors.

The following schedule shows the breakdown of changes in net assets for governmental and business-type activities for fiscal years 2007 and 2006.

### SUSSEX COUNTY’S CHANGES IN NET ASSETS
For the Years Ended June 30, 2007 and 2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$12,256,122</td>
<td>$15,966,913</td>
<td>$30,213,035</td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>$7,599,645</td>
<td>$7,510,097</td>
<td>$15,109,742</td>
</tr>
<tr>
<td>Capital Grants and Contributions</td>
<td>$1,494,572</td>
<td>$1,166,791</td>
<td>$2,661,363</td>
</tr>
<tr>
<td>General Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$11,521,348</td>
<td>$10,692,069</td>
<td>$22,213,417</td>
</tr>
<tr>
<td>Capitalization</td>
<td>$240,030</td>
<td>$241,699</td>
<td>$481,729</td>
</tr>
<tr>
<td>Fire Service Taxes</td>
<td>$1,535,864</td>
<td>$2,093,729</td>
<td>$3,629,593</td>
</tr>
<tr>
<td>Realty Transfer Taxes</td>
<td>$27,058,083</td>
<td>$35,269,800</td>
<td>$62,327,883</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$5,829,443</td>
<td>$4,216,741</td>
<td>$10,046,184</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$67,535,107</td>
<td>$77,157,839</td>
<td>$144,692,946</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County Engineer</td>
<td>$2,994,201</td>
<td>$3,332,568</td>
<td>$6,326,769</td>
</tr>
<tr>
<td>Airport</td>
<td>$1,281,765</td>
<td>$731,785</td>
<td>$2,013,550</td>
</tr>
<tr>
<td>Library</td>
<td>$3,747,511</td>
<td>$3,354,026</td>
<td>$7,101,537</td>
</tr>
<tr>
<td>Community Development and Housing Programs</td>
<td>$1,959,365</td>
<td>$2,561,943</td>
<td>$4,521,308</td>
</tr>
<tr>
<td>Constitutional Offices</td>
<td>$2,486,465</td>
<td>$2,372,219</td>
<td>$4,858,684</td>
</tr>
<tr>
<td>Interest expense on long-term debt</td>
<td>$3,285</td>
<td>-</td>
<td>$3,285</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$50,917,801</td>
<td>$47,834,489</td>
<td>$98,752,290</td>
</tr>
<tr>
<td><strong>Increase in Net Assets Before Transfers</strong></td>
<td>$16,617,306</td>
<td>$29,323,350</td>
<td>$45,940,656</td>
</tr>
<tr>
<td>Transfers</td>
<td>$(2,790,587)</td>
<td>$(6,297,450)</td>
<td>$(9,088,037)</td>
</tr>
<tr>
<td><strong>Increase in Net Assets</strong></td>
<td>$13,826,719</td>
<td>$23,025,900</td>
<td>$36,852,619</td>
</tr>
<tr>
<td>Net Assets – Beginning</td>
<td>$137,653,550</td>
<td>$114,627,650</td>
<td>$252,281,200</td>
</tr>
<tr>
<td>Net Assets – Ending</td>
<td>$151,480,269</td>
<td>$137,653,550</td>
<td>$289,133,819</td>
</tr>
</tbody>
</table>
**Governmental Activities**

Governmental activities increased net assets by $14 million during fiscal year 2007. This represents 31 percent of the increase in net assets for the year. Governmental activities include the General fund and Capital Projects fund.

As per the preceding schedule, tax revenues total $40 million for fiscal year 2007 for governmental activities. This includes $27 million received from realty transfer taxes. This is an $8 million decline from 2006, due to the sluggish real estate market. Realty transfer tax revenue had risen sharply over recent years, but fiscal year 2006 saw a leveling off and in fiscal year 2007 there was a sharp drop.

The pie chart below shows realty transfer taxes as the largest governmental revenue comprising 43 percent of total revenue, followed by charges for services (20%), and property and capitation taxes (19%).

Charges for services also reflect decreases in revenue from the Private Road Inspection and Design fees, Building Permit, and also Building Inspection fees. These revenues were down $3 million, or 23 percent, from the previous year. This reflects the downturn in the real estate market locally as well as mirroring the national real estate slump.

Some governmental activity expenses have increased, mainly due to keeping up with the growth in the County. Growth in these expenses reflects the need to provide services for an increasing population.
The population growth of the county has impacted the paramedic department more than any other county service. During fiscal year 2007, an eighth medic unit was established in the center of the county to improve response times. During peak times, the power unit is deployed in areas when increased resources are needed in response to high demand. Due to the shortage of qualified paramedics, the County has a paramedic training program with Delaware Technical and Community College. This has proven to be a great success and keeps normal attrition manageable.

During fiscal year 2007, the County provided $494,000 in grants for a variety of community improvements to local nonprofit organizations as part of a program to benefit County residents. These grants included local historical societies, senior centers, educational, recreation, arts, and agriculture programs. The County also has grant programs to assist taxpayers in meeting their property tax obligation or sewer bills. The County expended over $1 million for open space land preservation. In partnership with the federal and state governments and private sector these funds protect over 50,000 acres of farmland from future development.

The County continues to supplement the state police and local law enforcement. In fiscal 2007 $1.9 million was granted to them. This partially funded 32 additional State Police to service our county and provided funding for capital items for our local law enforcement officers.

County funding for the volunteer fire service continued during fiscal year 2007. There was $3.7 million granted to the fire service including over $1 million for Basic Life Support.

During fiscal year 2007, the County continued expansion projects at the County Airport. Stormwater maintenance and fire system improvement planning studies have begun. The County continued negotiating and purchasing property needed to extend an airport runway, which will enable new businesses and existing employers to grow. The County is also in the construction phase of a crosswind runway project and expects to be completed in 2008.
Construction continued for a new Emergency Operations Center to provide additional space for the County’s 911 Call Center. This building is anticipated to be completed in the spring of 2008. The new Emergency Operations Center is expected to cost $12 million and will have state-of-the-art communications equipment.

Library expansion continues in the County. All three county libraries are experiencing growth and are in some phase of an expansion project. Construction will begin in 2008 for the expansion of the South Coastal Library, a $5 million project.

County contributions to the sewer and water districts, which net to $3 million were made during fiscal year 2007. These funds help offset capital costs incurred and help maintain sewer user rates at reasonable levels. This funding included over $400,000 for a program to fund front foot assessment bills exceeding 100 front feet for residential customers.

**Business-type Activities**

Sussex County’s water and sewer funds recorded an increase in net assets of $30 million during fiscal year 2007. Income before capital contributions and transfers was $10 million. There were two significant increases in fund net assets for business-type activities. Capital contributions from developers have added to the proprietary funds capital assets and the assets restricted for construction and debt service. Both reasons reflect the expansion of sewer service in the County during fiscal year 2007. The pie chart reflects the large amounts received from grants and contributions for capital costs.

**Revenues by Source - Business-type Activities**
The following bar chart shows that program revenues exceeded expenses for both sewer and water facilities.

Expenses and Program Revenues - Business-type Activities

- As noted earlier, capital contributions from developers totaled $16 million during the year. This includes sewer facilities for new development as required by the County, which are deeded to the County upon project completion.

- The County received $8 million in connection fees for new growth in the sewer and water districts. Even though connection fee income is down this is still a healthy number. The housing market which directly affects our connection fee revenue peaked in fiscal year 2005 and 2006. In fiscal 2007 this revenue sharply dropped 33%. County sewer and water districts' EDUs still grew by 5 percent, from 54,351 at the beginning of the year to 56,992 as of June 30, 2007. This reflects continued growth, but at a slower pace.

Financial Analysis of the County's Funds

As previously noted, Sussex County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

Governmental fund accounting provides information on available or spendable resources. This information is useful in assessing the County's financing requirements for operations. Unreserved fund
balance may serve as a useful measure of the County's net resources available for spending and for future needs.

During fiscal year 2007, fund balances of the County's governmental funds increased $4 million to $106 million. As noted previously, this is primarily due to strong residential housing demand in the County, even as the real estate market taken as a whole is slowing or perhaps leveling off by correcting itself from the inflated market over the last several years.

Some of the more significant designations in fund balance are for engineering ($294,000), grants ($1 million), reassessment ($530,000), and future information technology needs ($250,000). Our goal is to maintain an undesignated portion of fund balance of approximately 25 percent of the succeeding year's General fund budget. As of June 30, 2007, the General fund undesignated fund balance of $10 million is 17 percent of the fiscal year 2008 budget.

The governmental funds include the General fund and Capital Projects fund. General fund includes County Administration, Finance, Personnel, Buildings and Grounds, Planning and Zoning, Emergency Preparedness (911), Paramedics, Economic Development and Industrial Park, Engineering Administration and Public Works, Solid Waste, County Airport, Libraries, and Constitutional Offices, including Recorder of Deeds, Register of Wills, Sheriff, and Clerk of Peace. The Capital Projects fund includes funding for non-proprietary funds (non-sewer and non-water projects), such as the County Airport, Emergency Operations Center, Industrial Park, County Libraries, and County Administrative Buildings.

During fiscal year 2001, the County defeased all tax supported bonded debt. Since the County has not incurred any tax supported bonded debt since then, the County did not have a debt service fund during fiscal year 2007.

During fiscal year 2005, the County established an irrevocable fund for post-retirement employee benefits. The County is anticipating adopting GASB Statement No. 45 for fiscal year 2009. Monies in this account have been invested with the State of Delaware Local Government Retirement Investment Pool. As of June 30, 2007, net assets held in this account were valued at $11 million. For fiscal year 2008, the contribution to this fund will be $4.5 million.

In fiscal year 2008, the Sussex County Council will adopt a new Comprehensive Land Use Plan.

Proprietary Funds

The County's proprietary funds provide the same type of information as in the government-wide financial statements for business-type activities. Net assets, exclusive of amounts invested in capital costs, total $75 million. Restricted net assets include amounts for West Rehoboth Sewer revenue bond debt service, as well as amounts set aside for construction costs, connection fee revenue, and assessment fees. Connection fees received are restricted to be used for capital costs and assessment fees are used to pay debt service cost. Because of increase in capital assets and the increase in restricted funds this results in negative unrestricted net assets at June 30, 2007.

Please refer to the government-wide financial statement information, regarding business-type activities, for additional discussion regarding proprietary funds.
GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue and Appropriation Budgets

Total budgeted revenues, expenditures, and other financing uses are equal to the original approved budget, with adjustments for any approved budget transfers, for fiscal year 2007. During the year, the County Administrator approved some budget amendments for expenditures from department heads. The approved budget amendments include increases in certain line items for requested expenditures, which were offset by decreases in other departmental line items and/or the budget for contingencies. Some of the largest transfers from budgeted contingencies to individual line items, as approved by the County Administrator during the year, were for library costs funded by State grant overage ($87,028) and DEMA grant ($38,295).

Budget to Actual - Revenue

General fund revenues, and other financing sources, exceeded the budget by $14 million. Even though the real estate market and building climate during fiscal 2007 was stagnant we forecasted this decline and, budgeted accordingly. Many real estate related revenues fell short of the budget like, recorder of deeds, building permits and inspections, mobile home placement fees and private road design fees. Realty transfer taxes revenue, which is budgeted in both the general fund and the capital improvements fund fell short of the budget by $1.6 million. Investment income exceeded the budget by $3.4 million due to the increased return on investments.

Budget to Actual - Expenditures

Expenditures and other financing uses exceeded the budget by $9 million as noted on page 69. This is a result of $14 million transferred to the capital projects fund as per the approved Capital Improvement Budget. These funds were transferred to provide reservations for future capital needs

As reflected in the revenue drop in fiscal 2007, some expenditures related to revenue generating departments are down as well. The Building Code and Public Works departments, which are within the finance’s overall budget, contract out plan review. As these revenues are down, so are the expenses related to this outsourcing service. This explains the sway of budget to actual in those departments. Personnel’s budget variance of $468,000 is due to an over-estimation of employees retiring. The paramedic department’s actual was under budget by $800,000 due largely to their personal services being down. The Community Development and Housing programs are grant programs. The grant year crosses over our fiscal year, resulting in a $441,000 budget overage. On the revenue side of this, $367,000 of grant funds exceeded the budget.
Capital Asset and Debt Administration

Capital Assets

As per the chart below, capital assets (net of depreciation) are valued at $352 million as of June 30, 2007. Note D, on pages 43 and 44, includes additional information.

SUSSEX COUNTY'S CAPITAL ASSETS
As of June 30, 2007 and 2006
(net of depreciation)

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 9,248,853</td>
<td>$ 7,502,805</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>10,353,437</td>
<td>4,039,144</td>
</tr>
<tr>
<td>Improvements Other Than</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>4,242,513</td>
<td>3,976,305</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>3,252,586</td>
<td>2,420,164</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 43,542,689</td>
<td>$ 34,321,614</td>
</tr>
</tbody>
</table>

The following are highlights of the major governmental activities capital projects done in fiscal year 2007.

- $3 million was spent on land purchased for landfill buffers, airport expansion and building expansion.
- $6 million spent on our Emergency Operations Center which is currently under construction and expected to be open in the spring of 2008.
- Over $1 million was spent on airport and industrial park improvements like fire protection, stormwater management and runway expansion projects.

Sewer fund asset additions also include $16 million of sewer infrastructure that was paid for by developers and donated to the County for new developments within County sewer districts. This includes collection lines, pumping equipment, and force mains.

The following are highlights of the major capital sewer projects underway during fiscal year 2007, which will expand the County's sewer system to serve more residents and protect the environment.

- Many environmental studies and sewer boundary extensions were done in fiscal year 2007.
- The South Coastal Regional Wastewater Treatment Facility continued with expansion during fiscal year 2007. A construction project of over $20 million will expand the capacity of the plant from 6 million gallons per day to 9 million gallons per day of average daily flow. This project
will also upgrade the plant, which was constructed in 1976 and upgraded in 1988. This project also includes construction of personnel offices and work areas. This will be done in fiscal 2008.

- Construction work was underway during the year for the Millville, South Ocean View, and Miller Creek Sewer projects. These districts are expected to go online in fiscal 2008.

- Angola Neck, Johnson’s Corner and the Oak Orchard expansion areas are in the preliminary sewer planning phase. It is estimated that central sewer will become available in three to five years in these three areas.

**Long-term Debt**

As of June 30, 2007, the County had $160 million in outstanding bonds payable. Of this amount, $25 million was backed by specific sewer district revenues. The remaining $135 million of debt is backed by the full faith and credit of the Sussex County Government, although revenues from sewer and water districts are being used to pay the debt service for this debt. This debt was solely used to fund business-type water and sewer activities. There is no general fund bonded debt.

**SUSSEX COUNTY’S OUTSTANDING DEBT**

**As of June 30, 2007 and 2006**

<table>
<thead>
<tr>
<th>General Obligation and Revenue Bonds</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>$</td>
<td>-</td>
<td>$134,977,468</td>
</tr>
<tr>
<td>Revenue Bonds</td>
<td>-</td>
<td>-</td>
<td>25,497,849</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$</strong></td>
<td><strong>-</strong></td>
<td><strong>$160,475,317</strong></td>
</tr>
</tbody>
</table>

During fiscal year 2003, Standard & Poor's raised its rating for Sussex County by two rating classifications. On December 5, 2002, Standard & Poor's upgraded the County's rating to AA from A+, "reflecting strong residential tax base growth and increasingly strong fund balances". Previously, on February 11, 2000, Moody's Investors Service had raised its rating for Sussex County from A1 to Aa3. Per Standard & Poor's, "the upgrade also reflects a modest, but diverse, local economy". They also noted, "consistently strong financial performance and management continuity; and low debt levels due to self-supporting utilities and a very manageable capital improvement plan".

Also during the year, $1.5 million additional funds were borrowed from the State of Delaware Revolving Fund Loan Program as part of a $13 million loan for the South Coastal Regional Wastewater Facility Improvement Project. This is a 20-year loan at 3.175 percent. For the Millville Sewer District, $1,757,220 was borrowed as part of an $8 million State of Delaware Revolving Fund Loan, which is a 30 year loan at 1.5 percent interest.

State of Delaware statutes limit the amount of general obligation debt that Sussex County can issue to 12 percent of its total assessed valuation. As of June 30, 2007, there was $167,338,606 remaining as available general obligation debt margin.

Additional information is included in note "H" on pages 49 through 53 of the report.
**Economic Factors in Next Year's Budgets and Rates**

**Economic Factors**

The 2008 budget tried hard to forecast or anticipate the housing market decline. These related fees had been budgeted at lower levels based upon local economic predictions. Major factors such as a rise in energy prices, replacing an aging and experienced workforce and space needs all were considered when preparing the 2008 budget.

- The County's economy is strong and stable as evidenced by a 3.1 percent unemployment rate as of June 2007. This compares to 3.3 percent for the State of Delaware and 4.5 percent for the United States.

- The real estate and construction industries began to soften during fiscal 2006 and continued to decline in 2007. Per the U. S. Census Bureau for June 2007, the value of new construction exceeded the total for the rest of the State. Approximately 56 percent of new construction value in that year is occurring in Sussex County. According to the U.S. Census Bureau, the value of new construction in Sussex County exceeds that for the individual states of Rhode Island, South Dakota, Alaska, as well as the District of Columbia.

- Agriculture is a major industry in Sussex County. Sussex County ranks first among all United States counties in poultry and egg sales per the U. S. Department of Agriculture. Four major poultry companies have facilities, or growers, in Sussex County. Corn, soybeans, and other vegetables are also grown in the County. Per the U. S. Department of Agriculture’s 2002 Census, Sussex County ranked 36th in the United States for total market value of agriculture products sold, 263rd for value of crops, and 29th for number of vegetable acres harvested, as well as first for the sales value of poultry and eggs. Over 3,000 counties were included in this survey.

- Retail sales is a growing industry in Sussex County with major outlet shopping located on the East Coast corridor. These outlets attract customers from other counties and states. Having no sales tax in the state is also a huge draw for the outlet shoppers. Per a 2002 study by the U. S. Census Bureau, retail sales per capita in Sussex County exceeds that for New Castle and Kent County, Delaware.

**Fiscal Year 2008 Budget and Rates**

The whole theme of the 2008 budget was balance. The challenge now is to balance the enormous growth we have seen over the years with existing County resources while facing a decrease in our revenue-related fees. The goal of the 2008 budget is to reflect the change in the economy and to continue to provide a strong financial base for the future.

The fiscal year 2008 General fund budget increased by only 1.4 percent, reflecting County population and infrastructure growth. Funding increased for services such as paramedics, police 911 and emergency response, public works, and building code. The Paramedic Department alone increased 27 percent including additional staff needed to serve our growing population, which includes many retirees. The number of paramedic calls increased by 11 percent over the last year. The County also continues to help fund two programs for open space, which preserves land from development. With guidance from the Delaware Agricultural Preservation and the Sussex County Land Trust, the County purchases development rights from landowners plus contributes towards the fee simple purchase of open space.
The County property tax rate remained at 44.5 cents for the 18th straight year. The County takes pride that this is the fifth consecutive year there will not be any general fund bonded debt.

The fiscal year 2008 Sewer and Water budget for operations, maintenance and debt payments increased by only 3 percent. The fiscal year 2008 revenue budget includes a service charge rate increase for most districts. The budget did include the residential front foot assessment cap program to provide a subsidy to current residential property owners with more than 100 billable front feet and grant subsidies for service and connection fees for those who qualify. The new budget does include increases in sewer system connection charges. These charges are designed to recover costs needed for new expansion from new users. They are one-time charges for new sewer customers. The County’s philosophy concerning growth is that new users should pay for growth.

The capital budget program of $54 million includes $33 million for water and sewer district expansion and major maintenance projects. New sewer districts are projected to cost $22 million and $7 million is estimated to be spent expanding existing sewer district. The five-year capital improvement plan of $298 million includes $230 million for sewer and water projects and $68 million for other projects such as airport expansion, emergency operations center building, County administrative office building, library building expansion, and property acquisition.

Requests for Information

This Financial Report is designed to provide an overview of Sussex County's finances and provide a meaningful picture of our County. This report is available on the County's website at [www.sussexcountyde.gov](http://www.sussexcountyde.gov). Any questions concerning this report, or requests for additional information, should be addressed to:

Mrs. Susan M. Webb
Finance Director
Sussex County Council
2 The Circle
P.O. Box 589
Georgetown, DE 19947
Telephone: (302) 855-7741
BASIC FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2007

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$17,638,557</td>
<td>$10,835,270</td>
<td>$28,473,827</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>738,517</td>
<td>-</td>
<td>738,517</td>
</tr>
<tr>
<td>Service charges</td>
<td>-</td>
<td>939,111</td>
<td>939,111</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>398,171</td>
<td>688,000</td>
<td>1,086,171</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>457,066</td>
<td>502,905</td>
<td>959,971</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>599,058</td>
<td>281,212</td>
<td>880,270</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>2,476,646</td>
<td>935,975</td>
<td>3,412,621</td>
</tr>
<tr>
<td>Unbilled taxes</td>
<td>12,329,504</td>
<td>-</td>
<td>12,329,504</td>
</tr>
<tr>
<td>Internal balances</td>
<td>17,712,278</td>
<td>(17,712,278)</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>21,008</td>
<td>13,439</td>
<td>34,447</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>117,166</td>
<td>-</td>
<td>117,166</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>7,863,221</td>
<td>1,965,805</td>
<td>9,829,026</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>82,904,523</td>
<td>84,240,242</td>
<td>167,144,765</td>
</tr>
<tr>
<td>Economic development loans</td>
<td>398,870</td>
<td>-</td>
<td>398,870</td>
</tr>
<tr>
<td>Bond issue cost, net of amortization</td>
<td>-</td>
<td>695,202</td>
<td>695,202</td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, improvements, and construction in progress</td>
<td>19,602,290</td>
<td>75,967,582</td>
<td>95,569,872</td>
</tr>
<tr>
<td>Other capital assets, net of depreciation</td>
<td>23,940,399</td>
<td>232,880,780</td>
<td>256,821,179</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>187,197,274</td>
<td>392,233,245</td>
<td>579,430,519</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>4,056,172</td>
<td>6,283,500</td>
<td>10,339,672</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>492,712</td>
<td>492,712</td>
</tr>
<tr>
<td>Employee health claims payable</td>
<td>778,265</td>
<td>-</td>
<td>778,265</td>
</tr>
<tr>
<td>Unearned revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>12,329,504</td>
<td>-</td>
<td>12,329,504</td>
</tr>
<tr>
<td>Other</td>
<td>121,921</td>
<td>-</td>
<td>121,921</td>
</tr>
<tr>
<td>Deposits</td>
<td>9,425,134</td>
<td>-</td>
<td>9,425,134</td>
</tr>
<tr>
<td>Notes payable</td>
<td>-</td>
<td>472,024</td>
<td>472,024</td>
</tr>
<tr>
<td>Long-term liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>2,313,714</td>
<td>7,344,644</td>
<td>9,658,358</td>
</tr>
<tr>
<td>Due in more than one year</td>
<td>6,692,295</td>
<td>151,981,421</td>
<td>158,673,716</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>35,717,005</td>
<td>166,574,301</td>
<td>202,291,306</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>43,377,418</td>
<td>150,185,092</td>
<td>193,562,510</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realty transfer tax</td>
<td>70,993,731</td>
<td>-</td>
<td>70,993,731</td>
</tr>
<tr>
<td>911 Reporting</td>
<td>1,918,020</td>
<td>-</td>
<td>1,918,020</td>
</tr>
<tr>
<td>Grant funds</td>
<td>85,121</td>
<td>-</td>
<td>85,121</td>
</tr>
<tr>
<td>Construction and debt service</td>
<td>-</td>
<td>53,838,687</td>
<td>53,838,687</td>
</tr>
<tr>
<td>Revenue bond debt service</td>
<td>-</td>
<td>27,257,203</td>
<td>27,257,203</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>35,105,979</td>
<td>(5,622,038)</td>
<td>29,483,941</td>
</tr>
<tr>
<td>TOTAL NET ASSETS</td>
<td>$151,480,269</td>
<td>$225,658,944</td>
<td>$377,139,213</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
SUSSEX COUNTY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>Function/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Net Revenue (Expense) and Changes in Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY GOVERNMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOVERNMENTAL ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$13,627,710</td>
<td>$2,189,982</td>
<td>$53,499</td>
<td></td>
<td>$ (11,384,229)</td>
</tr>
<tr>
<td>Grant-in-aid programs</td>
<td>9,014,248</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>1,430,741</td>
<td>2,079,324</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Paramedic program</td>
<td>11,626,354</td>
<td>-</td>
<td>4,726,314</td>
<td>99,647</td>
<td></td>
</tr>
<tr>
<td>Emergency preparedness</td>
<td>2,213,396</td>
<td>24,145</td>
<td>771,505</td>
<td>237,311</td>
<td></td>
</tr>
<tr>
<td>Economic development and public works</td>
<td>532,760</td>
<td>362,699</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County engineer</td>
<td>2,994,201</td>
<td>1,206,998</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Airport</td>
<td>1,281,765</td>
<td>195,398</td>
<td>-</td>
<td>1,010,664</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>3,747,511</td>
<td>26,422</td>
<td>339,770</td>
<td>146,950</td>
<td></td>
</tr>
<tr>
<td>Community development and housing programs</td>
<td>1,959,365</td>
<td>-</td>
<td>1,708,557</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Constitutional offices</td>
<td>2,486,465</td>
<td>6,171,154</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense on long-term debt</td>
<td>3,285</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL GOVERNMENTAL ACTIVITIES</td>
<td>50,917,801</td>
<td>12,256,122</td>
<td>7,599,645</td>
<td>1,494,572</td>
<td></td>
</tr>
<tr>
<td>BUSINESS-TYPE ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer facilities</td>
<td>25,102,767</td>
<td>13,357,511</td>
<td>20,732,122</td>
<td>17,606,829</td>
<td></td>
</tr>
<tr>
<td>Water facilities</td>
<td>852,902</td>
<td>635,186</td>
<td>328,295</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL BUSINESS-TYPE ACTIVITIES</td>
<td>25,955,669</td>
<td>13,992,697</td>
<td>21,060,417</td>
<td>17,606,829</td>
<td></td>
</tr>
</tbody>
</table>

GENERAL REVENUES
Taxes: Property 11,521,348 11,521,348
Capitation 240,030 240,030
Fire service 1,535,864 1,535,864
Realty transfer 27,058,083 27,058,083
Unrestricted investment earnings 5,829,443 716,108 6,545,551

TRANSFERS
(2,790,587) (2,790,587)

TOTAL GENERAL REVENUES AND TRANSFERS 43,394,181 3,506,695 46,900,876

CHANGE IN NET ASSETS 13,826,719 30,210,969 44,037,688

NET ASSETS - BEGINNING 137,653,550 195,447,975 333,101,525

NET ASSETS - ENDING $151,480,269 $225,658,944 $377,139,213

The accompanying notes are an integral part of these financial statements.
## SUSSEX COUNTY, DELAWARE
### BALANCE SHEET - GOVERNMENTAL FUNDS
### JUNE 30, 2007

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$15,928,396</td>
<td>$1,710,161</td>
<td>$17,638,557</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>738,517</td>
<td></td>
<td>738,517</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>398,171</td>
<td></td>
<td>398,171</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>360,811</td>
<td>96,255</td>
<td>457,066</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>599,058</td>
<td></td>
<td>599,058</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>1,712,999</td>
<td>763,647</td>
<td>2,476,646</td>
</tr>
<tr>
<td>Unbilled taxes</td>
<td>12,329,504</td>
<td></td>
<td>12,329,504</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>18,151,043</td>
<td></td>
<td>18,151,043</td>
</tr>
<tr>
<td>Inventory</td>
<td>21,008</td>
<td></td>
<td>21,008</td>
</tr>
<tr>
<td>Prepaid items</td>
<td>117,166</td>
<td></td>
<td>117,166</td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>55,969,490</td>
<td>26,935,033</td>
<td>82,904,523</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

|                | $106,326,163 | $29,505,096 | $135,831,259 |

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other accrued expenditures</td>
<td>$3,266,575</td>
<td>$789,597</td>
<td>$4,056,172</td>
</tr>
<tr>
<td>Due to other funds</td>
<td></td>
<td>438,765</td>
<td>438,765</td>
</tr>
<tr>
<td>Employee health claims payable</td>
<td>778,265</td>
<td></td>
<td>778,265</td>
</tr>
<tr>
<td>Deferred revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>13,009,761</td>
<td></td>
<td>13,009,761</td>
</tr>
<tr>
<td>Other</td>
<td>1,425,509</td>
<td>462,586</td>
<td>1,888,095</td>
</tr>
<tr>
<td>Deposits</td>
<td>9,425,134</td>
<td></td>
<td>9,425,134</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

|                | 27,905,244 | 1,690,948 | 29,596,192 |

### FUND BALANCES

<table>
<thead>
<tr>
<th>Reserved for:</th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encumbrances</td>
<td>317,631</td>
<td>825,214</td>
<td>1,142,845</td>
</tr>
<tr>
<td>Inventories and prepaid items</td>
<td>138,174</td>
<td></td>
<td>138,174</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>18,242,862</td>
<td></td>
<td>18,242,862</td>
</tr>
<tr>
<td>911 funds</td>
<td>1,918,020</td>
<td></td>
<td>1,918,020</td>
</tr>
<tr>
<td>Realty transfer tax</td>
<td>44,058,698</td>
<td>26,935,033</td>
<td>70,993,731</td>
</tr>
<tr>
<td>Unreserved:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated for subsequent years’ expenditures</td>
<td>3,859,850</td>
<td></td>
<td>3,859,850</td>
</tr>
<tr>
<td>Undesignated</td>
<td>9,885,684</td>
<td>53,901</td>
<td>9,939,585</td>
</tr>
</tbody>
</table>

**TOTAL FUND BALANCES**

|                | 78,420,919 | 27,814,148 | 106,235,067 |

**TOTAL LIABILITIES AND FUND BALANCES**

|                | $106,326,163 | $29,505,096 |

### Amounts reported for governmental activities in the Statement of Net Assets are different because:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 43,542,689
- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 10,708,522
- Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (9,006,009)

**Net Assets of Governmental Activities**

|                | $151,480,269 |

The accompanying notes are an integral part of these financial statements.
## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

### For the Year Ended June 30, 2007

**REVENUES**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$40,296,411</td>
<td>$ -</td>
<td>$40,296,411</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>6,935,576</td>
<td>1,405,435</td>
<td>8,341,011</td>
</tr>
<tr>
<td>Charges for services</td>
<td>12,310,437</td>
<td>-</td>
<td>12,310,437</td>
</tr>
<tr>
<td>Fines and forfeits</td>
<td>25,607</td>
<td>-</td>
<td>25,607</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5,430,788</td>
<td>1,416,874</td>
<td>6,847,662</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>64,998,819</td>
<td>2,822,309</td>
<td>67,821,128</td>
</tr>
</tbody>
</table>

