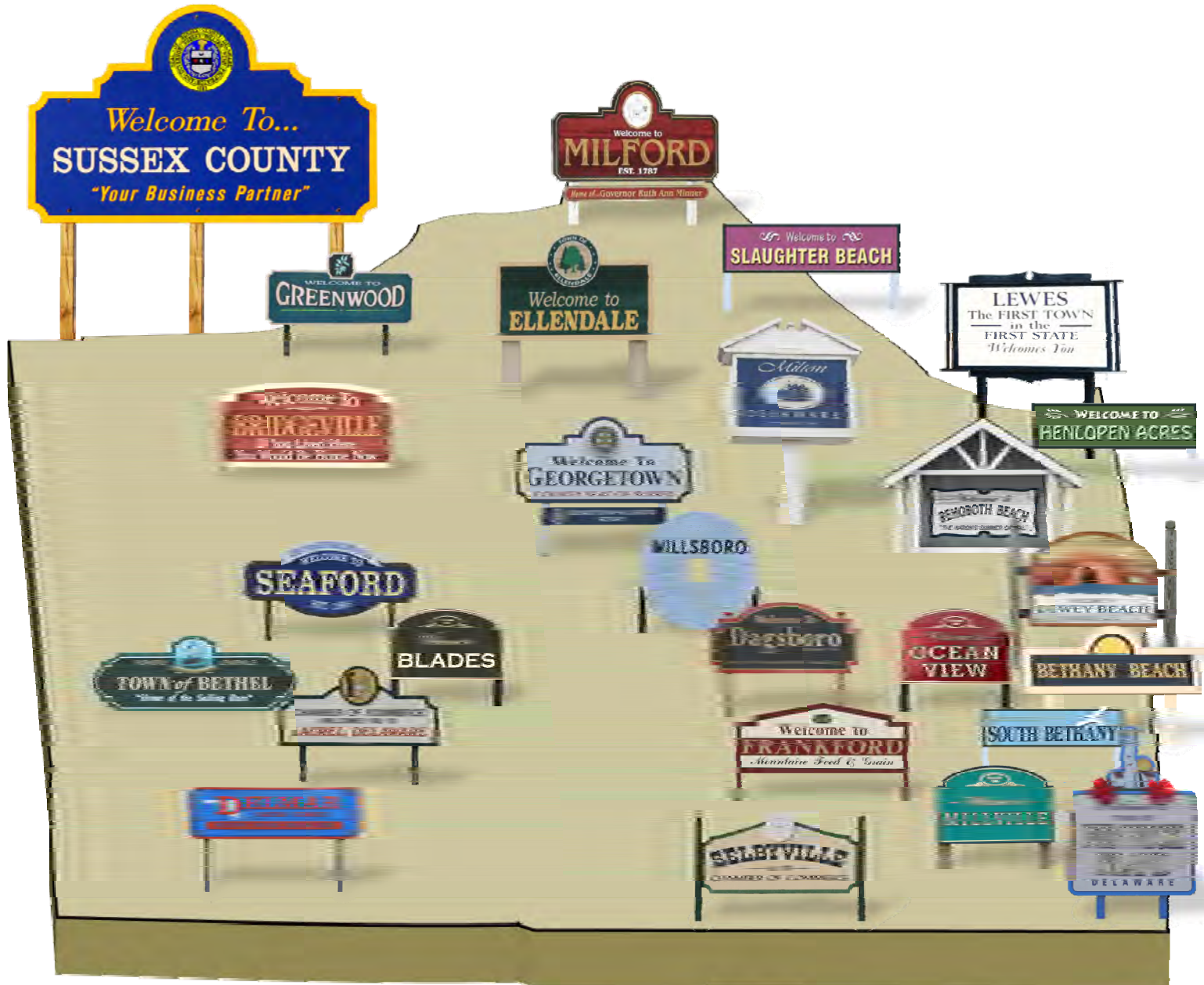




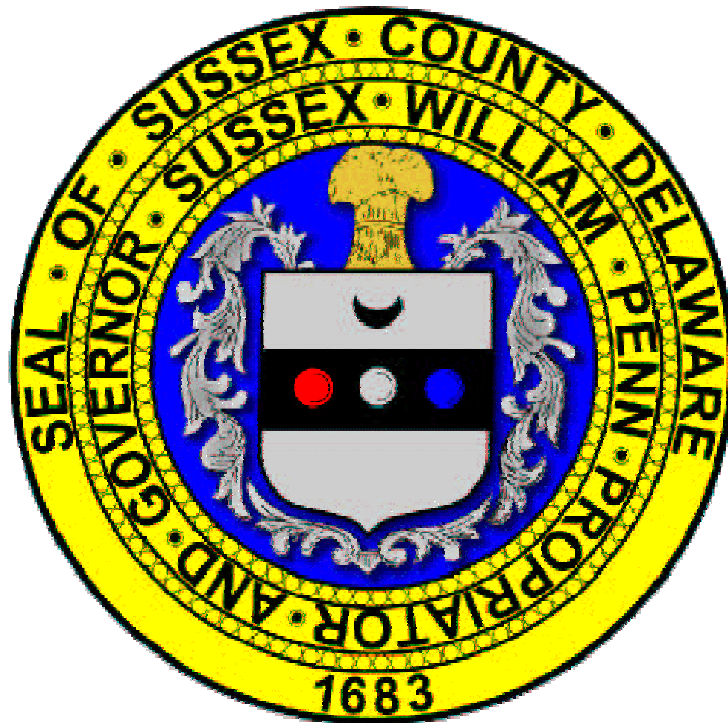
# *Sussex County, Delaware*



*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

**SUSSEX COUNTY, DELAWARE  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

---

	<b><u>PAGES</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	iv - xi
GFOA Certificate of Achievement	xii
Organizational Chart	xiii
List of Elected Officials	xiv
County Department Heads and Other Officials	xv
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3 - 17
<b>BASIC FINANCIAL STATEMENTS</b>	
<b><u>Government-wide Financial Statements</u></b>	
Statement of Net Assets	18
Statement of Activities	19
<b><u>Fund Financial Statements</u></b>	
Balance Sheet - Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	23
Statement of Net Assets - Proprietary Funds	24 - 25
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	26 - 27
Statement of Cash Flows - Proprietary Funds	28 - 31
Statement of Fiduciary Net Assets - Fiduciary Funds	32
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	33
Notes to Basic Financial Statements	34 - 57
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress	58
Schedule of Employer Contributions	59

**SUSSEX COUNTY, DELAWARE  
TABLE OF CONTENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007**

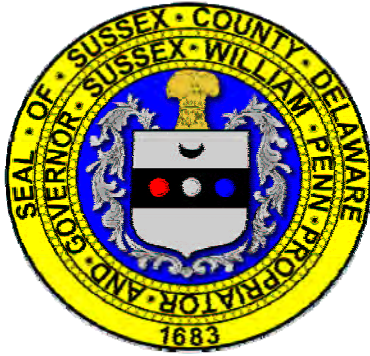
---

	<u>PAGES</u>
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<u><b>General Fund</b></u>	
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual	60 - 61
Schedule of General Fund Expenditures and Other Financing Uses - Budget and Actual	62 - 69
Schedule of Revenues and Expenditures (Condensed) - General Fund	70
<u><b>Capital Projects Fund</b></u>	
Schedule of Capital Projects Fund Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	71
<u><b>Enterprise Funds</b></u>	
Combining Statement of Net Assets - Nonmajor Proprietary Funds	72 - 76
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Proprietary Funds	77 - 81
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	82 - 91
<b>STATISTICAL SECTION</b>	92
Net Assets by Component	93
Changes in Net Assets	94 - 95
Fund Balances, Governmental Funds	96
Changes in Fund Balances, Governmental Funds	97
Assessed Value and Estimated Actual Value of Taxable Property	98
Direct and Overlapping Property Tax Rates	99
Principal Property Tax Payers	100
Property Tax Levies and Collections	101
Ratios of Outstanding Debt by Type	102
Direct and Overlapping Governmental Activities Debt	103
Ratios of General Bonded Debt Outstanding and Legal Debt Margin	104
Pledged-Revenue Coverage	105
Demographic and Economic Statistics	106
Employment by Type of Employer	107
Full-time Equivalent County Government Employees by Function/Program	108
Operating Indicators by Function/Program	109

**SUSSEX COUNTY, DELAWARE  
TABLE OF CONTENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007**

---

	<b><u>PAGES</u></b>
<b>STATISTICAL SECTION - CONTINUED</b>	
Capital Asset Statistics by Function/Program	110
Bonded Debt	111 - 162
<b>SINGLE AUDIT SUPPLEMENT</b>	
Schedule of Expenditures of Federal Awards	163
Notes to Schedule of Expenditures of Federal Awards	164
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	165 - 166
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 <i>Government Auditing Standards</i>	167 - 168
Schedule of Findings and Questioned Costs	169



## **INTRODUCTORY SECTION**



DAVID B. BAKER  
COUNTY ADMINISTRATOR



## Sussex County

ADMINISTRATIVE OFFICE BUILDING  
2 THE CIRCLE  
P.O. BOX 589  
GEORGETOWN, DELAWARE 19947  
TEL: 302-855-7742  
FAX: 302-855-7749  
E-MAIL: [administration@sussexcountyde.gov](mailto:administration@sussexcountyde.gov)

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 36<sup>th</sup> 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  
County Administrator



Susan M. Webb  
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.

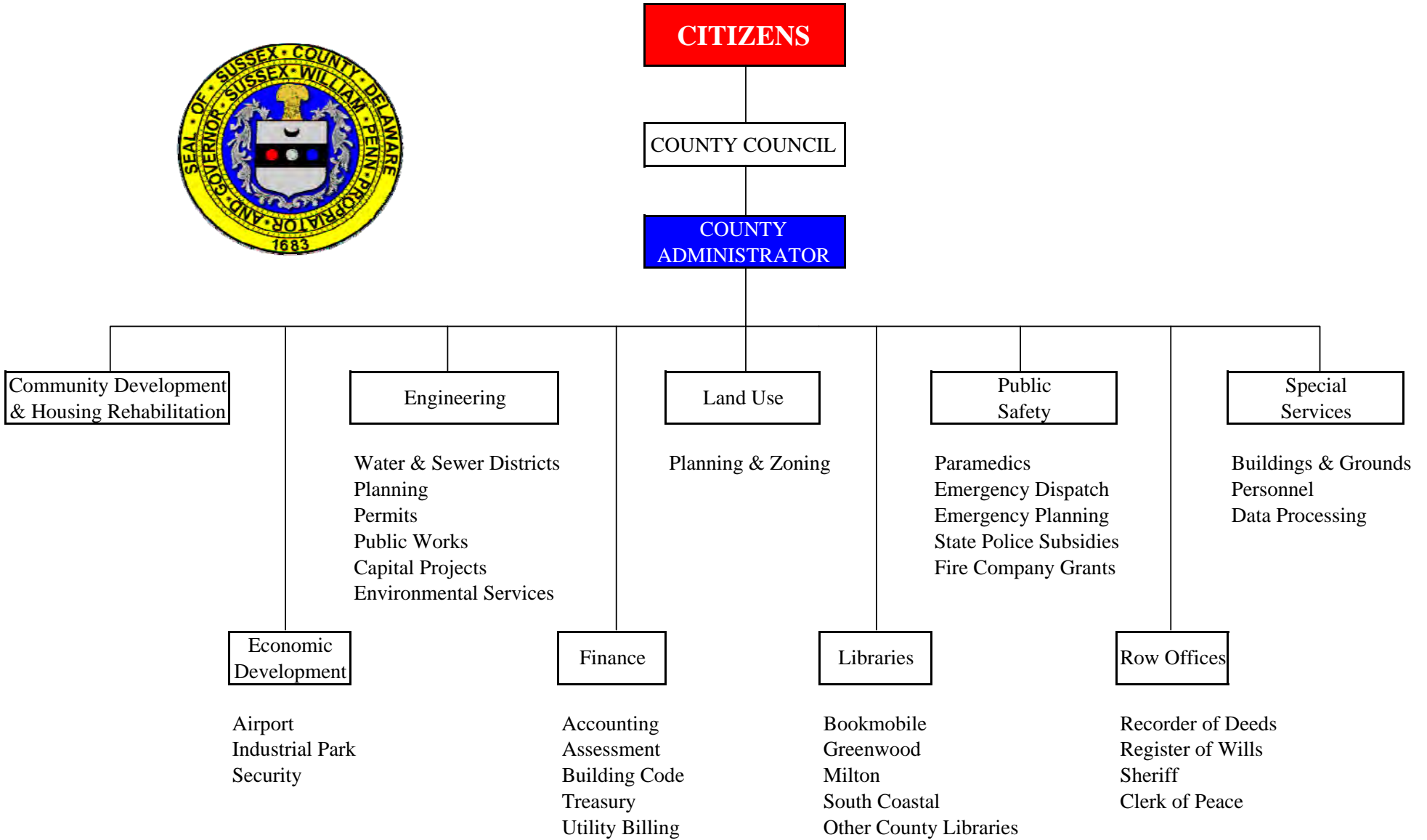


President

Executive Director



**SUSSEX COUNTY, DELAWARE  
ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR 2007**



SUSSEX COUNTY, DELAWARE

*LIST OF ELECTED OFFICIALS*

JUNE 30, 2007

---

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i> - (President) Dale R. Dukes	19 Years	Jan. 2009
<i>District 2</i> - (Vice - President) Finley B. Jones, Jr.	11 Years	Jan. 2009
<i>District 3</i> Lynn J. Rogers	11 Years	Jan. 2009
<i>District 4</i> George B. Cole	21 Years	Jan. 2011
<i>District 5</i> Vance C. Phillips	9 Years	Jan. 2011
-----		
<i>Clerk of the Peace</i> George Parrish	2 Year	Jan. 2009
<i>Recorder of Deeds</i> John F. Brady	5 Years	Jan. 2011
<i>Register of Wills</i> David L. Wilson, Sr.	1 Year	Jan. 2011
<i>Sheriff</i> Eric D. Swanson	1 Year	Jan. 2011

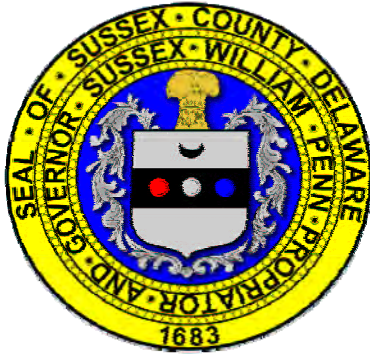
SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

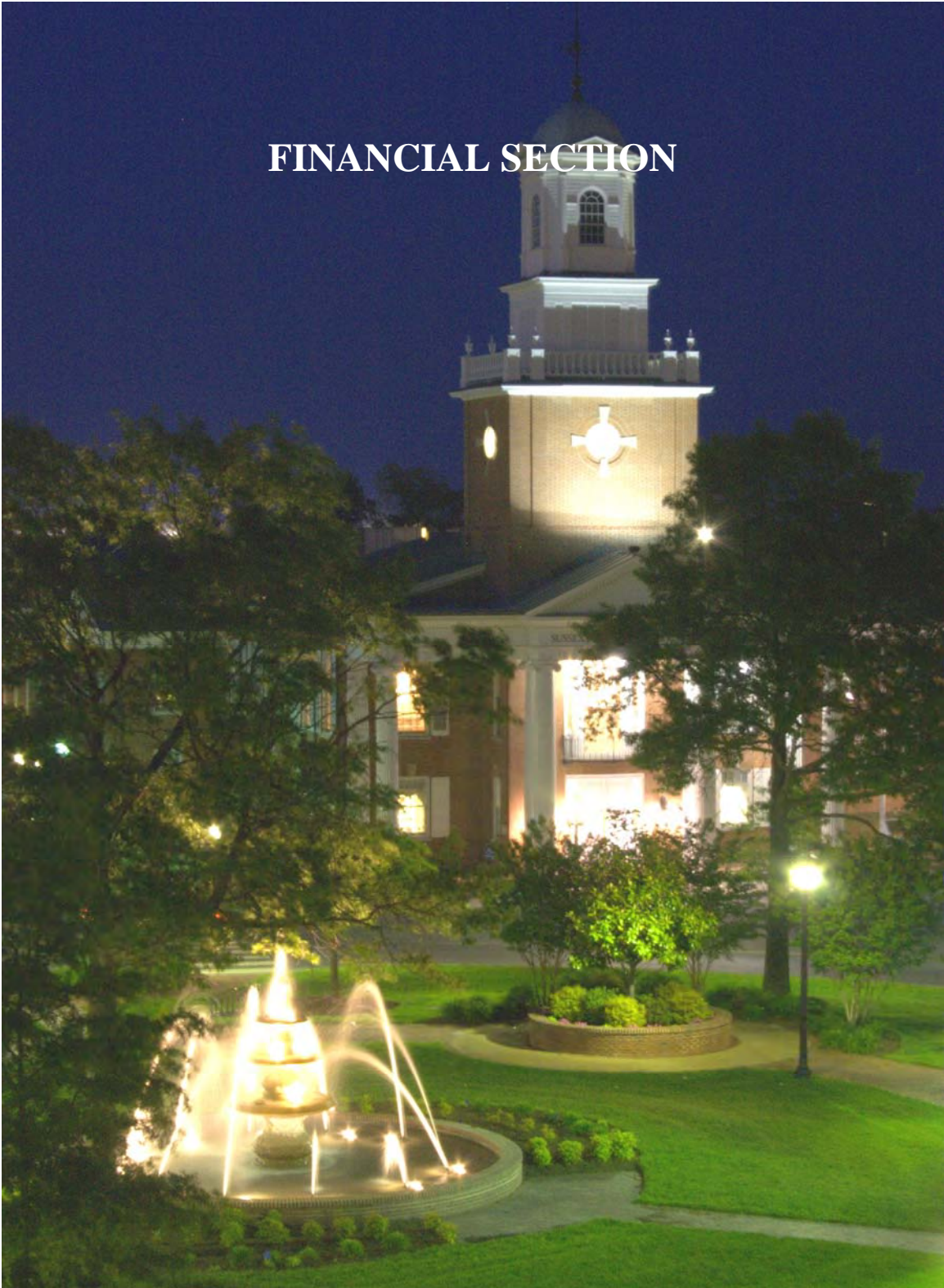
JUNE 30, 2007

---

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - David B. Baker	1 yr.	29 years
<i>County Attorney</i> - James D. Griffin, Esquire	4 yrs.	4 years
<i>Finance Director</i> - Susan M. Webb, CPA (not in public practice)	1 yr.	14 years
<i>County Engineer</i> - Michael A. Izzo, P.E.	11 yrs.	23 years
<i>Accounting Division Director</i> - Gina A. Jennings	1 yr.	1 year
<i>Assessment Division Director</i> - Eddy J. Parker	17 yrs.	27 years
<i>Facilities Manager</i> - Ray W. Webb	28 yrs.	30 years
<i>Community Development Program Director</i> - William C. Lecates	17 yrs.	28 years
<i>Data Processing Director</i> - Bonnie O. Smith	20 yrs.	38 years
<i>Director of Sussex Airport and Industrial Park Operations</i> - James A. Hickin	1 yr.	2 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	10 yrs.	21 years
<i>Library Director</i> - Carol H. Fitzgerald	22 yrs.	22 years
<i>Paramedic Director</i> - Glenn H. Luedtke	7 yrs.	7 years
<i>Personnel Director</i> - Dennis V. Cordrey	27 yrs.	30 years
<i>Planning and Zoning Director</i> - Lawrence B. Lank	22 yrs.	38 years
<i>Treasury Division Director</i> - Amanda M. Bennett	1 yr.	4 years
<i>Utility Billing Division Director</i> - Patricia Faucett	1 yr.	7 years



**FINANCIAL SECTION**



DAVID R. URIAN, CPA  
DAVID C. DOANE, CPA  
CHARLES H. STERNER, JR. CPA, CVA  
SHELDON L. FORNEY, CPA  
JAY M. STEVENS, CPA, PFS  
ROGER R. REED, CPA  
ELAINE E. GRAVES, CPA

TRUITT W. JEFFERSON, CPA, DIRECTOR  
RETIRED

ANITA Y. SMITH, MEd, DIRECTOR

## 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.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
December 18, 2007

## SUSSEX COUNTY, DELAWARE

### MANAGEMENT'S DISCUSSION & ANALYSIS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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.