**EXPENDITURES**

**Current:**

<table>
<thead>
<tr>
<th>General Government:</th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General administration</td>
<td>1,310,523</td>
<td>-</td>
<td>1,310,523</td>
</tr>
<tr>
<td>Finance</td>
<td>6,124,037</td>
<td>-</td>
<td>6,124,037</td>
</tr>
<tr>
<td>Personnel</td>
<td>3,065,195</td>
<td>-</td>
<td>3,065,195</td>
</tr>
<tr>
<td>Buildings and grounds</td>
<td>1,861,963</td>
<td>-</td>
<td>1,861,963</td>
</tr>
<tr>
<td>Data processing</td>
<td>1,279,540</td>
<td>-</td>
<td>1,279,540</td>
</tr>
<tr>
<td>County constable</td>
<td>303,644</td>
<td>-</td>
<td>303,644</td>
</tr>
<tr>
<td>Grant-in-aid programs</td>
<td>9,414,248</td>
<td>-</td>
<td>9,414,248</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>1,460,495</td>
<td>-</td>
<td>1,460,495</td>
</tr>
<tr>
<td>Paramedic program</td>
<td>11,961,544</td>
<td>-</td>
<td>11,961,544</td>
</tr>
<tr>
<td>Emergency preparedness</td>
<td>2,188,091</td>
<td>-</td>
<td>2,188,091</td>
</tr>
<tr>
<td>Economic development and public works</td>
<td>595,762</td>
<td>-</td>
<td>595,762</td>
</tr>
<tr>
<td>County engineer</td>
<td>2,952,789</td>
<td>-</td>
<td>2,952,789</td>
</tr>
<tr>
<td>Airport</td>
<td>390,378</td>
<td>-</td>
<td>390,378</td>
</tr>
<tr>
<td>Library</td>
<td>3,681,719</td>
<td>-</td>
<td>3,681,719</td>
</tr>
<tr>
<td>Community development and housing programs</td>
<td>1,965,771</td>
<td>-</td>
<td>1,965,771</td>
</tr>
<tr>
<td>Constitutional offices</td>
<td>2,500,483</td>
<td>-</td>
<td>2,500,483</td>
</tr>
<tr>
<td><strong>Capital projects</strong></td>
<td>-</td>
<td>10,126,509</td>
<td>10,126,509</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>51,056,182</td>
<td>10,126,509</td>
<td>61,182,691</td>
</tr>
</tbody>
</table>

**EXCESS OF REVENUES OVER (UNDER) EXPENDITURES**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</strong></td>
<td>13,942,637</td>
<td>(7,304,200)</td>
<td>6,638,437</td>
</tr>
</tbody>
</table>

**OTHER FINANCING SOURCES (USES)**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of debt</td>
<td>110,546</td>
<td>-</td>
<td>110,546</td>
</tr>
<tr>
<td>Transfers in</td>
<td>-</td>
<td>13,914,628</td>
<td>13,914,628</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(16,705,215)</td>
<td>-</td>
<td>(16,705,215)</td>
</tr>
<tr>
<td><strong>TOTAL OTHER FINANCING SOURCES (USES)</strong></td>
<td>(16,594,669)</td>
<td>13,914,628</td>
<td>(2,680,041)</td>
</tr>
</tbody>
</table>

**NET CHANGE IN FUND BALANCES**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2,652,032)</td>
<td>6,610,428</td>
<td>-</td>
<td>3,958,396</td>
</tr>
</tbody>
</table>

**FUND BALANCES - BEGINNING**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>81,072,951</td>
<td>21,203,720</td>
<td>-</td>
<td>102,276,671</td>
</tr>
</tbody>
</table>

**FUND BALANCES - ENDING**

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Capital Projects</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$78,420,919</td>
<td>$27,814,148</td>
<td>-</td>
<td>$106,235,067</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($11,409,486) exceeded depreciation ($2,175,245) in the current period. $9,234,241

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase (decrease) net assets. (13,168)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, as follows:

- Property taxes $45,937
- Grants 82,340 128,277

Capitalized lease proceeds are recognized as financing sources in governmental funds, but are not revenue in the government-wide statement of activities, net of principal payments on capitalized leases. 16,075

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change is as follows:

- Compensated absences (331,945)
- Net pension obligation 915,973
- Economic development loans (1,130)
- Postclosure landfill care costs (80,000) 502,898

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES $13,826,719

The accompanying notes are an integral part of these financial statements.
SUSSEX COUNTY, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget - Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$28,171,844</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>6,620,694</td>
</tr>
<tr>
<td>Charges for services</td>
<td>13,987,721</td>
</tr>
<tr>
<td>Fines and forfeits</td>
<td>17,500</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,825,500</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>50,623,259</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**          |          |        |        |            |
| Current:                  |          |        |        |            |
| General Government:       |          |        |        |            |
| General administration   | 1,273,858 | 1,385,455 | 1,310,523 | 74,932      |
| Finance                  | 6,481,030 | 6,721,872 | 6,124,037 | 597,835     |
| Personnel                | 4,963,928 | 3,533,501 | 3,065,195 | 468,306     |
| Buildings and grounds    | 2,133,458 | 2,113,267 | 1,861,963 | 251,304     |
| Data processing          | 1,506,230 | 1,545,810 | 1,279,540 | 266,270     |
| County constable         | 508,656   | 310,332  | 303,644  | 6,688       |
| Grant-in-aid programs    | 11,669,798| 9,279,398 | 9,414,248 | (134,850)   |
| Planning and zoning      | 1,551,133 | 1,631,089 | 1,460,495 | 170,594     |
| Paramedic program        | 12,334,961| 12,803,469| 11,961,544| 841,925     |
| Emergency preparedness   | 2,403,091 | 2,510,560 | 2,188,091 | 322,469     |
| Economic development and public works | 552,609 | 579,863 | 595,762 | (15,899) |
| County engineer          | 3,281,076 | 3,844,311 | 2,952,789 | 431,522     |
| Airport                  | 311,605   | 433,251  | 390,378  | 42,873      |
| Library                  | 3,687,637 | 3,919,164 | 3,681,719 | 237,445     |
| Community development and housing programs | 1,514,699 | 1,524,563 | 1,965,771 | (441,208) |
| Constitutional offices    | 2,606,861 | 2,693,260 | 2,500,483 | 192,777     |
| **TOTAL EXPENDITURES**   | 56,780,630| 54,369,165| 51,056,182| 3,312,983   |

| **EXCESS OF REVENUES OVER EXPENDITURES** | (6,157,371) | (3,745,906) | 13,942,637 | 17,688,543 |

| **OTHER FINANCING SOURCES (USES)**    |          |        |        |            |
| Issuance of debt                     | -        | -      | 110,546 | 110,546     |
| Transfers out                         | -        | (2,954,743) | (16,705,215) | (13,750,472) |
| Reserved for contingencies            | (1,600,000) | (1,056,722) | -     | 1,056,722   |
| **TOTAL OTHER FINANCING SOURCES (USES)** | (1,600,000) | (4,011,465) | (16,594,669) | (12,583,204) |

| **NET CHANGE IN FUND BALANCE**        | (7,757,371) | (7,757,371) | (2,652,032) | 5,105,339   |

| **FUND BALANCE - BEGINNING**           | 81,072,951 | 81,072,951 | 81,072,951 | -            |

| **FUND BALANCE - ENDING**              | $73,315,580 | $73,315,580 | $78,420,919 | $5,105,339   |

The accompanying notes are an integral part of these financial statements.
## SUSSEX COUNTY, DELAWARE

### STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

**JUNE 30, 2007**

### ASSETS

#### CURRENT ASSETS
- **Cash and cash equivalents**: $955,982
- **Receivables, net of allowance for doubtful accounts**:
  - **Service charges**: $18,878
  - **Assessment, impact, connection, and expansion**: $26,318
  - **Accrued interest**: $36,961
  - **Miscellaneous**: $24,623
- **Due from other governmental agencies**: 
- **Due from other funds**: $3,726,480
- **Inventory**: $3,624

**TOTAL CURRENT ASSETS**: $1,062,762

#### NONCURRENT ASSETS
- **Restricted assets**:
  - **Cash and cash equivalents**: $8,265,366
  - **Bond issue cost, net of amortization**: $63,896
  - **Net pension asset**: $115,982
  - **Noncurrent accounts receivable**:
    - **Service charges**: $5,980
    - **Assessment, impact, connection, and expansion**: $15,849
  - **Capital assets**:
    - **Land, improvements, and construction in progress**: $5,996,423
    - **Other capital assets, net of depreciation**: $38,688,032

**TOTAL NONCURRENT ASSETS**: $53,151,528

**TOTAL ASSETS**: $54,214,290

### LIABILITIES

#### CURRENT LIABILITIES
- **Accounts payable and other current liabilities**: $903,537
- **Accrued interest payable**: $60,020
- **Due to other funds**: $719,288
- **Notes payable**: $8,967
- **Current portion of long-term liabilities**: $1,056,479

**TOTAL CURRENT LIABILITIES**: $2,748,291

#### LONG-TERM LIABILITIES, LESS CURRENT PORTION
- **Accounts payable and other current liabilities**: $19,508,449
- **Due to other funds**: $64,138,478

**TOTAL LIABILITIES**: $22,256,740

### NET ASSETS
- **Invested in capital assets, net of related debt**: 
- **Restricted for**:
  - **Construction and debt service**: $7,958,458
  - **Revenue bond debt service**: 
  - **Unrestricted**: $117,467

**TOTAL NET ASSETS**: $31,957,550

(continued)
SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2007

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,548,884</td>
<td>$10,835,270</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>208,552</td>
<td>500,000</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>64,674</td>
<td>232,730</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>136,789</td>
<td>502,905</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>93,375</td>
<td>281,212</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>872,287</td>
<td>935,975</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>-</td>
<td>3,726,480</td>
</tr>
<tr>
<td>Inventory</td>
<td>9,815</td>
<td>13,439</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>8,934,376</strong></td>
<td><strong>17,028,011</strong></td>
</tr>
<tr>
<td>NONCURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>25,740,921</td>
<td>84,240,242</td>
</tr>
<tr>
<td>Bond issue cost, net of amortization</td>
<td>251,486</td>
<td>695,202</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>681,348</td>
<td>1,965,805</td>
</tr>
<tr>
<td>Noncurrent accounts receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>207,649</td>
<td>439,111</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>55,598</td>
<td>455,270</td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, improvements, and construction in progress</td>
<td>42,757,015</td>
<td>75,967,582</td>
</tr>
<tr>
<td>Other capital assets, net of depreciation</td>
<td>91,268,744</td>
<td>232,880,780</td>
</tr>
<tr>
<td><strong>TOTAL NONCURRENT ASSETS</strong></td>
<td><strong>160,962,761</strong></td>
<td><strong>396,643,992</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>169,897,137</strong></td>
<td><strong>413,672,003</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>2,191,740</td>
<td>6,283,500</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>252,432</td>
<td>492,712</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>12,877,085</td>
<td>21,438,758</td>
</tr>
<tr>
<td>Notes payable</td>
<td>295,898</td>
<td>472,024</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>2,097,568</td>
<td>7,344,644</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td><strong>17,714,723</strong></td>
<td><strong>36,031,638</strong></td>
</tr>
<tr>
<td>LONG-TERM LIABILITIES, LESS CURRENT PORTION</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>62,574,560</strong></td>
<td><strong>188,013,059</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>87,165,787</td>
<td>150,185,092</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction and debt service</td>
<td>25,594,372</td>
<td>53,838,687</td>
</tr>
<tr>
<td>Revenue bond debt service</td>
<td>-</td>
<td>27,257,203</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(5,437,582)</td>
<td>(5,622,038)</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>$107,322,577</strong></td>
<td><strong>$225,658,944</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### SUSSEX COUNTY, DELAWARE

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**

### Bethany West Rehoboth Treatment Sewer Plant - SCRWF

#### OPERATING REVENUES

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for services</td>
<td>$ 542,331</td>
<td>$ 3,375,910</td>
<td>$ 3,763,952</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>139,800</td>
<td>448,533</td>
<td>121,641</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>682,131</strong></td>
<td><strong>3,824,443</strong></td>
<td><strong>3,885,593</strong></td>
</tr>
</tbody>
</table>

#### OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>7,850</td>
<td>18,022</td>
<td>7,571</td>
</tr>
<tr>
<td>Contractual services</td>
<td>60,109</td>
<td>459,857</td>
<td>764,056</td>
</tr>
<tr>
<td>Depreciation</td>
<td>889,491</td>
<td>2,274,810</td>
<td>1,074,404</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>221,767</td>
<td>658,255</td>
<td>952,120</td>
</tr>
<tr>
<td>Equipment and tools</td>
<td>13,483</td>
<td>121,838</td>
<td>133,973</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>12,411</td>
<td>81,336</td>
<td>168,023</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>80,671</td>
<td>23,081</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>2,423</td>
<td>29,768</td>
<td>138,502</td>
</tr>
<tr>
<td>Professional services</td>
<td>21,564</td>
<td>47,767</td>
<td>7,226</td>
</tr>
<tr>
<td>Salaries</td>
<td>231,320</td>
<td>989,276</td>
<td>1,426,891</td>
</tr>
<tr>
<td>Shared costs - operating</td>
<td>108,029</td>
<td>162,205</td>
<td>1</td>
</tr>
<tr>
<td>Supplies</td>
<td>33</td>
<td>60,324</td>
<td>85,383</td>
</tr>
<tr>
<td>Training and travel</td>
<td>-</td>
<td>94,987</td>
<td>136,230</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>1,568,480</strong></td>
<td><strong>5,079,116</strong></td>
<td><strong>4,917,461</strong></td>
</tr>
</tbody>
</table>

#### OPERATING INCOME (LOSS)

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td><strong>(886,349)</strong></td>
<td><strong>(1,254,673)</strong></td>
<td><strong>(1,031,868)</strong></td>
</tr>
</tbody>
</table>

#### NON-OPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td>476,300</td>
<td>1,450,663</td>
<td>1,102,926</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>1,963,135</td>
<td>5,997,025</td>
<td>3,663,973</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>2,810</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(654,452)</td>
<td>(2,667,852)</td>
<td>(649,894)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES (EXPENSES)</strong></td>
<td><strong>1,784,983</strong></td>
<td><strong>4,779,836</strong></td>
<td><strong>4,119,815</strong></td>
</tr>
</tbody>
</table>

#### INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPITAL CONTRIBUTIONS</td>
<td>898,634</td>
<td>3,525,163</td>
<td>3,087,947</td>
</tr>
<tr>
<td>TRANSFERS IN</td>
<td>6,050,049</td>
<td>4,980,912</td>
<td>-</td>
</tr>
<tr>
<td>TRANSFERS OUT</td>
<td>90,631</td>
<td>349,200</td>
<td>416,244</td>
</tr>
<tr>
<td><strong>TOTAL INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</strong></td>
<td><strong>24,918,236</strong></td>
<td><strong>47,038,137</strong></td>
<td><strong>27,021,212</strong></td>
</tr>
</tbody>
</table>

#### CHANGE IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHANGE IN NET ASSETS</td>
<td>7,039,314</td>
<td>8,815,277</td>
<td>3,504,191</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS - BEGINNING</strong></td>
<td><strong>24,918,236</strong></td>
<td><strong>47,038,137</strong></td>
<td><strong>27,021,212</strong></td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS - ENDING</strong></td>
<td><strong>$ 31,957,550</strong></td>
<td><strong>$ 55,853,414</strong></td>
<td><strong>$ 30,525,403</strong></td>
</tr>
</tbody>
</table>

(continued)

The accompanying notes are an integral part of these financial statements.
**SUSSEX COUNTY, DELAWARE**

- **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - CONTINUED**

  **FOR THE YEAR ENDED JUNE 30, 2007**

<table>
<thead>
<tr>
<th>Business-type Activities - Enterprise Funds</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>4,399,706</td>
<td>12,081,899</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>1,140,955</td>
<td>1,850,929</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>5,540,661</strong></td>
<td><strong>13,932,828</strong></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>16,673</td>
<td>50,116</td>
</tr>
<tr>
<td>Contractual services</td>
<td>814,217</td>
<td>2,098,239</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,461,625</td>
<td>7,700,330</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,151,424</td>
<td>2,983,566</td>
</tr>
<tr>
<td>Equipment and tools</td>
<td>85,710</td>
<td>123,406</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>98,556</td>
<td>360,326</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>19,654</td>
<td>186,526</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>15,833</td>
<td>440,687</td>
</tr>
<tr>
<td>Professional services</td>
<td>364,130</td>
<td>404,004</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,377,178</td>
<td>4,024,665</td>
</tr>
<tr>
<td>Shared costs - operating</td>
<td>499,871</td>
<td>770,106</td>
</tr>
<tr>
<td>Supplies</td>
<td>76,030</td>
<td>221,770</td>
</tr>
<tr>
<td>Training and travel</td>
<td>101,265</td>
<td>332,482</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>817,006</td>
<td>817,006</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>8,899,172</strong></td>
<td><strong>20,464,229</strong></td>
</tr>
<tr>
<td>OPERATING INCOME (LOSS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(3,358,511)</strong></td>
<td><strong>(6,531,401)</strong></td>
<td></td>
</tr>
<tr>
<td>NON-OPERATING REVENUES (EXPENSES)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment earnings</td>
<td>1,482,632</td>
<td>4,512,521</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>5,639,871</td>
<td>17,264,004</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>57,059</td>
<td>59,869</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,519,242)</td>
<td>(5,491,440)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES (EXPENSES)</strong></td>
<td><strong>5,660,320</strong></td>
<td><strong>16,344,954</strong></td>
</tr>
<tr>
<td>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2,301,809</strong></td>
<td><strong>9,813,553</strong></td>
<td></td>
</tr>
<tr>
<td>CAPITAL CONTRIBUTIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRANSFERS IN</td>
<td>6,575,868</td>
<td>17,606,829</td>
</tr>
<tr>
<td>TRANSFERS OUT</td>
<td>3,727,599</td>
<td>4,583,674</td>
</tr>
<tr>
<td><strong>(1,753,089)</strong></td>
<td><strong>(1,793,087)</strong></td>
<td></td>
</tr>
<tr>
<td>CHANGE IN NET ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10,852,187</strong></td>
<td><strong>30,210,969</strong></td>
<td></td>
</tr>
<tr>
<td>TOTAL NET ASSETS - BEGINNING</td>
<td><strong>96,470,390</strong></td>
<td><strong>195,447,975</strong></td>
</tr>
<tr>
<td>TOTAL NET ASSETS - ENDING</td>
<td><strong>$ 107,322,577</strong></td>
<td><strong>$ 225,658,944</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
SUSSEX COUNTY, DELAWARE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$522,540</td>
<td>$3,298,538</td>
<td>$3,734,040</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(183,160)</td>
<td>(1,069,130)</td>
<td>(1,258,103)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(447,743)</td>
<td>(1,664,058)</td>
<td>(2,389,040)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>139,800</td>
<td>448,533</td>
<td>124,451</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>31,437</strong></td>
<td><strong>1,013,883</strong></td>
<td><strong>211,348</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>6,508,301</td>
<td>1,042,622</td>
<td>42,778,884</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(5,980,613)</td>
<td>(905,189)</td>
<td>(40,266,279)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td><strong>527,688</strong></td>
<td><strong>137,433</strong></td>
<td><strong>2,512,605</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(3,176,417)</td>
<td>(643,654)</td>
<td>(5,367,785)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>(8,000)</td>
<td></td>
<td>(100,000)</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>(801,027)</td>
<td>(2,499,202)</td>
<td>(885,570)</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>1,757,221</td>
<td></td>
<td>1,763,196</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>1,967,945</td>
<td>5,983,165</td>
<td>3,663,973</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>111,030</td>
<td>4,853</td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(584,699)</td>
<td>(2,591,048)</td>
<td>(617,983)</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>(4,272)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>90,631</td>
<td>349,200</td>
<td>416,244</td>
</tr>
<tr>
<td>Transfers to other funds for capital activities</td>
<td>-</td>
<td>(39,998)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td><strong>(647,588)</strong></td>
<td><strong>563,316</strong></td>
<td><strong>(1,127,925)</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>470,983</td>
<td>1,479,941</td>
<td>1,013,518</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH</strong></td>
<td><strong>382,520</strong></td>
<td><strong>3,194,573</strong></td>
<td><strong>2,609,546</strong></td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS - BEGINNING

<table>
<thead>
<tr>
<th>Description</th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>$9,221,348</td>
<td>$32,671,816</td>
<td>$19,892,543</td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET

<table>
<thead>
<tr>
<th>Description</th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$955,982</td>
<td>$2,308,012</td>
<td>$22,392</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>8,265,366</td>
<td>30,363,804</td>
<td>19,870,151</td>
</tr>
<tr>
<td><strong>TOTAL CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>$9,221,348</strong></td>
<td><strong>$32,671,816</strong></td>
<td><strong>$19,892,543</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ (886,349)</td>
<td>$ (1,254,673)</td>
<td>$ (1,031,868)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>897,341</td>
<td>2,292,832</td>
<td>1,081,975</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>-</td>
<td>2,810</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(19,791)</td>
<td>(77,372)</td>
<td>(29,912)</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>(1,179)</td>
<td>(85,765)</td>
<td>(95,159)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>6,523</td>
<td>69,238</td>
<td>85,130</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>34,892</td>
<td>69,623</td>
<td>198,372</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>$ 31,437</strong></td>
<td><strong>$ 1,013,883</strong></td>
<td><strong>$ 211,348</strong></td>
</tr>
</tbody>
</table>

NONCASH TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>Bethany Sewer</th>
<th>West Rehoboth Sewer</th>
<th>Treatment Plant - SCRWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed property</td>
<td>$ 5,975,736</td>
<td>$ 4,912,371</td>
<td>$ 297,955</td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>573,037</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

(continued)

The accompanying notes are an integral part of these financial statements.
### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$4,273,700</td>
<td>$11,828,818</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(3,163,350)</td>
<td>(5,673,743)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(2,507,694)</td>
<td>(7,008,535)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>1,191,614</td>
<td>1,904,398</td>
</tr>
</tbody>
</table>

**NET CASH FLOWS FROM OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(205,730)</td>
<td>1,050,938</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>14,203,966</td>
<td>64,533,773</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(10,012,955)</td>
<td>(57,165,036)</td>
</tr>
</tbody>
</table>

**NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,191,011</td>
<td>7,368,737</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(9,212,436)</td>
<td>(18,400,292)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>(100,000)</td>
<td>(208,000)</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>(1,433,416)</td>
<td>(5,619,215)</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>1,018,839</td>
<td>4,539,256</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>5,639,577</td>
<td>17,254,660</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>1,882,573</td>
<td>1,998,456</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(1,485,048)</td>
<td>(5,278,778)</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>(5,026)</td>
<td>(9,298)</td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>1,974,510</td>
<td>2,830,585</td>
</tr>
<tr>
<td>Transfers to other funds for capital activities</td>
<td>-</td>
<td>(39,998)</td>
</tr>
</tbody>
</table>

**NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1,720,427)</td>
<td>(2,932,624)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1,462,580</td>
<td>4,427,022</td>
</tr>
</tbody>
</table>

**NET INCREASE (DECREASE) IN CASH**

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,727,434</td>
<td>9,914,073</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS - BEGINNING

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29,562,371</td>
<td>85,161,439</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS - ENDING

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$33,289,805</td>
<td>$95,075,512</td>
</tr>
</tbody>
</table>

### RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,548,884</td>
<td>$10,835,270</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>25,740,921</td>
<td>84,240,242</td>
</tr>
</tbody>
</table>

**TOTAL CASH AND CASH EQUIVALENTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Nonmajor Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$33,289,805</td>
<td>$95,075,512</td>
</tr>
</tbody>
</table>

(continued)

The accompanying notes are an integral part of these financial statements.
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Nonmajor Funds</th>
<th>Enterprise Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ (3,358,511)</td>
<td>$ (6,531,401)</td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3,478,298</td>
<td>7,750,446</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>57,059</td>
<td>59,869</td>
<td></td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(126,006)</td>
<td>(253,081)</td>
<td></td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>(23,007)</td>
<td>(23,007)</td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>474</td>
<td>474</td>
<td></td>
</tr>
<tr>
<td>Net pension asset</td>
<td>(46,892)</td>
<td>(228,995)</td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>59,224</td>
<td>220,115</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(246,369)</td>
<td>56,518</td>
<td></td>
</tr>
</tbody>
</table>

NET CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Nonmajor Funds</th>
<th>Enterprise Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ (205,730)</td>
<td>$ 1,050,938</td>
<td></td>
</tr>
</tbody>
</table>

NONCASH TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>Nonmajor Funds</th>
<th>Enterprise Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed property</td>
<td>$ 4,877,076</td>
<td>$ 15,765,183</td>
<td></td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>181,262</td>
<td>1,052,254</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# SUSSEX COUNTY, DELAWARE
## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
### JUNE 30, 2007

<table>
<thead>
<tr>
<th>Source of Assets</th>
<th>Trusts (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasuries</td>
<td>3,024,546</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>391,032</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation</td>
<td>197,187</td>
</tr>
<tr>
<td>Municipal obligations</td>
<td>233,613</td>
</tr>
<tr>
<td>Delaware Local Government Retirement Investment Pool</td>
<td>37,153,044</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>12,989,206</td>
</tr>
</tbody>
</table>

**Total Investments**  
53,988,628

**Accrued interest**  
37,038

**TOTAL ASSETS**  
54,025,666

**NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS**  
$54,025,666

The accompanying notes are an integral part of these financial statements.
### Pension and Other Employee Benefit Trusts

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADDITIONS</td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>$9,110,790</td>
</tr>
<tr>
<td>Investment:</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$6,749,098</td>
</tr>
<tr>
<td><strong>TOTAL ADDITIONS</strong></td>
<td><strong>15,859,888</strong></td>
</tr>
<tr>
<td>DEDUCTIONS</td>
<td></td>
</tr>
<tr>
<td>Beneficiary payments</td>
<td>$2,343,761</td>
</tr>
<tr>
<td><strong>NET INCREASE IN PLAN NET ASSETS</strong></td>
<td><strong>13,516,127</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - BEGINNING</strong></td>
<td>$40,509,539</td>
</tr>
<tr>
<td><strong>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - ENDING</strong></td>
<td><strong>$54,025,666</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sussex County, Delaware (the County) was founded in 1683. Local government is provided by a five member elected County Council. The County principally provides general administrative services; emergency preparedness services; airport services; paramedics; Constitutional Row Offices; zoning; libraries; housing and economic development programs; and sewer and water services.

The County’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to State and Local governments (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

1. Reporting Entity

The accompanying financial statements include various agencies, departments, and offices that are legally controlled by or dependent on the County Council (the primary government). As defined by GASBS No. 14, the County’s financial reporting entity is required to consist of all organizations for which the County is financially accountable or for which there is a significant relationship. The County has no component units in its reporting entity. The following do not meet the established criteria for inclusion in the reporting entity and, therefore, are excluded from this report: the towns, school districts and independent libraries within Sussex County.

2. Basic Financial Statements - Government-wide Statements

The County’s basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County’s governmental activities consist of: general government; grant-in-aid programs; planning and zoning; paramedic program; emergency preparedness; economic development and public works; county engineer; airport; library; community development and housing programs; and constitutional offices. The County’s water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column. The County’s net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County utilizes restricted resources to finance qualifying activities, to the extent permitted by laws, regulations, contracts and grants.

The government-wide Statement of Activities reports both the gross and net cost of each of the County’s functions and business-type activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Direct expenses are those that are clearly identifiable with a specific function.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basic Financial Statements - Government-wide Statements - Continued

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, engineering, data processing, etc.).

This government-wide focus is more on the sustainability of the County as an entity and the change in the County’s net assets resulting from the current year’s activities.

3. Basic Financial Statements - Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the County:

**Governmental Funds**

The focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

**General fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital projects fund** is maintained to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). These funds are provided by intergovernmental grants, investment income, and operating transfers from the General Fund. The projects typically take longer than one year to complete. Capital projects expenditures in fiscal year 2007 were mainly for airport improvement and expansion, a new Emergency Operations Center, library expansion and land purchases. As of June 30, 2007, the major projects being planned over the next few years include $10.4 million for airport improvement and expansion, $13.9 million for a new County administrative building, and $2.8 million for library expansion projects.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The following is a description of the proprietary funds of the County:
3. **Basic Financial Statements - Fund Financial Statements - Continued**

**Enterprise funds** are used to account for the provision of water and sewer services to customers in the County’s Water and Sewer Districts. For presentation purposes, the major funds of Bethany Sewer Fund, Long Neck Sewer Fund, Treatment Plant - SCRWF and West Rehoboth Sewer Fund have been presented as separate funds. However, West Rehoboth is actually an extension of the Dewey Sewer District. Activities of the enterprise funds include administration, operations and maintenance of the water and sewer system, and billing and collection activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are charges to customers for providing services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

**Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net assets and changes in net assets, reported using accounting principles similar to proprietary funds. The Pension Trust Fund is used to account for the assets of the Sussex County Employee Pension Plan, which is part of the County’s legal entity. It is a single employer defined benefit pension plan that provides benefits to eligible County employees. A stand-alone report is not issued for the Plan. The Post-retirement Employee Benefit Trust Fund is used to account for the assets of the Sussex County Post-retirement Employee Benefit Plan, which is part of the County’s legal entity.

The County’s fiduciary funds are presented in the fiduciary funds financial statements. Combining financial statements for the fiduciary funds are presented in Note E to the financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**Major and Nonmajor Funds**

The funds of the financial reporting entity are further classified as major or nonmajor. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The County electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary and fiduciary fund statements. Revenues are recognized when earned and expenses are recognized when incurred.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period that, for the County’s purposes, is considered to be within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

5. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Restricted cash mainly consists of amounts held by the County for the proceeds from grant programs, property sales, Constitutional Row Offices, 911 emergency reporting, mobile home placement fee, realty transfer tax, fire service fee and various sewer system reserves and construction funds.

6. Investments

The enterprise fund investments that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. All other investments are stated at fair value. Fair values are determined by quoted market prices, where available. Restricted investments represent amounts held by the County for sewer fund construction and debt service, and for revenue bond required reserves. Information is not available concerning the indirect use of derivatives through the mutual funds and investment pools.

7. Accounts Receivable

Accounts receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

8. Inventory

Inventories are valued at cost using first-in, first-out (FIFO) or market and represent supplies owned by the County. The costs of these inventories are recorded as expenditures when consumed.
9. Capital Assets

Capital assets purchased or acquired with an original cost of $3,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>10 - 50 years</td>
</tr>
<tr>
<td>Improvements</td>
<td>5 - 50 years</td>
</tr>
<tr>
<td>Equipment</td>
<td>5 - 20 years</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>10 - 50 years</td>
</tr>
</tbody>
</table>

The County’s governmental activities infrastructure consists mainly of parking lots, airport aprons and airport runways.

10. Bond Premiums, Discounts and Issuance Costs

Bond premiums, discounts and issuance costs for proprietary funds are deferred and amortized over the term of the bonds, which range from one to forty years, using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

11. Deposits and Deferred Revenue

Deposits represent monies held by the County to be remitted to others. Deferred revenue represents monies held by the County to be recognized as revenue in future periods.

12. Interest Capitalization

Interest costs incurred by a proprietary fund for the acquisition and/or construction of capital assets are subject to capitalization. The interest capitalization period begins when the following conditions are present:

a. Expenditures for the capital asset have been made.
b. Activities that are necessary to get the capital asset ready for its intended use are in progress.
c. Interest cost is being incurred.

The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund’s interest rate for the obligation incurred specifically to finance the construction of the capital asset. During fiscal 2007, Proprietary Fund interest expense is net of $192,817 of capitalized interest.

13. Compensated Absences

Employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to two times their yearly vacation and, for sick days, up to a maximum of 90 days. The proprietary funds of the County accrue accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. Compensated absences for governmental funds are a reconciling item between the fund and government-wide presentations.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Equity Classifications

**Government-wide Statements**

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved is further split between encumbrances, inventories and prepaid expenses, non-current assets and amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unrestricted is further split between designated and undesignated. Designations of fund balance represent tentative management plans that are subject to change. Proprietary fund equity is classified the same as in the government-wide statements.

Equity reservations and restrictions for grant funds, debt service and realty transfer tax are enforced by outside source enabling legislation. All other equity reservations and restrictions are enforced by the Sussex County code.

15. Revenues

Those revenues susceptible to accrual are property taxes, special assessments, interest revenue and charges for services, intergovernmental, and miscellaneous. All other revenue items are considered to be measurable and available only when cash is received by the County. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Program revenues include: charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes.

The County’s property tax year runs from May 1 to April 30. Property taxes are recorded and attached as an enforceable lien on property on May 1, the date levied. Taxes are payable under the following terms: July 1 through September 30, face amount; after September 30, a 1.5% penalty per month is charged on the unpaid balance due. Property taxes are recognized as revenue in the budget year (beginning July 1 after the levy date) for which they are levied.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

16. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

17. Interfund Activity

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

18. Budgets and Budgetary Accounting

Prior to March 1, the County Administrator, in conjunction with the Director of Finance and the Director of Accounting, distributes budget request forms to each department and agency. The budget must identify the specific level of service provision and describe how priorities have been established and incorporated into the budget. These budgets are prepared by April 1. The County Administrator, with the assistance of the Director of Finance and Director of Accounting, then develop an annual operating budget, using these department budgets to evaluate the priority and costs of various services. The recommended annual operating budget is then presented to Council by the County Administrator. This submission includes proposed operating budget ordinances setting forth the proposed departmental appropriations and various tax rates to balance the budget. The Council reviews the budget both internally and through public hearings. Subsequently, the budget is adopted through legislation in Council prior to July 1. The operating budget ordinance and related revenue ordinances are officially adopted when approved by the County Council. The County legally adopts an annual budget for the general fund and the capital projects fund.

Appropriations are legislated at the departmental level by object of expenditure. Although the County Code requires budget amendments to be adopted using the same procedures as its original adoption, the Council has authorized the County Administrator to make budgetary transfers within each fund. The aggregate amount of the budget cannot be changed without a public hearing. All unused and unencumbered annual appropriations lapse at fiscal year-end.

The budgets for the County’s general fund and capital projects fund have been prepared on a basis materially consistent with generally accepted accounting principles (GAAP). Final budgeted amounts are as amended through June 30, 2007. Unexpended appropriations in the operating budget lapse at year end, while encumbered amounts are reappropriated in the subsequent year.

19. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

20. Explanation of Reconciling Item on the Governmental Fund Balance Sheet

The governmental fund balance sheet includes a reconciliation between fund balances - total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. The details of the difference “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds” are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development loan receivables</td>
<td>$398,870</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>$7,863,221</td>
</tr>
<tr>
<td>Deferred tax revenue</td>
<td>$680,257</td>
</tr>
<tr>
<td>Deferred other revenue</td>
<td>$1,766,174</td>
</tr>
<tr>
<td><strong>Net Adjustment to Increase Net Assets</strong></td>
<td><strong>$10,708,522</strong></td>
</tr>
</tbody>
</table>

NOTE B - CASH AND INVESTMENTS

All deposits are in various financial institutions and are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. At June 30, 2007, the carrying amount of the County’s deposits was $153,690,697 and the bank balance was $158,709,196, of which $51,324 was uninsured and uncollateralized.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In regards to investments, custodial credit risk is in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County’s investment policy requires collateralization by each financial institution with direct obligations of the U.S. government and requires the collateral to be maintained at a third party.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County’s investment. The County’s primary objective of its investment activities is the safety of principal in order to mitigate interest rate risk. The County’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in U.S. government securities earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest is paid to the County.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County’s investment policy stresses safety of principal as investments are made with judgment and care. U.S. government securities are not considered to have credit risk and, therefore, their credit risk is not disclosed. Investments issued by Federal Home Loan Bank and Federal Home Loan Mortgage Corporation have an AAA credit rating at year end. The County does not have any other investments that are credit quality rated.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The County has no formal policy to address the concentration of credit risk attributed to a single issuer. More than 5 percent of the County’s investments are in the following issuers (other than those issued or guaranteed by the U.S. government, investments in mutual funds and external investment pools): Wilmington Trust repurchase agreements (16.6%).
NOTE B - CASH AND INVESTMENTS - CONTINUED

The County’s investment policy authorizes the following investments:

1. Bonds or other obligations of which the faith and credit of the United States of America are pledged;
2. Obligations of federal governmental agencies issued pursuant to Acts of Congress;
3. Repurchase agreements that are secured by any bond or other obligation for the payment of which the faith and credit of the United States are pledged;
4. Certificates of deposit and other evidences of deposit of financial institutions;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist of dollar-denominated securities; and
6. Local government investment pools administered by the State of Delaware.

The County had the following investments at June 30, 2007:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>Investment Maturities (in Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less than 1</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>$28,763,657</td>
<td>$26,633,690</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>391,032</td>
<td>-</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage</td>
<td>197,187</td>
<td>99,906</td>
</tr>
<tr>
<td>Municipal obligations</td>
<td>233,613</td>
<td>-</td>
</tr>
<tr>
<td>Repurchase agreements</td>
<td>16,177,973</td>
<td>16,177,973</td>
</tr>
<tr>
<td>Delaware Local Government Pool</td>
<td>37,153,044</td>
<td>37,153,044</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>12,989,206</td>
<td>12,989,206</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$95,905,712</td>
<td>$93,053,819</td>
</tr>
</tbody>
</table>

Reconciliation of cash and investments to the Government-wide Statement of Net Assets:

- Cash on hand: $10,811
- Carrying amount of deposits: 153,690,697
- Carrying amount of investments: 95,905,712
- TOTAL: $249,607,220

Cash and cash equivalents: 28,473,827
Cash and cash equivalents - restricted: 167,144,765
Fiduciary funds cash and investments (not included in government-wide statement): 53,988,628
- TOTAL: $249,607,220

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables at June 30, 2007 is $9,485 for service and $6,950 for assessment. The County does not have an allowance for uncollectible property taxes because all are considered collectible.
NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, was as follows:

### Governmental Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance at June 30, 2006</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance at June 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets, not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$7,502,805</td>
<td>$1,746,048</td>
<td>$-</td>
<td>$9,248,853</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>4,039,144</td>
<td>7,620,601</td>
<td>1,306,308</td>
<td>10,353,437</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated</strong></td>
<td>11,541,949</td>
<td>9,366,649</td>
<td>1,306,308</td>
<td>19,602,290</td>
</tr>
<tr>
<td><strong>Other capital assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>18,929,518</td>
<td>442,025</td>
<td>$-</td>
<td>19,371,543</td>
</tr>
<tr>
<td>Improvements</td>
<td>9,460,353</td>
<td>585,200</td>
<td>$-</td>
<td>10,045,553</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>10,038,045</td>
<td>2,321,920</td>
<td>55,773</td>
<td>12,304,192</td>
</tr>
<tr>
<td><strong>Total other capital assets</strong></td>
<td>38,427,916</td>
<td>3,349,145</td>
<td>55,773</td>
<td>41,721,288</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>2,546,322</td>
<td>379,921</td>
<td>$-</td>
<td>2,926,243</td>
</tr>
<tr>
<td>Improvements</td>
<td>5,484,048</td>
<td>318,992</td>
<td>$-</td>
<td>5,803,040</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>7,617,881</td>
<td>1,476,332</td>
<td>42,607</td>
<td>9,051,606</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>15,648,251</td>
<td>2,175,245</td>
<td>42,607</td>
<td>17,780,889</td>
</tr>
<tr>
<td><strong>Governmental Activities Capital Assets, Net</strong></td>
<td>34,321,614</td>
<td>10,540,549</td>
<td>$1,319,474</td>
<td>43,542,689</td>
</tr>
</tbody>
</table>

### Business-type Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance at June 30, 2006</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance at June 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets, not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$39,275,610</td>
<td>256,159</td>
<td>$-</td>
<td>$39,531,769</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>21,365,430</td>
<td>22,796,439</td>
<td>7,726,056</td>
<td>36,435,813</td>
</tr>
<tr>
<td><strong>Total capital assets, not being depreciated</strong></td>
<td>60,641,040</td>
<td>23,052,598</td>
<td>7,726,056</td>
<td>75,967,582</td>
</tr>
<tr>
<td><strong>Other capital assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>10,652,735</td>
<td>64,421</td>
<td>167,959</td>
<td>10,549,197</td>
</tr>
<tr>
<td>Improvements</td>
<td>9,684,821</td>
<td>685,075</td>
<td>$-</td>
<td>10,369,896</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>6,260,143</td>
<td>279,058</td>
<td>$-</td>
<td>6,539,201</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>276,771,098</td>
<td>19,819,274</td>
<td>385,995</td>
<td>296,204,377</td>
</tr>
<tr>
<td><strong>Total other capital assets</strong></td>
<td>303,368,797</td>
<td>20,847,282</td>
<td>553,954</td>
<td>323,662,671</td>
</tr>
<tr>
<td>Less accumulated depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>5,616,102</td>
<td>317,987</td>
<td>$-</td>
<td>5,934,089</td>
</tr>
<tr>
<td>Improvements</td>
<td>3,704,517</td>
<td>292,320</td>
<td>$-</td>
<td>3,996,837</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>4,778,373</td>
<td>821,328</td>
<td>$-</td>
<td>5,599,701</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>68,982,569</td>
<td>6,268,695</td>
<td>$-</td>
<td>75,251,264</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>83,081,561</td>
<td>7,700,330</td>
<td>$-</td>
<td>90,781,891</td>
</tr>
<tr>
<td><strong>Business-type Activities Capital Assets, Net</strong></td>
<td>280,928,276</td>
<td>36,200,096</td>
<td>$8,280,010</td>
<td>308,848,362</td>
</tr>
</tbody>
</table>
NOTE D - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to functions as follows:

**Governmental activities:**
- General government $495,149
- Planning and zoning 18,542
- Paramedic program 488,940
- Emergency preparedness 114,121
- Economic development and public works 16,691
- County engineer 34,277
- Airport 860,102
- Engineering - solid waste 2,309
- Library 105,959
- Constitutional offices 39,155

**Total governmental activities depreciation expense** $2,175,245

**Business-type activities:**
- Water $116,837
- Sewer 7,583,493

**Total business-type activities depreciation expense** $7,700,330

NOTE E - PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS

**Pension Plan Description and Provisions**

The County established and administers a single-employer defined benefit pension plan for its employees. The Plan provides for retirement, disability and death benefits to plan members and their beneficiaries. Employees are not required to contribute to the plan. The pension plan is reported in the pension trust fiduciary fund in the County’s financial statements. The County does not have a separate GAAP-basis pension plan audit performed.

A covered employee is an employee who receives a regular salary or wages wholly, or in part, directly, or indirectly, from Sussex County provided, however, that an employee shall not be considered in covered employment if they are a part-time or seasonal employee who is not regularly employed for more than 120 working days in any one calendar year, per Ordinance No. 19, 6/10/75; No. 52, 12/16/80; No. 73, 9/22/81; No. 190, 7/24/84; No. 281, 7/23/85; No. 318, 11/12/85; No. 359, 3/25/86; No. 1375, 6/6/00 and No. 1485, 7/1/01. Also covered are elected officials, Justices of the Peace, and Constables for time worked prior to March 31, 1965.

Cost-of-living adjustments (COLA) are provided at the discretion of the County Council. The County has authority to establish and amend benefit provisions of the plan.

To be eligible for retirement benefits, a covered employee who shall have service with Sussex County in continuous employment for at least eight years shall be considered eligible for retirement benefits within the meaning of this Ordinance, except as otherwise provided. The age for normal retirement is 62 with eight years of service, 60 for early retirement with 15 years of service, or after 30 years of service regardless of age, for most employees. Effective June 6, 2000, the number of years of service for normal retirement is 25 for paramedic and emergency communication specialists. For the year ended June 30, 2007, total payroll was $20,718,595. Covered payroll refers to all compensation by the County to active employees covered by the plan.
Current membership in the plan (as of January 1, 2007) is as follows:

<table>
<thead>
<tr>
<th>Vested Actives</th>
<th>Nonvested Actives</th>
<th>Total Actives</th>
<th>Retirees</th>
<th>Terminated Vested</th>
<th>Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>223</td>
<td>288</td>
<td>511</td>
<td>125</td>
<td>65</td>
<td>$ 18,712,910</td>
</tr>
</tbody>
</table>

Annual Pension Cost and Net Pension Obligation

The County’s annual pension cost and net pension obligation (asset) for the current year were as follows:

- Annual required contribution $ 1,518,921
- Interest on net pension obligation (694,725)
- Adjustment to annual required contribution 1,099,937
  - Annual Pension Cost 1,924,133
- Contributions made (3,069,101)
  - Increase in Net Pension Asset (1,144,968)
  - Net Pension Obligation (Asset), Beginning of Year (8,684,058)
- Net Pension Obligation (Asset), End of Year $ (9,829,026)

The County’s annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. Contributions made were 16 percent of covered payroll. The contribution is designed to accumulate sufficient assets to pay benefits when due. The actuarial valuation of the plan as of January 1, 2007 was determined using the projected unit credit actuarial cost method. This measure is independent of the funding method used to determine contributions to the system. The actuarial assumptions include:

- A rate of return on the investment of present and future assets of 8 percent per year compounded annually.
- Projected salary increases of 5 percent per year compounded annually.
- The assumption that benefits will increase 2 percent annually after retirement for cost of living increases.
- Inflation of 4 percent per year underlying the salary scale and interest rates.
- Five-year phase-in of asset gains and losses is used to value assets.

A thirty-year open level percentage method is used to amortize the Annual Required Contribution and an adjustment to the Annual Required Contribution. Employer contributions are recognized in the period in which contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings.

Trend information is as follows:

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>Annual Pension Cost (APC)</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Obligation (Asset)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$ 1,594,387</td>
<td>207.2 %</td>
<td>$ (5,906,275)</td>
</tr>
<tr>
<td>2006</td>
<td>1,755,398</td>
<td>258.3</td>
<td>(8,684,058)</td>
</tr>
<tr>
<td>2007</td>
<td>1,924,133</td>
<td>159.5</td>
<td>(9,829,026)</td>
</tr>
</tbody>
</table>
The pension plan was funded with contributions as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>$75,000</td>
<td>1995</td>
<td>$1,040,285</td>
</tr>
<tr>
<td>1982</td>
<td>50,000</td>
<td>1996</td>
<td>$1,175,078</td>
</tr>
<tr>
<td>1983</td>
<td>150,000</td>
<td>1997</td>
<td>1,157,975</td>
</tr>
<tr>
<td>1984</td>
<td>80,995</td>
<td>1998</td>
<td>896,732</td>
</tr>
<tr>
<td>1985</td>
<td>100,000</td>
<td>1999</td>
<td>881,820</td>
</tr>
<tr>
<td>1986</td>
<td>234,000</td>
<td>2000</td>
<td>1,946,139</td>
</tr>
<tr>
<td>1987</td>
<td>419,532</td>
<td>2001</td>
<td>1,440,572</td>
</tr>
<tr>
<td>1988</td>
<td>484,224</td>
<td>2002</td>
<td>1,544,934</td>
</tr>
<tr>
<td>1989</td>
<td>182,262</td>
<td>2003</td>
<td>2,034,321</td>
</tr>
<tr>
<td>1990</td>
<td>342,739</td>
<td>2004</td>
<td>2,670,566</td>
</tr>
<tr>
<td>1992</td>
<td>463,552</td>
<td>2006</td>
<td>4,590,808</td>
</tr>
<tr>
<td>1993</td>
<td>890,882</td>
<td>2007</td>
<td>3,273,371</td>
</tr>
<tr>
<td>1994</td>
<td>950,736</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pension Trust Assets**

The pension trust funds are invested in U.S. Treasury Notes, U.S. Government Agency Notes and Bonds, Sussex County Second Lien Revenue Bonds, the Delaware Local Government Retirement Investment Pool (DELRIP), Wilmington Trust Company (WTC) mutual funds, and Fidelity Investments mutual funds. Wilmington Trust Company is the trustee of the Plan. DELRIP was established to allow local governments the option to pool their pension assets with the Delaware Public Employees’ Retirement System (DPERS). DELRIP is in the custody of the Delaware Board of Pension Trustees and is subject to oversight of the DPERS’ Investment Committee and not of the Securities and Exchange Commission (SEC). The WTC mutual funds are in the custody of the Wilmington Trust Company. The DELRIP investments are stated at fair value, which is the same as the value of the DPERS’ Master Trust shares. Further details of the DELRIP investments are disclosed in the DPERS 36th Comprehensive Annual Financial Report, which may be obtained by calling 1-800-722-7300.

Investments at fair value (other than those issued or guaranteed by the U.S. government) in excess of 5% of the Plan’s net assets held in trust for pension benefits at June 30, 2007 consist of:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware Local Retirement Investment Pool</td>
<td>$26,586,743</td>
</tr>
<tr>
<td>Wilmington International Strategic Allocation Fund</td>
<td>2,415,555</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$29,002,298</strong></td>
</tr>
</tbody>
</table>

**Post-retirement Employee Benefits**

In addition to the pension benefits described above, the County provides post-retirement health care benefits. During fiscal year 2005, the County established the “Sussex County Employment Benefit Plan” by Ordinance No. 1783. The plan is reported in the pension and other employee benefit trusts in the County’s financial...
NOTE E - PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

Post-retirement Employee Benefits - Continued

statements. For employees who begin employment with the County prior to July 1, 2001, the County policy is to provide post-retirement healthcare benefits immediately after they leave County employment if they receive a pension at that time. Retirees hired subsequent to June 30, 2001, with 15 to 24 years of service, are eligible for coverage upon receipt of a County pension, with the County paying 50 percent of the premium. Retirees hired subsequent to June 30, 2001, with at least 25 years of service, receive full post-retirement healthcare benefits when they receive their pension. Employees, who began work prior to July 1, 2001, may elect the coverage available as if hired after June 30, 2001.

Current membership in the plan (as of January 1, 2007) is as follows:

<table>
<thead>
<tr>
<th>Total Actives</th>
<th>Retirees</th>
<th>Terminated Vested</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>511</td>
<td>101</td>
<td>20</td>
<td>$1,045,526</td>
</tr>
</tbody>
</table>

In August 2004, the GASB issued GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (“GASB 45”), which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets) note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The County will implement GASB 45 in fiscal year 2009. The County has not assessed whether this statement will have a significant impact on the County’s financial statements.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Pension Trust</th>
<th>Post-retirement Employee Benefit Trust</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>$ 3,024,546</td>
<td>$</td>
<td>$3,024,546</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>391,032</td>
<td></td>
<td>391,032</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation</td>
<td>197,187</td>
<td></td>
<td>197,187</td>
</tr>
<tr>
<td>Municipal obligations</td>
<td>233,613</td>
<td></td>
<td>233,613</td>
</tr>
<tr>
<td>Delaware Local Government Retirement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Pool</td>
<td>26,586,743</td>
<td>10,566,301</td>
<td>37,153,044</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>12,989,206</td>
<td></td>
<td>12,989,206</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>37,038</td>
<td></td>
<td>37,038</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>43,459,365</td>
<td>10,566,301</td>
<td>54,025,666</td>
</tr>
</tbody>
</table>

NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS

$43,459,365 $10,566,301 $54,025,666
NOTE E - PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th></th>
<th>Pension Trust</th>
<th>Post-retirement Employee Benefit Trust</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADDITIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>$3,273,371</td>
<td>$5,837,419</td>
<td>$9,110,790</td>
</tr>
<tr>
<td>Investment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$5,704,852</td>
<td>$1,044,246</td>
<td>$6,749,098</td>
</tr>
<tr>
<td><strong>TOTAL ADDITIONS</strong></td>
<td>$8,978,223</td>
<td>$6,881,665</td>
<td>$15,859,888</td>
</tr>
<tr>
<td><strong>DEDUCTIONS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiary payments</td>
<td>$1,298,235</td>
<td>$1,045,526</td>
<td>$2,343,761</td>
</tr>
<tr>
<td><strong>NET INCREASE IN PLAN NET ASSETS</strong></td>
<td>$7,679,988</td>
<td>$5,836,139</td>
<td>$13,516,127</td>
</tr>
</tbody>
</table>

**NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - BEGINNING**

<table>
<thead>
<tr>
<th></th>
<th>Pension Trust</th>
<th>Post-retirement Employee Benefit Trust</th>
<th>Total</th>
</tr>
</thead>
</table>

**NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - ENDING**

<table>
<thead>
<tr>
<th></th>
<th>Pension Trust</th>
<th>Post-retirement Employee Benefit Trust</th>
<th>Total</th>
</tr>
</thead>
</table>

NOTE F - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County is not matching employee contributions. Under custodial agreements, the custodians hold all assets and income in trust for the exclusive benefit of participants and their beneficiaries.

NOTE G - SHORT-TERM DEBT

Short-term financing is obtained from banks to provide working capital for the Enterprise Funds. Interest on the line of credit is variable; the interest rate was 5.28% at June 30, 2007. The County had $24,527,976 of unused line of credit to be drawn upon as needed. Short-term debt activity for the year ended June 30, 2007, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2006</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable</td>
<td>$680,024</td>
<td>$-</td>
<td>$208,000</td>
<td>$472,024</td>
</tr>
</tbody>
</table>
NOTE H - LONG-TERM LIABILITIES

Description of Bonds Payable

At June 30, 2007, bonds payable consisted of the following individual issues:

<table>
<thead>
<tr>
<th>Description</th>
<th>Business-type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 20, 2034, interest at 4.5%</td>
<td>$ 8,745,294</td>
</tr>
<tr>
<td>1994 SRF Subordinate Obligations (West Rehoboth Phase I and II); interest at 1.5%, final payment due December 2016. Repayment over 21 years beginning December 1995 from gross revenues of the West Rehoboth Expansion of the Dewey Beach Sanitary Sewer District but on a subordinate basis for the first 13 years to operations and management expenses, 1994 Series Bonds ($ 19 million), Rural Development Administration loan, other project borrowings and SRF loans. Repayment the last 7 years based on equal installments. The subordinate obligations require various construction, operating and depreciation accounts.</td>
<td>8,177,849</td>
</tr>
<tr>
<td>1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%</td>
<td>3,185,821</td>
</tr>
<tr>
<td>1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%</td>
<td>5,825,484</td>
</tr>
<tr>
<td>1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%</td>
<td>5,319,155</td>
</tr>
<tr>
<td>1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%</td>
<td>2,671,329</td>
</tr>
<tr>
<td>1996 wastewater general obligation bonds (Ocean Way Estates expansion sewer system), due in quarterly installments of $ 6,256 principal and interest, interest at 4.5%, final payment due October 17, 2036.</td>
<td>407,475</td>
</tr>
<tr>
<td>1997 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2021, interest at 1.5%. Total bonds authorized are $ 12,000,000.</td>
<td>7,437,876</td>
</tr>
<tr>
<td>2000 wastewater general obligation bonds (Ocean View, Holts Landing, Cedar Neck, North Millville and SCRWF), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2023.</td>
<td>14,099,541</td>
</tr>
<tr>
<td>2000 wastewater general obligation bonds (Ellendale Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are $ 1,726,000.</td>
<td>1,466,940</td>
</tr>
</tbody>
</table>
**NOTE H - LONG-TERM LIABILITIES - CONTINUED**

**Description of Bonds Payable - Continued**

<table>
<thead>
<tr>
<th>Description</th>
<th>Business-type</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in quarterly installments of $135,087 principal and interest, interest at 4.5%, final payment due June 1, 2041.</td>
<td>$ 9,380,328</td>
</tr>
<tr>
<td>2002 wastewater general obligation bonds (Miller Creek Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are $3,300,000.</td>
<td>226,125</td>
</tr>
<tr>
<td>2002 wastewater general obligation bonds (Bayview Estates and Sea Country Estates Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2025. Total bonds authorized are $2,636,000.</td>
<td>2,575,787</td>
</tr>
<tr>
<td>2002 wastewater general obligation bonds (SCRWF), due in semi-annual installments, interest at 3.175%, final payment due December 31, 2026. Total bonds authorized are $13,000,000.</td>
<td>12,764,976</td>
</tr>
<tr>
<td>2002 wastewater general obligation bonds (Ellendale), due in semi-annual installments, no stated interest rate, final payment due June 13, 2042. Total bonds authorized are $1,000,000.</td>
<td>897,436</td>
</tr>
<tr>
<td>2003 wastewater general obligation bonds (Oak Orchard Sanitary Sewer District), due in semi-annual installments, interest at 2%, final payment due December 31, 2024. Total bonds authorized are $1,500,000.</td>
<td>1,463,994</td>
</tr>
<tr>
<td>2003 wastewater general obligation bonds (1992 and 1993 refunding), due in semi-annual installments, interest ranging from 4% to 5%, final payment due October 15, 2032.</td>
<td>28,840,001</td>
</tr>
<tr>
<td>2003 wastewater general obligation bonds (Ellendale), due in quarterly installments, interest at 4.25%, final payment due September 25, 2043. Total bonds authorized are $815,000.</td>
<td>783,300</td>
</tr>
<tr>
<td>2003 wastewater general obligation bonds (Ellendale), due in quarterly installments, interest 4.25%, final payment due September 25, 2043. Total bonds authorized are $1,250,000.</td>
<td>1,201,384</td>
</tr>
<tr>
<td>2003 wastewater general obligation bonds (SCRWF), due in quarterly installments, interest 4.25%, final payment due September 19, 2043. Total bonds authorized are $1,965,000.</td>
<td>1,888,589</td>
</tr>
<tr>
<td>2003 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest 1.5%, final payment due December 31, 2026. Total bonds authorized are $1,203,000.</td>
<td>459,433</td>
</tr>
</tbody>
</table>
NOTE H - LONG-TERM LIABILITIES - CONTINUED

Description of Bonds Payable - Continued

<table>
<thead>
<tr>
<th>Description</th>
<th>Business-type</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 wastewater general obligation bonds (Cedar Neck), due in quarterly</td>
<td>$ 6,705,198</td>
</tr>
<tr>
<td>installments, interest at 4.375%, final payment due June 22, 2044.</td>
<td></td>
</tr>
<tr>
<td>Total bonds authorized are $ 6,910,700.</td>
<td></td>
</tr>
<tr>
<td>2004 wastewater general obligation bonds (Inland Bays), due in semi-annual</td>
<td>10,000,000</td>
</tr>
<tr>
<td>installments, interest 1.5%, final payment due December 31, 2027.</td>
<td></td>
</tr>
<tr>
<td>Total bonds authorized are $ 16,000,000.</td>
<td></td>
</tr>
<tr>
<td>2005 wastewater general obligation bonds (Inland Bays), due in quarterly</td>
<td>6,874,782</td>
</tr>
<tr>
<td>installments, interest 4.125%, final payment due July 21, 2045.</td>
<td></td>
</tr>
<tr>
<td>Total bonds authorized are $ 7,000,000.</td>
<td></td>
</tr>
<tr>
<td>2005 wastewater revenue refunding bonds (West Rehoboth 1995 refunding),</td>
<td>17,320,000</td>
</tr>
<tr>
<td>due in semi-annual installments through June 15, 2025, interest ranging</td>
<td></td>
</tr>
<tr>
<td>from 3.5% to 4.5%. The bonds are secured by and payable solely from the</td>
<td></td>
</tr>
<tr>
<td>gross revenues of the West Rehoboth expansion sewer system. The revenue</td>
<td></td>
</tr>
<tr>
<td>bonds require various project, construction, operating and depreciation</td>
<td></td>
</tr>
<tr>
<td>accounts.</td>
<td></td>
</tr>
<tr>
<td>2006 wastewater general obligation bonds (Millville), due in semi-annual</td>
<td>1,757,220</td>
</tr>
<tr>
<td>installments, interest 1.5%, final payment due April 30, 2039.</td>
<td></td>
</tr>
<tr>
<td>Total bonds authorized are $ 8,000,000.</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal                                                                 160,475,317
Unamortized bond premium                                                  959,837
Unamortized bond discount                                                 (24,135)
Deferred amount on refunding, net of amortization                         (3,219,773)

TOTAL BONDS PAYABLE                                                      $ 158,191,246

Deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the refunded debt, net of amortization. This difference is reported in the accompanying financial statements as a deduction from bonds payable. Amortization of deferred amount on refunding charged to interest expense totaled $ 255,863 for fiscal year 2007.

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2007, the obligated unpaid amount was approximately $ 22.9 million. The County’s payment of these contracts will be contingent upon the contractors’ satisfactory performance.
NOTE H - LONG-TERM LIABILITIES - CONTINUED

Long-term Liability Activity

Long-term liability activity for the year ended June 30, 2007, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2006</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2007</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>$3,870,793</td>
<td>$2,557,274</td>
<td>$2,225,329</td>
<td>$4,202,738</td>
<td>$2,225,329</td>
</tr>
<tr>
<td>Capital lease obligations</td>
<td>181,346</td>
<td>110,546</td>
<td>126,621</td>
<td>165,271</td>
<td>88,385</td>
</tr>
<tr>
<td>Estimated liability for landfill postclosure care</td>
<td>4,558,000</td>
<td>80,000</td>
<td>-</td>
<td>4,638,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td>$8,610,139</td>
<td>$2,747,820</td>
<td>$2,351,950</td>
<td>$9,006,009</td>
<td>$2,313,714</td>
</tr>
<tr>
<td><strong>Business-type Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General obligation bonds</td>
<td>$133,549,727</td>
<td>$5,591,510</td>
<td>$4,163,769</td>
<td>$134,977,468</td>
<td>$5,231,108</td>
</tr>
<tr>
<td>Revenue bond debt</td>
<td>26,953,295</td>
<td>-</td>
<td>1,455,446</td>
<td>25,497,849</td>
<td>1,492,378</td>
</tr>
<tr>
<td>Unamortized bond premium</td>
<td>1,069,210</td>
<td>-</td>
<td>109,373</td>
<td>959,837</td>
<td>-</td>
</tr>
<tr>
<td>Unamortized bond discount</td>
<td>(26,730)</td>
<td>-</td>
<td>(2,595)</td>
<td>(24,135)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred amount of refunding, net of amortization</td>
<td>(3,475,636)</td>
<td>-</td>
<td>(255,863)</td>
<td>(3,219,773)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total bonds payable</strong></td>
<td>158,069,866</td>
<td>5,591,510</td>
<td>5,470,130</td>
<td>158,191,246</td>
<td>6,723,486</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>914,704</td>
<td>841,273</td>
<td>621,158</td>
<td>1,134,819</td>
<td>621,158</td>
</tr>
<tr>
<td><strong>Total Business-type Activities</strong></td>
<td>$158,984,570</td>
<td>$6,432,783</td>
<td>$6,091,288</td>
<td>$159,326,065</td>
<td>$7,344,644</td>
</tr>
</tbody>
</table>

For the governmental activities, compensated absences, capital lease obligations and estimated liability for landfill postclosure care are primarily liquidated by the General Fund.