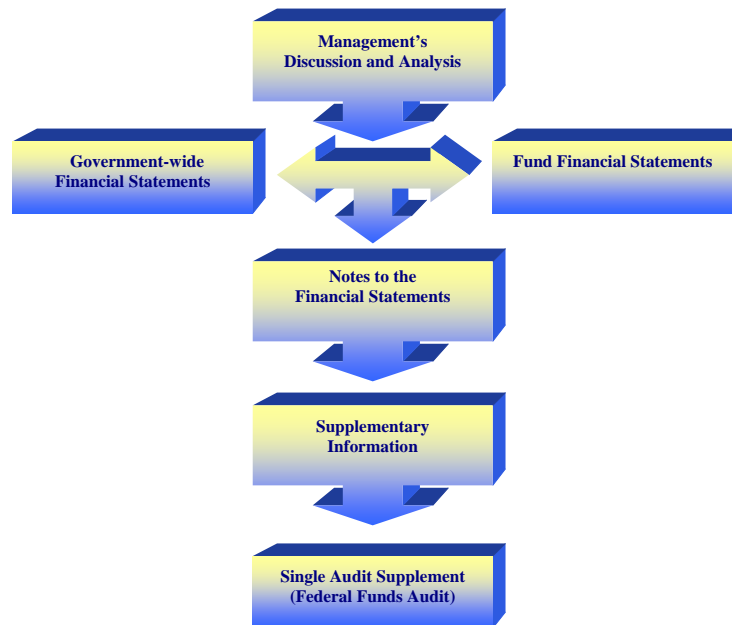
##### Fund Financial Statements

- 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**

	Governmental Activities		Business-type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 143,654,585	\$ 135,911,975	\$ 83,384,883	\$ 80,435,124	\$ 227,039,468	\$ 216,347,099
Capital Assets	43,542,689	34,321,614	308,848,362	280,928,276	352,391,051	315,249,890
Total Assets	<u>\$ 187,197,274</u>	<u>\$ 170,233,589</u>	<u>\$ 392,233,245</u>	<u>\$ 361,363,400</u>	<u>\$ 579,430,519</u>	<u>\$ 531,596,989</u>
Current and Other Liabilities	26,710,996	23,969,900	7,248,236	6,930,855	33,959,232	30,900,755
Long-term Liabilities Outstanding	9,006,009	8,610,139	159,326,065	158,984,570	168,332,074	167,594,709
Total Liabilities	<u>\$ 35,717,005</u>	<u>\$ 32,580,039</u>	<u>\$ 166,574,301</u>	<u>\$ 165,915,425</u>	<u>\$ 202,291,306</u>	<u>\$ 198,495,464</u>
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)	22,596,611	29,483,941	60,467,059
Total Net Assets	<u>\$ 151,480,269</u>	<u>\$ 137,653,550</u>	<u>\$ 225,658,944</u>	<u>\$ 195,447,975</u>	<u>\$ 377,139,213</u>	<u>\$ 333,101,525</u>

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**

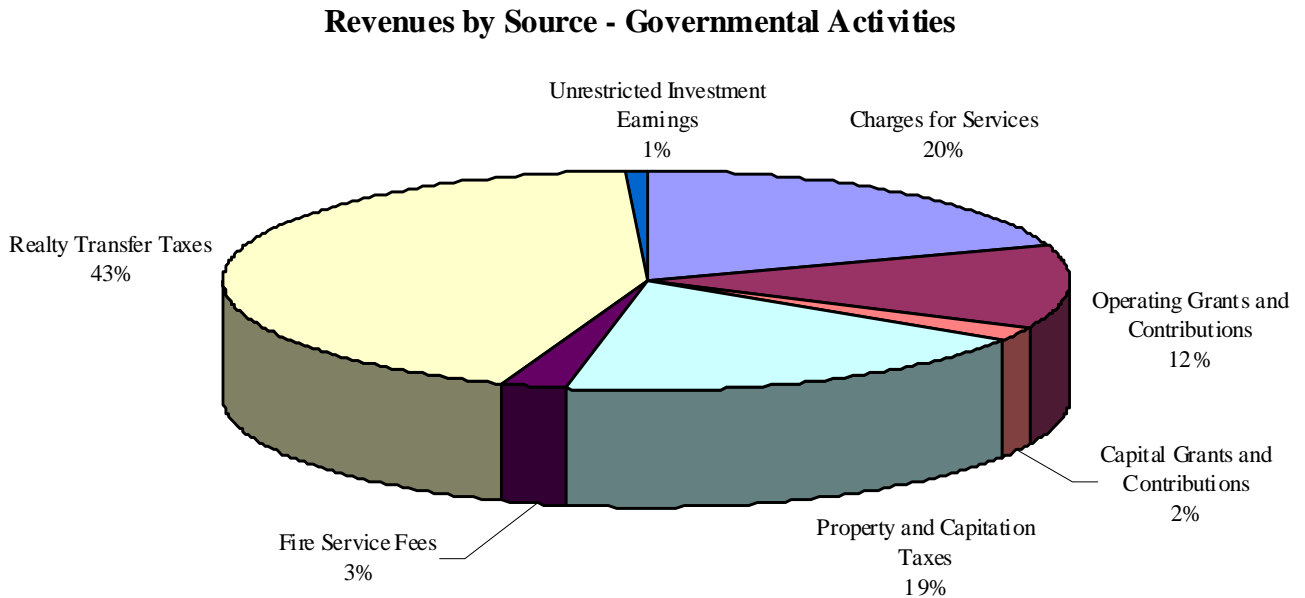
	Governmental Activities		Business-type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 12,256,122	\$ 15,966,913	\$ 13,992,697	\$ 14,183,585	\$ 26,248,819	\$ 30,150,498
Operating Grants and Contributions	7,599,645	7,510,097	21,060,417	22,841,920	28,660,062	30,352,017
Capital Grants and Contributions	1,494,572	1,166,791	17,606,829	17,112,386	19,101,401	18,279,177
General Revenues						
Property Taxes	11,521,348	10,692,069	-	-	11,521,348	10,692,069
Capitation Taxes	240,030	241,699	-	-	240,030	241,699
Fire Service Taxes	1,535,864	2,093,729	-	-	1,535,864	2,093,729
Realty Transfer Taxes	27,058,083	35,269,800	-	-	27,058,083	35,269,800
Investment Income	5,829,443	4,216,741	716,108	802,160	6,545,551	5,018,901
Total Revenues	<u>\$ 67,535,107</u>	<u>\$ 77,157,839</u>	<u>\$ 53,376,051</u>	<u>\$ 54,940,051</u>	<u>\$ 120,911,158</u>	<u>\$ 132,097,890</u>
<b>Expenses:</b>						
Primary Government:						
General Government	\$ 13,627,710	\$ 11,293,426	\$ -	\$ -	\$ 13,627,710	\$ 11,293,426
Grant-in-aid Programs	9,014,248	10,255,326	-	-	9,014,248	10,255,326
Planning and Zoning	1,430,741	1,208,841	-	-	1,430,741	1,208,841
Paramedic Program	11,626,354	9,963,348	-	-	11,626,354	9,963,348
Emergency Preparedness	2,213,396	2,263,691	-	-	2,213,396	2,263,691
Economic Development and						
Public Works	532,760	497,316	-	-	532,760	497,316
County Engineer	2,994,201	3,332,568	-	-	2,994,201	3,332,568
Airport	1,281,765	731,785	-	-	1,281,765	731,785
Library	3,747,511	3,354,026	-	-	3,747,511	3,354,026
Community Development and						
Housing Programs	1,959,365	2,561,943	-	-	1,959,365	2,561,943
Constitutional Offices	2,486,465	2,372,219	-	-	2,486,465	2,372,219
Interest expense on long-term debt	3,285	-	-	-	3,285	-
Business-type Activities	-	-	25,955,669	23,824,176	25,955,669	23,824,176
Total Expenses	<u>\$ 50,917,801</u>	<u>\$ 47,834,489</u>	<u>\$ 25,955,669</u>	<u>\$ 23,824,176</u>	<u>\$ 76,873,470</u>	<u>\$ 71,658,665</u>
Increase in Net Assets Before						
Transfers	\$ 16,617,306	\$ 29,323,350	\$ 27,420,382	\$ 31,115,875	\$ 44,037,688	\$ 60,439,225
Transfers	(2,790,587)	(6,297,450)	2,790,587	6,297,450	-	-
Increase in Net Assets	<u>\$ 13,826,719</u>	<u>\$ 23,025,900</u>	<u>\$ 30,210,969</u>	<u>\$ 37,413,325</u>	<u>\$ 44,037,688</u>	<u>\$ 60,439,225</u>
Net Assets – Beginning	137,653,550	114,627,650	195,447,975	158,034,650	333,101,525	272,662,300
Net Assets – Ending	<u>\$ 151,480,269</u>	<u>\$ 137,653,550</u>	<u>\$ 225,658,944</u>	<u>\$ 195,447,975</u>	<u>\$ 377,139,213</u>	<u>\$ 333,101,525</u>

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%).

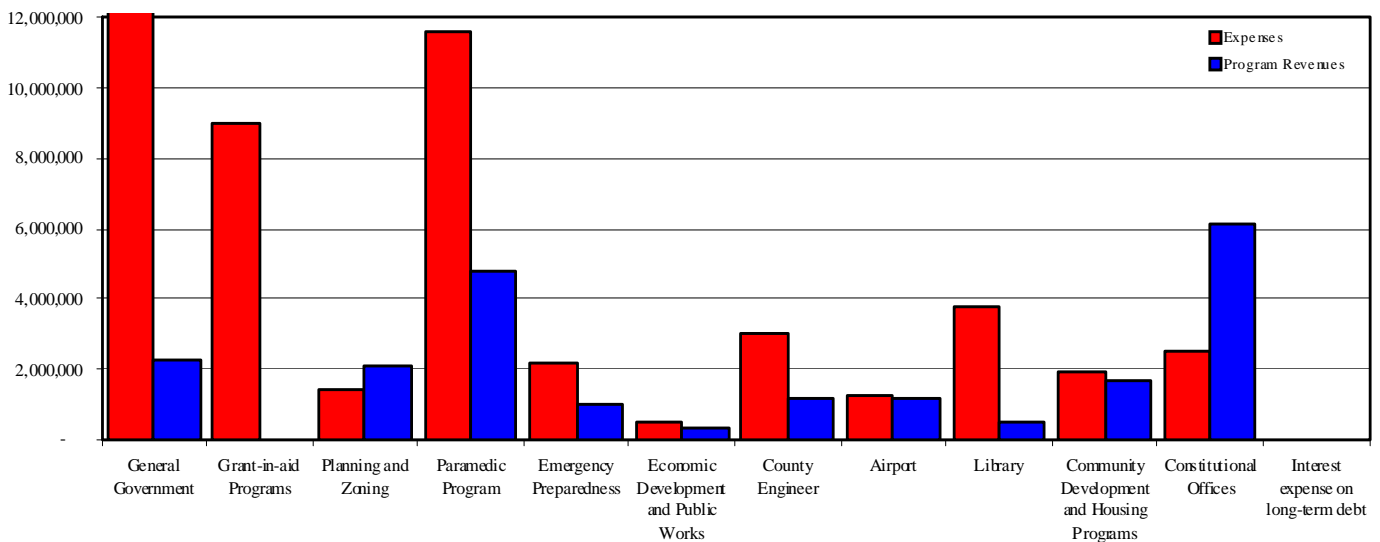


Charges for services also reflect decreases in revenue from the Private Road Inspection and Design fees, Building Permit, and also Building Inspection fees. These revenues were down \$3 million, or 23 percent, from the previous year. This reflects the downturn in the real estate market locally as well 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 following bar chart compares revenues and expenses for each governmental activity.

### Expenses and Program Revenues - Governmental Activities



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.

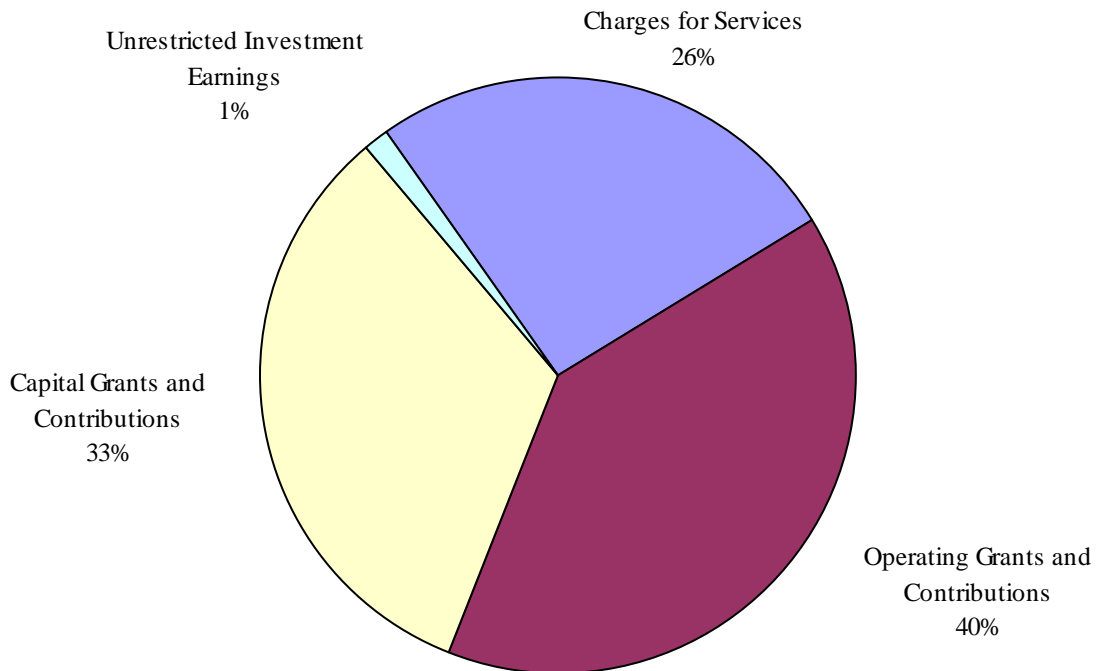
Library expansion continues in the County. All three county libraries are experiencing growth and are in some phase of an expansion project. Construction will begin in 2008 for the expansion of the South Coastal Library, a \$5 million project.

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

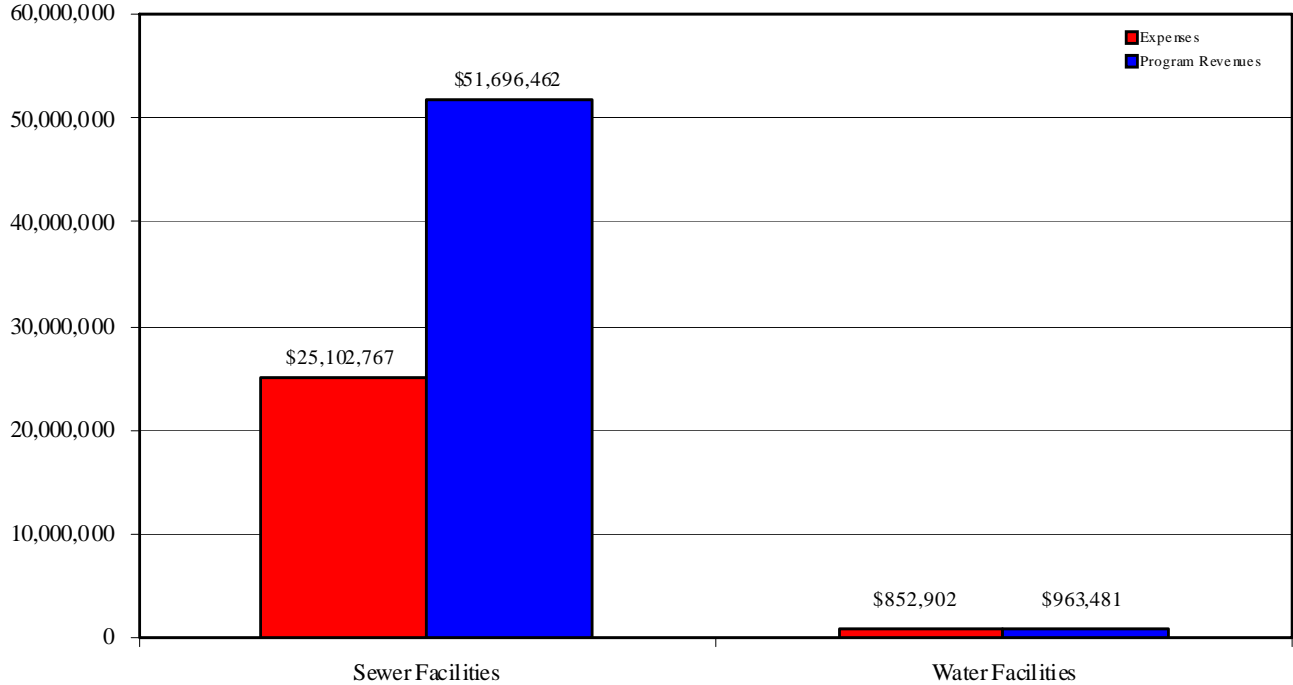
Sussex County's water and sewer funds recorded an increase in net assets of \$30 million during fiscal year 2007. Income before capital contributions and transfers was \$10 million. There were two significant increases in fund net assets for business-type activities. Capital contributions from developers 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)

	Governmental Activities		Business-type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 9,248,853	\$ 7,502,805	\$ 39,531,769	\$ 39,275,610	\$ 48,780,622	\$ 46,778,415
Construction in Progress	10,353,437	4,039,144	36,435,813	21,365,430	46,789,250	25,404,574
Buildings	16,445,300	16,383,196	4,615,108	5,036,633	21,060,408	21,419,829
Improvements Other Than Buildings	4,242,513	3,976,305	6,373,059	5,980,304	10,615,572	9,956,609
Machinery and Equipment	3,252,586	2,420,164	939,500	1,481,770	4,192,086	3,901,934
Infrastructure	-	-	220,953,113	207,788,529	220,953,113	207,788,529
<b>Total</b>	<b>\$ 43,542,689</b>	<b>\$ 34,321,614</b>	<b>\$ 308,848,362</b>	<b>\$ 280,928,276</b>	<b>\$ 352,391,051</b>	<b>\$ 315,249,890</b>

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**

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ -	\$ -	\$ 134,977,468	\$ 133,549,727	\$ 134,977,468	\$ 133,549,727
Revenue Bonds	-	-	25,497,849	26,953,295	25,497,849	26,953,295
Total	\$ -	\$ -	\$ 160,475,317	\$ 160,503,022	\$ 160,475,317	\$ 160,503,022

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 36<sup>th</sup> in the United States for total market value of agriculture products sold, 263<sup>rd</sup> for value of crops, and 29<sup>th</sup> 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 18<sup>th</sup> 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**

SUSSEX COUNTY, DELAWARE  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

- 18 -

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,638,557	\$ 10,835,270	\$ 28,473,827
Receivables, net of allowance for doubtful accounts:			
Taxes	738,517	-	738,517
Service charges	-	939,111	939,111
Assessment, impact, connection, and expansion	398,171	688,000	1,086,171
Accrued interest	457,066	502,905	959,971
Miscellaneous	599,058	281,212	880,270
Due from other governmental agencies	2,476,646	935,975	3,412,621
Unbilled taxes	12,329,504	-	12,329,504
Internal balances	17,712,278	(17,712,278)	-
Inventory	21,008	13,439	34,447
Prepaid items	117,166	-	117,166
Net pension asset	7,863,221	1,965,805	9,829,026
Restricted assets:			
Cash and cash equivalents	82,904,523	84,240,242	167,144,765
Economic development loans	398,870	-	398,870
Bond issue cost, net of amortization	-	695,202	695,202
Capital assets:			
Land, improvements, and construction in progress	19,602,290	75,967,582	95,569,872
Other capital assets, net of depreciation	23,940,399	232,880,780	256,821,179
<b>TOTAL ASSETS</b>	<b>187,197,274</b>	<b>392,233,245</b>	<b>579,430,519</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	4,056,172	6,283,500	10,339,672
Accrued interest payable	-	492,712	492,712
Employee health claims payable	778,265	-	778,265
Unearned revenue:			
Taxes	12,329,504	-	12,329,504
Other	121,921	-	121,921
Deposits	9,425,134	-	9,425,134
Notes payable	-	472,024	472,024
Long-term liabilities:			
Due within one year	2,313,714	7,344,644	9,658,358
Due in more than one year	6,692,295	151,981,421	158,673,716
<b>TOTAL LIABILITIES</b>	<b>35,717,005</b>	<b>166,574,301</b>	<b>202,291,306</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	43,377,418	150,185,092	193,562,510
Restricted for:			
Realty transfer tax	70,993,731	-	70,993,731
911 Reporting	1,918,020	-	1,918,020
Grant funds	85,121	-	85,121
Construction and debt service	-	53,838,687	53,838,687
Revenue bond debt service	-	27,257,203	27,257,203
Unrestricted	35,105,979	(5,622,038)	29,483,941
<b>TOTAL NET ASSETS</b>	<b>\$ 151,480,269</b>	<b>\$ 225,658,944</b>	<b>\$ 377,139,213</b>

The accompanying notes are an integral part of these financial statements.



SUSSEX COUNTY, DELAWARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

- 19 -

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 13,627,710	\$ 2,189,982	\$ 53,499	\$ -	\$ (11,384,229)	\$ -	\$ (11,384,229)
Grant-in-aid programs	9,014,248	-	-	-	(9,014,248)	-	(9,014,248)
Planning and zoning	1,430,741	2,079,324	-	-	648,583	-	648,583
Paramedic program	11,626,354	-	4,726,314	99,647	(6,800,393)	-	(6,800,393)
Emergency preparedness	2,213,396	24,145	771,505	237,311	(1,180,435)	-	(1,180,435)
Economic development and public works	532,760	362,699	-	-	(170,061)	-	(170,061)
County engineer	2,994,201	1,206,998	-	-	(1,787,203)	-	(1,787,203)
Airport	1,281,765	195,398	-	1,010,664	(75,703)	-	(75,703)
Library	3,747,511	26,422	339,770	146,950	(3,234,369)	-	(3,234,369)
Community development and housing programs	1,959,365	-	1,708,557	-	(250,808)	-	(250,808)
Constitutional offices	2,486,465	6,171,154	-	-	3,684,689	-	3,684,689
Interest expense on long-term debt	3,285	-	-	-	(3,285)	-	(3,285)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>50,917,801</b>	<b>12,256,122</b>	<b>7,599,645</b>	<b>1,494,572</b>	<b>(29,567,462)</b>	<b>-</b>	<b>(29,567,462)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer facilities	25,102,767	13,357,511	20,732,122	17,606,829	-	26,593,695	26,593,695
Water facilities	852,902	635,186	328,295	-	-	110,579	110,579
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>25,955,669</b>	<b>13,992,697</b>	<b>21,060,417</b>	<b>17,606,829</b>	<b>-</b>	<b>26,704,274</b>	<b>26,704,274</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 76,873,470</b>	<b>\$ 26,248,819</b>	<b>\$ 28,660,062</b>	<b>\$ 19,101,401</b>	<b>(29,567,462)</b>	<b>26,704,274</b>	<b>(2,863,188)</b>
<b>GENERAL REVENUES</b>							
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
<b>TRANSFERS</b>					<b>(2,790,587)</b>	<b>2,790,587</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>43,394,181</b>	<b>3,506,695</b>	<b>46,900,876</b>
<b>CHANGE IN NET ASSETS</b>					<b>13,826,719</b>	<b>30,210,969</b>	<b>44,037,688</b>
<b>NET ASSETS - BEGINNING</b>					<b>137,653,550</b>	<b>195,447,975</b>	<b>333,101,525</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 151,480,269</b>	<b>\$ 225,658,944</b>	<b>\$ 377,139,213</b>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2007

- 20 -

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,928,396	\$ 1,710,161	\$ 17,638,557
Receivables, net of allowance for doubtful accounts:			
Taxes	738,517	-	738,517
Assessment, impact, connection, and expansion	398,171	-	398,171
Accrued interest	360,811	96,255	457,066
Miscellaneous	599,058	-	599,058
Due from other governmental agencies	1,712,999	763,647	2,476,646
Unbilled taxes	12,329,504	-	12,329,504
Due from other funds	18,151,043	-	18,151,043
Inventory	21,008	-	21,008
Prepaid items	117,166	-	117,166
Restricted assets:			
Cash and cash equivalents	55,969,490	26,935,033	82,904,523
<b>TOTAL ASSETS</b>	<u>\$ 106,326,163</u>	<u>\$ 29,505,096</u>	<u>\$ 135,831,259</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued expenditures	\$ 3,266,575	\$ 789,597	\$ 4,056,172
Due to other funds	-	438,765	438,765
Employee health claims payable	778,265	-	778,265
Deferred revenue:			
Taxes	13,009,761	-	13,009,761
Other	1,425,509	462,586	1,888,095
Deposits	9,425,134	-	9,425,134
<b>TOTAL LIABILITIES</b>	<u>27,905,244</u>	<u>1,690,948</u>	<u>29,596,192</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	317,631	825,214	1,142,845
Inventories and prepaid items	138,174	-	138,174
Non-current assets	18,242,862	-	18,242,862
911 funds	1,918,020	-	1,918,020
Realty transfer tax	44,058,698	26,935,033	70,993,731
Unreserved:			
Designated for subsequent years' expenditures	3,859,850	-	3,859,850
Undesignated	9,885,684	53,901	9,939,585
<b>TOTAL FUND BALANCES</b>	<u>78,420,919</u>	<u>27,814,148</u>	<u>106,235,067</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 106,326,163</u>	<u>\$ 29,505,096</u>	
<b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b>			
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.			<u>(9,006,009)</u>
<b>Net Assets of Governmental Activities</b>			<u>\$ 151,480,269</u>

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**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 40,296,411	\$ -	\$ 40,296,411
Intergovernmental	6,935,576	1,405,435	8,341,011
Charges for services	12,310,437	-	12,310,437
Fines and forfeits	25,607	-	25,607
Miscellaneous	5,430,788	1,416,874	6,847,662
<b>TOTAL REVENUES</b>	<u>64,998,819</u>	<u>2,822,309</u>	<u>67,821,128</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General Government:			
General administration	1,310,523	-	1,310,523
Finance	6,124,037	-	6,124,037
Personnel	3,065,195	-	3,065,195
Buildings and grounds	1,861,963	-	1,861,963
Data processing	1,279,540	-	1,279,540
County constable	303,644	-	303,644
Grant-in-aid programs	9,414,248	-	9,414,248
Planning and zoning	1,460,495	-	1,460,495
Paramedic program	11,961,544	-	11,961,544
Emergency preparedness	2,188,091	-	2,188,091
Economic development and public works	595,762	-	595,762
County engineer	2,952,789	-	2,952,789
Airport	390,378	-	390,378
Library	3,681,719	-	3,681,719
Community development and housing programs	1,965,771	-	1,965,771
Constitutional offices	2,500,483	-	2,500,483
<b>Capital projects</b>	-	10,126,509	10,126,509
<b>TOTAL EXPENDITURES</b>	<u>51,056,182</u>	<u>10,126,509</u>	<u>61,182,691</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,942,637</u>	<u>(7,304,200)</u>	<u>6,638,437</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	110,546	-	110,546
Transfers in	-	13,914,628	13,914,628
Transfers out	(16,705,215)	-	(16,705,215)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(16,594,669)</u>	<u>13,914,628</u>	<u>(2,680,041)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,652,032)</u>	<u>6,610,428</u>	<u>3,958,396</u>
<b>FUND BALANCES - BEGINNING</b>	<u>81,072,951</u>	<u>21,203,720</u>	<u>102,276,671</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 78,420,919</u>	<u>\$ 27,814,148</u>	<u>\$ 106,235,067</u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

---

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>			\$ 3,958,396
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
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<u>\$ 13,826,719</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 28,171,844	28,171,844	\$ 40,296,411	\$ 12,124,567
Intergovernmental	6,620,694	6,620,694	6,935,576	314,882
Charges for services	13,987,721	13,987,721	12,310,437	(1,677,284)
Fines and forfeits	17,500	17,500	25,607	8,107
Miscellaneous	1,825,500	1,825,500	5,430,788	3,605,288
<b>TOTAL REVENUES</b>	<b>50,623,259</b>	<b>50,623,259</b>	<b>64,998,819</b>	<b>14,375,560</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
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	3,384,311	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
<b>TOTAL EXPENDITURES</b>	<b>56,780,630</b>	<b>54,369,165</b>	<b>51,056,182</b>	<b>3,312,983</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(6,157,371)</b>	<b>(3,745,906)</b>	<b>13,942,637</b>	<b>17,688,543</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
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
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,600,000)</b>	<b>(4,011,465)</b>	<b>(16,594,669)</b>	<b>(12,583,204)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(7,757,371)</b>	<b>(7,757,371)</b>	<b>(2,652,032)</b>	<b>5,105,339</b>
<b>FUND BALANCE - BEGINNING</b>	<b>81,072,951</b>	<b>81,072,951</b>	<b>81,072,951</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 73,315,580</b>	<b>\$ 73,315,580</b>	<b>\$ 78,420,919</b>	<b>\$ 5,105,339</b>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
JUNE 30, 2007

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>West Rehoboth Sewer</b>	<b>Treatment Plant - SCRWF</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 955,982	\$ 2,308,012	\$ 22,392
Receivables, net of allowance for doubtful accounts:			
Service charges	18,878	141,979	130,591
Assessment, impact, connection, and expansion	26,318	141,738	-
Accrued interest	36,961	176,364	152,791
Miscellaneous	24,623	130,526	32,688
Due from other governmental agencies	-	63,688	-
Due from other funds	-	-	3,726,480
Inventory	-	-	3,624
<b>TOTAL CURRENT ASSETS</b>	<b>1,062,762</b>	<b>2,962,307</b>	<b>4,068,566</b>
<b>NONCURRENT ASSETS</b>			
Restricted assets:			
Cash and cash equivalents	8,265,366	30,363,804	19,870,151
Bond issue cost, net of amortization	63,896	297,015	82,805
Net pension asset	115,982	475,332	693,143
Noncurrent accounts receivable:			
Service charges	5,980	183,687	41,795
Assessment, impact, connection, and expansion	15,849	383,823	-
Capital assets:			
Land, improvements, and construction in progress	5,996,423	4,067,984	23,146,160
Other capital assets, net of depreciation	38,688,032	85,342,222	17,581,782
<b>TOTAL NONCURRENT ASSETS</b>	<b>53,151,528</b>	<b>121,113,867</b>	<b>61,415,836</b>
<b>TOTAL ASSETS</b>	<b>54,214,290</b>	<b>124,076,174</b>	<b>65,484,402</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	903,537	187,684	3,000,539
Accrued interest payable	60,020	98,792	81,468
Due to other funds	719,288	1,078,312	6,764,073
Notes payable	8,967	-	167,159
Current portion of long-term liabilities	1,056,479	2,719,494	1,471,103
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,748,291</b>	<b>4,084,282</b>	<b>11,484,342</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>19,508,449</b>	<b>64,138,478</b>	<b>23,474,657</b>
<b>TOTAL LIABILITIES</b>	<b>22,256,740</b>	<b>68,222,760</b>	<b>34,958,999</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	24,177,559	22,826,597	16,015,149
Restricted for:			
Construction and debt service	7,958,458	3,057,100	17,228,757
Revenue bond debt service	-	27,257,203	-
Unrestricted	(178,467)	2,712,514	(2,718,503)
<b>TOTAL NET ASSETS</b>	<b>\$ 31,957,550</b>	<b>\$ 55,853,414</b>	<b>\$ 30,525,403</b>

(continued)

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

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonmajor Funds</b>	<b>Total</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,548,884	\$ 10,835,270
Receivables, net of allowance for doubtful accounts:		
Service charges	208,552	500,000
Assessment, impact, connection, and expansion	64,674	232,730
Accrued interest	136,789	502,905
Miscellaneous	93,375	281,212
Due from other governmental agencies	872,287	935,975
Due from other funds	-	3,726,480
Inventory	9,815	13,439
<b>TOTAL CURRENT ASSETS</b>	<b>8,934,376</b>	<b>17,028,011</b>
<b>NONCURRENT ASSETS</b>		
Restricted assets:		
Cash and cash equivalents	25,740,921	84,240,242
Bond issue cost, net of amortization	251,486	695,202
Net pension asset	681,348	1,965,805
Noncurrent accounts receivable:		
Service charges	207,649	439,111
Assessment, impact, connection, and expansion	55,598	455,270
Capital assets:		
Land, improvements, and construction in progress	42,757,015	75,967,582
Other capital assets, net of depreciation	91,268,744	232,880,780
<b>TOTAL NONCURRENT ASSETS</b>	<b>160,962,761</b>	<b>396,643,992</b>
<b>TOTAL ASSETS</b>	<b>169,897,137</b>	<b>413,672,003</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other current liabilities	2,191,740	6,283,500
Accrued interest payable	252,432	492,712
Due to other funds	12,877,085	21,438,758
Notes payable	295,898	472,024
Current portion of long-term liabilities	2,097,568	7,344,644
<b>TOTAL CURRENT LIABILITIES</b>	<b>17,714,723</b>	<b>36,031,638</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>44,859,837</b>	<b>151,981,421</b>
<b>TOTAL LIABILITIES</b>	<b>62,574,560</b>	<b>188,013,059</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	87,165,787	150,185,092
Restricted for:		
Construction and debt service	25,594,372	53,838,687
Revenue bond debt service	-	27,257,203
Unrestricted	(5,437,582)	(5,622,038)
<b>TOTAL NET ASSETS</b>	<b>\$ 107,322,577</b>	<b>\$ 225,658,944</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>West Rehoboth Sewer</b>	<b>Treatment Plant - SCRWF</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 542,331	\$ 3,375,910	\$ 3,763,952
Other operating revenue	139,800	448,533	121,641
<b>TOTAL OPERATING REVENUES</b>	<b>682,131</b>	<b>3,824,443</b>	<b>3,885,593</b>
<b>OPERATING EXPENSES</b>			
Amortization	7,850	18,022	7,571
Contractual services	60,109	459,857	764,056
Depreciation	889,491	2,274,810	1,074,404
Employee benefits	221,767	658,255	952,120
Equipment and tools	13,483	121,838	133,973
Maintenance and repairs	12,411	81,336	168,023
Miscellaneous	-	80,671	23,081
Process chemicals	2,423	29,768	138,502
Professional services	21,564	47,767	7,226
Salaries	231,320	989,276	1,426,891
Shared costs - operating	108,029	162,205	1
Supplies	33	60,324	85,383
Training and travel	-	94,987	136,230
Wastewater treatment	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,568,480</b>	<b>5,079,116</b>	<b>4,917,461</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(886,349)</b>	<b>(1,254,673)</b>	<b>(1,031,868)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	476,300	1,450,663	1,102,926
Assessment and connection fees	1,963,135	5,997,025	3,663,973
Miscellaneous	-	-	2,810
Interest expense	(654,452)	(2,667,852)	(649,894)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,784,983</b>	<b>4,779,836</b>	<b>4,119,815</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>898,634</b>	<b>3,525,163</b>	<b>3,087,947</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>6,050,049</b>	<b>4,980,912</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>90,631</b>	<b>349,200</b>	<b>416,244</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>(39,998)</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>7,039,314</b>	<b>8,815,277</b>	<b>3,504,191</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>24,918,236</b>	<b>47,038,137</b>	<b>27,021,212</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 31,957,550</b>	<b>\$ 55,853,414</b>	<b>\$ 30,525,403</b>

(continued)



**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonmajor Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,399,706	\$ 12,081,899
Other operating revenue	1,140,955	1,850,929
<b>TOTAL OPERATING REVENUES</b>	<b>5,540,661</b>	<b>13,932,828</b>
<b>OPERATING EXPENSES</b>		
Amortization	16,673	50,116
Contractual services	814,217	2,098,239
Depreciation	3,461,625	7,700,330
Employee benefits	1,151,424	2,983,566
Equipment and tools	85,710	355,004
Maintenance and repairs	98,556	360,326
Miscellaneous	19,654	123,406
Process chemicals	15,833	186,526
Professional services	364,130	440,687
Salaries	1,377,178	4,024,665
Shared costs - operating	499,871	770,106
Supplies	76,030	221,770
Training and travel	101,265	332,482
Wastewater treatment	817,006	817,006
<b>TOTAL OPERATING EXPENSES</b>	<b>8,899,172</b>	<b>20,464,229</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,358,511)</b>	<b>(6,531,401)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	1,482,632	4,512,521
Assessment and connection fees	5,639,871	17,264,004
Miscellaneous	57,059	59,869
Interest expense	(1,519,242)	(5,491,440)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>5,660,320</b>	<b>16,344,954</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>2,301,809</b>	<b>9,813,553</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>6,575,868</b>	<b>17,606,829</b>
<b>TRANSFERS IN</b>	<b>3,727,599</b>	<b>4,583,674</b>
<b>TRANSFERS OUT</b>	<b>(1,753,089)</b>	<b>(1,793,087)</b>
<b>CHANGE IN NET ASSETS</b>	<b>10,852,187</b>	<b>30,210,969</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>96,470,390</b>	<b>195,447,975</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 107,322,577</b>	<b>\$ 225,658,944</b>