Debt Maturity

The annual aggregate maturities for each bond type are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Business-type Activities - General Obligation</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$5,231,108</td>
<td>$4,568,755</td>
<td>$9,799,863</td>
</tr>
<tr>
<td>2009</td>
<td>5,646,618</td>
<td>4,377,036</td>
<td>10,023,654</td>
</tr>
<tr>
<td>2010</td>
<td>5,907,368</td>
<td>4,174,882</td>
<td>10,082,250</td>
</tr>
<tr>
<td>2011</td>
<td>6,121,120</td>
<td>3,963,353</td>
<td>10,084,473</td>
</tr>
<tr>
<td>2012</td>
<td>6,341,438</td>
<td>3,742,785</td>
<td>10,084,223</td>
</tr>
<tr>
<td>2013 - 2017</td>
<td>30,807,222</td>
<td>15,713,971</td>
<td>46,521,193</td>
</tr>
<tr>
<td>2018 - 2022</td>
<td>27,066,365</td>
<td>11,327,539</td>
<td>38,393,904</td>
</tr>
<tr>
<td>2023 - 2027</td>
<td>18,124,578</td>
<td>7,834,594</td>
<td>25,959,172</td>
</tr>
<tr>
<td>2028 - 2032</td>
<td>11,662,135</td>
<td>5,156,998</td>
<td>16,819,133</td>
</tr>
<tr>
<td>2033 - 2037</td>
<td>10,024,892</td>
<td>2,627,011</td>
<td>12,651,903</td>
</tr>
<tr>
<td>2038 - 2042</td>
<td>6,029,975</td>
<td>1,057,591</td>
<td>7,087,566</td>
</tr>
<tr>
<td>2043 - 2046</td>
<td>2,014,649</td>
<td>120,993</td>
<td>2,135,642</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$134,977,468</td>
<td>$64,665,508</td>
<td>$199,642,976</td>
</tr>
</tbody>
</table>
NOTE H - LONG-TERM LIABILITIES - CONTINUED

Business-type Activities - Revenue Bonds

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$1,492,378</td>
<td>$825,293</td>
<td>$2,317,671</td>
</tr>
<tr>
<td>2009</td>
<td>1,529,488</td>
<td>789,209</td>
<td>2,318,697</td>
</tr>
<tr>
<td>2010</td>
<td>1,561,781</td>
<td>752,066</td>
<td>2,313,847</td>
</tr>
<tr>
<td>2011</td>
<td>1,609,258</td>
<td>712,214</td>
<td>2,321,472</td>
</tr>
<tr>
<td>2012</td>
<td>1,646,921</td>
<td>670,863</td>
<td>2,317,784</td>
</tr>
<tr>
<td>2013 - 2017</td>
<td>8,448,023</td>
<td>2,679,807</td>
<td>11,127,830</td>
</tr>
<tr>
<td>2018 - 2022</td>
<td>5,385,000</td>
<td>1,546,530</td>
<td>6,931,530</td>
</tr>
<tr>
<td>2023 - 2025</td>
<td>3,825,000</td>
<td>344,184</td>
<td>4,169,184</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$25,497,849</strong></td>
<td><strong>$8,320,166</strong></td>
<td><strong>$33,818,015</strong></td>
</tr>
</tbody>
</table>

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2007 totaled $41,926,222. The bonds are to finance various sewer district construction and improvement projects. Subsequent to year end, the County approved the issuance of $2,800,000 general obligation bonds to finance the Fenwick Island Sewer District pump station upgrade.

Capital Lease Obligations

The County leases equipment under three to five year lease purchase agreements. Monthly lease payments range from $43 to $5,068, and expire from September 1, 2007 through September 1, 2010. Equipment with a cost basis of $553,735 was being leased at June 30, 2007. Depreciation of assets under capital leases is included in depreciation expense under government-wide reporting. Obligations under governmental activities capital leases are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$88,790</td>
</tr>
<tr>
<td>2009</td>
<td>45,365</td>
</tr>
<tr>
<td>2010</td>
<td>30,887</td>
</tr>
<tr>
<td>2011</td>
<td>634</td>
</tr>
</tbody>
</table>

Total minimum lease payments 165,676
Less: Amount representing imputed interest costs 405

PRESENT VALUE OF MINIMUM LEASE PAYMENTS $165,271
NOTE I - INTERFUND BALANCES

Interfund balances at June 30, 2007 consisted of the following:

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Total Amount</th>
<th>Long-term Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General fund</td>
<td>Bethany sewer fund</td>
<td>$ 542,753</td>
<td>$ 542,753</td>
</tr>
<tr>
<td></td>
<td>West Rehoboth sewer fund</td>
<td>124,177</td>
<td>124,177</td>
</tr>
<tr>
<td></td>
<td>Treatment plant - SCRWF</td>
<td>6,764,073</td>
<td>6,764,073</td>
</tr>
<tr>
<td></td>
<td>Nonmajor enterprise funds</td>
<td>10,281,275</td>
<td>10,281,275</td>
</tr>
<tr>
<td></td>
<td>Capital projects fund</td>
<td>438,765</td>
<td>438,765</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$ 18,151,043</td>
<td>$ 18,151,043</td>
</tr>
<tr>
<td>Treatment plant - SCRWF</td>
<td>Bethany sewer fund</td>
<td>176,535</td>
<td>176,535</td>
</tr>
<tr>
<td></td>
<td>West Rehoboth sewer fund</td>
<td>954,135</td>
<td>954,135</td>
</tr>
<tr>
<td></td>
<td>Nonmajor enterprise funds</td>
<td>2,595,810</td>
<td>2,595,810</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$ 3,726,480</td>
<td>$ 3,726,480</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>$ 21,877,523</td>
<td>$ 21,877,523</td>
</tr>
</tbody>
</table>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2007, interfund balances largely represented interim financing for sewer projects, which are to be repaid when the County draws the permanent funding. The long-term portion indicated above is not scheduled to be collected in the subsequent year.

NOTE J - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<table>
<thead>
<tr>
<th>Transfer from</th>
<th>General Fund</th>
<th>Nonmajor Funds</th>
<th>West Rehoboth Sewer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital projects fund</td>
<td>$ 13,914,628</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 13,914,628</td>
</tr>
<tr>
<td>Bethany sewer fund</td>
<td>90,631</td>
<td>-</td>
<td>-</td>
<td>90,631</td>
</tr>
<tr>
<td>West Rehoboth sewer fund</td>
<td>349,200</td>
<td>-</td>
<td>-</td>
<td>349,200</td>
</tr>
<tr>
<td>Treatment plant - SCRWF</td>
<td>416,244</td>
<td>-</td>
<td>-</td>
<td>416,244</td>
</tr>
<tr>
<td>Nonmajor enterprise funds</td>
<td>1,934,512</td>
<td>1,753,089</td>
<td>39,998</td>
<td>3,727,599</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 16,705,215</td>
<td>$ 1,753,089</td>
<td>$ 39,998</td>
<td>$ 18,498,302</td>
</tr>
</tbody>
</table>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
NOTE K - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in coverage from the prior year end. Settlements have not exceeded coverage in the past three years.

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2007, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to $200,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of $9,742,795 for the County’s portion of medical expense liability, which is covered under a commercial policy. The County reports the risk management activity in the General Fund. The County recognizes expenditures/expenses in the General Fund, Water Fund and Sewer Funds. The employee health plan is administered by an outside agency.

Employee Health Plan

Contributions from the County and employee withholdings are deposited into a reserve fund to pay prior-year and current-year claims. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Changes in the employee health claims liability amounts in fiscal year 2007 and 2006 were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning of Year Balance</th>
<th>Current-Year Claims and Changes in Estimates</th>
<th>Claims Payments</th>
<th>End of Year Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 - 2006</td>
<td>$408,446</td>
<td>$6,926,024</td>
<td>$(6,573,596)</td>
<td>$760,874</td>
</tr>
<tr>
<td>2006 - 2007</td>
<td>760,874</td>
<td>6,838,145</td>
<td>(6,820,754)</td>
<td>778,265</td>
</tr>
</tbody>
</table>

NOTE L - PROPRIETARY FUNDS CONTRACTS

The County has a contract with the Town of Georgetown for the Town to provide wastewater treatment and disposal for the County’s Ellendale Sewer Treatment System. The contract was executed on May 25, 2000 and is in effect for a period of 40 years unless both parties mutually agree to terminate the contract. The County has a contract with the City of Seaford for the purpose of discharging wastewater. The contract is in effect on January 1, 2004 for 10 years with an option to renew for an additional 10 years.
NOTE M - LANDFILL POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its six landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at these sites. The estimated liability for landfill postclosure care of $4,638,000 at June 30, 2007 represented the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care in 2007. Actual cost may be higher because of inflation, changes in technology or changes in regulations.

The annual operating costs for maintenance and monitoring the landfill sites will continue to be funded by the County and recorded as a long-term liability in the governmental activities on the Statement of Net Assets.

NOTE N - RENT REVENUES

The County has entered into several long-term operating leases with local businesses to rent property, mainly located in the County’s Industrial Park and Airport. These leases range in terms of one year to forty-five years and several of them are noncancelable. Buildings with a cost basis of $6,204,763 and accumulated depreciation of $687,515, equipment with a cost basis of $55,058 and accumulated depreciation of $55,058 and improvements of $23,785 and accumulated depreciation of $5,088 were being leased as of June 30, 2007.

The minimum future rental revenue under leases as of June 30, 2007 for each of the next five years and in the aggregate are:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$568,291</td>
</tr>
<tr>
<td>2009</td>
<td>519,948</td>
</tr>
<tr>
<td>2010</td>
<td>523,759</td>
</tr>
<tr>
<td>2011</td>
<td>530,152</td>
</tr>
<tr>
<td>2012</td>
<td>459,262</td>
</tr>
<tr>
<td>Thereafter</td>
<td>3,294,113</td>
</tr>
</tbody>
</table>

MINIMUM LEASE PAYMENTS RECEIVABLE $5,895,525

NOTE O - CONTINGENCIES

The County is currently involved in a number of lawsuits involving construction projects, zoning ordinances, and other civil lawsuits. The amount of any contingent liability related to these suits either cannot be estimated or the outcome is uncertain.

The County has authorized the issuance of revenue bonds to provide funds for various commercial, industrial and agricultural development projects. In the opinion of bond counsel, the bonds are not subject to the debt limit imposed on the County by the Delaware Code, and are payable solely from payments made by the borrowing entities. Accordingly, these bonds are not reflected in the accompanying financial statements.
NOTE P - ECONOMIC DEVELOPMENT LOANS

Under the County’s Local Government Economic Development Stimulus Loan Program, loans are provided for certain public projects and for economic development and job growth purposes. The balance outstanding was $398,870 at June 30, 2007, which is not reflected on the governmental funds balance sheet. The loans bear interest from 1% to 2% and may be increased to 5%, if certain job conditions are not met. The loans are subject to repayment on a monthly or annual basis, have maturities ranging from April to May 2017 and have various forms of security.

NOTE Q - SUBSEQUENT EVENTS

Major Capital Contracts

The County has approved the award of contracts totaling $4.2 million for the South Coastal Library and $5.9 million for the Millville expansion of the Bethany Beach Sanitary Sewer District subsequent to June 30, 2007.
REQUIRED SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets</th>
<th>Actuarial Accrued Liability</th>
<th>Unfunded Actuarial Accrued Liability</th>
<th>Funded Ratio</th>
<th>Covered Payroll</th>
<th>Unfunded Actuarial Accrued Liability as a % of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2002</td>
<td>$21,212,036</td>
<td>$21,567,079</td>
<td>$355,043</td>
<td>98.4%</td>
<td>$12,243,136</td>
<td>2.9%</td>
</tr>
<tr>
<td>01/01/2003</td>
<td>22,625,644</td>
<td>24,379,883</td>
<td>1,754,239</td>
<td>92.8</td>
<td>13,299,716</td>
<td>13.3</td>
</tr>
<tr>
<td>01/01/2004</td>
<td>25,324,895</td>
<td>27,284,408</td>
<td>1,959,513</td>
<td>92.8</td>
<td>14,359,924</td>
<td>13.6</td>
</tr>
<tr>
<td>01/01/2005</td>
<td>28,919,477</td>
<td>30,380,428</td>
<td>1,460,951</td>
<td>95.2</td>
<td>15,920,368</td>
<td>9.2</td>
</tr>
<tr>
<td>01/01/2006</td>
<td>34,091,663</td>
<td>34,224,683</td>
<td>133,020</td>
<td>99.6</td>
<td>17,401,966</td>
<td>0.8</td>
</tr>
<tr>
<td>01/01/2007</td>
<td>38,896,411</td>
<td>41,677,145</td>
<td>2,780,734</td>
<td>93.3</td>
<td>18,712,910</td>
<td>14.9</td>
</tr>
</tbody>
</table>
### Schedule of Employer Contributions

For the Year Ended June 30, 2007

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>Annual Required Contribution</th>
<th>Percentage Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$869,632</td>
<td>177.7 %</td>
</tr>
<tr>
<td>2003</td>
<td>996,026</td>
<td>177.8</td>
</tr>
<tr>
<td>2004</td>
<td>1,241,364</td>
<td>213.3</td>
</tr>
<tr>
<td>2005</td>
<td>1,407,930</td>
<td>234.7</td>
</tr>
<tr>
<td>2006</td>
<td>1,484,177</td>
<td>305.4</td>
</tr>
<tr>
<td>2007</td>
<td>1,518,921</td>
<td>202.1</td>
</tr>
</tbody>
</table>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
GENERAL FUND
### SUSSEX COUNTY, DELAWARE

#### SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th></th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td><strong>TAXES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real property - County</td>
<td>$9,979,053</td>
<td>$10,233,585</td>
<td>$254,532</td>
</tr>
<tr>
<td>Real property - library</td>
<td>1,075,661</td>
<td>1,104,345</td>
<td>28,684</td>
</tr>
<tr>
<td>Realty transfer</td>
<td>15,298,000</td>
<td>27,058,083</td>
<td>11,760,083</td>
</tr>
<tr>
<td>Capitation</td>
<td>234,780</td>
<td>239,597</td>
<td>4,817</td>
</tr>
<tr>
<td>Fire service</td>
<td>1,435,000</td>
<td>1,535,864</td>
<td>100,864</td>
</tr>
<tr>
<td>Penalties and interest</td>
<td>149,350</td>
<td>124,937</td>
<td>(24,413)</td>
</tr>
<tr>
<td><strong>TOTAL TAXES</strong></td>
<td>28,171,844</td>
<td>40,296,411</td>
<td>12,124,567</td>
</tr>
<tr>
<td><strong>INTERGOVERNMENTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grants:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency preparedness</td>
<td>86,892</td>
<td>174,102</td>
<td>87,210</td>
</tr>
<tr>
<td>Housing and Urban Development</td>
<td>1,266,000</td>
<td>1,633,206</td>
<td>367,206</td>
</tr>
<tr>
<td>Project income</td>
<td>-</td>
<td>75,351</td>
<td>75,351</td>
</tr>
<tr>
<td>Federal payments in lieu of taxes</td>
<td>10,000</td>
<td>12,977</td>
<td>2,977</td>
</tr>
<tr>
<td>State grants:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>240,742</td>
<td>339,770</td>
<td>99,028</td>
</tr>
<tr>
<td>Paramedic</td>
<td>4,933,983</td>
<td>4,612,671</td>
<td>(321,312)</td>
</tr>
<tr>
<td>Local emergency plan commission</td>
<td>69,077</td>
<td>34,000</td>
<td>(35,077)</td>
</tr>
<tr>
<td>Parking lot - Highway funds</td>
<td>-</td>
<td>43,499</td>
<td>43,499</td>
</tr>
<tr>
<td>Department of Health - rodents</td>
<td>10,000</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>4,000</td>
<td>-</td>
<td>(4,000)</td>
</tr>
<tr>
<td><strong>TOTAL INTERGOVERNMENTAL</strong></td>
<td>6,620,694</td>
<td>6,935,576</td>
<td>314,882</td>
</tr>
<tr>
<td><strong>CHARGES FOR SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constitutional Office Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerk of the Peace</td>
<td>42,000</td>
<td>45,248</td>
<td>3,248</td>
</tr>
<tr>
<td>Prothonotary</td>
<td>2,500</td>
<td>90</td>
<td>(2,410)</td>
</tr>
<tr>
<td>Recorder of Deeds</td>
<td>5,270,000</td>
<td>4,813,953</td>
<td>(456,047)</td>
</tr>
<tr>
<td>Register of Wills</td>
<td>800,000</td>
<td>721,274</td>
<td>(78,726)</td>
</tr>
<tr>
<td>Sheriff</td>
<td>390,000</td>
<td>590,589</td>
<td>200,589</td>
</tr>
<tr>
<td><strong>Total Constitutional Office Fees</strong></td>
<td>6,504,500</td>
<td>6,171,154</td>
<td>(333,346)</td>
</tr>
<tr>
<td>General Government Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building permit and zoning fees</td>
<td>2,250,000</td>
<td>2,076,999</td>
<td>(173,001)</td>
</tr>
<tr>
<td>Building inspections</td>
<td>2,257,849</td>
<td>1,770,275</td>
<td>(487,574)</td>
</tr>
<tr>
<td>Security identification cards</td>
<td>1,500</td>
<td>1,010</td>
<td>(490)</td>
</tr>
<tr>
<td>Mobile home placement</td>
<td>372,372</td>
<td>210,824</td>
<td>(161,548)</td>
</tr>
<tr>
<td>911 reporting</td>
<td>520,000</td>
<td>563,403</td>
<td>43,403</td>
</tr>
<tr>
<td><strong>Total General Government Fees</strong></td>
<td>5,401,721</td>
<td>4,622,511</td>
<td>(779,210)</td>
</tr>
</tbody>
</table>

(continued)
### CHARGES FOR SERVICES - CONTINUED

<table>
<thead>
<tr>
<th>Services</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport operations</td>
<td>$ 259,000</td>
<td>$ 195,398</td>
<td>$ (63,602)</td>
</tr>
<tr>
<td>Data processing</td>
<td>40,000</td>
<td>40,922</td>
<td>922</td>
</tr>
<tr>
<td>Private road inspections and design fees</td>
<td>1,700,000</td>
<td>1,119,946</td>
<td>(580,054)</td>
</tr>
<tr>
<td>Industrial park water and sewer</td>
<td>40,000</td>
<td>37,089</td>
<td>(2,911)</td>
</tr>
<tr>
<td>Sewer and water inspections</td>
<td>5,000</td>
<td>78,502</td>
<td>73,502</td>
</tr>
<tr>
<td><strong>Total General Government Services</strong></td>
<td>2,044,000</td>
<td>1,471,857</td>
<td>(572,143)</td>
</tr>
<tr>
<td><strong>Other Charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>37,500</td>
<td>44,915</td>
<td>7,415</td>
</tr>
<tr>
<td><strong>Total Charges for Services</strong></td>
<td>13,987,721</td>
<td>12,310,437</td>
<td>(1,677,284)</td>
</tr>
<tr>
<td><strong>FINES AND FORFEITS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library fines</td>
<td>15,000</td>
<td>23,282</td>
<td>8,282</td>
</tr>
<tr>
<td>Zoning violations</td>
<td>2,500</td>
<td>2,325</td>
<td>(175)</td>
</tr>
<tr>
<td><strong>Total Fines and Forfeits</strong></td>
<td>17,500</td>
<td>25,607</td>
<td>8,107</td>
</tr>
<tr>
<td><strong>MISCELLANEOUS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earnings</td>
<td>1,400,000</td>
<td>4,812,569</td>
<td>3,412,569</td>
</tr>
<tr>
<td>Rents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial park</td>
<td>326,500</td>
<td>325,610</td>
<td>(890)</td>
</tr>
<tr>
<td>County office building</td>
<td>94,000</td>
<td>91,104</td>
<td>(2,896)</td>
</tr>
<tr>
<td>Other</td>
<td>5,000</td>
<td>5,120</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total Miscellaneous</strong></td>
<td>1,825,500</td>
<td>5,430,788</td>
<td>3,605,288</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>50,623,259</td>
<td>64,998,819</td>
<td>14,375,560</td>
</tr>
<tr>
<td><strong>Other Financing Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of debt</td>
<td></td>
<td>110,546</td>
<td>110,546</td>
</tr>
<tr>
<td><strong>Total Revenues and Other Financing Sources</strong></td>
<td>$ 50,623,259</td>
<td>$ 65,109,365</td>
<td>$ 14,486,106</td>
</tr>
</tbody>
</table>
## GENERAL ADMINISTRATION

### County Council

<table>
<thead>
<tr>
<th>Category</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>197,108</td>
<td>198,614</td>
<td>(1,506)</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>169,449</td>
<td>163,589</td>
<td>5,860</td>
</tr>
<tr>
<td>Contractual services</td>
<td>105,019</td>
<td>94,506</td>
<td>10,513</td>
</tr>
<tr>
<td>Supplies</td>
<td>19,482</td>
<td>16,511</td>
<td>2,971</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>7,693</td>
<td>8,891</td>
<td>(1,198)</td>
</tr>
<tr>
<td>Other expenditures</td>
<td>113,000</td>
<td>88,145</td>
<td>24,855</td>
</tr>
<tr>
<td>Travel and training</td>
<td>21,690</td>
<td>27,160</td>
<td>(5,470)</td>
</tr>
<tr>
<td><strong>Total County Council</strong></td>
<td>633,441</td>
<td>597,416</td>
<td>36,025</td>
</tr>
</tbody>
</table>

### County Administration

<table>
<thead>
<tr>
<th>Category</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>345,711</td>
<td>345,082</td>
<td>629</td>
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<tr>
<td>Employee benefits</td>
<td>176,989</td>
<td>160,975</td>
<td>16,014</td>
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<tr>
<td>Contractual services</td>
<td>14,273</td>
<td>8,871</td>
<td>5,402</td>
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<tr>
<td>Supplies</td>
<td>9,941</td>
<td>3,354</td>
<td>6,587</td>
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<tr>
<td>Capital outlay</td>
<td>22,000</td>
<td>23,699</td>
<td>(1,699)</td>
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<tr>
<td>Other expenditures</td>
<td>1,000</td>
<td>206</td>
<td>794</td>
</tr>
<tr>
<td>Travel and training</td>
<td>7,100</td>
<td>4,365</td>
<td>2,735</td>
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<tr>
<td><strong>Total County Administration</strong></td>
<td>577,014</td>
<td>546,552</td>
<td>30,462</td>
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</table>

### Legal Department

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>175,000</td>
<td>166,555</td>
<td>8,445</td>
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</table>

**TOTAL GENERAL ADMINISTRATION**

<table>
<thead>
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<th>Variance with Final Budget</th>
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<tbody>
<tr>
<td><strong>Total General Administration</strong></td>
<td>1,385,455</td>
<td>1,310,523</td>
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## FINANCE

### Financial Administration

<table>
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<th>Category</th>
<th>Final Budget</th>
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<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>330,113</td>
<td>302,508</td>
<td>27,605</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>199,611</td>
<td>194,747</td>
<td>4,864</td>
</tr>
<tr>
<td>Professional services</td>
<td>8,470</td>
<td>8,469</td>
<td>1</td>
</tr>
<tr>
<td>Contractual services</td>
<td>152,200</td>
<td>148,997</td>
<td>3,203</td>
</tr>
<tr>
<td>Supplies</td>
<td>7,250</td>
<td>6,696</td>
<td>554</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>3,450</td>
<td>3,086</td>
<td>364</td>
</tr>
<tr>
<td>Travel and training</td>
<td>1,880</td>
<td>1,771</td>
<td>109</td>
</tr>
<tr>
<td><strong>Total Financial Administration</strong></td>
<td>702,974</td>
<td>666,274</td>
<td>36,700</td>
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### Assessment

<table>
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<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>1,075,721</td>
<td>1,072,998</td>
<td>2,723</td>
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<tr>
<td>Employee benefits</td>
<td>855,230</td>
<td>833,868</td>
<td>21,362</td>
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<tr>
<td>Professional services</td>
<td>2,000</td>
<td>1,998</td>
<td>2</td>
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<tr>
<td>Contractual services</td>
<td>57,562</td>
<td>47,253</td>
<td>10,309</td>
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<tr>
<td>Supplies</td>
<td>37,481</td>
<td>33,498</td>
<td>3,983</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>16,952</td>
<td>39,168</td>
<td>(22,216)</td>
</tr>
<tr>
<td>Travel and training</td>
<td>3,000</td>
<td>2,156</td>
<td>844</td>
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<tr>
<td><strong>Total Assessment</strong></td>
<td>2,047,946</td>
<td>2,030,939</td>
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(continued)
## FINANCE - CONTINUED

### Building Code

<table>
<thead>
<tr>
<th>Category</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>$274,699</td>
<td>$272,336</td>
<td>$2,363</td>
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<tr>
<td>Employee benefits</td>
<td>212,680</td>
<td>211,589</td>
<td>1,091</td>
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<tr>
<td>Professional services</td>
<td>4,550</td>
<td>1,100</td>
<td>3,450</td>
</tr>
<tr>
<td>Contractual services</td>
<td>949,808</td>
<td>642,757</td>
<td>307,051</td>
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<tr>
<td>Supplies</td>
<td>19,075</td>
<td>13,757</td>
<td>5,318</td>
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<tr>
<td>Capital outlay</td>
<td>14,761</td>
<td>14,520</td>
<td>241</td>
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<tr>
<td>Travel and training</td>
<td>8,240</td>
<td>2,435</td>
<td>5,805</td>
</tr>
</tbody>
</table>

**Total Building Code**

|                     | 1,483,813     | 1,158,494| 325,319                    |

### Mapping and Addressing

<table>
<thead>
<tr>
<th>Category</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>336,733</td>
<td>313,176</td>
<td>23,557</td>
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<tr>
<td>Employee benefits</td>
<td>290,035</td>
<td>266,807</td>
<td>23,228</td>
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<tr>
<td>Professional services</td>
<td>94,000</td>
<td>71,649</td>
<td>22,351</td>
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<tr>
<td>Contractual services</td>
<td>38,637</td>
<td>25,155</td>
<td>13,482</td>
</tr>
<tr>
<td>Supplies</td>
<td>20,200</td>
<td>15,579</td>
<td>4,621</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>38,449</td>
<td>4,426</td>
<td>34,023</td>
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<tr>
<td>Other expenditures</td>
<td>25,956</td>
<td>18,682</td>
<td>7,274</td>
</tr>
<tr>
<td>Travel and training</td>
<td>21,466</td>
<td>17,396</td>
<td>4,070</td>
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</table>

**Total Mapping and Addressing**

|                     | 865,476      | 732,870| 132,606                    |

### Accounting

<table>
<thead>
<tr>
<th>Category</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
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</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>411,296</td>
<td>355,065</td>
<td>56,231</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>308,784</td>
<td>302,523</td>
<td>6,261</td>
</tr>
<tr>
<td>Professional services</td>
<td>115,403</td>
<td>115,403</td>
<td>-</td>
</tr>
<tr>
<td>Contractual services</td>
<td>35,740</td>
<td>35,361</td>
<td>379</td>
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<tr>
<td>Supplies</td>
<td>10,037</td>
<td>9,089</td>
<td>948</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>5,185</td>
<td>5,826</td>
<td>(641)</td>
</tr>
<tr>
<td>Other expenditures</td>
<td>-</td>
<td>3,551</td>
<td>(3,551)</td>
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<tr>
<td>Travel and training</td>
<td>8,619</td>
<td>8,618</td>
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</table>

**Total Accounting**

|                     | 895,064      | 835,436| 59,628                     |

### Treasury

<table>
<thead>
<tr>
<th>Category</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
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<tbody>
<tr>
<td>Personal services</td>
<td>330,563</td>
<td>330,563</td>
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<tr>
<td>Employee benefits</td>
<td>246,208</td>
<td>242,875</td>
<td>3,333</td>
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<td>Professional services</td>
<td>5,409</td>
<td>1,779</td>
<td>3,630</td>
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<td>Contractual services</td>
<td>125,819</td>
<td>107,169</td>
<td>18,650</td>
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<tr>
<td>Supplies</td>
<td>7,950</td>
<td>6,821</td>
<td>1,129</td>
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<tr>
<td>Capital outlay</td>
<td>10,150</td>
<td>10,638</td>
<td>(488)</td>
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<tr>
<td>Travel and training</td>
<td>500</td>
<td>179</td>
<td>321</td>
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</table>

**Total Treasury**

|                     | 726,599      | 700,024| 26,575                     |

**TOTAL FINANCE**

|                     | 6,721,872    | 6,124,037| 597,835                    |

(continued)
SUSSEX COUNTY, DELAWARE
SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th></th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget - Positive (Negative)</th>
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<tbody>
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<td><strong>PERSONNEL</strong></td>
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<td></td>
</tr>
<tr>
<td>Personnel Administration</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Personal services</td>
<td>$254,725</td>
<td>$254,725</td>
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<tr>
<td>Employee benefits</td>
<td>176,922</td>
<td>171,457</td>
<td>5,465</td>
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<tr>
<td>Professional services</td>
<td>58,050</td>
<td>55,506</td>
<td>2,544</td>
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<tr>
<td>Contractual services</td>
<td>4,083</td>
<td>2,803</td>
<td>1,280</td>
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<tr>
<td>Supplies</td>
<td>6,850</td>
<td>6,217</td>
<td>633</td>
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<tr>
<td>Capital outlay</td>
<td>6,315</td>
<td>4,575</td>
<td>1,740</td>
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<tr>
<td>Other expenditures</td>
<td>153,573</td>
<td>80,599</td>
<td>72,974</td>
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<tr>
<td>Travel and training</td>
<td>5,634</td>
<td>3,734</td>
<td>1,900</td>
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<tr>
<td><strong>Total Personnel Administration</strong></td>
<td>$666,152</td>
<td>$579,616</td>
<td>$86,536</td>
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<tr>
<td>General Employment and Retirement</td>
<td>$1,553,224</td>
<td>$1,167,950</td>
<td>$385,274</td>
</tr>
<tr>
<td>Employee and retiree benefits</td>
<td>1,313,125</td>
<td>1,305,571</td>
<td>7,554</td>
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<tr>
<td>Pension</td>
<td>1,000</td>
<td>1,2058</td>
<td>(11,058)</td>
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<tr>
<td><strong>Total General Employment and Retirement</strong></td>
<td>$2,867,349</td>
<td>$2,485,579</td>
<td>$381,770</td>
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<tr>
<td><strong>TOTAL PERSONNEL</strong></td>
<td>$3,533,501</td>
<td>$3,065,195</td>
<td>$468,306</td>
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<tr>
<td><strong>BUILDING AND GROUNDS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal services</td>
<td>540,726</td>
<td>411,824</td>
<td>128,902</td>
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<tr>
<td>Employee benefits</td>
<td>386,574</td>
<td>305,321</td>
<td>81,253</td>
</tr>
<tr>
<td>Contractual services</td>
<td>14,262</td>
<td>32,026</td>
<td>(17,764)</td>
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<tr>
<td>Supplies</td>
<td>45,533</td>
<td>34,177</td>
<td>11,356</td>
</tr>
<tr>
<td>Other expenditures</td>
<td>1,521</td>
<td>1,521</td>
<td>-</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>10,000</td>
<td>26,612</td>
<td>(16,612)</td>
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<tr>
<td><strong>Total Maintenance</strong></td>
<td>$998,616</td>
<td>$811,481</td>
<td>$187,135</td>
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<td>Operations - Administrative Buildings</td>
<td>$363,112</td>
<td>343,917</td>
<td>19,195</td>
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<td>Personal services</td>
<td>322,607</td>
<td>316,415</td>
<td>6,192</td>
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<tr>
<td>Contractual services</td>
<td>292,623</td>
<td>265,830</td>
<td>26,793</td>
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<tr>
<td>Supplies</td>
<td>101,680</td>
<td>97,110</td>
<td>4,570</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>14,083</td>
<td>19,848</td>
<td>(5,765)</td>
</tr>
<tr>
<td>Other expenditures</td>
<td>19,796</td>
<td>7,362</td>
<td>12,434</td>
</tr>
<tr>
<td>Travel and training</td>
<td>500</td>
<td>-</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total Operations - Administrative Buildings</strong></td>
<td>$1,114,651</td>
<td>$1,050,482</td>
<td>$64,169</td>
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<tr>
<td><strong>TOTAL BUILDING AND GROUNDS</strong></td>
<td>$2,113,267</td>
<td>$1,861,963</td>
<td>$251,304</td>
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(continued)
### DATA PROCESSING