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

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>West Rehoboth Sewer</b>	<b>Treatment Plant - SCRWF</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 522,540	\$ 3,298,538	\$ 3,734,040
Payments to suppliers	(183,160)	(1,069,130)	(1,258,103)
Payments to employees	(447,743)	(1,664,058)	(2,389,040)
Other receipts	139,800	448,533	124,451
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>31,437</b>	<b>1,013,883</b>	<b>211,348</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from other funds	6,508,301	1,042,622	42,778,884
Advances to other funds	(5,980,613)	(905,189)	(40,266,279)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>527,688</b>	<b>137,433</b>	<b>2,512,605</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(3,176,417)	(643,654)	(5,367,785)
Net payments on line of credit	(8,000)	-	(100,000)
Retirement of bonds and related costs	(801,027)	(2,499,202)	(885,570)
Bond proceeds	1,757,221	-	1,763,196
Assessment and connection fees	1,967,945	5,983,165	3,663,973
Capital contributions	111,030	4,853	-
Interest paid	(584,699)	(2,591,048)	(617,983)
Payments for bond issue costs	(4,272)	-	-
Transfers from other funds for capital activities	90,631	349,200	416,244
Transfers to other funds for capital activities	-	(39,998)	-
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(647,588)</b>	<b>563,316</b>	<b>(1,127,925)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	470,983	1,479,941	1,013,518
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>382,520</b>	<b>3,194,573</b>	<b>2,609,546</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>8,838,828</b>	<b>29,477,243</b>	<b>17,282,997</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 9,221,348</b>	<b>\$ 32,671,816</b>	<b>\$ 19,892,543</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>			
Cash and cash equivalents	\$ 955,982	\$ 2,308,012	\$ 22,392
Restricted cash and cash equivalents	8,265,366	30,363,804	19,870,151
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 9,221,348</b>	<b>\$ 32,671,816</b>	<b>\$ 19,892,543</b>

(continued)

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2007

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>West Rehoboth Sewer</b>	<b>Treatment Plant - SCRWF</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (886,349)	\$ (1,254,673)	\$ (1,031,868)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	897,341	2,292,832	1,081,975
Miscellaneous income	-	-	2,810
Changes in assets and liabilities:			
Accounts receivable	(19,791)	(77,372)	(29,912)
Due from other governmental agencies	-	-	-
Inventory	-	-	-
Net pension asset	(1,179)	(85,765)	(95,159)
Compensated absences	6,523	69,238	85,130
Accounts payable	34,892	69,623	198,372
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 31,437</b>	<b>\$ 1,013,883</b>	<b>\$ 211,348</b>
<b>NONCASH TRANSACTIONS</b>			
Contributed property	\$ 5,975,736	\$ 4,912,371	\$ -
Bond payable transfer	-	-	-
Interest financed with bond payable	573,037	-	297,955

(continued)

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2007

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonmajor Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 4,273,700	\$ 11,828,818
Payments to suppliers	(3,163,350)	(5,673,743)
Payments to employees	(2,507,694)	(7,008,535)
Other receipts	1,191,614	1,904,398
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(205,730)</u>	<u>1,050,938</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds	14,203,966	64,533,773
Advances to other funds	(10,012,955)	(57,165,036)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>4,191,011</u>	<u>7,368,737</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(9,212,436)	(18,400,292)
Net payments on line of credit	(100,000)	(208,000)
Retirement of bonds and related costs	(1,433,416)	(5,619,215)
Bond proceeds	1,018,839	4,539,256
Assessment and connection fees	5,639,577	17,254,660
Capital contributions	1,882,573	1,998,456
Interest paid	(1,485,048)	(5,278,778)
Payments for bond issue costs	(5,026)	(9,298)
Transfers from other funds for capital activities	1,974,510	2,830,585
Transfers to other funds for capital activities	-	(39,998)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,720,427)</u>	<u>(2,932,624)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	1,462,580	4,427,022
<b>NET INCREASE (DECREASE) IN CASH</b>	3,727,434	9,914,073
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>29,562,371</u>	<u>85,161,439</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 33,289,805</u>	<u>\$ 95,075,512</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>		
Cash and cash equivalents	\$ 7,548,884	\$ 10,835,270
Restricted cash and cash equivalents	<u>25,740,921</u>	<u>84,240,242</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 33,289,805</u>	<u>\$ 95,075,512</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2007

- 31 -

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Nonmajor Funds</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (3,358,511)	\$ (6,531,401)
Adjustments to reconcile operating income (loss) to net cash provided:		
Depreciation and amortization	3,478,298	7,750,446
Miscellaneous income	57,059	59,869
Changes in assets and liabilities:		
Accounts receivable	(126,006)	(253,081)
Due from other governmental agencies	(23,007)	(23,007)
Inventory	474	474
Net pension asset	(46,892)	(228,995)
Compensated absences	59,224	220,115
Accounts payable	(246,369)	56,518
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (205,730)</b>	<b>\$ 1,050,938</b>
<b>NONCASH TRANSACTIONS</b>		
Contributed property	\$ 4,877,076	\$ 15,765,183
Bond payable transfer	-	-
Interest financed with bond payable	181,262	1,052,254

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
JUNE 30, 2007

- 32 -

---

	<b>Pension and Other Employee Benefit Trusts</b>
	<u>                    </u>
<b>ASSETS</b>	
Investments	
U.S. Treasuries	\$ 3,024,546
Federal Home Loan Bank	391,032
Federal Home Loan Mortgage Corporation	197,187
Municipal obligations	233,613
Delaware Local Government Retirement Investment Pool	37,153,044
Mutual funds	<u>12,989,206</u>
Total Investments	53,988,628
Accrued interest	<u>37,038</u>
<b>TOTAL ASSETS</b>	<u>54,025,666</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS</b>	<u><u>\$ 54,025,666</u></u>

The accompanying notes are an integral part of these financial statements.

SUSSEX COUNTY, DELAWARE  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

- 33 -

---

	<b>Pension and Other Employee Benefit Trusts</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Employer contributions	\$ 9,110,790
Investment:	
Investment income	<u>6,749,098</u>
<b>TOTAL ADDITIONS</b>	15,859,888
<b>DEDUCTIONS</b>	
Beneficiary payments	<u>2,343,761</u>
<b>NET INCREASE IN PLAN NET ASSETS</b>	13,516,127
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - BEGINNING</b>	<u>40,509,539</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - ENDING</b>	<u><u>\$ 54,025,666</u></u>

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:

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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:

Buildings	10 - 50 years
Improvements	5 - 50 years
Equipment	5 - 20 years
Infrastructure	10 - 50 years

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:

Economic development loan receivables	\$ 398,870
Net pension asset	7,863,221
Deferred tax revenue	680,257
Deferred other revenue	<u>1,766,174</u>
Net Adjustment to Increase Net Assets	<u>\$ 10,708,522</u>

**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:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 28,763,657	\$ 26,633,690	\$ 1,671,781	\$ 458,186	\$ -
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	391,032 197,187	- 99,906	391,032 97,281	-	-
Municipal obligations	233,613	-	233,613	-	-
Repurchase agreements	16,177,973	16,177,973	-	-	-
Delaware Local Government Retirement Investment Pool	37,153,044	37,153,044	-	-	-
Mutual funds	12,989,206	12,989,206	-	-	-
<b>Total Investments</b>	<b>\$ 95,905,712</b>	<b>\$ 93,053,819</b>	<b>\$ 2,393,707</b>	<b>\$ 458,186</b>	<b>\$ -</b>

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	<u>95,905,712</u>
<b>TOTAL</b>	<b>\$ 249,607,220</b>
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)	<u>53,988,628</u>
<b>TOTAL</b>	<b>\$ 249,607,220</b>

**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:

	Balance at June 30, 2006	Increases	Decreases	Balance at June 30, 2007
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,502,805	\$ 1,746,048	\$ -	\$ 9,248,853
Construction in progress	4,039,144	7,620,601	1,306,308	10,353,437
Total capital assets, not being depreciated	<u>11,541,949</u>	<u>9,366,649</u>	<u>1,306,308</u>	<u>19,602,290</u>
Other capital assets:				
Buildings	18,929,518	442,025	-	19,371,543
Improvements	9,460,353	585,200	-	10,045,553
Machinery and equipment	10,038,045	2,321,920	55,773	12,304,192
Total other capital assets	<u>38,427,916</u>	<u>3,349,145</u>	<u>55,773</u>	<u>41,721,288</u>
Less accumulated depreciation for:				
Buildings	2,546,322	379,921	-	2,926,243
Improvements	5,484,048	318,992	-	5,803,040
Machinery and equipment	7,617,881	1,476,332	42,607	9,051,606
Total accumulated depreciation	<u>15,648,251</u>	<u>2,175,245</u>	<u>42,607</u>	<u>17,780,889</u>
Other capital assets, net	<u>22,779,665</u>	<u>1,173,900</u>	<u>13,166</u>	<u>23,940,399</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 34,321,614</u>	<u>\$ 10,540,549</u>	<u>\$ 1,319,474</u>	<u>\$ 43,542,689</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 39,275,610	\$ 256,159	\$ -	\$ 39,531,769
Construction in progress	21,365,430	22,796,439	7,726,056	36,435,813
Total capital assets, not being depreciated	<u>60,641,040</u>	<u>23,052,598</u>	<u>7,726,056</u>	<u>75,967,582</u>
Other capital assets:				
Buildings	10,652,735	64,421	167,959	10,549,197
Improvements	9,684,821	685,075	-	10,369,896
Machinery and equipment	6,260,143	279,058	-	6,539,201
Infrastructure	276,771,098	19,819,274	385,995	296,204,377
Total other capital assets	<u>303,368,797</u>	<u>20,847,828</u>	<u>553,954</u>	<u>323,662,671</u>
Less accumulated depreciation for:				
Buildings	5,616,102	317,987	-	5,934,089
Improvements	3,704,517	292,320	-	3,996,837
Machinery and equipment	4,778,373	821,328	-	5,599,701
Infrastructure	68,982,569	6,268,695	-	75,251,264
Total accumulated depreciation	<u>83,081,561</u>	<u>7,700,330</u>	<u>-</u>	<u>90,781,891</u>
Other capital assets, net	<u>220,287,236</u>	<u>13,147,498</u>	<u>553,954</u>	<u>232,880,780</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 280,928,276</u>	<u>\$ 36,200,096</u>	<u>\$ 8,280,010</u>	<u>\$ 308,848,362</u>

**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
	<hr/>
<b>Total governmental activities depreciation expense</b>	<b>\$ 2,175,245</b>
	<hr/> <hr/>

**Business-type activities:**

Water	\$ 116,837
Sewer	7,583,493
	<hr/>
<b>Total business-type activities depreciation expense</b>	<b>\$ 7,700,330</b>
	<hr/> <hr/>

**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.

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

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

<u>Vested Actives</u>	<u>Nonvested Actives</u>	<u>Total Actives</u>	<u>Retirees</u>	<u>Terminated Vested</u>	<u>Covered Payroll</u>
223	288	511	125	65	\$ 18,712,910

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	<u>1,924,133</u>
Contributions made	<u>(3,069,101)</u>
Increase in Net Pension Asset	(1,144,968)
Net Pension Obligation (Asset), Beginning of Year	<u>(8,684,058)</u>
Net Pension Obligation (Asset), End of Year	<u><u>\$ (9,829,026)</u></u>

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:

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2005	\$ 1,594,387	207.2 %	\$ (5,906,275)
2006	1,755,398	258.3	(8,684,058)
2007	1,924,133	159.5	(9,829,026)

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

The pension plan was funded with contributions as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1976	\$ 75,000	1995	\$ 1,040,285
1982	50,000	1996	1,175,078
1983	150,000	1997	1,157,975
1984	80,995	1998	896,732
1985	100,000	1999	881,820
1986	234,000	2000	1,946,139
1987	419,532	2001	1,440,572
1988	484,224	2002	1,544,934
1989	182,262	2003	2,034,321
1990	342,739	2004	2,670,566
1991	355,582	2005	3,338,208
1992	463,552	2006	4,590,808
1993	890,882	2007	3,273,371
1994	950,736		

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 (DEL RIP), 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:

	<u>Fair Value</u>
Delaware Local Retirement Investment Pool	\$ 26,586,743
Wilmington International Strategic Allocation Fund	2,415,555
<b>TOTAL</b>	<b>\$ 29,002,298</b>

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:

<u>Total Actives</u>	<u>Retirees</u>	<u>Terminated Vested</u>	<u>Total Expenditures</u>
511	101	20	\$ 1,045,526

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**

	<u>Pension Trust</u>	<u>Post-retirement Employee Benefit Trust</u>	<u>Total</u>
<b>ASSETS</b>			
Investments:			
U.S. Treasuries	\$ 3,024,546	\$ -	\$ 3,024,546
Federal Home Loan Bank	391,032	-	391,032
Federal Home Loan Mortgage Corporation	197,187	-	197,187
Municipal obligations	233,613	-	233,613
Delaware Local Government Retirement Investment Pool	26,586,743	10,566,301	37,153,044
Mutual funds	12,989,206	-	12,989,206
Accrued interest	37,038	-	37,038
<b>TOTAL ASSETS</b>	<u>43,459,365</u>	<u>10,566,301</u>	<u>54,025,666</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS</b>			
	<u>\$ 43,459,365</u>	<u>\$ 10,566,301</u>	<u>\$ 54,025,666</u>

**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**

	Pension Trust	Post-retirement Employee Benefit Trust	Total
<b>ADDITIONS</b>			
Employer contributions	\$ 3,273,371	\$ 5,837,419	\$ 9,110,790
Investment:			
Investment income	<u>5,704,852</u>	<u>1,044,246</u>	<u>6,749,098</u>
<b>TOTAL ADDITIONS</b>	8,978,223	6,881,665	15,859,888
<b>DEDUCTIONS</b>			
Beneficiary payments	<u>1,298,235</u>	<u>1,045,526</u>	<u>2,343,761</u>
<b>NET INCREASE IN PLAN NET ASSETS</b>	7,679,988	5,836,139	13,516,127
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - BEGINNING</b>	<u>35,779,377</u>	<u>4,730,162</u>	<u>40,509,539</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - ENDING</b>	<u>\$ 43,459,365</u>	<u>\$ 10,566,301</u>	<u>\$ 54,025,666</u>

**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:

	June 30, 2006	Additions	Reductions	June 30, 2007
Notes payable	<u>\$ 680,024</u>	<u>\$ -</u>	<u>\$ 208,000</u>	<u>\$ 472,024</u>

**NOTE H - LONG-TERM LIABILITIES**

Description of Bonds Payable

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

	<u>Business-type</u>
1994 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 20, 2034, interest at 4.5%.	\$ 8,745,294
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.	8,177,849
1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%.	3,185,821
1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%.	5,825,484
1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%.	5,319,155
1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%.	2,671,329
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.	407,475
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.	7,437,876
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.	14,099,541
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.	1,466,940

**NOTE H - LONG-TERM LIABILITIES - CONTINUED**

Description of Bonds Payable - Continued

	<u>Business-type</u>
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.	\$ 9,380,328
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.	226,125
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.	2,575,787
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.	12,764,976
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.	897,436
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.	1,463,994
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.	28,840,001
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.	783,300
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.	1,201,384
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.	1,888,589
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.	459,433



**NOTE H - LONG-TERM LIABILITIES - CONTINUED**

Description of Bonds Payable - Continued

	<u>Business-type</u>
2004 wastewater general obligation bonds (Cedar Neck), due in quarterly installments, interest at 4.375%, final payment due June 22, 2044. Total bonds authorized are \$ 6,910,700.	\$ 6,705,198
2004 wastewater general obligation bonds (Inland Bays), due in semi-annual installments, interest 1.5%, final payment due December 31, 2027. Total bonds authorized are \$ 16,000,000.	10,000,000
2005 wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest 4.125%, final payment due July 21, 2045. Total bonds authorized are \$ 7,000,000.	6,874,782
2005 wastewater revenue refunding bonds (West Rehoboth 1995 refunding), due in semi-annual installments through June 15, 2025, interest ranging from 3.5% to 4.5%. The bonds are secured by and payable solely from the gross revenues of the West Rehoboth expansion sewer system. The revenue bonds require various project, construction, operating and depreciation accounts.	17,320,000
2006 wastewater general obligation bonds (Millville), due in semi-annual installments, interest 1.5%, final payment due April 30, 2039. Total bonds authorized are \$ 8,000,000.	<u>1,757,220</u>
Subtotal	160,475,317
Unamortized bond premium	959,837
Unamortized bond discount	(24,135)
Deferred amount on refunding, net of amortization	<u>(3,219,773)</u>
<b>TOTAL BONDS PAYABLE</b>	<b><u>\$ 158,191,246</u></b>

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:

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

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:

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

**NOTE H - LONG-TERM LIABILITIES - CONTINUED**

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

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:

Year ending June 30,	Governmental Activities
2008	\$ 88,790
2009	45,365
2010	30,887
2011	634
Total minimum lease payments	165,676
Less: Amount representing imputed interest costs	405
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS</b>	<b>\$ 165,271</b>

**NOTE I - INTERFUND BALANCES**

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

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

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:

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

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:

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

**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:

Year ending June 30,	Amount
2008	\$ 568,291
2009	519,948
2010	523,759
2011	530,152
2012	459,262
Thereafter	<u>3,294,113</u>
<b>MINIMUM LEASE PAYMENTS RECEIVABLE</b>	<b><u>\$ 5,895,525</u></b>

**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.

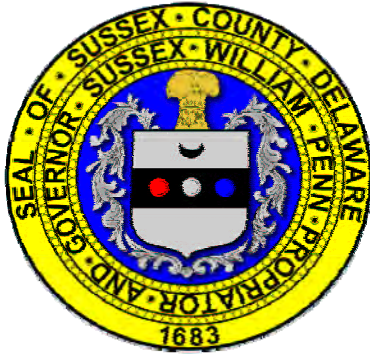
**NOTE P - ECONOMIC DEVELOPMENT LOANS**

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**

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2007

---

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a % of Covered Payroll</u>
01/01/2002	\$ 21,212,036	\$ 21,567,079	\$ 355,043	98.4 %	\$ 12,243,136	2.9 %
01/01/2003	22,625,644	24,379,883	1,754,239	92.8	13,299,716	13.3
01/01/2004	25,324,895	27,284,408	1,959,513	92.8	14,359,924	13.6
01/01/2005	28,919,477	30,380,428	1,460,951	95.2	15,920,368	9.2
01/01/2006	34,091,663	34,224,683	133,020	99.6	17,401,966	0.8
01/01/2007	38,896,411	41,677,145	2,780,734	93.3	18,712,910	14.9

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2007

---

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2002	\$ 869,632	177.7 %
2003	996,026	177.8
2004	1,241,364	213.3
2005	1,407,930	234.7
2006	1,484,177	305.4
2007	1,518,921	202.1

**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

- 60 -

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

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2007

- 61 -

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>CHARGES FOR SERVICES - CONTINUED</b>			
<b>General Government Services</b>			
Airport operations	\$ 259,000	\$ 195,398	\$ (63,602)
Data processing	40,000	40,922	922
Private road inspections and design fees	1,700,000	1,119,946	(580,054)
Industrial park water and sewer	40,000	37,089	(2,911)
Sewer and water inspections	5,000	78,502	73,502
<b>Total General Government Services</b>	<u>2,044,000</u>	<u>1,471,857</u>	<u>(572,143)</u>
<b>Other Charges</b>			
Miscellaneous	37,500	44,915	7,415
<b>TOTAL CHARGES FOR SERVICES</b>	<u>13,987,721</u>	<u>12,310,437</u>	<u>(1,677,284)</u>
<b>FINES AND FORFEITS</b>			
Library fines	15,000	23,282	8,282
Zoning violations	2,500	2,325	(175)
<b>TOTAL FINES AND FORFEITS</b>	<u>17,500</u>	<u>25,607</u>	<u>8,107</u>
<b>MISCELLANEOUS</b>			
Interest earnings	1,400,000	4,812,569	3,412,569
Rents			
Industrial park	326,500	325,610	(890)
County office building	94,000	91,104	(2,896)
Other	5,000	5,120	120
Other	-	196,385	196,385
<b>TOTAL MISCELLANEOUS</b>	<u>1,825,500</u>	<u>5,430,788</u>	<u>3,605,288</u>
<b>TOTAL REVENUES</b>	50,623,259	64,998,819	14,375,560
<b>OTHER FINANCING SOURCES</b>			
Issuance of debt	-	110,546	110,546
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 50,623,259</u>	<u>\$ 65,109,365</u>	<u>\$ 14,486,106</u>

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>GENERAL ADMINISTRATION</b>			
<b>County Council</b>			
Personal services	\$ 197,108	\$ 198,614	\$ (1,506)
Employee benefits	169,449	163,589	5,860
Contractual services	105,019	94,506	10,513
Supplies	19,482	16,511	2,971
Capital outlay	7,693	8,891	(1,198)
Other expenditures	113,000	88,145	24,855
Travel and training	21,690	27,160	(5,470)
<b>Total County Council</b>	<u>633,441</u>	<u>597,416</u>	<u>36,025</u>
<b>County Administration</b>			
Personal services	345,711	345,082	629
Employee benefits	176,989	160,975	16,014
Contractual services	14,273	8,871	5,402
Supplies	9,941	3,354	6,587
Capital outlay	22,000	23,699	(1,699)
Other expenditures	1,000	206	794
Travel and training	7,100	4,365	2,735
<b>Total County Administration</b>	<u>577,014</u>	<u>546,552</u>	<u>30,462</u>
<b>Legal Department</b>			
Professional services	175,000	166,555	8,445
<b>TOTAL GENERAL ADMINISTRATION</b>	<u>1,385,455</u>	<u>1,310,523</u>	<u>74,932</u>
<b>FINANCE</b>			
<b>Financial Administration</b>			
Personal services	330,113	302,508	27,605
Employee benefits	199,611	194,747	4,864
Professional services	8,470	8,469	1
Contractual services	152,200	148,997	3,203
Supplies	7,250	6,696	554
Capital outlay	3,450	3,086	364
Travel and training	1,880	1,771	109
<b>Total Financial Administration</b>	<u>702,974</u>	<u>666,274</u>	<u>36,700</u>
<b>Assessment</b>			
Personal services	1,075,721	1,072,998	2,723
Employee benefits	855,230	833,868	21,362
Professional services	2,000	1,998	2
Contractual services	57,562	47,253	10,309
Supplies	37,481	33,498	3,983
Capital outlay	16,952	39,168	(22,216)
Travel and training	3,000	2,156	844
<b>Total Assessment</b>	<u>2,047,946</u>	<u>2,030,939</u>	<u>17,007</u>

(continued)



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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>FINANCE - CONTINUED</b>			
<b>Building Code</b>			
Personal services	\$ 274,699	\$ 272,336	\$ 2,363
Employee benefits	212,680	211,589	1,091
Professional services	4,550	1,100	3,450
Contractual services	949,808	642,757	307,051
Supplies	19,075	13,757	5,318
Capital outlay	14,761	14,520	241
Travel and training	8,240	2,435	5,805
<b>Total Building Code</b>	<u>1,483,813</u>	<u>1,158,494</u>	<u>325,319</u>
<b>Mapping and Addressing</b>			
Personal services	336,733	313,176	23,557
Employee benefits	290,035	266,807	23,228
Professional services	94,000	71,649	22,351
Contractual services	38,637	25,155	13,482
Supplies	20,200	15,579	4,621
Capital outlay	38,449	4,426	34,023
Other expenditures	25,956	18,682	7,274
Travel and training	21,466	17,396	4,070
<b>Total Mapping and Addressing</b>	<u>865,476</u>	<u>732,870</u>	<u>132,606</u>
<b>Accounting</b>			
Personal services	411,296	355,065	56,231
Employee benefits	308,784	302,523	6,261
Professional services	115,403	115,403	-
Contractual services	35,740	35,361	379
Supplies	10,037	9,089	948
Capital outlay	5,185	5,826	(641)
Other expenditures	-	3,551	(3,551)
Travel and training	8,619	8,618	1
<b>Total Accounting</b>	<u>895,064</u>	<u>835,436</u>	<u>59,628</u>
<b>Treasury</b>			
Personal services	330,563	330,563	-
Employee benefits	246,208	242,875	3,333
Professional services	5,409	1,779	3,630
Contractual services	125,819	107,169	18,650
Supplies	7,950	6,821	1,129
Capital outlay	10,150	10,638	(488)
Travel and training	500	179	321
<b>Total Treasury</b>	<u>726,599</u>	<u>700,024</u>	<u>26,575</u>
<b>TOTAL FINANCE</b>	<u>6,721,872</u>	<u>6,124,037</u>	<u>597,835</u>

(continued)

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>PERSONNEL</b>			
<b>Personnel Administration</b>			
Personal services	\$ 254,725	\$ 254,725	\$ -
Employee benefits	176,922	171,457	5,465
Professional services	58,050	55,506	2,544
Contractual services	4,083	2,803	1,280
Supplies	6,850	6,217	633
Capital outlay	6,315	4,575	1,740
Other expenditures	153,573	80,599	72,974
Travel and training	5,634	3,734	1,900
<b>Total Personnel Administration</b>	<u>666,152</u>	<u>579,616</u>	<u>86,536</u>
<b>General Employment and Retirement</b>			
Employee and retiree benefits	1,553,224	1,167,950	385,274
Pension	1,313,125	1,305,571	7,554
Professional services	1,000	12,058	(11,058)
<b>Total General Employment and Retirement</b>	<u>2,867,349</u>	<u>2,485,579</u>	<u>381,770</u>
<b>TOTAL PERSONNEL</b>	<u>3,533,501</u>	<u>3,065,195</u>	<u>468,306</u>
<b>BUILDING AND GROUNDS</b>			
<b>Maintenance</b>			
Personal services	540,726	411,824	128,902
Employee benefits	386,574	305,321	81,253
Contractual services	14,262	32,026	(17,764)
Supplies	45,533	34,177	11,356
Other expenditures	1,521	1,521	-
Capital outlay	10,000	26,612	(16,612)
<b>Total Maintenance</b>	<u>998,616</u>	<u>811,481</u>	<u>187,135</u>
<b>Operations - Administrative Buildings</b>			
Personal services	363,112	343,917	19,195
Employee benefits	322,607	316,415	6,192
Contractual services	292,623	265,830	26,793
Supplies	101,680	97,110	4,570
Capital outlay	14,083	19,848	(5,765)
Other expenditures	19,796	7,362	12,434
Travel and training	750	-	750
<b>Total Operations - Administrative Buildings</b>	<u>1,114,651</u>	<u>1,050,482</u>	<u>64,169</u>
<b>TOTAL BUILDING AND GROUNDS</b>	<u>2,113,267</u>	<u>1,861,963</u>	<u>251,304</u>

(continued)

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>DATA PROCESSING</b>			
<b>Data Processing</b>			
Personal services	\$ 282,037	\$ 261,173	\$ 20,864
Employee benefits	188,765	184,517	4,248
Contractual services	32,465	30,224	2,241
Supplies	22,650	22,267	383
Capital outlay	4,500	4,427	73
Other expenditures	40,000	-	40,000
Travel and training	6,300	3,583	2,717
<b>Total Data Processing</b>	<u>576,717</u>	<u>506,191</u>	<u>70,526</u>
<b>Information Systems</b>			
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
<b>Total Information Systems</b>	<u>969,093</u>	<u>773,349</u>	<u>195,744</u>
<b>TOTAL DATA PROCESSING</b>	<u>1,545,810</u>	<u>1,279,540</u>	<u>266,270</u>
<b>COUNTY CONSTABLE</b>			
Personal services	150,097	150,097	-
Employee benefits	102,050	102,050	-
Contractual services	23,608	24,557	(949)
Supplies	7,654	7,377	277
Capital outlay	2,742	15,094	(12,352)
Other expenditures	24,181	4,469	19,712
<b>TOTAL COUNTY CONSTABLE</b>	<u>310,332</u>	<u>303,644</u>	<u>6,688</u>
<b>GRANT-IN-AID PROGRAMS</b>			
Fire companies	3,684,444	3,783,329	(98,885)
Future Farmers of America	1,000	-	1,000
Agriculture Extension Work (4-H)	133,098	133,097	1
Erosion and sediment	127,544	227,544	(100,000)
Council grants	500,000	406,517	93,483
Cheers meal program	84,600	84,600	-
Ambulance stations (non-fire)	16,906	16,906	-
Sussex County Community Action Agency	10,000	10,000	-
Small Business Development Center	10,000	-	10,000
Sussex state police program	1,413,000	1,347,843	65,157
Sussex local police grants	500,000	502,160	(2,160)
Human service grants	110,000	105,150	4,850

(continued)

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

- 66 -

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>GRANT-IN-AID PROGRAMS - CONTINUED</b>			
Town grants	45,000	30,000	15,000
Housing assistance program	150,000	145,100	4,900
Local library placement fee grants	372,372	218,873	153,499
Tax subsidy program	-	1,035	(1,035)
Local library grants	516,063	516,064	(1)
Economic development stimulus loans	-	400,000	(400,000)
County wastewater relief program	100,000	75,827	24,173
Surface water management	25,000	-	25,000
Open space land program grants	1,480,371	1,372,093	108,278
Laurel Redevelopment Corporation grant	-	38,110	(38,110)
	<u>9,279,398</u>	<u>9,414,248</u>	<u>(134,850)</u>
<b>TOTAL GRANT-IN-AID PROGRAMS</b>			
<b>PLANNING AND ZONING</b>			
<b>Administration</b>			
Personal services	579,896	576,287	3,609
Employee benefits	420,888	417,072	3,816
Professional services	380,959	231,086	149,873
Contractual services	89,733	86,505	3,228
Supplies	19,628	19,080	548
Capital outlay	36,584	46,564	(9,980)
Other expenditures	816	816	-
Travel and training	5,085	5,085	-
	<u>1,533,589</u>	<u>1,382,495</u>	<u>151,094</u>
<b>Total Administration</b>			
<b>Board of Adjustment</b>			
Professional services	37,500	30,250	7,250
<b>Commission</b>			
Professional services	60,000	47,750	12,250
	<u>1,631,089</u>	<u>1,460,495</u>	<u>170,594</u>
<b>TOTAL PLANNING AND ZONING</b>			
<b>PARAMEDIC PROGRAM</b>			
Personal services	6,289,777	5,734,880	554,897
Employee benefits	4,215,932	4,118,938	96,994
Professional services	103,922	72,603	31,319
Contractual services	564,972	489,492	75,480
Supplies	465,740	421,206	44,534
Capital outlay	894,045	887,737	6,308
Other expenditures	150,398	130,288	20,110
Travel and training	118,683	106,400	12,283
	<u>12,803,469</u>	<u>11,961,544</u>	<u>841,925</u>
<b>TOTAL PARAMEDIC PROGRAM</b>			

(continued)

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>EMERGENCY PREPAREDNESS</b>			
<b>Administration</b>			
Personal services	\$ 88,252	\$ 86,753	\$ 1,499
Employee benefits	61,891	61,654	237
Contractual services	58,445	54,812	3,633
Supplies	11,400	8,773	2,627
Capital outlay	8,400	1,751	6,649
Other expenditures	3,000	1,733	1,267
Travel and training	6,900	572	6,328
<b>Total Administration</b>	<u>238,288</u>	<u>216,048</u>	<u>22,240</u>
<b>Emergency Operations Center</b>			
Personal services	800,949	790,148	10,801
Employee benefits	614,955	591,830	23,125
Contractual services	165,111	96,436	68,675
Supplies	10,900	8,968	1,932
Capital outlay	66,595	47,239	19,356
Other expenditures	3,500	204	3,296
Travel and training	38,800	18,087	20,713
<b>Total Emergency Operations Center</b>	<u>1,700,810</u>	<u>1,552,912</u>	<u>147,898</u>
<b>Communications System</b>			
Personal services	179,654	178,585	1,069
Employee benefits	112,297	119,962	(7,665)
Contractual services	56,513	14,244	42,269
Supplies	48,500	17,613	30,887
Capital outlay	18,500	51,448	(32,948)
Other expenditures	75,000	-	75,000
Travel and training	2,500	-	2,500
<b>Total Communications System</b>	<u>492,964</u>	<u>381,852</u>	<u>111,112</u>
<b>Local Emergency Planning Community Program</b>			
Personal services	38,125	23,111	15,014
Employee benefits	35,004	13,657	21,347
Professional services	500	-	500
Contractual services	754	441	313
Supplies	1,465	-	1,465
Capital outlay	2,100	-	2,100
Travel and training	550	70	480
<b>Total Local Emergency Planning Community Program</b>	<u>78,498</u>	<u>37,279</u>	<u>41,219</u>
<b>TOTAL EMERGENCY PREPAREDNESS</b>	<u>2,510,560</u>	<u>2,188,091</u>	<u>322,469</u>

(continued)

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>ECONOMIC DEVELOPMENT AND PUBLIC WORKS</b>			
<b>Economic Development</b>			
Personal services	\$ 170,214	\$ 169,514	\$ 700
Employee benefits	88,105	89,668	(1,563)
Contractual services	16,505	15,379	1,126
Supplies	10,666	10,312	354
Capital outlay	2,202	2,202	-
Other expenditures	24,067	21,533	2,534
Travel and training	4,036	4,051	(15)
<b>Total Economic Development</b>	<u>315,795</u>	<u>312,659</u>	<u>3,136</u>
<b>Industrial Park</b>			
Personal services	18,997	18,997	-
Employee benefits	24,699	13,549	11,150
Contractual services	160,990	144,266	16,724
Supplies	2,677	2,460	217
Capital outlay	-	73,587	(73,587)
Other expenditures	55,860	29,407	26,453
Travel and training	845	837	8
<b>Total Industrial Park</b>	<u>264,068</u>	<u>283,103</u>	<u>(19,035)</u>
<b>TOTAL ECONOMIC DEVELOPMENT AND PUBLIC WORKS</b>	<u>579,863</u>	<u>595,762</u>	<u>(15,899)</u>
<b>COUNTY ENGINEER</b>			
<b>Administration</b>			
Personal services	926,597	501,100	425,497
Employee benefits	618,912	613,705	5,207
Professional services	-	450,722	(450,722)
Contractual services	7,044	3,853	3,191
Supplies	5,077	2,116	2,961
Capital outlay	1,425	35,967	(34,542)
Other expenditures	34	3,202	(3,168)
Travel and training	4,444	2,619	1,825
<b>Total Administration</b>	<u>1,563,533</u>	<u>1,613,284</u>	<u>(49,751)</u>
<b>Public Works</b>			
Personal services	370,848	414,286	(43,438)
Employee benefits	276,560	286,737	(10,177)
Professional services	573,924	278,552	295,372
Contractual services	15,272	15,125	147
Supplies	27,522	25,878	1,644
Capital outlay	6,100	19,542	(13,442)
Other expenditures	548,798	297,892	250,906
Travel and training	1,754	1,493	261
<b>Total Public Works</b>	<u>1,820,778</u>	<u>1,339,505</u>	<u>481,273</u>
<b>TOTAL COUNTY ENGINEER</b>	<u>3,384,311</u>	<u>2,952,789</u>	<u>431,522</u>

(continued)

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

- 69 -

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>AIRPORT</b>			
Personal services	\$ 124,072	\$ 124,072	\$ -
Employee benefits	92,751	92,415	336
Professional services	2,500	-	2,500
Contractual services	119,654	114,996	4,658
Supplies	26,283	18,429	7,854
Capital outlay	17,031	16,559	472
Other expenditures	50,960	23,907	27,053
<b>TOTAL AIRPORT</b>	<u>433,251</u>	<u>390,378</u>	<u>42,873</u>
<b>LIBRARY</b>			
Library administration	902,868	851,829	51,039
Library facilities	1,940,636	1,754,230	186,406
Local libraries	1,075,660	1,075,660	-
<b>TOTAL LIBRARY</b>	<u>3,919,164</u>	<u>3,681,719</u>	<u>237,445</u>
<b>COMMUNITY DEVELOPMENT AND HOUSING PROGRAMS</b>			
<b>Administration</b>			
Personal services	226,949	226,545	404
Employee benefits	161,303	160,866	437
Professional services	2,500	-	2,500
Contractual services	9,187	6,005	3,182
Supplies	3,700	4,932	(1,232)
Capital outlay	-	5,220	(5,220)
Travel and training	6,924	7,175	(251)
<b>Total Administration</b>	410,563	410,743	(180)
<b>Rehabilitation</b>			
Contractual services	1,114,000	1,555,028	(441,028)
<b>TOTAL COMMUNITY DEVELOPMENT AND HOUSING PROGRAMS</b>	<u>1,524,563</u>	<u>1,965,771</u>	<u>(441,208)</u>
<b>CONSTITUTIONAL OFFICES</b>			
Clerk of the Peace	160,318	158,018	2,300
Recorder of Deeds	1,503,578	1,358,447	145,131
Register of Wills	402,291	393,643	8,648
Sheriff	627,073	590,375	36,698
<b>TOTAL CONSTITUTIONAL OFFICES</b>	<u>2,693,260</u>	<u>2,500,483</u>	<u>192,777</u>
<b>TOTAL EXPENDITURES</b>	<u>54,369,165</u>	<u>51,056,182</u>	<u>3,312,983</u>
<b>OTHER FINANCING USES</b>			
Reserved for contingencies	1,056,722	-	1,056,722
Transfer out	2,954,743	16,705,215	(13,750,472)
<b>TOTAL OTHER FINANCING USES</b>	<u>4,011,465</u>	<u>16,705,215</u>	<u>(12,693,750)</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 58,380,630</u>	<u>\$ 67,761,397</u>	<u>\$ (9,380,767)</u>

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF REVENUES AND EXPENDITURES (CONDENSED) - GENERAL FUND  
 FOR THE THIRTY YEARS THROUGH JUNE 30, 2007

<u>Year Ended</u>	<u>Total Revenues and Other Financing Sources</u>	<u>Total Expenditures and Other Financing Uses</u>	<u>Revenues Over (Under) Expenditures</u>
June 30, 1978	\$ 3,017,587	\$ 2,944,327	\$ 73,260
June 30, 1979	3,211,534	3,327,193	(115,659)
June 30, 1980	3,412,108	4,030,506	(618,398)
June 30, 1981	4,132,559	4,514,093	(381,534)
June 30, 1982	5,396,279	5,353,716	42,563
June 30, 1983	5,960,285	5,575,652	384,633
June 30, 1984	7,368,435	6,505,440	862,995
June 30, 1985	7,195,223	7,062,005	133,218
June 30, 1986	8,092,891	7,332,618	760,273
June 30, 1987	8,083,881	8,223,857	(139,976)
June 30, 1988	8,747,945	8,038,906	709,039
June 30, 1989	8,785,091	8,498,335	286,756
June 30, 1990	9,450,906	9,813,082	(362,176)
June 30, 1991	11,194,437	10,849,623	344,814
June 30, 1992	13,638,160	12,496,815	1,141,345
June 30, 1993	15,702,048	14,788,446	913,602
June 30, 1994	17,400,655	15,609,340	1,791,315
June 30, 1995	18,691,048	16,649,804	2,041,244
June 30, 1996	19,839,629	18,335,025	1,504,604
June 30, 1997	20,657,168	18,887,201	1,769,967
June 30, 1998	22,748,561	19,577,032	3,171,529
June 30, 1999	27,986,124	21,058,512	6,927,612
June 30, 2000	31,943,432	27,905,314	4,038,118
June 30, 2001	33,372,782	30,856,476	2,516,306
June 30, 2002	40,317,598	34,062,609	6,254,989
June 30, 2003	47,788,332	35,256,669	12,531,663
June 30, 2004	59,473,814	48,051,724	11,422,090
June 30, 2005	68,771,872	56,968,164	11,803,708
June 30, 2006	75,629,821	64,726,011	10,903,810
June 30, 2007	65,109,365	67,761,397	(2,652,032)