<table>
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<tr>
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<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Data Processing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal services</td>
<td>282,037</td>
<td>261,173</td>
<td>$20,864</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>188,765</td>
<td>184,517</td>
<td>4,248</td>
</tr>
<tr>
<td>Contractual services</td>
<td>32,465</td>
<td>30,224</td>
<td>2,241</td>
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<tr>
<td>Supplies</td>
<td>22,650</td>
<td>22,267</td>
<td>383</td>
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<tr>
<td>Capital outlay</td>
<td>4,500</td>
<td>4,427</td>
<td>73</td>
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<tr>
<td>Travel and training</td>
<td>6,300</td>
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<td>2,717</td>
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<tr>
<td><strong>Total Data Processing</strong></td>
<td>576,717</td>
<td>506,191</td>
<td>70,526</td>
</tr>
</tbody>
</table>

|                          |              |            |                                                 |
| **Information Systems**  |              |            |                                                 |
| Personal services        | 272,098      | 294,977    | $(22,879)                                       |
| Employee benefits        | 200,362      | 205,296    | $(4,934)                                        |
| Contractual services     | 123,108      | 76,641     | 46,467                                          |
| Supplies                 | 42,630       | 23,808     | 18,822                                          |
| Capital outlay           | 309,895      | 154,440    | 155,455                                         |
| Travel and training      | 21,000       | 18,187     | 2,813                                           |
| **Total Information Systems** | 969,093    | 773,349    | 195,744                                        |

|                          |              |            |                                                 |
| **TOTAL DATA PROCESSING**| 1,545,810    | 1,279,540  | 266,270                                        |

### COUNTY CONSTABLE

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal services</td>
<td>150,097</td>
<td>150,097</td>
<td>-</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>102,050</td>
<td>102,050</td>
<td>-</td>
</tr>
<tr>
<td>Contractual services</td>
<td>23,608</td>
<td>24,557</td>
<td>$(949)</td>
</tr>
<tr>
<td>Supplies</td>
<td>7,654</td>
<td>7,377</td>
<td>277</td>
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<tr>
<td>Capital outlay</td>
<td>2,742</td>
<td>15,094</td>
<td>(12,352)</td>
</tr>
<tr>
<td>Other expenditures</td>
<td>24,181</td>
<td>4,469</td>
<td>19,712</td>
</tr>
<tr>
<td><strong>TOTAL COUNTY CONSTABLE</strong></td>
<td>310,332</td>
<td>303,644</td>
<td>6,688</td>
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</table>

### GRANT-IN-AID PROGRAMS

<p>| | | | |</p>
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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire companies</td>
<td>3,684,444</td>
<td>3,783,329</td>
<td>$(98,885)</td>
</tr>
<tr>
<td>Future Farmers of America</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>Agriculture Extension Work (4-H)</td>
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<td>133,097</td>
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<tr>
<td>Erosion and sediment</td>
<td>127,544</td>
<td>227,544</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Council grants</td>
<td>500,000</td>
<td>406,517</td>
<td>93,483</td>
</tr>
<tr>
<td>Cheers meal program</td>
<td>84,600</td>
<td>84,600</td>
<td>-</td>
</tr>
<tr>
<td>Ambulance stations (non-fire)</td>
<td>16,906</td>
<td>16,906</td>
<td>-</td>
</tr>
<tr>
<td>Sussex County Community Action Agency</td>
<td>10,000</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Small Business Development Center</td>
<td>10,000</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Sussex state police program</td>
<td>1,413,000</td>
<td>1,347,843</td>
<td>65,157</td>
</tr>
<tr>
<td>Sussex local police grants</td>
<td>500,000</td>
<td>502,160</td>
<td>(2,160)</td>
</tr>
<tr>
<td>Human service grants</td>
<td>110,000</td>
<td>105,150</td>
<td>4,850</td>
</tr>
</tbody>
</table>

(continued)
### GRANT-IN-AID PROGRAMS - CONTINUED

<table>
<thead>
<tr>
<th></th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Positive</td>
</tr>
<tr>
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### PLANNING AND ZONING

#### Administration

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<td>5,085</td>
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#### Board of Adjustment

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#### Commission

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**TOTAL PLANNING AND ZONING**

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### PARAMEDIC PROGRAM

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### EMERGENCY PREPAREDNESS

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(continued)
**ECONOMIC DEVELOPMENT AND PUBLIC WORKS**

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**COUNTY ENGINEER**

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<table>
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<th>Variance with Final Budget - Positive (Negative)</th>
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<th>Actual</th>
<th>Variance with Final Budget - Positive (Negative)</th>
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</tr>
<tr>
<td>Supplies</td>
<td>3,700</td>
<td>4,932</td>
<td>(1,232)</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>-</td>
<td>5,220</td>
<td>(5,220)</td>
</tr>
<tr>
<td>Travel and training</td>
<td>6,924</td>
<td>7,175</td>
<td>(251)</td>
</tr>
<tr>
<td><strong>Total Administration</strong></td>
<td>410,563</td>
<td>410,743</td>
<td>(180)</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual services</td>
<td>1,114,000</td>
<td>1,555,028</td>
<td>(441,028)</td>
</tr>
<tr>
<td><strong>TOTAL COMMUNITY DEVELOPMENT AND HOUSING PROGRAMS</strong></td>
<td>1,524,563</td>
<td>1,965,771</td>
<td>(441,208)</td>
</tr>
<tr>
<td><strong>CONSTITUTIONAL OFFICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerk of the Peace</td>
<td>160,318</td>
<td>158,018</td>
<td>2,300</td>
</tr>
<tr>
<td>Recorder of Deeds</td>
<td>1,503,578</td>
<td>1,358,447</td>
<td>145,131</td>
</tr>
<tr>
<td>Register of Wills</td>
<td>402,291</td>
<td>393,643</td>
<td>8,648</td>
</tr>
<tr>
<td>Sheriff</td>
<td>627,073</td>
<td>590,375</td>
<td>36,698</td>
</tr>
<tr>
<td><strong>TOTAL CONSTITUTIONAL OFFICES</strong></td>
<td>2,693,260</td>
<td>2,500,483</td>
<td>192,777</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>54,369,165</td>
<td>51,056,182</td>
<td>3,312,983</td>
</tr>
<tr>
<td><strong>OTHER FINANCING USES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved for contingencies</td>
<td>1,056,722</td>
<td>-</td>
<td>1,056,722</td>
</tr>
<tr>
<td>Transfer out</td>
<td>2,954,743</td>
<td>16,705,215</td>
<td>(13,750,472)</td>
</tr>
<tr>
<td><strong>TOTAL OTHER FINANCING USES</strong></td>
<td>4,011,465</td>
<td>16,705,215</td>
<td>(12,693,750)</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES AND OTHER FINANCING USES</strong></td>
<td>$58,380,630</td>
<td>$67,761,397</td>
<td>$(9,380,767)</td>
</tr>
<tr>
<td>Year Ended</td>
<td>Total Revenues and Other Financing Sources</td>
<td>Total Expenditures and Other Financing Uses</td>
<td>Revenues Over (Under) Expenditures</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>June 30, 1978</td>
<td>$3,017,587</td>
<td>$2,944,327</td>
<td>$73,260</td>
</tr>
<tr>
<td>June 30, 1979</td>
<td>3,211,534</td>
<td>3,327,193</td>
<td>(115,659)</td>
</tr>
<tr>
<td>June 30, 1981</td>
<td>4,132,559</td>
<td>4,514,093</td>
<td>(381,534)</td>
</tr>
<tr>
<td>June 30, 1982</td>
<td>5,396,279</td>
<td>5,535,716</td>
<td>42,563</td>
</tr>
<tr>
<td>June 30, 1984</td>
<td>7,368,435</td>
<td>6,505,440</td>
<td>862,995</td>
</tr>
<tr>
<td>June 30, 1985</td>
<td>7,195,223</td>
<td>7,062,005</td>
<td>133,218</td>
</tr>
<tr>
<td>June 30, 1986</td>
<td>8,092,891</td>
<td>7,332,618</td>
<td>760,273</td>
</tr>
<tr>
<td>June 30, 1987</td>
<td>8,083,881</td>
<td>8,223,857</td>
<td>(139,976)</td>
</tr>
<tr>
<td>June 30, 1988</td>
<td>8,747,945</td>
<td>8,038,906</td>
<td>709,039</td>
</tr>
<tr>
<td>June 30, 1989</td>
<td>8,785,091</td>
<td>8,498,335</td>
<td>286,756</td>
</tr>
<tr>
<td>June 30, 1990</td>
<td>9,450,906</td>
<td>9,813,082</td>
<td>(362,176)</td>
</tr>
<tr>
<td>June 30, 1991</td>
<td>11,194,437</td>
<td>10,849,623</td>
<td>344,814</td>
</tr>
<tr>
<td>June 30, 1992</td>
<td>13,638,160</td>
<td>12,496,815</td>
<td>1,141,345</td>
</tr>
<tr>
<td>June 30, 1993</td>
<td>15,702,048</td>
<td>14,788,446</td>
<td>913,602</td>
</tr>
<tr>
<td>June 30, 1994</td>
<td>17,400,655</td>
<td>15,609,340</td>
<td>1,791,315</td>
</tr>
<tr>
<td>June 30, 1995</td>
<td>18,691,048</td>
<td>16,649,804</td>
<td>2,041,244</td>
</tr>
<tr>
<td>June 30, 1996</td>
<td>19,839,629</td>
<td>18,335,025</td>
<td>1,504,604</td>
</tr>
<tr>
<td>June 30, 1997</td>
<td>20,657,168</td>
<td>18,887,201</td>
<td>1,769,967</td>
</tr>
<tr>
<td>June 30, 1998</td>
<td>22,748,561</td>
<td>19,577,032</td>
<td>3,171,529</td>
</tr>
<tr>
<td>June 30, 1999</td>
<td>27,986,124</td>
<td>21,058,512</td>
<td>6,927,612</td>
</tr>
<tr>
<td>June 30, 2000</td>
<td>31,943,432</td>
<td>27,905,314</td>
<td>4,038,118</td>
</tr>
<tr>
<td>June 30, 2001</td>
<td>33,372,782</td>
<td>30,856,476</td>
<td>2,516,306</td>
</tr>
<tr>
<td>June 30, 2002</td>
<td>40,317,598</td>
<td>34,062,609</td>
<td>6,254,989</td>
</tr>
<tr>
<td>June 30, 2003</td>
<td>47,788,332</td>
<td>35,256,669</td>
<td>12,531,663</td>
</tr>
<tr>
<td>June 30, 2004</td>
<td>59,473,814</td>
<td>48,051,724</td>
<td>11,422,090</td>
</tr>
<tr>
<td>June 30, 2005</td>
<td>68,771,872</td>
<td>56,968,164</td>
<td>11,803,708</td>
</tr>
<tr>
<td>June 30, 2006</td>
<td>75,629,821</td>
<td>64,726,011</td>
<td>10,903,810</td>
</tr>
<tr>
<td>June 30, 2007</td>
<td>65,109,365</td>
<td>67,761,397</td>
<td>(2,652,032)</td>
</tr>
</tbody>
</table>

Note: Total expenditures and other financing uses include residual equity transfers prior to fiscal year 2003.
CAPITAL PROJECTS FUND
## SCHEDULE OF CAPITAL PROJECTS FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Taxes</td>
<td>$ 13,402,000</td>
<td>$ 13,402,000</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>2,025,000</td>
<td>2,025,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>213,000</td>
<td>213,000</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>15,640,000</td>
<td>15,640,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Capital projects</td>
<td>19,686,337</td>
<td>19,686,337</td>
</tr>
<tr>
<td><strong>EXCESS OF REVENUES OVER EXPENDITURES</strong></td>
<td>(4,046,337)</td>
<td>(4,046,337)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER FINANCING SOURCES (USES)</th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget - Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Transfers in</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCE</strong></td>
<td>(4,046,337)</td>
<td>(4,046,337)</td>
</tr>
</tbody>
</table>

| FUND BALANCE - BEGINNING       | 21,203,720 | 21,203,720 | 21,203,720 | -                             |
| FUND BALANCE - ENDING          | $ 17,157,383 | $ 17,157,383 | $ 27,814,148 | $ 10,656,765                  |
ENTERPRISE FUNDS
### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
<th>Fenwick Island Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$56,034</td>
<td>$176,896</td>
<td>$990,528</td>
<td>$2,067,204</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>32,360</td>
<td>56,128</td>
<td>10,413</td>
<td>12,961</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>1,601</td>
<td>638</td>
<td>559</td>
<td>1,431</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>5,423</td>
<td>11,640</td>
<td>8,507</td>
<td>17,849</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>743</td>
<td>-</td>
<td>738</td>
<td>4,730</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>200,517</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>9,815</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>105,976</td>
<td>445,819</td>
<td>1,010,745</td>
<td>2,104,175</td>
</tr>
</tbody>
</table>

|                     |             |             |                     |                      |
| **NONCURRENT ASSETS** |             |             |                     |                      |
| Restricted assets:   |             |             |                     |                      |
| Cash and cash equivalents | 1,020,891  | 1,492,105   | 1,387,272           | 2,927,609            |
| Bond issue cost, net of amortization | -          | -          | -                   | -                    |
| Net pension asset | 60,743      | 23,983      | 46,590              | 108,512              |
| Noncurrent accounts receivable: |             |             |                     |                      |
| Service charges         | 4,487       | 10,279      | 2,315               | 6,389                |
| Assessment, impact, connection, and expansion | 1,160       | 517         | -                   | 429                  |
| Capital assets:        |             |             |                     |                      |
| Land, improvements, and construction in progress | 35,766      | 99,480      | 492,672             | 101,849              |
| Other capital assets, net of depreciation | 1,929,369   | 3,275,042   | 7,475,407           | 12,410,097           |
| **TOTAL NONCURRENT ASSETS** | 3,052,416   | 4,901,406   | 9,404,256           | 15,554,885           |

|                     |             |             |                     |                      |
| **TOTAL ASSETS**     | 3,158,392   | 5,347,225   | 10,415,001          | 17,659,060           |

### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
<th>Fenwick Island Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>61,941</td>
<td>33,733</td>
<td>346</td>
<td>1,401</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>5,034</td>
<td>334</td>
<td>7,075</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>148,284</td>
<td>139,176</td>
<td>102,294</td>
<td>163,165</td>
</tr>
<tr>
<td>Notes payable</td>
<td>-</td>
<td>295,898</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>19,207</td>
<td>50,396</td>
<td>19,518</td>
<td>135,154</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>229,432</td>
<td>524,237</td>
<td>122,492</td>
<td>306,795</td>
</tr>
</tbody>
</table>

|                     |             |             |                     |                      |
| **LONG-TERM LIABILITIES, LESS CURRENT PORTION** | 15,882       | 484,984     | 35,840              | 635,325              |

|                     |             |             |                     |                      |
| **TOTAL LIABILITIES** |             |             |                     |                      |
|                     | 245,314     | 1,009,221   | 158,332             | 942,120              |

### NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
<th>Fenwick Island Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>1,965,135</td>
<td>2,557,073</td>
<td>7,939,685</td>
<td>11,804,129</td>
</tr>
<tr>
<td>Restricted for construction and debt service</td>
<td>1,020,891</td>
<td>1,492,105</td>
<td>1,387,272</td>
<td>2,927,609</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(72,948)</td>
<td>288,826</td>
<td>929,712</td>
<td>1,985,202</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$2,913,078</td>
<td>$4,338,004</td>
<td>$10,256,669</td>
<td>$16,716,940</td>
</tr>
</tbody>
</table>

(continued)
### ASSETS

<table>
<thead>
<tr>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$350,799</td>
<td>$59,737</td>
<td>$2,173,473</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>19,954</td>
<td>1,425</td>
<td>11,419</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>3,244</td>
<td>-</td>
<td>4,726</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>2,782</td>
<td>515</td>
<td>42,091</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>14,209</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>14,104</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>$376,779</td>
<td>75,781</td>
<td>$2,245,918</td>
</tr>
</tbody>
</table>

| **NONCURRENT ASSETS** | | | |
| Cash and cash equivalents | 439,321 | 70,360 | 6,553,238 | 3,888,618 |
| Bond issue cost, net of amortization | - | - | 180,847 | 15,696 |
| Net pension asset | 15,137 | 5,897 | 219,974 | 63,692 |
| Noncurrent accounts receivable: | | | | |
| Service charges | 76,818 | - | 9,997 | 63,305 |
| Assessment, impact, connection, and expansion | 3,636 | - | 28,001 | 11,675 |
| Capital assets: | | | | |
| Land, improvements, and construction in progress | 98,402 | 4,273 | 1,500 | 3,957,806 |
| Other capital assets, net of depreciation | 1,673,803 | 1,236,417 | 22,989,226 | 5,935,054 |
| **TOTAL NONCURRENT ASSETS** | 2,307,117 | 1,316,947 | 29,982,783 | 13,935,846 |
| **TOTAL ASSETS** | 2,683,896 | 1,392,728 | 32,228,701 | 14,709,289 |

### LIABILITIES

| | Blades | Henlopen | Long Neck | Dagsboro-Frankford |
| | Sewer | Sewer | Sewer | Sewer |
| **CURRENT LIABILITIES** | | | | |
| Accounts payable and other current liabilities | 31,347 | - | 27,084 | 114,391 |
| Accrued interest payable | 908 | 1,634 | 126,822 | 11,316 |
| Due to other funds | 42,431 | 10,939 | 414,254 | 2,298,869 |
| Notes payable | - | - | - | - |
| Current portion of long-term liabilities | 17,717 | 25,167 | 844,918 | 45,129 |
| **TOTAL CURRENT LIABILITIES** | 92,403 | 37,740 | 1,413,078 | 2,469,705 |

| **LONG-TERM LIABILITIES, LESS CURRENT PORTION** | 80,850 | 131,626 | 12,261,744 | 1,160,486 |

| **TOTAL LIABILITIES** | 173,253 | 169,366 | 13,674,822 | 3,630,191 |

| | Blades | Henlopen | Long Neck | Dagsboro-Frankford |
| | Sewer | Sewer | Sewer | Sewer |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | 1,682,351 | 1,087,316 | 10,011,018 | 8,724,017 |
| Restricted for construction and debt service | 439,321 | 70,360 | 6,542,757 | 3,781,662 |
| Unrestricted | 388,971 | 65,686 | 2,000,104 | (1,426,581) |
| **TOTAL NET ASSETS** | $2,510,643 | $1,223,362 | $18,553,879 | $11,079,098 |

(continued)
### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Holts Oak Bayview</th>
<th>Ellendale Orchard Estates</th>
<th>Bayview Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$52,341</td>
<td>$246,248</td>
<td>$152,482</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>604</td>
<td>33,201</td>
<td>3,770</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>1,664</td>
<td>19,810</td>
<td>20,034</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>6,982</td>
<td>1,333</td>
<td>2,232</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>466</td>
<td>314</td>
<td>64</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>194,688</td>
<td>462,978</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>62,057</td>
<td>495,594</td>
<td>641,560</td>
</tr>
</tbody>
</table>

### NONCURRENT ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Holts Oak Bayview</th>
<th>Ellendale Orchard Estates</th>
<th>Bayview Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>1,745,682</td>
<td>335,324</td>
<td>304,767</td>
</tr>
<tr>
<td>Bond issue cost, net of amortization</td>
<td>2,106</td>
<td>12,146</td>
<td>5,766</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>41,872</td>
<td>17,102</td>
<td>13,367</td>
</tr>
<tr>
<td>Noncurrent accounts receivable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>511</td>
<td>25,703</td>
<td>-</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>1,594</td>
<td>8,586</td>
<td>-</td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, improvements, and construction in progress</td>
<td>-</td>
<td>43,696</td>
<td>1,041,865</td>
</tr>
<tr>
<td>Other capital assets, net of depreciation</td>
<td>9,188,155</td>
<td>7,698,457</td>
<td>10,567,300</td>
</tr>
<tr>
<td><strong>TOTAL NONCURRENT ASSETS</strong></td>
<td>10,979,920</td>
<td>8,141,014</td>
<td>11,933,065</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>11,041,977</td>
<td>8,636,608</td>
<td>12,574,625</td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Holts Oak Bayview</th>
<th>Ellendale Orchard Estates</th>
<th>Bayview Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other current liabilities</td>
<td>339</td>
<td>75,254</td>
<td>3,865</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>-</td>
<td>1,146</td>
<td>3,294</td>
</tr>
<tr>
<td>Due to other funds</td>
<td>159,253</td>
<td>1,019,088</td>
<td>3,146,247</td>
</tr>
<tr>
<td>Notes payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current portion of long-term liabilities</td>
<td>186,147</td>
<td>133,678</td>
<td>87,794</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>345,739</td>
<td>1,229,166</td>
<td>3,241,200</td>
</tr>
<tr>
<td><strong>LONG-TERM LIABILITIES, LESS CURRENT PORTION</strong></td>
<td>3,050,252</td>
<td>4,225,242</td>
<td>1,843,315</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>3,395,991</td>
<td>5,454,408</td>
<td>5,084,515</td>
</tr>
</tbody>
</table>

### NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Holts Oak Bayview</th>
<th>Ellendale Orchard Estates</th>
<th>Bayview Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>5,975,892</td>
<td>3,393,093</td>
<td>9,685,738</td>
</tr>
<tr>
<td>Restricted for construction and debt service</td>
<td>1,745,682</td>
<td>335,324</td>
<td>304,767</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(75,588)</td>
<td>(546,217)</td>
<td>(2,497,189)</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$7,645,986</td>
<td>$3,182,200</td>
<td>$7,490,110</td>
</tr>
</tbody>
</table>

(continued)
## SUSSEX COUNTY, DELAWARE

### COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED

**JUNE 30, 2007**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Sea Country Millers South Johnson's Estates Creek Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Corner Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 54,885</td>
<td>$ 256,644</td>
<td>$ 1,632</td>
<td>$ -</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>133</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>793</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>115</td>
<td>434</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>369</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>55,926</td>
<td>257,447</td>
<td>1,635</td>
<td>-</td>
</tr>
</tbody>
</table>

| **NONCURRENT ASSETS**               |                                                       |                     |                               |                        |
| Restricted assets:                  |                                                       |                     |                               |                        |
| Cash and cash equivalents           | 144,156                                               | 25,685              | 221                           | -                      |
| Bond issue cost, net of amortization | 314                                                   | 4,243               | 10,256                        | -                      |
| Net pension asset                   | 197                                                   | 6,094               | 786                           | -                      |
| Noncurrent accounts receivable:     |                                                       |                     |                               |                        |
| Service charges                     | -                                                     | 605                 | -                             | -                      |
| Assessment, impact, connection, and expansion | -                                                     | -                   | -                             | -                      |
| Capital assets:                     |                                                       |                     |                               |                        |
| Land, improvements, and construction in progress | -                                                     | 2,921,854           | 4,735,011                     | 3,187                  |
| Other capital assets, net of depreciation | 593,791                                               | 961,403             | -                             | -                      |
| **TOTAL NONCURRENT ASSETS**         | 738,458                                               | 3,919,884           | 4,746,274                     | 3,187                  |

| **TOTAL ASSETS**                    | 794,384                                               | 4,177,331           | 4,747,909                     | 3,187                  |

| LIABILITIES                         |                                                       |                     |                               |                        |
| **CURRENT LIABILITIES**             |                                                       |                     |                               |                        |
| Accounts payable and other current liabilities | -                                                     | 1,066,796           | 757,886                       | -                      |
| Accrued interest payable            | 251                                                   | 1,661               | -                             | -                      |
| Due to other funds                 | 657                                                   | 935,811             | 3,627,635                     | 3,187                  |
| Notes payable                       | -                                                     | -                   | -                             | -                      |
| Current portion of long-term liabilities | 18,903                                                | 1,923               | 252                           | -                      |
| **TOTAL CURRENT LIABILITIES**       | 19,811                                                | 2,006,191           | 4,385,773                     | 3,187                  |

| **LONG-TERM LIABILITIES, LESS CURRENT PORTION** | | | | |
| **TOTAL LIABILITIES**                | 399,500                                               | 2,233,906           | 4,385,982                     | 3,187                  |

| **NET ASSETS**                      |                                                       |                     |                               |                        |
| Invested in capital assets, net of related debt | 195,316                                               | 3,657,132           | 4,735,011                     | 3,187                  |
| Restricted for construction and debt service | 144,156                                               | -                   | -                             | -                      |
| Unrestricted                         | 55,412                                                | (1,713,707)         | (4,373,084)                   | (3,187)                |
| **TOTAL NET ASSETS**                | $ 394,884                                             | $ 1,943,425         | $ 361,927                     | $ -                    |

(continued)
### ASSETS

#### CURRENT ASSETS

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 141,027</td>
<td>$ 7,548,884</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges</td>
<td>2,304</td>
<td>208,552</td>
</tr>
<tr>
<td>Assessment, impact, connection, and expansion</td>
<td>-</td>
<td>64,674</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>16,281</td>
<td>136,789</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>93,375</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>872,287</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>9,815</td>
</tr>
</tbody>
</table>

**TOTAL CURRENT ASSETS**

| | 159,612 | 8,934,376 |

#### NONCURRENT ASSETS

| Restricted assets: | | |
| Cash and cash equivalents | 5,276,089 | 25,740,921 |
| Bond issue cost, net of amortization | 17,191 | 251,486 |
| Net pension asset | 56,419 | 681,348 |
| Noncurrent accounts receivable: | | |
| Service charges | 7,240 | 207,649 |
| Assessment, impact, connection, and expansion | - | 55,598 |
| Capital assets: | | |
| Land, improvements, and construction in progress | 29,219,654 | 42,757,015 |
| Other capital assets, net of depreciation | 1,944,871 | 91,268,744 |

**TOTAL NONCURRENT ASSETS**

| | 36,521,464 | 160,962,761 |

**TOTAL ASSETS**

| | 36,681,076 | 169,897,137 |

### LIABILITIES

#### CURRENT LIABILITIES

| Accounts payable and other current liabilities | 17,316 | 2,191,740 |
| Accrued interest payable | 91,587 | 252,432 |
| Due to other funds | 215,944 | 12,877,085 |
| Notes payable | - | 295,898 |
| Current portion of long-term liabilities | 408,424 | 2,097,568 |

**TOTAL CURRENT LIABILITIES**

| | 733,271 | 17,714,723 |

#### LONG-TERM LIABILITIES, LESS CURRENT PORTION

| | 18,252,057 | 44,859,837 |

**TOTAL LIABILITIES**

| | 18,985,328 | 62,574,560 |

### NET ASSETS

| Invested in capital assets, net of related debt | 12,536,654 | 87,165,787 |
| Restricted for construction and debt service | 5,276,089 | 25,594,372 |
| Unrestricted | (116,995) | (5,437,582) |

**TOTAL NET ASSETS**

| | $ 17,695,748 | $ 107,322,577 |
### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
### NONMAJOR PROPRIETARY FUNDS
### FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th></th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
<th>Fenwick Island Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$ 577,959</td>
<td>$ 1,005,244</td>
<td>$ 347,332</td>
<td>$ 365,131</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>17,327</td>
<td>117,925</td>
<td>93,817</td>
<td>84,409</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td>$ 595,286</td>
<td>$ 1,123,169</td>
<td>$ 441,149</td>
<td>$ 449,540</td>
</tr>
</tbody>
</table>

| **OPERATING EXPENSES** |             |             |                     |                      |
| Amortization           | -           | -           | -                   | -                    |
| Contract services      | 392,812     | 34,703      | 25,889              | 26,336               |
| Depreciation           | 116,837     | 239,580     | 208,144             | 394,605              |
| Employee benefits      | 98,915      | 38,505      | 127,512             | 156,505              |
| Equipment and tools    | 5,866       | 5,868       | 5,920               | 14,840               |
| Maintenance and repairs| 10,588      | 5,432       | 8,091               | 13,823               |
| Miscellaneous          | 2,433       | 2,477       | -                   | -                    |
| Process chemicals      | -           | -           | -                   | -                    |
| Professional services  | 1,191       | 2,476       | 226                 | 10,766               |
| Salaries               | 122,857     | 49,475      | 80,052              | 226,500              |
| Shared costs - operating | 65,612   | 79,737      | 93,886              | 67,953               |
| Supplies               | 13,626      | 22,566      | -                   | -                    |
| Training and travel    | 22,165      | -           | -                   | -                    |
| Wastewater treatment   | -           | 1,955       | -                   | -                    |
| **TOTAL OPERATING EXPENSES** | $ 852,902 | $ 1,041,976 | $ 549,720           | $ 911,334            |

| **OPERATING INCOME (LOSS)** |             |             |                     |                      |
| (257,616)                  | 81,193      | (108,571)   | (461,794)           | (461,794)            |

| **NON-OPERATING REVENUES (EXPENSES)** |             |             |                     |                      |
| Investment earnings        | 71,666      | 94,978      | 107,625             | 203,558              |
| Assessment and connection fees | 263,920   | 132,320     | 120,589             | 490,402              |
| Miscellaneous              | 39,900      | -           | -                   | -                    |
| Interest expense           | -           | (45,141)    | (1,869)             | (30,389)             |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | $ 375,486 | $ 182,157   | $ 226,345           | $ 663,571            |

| **INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS** |             |             |                     |                      |
| 117,870                    | 263,350     | 117,774     | 201,777             |                      |

| **CAPITAL CONTRIBUTIONS** |             |             |                     |                      |
| -                         | -           | -           | -                   | 1,243,228            |
| **TRANSFERS IN**           | 26,473      | 17,520      | 19,695              | 23,031               |
| **TRANSFERS OUT**          | -           | -           | -                   | -                    |

| **CHANGE IN NET ASSETS** |             |             |                     |                      |
| 144,343                   | 280,870     | 137,469     | 1,468,036           |                      |

| **TOTAL NET ASSETS - BEGINNING** |             |             |                     |                      |
| 2,768,735                 | 4,057,134   | 10,119,200  | 15,248,904          |                      |
| **TOTAL NET ASSETS - ENDING** | $ 2,913,078 | $ 4,338,004 | $ 10,256,669        | $ 16,716,940         |

(continued)
### SUSSEX COUNTY, DELAWARE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED**

FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for services</td>
<td>$161,823</td>
<td>$88,832</td>
<td>$639,122</td>
<td>$254,868</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$2,720</td>
<td>$480</td>
<td>$57,949</td>
<td>$81,184</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>164,543</strong></td>
<td><strong>89,312</strong></td>
<td><strong>697,071</strong></td>
<td><strong>336,052</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>13,990</td>
<td>637</td>
</tr>
<tr>
<td>Contract services</td>
<td>10,211</td>
<td>4,629</td>
<td>76,122</td>
<td>56,865</td>
</tr>
<tr>
<td>Depreciation</td>
<td>104,572</td>
<td>52,241</td>
<td>728,819</td>
<td>349,869</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>25,343</td>
<td>15,752</td>
<td>363,786</td>
<td>67,335</td>
</tr>
<tr>
<td>Equipment and tools</td>
<td>753</td>
<td>332</td>
<td>14,364</td>
<td>8,083</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>1,169</td>
<td>-</td>
<td>28,849</td>
<td>8,083</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>400</td>
<td>139</td>
<td>-</td>
<td>1,420</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>-</td>
<td>-</td>
<td>775</td>
<td>2,749</td>
</tr>
<tr>
<td>Professional services</td>
<td>379</td>
<td>227</td>
<td>14,146</td>
<td>321,256</td>
</tr>
<tr>
<td>Salaries</td>
<td>29,080</td>
<td>9,176</td>
<td>403,064</td>
<td>136,600</td>
</tr>
<tr>
<td>Shared costs - operating</td>
<td>11,854</td>
<td>9,176</td>
<td>122,517</td>
<td>136,600</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,950</td>
<td>681</td>
<td>977</td>
<td>9,570</td>
</tr>
<tr>
<td>Training and travel</td>
<td>3,662</td>
<td>1,272</td>
<td>7</td>
<td>5,659</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>128,110</td>
<td>63,453</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>317,483</strong></td>
<td><strong>157,178</strong></td>
<td><strong>1,767,416</strong></td>
<td><strong>987,243</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING INCOME (LOSS)</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(152,940)</td>
<td>(67,866)</td>
<td>(1,070,345)</td>
<td>(651,191)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NON-OPERATING REVENUES (EXPENSES)</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td>32,859</td>
<td>5,534</td>
<td>426,375</td>
<td>200,674</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>43,667</td>
<td>31,250</td>
<td>1,793,911</td>
<td>285,489</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,285</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(4,017)</td>
<td>(8,939)</td>
<td>(546,709)</td>
<td>(54,281)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES (EXPENSES)</strong></td>
<td><strong>72,509</strong></td>
<td><strong>27,845</strong></td>
<td><strong>1,673,577</strong></td>
<td><strong>433,167</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(80,431)</td>
<td>(40,021)</td>
<td>603,232</td>
<td>(218,024)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL CONTRIBUTIONS</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,220</td>
<td>-</td>
<td>840,174</td>
<td>351,471</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSFERS IN</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>108,078</td>
<td>15,630</td>
<td>1,806,071</td>
<td>269,550</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSFERS OUT</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,867</td>
<td>(24,391)</td>
<td>3,249,477</td>
<td>402,997</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL NET ASSETS - BEGINNING</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,475,776</td>
<td>1,247,753</td>
<td>15,304,402</td>
<td>10,676,101</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL NET ASSETS - ENDING</th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,510,643</td>
<td>$1,223,362</td>
<td>$18,553,879</td>
<td>$11,079,098</td>
<td></td>
</tr>
</tbody>
</table>

(continued)
SUSSEX COUNTY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for services</td>
<td>$27,245</td>
<td>$134,249</td>
<td>$84,433</td>
<td>$9,362</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>167,820</td>
<td>11,764</td>
<td>65,840</td>
<td>3,800</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>195,065</strong></td>
<td><strong>146,013</strong></td>
<td><strong>150,273</strong></td>
<td><strong>13,162</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>140</td>
<td>759</td>
<td>267</td>
<td>156</td>
</tr>
<tr>
<td>Contract services</td>
<td>7,707</td>
<td>10,564</td>
<td>9,743</td>
<td>1,789</td>
</tr>
<tr>
<td>Depreciation</td>
<td>164,111</td>
<td>321,929</td>
<td>258,831</td>
<td>93,857</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>51,991</td>
<td>32,118</td>
<td>51,416</td>
<td>4,860</td>
</tr>
<tr>
<td>Equipment and tools</td>
<td>475</td>
<td>717</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>1,457</td>
<td>3,669</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>390</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>-</td>
<td>5,933</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Professional services</td>
<td>85</td>
<td>1,009</td>
<td>3,602</td>
<td>-</td>
</tr>
<tr>
<td>Salaries</td>
<td>90,797</td>
<td>35,950</td>
<td>32,911</td>
<td>2,393</td>
</tr>
<tr>
<td>Shared costs - operating</td>
<td>2,503</td>
<td>12,594</td>
<td>20,110</td>
<td>1,065</td>
</tr>
<tr>
<td>Supplies</td>
<td>-</td>
<td>1,892</td>
<td>1,558</td>
<td>-</td>
</tr>
<tr>
<td>Training and travel</td>
<td>-</td>
<td>3,550</td>
<td>65</td>
<td>-</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>-</td>
<td>76,354</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>319,266</strong></td>
<td><strong>507,428</strong></td>
<td><strong>378,503</strong></td>
<td><strong>104,120</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING INCOME (LOSS)</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>(124,201)</td>
<td>(361,415)</td>
<td>(228,230)</td>
<td>(90,958)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NON-OPERATING REVENUES (EXPENSES)</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td>97,843</td>
<td>17,924</td>
<td>18,358</td>
<td>6,022</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>347,809</td>
<td>199,365</td>
<td>304,683</td>
<td>136,825</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(42,087)</td>
<td>(107,702)</td>
<td>(33,206)</td>
<td>(36,445)</td>
</tr>
<tr>
<td><strong>TOTAL NON-OPERATING REVENUES (EXPENSES)</strong></td>
<td><strong>403,565</strong></td>
<td><strong>109,587</strong></td>
<td><strong>289,835</strong></td>
<td><strong>106,402</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>279,364</td>
<td>(251,828)</td>
<td>61,605</td>
<td>15,444</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL CONTRIBUTIONS</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,964,373</td>
<td>256,798</td>
<td>1,504,104</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSFERS IN</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>42,543</td>
<td>192,624</td>
<td>219,460</td>
<td>28,537</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSFERS OUT</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,286,280</td>
<td>197,594</td>
<td>1,785,169</td>
<td>43,981</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL NET ASSETS - BEGINNING</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,359,706</td>
<td>2,984,606</td>
<td>5,704,941</td>
<td>972,643</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL NET ASSETS - ENDING</th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Orchard Estates Sewer</th>
<th>Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,645,986</td>
<td>$3,182,200</td>
<td>$7,490,110</td>
<td>$1,016,624</td>
<td></td>
</tr>
</tbody>
</table>
### Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Charges for services</strong></td>
<td>$2,709</td>
<td>$3,757</td>
<td>$329</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Other operating revenues</strong></td>
<td>300</td>
<td>195,529</td>
<td>2,086</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>3,009</strong></td>
<td><strong>199,286</strong></td>
<td><strong>2,415</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amortization</strong></td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Contract services</strong></td>
<td>92</td>
<td>215</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>12,402</td>
<td>14,319</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Employee benefits</strong></td>
<td>2,737</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Equipment and tools</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Maintenance and repairs</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Process chemicals</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Professional services</strong></td>
<td>-</td>
<td>25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td>502</td>
<td>3,768</td>
<td>493</td>
<td>-</td>
</tr>
<tr>
<td><strong>Shared costs - operating</strong></td>
<td>227</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Supplies</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Training and travel</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Wastewater treatment</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>15,977</strong></td>
<td><strong>18,327</strong></td>
<td><strong>493</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

### Operating Income (Loss)

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td><strong>(12,968)</strong></td>
<td>180,959</td>
<td>1,922</td>
<td>-</td>
</tr>
</tbody>
</table>

### Non-Operating Revenues (Expenses)

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment earnings</strong></td>
<td>1,694</td>
<td>2,999</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Assessment and connection fees</strong></td>
<td>23,690</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(6,627)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-operating revenues (expenses)</strong></td>
<td><strong>18,757</strong></td>
<td><strong>2,994</strong></td>
<td><strong>5</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

### Income (Loss) Before Contributions and Transfers

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income (loss) before contributions and transfers</strong></td>
<td>5,789</td>
<td>183,958</td>
<td>1,927</td>
<td>-</td>
</tr>
</tbody>
</table>

### Capital Contributions

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital contributions</strong></td>
<td>-</td>
<td>408,500</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Transfers In

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfers in</strong></td>
<td>20,778</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Transfers Out

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfers out</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in net assets</strong></td>
<td>26,567</td>
<td>592,458</td>
<td>1,927</td>
<td>-</td>
</tr>
</tbody>
</table>

### Total Net Assets - Beginning

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total net assets - beginning</strong></td>
<td><strong>368,317</strong></td>
<td><strong>1,350,967</strong></td>
<td><strong>360,000</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

### Total Net Assets - Ending

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total net assets - ending</strong></td>
<td>$394,884</td>
<td>$1,943,425</td>
<td>$361,927</td>
<td>-</td>
</tr>
</tbody>
</table>

(continued)
# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Proprietary Funds - Continued

## For the Year Ended June 30, 2007

### Operating Revenues

<table>
<thead>
<tr>
<th>Treatment Plant -</th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for services</td>
<td>$ 697,311</td>
<td>$ 4,399,706</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$ 238,005</td>
<td>$ 1,140,955</td>
</tr>
</tbody>
</table>

**Total Operating Revenues**

$ 935,316 | $ 5,540,661

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization</td>
<td>707</td>
<td>16,673</td>
</tr>
<tr>
<td>Contract services</td>
<td>156,540</td>
<td>814,217</td>
</tr>
<tr>
<td>Depreciation</td>
<td>401,509</td>
<td>3,461,625</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>114,649</td>
<td>1,151,424</td>
</tr>
<tr>
<td>Equipment and tools</td>
<td>21,912</td>
<td>85,710</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>17,395</td>
<td>98,556</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>12,395</td>
<td>19,654</td>
</tr>
<tr>
<td>Process chemicals</td>
<td>6,376</td>
<td>15,833</td>
</tr>
<tr>
<td>Professional services</td>
<td>8,742</td>
<td>364,130</td>
</tr>
<tr>
<td>Salaries</td>
<td>153,560</td>
<td>1,377,178</td>
</tr>
<tr>
<td>Salaries - operating</td>
<td>-</td>
<td>499,871</td>
</tr>
<tr>
<td>Supplies</td>
<td>33,702</td>
<td>76,030</td>
</tr>
<tr>
<td>Training and travel</td>
<td>42,319</td>
<td>101,265</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>-</td>
<td>817,006</td>
</tr>
</tbody>
</table>

**Total Operating Expenses**

$ 969,806 | $ 8,899,172

### Operating Income (Loss)

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Non-Operating Revenues (Expenses)**

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td>194,518</td>
<td>1,482,632</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>1,465,951</td>
<td>5,639,871</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>15,874</td>
<td>57,059</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(601,830)</td>
<td>(1,519,242)</td>
</tr>
</tbody>
</table>

**Total Non-Operating Revenues (Expenses)**

$ 1,074,513 | $ 5,660,320

### Income (Loss) Before Contributions and Transfers

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,040,023</td>
<td>2,301,809</td>
</tr>
</tbody>
</table>

### Capital Contributions

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>937,609</td>
<td>3,727,599</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(1,753,089)</td>
<td>(1,753,089)</td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>224,543</td>
<td>10,852,187</td>
</tr>
</tbody>
</table>

### Total Net Assets - Beginning

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17,471,205</td>
<td>96,470,390</td>
</tr>
</tbody>
</table>

### Total Net Assets - Ending

<table>
<thead>
<tr>
<th></th>
<th>IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 17,695,748</td>
<td>$ 107,322,577</td>
</tr>
</tbody>
</table>
### COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
<th>Fenwick Island Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>572,803</td>
<td>995,153</td>
<td>348,082</td>
<td>361,937</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(677,198)</td>
<td>(826,933)</td>
<td>(133,666)</td>
<td>(142,955)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(220,421)</td>
<td>(88,395)</td>
<td>(193,535)</td>
<td>(387,206)</td>
</tr>
<tr>
<td>Other receipts (payments)</td>
<td>57,227</td>
<td>117,925</td>
<td>93,817</td>
<td>84,409</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td>(267,589)</td>
<td>197,750</td>
<td>114,698</td>
<td>(83,815)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Noncapital Financing Activities</th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>1,254,835</td>
<td>1,090,597</td>
<td>962,401</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(1,281,249)</td>
<td>(1,093,854)</td>
<td>(958,927)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Noncapital Financing Activities</strong></td>
<td>(26,414)</td>
<td>(3,257)</td>
<td>3,474</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Capital and Related Financing Activities</th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(174,231)</td>
<td>(49,632)</td>
<td>(47,200)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>-</td>
<td>(100,000)</td>
<td>-</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>-</td>
<td>(41,501)</td>
<td>(4,575)</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>-</td>
<td>-</td>
<td>(4,004)</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>264,637</td>
<td>132,589</td>
<td>120,581</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>-</td>
<td>-</td>
<td>39,004</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-</td>
<td>(44,843)</td>
<td>(1,664)</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>26,473</td>
<td>17,520</td>
<td>19,695</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Capital and Related Financing Activities</strong></td>
<td>116,879</td>
<td>(85,867)</td>
<td>125,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Investing Activities</th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>71,557</td>
<td>90,203</td>
<td>106,335</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Cash</strong></td>
<td>(105,567)</td>
<td>198,829</td>
<td>350,348</td>
</tr>
</tbody>
</table>

| Cash and Cash Equivalents - Beginning                  | 1,182,492   | 1,470,172   | 2,027,452           | 4,470,345           |
| **Cash and Equivalents - Ending**                      | $ 1,076,925 | $ 1,669,001 | $ 2,377,800         | $ 4,994,813         |

<table>
<thead>
<tr>
<th>Reconciliation of Cash and Cash Equivalents to the Balance Sheet</th>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>56,034</td>
<td>176,896</td>
<td>990,528</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>1,020,891</td>
<td>1,492,105</td>
<td>1,387,272</td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents</strong></td>
<td>$ 1,076,925</td>
<td>$ 1,669,001</td>
<td>$ 2,377,800</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Dewey Water</th>
<th>Dewey Sewer</th>
<th>South Bethany Sewer</th>
<th>Fenwick Island Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(257,616)</td>
<td>81,193</td>
<td>(108,571)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>116,837</td>
<td>239,580</td>
<td>208,144</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>39,900</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(5,156)</td>
<td>(10,091)</td>
<td>750</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>(26,628)</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>474</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>(3,776)</td>
<td>(3,489)</td>
<td>24,446</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>5,127</td>
<td>3,074</td>
<td>(10,417)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(163,379)</td>
<td>(85,889)</td>
<td>346</td>
</tr>
<tr>
<td>NET CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td>(267,589)</td>
<td>197,750</td>
<td>114,698</td>
</tr>
<tr>
<td>NONCASH TRANSACTIONS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed property</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(continued)
**SUSSEX COUNTY, DELAWARE**  
**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$158,587</td>
<td>$88,498</td>
<td>$636,352</td>
<td>$188,549</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(139,898)</td>
<td>(87,215)</td>
<td>(259,416)</td>
<td>(447,188)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(52,865)</td>
<td>(22,351)</td>
<td>(725,334)</td>
<td>(209,769)</td>
</tr>
<tr>
<td>Other receipts (payments)</td>
<td>3,200</td>
<td>480</td>
<td>57,949</td>
<td>82,469</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>(30,976)</td>
<td>(20,588)</td>
<td>(290,449)</td>
<td>(385,939)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>327,891</td>
<td>138,364</td>
<td>400,633</td>
<td>856,167</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(331,294)</td>
<td>(140,727)</td>
<td>(543,659)</td>
<td>(838,637)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td>(3,403)</td>
<td>(2,363)</td>
<td>(143,026)</td>
<td>17,530</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(90,213)</td>
<td>(980)</td>
<td>(125,411)</td>
<td>(89,405)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>(12,450)</td>
<td>(22,400)</td>
<td>(850,000)</td>
<td>(25,000)</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>43,003</td>
<td>31,250</td>
<td>1,800,841</td>
<td>285,294</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(4,530)</td>
<td>(8,146)</td>
<td>(519,391)</td>
<td>(54,294)</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>108,078</td>
<td>15,630</td>
<td>52,982</td>
<td>269,550</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td>43,888</td>
<td>15,354</td>
<td>359,021</td>
<td>386,145</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>31,955</td>
<td>5,256</td>
<td>415,087</td>
<td>215,689</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH</strong></td>
<td>41,464</td>
<td>(2,341)</td>
<td>340,633</td>
<td>233,425</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS - BEGINNING

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - ENDING</strong></td>
<td>$790,120</td>
<td>$130,097</td>
<td>$8,726,711</td>
<td>$4,538,019</td>
</tr>
</tbody>
</table>

### RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$350,799</td>
<td>$59,737</td>
<td>$2,173,473</td>
<td>$649,401</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>439,321</td>
<td>70,360</td>
<td>6,553,238</td>
<td>3,888,618</td>
</tr>
<tr>
<td><strong>TOTAL CASH AND CASH EQUIVALENTS</strong></td>
<td>$790,120</td>
<td>$130,097</td>
<td>$8,726,711</td>
<td>$4,538,019</td>
</tr>
</tbody>
</table>

(continued)
# COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2007

## RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ (152,940)</td>
<td>$ (67,866)</td>
<td>$ (1,070,345)</td>
<td>$ (651,191)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>104,572</td>
<td>52,241</td>
<td>742,809</td>
<td>350,506</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,285</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(3,236)</td>
<td>(334)</td>
<td>(2,770)</td>
<td>(66,319)</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>3,621</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>1,710</td>
<td>4,871</td>
<td>64,168</td>
<td>(19,056)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(152)</td>
<td>(2,294)</td>
<td>(22,652)</td>
<td>13,222</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>19,070</td>
<td>(10,827)</td>
<td>(1,659)</td>
<td>(14,386)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>$ (30,976)</strong></td>
<td><strong>$ (20,588)</strong></td>
<td><strong>$ (290,449)</strong></td>
<td><strong>$ (385,939)</strong></td>
</tr>
</tbody>
</table>

## NONCASH TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>Blades Sewer</th>
<th>Henlopen Sewer</th>
<th>Long Neck Sewer</th>
<th>Dagsboro-Frankford Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed property</td>
<td>$ 7,220</td>
<td>$</td>
<td>$ 840,174</td>
<td>$ 351,471</td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>-</td>
<td>-</td>
<td>(1,753,089)</td>
<td>-</td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(continued)
### SUSSEX COUNTY, DELAWARE

**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED**

**FOR THE YEAR ENDED JUNE 30, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$25,816</td>
<td>$113,632</td>
<td>$81,715</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(14,902)</td>
<td>(109,896)</td>
<td>(34,988)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(147,578)</td>
<td>(69,103)</td>
<td>(89,517)</td>
</tr>
<tr>
<td>Other receipts (payments)</td>
<td>$167,820</td>
<td>11,764</td>
<td>65,840</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>$31,156</td>
<td>(53,603)</td>
<td>23,050</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>$1,099,998</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(1,236,260)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td>(136,262)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>$940,697</td>
<td>$91,854</td>
<td>(2,030,064)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>$85,513</td>
<td>(126,131)</td>
<td>(36,006)</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>345,345</td>
<td>-</td>
<td>459,433</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>347,402</td>
<td>199,365</td>
<td>290,768</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>-</td>
<td>-</td>
<td>1,210,742</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(24,738)</td>
<td>(107,836)</td>
<td>(33,206)</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>42,543</td>
<td>192,624</td>
<td>219,460</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td>(315,658)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>94,425</td>
<td>22,764</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH</strong></td>
<td>(326,339)</td>
<td></td>
</tr>
</tbody>
</table>

**CASH AND CASH EQUIVALENTS - BEGINNING**

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,798,023</td>
<td>$581,572</td>
<td>$457,249</td>
<td>$249,136</td>
</tr>
</tbody>
</table>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET**

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing Sewer</th>
<th>Ellendale Orchard Estates Sewer</th>
<th>Oak Bayview Estates Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$52,341</td>
<td>$246,248</td>
<td>$152,482</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>$1,745,682</td>
<td>$335,324</td>
<td>$304,767</td>
</tr>
<tr>
<td><strong>TOTAL CASH AND CASH EQUIVALENTS</strong></td>
<td>$1,798,023</td>
<td>$581,572</td>
<td>$457,249</td>
</tr>
</tbody>
</table>

(continued)
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing</th>
<th>Ellendale</th>
<th>Oak Orchard</th>
<th>Bayview Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sewer</td>
<td>Sewer</td>
<td>Sewer</td>
<td>Sewer</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>$ (124,201)</td>
<td>$ (361,415)</td>
<td>$ (228,230)</td>
<td>$ (90,958)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>164,251</td>
<td>322,688</td>
<td>259,098</td>
<td>94,013</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(1,429)</td>
<td>(20,617)</td>
<td>(2,718)</td>
<td>(597)</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>(14,604)</td>
<td>(3,902)</td>
<td>(12,325)</td>
<td>(983)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>9,814</td>
<td>2,867</td>
<td>7,135</td>
<td>550</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(2,675)</td>
<td>6,776</td>
<td>90</td>
<td>(139)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>$ 31,156</td>
<td>$ (53,603)</td>
<td>$ 23,050</td>
<td>$ 1,886</td>
</tr>
</tbody>
</table>

NONCASH TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>Holts Landing</th>
<th>Ellendale</th>
<th>Oak Orchard</th>
<th>Bayview Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed property</td>
<td>$ 1,964,373</td>
<td>$ 62,110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>181,262</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(continued)
### SUSSEX COUNTY, DELAWARE

#### COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2007

<table>
<thead>
<tr>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
</table>

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$ 2,603</td>
<td>$ 3,112</td>
<td>$ 329</td>
<td>$ -</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(319)</td>
<td>(240)</td>
<td>(32)</td>
<td>-</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(1,661)</td>
<td>(255)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other receipts (payments)</td>
<td>300</td>
<td>189,435</td>
<td>1,300</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>923</strong></td>
<td><strong>192,052</strong></td>
<td><strong>1,597</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>37,241</td>
<td>952,650</td>
<td>3,630,504</td>
<td>3,187</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(37,015)</td>
<td>(19,350)</td>
<td>(10,428)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</strong></td>
<td><strong>226</strong></td>
<td><strong>933,300</strong></td>
<td><strong>3,620,076</strong></td>
<td><strong>3,187</strong></td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>-</td>
<td>(1,647,853)</td>
<td>(3,778,033)</td>
<td>(3,187)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>(9,352)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>-</td>
<td>214,061</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>25,118</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>97,905</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(8,647)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>-</td>
<td>-</td>
<td>(5,026)</td>
<td>-</td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>20,778</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</strong></td>
<td><strong>125,802</strong></td>
<td><strong>(1,433,792)</strong></td>
<td><strong>(3,783,059)</strong></td>
<td><strong>(3,187)</strong></td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>1,579</td>
<td>2,604</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH</strong></td>
<td><strong>128,530</strong></td>
<td><strong>(305,836)</strong></td>
<td><strong>(161,384)</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

#### CASH AND CASH EQUIVALENTS - BEGINNING

<table>
<thead>
<tr>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>$70,511</td>
<td>$588,165</td>
<td>$163,237</td>
<td>-</td>
</tr>
</tbody>
</table>

#### CASH AND EQUIVALENTS - ENDING

<table>
<thead>
<tr>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>$199,041</td>
<td>$282,329</td>
<td>$1,853</td>
<td>-</td>
</tr>
</tbody>
</table>

#### RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET

<table>
<thead>
<tr>
<th>Description</th>
<th>Sea Country Estates</th>
<th>Millers Creek</th>
<th>South Ocean View</th>
<th>Johnson's Corner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 54,885</td>
<td>$ 256,644</td>
<td>$ 1,632</td>
<td>$ -</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>144,156</td>
<td>25,685</td>
<td>221</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>199,041</strong></td>
<td><strong>282,329</strong></td>
<td><strong>1,853</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

(continued)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$(12,968)</td>
<td>$180,959</td>
<td>$1,922</td>
<td>-$</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>12,419</td>
<td>14,319</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(106)</td>
<td>(645)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>(197)</td>
<td>(6,094)</td>
<td>(786)</td>
<td>-</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>111</td>
<td>3,513</td>
<td>461</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,664</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td><strong>$ 923</strong></td>
<td><strong>$ 192,052</strong></td>
<td><strong>$ 1,597</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

NONCASH TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>Sea Country Estates Sewer</th>
<th>Millers Creek Sewer</th>
<th>South Ocean View Sewer</th>
<th>Johnson's Corner Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributed property</td>
<td>$ -</td>
<td>$408,500</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(continued)
### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$ 687,767</td>
<td>$ 4,273,700</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(285,511)</td>
<td>(3,163,350)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(292,018)</td>
<td>(2,507,694)</td>
</tr>
<tr>
<td>Other receipts (payments)</td>
<td>253,879</td>
<td>1,191,614</td>
</tr>
</tbody>
</table>

**NET CASH FLOWS FROM OPERATING ACTIVITIES**

|                  | 364,117       | (205,730)  |

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances from other funds</td>
<td>228,976</td>
<td>14,203,966</td>
</tr>
<tr>
<td>Advances to other funds</td>
<td>(13,032)</td>
<td>(10,012,955)</td>
</tr>
</tbody>
</table>

**NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

|                  | 215,944       | 4,191,011  |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(87,914)</td>
<td>(9,212,436)</td>
</tr>
<tr>
<td>Net payments on line of credit</td>
<td>-</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Retirement of bonds and related costs</td>
<td>(72,652)</td>
<td>(1,433,416)</td>
</tr>
<tr>
<td>Bond proceeds</td>
<td>-</td>
<td>1,018,839</td>
</tr>
<tr>
<td>Assessment and connection fees</td>
<td>1,465,951</td>
<td>5,639,577</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>-</td>
<td>1,882,573</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(606,043)</td>
<td>(1,485,048)</td>
</tr>
<tr>
<td>Payments for bond issue costs</td>
<td>-</td>
<td>(5,026)</td>
</tr>
<tr>
<td>Transfers from other funds for capital activities</td>
<td>937,609</td>
<td>1,974,510</td>
</tr>
</tbody>
</table>

**NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|                  | 1,636,951     | (1,720,427) |

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>184,372</td>
<td>1,462,580</td>
</tr>
</tbody>
</table>

**NET INCREASE (DECREASE) IN CASH**

|                  | 2,401,384     | 3,727,434  |

### CASH AND CASH EQUIVALENTS - BEGINNING

<table>
<thead>
<tr>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 3,015,732</td>
<td>29,562,371</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS - ENDING

<table>
<thead>
<tr>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 5,417,116</td>
<td>33,289,805</td>
</tr>
</tbody>
</table>

### RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 141,027</td>
<td>$ 7,548,884</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>5,276,089</td>
<td>25,740,921</td>
</tr>
</tbody>
</table>

**TOTAL CASH AND CASH EQUIVALENTS**

<table>
<thead>
<tr>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 5,417,116</td>
<td>$ 33,289,805</td>
</tr>
</tbody>
</table>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$ (34,490)</td>
<td>$ (3,358,511)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>402,216</td>
<td>3,478,298</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>15,874</td>
<td>57,059</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(9,544)</td>
<td>(126,006)</td>
</tr>
<tr>
<td>Due from other governmental agencies</td>
<td>-</td>
<td>(23,007)</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>474</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>(56,419)</td>
<td>(46,892)</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>32,610</td>
<td>59,224</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>13,870</td>
<td>(246,369)</td>
</tr>
</tbody>
</table>

NET CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Plant - IBRWF</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noncash transactions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed property</td>
<td>$ -</td>
<td>$ 4,877,076</td>
</tr>
<tr>
<td>Bond payable transfer</td>
<td>1,753,089</td>
<td>-</td>
</tr>
<tr>
<td>Interest financed with bond payable</td>
<td>-</td>
<td>181,262</td>
</tr>
</tbody>
</table>
This part of Sussex County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<table>
<thead>
<tr>
<th>Contents</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Trends</td>
<td>93 - 97</td>
</tr>
<tr>
<td>Revenue Capacity</td>
<td>98 - 101</td>
</tr>
<tr>
<td>Debt Capacity</td>
<td>102 - 105</td>
</tr>
<tr>
<td>Demographic and Economic Information</td>
<td>106 - 107</td>
</tr>
<tr>
<td>Operating Information</td>
<td>108 - 110</td>
</tr>
<tr>
<td>Bonded Debt Information</td>
<td>111 - 162</td>
</tr>
</tbody>
</table>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement Number 34 in 2003; schedules presenting government-wide information include information beginning in that year.
SUSSEX COUNTY, DELAWARE
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$20,520,112</td>
<td>$21,778,122</td>
<td>$27,029,978</td>
<td>$34,140,268</td>
<td>$43,377,418</td>
</tr>
<tr>
<td>Restricted</td>
<td>$15,914,734</td>
<td>$26,751,718</td>
<td>$47,805,783</td>
<td>$65,642,834</td>
<td>$72,996,872</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$34,836,034</td>
<td>$45,108,733</td>
<td>$39,791,889</td>
<td>$37,870,448</td>
<td>$35,105,979</td>
</tr>
<tr>
<td>Total governmental activities net assets</td>
<td>$71,270,880</td>
<td>$93,638,573</td>
<td>$114,627,650</td>
<td>$137,653,550</td>
<td>$151,480,269</td>
</tr>
<tr>
<td>Business-type activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$60,012,101</td>
<td>$79,179,482</td>
<td>$93,526,220</td>
<td>$111,947,402</td>
<td>$150,185,092</td>
</tr>
<tr>
<td>Restricted</td>
<td>$34,600,947</td>
<td>$35,967,259</td>
<td>$45,585,060</td>
<td>$60,903,962</td>
<td>$81,095,890</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$2,670,928</td>
<td>$8,115,999</td>
<td>$18,923,370</td>
<td>$22,596,611</td>
<td>$(5,622,038)</td>
</tr>
<tr>
<td>Total business-type activities net assets</td>
<td>$97,283,976</td>
<td>$123,262,740</td>
<td>$158,034,650</td>
<td>$195,447,975</td>
<td>$225,658,944</td>
</tr>
<tr>
<td>Primary government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$80,532,213</td>
<td>$100,957,604</td>
<td>$120,556,198</td>
<td>$146,087,670</td>
<td>$193,562,510</td>
</tr>
<tr>
<td>Restricted</td>
<td>$50,515,681</td>
<td>$62,718,977</td>
<td>$93,390,843</td>
<td>$126,546,796</td>
<td>$154,092,762</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$37,506,962</td>
<td>$53,224,732</td>
<td>$58,715,259</td>
<td>$60,467,059</td>
<td>$29,483,941</td>
</tr>
<tr>
<td>Total primary government net assets</td>
<td>$168,554,856</td>
<td>$216,901,313</td>
<td>$272,662,300</td>
<td>$333,101,525</td>
<td>$377,139,213</td>
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</tbody>
</table>

**Note:** Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement Number 34 was implemented.
SUSSEX COUNTY, DELAWARE
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$8,416,614</td>
<td>$9,622,999</td>
<td>$11,592,273</td>
<td>$11,293,426</td>
<td>$13,627,710</td>
</tr>
<tr>
<td>Grant-in-aid programs</td>
<td>4,120,039</td>
<td>6,892,065</td>
<td>7,293,058</td>
<td>10,255,326</td>
<td>9,014,248</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>917,317</td>
<td>1,012,053</td>
<td>1,045,230</td>
<td>1,208,841</td>
<td>1,430,741</td>
</tr>
<tr>
<td>Paramedic program</td>
<td>5,914,818</td>
<td>6,840,764</td>
<td>8,467,637</td>
<td>9,963,348</td>
<td>11,626,534</td>
</tr>
<tr>
<td>Emergency preparedness</td>
<td>1,726,567</td>
<td>1,889,708</td>
<td>1,984,888</td>
<td>2,263,691</td>
<td>2,213,396</td>
</tr>
<tr>
<td>Economic development and public works</td>
<td>423,154</td>
<td>428,025</td>
<td>528,814</td>
<td>497,316</td>
<td>532,760</td>
</tr>
<tr>
<td>County engineer</td>
<td>1,418,560</td>
<td>1,079,543</td>
<td>2,025,846</td>
<td>3,332,568</td>
<td>2,994,201</td>
</tr>
<tr>
<td>Airport</td>
<td>375,629</td>
<td>532,414</td>
<td>601,236</td>
<td>731,785</td>
<td>1,281,765</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,285</td>
</tr>
<tr>
<td>Total governmental activities expenses</td>
<td>31,300,475</td>
<td>34,535,542</td>
<td>40,776,216</td>
<td>47,834,489</td>
<td>50,917,801</td>
</tr>
<tr>
<td>Business-type activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer facilities</td>
<td>19,264,562</td>
<td>18,676,091</td>
<td>21,327,548</td>
<td>23,011,584</td>
<td>25,102,767</td>
</tr>
<tr>
<td>Water facilities</td>
<td>771,541</td>
<td>747,923</td>
<td>770,503</td>
<td>812,592</td>
<td>852,902</td>
</tr>
<tr>
<td>Total business-type activities expenses</td>
<td>20,036,103</td>
<td>19,424,014</td>
<td>22,098,051</td>
<td>23,824,176</td>
<td>25,955,669</td>
</tr>
<tr>
<td>Total primary government expenses</td>
<td>$51,336,578</td>
<td>$53,959,556</td>
<td>$62,874,267</td>
<td>$71,658,665</td>
<td>$76,873,470</td>
</tr>
<tr>
<td>Program Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>$2,222,981</td>
<td>$2,199,845</td>
<td>$2,580,027</td>
<td>$3,007,205</td>
<td>$2,189,982</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>1,761,250</td>
<td>2,024,755</td>
<td>2,343,693</td>
<td>2,782,428</td>
<td>2,079,324</td>
</tr>
<tr>
<td>Emergency preparedness</td>
<td>25,652</td>
<td>29,543</td>
<td>26,545</td>
<td>27,485</td>
<td>24,145</td>
</tr>
<tr>
<td>Economic development and public works</td>
<td>73,492</td>
<td>85,527</td>
<td>65,055</td>
<td>408,260</td>
<td>362,699</td>
</tr>
<tr>
<td>County engineer</td>
<td>709,021</td>
<td>1,535,980</td>
<td>2,080,536</td>
<td>2,681,308</td>
<td>1,206,998</td>
</tr>
<tr>
<td>Airport</td>
<td>179,815</td>
<td>1,576,091</td>
<td>179,471</td>
<td>182,735</td>
<td>195,398</td>
</tr>
<tr>
<td>Library</td>
<td>4,828</td>
<td>13,465</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Constitutional offices</td>
<td>6,517,134</td>
<td>7,049,799</td>
<td>6,684,859</td>
<td>6,853,523</td>
<td>6,171,154</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>6,562,723</td>
<td>6,790,770</td>
<td>6,065,343</td>
<td>7,510,097</td>
<td>7,599,645</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>601,631</td>
<td>318,157</td>
<td>3,001,477</td>
<td>1,166,791</td>
<td>1,494,572</td>
</tr>
<tr>
<td>Total governmental activities program revenues</td>
<td>18,673,741</td>
<td>20,219,271</td>
<td>23,047,255</td>
<td>24,643,801</td>
<td>21,350,339</td>
</tr>
<tr>
<td>Business-type activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer facilities</td>
<td>9,456,583</td>
<td>10,548,270</td>
<td>12,072,903</td>
<td>13,591,594</td>
<td>13,357,111</td>
</tr>
<tr>
<td>Water facilities</td>
<td>568,271</td>
<td>583,897</td>
<td>583,889</td>
<td>591,991</td>
<td>635,186</td>
</tr>
<tr>
<td>Operating grants and contributions</td>
<td>14,535,829</td>
<td>16,033,341</td>
<td>18,806,360</td>
<td>22,841,920</td>
<td>21,060,417</td>
</tr>
<tr>
<td>Capital grants and contributions</td>
<td>7,015,899</td>
<td>15,113,921</td>
<td>15,586,276</td>
<td>17,112,386</td>
<td>17,606,829</td>
</tr>
<tr>
<td>Total business-type activities program revenues</td>
<td>31,576,582</td>
<td>42,279,429</td>
<td>47,049,428</td>
<td>54,137,891</td>
<td>52,659,943</td>
</tr>
<tr>
<td>Total primary government program revenues</td>
<td>$50,250,323</td>
<td>$62,498,700</td>
<td>$70,096,683</td>
<td>$78,781,692</td>
<td>$74,010,282</td>
</tr>
</tbody>
</table>

Note: Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement Number 34 was implemented.
**SUSSEX COUNTY, DELAWARE**

**CHANGES IN NET ASSETS - CONTINUED**

**LAST FIVE FISCAL YEARS**

*(accrual basis of accounting)*

---

### Net (Expense)/Revenue - CONTINUE

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental activities</td>
<td>$ (12,626,734)</td>
<td>$ (14,316,271)</td>
<td>$ (17,728,961)</td>
<td>$ (23,190,688)</td>
<td>$ (29,567,462)</td>
</tr>
<tr>
<td>Business-type activities</td>
<td>11,540,479</td>
<td>22,855,415</td>
<td>24,951,377</td>
<td>30,313,715</td>
<td>26,704,274</td>
</tr>
<tr>
<td>Total primary government net expense</td>
<td>$ (1,086,255)</td>
<td>$ 8,539,144</td>
<td>$ 7,222,416</td>
<td>$ 7,123,027</td>
<td>$ (2,863,188)</td>
</tr>
</tbody>
</table>

### General Revenues and Other Changes in Net Assets - CONTINUE

**Governmental activities:**

- **Property taxes:**
  - 2003: $9,114,721
  - 2004: $9,568,521
  - 2005: $8,161,118
  - 2006: $10,692,069
  - 2007: $11,521,348

- **Capitation taxes:**
  - 2003: $221,690
  - 2004: $237,282
  - 2005: $224,294
  - 2006: $241,699
  - 2007: $240,030

- **Fire service taxes:**
  - 2003: $1,285,885
  - 2004: $1,510,691
  - 2005: $1,785,613
  - 2006: $2,093,729
  - 2007: $1,535,864

- **Realty transfer taxes:**
  - 2003: $17,917,521
  - 2004: $27,399,572
  - 2005: $36,329,843
  - 2006: $35,269,800
  - 2007: $27,058,083

- **Unrestricted investment earnings:**
  - 2003: $890,505
  - 2004: $892,938
  - 2005: $1,747,718
  - 2006: $4,216,741
  - 2007: $5,829,443

- **Transfers:**
  - 2003: $(2,153,000)
  - 2004: $(2,925,040)
  - 2005: $(9,530,548)
  - 2006: $(6,297,450)
  - 2007: $(2,790,587)

**Total governmental activities:**

- 2003: $27,277,322
- 2004: $36,683,964
- 2005: $38,718,038
- 2006: $46,216,588
- 2007: $43,394,181

**Business-type activities:**

- **Unrestricted investment earnings:**
  - 2003: $190,215
  - 2004: $198,309
  - 2005: $289,985
  - 2006: $802,160
  - 2007: $716,108

- **Transfers:**
  - 2003: $2,153,000
  - 2004: $2,925,040
  - 2005: $9,530,548
  - 2006: $6,297,450
  - 2007: $2,790,587

**Total business-type activities:**

- 2003: $2,343,215
- 2004: $3,123,349
- 2005: $9,820,533
- 2006: $7,099,610
- 2007: $3,506,695

**Total primary government program revenues:**

- 2003: $29,620,537
- 2004: $39,807,313
- 2005: $48,538,571
- 2006: $53,316,198
- 2007: $46,900,876

### Change in Net Assets - CONTINUE

**Governmental activities:**

- 2003: $14,650,588
- 2004: $22,367,693
- 2005: $20,989,077
- 2006: $23,025,900
- 2007: $13,826,719

**Business-type activities:**

- 2003: $13,883,694
- 2004: $25,978,764
- 2005: $34,771,910
- 2006: $37,413,325
- 2007: $30,210,969

**Total primary government:**

- 2003: $28,534,282
- 2004: $48,346,457
- 2005: $55,760,987
- 2006: $60,439,225
- 2007: $44,037,688

---

**Note:** Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement Number 34 was implemented.
### SUSSEX COUNTY, DELAWARE
### FUND BALANCES, GOVERNMENTAL FUNDS
### LAST TEN FISCAL YEARS

*(modified accrual basis of accounting)*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved</td>
<td>$3,235,251</td>
<td>$7,439,155</td>
<td>$12,814,987</td>
<td>$18,704,187</td>
<td>$17,578,416</td>
<td>$23,135,130</td>
<td>$36,610,789</td>
<td>$41,702,138</td>
<td>$56,560,314</td>
<td>$64,675,385</td>
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<tr>
<td>Unreserved</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated</td>
<td>$4,852,917</td>
<td>$7,027,239</td>
<td>$6,295,718</td>
<td>$2,490,323</td>
<td>$9,100,374</td>
<td>$14,023,982</td>
<td>$11,585,639</td>
<td>$14,509,355</td>
<td>$11,257,954</td>
<td>$3,859,850</td>
</tr>
<tr>
<td>Undesignated</td>
<td>$6,586,487</td>
<td>$7,135,873</td>
<td>$6,373,575</td>
<td>$6,962,181</td>
<td>$7,732,890</td>
<td>$9,784,231</td>
<td>$10,169,005</td>
<td>$13,957,648</td>
<td>$13,254,683</td>
<td>$9,885,684</td>
</tr>
<tr>
<td>Total general fund</td>
<td>$14,674,655</td>
<td>$21,602,267</td>
<td>$25,484,280</td>
<td>$28,156,691</td>
<td>$34,411,691</td>
<td>$46,943,343</td>
<td>$58,365,433</td>
<td>$70,169,141</td>
<td>$81,072,951</td>
<td>$78,420,919</td>
</tr>
<tr>
<td>All Other Governmental Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserved</td>
<td>$226,969</td>
<td>$ -</td>
<td>$9,403</td>
<td>$121,097</td>
<td>$167,543</td>
<td>$2,427,669</td>
<td>$9,803,499</td>
<td>$12,800,198</td>
<td>$21,203,720</td>
<td>$27,760,247</td>
</tr>
<tr>
<td>Unreserved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated</td>
<td>$322,490</td>
<td>$381,495</td>
<td>$446,638</td>
<td>$59,415</td>
<td>$2,539,171</td>
<td>$2,454,184</td>
<td>$4,541,774</td>
<td>$5,341,810</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Undesignated</td>
<td>(778,475)</td>
<td>(32,817)</td>
<td>-</td>
<td>-</td>
<td>647,432</td>
<td>56,264</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53,901</td>
</tr>
<tr>
<td>Total all other governmental funds</td>
<td>$(229,016)</td>
<td>$348,678</td>
<td>$456,041</td>
<td>$180,512</td>
<td>$2,706,714</td>
<td>$5,529,285</td>
<td>$14,401,537</td>
<td>$18,142,008</td>
<td>$21,203,720</td>
<td>$27,814,148</td>
</tr>
</tbody>
</table>
## Changes in Fund Balances, Governmental Funds

### Last Ten Fiscal Years

#### (modified accrual basis of accounting)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxes</strong></td>
<td>$11,965,216</td>
<td>$15,667,681</td>
<td>$17,467,252</td>
<td>$19,060,041</td>
<td>$21,767,582</td>
<td>$28,528,761</td>
<td>$38,720,829</td>
<td>$46,489,369</td>
<td>$48,235,237</td>
<td>$40,296,411</td>
</tr>
<tr>
<td><strong>Intergovernmental</strong></td>
<td>$4,036,485</td>
<td>$4,379,574</td>
<td>$4,605,298</td>
<td>$4,781,102</td>
<td>$6,576,810</td>
<td>$6,466,985</td>
<td>$6,241,501</td>
<td>$7,572,581</td>
<td>$7,196,650</td>
<td>$8,341,011</td>
</tr>
<tr>
<td><strong>Charges for services</strong></td>
<td>$5,160,436</td>
<td>$6,079,047</td>
<td>$7,321,816</td>
<td>$8,140,748</td>
<td>$10,495,441</td>
<td>$11,847,057</td>
<td>$13,556,533</td>
<td>$14,309,619</td>
<td>$16,295,120</td>
<td>$12,310,437</td>
</tr>
<tr>
<td><strong>Fines and forfeits</strong></td>
<td>$11,853</td>
<td>$14,038</td>
<td>$15,790</td>
<td>$16,946</td>
<td>$20,699</td>
<td>$15,826</td>
<td>$19,103</td>
<td>$22,197</td>
<td>$29,195</td>
<td>$25,607</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>$1,449,740</td>
<td>$2,021,511</td>
<td>$2,227,336</td>
<td>$2,388,416</td>
<td>$1,386,988</td>
<td>$1,219,214</td>
<td>$1,219,234</td>
<td>$2,634,424</td>
<td>$5,300,742</td>
<td>$6,847,662</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$22,623,730</td>
<td>$28,161,851</td>
<td>$31,637,492</td>
<td>$34,387,253</td>
<td>$40,247,520</td>
<td>$48,077,843</td>
<td>$59,757,200</td>
<td>$71,028,190</td>
<td>$76,766,964</td>
<td>$67,821,128</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General government</strong></td>
<td>$6,073,649</td>
<td>$6,118,132</td>
<td>$7,725,356</td>
<td>$7,227,880</td>
<td>$8,592,502</td>
<td>$9,454,480</td>
<td>$10,071,924</td>
<td>$11,162,849</td>
<td>$13,653,314</td>
<td>$13,944,902</td>
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<tr>
<td><strong>Grant-in-aid programs</strong></td>
<td>$1,862,687</td>
<td>$2,440,555</td>
<td>$3,403,300</td>
<td>$3,459,386</td>
<td>$3,519,133</td>
<td>$4,120,039</td>
<td>$6,892,065</td>
<td>$7,293,058</td>
<td>$10,255,326</td>
<td>$9,414,248</td>
</tr>
<tr>
<td><strong>Planning and zoning</strong></td>
<td>$741,659</td>
<td>$643,718</td>
<td>$664,925</td>
<td>$784,695</td>
<td>$795,443</td>
<td>$956,181</td>
<td>$991,821</td>
<td>$1,034,333</td>
<td>$1,194,608</td>
<td>$1,460,495</td>
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<tr>
<td><strong>Economic development and public works</strong></td>
<td>$3,496,269</td>
<td>$3,717,452</td>
<td>$4,220,049</td>
<td>$5,145,550</td>
<td>$5,656,071</td>
<td>$6,153,005</td>
<td>$6,884,569</td>
<td>$8,603,643</td>
<td>$10,196,835</td>
<td>$11,961,544</td>
</tr>
<tr>
<td><strong>Library</strong></td>
<td>$363,389</td>
<td>$322,506</td>
<td>$670,140</td>
<td>$269,526</td>
<td>$860,926</td>
<td>$1,034,333</td>
<td>$1,075,753</td>
<td>$1,117,068</td>
<td>$1,158,209</td>
<td>$1,199,542</td>
</tr>
<tr>
<td><strong>Library - solid waste</strong></td>
<td>$88,094</td>
<td>$100,931</td>
<td>$103,918</td>
<td>$127,919</td>
<td>$148,394</td>
<td>$118,812</td>
<td>$103,837</td>
<td>$112,506</td>
<td>$116,321</td>
<td>$120,136</td>
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<tr>
<td><strong>Library - constitutional offices</strong></td>
<td>$1,136,839</td>
<td>$1,142,642</td>
<td>$1,323,608</td>
<td>$1,249,571</td>
<td>$1,628,246</td>
<td>$1,563,005</td>
<td>$1,488,969</td>
<td>$1,831,004</td>
<td>$2,563,573</td>
<td>$1,965,771</td>
</tr>
<tr>
<td><strong>Capital projects</strong></td>
<td>$1,146,557</td>
<td>$1,252,479</td>
<td>$1,564,686</td>
<td>$1,475,404</td>
<td>$1,561,081</td>
<td>$1,730,535</td>
<td>$1,994,038</td>
<td>$2,307,731</td>
<td>$2,387,371</td>
<td>$2,500,483</td>
</tr>
<tr>
<td><strong>Interest and amortization</strong></td>
<td>$657,694</td>
<td>$177,027</td>
<td>$64,389</td>
<td>$172,208</td>
<td>$763,553</td>
<td>$409,419</td>
<td>$1,982,196</td>
<td>$5,948,148</td>
<td>$7,040,918</td>
<td>$10,126,509</td>
</tr>
<tr>
<td><strong>Excess of revenues over (under) expenditures</strong></td>
<td>$638,001</td>
<td>$7,199,490</td>
<td>$3,792,281</td>
<td>$5,101,534</td>
<td>$10,281,626</td>
<td>$17,226,628</td>
<td>$23,175,832</td>
<td>$24,980,673</td>
<td>$20,218,633</td>
<td>$6,638,437</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt service as a percentage of noncapital expenditures</strong></td>
<td>8.21%</td>
<td>3.60%</td>
<td>12.95%</td>
<td>12.70%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
## SUSSEX COUNTY, DELAWARE

### ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

**LAST TEN FISCAL YEARS**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Residential Property</th>
<th>Business Property</th>
<th>Agriculture Property</th>
<th>Trailer</th>
<th>Other</th>
<th>Less: Tax - Exempt Property</th>
<th>Total Taxable Assessed Value</th>
<th>Total Direct Tax Rate</th>
<th>Estimated Actual Taxable Value</th>
<th>Taxable Assessed Value as a Percentage of Actual Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$1,193,404,888</td>
<td>$290,564,109</td>
<td>$97,906,450</td>
<td>$88,834,228</td>
<td>$168,639,322</td>
<td>$194,807,063</td>
<td>$1,644,541,934</td>
<td>$0.445</td>
<td>$10,678,843,727</td>
<td>15.4%</td>
</tr>
<tr>
<td>1999</td>
<td>$1,232,229,514</td>
<td>$296,189,430</td>
<td>$99,152,650</td>
<td>$90,925,508</td>
<td>$171,167,822</td>
<td>$197,216,160</td>
<td>$1,692,448,764</td>
<td>0.445</td>
<td>$12,444,476,206</td>
<td>13.6%</td>
</tr>
<tr>
<td>2000</td>
<td>$1,285,161,590</td>
<td>$306,304,813</td>
<td>$100,901,800</td>
<td>$93,596,708</td>
<td>$173,549,797</td>
<td>$199,526,129</td>
<td>$1,759,988,579</td>
<td>0.445</td>
<td>$12,846,631,964</td>
<td>13.7%</td>
</tr>
<tr>
<td>2001</td>
<td>$1,342,992,942</td>
<td>$319,903,005</td>
<td>$100,151,600</td>
<td>$95,787,671</td>
<td>$175,547,479</td>
<td>$200,879,428</td>
<td>$1,833,503,269</td>
<td>0.445</td>
<td>$14,213,203,636</td>
<td>12.9%</td>
</tr>
<tr>
<td>2002</td>
<td>$1,409,687,109</td>
<td>$326,990,073</td>
<td>$103,165,650</td>
<td>$98,085,008</td>
<td>$179,958,129</td>
<td>$204,715,276</td>
<td>$1,913,170,693</td>
<td>0.445</td>
<td>$15,943,089,108</td>
<td>12.0%</td>
</tr>
<tr>
<td>2003</td>
<td>$1,480,149,764</td>
<td>$333,231,570</td>
<td>$104,807,150</td>
<td>$99,705,208</td>
<td>$182,243,422</td>
<td>$205,965,614</td>
<td>$1,994,171,500</td>
<td>0.445</td>
<td>$19,744,272,277</td>
<td>10.1%</td>
</tr>
<tr>
<td>2004</td>
<td>$1,564,853,342</td>
<td>$346,300,218</td>
<td>$105,925,330</td>
<td>$102,131,908</td>
<td>$184,584,322</td>
<td>$208,371,893</td>
<td>$2,095,423,227</td>
<td>0.445</td>
<td>$26,192,790,338</td>
<td>8.0%</td>
</tr>
<tr>
<td>2005</td>
<td>$1,668,856,812</td>
<td>$349,668,986</td>
<td>$109,717,513</td>
<td>$107,313,408</td>
<td>$189,749,972</td>
<td>$215,012,079</td>
<td>$2,210,294,612</td>
<td>0.445</td>
<td>$31,575,637,314</td>
<td>7.0%</td>
</tr>
<tr>
<td>2006</td>
<td>$1,788,672,680</td>
<td>$358,027,255</td>
<td>$111,038,978</td>
<td>$112,213,158</td>
<td>$191,692,422</td>
<td>$216,246,316</td>
<td>$2,345,398,177</td>
<td>0.445</td>
<td>$36,083,048,877</td>
<td>6.5%</td>
</tr>
<tr>
<td>2007</td>
<td>$1,942,430,139</td>
<td>$367,785,080</td>
<td>$113,725,678</td>
<td>$111,714,076</td>
<td>$202,949,661</td>
<td>$218,117,769</td>
<td>$2,520,486,865</td>
<td>0.445</td>
<td>$39,630,296,619</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Assessed values reflect the values utilized for initial property tax billings for each fiscal year.
2. Real property is appraised based on 1973 market values.
3. The assessed value is 50% of the appraised value.
4. Assessed value ratio estimates were developed by the University of Delaware.
5. Assessed values are based on taxable assessments.

**Sources:** Sussex County Assessment Division and University of Delaware.
### Sussex County, Delaware

#### Direct and Overlapping Property Tax Rates

**Last Ten Years**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>County Tax</strong></td>
<td>$0.3697</td>
<td>$0.3697</td>
<td>$0.3697</td>
<td>$0.3697</td>
<td>$0.4017</td>
<td>$0.4017</td>
<td>$0.4017</td>
<td>$0.4017</td>
<td>$0.4017</td>
<td>$0.4017</td>
</tr>
<tr>
<td><strong>County Bond</strong></td>
<td>0.0320</td>
<td>0.0320</td>
<td>0.0320</td>
<td>0.0320</td>
<td>0.0320</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Library</strong></td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
<td>0.0433</td>
</tr>
<tr>
<td><strong>Total direct rate</strong></td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
<td>0.4450</td>
</tr>
</tbody>
</table>

#### School Districts

- **Cape Henlopen**
  - 1.6520

- **Indian River (3)**
  - 1.9160

- **Laurel**
  - 2.3900

- **Milford**
  - 2.1560

- **Seaford**
  - 2.3000

- **Woodbridge**
  - 1.8970

- **Vo-Tech**
  - 0.2283

#### Town Rates (2)

- **Bethany Beach**
  - 1.1000

- **Bethel**
  - 0.4000

- **Blades**
  - 1.2500

- **Bridgeville**
  - 1.8300

- **Dagsboro**
  - *

- **Delmar**
  - 1.1000

- **Dewey Beach**
  - *

- **Ellendale**
  - 1.0000

- **Fenwick Island**
  - 1.4500

- **Frankford**
  - 1.7500

- **Georgetown**
  - 1.6500

- **Greenwood**
  - *

- **Henlopen Acres**
  - 1.4500

- **Laurel**
  - 1.9100

- **Lewes**
  - 0.2600

- **Milford**
  - 0.3100

- **Millsboro**
  - 0.4100

- **Millville**
  - 0.2000

- **Milton**
  - 0.4100

- **Ocean View**
  - 0.5000

- **Rehoboth Beach**
  - 1.4000

- **Seaford**
  - 0.3900

- **Selbyville**
  - 1.8500

- **Slaughter Beach**
  - 0.5000

- **South Bethany**
  - 0.6500

#### Notes:

1. The above rates are per $100 of assessed value.
2. The town rate shown for Bethany Beach, Blades, Dagsboro, Delmar, Lewes, Milford, Millsboro, Milton, Ocean View, Rehoboth Beach, and Seaford are based on assessments established by the individual towns. The other town rates are based on County assessments.
3. The Indian River School District charged $1.903, $1.950, $2.087, $2.115, $2.027, and $2.289 for non-residential properties in fiscal years 2000 through 2005 respectively.

#### Source:

The Sussex County Department of Finance, Treasury Division, University of Delaware and various Sussex County Towns’ offices.

* Figures not available
<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Fiscal Year 2007</th>
<th>Fiscal Year 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assessed Valuation</td>
<td>Percentage of Total Assessed Valuation</td>
</tr>
<tr>
<td>Verizon</td>
<td>$52,133,895</td>
<td>1.91%</td>
</tr>
<tr>
<td>Delmarva Power &amp; Light Co. (2)</td>
<td>21,938,783</td>
<td>0.80</td>
</tr>
<tr>
<td>Indian River Power LLC</td>
<td>12,786,471</td>
<td>0.47</td>
</tr>
<tr>
<td>E. I. duPont de Nemours Company</td>
<td>9,261,400</td>
<td>0.34</td>
</tr>
<tr>
<td>Delaware Electric Cooperative, Inc.</td>
<td>4,816,525</td>
<td>0.18</td>
</tr>
<tr>
<td>Chesapeake Utilities Corporation</td>
<td>4,536,567</td>
<td>0.17</td>
</tr>
<tr>
<td>Mountaire Farms of Delaware, Inc.</td>
<td>4,354,200</td>
<td>0.16</td>
</tr>
<tr>
<td>Eastern Shore Natural Gas Co.</td>
<td>4,269,450</td>
<td>0.16</td>
</tr>
<tr>
<td>Sussex Sports Amenities LLC</td>
<td>3,906,500</td>
<td>0.14</td>
</tr>
<tr>
<td>M &amp; T Bank</td>
<td>3,135,800</td>
<td>0.12</td>
</tr>
<tr>
<td>Carl M. Freeman Associates Inc.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$121,139,591</td>
<td>4.45%</td>
</tr>
</tbody>
</table>

Notes:
1. Fiscal year 2003 is as far back as this information is available.
2. Taxpayer's name changed in Fiscal Year 2005 from Conectiv Power Delivery to Delmarva Power & Light, Co.

Sources:  Sussex County Government Data Processing and Assessment Departments, Georgetown, Delaware.
## Sussex County, Delaware
### Property Tax Levies and Collections
#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Taxes Levied for Fiscal Year (Original Levy)</th>
<th>Adjustments</th>
<th>Total Adjusted Tax Levy</th>
<th>Collected within the Fiscal Year of the Levy</th>
<th>Collections in Subsequent Years</th>
<th>Total Collections to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$7,493,168</td>
<td>$79,631</td>
<td>$7,572,799</td>
<td>$7,315,590</td>
<td>96.6%</td>
<td>$242,181</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>$7,557,771</td>
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<tr>
<td>1999</td>
<td>7,704,299</td>
<td>87,355</td>
<td>7,791,654</td>
<td>7,566,993</td>
<td>97.1</td>
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<td>7,772,234</td>
</tr>
<tr>
<td>2000</td>
<td>8,013,922</td>
<td>94,224</td>
<td>8,108,146</td>
<td>7,835,808</td>
<td>96.6</td>
<td>247,008</td>
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<td>8,082,816</td>
</tr>
<tr>
<td>2001</td>
<td>8,351,274</td>
<td>109,727</td>
<td>8,461,001</td>
<td>8,156,366</td>
<td>96.4</td>
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<td>8,429,505</td>
</tr>
<tr>
<td>2002</td>
<td>8,740,663</td>
<td>102,636</td>
<td>8,843,299</td>
<td>8,527,586</td>
<td>96.4</td>
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<td>8,802,641</td>
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<tr>
<td>2003</td>
<td>9,113,367</td>
<td>106,521</td>
<td>9,219,888</td>
<td>8,904,011</td>
<td>96.6</td>
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<td></td>
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<td>9,166,949</td>
</tr>
<tr>
<td>2004</td>
<td>9,578,379</td>
<td>140,252</td>
<td>9,718,631</td>
<td>9,393,462</td>
<td>96.7</td>
<td>260,173</td>
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<td></td>
<td></td>
<td></td>
<td>9,653,635</td>
</tr>
<tr>
<td>2005</td>
<td>8,161,305</td>
<td>120,699</td>
<td>8,282,004</td>
<td>8,014,809</td>
<td>96.8</td>
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<td></td>
<td></td>
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<td></td>
<td>8,201,815</td>
</tr>
<tr>
<td>2006</td>
<td>10,686,666</td>
<td>175,555</td>
<td>10,862,221</td>
<td>10,584,949</td>
<td>97.4</td>
<td>165,798</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,750,747</td>
</tr>
<tr>
<td>2007</td>
<td>11,468,314</td>
<td>217,171</td>
<td>11,685,485</td>
<td>11,403,418</td>
<td>97.6</td>
<td>-</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,403,418</td>
</tr>
</tbody>
</table>

**Notes:**
1. Total tax levy includes initial annual levy plus quarterly supplemental additions.
2. The property tax levy for fiscal year 2005 is shown net of $1,922,507 credit applied to eligible taxpayers under the 25% property tax credit program.

**Source:** Sussex County Treasury Division
### Ratios of Outstanding Debt by Type
#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Capital Leases</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
<th>Percentage of Personal Income</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>General Obligation Bonds</td>
<td>Sewer Revenue Bonds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>$</td>
<td>$75,963,734</td>
<td>$35,411,809</td>
<td>$111,377,156</td>
<td>3.34%</td>
<td>$815</td>
</tr>
<tr>
<td>1999</td>
<td>68,562</td>
<td>76,262,212</td>
<td>34,779,886</td>
<td>111,110,660</td>
<td>3.14</td>
<td>792</td>
</tr>
<tr>
<td>2000</td>
<td>54,271</td>
<td>80,647,661</td>
<td>33,981,148</td>
<td>114,683,080</td>
<td>3.01</td>
<td>732</td>
</tr>
<tr>
<td>2001</td>
<td>71,844</td>
<td>96,831,574</td>
<td>34,288,385</td>
<td>131,191,803</td>
<td>3.22</td>
<td>819</td>
</tr>
<tr>
<td>2002</td>
<td>146,042</td>
<td>100,745,953</td>
<td>31,829,251</td>
<td>132,721,246</td>
<td>3.11</td>
<td>814</td>
</tr>
<tr>
<td>2003</td>
<td>324,574</td>
<td>100,088,975</td>
<td>30,609,794</td>
<td>131,023,343</td>
<td>2.89</td>
<td>780</td>
</tr>
<tr>
<td>2004</td>
<td>267,259</td>
<td>119,930,460</td>
<td>29,359,095</td>
<td>149,556,814</td>
<td>3.04</td>
<td>870</td>
</tr>
<tr>
<td>2005</td>
<td>259,744</td>
<td>121,162,608</td>
<td>28,076,986</td>
<td>149,499,338</td>
<td>2.83</td>
<td>850</td>
</tr>
<tr>
<td>2006</td>
<td>181,346</td>
<td>133,549,727</td>
<td>26,953,295</td>
<td>160,684,368</td>
<td>*</td>
<td>891</td>
</tr>
<tr>
<td>2007</td>
<td>165,271</td>
<td>134,977,468</td>
<td>25,497,849</td>
<td>160,640,588</td>
<td>*</td>
<td>874</td>
</tr>
</tbody>
</table>

Note: The personal income and population data information is presented on the demographic and economic statistics schedule.