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 13,402,000	\$ 13,402,000	\$ -	\$(13,402,000)
Intergovernmental	2,025,000	2,025,000	1,405,435	(619,565)
Miscellaneous	213,000	213,000	1,416,874	1,203,874
<b>TOTAL REVENUES</b>	15,640,000	15,640,000	2,822,309	(12,817,691)
<b>EXPENDITURES</b>				
Capital projects	19,686,337	19,686,337	10,126,509	9,559,828
<b>EXCESS OF REVENUES OVER         EXPENDITURES</b>	(4,046,337)	(4,046,337)	(7,304,200)	(3,257,863)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	13,914,628	13,914,628
<b>NET CHANGE IN FUND BALANCE</b>	(4,046,337)	(4,046,337)	6,610,428	10,656,765
<b>FUND BALANCE - BEGINNING</b>	21,203,720	21,203,720	21,203,720	-
<b>FUND BALANCE - ENDING</b>	\$ 17,157,383	\$ 17,157,383	\$ 27,814,148	\$ 10,656,765

**ENTERPRISE FUNDS**

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2007

- 72 -

ASSETS	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 56,034	\$ 176,896	\$ 990,528	\$ 2,067,204
Receivables, net of allowance for doubtful accounts:				
Service charges	32,360	56,128	10,413	12,961
Assessment, impact, connection, and expansion	1,601	638	559	1,431
Accrued interest	5,423	11,640	8,507	17,849
Miscellaneous	743	-	738	4,730
Due from other governmental agencies	-	200,517	-	-
Inventory	9,815	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>105,976</u>	<u>445,819</u>	<u>1,010,745</u>	<u>2,104,175</u>
<b>NONCURRENT ASSETS</b>				
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
<b>TOTAL NONCURRENT ASSETS</b>	<u>3,052,416</u>	<u>4,901,406</u>	<u>9,404,256</u>	<u>15,554,885</u>
<b>TOTAL ASSETS</b>	<u>3,158,392</u>	<u>5,347,225</u>	<u>10,415,001</u>	<u>17,659,060</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	61,941	33,733	346	1,401
Accrued interest payable	-	5,034	334	7,075
Due to other funds	148,284	139,176	102,294	163,165
Notes payable	-	295,898	-	-
Current portion of long-term liabilities	19,207	50,396	19,518	135,154
<b>TOTAL CURRENT LIABILITIES</b>	<u>229,432</u>	<u>524,237</u>	<u>122,492</u>	<u>306,795</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<u>15,882</u>	<u>484,984</u>	<u>35,840</u>	<u>635,325</u>
<b>TOTAL LIABILITIES</b>	<u>245,314</u>	<u>1,009,221</u>	<u>158,332</u>	<u>942,120</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,965,135	2,557,073	7,939,685	11,804,129
Restricted for construction and debt service	1,020,891	1,492,105	1,387,272	2,927,609
Unrestricted	(72,948)	288,826	929,712	1,985,202
<b>TOTAL NET ASSETS</b>	<u>\$ 2,913,078</u>	<u>\$ 4,338,004</u>	<u>\$ 10,256,669</u>	<u>\$ 16,716,940</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2007

- 73 -

ASSETS	Blades Sewer	Henlopen Sewer	Long Neck Sewer	Dagsboro- Frankford Sewer
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 350,799	\$ 59,737	\$ 2,173,473	\$ 649,401
Receivables, net of allowance for doubtful accounts:				
Service charges	19,954	1,425	11,419	23,185
Assessment, impact, connection, and expansion	3,244	-	4,726	8,735
Accrued interest	2,782	515	42,091	20,380
Miscellaneous	-	-	14,209	71,742
Due from other governmental agencies	-	14,104	-	-
Inventory	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>376,779</b>	<b>75,781</b>	<b>2,245,918</b>	<b>773,443</b>
<b>NONCURRENT ASSETS</b>				
Restricted 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
<b>TOTAL NONCURRENT ASSETS</b>	<b>2,307,117</b>	<b>1,316,947</b>	<b>29,982,783</b>	<b>13,935,846</b>
<b>TOTAL ASSETS</b>	<b>2,683,896</b>	<b>1,392,728</b>	<b>32,228,701</b>	<b>14,709,289</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
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
<b>TOTAL CURRENT LIABILITIES</b>	<b>92,403</b>	<b>37,740</b>	<b>1,413,078</b>	<b>2,469,705</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>80,850</b>	<b>131,626</b>	<b>12,261,744</b>	<b>1,160,486</b>
<b>TOTAL LIABILITIES</b>	<b>173,253</b>	<b>169,366</b>	<b>13,674,822</b>	<b>3,630,191</b>
<b>NET ASSETS</b>				
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)
<b>TOTAL NET ASSETS</b>	<b>\$ 2,510,643</b>	<b>\$ 1,223,362</b>	<b>\$ 18,553,879</b>	<b>\$ 11,079,098</b>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2007

ASSETS	<u>Holts Landing Sewer</u>	<u>Ellendale Sewer</u>	<u>Oak Orchard Sewer</u>	<u>Bayview Estates Sewer</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 52,341	\$ 246,248	\$ 152,482	\$ 119,553
Receivables, net of allowance for doubtful accounts:				
Service charges	604	33,201	3,770	695
Assessment, impact, connection, and expansion	1,664	19,810	20,034	1,439
Accrued interest	6,982	1,333	2,232	222
Miscellaneous	466	314	64	-
Due from other governmental agencies	-	194,688	462,978	-
Inventory	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>62,057</u>	<u>495,594</u>	<u>641,560</u>	<u>121,909</u>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	1,745,682	335,324	304,767	129,583
Bond issue cost, net of amortization	2,106	12,146	5,766	2,921
Net pension asset	41,872	17,102	13,367	983
Noncurrent accounts receivable:				
Service charges	511	25,703	-	-
Assessment, impact, connection, and expansion	1,594	8,586	-	-
Capital assets:				
Land, improvements, and construction in progress	-	43,696	1,041,865	-
Other capital assets, net of depreciation	9,188,155	7,698,457	10,567,300	3,390,352
<b>TOTAL NONCURRENT ASSETS</b>	<u>10,979,920</u>	<u>8,141,014</u>	<u>11,933,065</u>	<u>3,523,839</u>
<b>TOTAL ASSETS</b>	<u>11,041,977</u>	<u>8,636,608</u>	<u>12,574,625</u>	<u>3,645,748</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	339	75,254	3,865	41
Accrued interest payable	-	1,146	3,294	1,370
Due to other funds	159,253	1,019,088	3,146,247	449,851
Notes payable	-	-	-	-
Current portion of long-term liabilities	186,147	133,678	87,794	103,241
<b>TOTAL CURRENT LIABILITIES</b>	<u>345,739</u>	<u>1,229,166</u>	<u>3,241,200</u>	<u>554,503</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<u>3,050,252</u>	<u>4,225,242</u>	<u>1,843,315</u>	<u>2,074,621</u>
<b>TOTAL LIABILITIES</b>	<u>3,395,991</u>	<u>5,454,408</u>	<u>5,084,515</u>	<u>2,629,124</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	5,975,892	3,393,093	9,685,738	1,213,040
Restricted for construction and debt service	1,745,682	335,324	301,561	129,583
Unrestricted	(75,588)	(546,217)	(2,497,189)	(325,999)
<b>TOTAL NET ASSETS</b>	<u>\$ 7,645,986</u>	<u>\$ 3,182,200</u>	<u>\$ 7,490,110</u>	<u>\$ 1,016,624</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2007

- 75 -

ASSETS	Sea Country Estates Sewer	Millers Creek Sewer	South Ocean View Sewer	Johnson's Corner Sewer
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 54,885	\$ 256,644	\$ 1,632	\$ -
Receivables, net of allowance for doubtful accounts:				
Service charges	133	-	-	-
Assessment, impact, connection, and expansion	793	-	-	-
Accrued interest	115	434	3	-
Miscellaneous	-	369	-	-
Due from other governmental agencies	-	-	-	-
Inventory	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>55,926</u>	<u>257,447</u>	<u>1,635</u>	<u>-</u>
<b>NONCURRENT ASSETS</b>				
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	-	-
<b>TOTAL NONCURRENT ASSETS</b>	<u>738,458</u>	<u>3,919,884</u>	<u>4,746,274</u>	<u>3,187</u>
<b>TOTAL ASSETS</b>	<u>794,384</u>	<u>4,177,331</u>	<u>4,747,909</u>	<u>3,187</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
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	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>19,811</u>	<u>2,006,191</u>	<u>4,385,773</u>	<u>3,187</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<u>379,689</u>	<u>227,715</u>	<u>209</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>399,500</u>	<u>2,233,906</u>	<u>4,385,982</u>	<u>3,187</u>
<b>NET ASSETS</b>				
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)
<b>TOTAL NET ASSETS</b>	<u>\$ 394,884</u>	<u>\$ 1,943,425</u>	<u>\$ 361,927</u>	<u>\$ -</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2007

- 76 -

ASSETS	<b>Treatment Plant - IBRWF</b>	<b>Totals</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 141,027	\$ 7,548,884
Receivables, net of allowance for doubtful accounts:		
Service charges	2,304	208,552
Assessment, impact, connection, and expansion	-	64,674
Accrued interest	16,281	136,789
Miscellaneous	-	93,375
Due from other governmental agencies	-	872,287
Inventory	-	9,815
<b>TOTAL CURRENT ASSETS</b>	<b>159,612</b>	<b>8,934,376</b>
<b>NONCURRENT ASSETS</b>		
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
<b>TOTAL NONCURRENT ASSETS</b>	<b>36,521,464</b>	<b>160,962,761</b>
<b>TOTAL ASSETS</b>	<b>36,681,076</b>	<b>169,897,137</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
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
<b>TOTAL CURRENT LIABILITIES</b>	<b>733,271</b>	<b>17,714,723</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>18,252,057</b>	<b>44,859,837</b>
<b>TOTAL LIABILITIES</b>	<b>18,985,328</b>	<b>62,574,560</b>
<b>NET ASSETS</b>		
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)
<b>TOTAL NET ASSETS</b>	<b>\$ 17,695,748</b>	<b>\$ 107,322,577</b>



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

- 77 -

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 577,959	\$ 1,005,244	\$ 347,332	\$ 365,131
Other operating revenues	17,327	117,925	93,817	84,409
<b>TOTAL OPERATING REVENUES</b>	<u>595,286</u>	<u>1,123,169</u>	<u>441,149</u>	<u>449,540</u>
<b>OPERATING EXPENSES</b>				
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	12,068	-	6
Training and travel	22,165	22,566	-	-
Wastewater treatment	-	549,089	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>852,902</u>	<u>1,041,976</u>	<u>549,720</u>	<u>911,334</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(257,616)</u>	<u>81,193</u>	<u>(108,571)</u>	<u>(461,794)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
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)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>375,486</u>	<u>182,157</u>	<u>226,345</u>	<u>663,571</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	117,870	263,350	117,774	201,777
<b>CAPITAL CONTRIBUTIONS</b>	-	-	-	1,243,228
<b>TRANSFERS IN</b>	26,473	17,520	19,695	23,031
<b>TRANSFERS OUT</b>	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	144,343	280,870	137,469	1,468,036
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>2,768,735</u>	<u>4,057,134</u>	<u>10,119,200</u>	<u>15,248,904</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 2,913,078</u>	<u>\$ 4,338,004</u>	<u>\$ 10,256,669</u>	<u>\$ 16,716,940</u>

(continued)

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

	Blades Sewer	Henlopen Sewer	Long Neck Sewer	Dagsboro- Frankford Sewer
<b>OPERATING REVENUES</b>				
Charges for services	\$ 161,823	\$ 88,832	\$ 639,122	\$ 254,868
Other operating revenues	2,720	480	57,949	81,184
<b>TOTAL OPERATING REVENUES</b>	<u>164,543</u>	<u>89,312</u>	<u>697,071</u>	<u>336,052</u>
<b>OPERATING EXPENSES</b>				
Amortization	-	-	13,990	637
Contract services	10,211	4,629	76,122	56,865
Depreciation	104,572	52,241	728,819	349,869
Employee benefits	25,343	15,752	363,786	67,335
Equipment and tools	753	332	14,364	14,663
Maintenance and repairs	1,169	-	28,849	8,083
Miscellaneous	400	139	-	1,420
Process chemicals	-	-	775	2,749
Professional services	379	227	14,146	321,256
Salaries	29,080	9,176	403,064	136,600
Shared costs - operating	11,854	9,276	122,517	12,537
Supplies	1,950	681	977	9,570
Training and travel	3,662	1,272	7	5,659
Wastewater treatment	128,110	63,453	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>317,483</u>	<u>157,178</u>	<u>1,767,416</u>	<u>987,243</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(152,940)</u>	<u>(67,866)</u>	<u>(1,070,345)</u>	<u>(651,191)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	32,859	5,534	426,375	200,674
Assessment and connection fees	43,667	31,250	1,793,911	285,489
Miscellaneous	-	-	-	1,285
Interest expense	(4,017)	(8,939)	(546,709)	(54,281)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>72,509</u>	<u>27,845</u>	<u>1,673,577</u>	<u>433,167</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(80,431)</u>	<u>(40,021)</u>	<u>603,232</u>	<u>(218,024)</u>
<b>CAPITAL CONTRIBUTIONS</b>	7,220	-	840,174	351,471
<b>TRANSFERS IN</b>	108,078	15,630	1,806,071	269,550
<b>TRANSFERS OUT</b>	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	34,867	(24,391)	3,249,477	402,997
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>2,475,776</u>	<u>1,247,753</u>	<u>15,304,402</u>	<u>10,676,101</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 2,510,643</u>	<u>\$ 1,223,362</u>	<u>\$ 18,553,879</u>	<u>\$ 11,079,098</u>

(continued)

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

	<b>Holts Landing Sewer</b>	<b>Ellendale Sewer</b>	<b>Oak Orchard Sewer</b>	<b>Bayview Estates Sewer</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 27,245	\$ 134,249	\$ 84,433	\$ 9,362
Other operating revenues	167,820	11,764	65,840	3,800
<b>TOTAL OPERATING REVENUES</b>	<b>195,065</b>	<b>146,013</b>	<b>150,273</b>	<b>13,162</b>
<b>OPERATING EXPENSES</b>				
Amortization	140	759	267	156
Contract services	7,707	10,564	9,743	1,789
Depreciation	164,111	321,929	258,831	93,857
Employee benefits	51,991	32,118	51,416	4,860
Equipment and tools	475	717	-	-
Maintenance and repairs	1,457	3,669	-	-
Miscellaneous	-	390	-	-
Process chemicals	-	5,933	-	-
Professional services	85	1,009	3,602	-
Salaries	90,797	35,950	32,911	2,393
Shared costs - operating	2,503	12,594	20,110	1,065
Supplies	-	1,892	1,558	-
Training and travel	-	3,550	65	-
Wastewater treatment	-	76,354	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>319,266</b>	<b>507,428</b>	<b>378,503</b>	<b>104,120</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(124,201)</b>	<b>(361,415)</b>	<b>(228,230)</b>	<b>(90,958)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	97,843	17,924	18,358	6,022
Assessment and connection fees	347,809	199,365	304,683	136,825
Miscellaneous	-	-	-	-
Interest expense	(42,087)	(107,702)	(33,206)	(36,445)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>403,565</b>	<b>109,587</b>	<b>289,835</b>	<b>106,402</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>279,364</b>	<b>(251,828)</b>	<b>61,605</b>	<b>15,444</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>1,964,373</b>	<b>256,798</b>	<b>1,504,104</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>42,543</b>	<b>192,624</b>	<b>219,460</b>	<b>28,537</b>
<b>TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,286,280</b>	<b>197,594</b>	<b>1,785,169</b>	<b>43,981</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>5,359,706</b>	<b>2,984,606</b>	<b>5,704,941</b>	<b>972,643</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 7,645,986</b>	<b>\$ 3,182,200</b>	<b>\$ 7,490,110</b>	<b>\$ 1,016,624</b>

(continued)

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

	Sea Country Estates Sewer	Millers Creek Sewer	South Ocean View Sewer	Johnson's Corner Sewer
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,709	\$ 3,757	\$ 329	\$ -
Other operating revenues	300	195,529	2,086	-
<b>TOTAL OPERATING REVENUES</b>	<u>3,009</u>	<u>199,286</u>	<u>2,415</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Amortization	17	-	-	-
Contract services	92	215	-	-
Depreciation	12,402	14,319	-	-
Employee benefits	2,737	-	-	-
Equipment and tools	-	-	-	-
Maintenance and repairs	-	-	-	-
Miscellaneous	-	-	-	-
Process chemicals	-	-	-	-
Professional services	-	25	-	-
Salaries	502	3,768	493	-
Shared costs - operating	227	-	-	-
Supplies	-	-	-	-
Training and travel	-	-	-	-
Wastewater treatment	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>15,977</u>	<u>18,327</u>	<u>493</u>	<u>-</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(12,968)</u>	<u>180,959</u>	<u>1,922</u>	<u>-</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,694	2,999	5	-
Assessment and connection fees	23,690	-	-	-
Miscellaneous	-	-	-	-
Interest expense	(6,627)	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>18,757</u>	<u>2,999</u>	<u>5</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	5,789	183,958	1,927	-
<b>CAPITAL CONTRIBUTIONS</b>	-	408,500	-	-
<b>TRANSFERS IN</b>	20,778	-	-	-
<b>TRANSFERS OUT</b>	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	26,567	592,458	1,927	-
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>368,317</u>	<u>1,350,967</u>	<u>360,000</u>	<u>-</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 394,884</u>	<u>\$ 1,943,425</u>	<u>\$ 361,927</u>	<u>\$ -</u>

(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

- 81 -

	<b>Treatment Plant - IBRWF</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 697,311	\$ 4,399,706
Other operating revenues	238,005	1,140,955
<b>TOTAL OPERATING REVENUES</b>	<u>935,316</u>	<u>5,540,661</u>
<b>OPERATING EXPENSES</b>		
Amortization	707	16,673
Contract services	156,540	814,217
Depreciation	401,509	3,461,625
Employee benefits	114,649	1,151,424
Equipment and tools	21,912	85,710
Maintenance and repairs	17,395	98,556
Miscellaneous	12,395	19,654
Process chemicals	6,376	15,833
Professional services	8,742	364,130
Salaries	153,560	1,377,178
Shared costs - operating	-	499,871
Supplies	33,702	76,030
Training and travel	42,319	101,265
Wastewater treatment	-	817,006
<b>TOTAL OPERATING EXPENSES</b>	<u>969,806</u>	<u>8,899,172</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(34,490)</u>	<u>(3,358,511)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	194,518	1,482,632
Assessment and connection fees	1,465,951	5,639,871
Miscellaneous	15,874	57,059
Interest expense	(601,830)	(1,519,242)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>1,074,513</u>	<u>5,660,320</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,040,023	2,301,809
<b>CAPITAL CONTRIBUTIONS</b>	-	6,575,868
<b>TRANSFERS IN</b>	937,609	3,727,599
<b>TRANSFERS OUT</b>	<u>(1,753,089)</u>	<u>(1,753,089)</u>
<b>CHANGE IN NET ASSETS</b>	224,543	10,852,187
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>17,471,205</u>	<u>96,470,390</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 17,695,748</u>	<u>\$ 107,322,577</u>