* Figures not available
### Direct and Overlapping Governmental Activities Debt
JUNE 30, 2007

<table>
<thead>
<tr>
<th>Governmental Unit</th>
<th>Debt Outstanding</th>
<th>Estimated Percentage Applicable</th>
<th>Estimated Share of Direct and Overlapping Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>School Districts:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cape Henlopen</td>
<td>$ 39,318,720</td>
<td>100%</td>
<td>$ 39,318,720</td>
</tr>
<tr>
<td>Delmar</td>
<td>3,210,165</td>
<td>100%</td>
<td>3,210,165</td>
</tr>
<tr>
<td>Indian River</td>
<td>48,398,585</td>
<td>100%</td>
<td>48,398,585</td>
</tr>
<tr>
<td>Laurel</td>
<td>581,583</td>
<td>100%</td>
<td>581,583</td>
</tr>
<tr>
<td>Milford</td>
<td>4,762,060</td>
<td>59%</td>
<td>2,809,615</td>
</tr>
<tr>
<td>Seaford</td>
<td>6,544,845</td>
<td>100%</td>
<td>6,544,845</td>
</tr>
<tr>
<td>Sussex Tech</td>
<td>5,837,297</td>
<td>100%</td>
<td>5,837,297</td>
</tr>
<tr>
<td>Woodbridge</td>
<td>4,960,236</td>
<td>99%</td>
<td>4,910,634</td>
</tr>
<tr>
<td><strong>Total School Districts</strong></td>
<td></td>
<td></td>
<td><strong>111,611,444</strong></td>
</tr>
<tr>
<td><strong>Municipalities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bethany Beach</td>
<td>1,665,000</td>
<td>100%</td>
<td>1,665,000</td>
</tr>
<tr>
<td>Blades</td>
<td>544,404</td>
<td>100%</td>
<td>544,404</td>
</tr>
<tr>
<td>Bridgeville</td>
<td>2,135,461</td>
<td>100%</td>
<td>2,135,461</td>
</tr>
<tr>
<td>Dagsboro</td>
<td>*</td>
<td>100%</td>
<td>*</td>
</tr>
<tr>
<td>Frankford</td>
<td>713,781</td>
<td>100%</td>
<td>713,781</td>
</tr>
<tr>
<td>Georgetown</td>
<td>15,815,605</td>
<td>100%</td>
<td>15,815,605</td>
</tr>
<tr>
<td>Henlopen Acres</td>
<td>31,667</td>
<td>100%</td>
<td>31,667</td>
</tr>
<tr>
<td>Laurel</td>
<td>1,929,945</td>
<td>100%</td>
<td>1,929,945</td>
</tr>
<tr>
<td>Lewes</td>
<td>37,064,360</td>
<td>100%</td>
<td>37,064,360</td>
</tr>
<tr>
<td>Milford</td>
<td>11,555,000</td>
<td>70%</td>
<td>8,088,500</td>
</tr>
<tr>
<td>Millsboro</td>
<td>3,084,756</td>
<td>100%</td>
<td>3,084,756</td>
</tr>
<tr>
<td>Ocean View</td>
<td>5,000,000</td>
<td>100%</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Rehoboth Beach</td>
<td>2,440,925</td>
<td>100%</td>
<td>2,440,925</td>
</tr>
<tr>
<td>Seaford</td>
<td>5,179,820</td>
<td>100%</td>
<td>5,179,820</td>
</tr>
<tr>
<td>Selbyville</td>
<td>6,061,546</td>
<td>100%</td>
<td>6,061,546</td>
</tr>
<tr>
<td><strong>Total Municipalities</strong></td>
<td></td>
<td></td>
<td><strong>89,755,770</strong></td>
</tr>
<tr>
<td><strong>Subtotal, overlapping debt</strong></td>
<td></td>
<td></td>
<td>201,367,214</td>
</tr>
<tr>
<td><strong>County direct debt</strong></td>
<td></td>
<td></td>
<td>134,977,468</td>
</tr>
<tr>
<td><strong>Total direct and overlapping debt</strong></td>
<td></td>
<td></td>
<td><strong>$336,344,682</strong></td>
</tr>
</tbody>
</table>

Note: This report includes general obligation debt. It does not include revenue bonds or short-term debt.

Sources: Sussex County Department of Finance, Delaware State Treasurer's Office, and Sussex County Towns

* Figures not available
### Ratios of General Bonded Debt Outstanding and Legal Debt Margin

#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation bonds</td>
<td>$75,963,734</td>
<td>$76,262,212</td>
<td>$80,647,661</td>
<td>$96,831,574</td>
<td>$100,745,953</td>
<td>$100,088,975</td>
<td>$119,930,460</td>
<td>$121,162,608</td>
<td>$133,549,727</td>
<td>$134,977,468</td>
</tr>
<tr>
<td>Percentage of estimated actual property value</td>
<td>0.71%</td>
<td>0.61%</td>
<td>0.63%</td>
<td>0.68%</td>
<td>0.63%</td>
<td>0.51%</td>
<td>0.46%</td>
<td>0.38%</td>
<td>0.37%</td>
<td>0.34%</td>
</tr>
<tr>
<td>Per capita</td>
<td>556</td>
<td>544</td>
<td>515</td>
<td>605</td>
<td>618</td>
<td>596</td>
<td>698</td>
<td>689</td>
<td>741</td>
<td>734</td>
</tr>
<tr>
<td>Total net debt applicable to debt limit</td>
<td>75,963,734</td>
<td>76,262,212</td>
<td>80,647,661</td>
<td>96,831,574</td>
<td>100,745,953</td>
<td>100,088,975</td>
<td>119,930,460</td>
<td>121,162,608</td>
<td>133,549,727</td>
<td>134,977,468</td>
</tr>
<tr>
<td>Legal debt limit</td>
<td>203,828,298</td>
<td>211,827,213</td>
<td>221,083,093</td>
<td>230,935,967</td>
<td>239,653,693</td>
<td>252,815,042</td>
<td>266,391,788</td>
<td>283,050,019</td>
<td>303,961,496</td>
<td>302,316,074</td>
</tr>
<tr>
<td>Total net debt applicable to the limit as a percentage of debt limit</td>
<td>37.27%</td>
<td>36.00%</td>
<td>36.48%</td>
<td>41.93%</td>
<td>42.04%</td>
<td>39.59%</td>
<td>45.02%</td>
<td>42.81%</td>
<td>43.94%</td>
<td>44.65%</td>
</tr>
</tbody>
</table>

Source: Sussex County Assessment Division

**Note:**
1. The statutory limitation for debt is 12% of the assessed value of taxable property.
2. The personal income and population data information is presented on the demographic and economic statistics schedule.

#### Legal Debt Margin Calculation for Fiscal Year 2007

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Assessed value</td>
<td>$2,519,300,615</td>
</tr>
<tr>
<td>Debt limit (12% of assessed value)</td>
<td>302,316,074</td>
</tr>
<tr>
<td>Total net debt applicable to limit</td>
<td>134,977,468</td>
</tr>
<tr>
<td>Legal debt margin</td>
<td>$167,338,606</td>
</tr>
</tbody>
</table>
### SUSSEX COUNTY, DELAWARE
### PLEDGED-REVENUE COVERAGE
### LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Utility Service Charges</th>
<th>Less: Operating Expenses</th>
<th>Net Available Revenue</th>
<th>Debt Service Principal</th>
<th>Interest</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$6,352,519</td>
<td>$1,093,404</td>
<td>$5,259,115</td>
<td>$660,989</td>
<td>$1,541,704</td>
<td>2.39</td>
</tr>
<tr>
<td>1999</td>
<td>5,863,597</td>
<td>1,081,311</td>
<td>4,782,286</td>
<td>707,397</td>
<td>1,495,296</td>
<td>2.17</td>
</tr>
<tr>
<td>2000</td>
<td>7,426,137</td>
<td>1,265,139</td>
<td>6,160,998</td>
<td>879,231</td>
<td>1,478,462</td>
<td>2.61</td>
</tr>
<tr>
<td>2001</td>
<td>8,321,294</td>
<td>1,556,882</td>
<td>6,764,412</td>
<td>1,199,777</td>
<td>1,388,114</td>
<td>2.61</td>
</tr>
<tr>
<td>2002</td>
<td>9,455,029</td>
<td>1,458,191</td>
<td>7,996,838</td>
<td>1,819,103</td>
<td>735,163</td>
<td>3.13</td>
</tr>
<tr>
<td>2003</td>
<td>11,006,550</td>
<td>1,694,092</td>
<td>9,312,458</td>
<td>1,219,457</td>
<td>1,242,289</td>
<td>3.78</td>
</tr>
<tr>
<td>2004</td>
<td>10,861,191</td>
<td>1,805,308</td>
<td>9,055,883</td>
<td>1,250,698</td>
<td>1,209,897</td>
<td>3.68</td>
</tr>
<tr>
<td>2005</td>
<td>10,799,139</td>
<td>1,985,003</td>
<td>8,814,136</td>
<td>1,282,109</td>
<td>1,175,703</td>
<td>3.59</td>
</tr>
<tr>
<td>2006</td>
<td>13,550,763</td>
<td>2,140,366</td>
<td>11,410,397</td>
<td>1,293,972</td>
<td>991,553</td>
<td>4.99</td>
</tr>
<tr>
<td>2007</td>
<td>11,272,131</td>
<td>2,804,306</td>
<td>8,467,825</td>
<td>1,455,446</td>
<td>860,325</td>
<td>3.66</td>
</tr>
</tbody>
</table>

### Notes:

1. Operating expenses do not include depreciation or interest expense, as per the bond indenture.
2. Utility service charges do not include capitalization fees, or capital contributions.
3. Debt service requirement reflects minimum amounts due for revenue bonds. It does not include any debt service amounts for additional bonds which are paid from district funds and are general obligation bonds. It does not include accrued interest. It does not include interest capitalized prior to the initial date of operations, December 29, 1995.
4. The coverage requirement per Bond resolutions is 1.25.
5. In April 1994, the County issued $19,000,000 in revenue bonds which were advance refunded in December 1995 by revenue bonds totaling $20,825,000. In 2006 the County refinanced the December 1995 issue for the Series 2005 revenue bond issue for $18,500,000.
6. In April 1994, the County issued $13,000,000 and $4,000,000 in revenue bonds to the State of Delaware program. Debt service for these SRF bonds is based on level debt service payments.
7. The West Rehoboth system was under construction during fiscal year 1993, 1994 and 1995 and was placed in service on December 29, 1995. Receipt of revenues began during fiscal year 1996. Debt service paid prior to then was paid from capital funding. Interest was capitalized until fiscal year 1996.
8. The following revenue bond issues are included here as part of the debt service requirements:

<table>
<thead>
<tr>
<th>Issuance Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$18,500,000</td>
</tr>
<tr>
<td>$13,000,000</td>
</tr>
<tr>
<td>$4,000,000</td>
</tr>
</tbody>
</table>

### Debt Service

#### Sewer Revenue Bonds
<table>
<thead>
<tr>
<th>Year</th>
<th>Population (1)</th>
<th>Total Personal Income (2)</th>
<th>Per Capita Personal Income (2)</th>
<th>Median Age (3)</th>
<th>Public School Enrollment (4)</th>
<th>Unemployment Rate (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>136,707</td>
<td>$ 3,339,450</td>
<td>$ 21,163</td>
<td>38.0</td>
<td>21,246</td>
<td>3.7%</td>
</tr>
<tr>
<td>1999</td>
<td>140,308</td>
<td>3,538,564</td>
<td>21,423</td>
<td>36.0</td>
<td>21,432</td>
<td>3.9%</td>
</tr>
<tr>
<td>2000</td>
<td>156,638</td>
<td>3,816,094</td>
<td>22,185</td>
<td>41.1</td>
<td>21,781</td>
<td>2.9%</td>
</tr>
<tr>
<td>2001</td>
<td>160,172</td>
<td>4,077,122</td>
<td>23,232</td>
<td>*</td>
<td>21,878</td>
<td>3.9%</td>
</tr>
<tr>
<td>2002</td>
<td>163,085</td>
<td>4,263,433</td>
<td>25,471</td>
<td>*</td>
<td>21,547</td>
<td>4.0%</td>
</tr>
<tr>
<td>2003</td>
<td>167,904</td>
<td>4,533,723</td>
<td>26,832</td>
<td>*</td>
<td>25,055</td>
<td>2.7%</td>
</tr>
<tr>
<td>2004</td>
<td>171,923</td>
<td>4,927,085</td>
<td>28,609</td>
<td>42.4</td>
<td>24,210</td>
<td>3.3%</td>
</tr>
<tr>
<td>2005</td>
<td>175,818</td>
<td>5,278,405</td>
<td>29,959</td>
<td>42.4</td>
<td>24,278</td>
<td>3.2%</td>
</tr>
<tr>
<td>2006</td>
<td>180,275</td>
<td>*</td>
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<td>24,531</td>
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</tr>
<tr>
<td>2007</td>
<td>183,798</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>24,818</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Sources:
1. U.S. Bureau of the Census and Delaware Population Consortium
2. U.S. Department of Commerce, Bureau of Economic Analysis
4. Delaware Department of Education
5. Office of Occupational & Labor Market Information

Note: Total personal income is in thousands of dollars

* Figures not available
### Employment by Type of Employer

Current Year and Five Years Ago

<table>
<thead>
<tr>
<th>Type of Employer</th>
<th>Employees</th>
<th>Rank</th>
<th>Percentage of Total County Employment</th>
<th>Employees</th>
<th>Rank</th>
<th>Percentage of Total County Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>12,423</td>
<td>1</td>
<td>17.5%</td>
<td>11,790</td>
<td>1</td>
<td>19.3%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>11,146</td>
<td>2</td>
<td>15.7%</td>
<td>10,681</td>
<td>2</td>
<td>17.4%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>8,719</td>
<td>3</td>
<td>12.3%</td>
<td>7,363</td>
<td>3</td>
<td>12.0%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>8,120</td>
<td>4</td>
<td>11.4%</td>
<td>6,628</td>
<td>4</td>
<td>10.8%</td>
</tr>
<tr>
<td>Government</td>
<td>7,432</td>
<td>5</td>
<td>10.4%</td>
<td>6,032</td>
<td>5</td>
<td>9.9%</td>
</tr>
<tr>
<td>Construction</td>
<td>6,089</td>
<td>6</td>
<td>8.6%</td>
<td>4,564</td>
<td>6</td>
<td>7.5%</td>
</tr>
<tr>
<td>Administrative and waste services</td>
<td>2,664</td>
<td>7</td>
<td>3.7%</td>
<td>2,354</td>
<td>8</td>
<td>3.8%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>2,490</td>
<td>8</td>
<td>3.5%</td>
<td>2,391</td>
<td>7</td>
<td>3.9%</td>
</tr>
<tr>
<td>Other services, except public administration</td>
<td>2,393</td>
<td>9</td>
<td>3.4%</td>
<td>1,792</td>
<td>9</td>
<td>2.9%</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>2,076</td>
<td>10</td>
<td>2.9%</td>
<td>1,471</td>
<td>10</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

| Total                                   | 63,552    | 89.4% | 55,066 | 89.9% |

**Source:** Delaware Department of Labor Office of Occupational & Labor Market Information

**Note:** Data reported is for March of the respective year.

Top employer information is deemed confidential pursuant to 20 Code of Federal regulations Part 603.

Information prior to 2002 is not available using the NAICS code system that is used today to collect industry data.
### Full-Time Equivalent County Government Employees by Function/Program

**Last Ten Fiscal Years**

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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<tr>
<td>General government</td>
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<tr>
<td>General administration</td>
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<td>8</td>
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<td>8</td>
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<td>8</td>
<td>10</td>
<td>11</td>
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<tr>
<td>Finance</td>
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<td>55</td>
<td>61</td>
<td>64</td>
<td>68</td>
<td>76</td>
<td>83</td>
<td>82</td>
<td>90</td>
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<td>3</td>
<td>3</td>
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<td>4</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>6</td>
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<tr>
<td>Buildings and grounds</td>
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<td>23</td>
<td>25</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>27</td>
<td>28</td>
<td>31</td>
<td>33</td>
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<tr>
<td>Data processing</td>
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<td>6</td>
<td>5</td>
<td>8</td>
<td>9</td>
<td>11</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>County constable</td>
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<td>4</td>
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<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>11</td>
<td>11</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>16</td>
<td>16</td>
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<tr>
<td>Paramedic program</td>
<td>57</td>
<td>60</td>
<td>67</td>
<td>69</td>
<td>80</td>
<td>82</td>
<td>94</td>
<td>98</td>
<td>109</td>
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<td>Emergency preparedness</td>
<td>19</td>
<td>19</td>
<td>20</td>
<td>24</td>
<td>24</td>
<td>27</td>
<td>26</td>
<td>27</td>
<td>29</td>
<td>28</td>
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<tr>
<td>Economic development and public works</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>13</td>
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<td>12</td>
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<td>County engineer</td>
<td>74</td>
<td>80</td>
<td>79</td>
<td>87</td>
<td>100</td>
<td>104</td>
<td>109</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>Library</td>
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<td>34</td>
<td>37</td>
<td>38</td>
<td>36</td>
<td>41</td>
</tr>
<tr>
<td>Community development and housing programs</td>
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<td>5</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>7</td>
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<tr>
<td>Constitutional offices</td>
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<td>26</td>
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<td>28</td>
<td>32</td>
<td>30</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>309</td>
<td>332</td>
<td>356</td>
<td>378</td>
<td>407</td>
<td>431</td>
<td>465</td>
<td>482</td>
<td>526</td>
<td>539</td>
</tr>
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</table>

**Source:** County Personnel Office
### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning and Zoning</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Permits issued</td>
<td>7,877</td>
<td>8,641</td>
<td>8,511</td>
<td>8,459</td>
<td>9,388</td>
<td>9,741</td>
<td>10,811</td>
<td>11,075</td>
<td>11,299</td>
<td>9,896</td>
</tr>
<tr>
<td><strong>Public Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paramedic incidents dispatched</td>
<td>12,519</td>
<td>12,757</td>
<td>13,677</td>
<td>11,207</td>
<td>12,236</td>
<td>10,421</td>
<td>11,018</td>
<td>11,612</td>
<td>11,955</td>
<td>12,701</td>
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<tr>
<td>911 calls</td>
<td>60,691</td>
<td>65,604</td>
<td>66,448</td>
<td>78,594</td>
<td>78,594</td>
<td>91,511</td>
<td>89,446</td>
<td>85,243</td>
<td>94,858</td>
<td>99,659</td>
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<tr>
<td><strong>Sewer and Water Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer customers, EDU's billed</td>
<td>30,923</td>
<td>32,264</td>
<td>34,516</td>
<td>36,640</td>
<td>40,786</td>
<td>41,431</td>
<td>44,240</td>
<td>47,524</td>
<td>50,809</td>
<td>53,439</td>
</tr>
<tr>
<td>Water customers, EDU's billed</td>
<td>3,255</td>
<td>3,344</td>
<td>3,427</td>
<td>3,504</td>
<td>3,523</td>
<td>3,530</td>
<td>3,548</td>
<td>3,530</td>
<td>3,543</td>
<td>3,553</td>
</tr>
<tr>
<td><strong>Libraries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Circulation</td>
<td>821,699</td>
<td>855,273</td>
<td>890,573</td>
<td>928,640</td>
<td>1,003,652</td>
<td>915,491</td>
<td>1,197,367</td>
<td>1,182,767</td>
<td>1,137,880</td>
<td>1,170,327</td>
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<tr>
<td><strong>Airport</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of landings (1) (2)</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>16,811</td>
<td>15,106</td>
<td>16,306</td>
<td>18,625</td>
<td>17,508</td>
<td>19,259</td>
</tr>
<tr>
<td><strong>Industrial Park</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of businesses</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>19</td>
<td>18</td>
<td>18</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Number of jobs provided by business (1)</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>665</td>
<td>715</td>
<td>650</td>
<td>681</td>
<td>752</td>
<td>860</td>
<td>944</td>
</tr>
</tbody>
</table>

**Source:** Individual County Departments

**Notes:**

1. The number of landings and number of jobs provided are unavailable prior to fiscal years 2002 and 2001 respectively.
2. The number of landings is an estimate provided by Sussex County's Airport FBO.

* Figures not available
### Function/Program

**Public Safety**
- Paramedic stations: 6, 6, 6, 6, 6, 7, 7, 7, 7, 8
- Volunteer fire and ambulance companies: 24, 24, 24, 24, 24, 24, 24, 24, 24, 24
- Additional state police officers funded by County: 12, 12, 12, 12, 16, 16, 20, 24, 28, 32

**Sewer and Water Services**
- Miles of underground sanitary sewer pipe: 435, 448, 474, 481, 506, 517, 554, 595, 655, 682
- Number of feet of ocean outfall sewer pipe: 6,500, 6,500, 6,500, 6,500, 6,500, 6,500, 6,500, 6,500, 6,500
- Pump stations: 200, 201, 223, 237, 252, 261, 256, 357, 370, 384
- Lagoon treatment facilities with land application: 3, 3, 3, 3, 3, 3, 3, 3, 3, 3
- Tertiary treatment facility with ocean discharge: 1, 1, 1, 1, 1, 1, 1, 1, 1, 1

**Libraries**
- Directly administered: 3, 3, 3, 3, 3, 3, 3, 3, 3, 3
- Number of County funded, with independent board: 11, 11, 11, 11, 11, 11, 11, 11, 11, 11
- Bookmobiles: 1, 1, 1, 1, 1, 1, 1, 1, 1, 1

**Airport**
- Paved runway footage: 7,300, 7,300, 7,300, 7,300, 7,300, 7,300, 7,300, 7,300, 7,300
- Number of hangars: 17, 17, 17, 17, 20, 20, 20, 24, 27, 28
- Number of runways: 2, 2, 2, 2, 2, 2, 2, 2, 2, 2

**Source:** Individual County Departments
<table>
<thead>
<tr>
<th>Date of Maturity</th>
<th>Coupon</th>
<th>Principal Maturity</th>
<th>Interest Payable</th>
</tr>
</thead>
<tbody>
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<td>September 20, 2007</td>
<td>4.50%</td>
<td>$40,689</td>
<td>$98,398</td>
</tr>
<tr>
<td>December 20, 2007</td>
<td>4.50%</td>
<td>41,147</td>
<td>97,940</td>
</tr>
<tr>
<td>March 20, 2008</td>
<td>4.50%</td>
<td>41,610</td>
<td>97,477</td>
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<tr>
<td>June 20, 2008</td>
<td>4.50%</td>
<td>42,078</td>
<td>97,009</td>
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<tr>
<td>September 20, 2008</td>
<td>4.50%</td>
<td>42,551</td>
<td>96,536</td>
</tr>
<tr>
<td>December 20, 2008</td>
<td>4.50%</td>
<td>43,030</td>
<td>96,057</td>
</tr>
<tr>
<td>March 20, 2009</td>
<td>4.50%</td>
<td>43,514</td>
<td>95,573</td>
</tr>
<tr>
<td>June 20, 2009</td>
<td>4.50%</td>
<td>44,003</td>
<td>95,084</td>
</tr>
<tr>
<td>September 20, 2009</td>
<td>4.50%</td>
<td>44,499</td>
<td>94,588</td>
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<tr>
<td>December 20, 2009</td>
<td>4.50%</td>
<td>44,999</td>
<td>94,088</td>
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<tr>
<td>March 20, 2010</td>
<td>4.50%</td>
<td>45,505</td>
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<tr>
<td>June 20, 2010</td>
<td>4.50%</td>
<td>46,017</td>
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<td>4.50%</td>
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<td>92,028</td>
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<tr>
<td>March 20, 2011</td>
<td>4.50%</td>
<td>47,588</td>
<td>91,499</td>
</tr>
<tr>
<td>June 20, 2011</td>
<td>4.50%</td>
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<td>90,964</td>
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<td>49,212</td>
<td>89,875</td>
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<td>March 20, 2012</td>
<td>4.50%</td>
<td>49,766</td>
<td>89,321</td>
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<tr>
<td>June 20, 2012</td>
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<td>50,326</td>
<td>88,761</td>
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<tr>
<td>September 20, 2012</td>
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<tr>
<td>September 20, 2013</td>
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<td>June 20, 2014</td>
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<td>55,037</td>
<td>84,050</td>
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<td>55,657</td>
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<td>56,283</td>
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<td>56,916</td>
<td>82,171</td>
</tr>
<tr>
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<tr>
<td>December 20, 2015</td>
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<td>80,229</td>
</tr>
<tr>
<td>March 20, 2016</td>
<td>4.50%</td>
<td>59,521</td>
<td>79,566</td>
</tr>
<tr>
<td>June 20, 2016</td>
<td>4.50%</td>
<td>60,190</td>
<td>78,897</td>
</tr>
<tr>
<td>September 20, 2016</td>
<td>4.50%</td>
<td>60,867</td>
<td>78,220</td>
</tr>
<tr>
<td>December 20, 2016</td>
<td>4.50%</td>
<td>61,552</td>
<td>77,535</td>
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<tr>
<td>March 20, 2017</td>
<td>4.50%</td>
<td>62,245</td>
<td>76,842</td>
</tr>
<tr>
<td>June 20, 2017</td>
<td>4.50%</td>
<td>62,945</td>
<td>76,142</td>
</tr>
<tr>
<td>September 20, 2017</td>
<td>4.50%</td>
<td>63,653</td>
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### Principal Maturity and Interest Payable

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### Sussex County, Delaware

**BONDED DEBT GENERAL OBLIGATION - 1995 C**

*(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED*

**JUNE 30, 2007**

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$7,437,876 $863,732

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$ 14,099,541 $ 1,869,258

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.
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$9,380,328 $8,968,622

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### Principal and Interest Payments Only - Continued

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Total: $ 226,125 $41,994

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$2,575,787 $383,485
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$12,764,976 $4,462,279

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|             |        | $897,436           | $                |

(continued)
### SUSSEX COUNTY, DELAWARE

**BONDED DEBT GENERAL OBLIGATION - 2003**

**(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED**

**JUNE 30, 2007**

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$1,463,994 $270,193

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$ 28,840,001 $ 8,070,949

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### SUSSEX COUNTY, DELAWARE

**BONDED DEBT GENERAL OBLIGATION - 2003**

*(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED*

**JUNE 30, 2007**

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### SUSSEX COUNTY, DELAWARE
**BONDED DEBT GENERAL OBLIGATION - 2003**
**(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED**
**JUNE 30, 2007**

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SUSSEX COUNTY, DELAWARE
BONDED DEBT GENERAL OBLIGATION - 2003
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2007

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$ 459,433 $ 73,729

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### SUSSEX COUNTY, DELAWARE
### BONDED DEBT GENERAL OBLIGATION - 2004
**PRINCIPAL AND INTEREST PAYMENTS ONLY** - CONTINUED
### JUNE 30, 2007

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$17,320,000 $7,664,300
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<td>31,887</td>
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(continued)
### SUSSEX COUNTY, DELAWARE

**BONDED DEBT GENERAL OBLIGATION - 2006**

**(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED**

**JUNE 30, 2007**

<table>
<thead>
<tr>
<th>Date of Maturity</th>
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$1,757,220 $484,118
### SUSSEX COUNTY, DELAWARE
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### FOR THE YEAR ENDED JUNE 30, 2007

#### U.S. DEPARTMENT OF AGRICULTURE

<table>
<thead>
<tr>
<th>Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor/Identifying Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural Housing Preservation Grants</td>
<td>10.433</td>
<td>HPG 05-06</td>
<td>$32,482</td>
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<tr>
<td>Water and Waste Disposal Systems for Rural Communities*</td>
<td>10.760</td>
<td></td>
<td>$3,681,131</td>
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<td><strong>TOTAL U.S. DEPARTMENT OF AGRICULTURE</strong></td>
<td></td>
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#### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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<th>Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor/Identifying Number</th>
<th>Federal Expenditures</th>
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</thead>
<tbody>
<tr>
<td>Community Development Block Grants/State's Program</td>
<td>14.228</td>
<td>CDBG 03-04</td>
<td>$1,064,468</td>
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<tr>
<td>HOME Investment Partnerships Program</td>
<td>14.239</td>
<td>HM 03-05</td>
<td>$320,236</td>
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<td><strong>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</strong></td>
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<td><strong>1,384,704</strong></td>
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#### U.S. DEPARTMENT OF TRANSPORTATION

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<th>CFDA Number</th>
<th>Pass-Through Grantor/Identifying Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport Improvement Program*</td>
<td>20.106</td>
<td>3-10-0007-019-05</td>
<td>$2,054,920</td>
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<td><strong>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</strong></td>
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#### U.S. ENVIRONMENTAL PROTECTION AGENCY

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<th>Pass-Through Grantor/Identifying Number</th>
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#### U.S. DEPARTMENT OF HOMELAND SECURITY

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<th>Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor/Identifying Number</th>
<th>Federal Expenditures</th>
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<tbody>
<tr>
<td>State Domestic Preparedness Equipment Support Program*</td>
<td>97.004</td>
<td>2003-MU-T3-0039</td>
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<tr>
<td>Homeland Security Grant Program*</td>
<td>97.067</td>
<td>2005-GE-T5-0011</td>
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<td><strong>SUBTOTAL</strong></td>
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<td>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</td>
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<td>FEMA-1654-DR-DE</td>
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<td>Emergency Management Performance Grants</td>
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<td>2006-EM-E6-004</td>
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<td><strong>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</strong></td>
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**TOTAL EXPENDITURES OF FEDERAL AWARDS**

$17,955,133

*Denotes major program.

See accompanying notes to Schedule of Expenditures of Federal Awards.
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Sussex County, Delaware (the County). The County’s reporting entity is defined in Note A of the notes to basic financial statements. Federal awards that are passed through other governmental agencies are included on the schedule. Matching funds are excluded from the schedule and program income generated from federal grants is classified as federal expenditures when spent. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual and the modified accrual bases of accounting, which are described in Note A of the notes to basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - LOANS

The County had the following federal expenditures funded by loans from the U.S. Department of Agriculture and the U.S. Environmental Protection Agency during the year ended June 30, 2007.

<table>
<thead>
<tr>
<th>Cluster/Program Title</th>
<th>Federal CFDA Number</th>
<th>Loan Amount</th>
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<tr>
<td>Water and Waste Disposal Systems for Rural Communities</td>
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<tr>
<td>Capitalization Grants for Clean Water State Revolving Funds</td>
<td>66.458</td>
<td>10,108,400</td>
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</table>
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Council
Sussex County, Delaware
Georgetown, Delaware

Compliance

We have audited the compliance of Sussex County, Delaware with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Sussex County, Delaware’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sussex County, Delaware’s management. Our responsibility is to express an opinion on Sussex County, Delaware’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sussex County, Delaware’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sussex County, Delaware’s compliance with those requirements.

In our opinion, Sussex County, Delaware complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Sussex County, Delaware is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sussex County, Delaware’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sussex County, Delaware’s internal control over compliance.
Internal Control Over Compliance - Continued

A control deficiency in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity’s internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity’s internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, the County Council, federal awarding agencies and pass-through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Georgetown, Delaware
December 18, 2007

Jefferson, Urian, Doane & Sterner, P.A.
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Council
Sussex County, Delaware
Georgetown, Delaware

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2007, which collectively comprise Sussex County, Delaware’s basic financial statements and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sussex County, Delaware’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sussex County, Delaware’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sussex County, Delaware’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sussex County, Delaware’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Sussex County in a separate letter dated December 18, 2007.

This report is intended solely for the information and use of management, the County Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Georgetown, Delaware
December 18, 2007

Jefferson, Urian, Doane & Sterner, P.A.
SECTION I - SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified? ______ Yes  X  No

• Significant deficiency(ies) identified that are not considered to be material weakness? ______ Yes  X  None Reported

Noncompliance material to financial statements noted? ______ Yes  X  No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? ______ Yes  X  No

• Significant deficiency(ies) identified that are not considered to be material weakness? ______ Yes  X  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ______ Yes  X  No

Identification of Major Programs:

<table>
<thead>
<tr>
<th>PROGRAM NAME</th>
<th>CFDA Number(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Waste Disposal Systems for Rural Communities</td>
<td>10.760</td>
</tr>
<tr>
<td>Airport Improvement Program</td>
<td>20.106</td>
</tr>
<tr>
<td>State Domestic Preparedness Equipment Support Program</td>
<td>97.004</td>
</tr>
<tr>
<td>Homeland Security Grant Program</td>
<td>97.067</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $ 300,000

Auditee qualified as low-risk auditee? ______ X  Yes  ______ No

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None - Current and Prior

SECTION III - FINDINGS RELATED TO THE FEDERAL AWARDS

None - Current and Prior