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

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 572,803	\$ 995,153	\$ 348,082	\$ 361,937
Payments to suppliers	(677,198)	(826,933)	(133,666)	(142,955)
Payments to employees	(220,421)	(88,395)	(193,535)	(387,206)
Other receipts (payments)	57,227	117,925	93,817	84,409
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(267,589)</u>	<u>197,750</u>	<u>114,698</u>	<u>(83,815)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	1,254,835	1,090,597	962,401	650,311
Advances to other funds	(1,281,249)	(1,093,854)	(958,927)	(591,514)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>(26,414)</u>	<u>(3,257)</u>	<u>3,474</u>	<u>58,797</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(174,231)	(49,632)	(47,200)	(30,764)
Net payments on line of credit	-	(100,000)	-	-
Retirement of bonds and related costs	-	(41,501)	(4,575)	(96,975)
Bond proceeds	-	-	-	-
Assessment and connection fees	264,637	132,589	120,581	490,633
Capital contributions	-	-	39,004	-
Interest paid	-	(44,843)	(1,664)	(35,265)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	26,473	17,520	19,695	23,031
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>116,879</u>	<u>(85,867)</u>	<u>125,841</u>	<u>350,660</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	71,557	90,203	106,335	198,826
<b>NET INCREASE (DECREASE) IN CASH</b>	(105,567)	198,829	350,348	524,468
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>1,182,492</u>	<u>1,470,172</u>	<u>2,027,452</u>	<u>4,470,345</u>
<b>CASH AND EQUIVALENTS - ENDING</b>	<u>\$ 1,076,925</u>	<u>\$ 1,669,001</u>	<u>\$ 2,377,800</u>	<u>\$ 4,994,813</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>				
Cash and cash equivalents	\$ 56,034	\$ 176,896	\$ 990,528	\$ 2,067,204
Restricted cash and cash equivalents	1,020,891	1,492,105	1,387,272	2,927,609
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,076,925</u>	<u>\$ 1,669,001</u>	<u>\$ 2,377,800</u>	<u>\$ 4,994,813</u>

(continued)

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

- 83 -

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (257,616)	\$ 81,193	\$ (108,571)	\$ (461,794)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	116,837	239,580	208,144	394,605
Miscellaneous income	39,900	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(5,156)	(10,091)	750	(3,194)
Due from other governmental agencies	-	(26,628)	-	-
Inventory	474	-	-	-
Net pension asset	(3,776)	(3,489)	24,446	(20,456)
Compensated absences	5,127	3,074	(10,417)	16,255
Accounts payable	(163,379)	(85,889)	346	(9,231)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (267,589)</b>	<b>\$ 197,750</b>	<b>\$ 114,698</b>	<b>\$ (83,815)</b>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ -	\$ -	\$ -	\$ 1,243,228
Bond payable transfer	-	-	-	-
Interest financed with bond payable	-	-	-	-

(continued)

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

- 84 -

	<u>Blades Sewer</u>	<u>Henlopen Sewer</u>	<u>Long Neck Sewer</u>	<u>Dagsboro- Frankford Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 158,587	\$ 88,498	\$ 636,352	\$ 188,549
Payments to suppliers	(139,898)	(87,215)	(259,416)	(447,188)
Payments to employees	(52,865)	(22,351)	(725,334)	(209,769)
Other receipts (payments)	3,200	480	57,949	82,469
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(30,976)</u>	<u>(20,588)</u>	<u>(290,449)</u>	<u>(385,939)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	327,891	138,364	400,633	856,167
Advances to other funds	(331,294)	(140,727)	(543,659)	(838,637)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>(3,403)</u>	<u>(2,363)</u>	<u>(143,026)</u>	<u>17,530</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(90,213)	(980)	(125,411)	(89,405)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(12,450)	(22,400)	(850,000)	(25,000)
Bond proceeds	-	-	-	-
Assessment and connection fees	43,003	31,250	1,800,841	285,294
Capital contributions	-	-	-	-
Interest paid	(4,530)	(8,146)	(519,391)	(54,294)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	108,078	15,630	52,982	269,550
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>43,888</u>	<u>15,354</u>	<u>359,021</u>	<u>386,145</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	31,955	5,256	415,087	215,689
<b>NET INCREASE (DECREASE) IN CASH</b>	41,464	(2,341)	340,633	233,425
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>748,656</u>	<u>132,438</u>	<u>8,386,078</u>	<u>4,304,594</u>
<b>CASH AND EQUIVALENTS - ENDING</b>	<u>\$ 790,120</u>	<u>\$ 130,097</u>	<u>\$ 8,726,711</u>	<u>\$ 4,538,019</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>				
Cash and cash equivalents	\$ 350,799	\$ 59,737	\$ 2,173,473	\$ 649,401
Restricted cash and cash equivalents	439,321	70,360	6,553,238	3,888,618
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 790,120</u>	<u>\$ 130,097</u>	<u>\$ 8,726,711</u>	<u>\$ 4,538,019</u>

(continued)



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

	<u>Blades Sewer</u>	<u>Henlopen Sewer</u>	<u>Long Neck Sewer</u>	<u>Dagsboro- Frankford Sewer</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (152,940)	\$ (67,866)	\$ (1,070,345)	\$ (651,191)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	104,572	52,241	742,809	350,506
Miscellaneous income	-	-	-	1,285
Changes in assets and liabilities:				
Accounts receivable	(3,236)	(334)	(2,770)	(66,319)
Due from other governmental agencies	-	3,621	-	-
Inventory	-	-	-	-
Net pension asset	1,710	4,871	64,168	(19,056)
Compensated absences	(152)	(2,294)	(22,652)	13,222
Accounts payable	19,070	(10,827)	(1,659)	(14,386)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (30,976)</u>	<u>\$ (20,588)</u>	<u>\$ (290,449)</u>	<u>\$ (385,939)</u>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ 7,220	\$ -	\$ 840,174	\$ 351,471
Bond payable transfer	-	-	(1,753,089)	-
Interest financed with bond payable	-	-	-	-

(continued)

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

- 86 -

	<b>Holts Landing Sewer</b>	<b>Ellendale Sewer</b>	<b>Oak Orchard Sewer</b>	<b>Bayview Estates Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 25,816	\$ 113,632	\$ 81,715	\$ 8,765
Payments to suppliers	(14,902)	(109,896)	(34,988)	(2,993)
Payments to employees	(147,578)	(69,103)	(89,517)	(7,686)
Other receipts (payments)	167,820	11,764	65,840	3,800
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>31,156</b>	<b>(53,603)</b>	<b>23,050</b>	<b>1,886</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	1,099,998	412,718	2,051,040	106,453
Advances to other funds	(1,236,260)	(317,969)	(1,973,282)	(625,758)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>(136,262)</b>	<b>94,749</b>	<b>77,758</b>	<b>(519,305)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(940,697)	(91,854)	(2,030,064)	(24,998)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(85,513)	(126,131)	(36,006)	(50,861)
Bond proceeds	345,345	-	459,433	-
Assessment and connection fees	347,402	199,365	290,768	142,145
Capital contributions	-	-	1,210,742	534,922
Interest paid	(24,738)	(107,836)	(33,206)	(36,445)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	42,543	192,624	219,460	28,537
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(315,658)</b>	<b>66,168</b>	<b>81,127</b>	<b>593,300</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	94,425	22,764	16,126	5,800
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(326,339)</b>	<b>130,078</b>	<b>198,061</b>	<b>81,681</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>2,124,362</b>	<b>451,494</b>	<b>259,188</b>	<b>167,455</b>
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 1,798,023</b>	<b>\$ 581,572</b>	<b>\$ 457,249</b>	<b>\$ 249,136</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>				
Cash and cash equivalents	\$ 52,341	\$ 246,248	\$ 152,482	\$ 119,553
Restricted cash and cash equivalents	1,745,682	335,324	304,767	129,583
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,798,023</b>	<b>\$ 581,572</b>	<b>\$ 457,249</b>	<b>\$ 249,136</b>

(continued)

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

	<u>Holts Landing Sewer</u>	<u>Ellendale Sewer</u>	<u>Oak Orchard Sewer</u>	<u>Bayview Estates Sewer</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (124,201)	\$ (361,415)	\$ (228,230)	\$ (90,958)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	164,251	322,688	259,098	94,013
Miscellaneous income	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(1,429)	(20,617)	(2,718)	(597)
Due from other governmental agencies	-	-	-	-
Inventory	-	-	-	-
Net pension asset	(14,604)	(3,902)	(12,325)	(983)
Compensated absences	9,814	2,867	7,135	550
Accounts payable	(2,675)	6,776	90	(139)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 31,156</u>	<u>\$ (53,603)</u>	<u>\$ 23,050</u>	<u>\$ 1,886</u>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ 1,964,373	\$ 62,110	\$ -	\$ -
Bond payable transfer	-	-	-	-
Interest financed with bond payable	181,262	-	-	-

(continued)

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

- 88 -

	Sea Country Estates Sewer	Millers Creek Sewer	South Ocean View Sewer	Johnson's Corner Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,603	\$ 3,112	\$ 329	\$ -
Payments to suppliers	(319)	(240)	(32)	-
Payments to employees	(1,661)	(255)	-	-
Other receipts (payments)	300	189,435	1,300	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>923</b>	<b>192,052</b>	<b>1,597</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from other funds	37,241	952,650	3,630,504	3,187
Advances to other funds	(37,015)	(19,350)	(10,428)	-
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<b>226</b>	<b>933,300</b>	<b>3,620,076</b>	<b>3,187</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	(1,647,853)	(3,778,033)	(3,187)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(9,352)	-	-	-
Bond proceeds	-	214,061	-	-
Assessment and connection fees	25,118	-	-	-
Capital contributions	97,905	-	-	-
Interest paid	(8,647)	-	-	-
Payments for bond issue costs	-	-	(5,026)	-
Transfers from other funds for capital activities	20,778	-	-	-
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>125,802</b>	<b>(1,433,792)</b>	<b>(3,783,059)</b>	<b>(3,187)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	1,579	2,604	2	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>128,530</b>	<b>(305,836)</b>	<b>(161,384)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>70,511</b>	<b>588,165</b>	<b>163,237</b>	<b>-</b>
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 199,041</b>	<b>\$ 282,329</b>	<b>\$ 1,853</b>	<b>\$ -</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>				
Cash and cash equivalents	\$ 54,885	\$ 256,644	\$ 1,632	\$ -
Restricted cash and cash equivalents	144,156	25,685	221	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 199,041</b>	<b>\$ 282,329</b>	<b>\$ 1,853</b>	<b>\$ -</b>

(continued)

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

	<u>Sea Country Estates Sewer</u>	<u>Millers Creek Sewer</u>	<u>South Ocean View Sewer</u>	<u>Johnson's Corner Sewer</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (12,968)	\$ 180,959	\$ 1,922	\$ -
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	12,419	14,319	-	-
Miscellaneous income	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(106)	(645)	-	-
Due from other governmental agencies	-	-	-	-
Inventory	-	-	-	-
Net pension asset	(197)	(6,094)	(786)	-
Compensated absences	111	3,513	461	-
Accounts payable	1,664	-	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 923</u>	<u>\$ 192,052</u>	<u>\$ 1,597</u>	<u>\$ -</u>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ -	\$ 408,500	\$ -	\$ -
Bond payable transfer	-	-	-	-
Interest financed with bond payable	-	-	-	-

(continued)

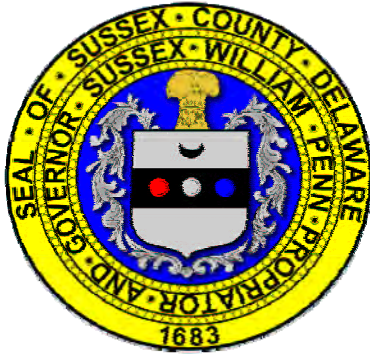
SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2007

- 90 -

	<b>Treatment Plant - IBRWF</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 687,767	\$ 4,273,700
Payments to suppliers	(285,511)	(3,163,350)
Payments to employees	(292,018)	(2,507,694)
Other receipts (payments)	253,879	1,191,614
	<u>364,117</u>	<u>(205,730)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds	228,976	14,203,966
Advances to other funds	(13,032)	(10,012,955)
	<u>215,944</u>	<u>4,191,011</u>
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(87,914)	(9,212,436)
Net payments on line of credit	-	(100,000)
Retirement of bonds and related costs	(72,652)	(1,433,416)
Bond proceeds	-	1,018,839
Assessment and connection fees	1,465,951	5,639,577
Capital contributions	-	1,882,573
Interest paid	(606,043)	(1,485,048)
Payments for bond issue costs	-	(5,026)
Transfers from other funds for capital activities	937,609	1,974,510
	<u>1,636,951</u>	<u>(1,720,427)</u>
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	184,372	1,462,580
	<u>184,372</u>	<u>1,462,580</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		
	2,401,384	3,727,434
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>		
	<u>3,015,732</u>	<u>29,562,371</u>
<b>CASH AND EQUIVALENTS - ENDING</b>		
	<u>\$ 5,417,116</u>	<u>\$ 33,289,805</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>		
Cash and cash equivalents	\$ 141,027	\$ 7,548,884
Restricted cash and cash equivalents	5,276,089	25,740,921
	<u>\$ 5,417,116</u>	<u>\$ 33,289,805</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		

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

	<u>Treatment Plant - IBRWF</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (34,490)	\$ (3,358,511)
Adjustments to reconcile operating income (loss) to net cash provided:		
Depreciation and amortization	402,216	3,478,298
Miscellaneous income	15,874	57,059
Changes in assets and liabilities:		
Accounts receivable	(9,544)	(126,006)
Due from other governmental agencies	-	(23,007)
Inventory	-	474
Net pension asset	(56,419)	(46,892)
Compensated absences	32,610	59,224
Accounts payable	13,870	(246,369)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 364,117</u>	<u>\$ (205,730)</u>
<b>NONCASH TRANSACTIONS</b>		
Contributed property	\$ -	\$ 4,877,076
Bond payable transfer	1,753,089	-
Interest financed with bond payable	-	181,262





STATISTICAL SECTION



*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.*

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<p><b>Financial Trends</b>  <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i></p>	93 - 97
<p><b>Revenue Capacity</b>  <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i></p>	98 - 101
<p><b>Debt Capacity</b>  <i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i></p>	102 - 105
<p><b>Demographic and Economic Information</b>  <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time with other governments.</i></p>	106 - 107
<p><b>Operating Information</b>  <i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i></p>	108 - 110
<p><b>Bonded Debt Information</b>  <i>These schedules contain information about the County's principal and interest payments on bonded debt outstanding at the fiscal year end.</i></p>	111 - 162

**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)*

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

**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)*

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 8,416,614	\$ 9,622,999	\$ 11,592,273	\$ 11,293,426	\$ 13,627,710
Grant-in-aid programs	4,120,039	6,892,065	7,293,058	10,255,326	9,014,248
Planning and zoning	917,317	1,012,053	1,045,230	1,208,841	1,430,741
Paramedic program	5,914,818	6,840,784	8,467,637	9,963,348	11,626,354
Emergency preparedness	1,726,567	1,889,708	1,984,888	2,263,691	2,213,396
Economic development and public works	423,154	428,025	528,814	497,316	532,760
County engineer	1,418,560	1,079,543	2,025,846	3,332,568	2,994,201
Airport	375,629	532,414	601,236	731,785	1,281,765
Engineering - solid waste	1,956,518	33,544	-	-	-
Library	2,780,506	2,729,492	3,140,156	3,354,026	3,747,511
Community development and housing programs	1,522,300	1,488,969	1,829,012	2,561,943	1,959,365
Constitutional offices	1,728,453	1,985,946	2,268,066	2,372,219	2,486,465
Interest on long-term debt	-	-	-	-	3,285
Total governmental activities expenses	<u>31,300,475</u>	<u>34,535,542</u>	<u>40,776,216</u>	<u>47,834,489</u>	<u>50,917,801</u>
Business-type activities:					
Sewer facilities	19,264,562	18,676,091	21,327,548	23,011,584	25,102,767
Water facilities	771,541	747,923	770,503	812,592	852,902
Total business-type activities expenses	<u>20,036,103</u>	<u>19,424,014</u>	<u>22,098,051</u>	<u>23,824,176</u>	<u>25,955,669</u>
Total primary government expenses	<u>\$ 51,336,578</u>	<u>\$ 53,959,556</u>	<u>\$ 62,874,267</u>	<u>\$ 71,658,665</u>	<u>\$ 76,873,470</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 2,222,981	\$ 2,199,845	\$ 2,580,027	\$ 3,007,205	\$ 2,189,982
Planning and zoning	1,761,250	2,024,755	2,343,693	2,782,428	2,079,324
Emergency preparedness	25,652	29,543	26,545	27,485	24,145
Economic development and public works	73,492	85,527	65,055	408,260	362,699
County engineer	709,021	1,535,980	2,080,536	2,681,308	1,206,998
Airport	179,815	137,766	179,471	182,375	195,398
Engineering - solid waste	4,828	13,465	-	-	-
Library	15,214	33,664	20,249	25,320	26,422
Constitutional offices	6,517,134	7,049,799	6,684,859	6,852,532	6,171,154
Operating grants and contributions	6,562,723	6,790,770	6,065,343	7,510,097	7,599,645
Capital grants and contributions	601,631	318,157	3,001,477	1,166,791	1,494,572
Total governmental activities program revenues	<u>18,673,741</u>	<u>20,219,271</u>	<u>23,047,255</u>	<u>24,643,801</u>	<u>21,350,339</u>
Business-type activities:					
Charges for services:					
Sewer facilities	9,456,583	10,548,270	12,072,903	13,591,594	13,357,511
Water facilities	568,271	583,897	583,889	591,991	635,186
Operating grants and contributions	14,535,829	16,033,341	18,806,360	22,841,920	21,060,417
Capital grants and contributions	7,015,899	15,113,921	15,586,276	17,112,386	17,606,829
Total business-type activities program revenues	<u>31,576,582</u>	<u>42,279,429</u>	<u>47,049,428</u>	<u>54,137,891</u>	<u>52,659,943</u>
Total primary government program revenues	<u>\$ 50,250,323</u>	<u>\$ 62,498,700</u>	<u>\$ 70,096,683</u>	<u>\$ 78,781,692</u>	<u>\$ 74,010,282</u>

(continued)

**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)*

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (12,626,734)	\$ (14,316,271)	\$ (17,728,961)	\$ (23,190,688)	\$ (29,567,462)
Business-type activities	11,540,479	22,855,415	24,951,377	30,313,715	26,704,274
Total primary government net expense	<u>\$ (1,086,255)</u>	<u>\$ 8,539,144</u>	<u>\$ 7,222,416</u>	<u>\$ 7,123,027</u>	<u>\$ (2,863,188)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 9,114,721	\$ 9,568,521	\$ 8,161,118	\$ 10,692,069	\$ 11,521,348
Capitation taxes	221,690	237,282	224,294	241,699	240,030
Fire service taxes	1,285,885	1,510,691	1,785,613	2,093,729	1,535,864
Realty transfer taxes	17,917,521	27,399,572	36,329,843	35,269,800	27,058,083
Unrestricted investment earnings	890,505	892,938	1,747,718	4,216,741	5,829,443
Transfers	<u>(2,153,000)</u>	<u>(2,925,040)</u>	<u>(9,530,548)</u>	<u>(6,297,450)</u>	<u>(2,790,587)</u>
Total governmental activities	<u>27,277,322</u>	<u>36,683,964</u>	<u>38,718,038</u>	<u>46,216,588</u>	<u>43,394,181</u>
Business-type activities:					
Unrestricted investment earnings	190,215	198,309	289,985	802,160	716,108
Transfers	<u>2,153,000</u>	<u>2,925,040</u>	<u>9,530,548</u>	<u>6,297,450</u>	<u>2,790,587</u>
Total business-type activities	<u>2,343,215</u>	<u>3,123,349</u>	<u>9,820,533</u>	<u>7,099,610</u>	<u>3,506,695</u>
Total primary government program revenues	<u>\$ 29,620,537</u>	<u>\$ 39,807,313</u>	<u>\$ 48,538,571</u>	<u>\$ 53,316,198</u>	<u>\$ 46,900,876</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 14,650,588	\$ 22,367,693	\$ 20,989,077	\$ 23,025,900	\$ 13,826,719
Business-type activities	<u>13,883,694</u>	<u>25,978,764</u>	<u>34,771,910</u>	<u>37,413,325</u>	<u>30,210,969</u>
Total primary government	<u>\$ 28,534,282</u>	<u>\$ 48,346,457</u>	<u>\$ 55,760,987</u>	<u>\$ 60,439,225</u>	<u>\$ 44,037,688</u>

**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)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 3,235,251	\$ 7,439,155	\$ 12,814,987	\$ 18,704,187	\$ 17,578,416	\$ 23,135,130	\$ 36,610,789	\$ 41,702,138	\$ 56,560,314	\$ 64,675,385
Unreserved										
Designated	4,852,917	7,027,239	6,295,718	2,490,323	9,100,374	14,023,982	11,585,639	14,509,355	11,257,954	3,859,850
Undesignated	6,586,487	7,135,873	6,373,575	6,962,181	7,732,890	9,784,231	10,169,005	13,957,648	13,254,683	9,885,684
Total general fund	<u>\$ 14,674,655</u>	<u>\$ 21,602,267</u>	<u>\$ 25,484,280</u>	<u>\$ 28,156,691</u>	<u>\$ 34,411,680</u>	<u>\$ 46,943,343</u>	<u>\$ 58,365,433</u>	<u>\$ 70,169,141</u>	<u>\$ 81,072,951</u>	<u>\$ 78,420,919</u>
All Other Governmental Funds										
Reserved	\$ 226,969	\$ -	\$ 9,403	\$ 121,097	\$ 167,543	\$ 2,427,669	\$ 9,803,499	\$ 12,800,198	\$ 21,203,720	\$ 27,760,247
Unreserved										
Designated	322,490	381,495	446,638	59,415	2,539,171	2,454,184	4,541,774	5,341,810	-	-
Undesignated	(778,475)	(32,817)	-	-	-	647,432	56,264	-	-	53,901
Total all other governmental funds	<u>\$ (229,016)</u>	<u>\$ 348,678</u>	<u>\$ 456,041</u>	<u>\$ 180,512</u>	<u>\$ 2,706,714</u>	<u>\$ 5,529,285</u>	<u>\$ 14,401,537</u>	<u>\$ 18,142,008</u>	<u>\$ 21,203,720</u>	<u>\$ 27,814,148</u>



**SUSSEX COUNTY, DELAWARE**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

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

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**

	Year Taxes Are Payable									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>County Direct</b>										
County Tax	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.4017	\$ 0.4017	\$ 0.4017	\$ 0.4017	\$ 0.4017
County Bond	0.0320	0.0320	0.0320	0.0320	0.0320	-	-	-	-	-
Library	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433
Total direct rate	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450
<b>School Districts</b>										
Cape Henlopen	1.6520	1.6920	1.6950	1.8000	1.9810	2.0990	2.0990	2.1610	2.2360	2.9980
Delmar	2.5600	3.4500	3.4000	3.3500	3.2500	3.2300	3.2200	3.2100	3.2000	3.1500
Indian River (3)	1.9160	1.8730	1.9030	1.8540	1.9970	2.0290	1.9460	2.2130	2.2400	2.5450
Laurel	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900
Milford	2.1560	2.2360	2.9090	2.6970	2.6690	2.7490	2.6210	2.7930	3.2897	3.5468
Seaford	2.3000	2.2000	2.2000	2.3100	2.3900	2.4700	2.4800	2.5800	2.5800	3.2300
Woodbridge	1.8970	1.8970	2.1010	2.2000	2.4000	2.9130	2.9030	2.9000	2.9990	3.2950
Vo-Tech	0.2283	0.2283	0.2155	0.2312	0.2277	0.2277	0.2293	0.2293	0.2293	0.2363
<b>Town Rates (2)</b>										
Bethany Beach	1.1000	1.1000	1.1000	1.1000	1.1000	0.0800	0.0800	0.0800	0.0800	0.1600
Bethel	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Blades	1.2500	1.2500	1.2500	1.2500	1.2500	1.4000	1.4000	1.4000	1.4000	1.4000
Bridgeville	1.8300	1.8300	1.8300	1.8300	1.8300	1.8300	1.8300	1.8300	1.7300	1.7300
Dagsboro	*	*	*	*	*	0.3800	0.3800	0.3800	0.3800	0.3800
Delmar	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.3100	1.3100	1.3100	1.3100
Dewey Beach	*	*	*	*	*	0.4000	0.4000	0.4000	0.4000	0.4000
Ellendale	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Fenwick Island	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.6000	1.6000	1.9200	1.9200
Frankford	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.9500
Georgetown	1.6500	1.6500	1.6500	1.6500	2.1500	2.1500	2.1500	2.4500	2.5300	2.5300
Greenwood	*	*	*	*	*	0.6000	0.6000	1.0000	1.2000	1.4000
Henlopen Acres	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.8800	1.8800	1.8800
Laurel	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100
Lewes	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.3900	0.3900	0.3900
Milford	0.3100	0.3100	0.3100	0.3100	0.3100	0.4100	0.4100	0.4100	0.4100	0.4100
Millsboro	0.4100	0.4100	0.4100	0.4600	0.4600	0.4600	0.4600	0.4600	0.5100	0.5100
Millville	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Milton	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Ocean View	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.0981
Rehoboth Beach	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.5500	1.5500
Seaford	0.3900	0.3900	0.4500	0.4500	0.4800	0.4800	0.5200	0.5200	0.5700	0.5700
Selbyville	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500
Slaughter Beach	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
South Bethany	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	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

**SUSSEX COUNTY, DELAWARE  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND FOUR YEARS AGO**

<u>Taxpayer</u>	<u>Fiscal Year 2007</u>			<u>Fiscal Year 2003</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Verizon	\$ 52,133,895	1	1.91%	\$ 35,639,325	1	1.69%
Delmarva Power & Light Co. (2)	21,938,783	2	0.80	19,734,824	2	0.94
Indian River Power LLC	12,786,471	3	0.47	12,737,071	3	0.60
E. I. duPont de Nemours Company	9,261,400	4	0.34	9,484,250	4	0.45
Delaware Electric Cooperative, Inc.	4,816,525	5	0.18	4,308,748	6	0.20
Chesapeake Utilities Corporation	4,536,567	6	0.17	3,230,324	8	0.15
Mountaire Farms of Delaware, Inc.	4,354,200	7	0.16	4,355,000	5	0.21
Eastern Shore Natural Gas Co.	4,269,450	8	0.16	3,147,731	9	0.15
Sussex Sports Amenities LLC	3,906,500	9	0.14	-	-	-
M & T Bank	3,135,800	10	0.12	3,135,800	10	0.15
Carl M. Freeman Associates Inc.	-	-	-	3,327,600	7	0.16
	<u>\$121,139,591</u>		<u>4.45%</u>	<u>\$ 99,100,673</u>		<u>4.70%</u>

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**

Fiscal Year	Taxes Levied for Fiscal Year (Original Levy)		Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Adjustments			Current Tax Collections	Percent of Levy		Amount	Percentage of Adjusted Levy
1998	\$ 7,493,168	\$ 79,631	\$ 7,572,799	\$ 7,315,590	96.6%	\$ 242,181	\$ 7,557,771	99.8%
1999	7,704,299	87,355	7,791,654	7,566,993	97.1	205,241	7,772,234	99.8
2000	8,013,922	94,224	8,108,146	7,835,808	96.6	247,008	8,082,816	99.7
2001	8,351,274	109,727	8,461,001	8,156,366	96.4	273,139	8,429,505	99.6
2002	8,740,663	102,636	8,843,299	8,527,586	96.4	275,055	8,802,641	99.5
2003	9,113,367	106,521	9,219,888	8,904,011	96.6	262,938	9,166,949	99.4
2004	9,578,379	140,252	9,718,631	9,393,462	96.7	260,173	9,653,635	99.3
2005	8,161,305	120,699	8,282,004	8,014,809	96.8	187,006	8,201,815	99.0
2006	10,686,666	175,555	10,862,221	10,584,949	97.4	165,798	10,750,747	99.0
2007	11,468,314	217,171	11,685,485	11,403,418	97.6	-	11,403,418	97.6

- 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

**SUSSEX COUNTY, DELAWARE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	General Obligation Bonds	Sewer Revenue Bonds				
1998	\$ 1,613	\$ 75,963,734	\$ 35,411,809		\$ 111,377,156	3.34%	\$ 815
1999	68,562	76,262,212	34,779,886		111,110,660	3.14	792
2000	54,271	80,647,661	33,981,148		114,683,080	3.01	732
2001	71,844	96,831,574	34,288,385		131,191,803	3.22	819
2002	146,042	100,745,953	31,829,251		132,721,246	3.11	814
2003	324,574	100,088,975	30,609,794		131,023,343	2.89	780
2004	267,259	119,930,460	29,359,095		149,556,814	3.04	870
2005	259,744	121,162,608	28,076,986		149,499,338	2.83	850
2006	181,346	133,549,727	26,953,295		160,684,368	*	891
2007	165,271	134,977,468	25,497,849		160,640,588	*	874

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

\* Figures not available

SUSSEX COUNTY, DELAWARE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2007

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

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

SUSSEX COUNTY, DELAWARE  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

<b>Legal debt margin calculation for fiscal year 2007</b>										
	Assessed value									
	\$ 2,519,300,615									
	Debt limit (12% of assessed value)									
	302,316,074									
	Total net debt applicable to limit									
	<u>134,977,468</u>									
	Legal debt margin									
	<u>\$ 167,338,606</u>									
Fiscal Year										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General obligation bonds	\$ 75,963,734	\$ 76,262,212	\$ 80,647,661	\$ 96,831,574	\$ 100,745,953	\$ 100,088,975	\$ 119,930,460	\$ 121,162,608	\$ 133,549,727	\$ 134,977,468
Percentage of estimated actual property value	0.71%	0.61%	0.63%	0.68%	0.63%	0.51%	0.46%	0.38%	0.37%	0.34%
Per capita	556	544	515	605	618	596	698	689	741	734
Total net debt applicable to debt limit	75,963,734	76,262,212	80,647,661	96,831,574	100,745,953	100,088,975	119,930,460	121,162,608	133,549,727	134,977,468
Legal debt limit	<u>203,828,298</u>	<u>211,827,213</u>	<u>221,083,093</u>	<u>230,935,967</u>	<u>239,653,693</u>	<u>252,815,042</u>	<u>266,391,788</u>	<u>283,050,019</u>	<u>303,961,496</u>	<u>302,316,074</u>
Legal debt margin	<u>\$ 127,864,564</u>	<u>\$ 135,565,001</u>	<u>\$ 140,435,432</u>	<u>\$ 134,104,393</u>	<u>\$ 138,907,740</u>	<u>\$ 152,726,067</u>	<u>\$ 146,461,328</u>	<u>\$ 161,887,411</u>	<u>\$ 170,411,769</u>	<u>\$ 167,338,606</u>
Total net debt applicable to the limit as a percentage of debt limit	37.27%	36.00%	36.48%	41.93%	42.04%	39.59%	45.02%	42.81%	43.94%	44.65%

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.

**SUSSEX COUNTY, DELAWARE  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS**

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

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:

	<u>Issuance Amount</u>
a. Series 2005 revenue bonds	\$ 18,500,000
b. Subordinated Obligations 1994 SRF-A	13,000,000
c. Subordinated Obligations 1994 SRF-B	4,000,000

**SUSSEX COUNTY, DELAWARE  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS**

---

<b>Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
1998	136,707	\$ 3,339,450	\$ 21,163	38.0	21,246	3.7%
1999	140,308	3,538,564	21,423	36.0	21,432	3.9%
2000	156,638	3,816,094	22,185	41.1	21,781	2.9%
2001	160,172	4,077,122	23,232	*	21,878	3.9%
2002	163,085	4,263,433	25,471	*	21,547	4.0%
2003	167,904	4,533,723	26,832	*	25,055	2.7%
2004	171,923	4,927,085	28,609	42.4	24,210	3.3%
2005	175,818	5,278,405	29,959	42.4	24,278	3.2%
2006	180,275	*	*	*	24,531	3.1%
2007	183,798	*	*	*	24,818	3.0%

Sources:

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

Note: Total personal income is in thousands of dollars

\* Figures not available



**SUSSEX COUNTY, DELAWARE  
EMPLOYMENT BY TYPE OF EMPLOYER  
CURRENT YEAR AND FIVE YEARS AGO**

<u>Type of Employer</u>	<u>2007</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Manufacturing	12,423	1	17.5%	11,790	1	19.3%
Retail trade	11,146	2	15.7	10,681	2	17.4
Accommodation and food services	8,719	3	12.3	7,363	3	12.0
Health care and social assistance	8,120	4	11.4	6,628	4	10.8
Government	7,432	5	10.4	6,032	5	9.9
Construction	6,089	6	8.6	4,564	6	7.5
Administrative and waste services	2,664	7	3.7	2,354	8	3.8
Finance and Insurance	2,490	8	3.5	2,391	7	3.9
Other services, except public administration	2,393	9	3.4	1,792	9	2.9
Real estate and rental and leasing	2,076	10	2.9	1,471	10	2.4
	<u>63,552</u>		<u>89.4%</u>	<u>55,066</u>		<u>89.9%</u>

**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.

**SUSSEX COUNTY, DELAWARE**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b>Full-time Equivalent Employees as of June 30</b>									
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
General government										
General administration	8	8	8	8	8	8	8	8	10	11
Finance	51	55	61	64	68	76	83	82	90	90
Personnel	4	3	3	3	4	4	5	4	5	6
Buildings and grounds	21	23	25	25	26	27	27	28	31	33
Data processing	6	6	6	6	5	8	9	11	13	12
County constable	-	4	4	4	3	3	4	4	4	3
Planning and zoning	11	11	13	14	13	15	15	15	16	16
Paramedic program	57	60	67	69	80	82	94	98	109	110
Emergency preparedness	19	19	20	24	24	27	26	27	29	28
Economic development and public works	7	8	8	8	8	8	9	13	13	12
County engineer	74	80	79	87	100	104	109	117	129	132
Airport	1	1	1	1	1	1	1	1	1	1
Library	21	23	26	29	33	34	37	38	36	41
Community development and housing programs	5	5	5	6	7	6	6	6	6	7
Constitutional offices	24	26	30	30	27	28	32	30	34	37
<b>Total</b>	<b>309</b>	<b>332</b>	<b>356</b>	<b>378</b>	<b>407</b>	<b>431</b>	<b>465</b>	<b>482</b>	<b>526</b>	<b>539</b>

**Source:** County Personnel Office

**SUSSEX COUNTY, DELAWARE  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Planning and Zoning</b>										
Permits issued	7,877	8,641	8,511	8,459	9,388	9,741	10,811	11,075	11,299	9,896
<b>Public Safety</b>										
Paramedic incidents dispatched	12,519	12,757	13,677	11,207	12,236	10,421	11,018	11,612	11,955	12,701
911 calls	60,691	65,604	66,448	78,594	78,594	91,511	89,446	85,243	94,858	99,659
<b>Sewer and Water Services</b>										
Sewer customers, EDU's billed	30,923	32,264	34,516	36,640	40,786	41,431	44,240	47,524	50,809	53,439
Water customers, EDU's billed	3,255	3,344	3,427	3,504	3,523	3,530	3,548	3,530	3,543	3,553
<b>Libraries</b>										
Circulation	821,699	855,273	890,573	928,640	1,003,652	915,491	1,197,367	1,182,767	1,137,880	1,170,327
<b>Airport</b>										
Number of landings (1) (2)	*	*	*	*	16,811	15,106	16,306	18,625	17,508	19,259
<b>Industrial Park</b>										
Number of businesses	12	12	12	12	19	18	18	20	20	20
Number of jobs provided by business (1)	*	*	*	665	715	650	681	752	860	944

**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

**SUSSEX COUNTY, DELAWARE  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b>Fiscal Year</b>									
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
<b>Public Safety</b>										
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
<b>Sewer and Water Services</b>										
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	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
<b>Libraries</b>										
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
<b>Airport</b>										
Paved runway footage	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,330	7,330	7,330
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

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY)  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 20, 2007	4.50 %	\$ 40,689	\$ 98,398
December 20, 2007	4.50	41,147	97,940
March 20, 2008	4.50	41,610	97,477
June 20, 2008	4.50	42,078	97,009
September 20, 2008	4.50	42,551	96,536
December 20, 2008	4.50	43,030	96,057
March 20, 2009	4.50	43,514	95,573
June 20, 2009	4.50	44,003	95,084
September 20, 2009	4.50	44,499	94,588
December 20, 2009	4.50	44,999	94,088
March 20, 2010	4.50	45,505	93,582
June 20, 2010	4.50	46,017	93,070
September 20, 2010	4.50	46,535	92,552
December 20, 2010	4.50	47,059	92,028
March 20, 2011	4.50	47,588	91,499
June 20, 2011	4.50	48,123	90,964
September 20, 2011	4.50	48,665	90,422
December 20, 2011	4.50	49,212	89,875
March 20, 2012	4.50	49,766	89,321
June 20, 2012	4.50	50,326	88,761
September 20, 2012	4.50	50,892	88,195
December 20, 2012	4.50	51,464	87,623
March 20, 2013	4.50	52,043	87,044
June 20, 2013	4.50	52,629	86,458
September 20, 2013	4.50	53,221	85,866
December 20, 2013	4.50	53,820	85,267
March 20, 2014	4.50	54,425	84,662
June 20, 2014	4.50	55,037	84,050
September 20, 2014	4.50	55,657	83,430
December 20, 2014	4.50	56,283	82,804
March 20, 2015	4.50	56,916	82,171
June 20, 2015	4.50	57,556	81,531
September 20, 2015	4.50	58,204	80,883
December 20, 2015	4.50	58,858	80,229
March 20, 2016	4.50	59,521	79,566
June 20, 2016	4.50	60,190	78,897
September 20, 2016	4.50	60,867	78,220
December 20, 2016	4.50	61,552	77,535
March 20, 2017	4.50	62,245	76,842
June 20, 2017	4.50	62,945	76,142
September 20, 2017	4.50	63,653	75,434
December 20, 2017	4.50	64,369	74,718
March 20, 2018	4.50	65,093	73,994
June 20, 2018	4.50	65,826	73,261
September 20, 2018	4.50	66,566	72,521
December 20, 2018	4.50	67,315	71,772
March 20, 2019	4.50	68,072	71,015
June 20, 2019	4.50	68,838	70,249
September 20, 2019	4.50	69,612	69,475
December 20, 2019	4.50	70,396	68,691
March 20, 2020	4.50	71,188	67,899
June 20, 2020	4.50	71,988	67,099
September 20, 2020	4.50	72,798	66,289

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 20, 2020	4.50 %	\$ 73,617	\$ 65,470
March 20, 2021	4.50	74,445	64,642
June 20, 2021	4.50	75,283	63,804
September 20, 2021	4.50	76,130	62,957
December 20, 2021	4.50	76,986	62,101
March 20, 2022	4.50	77,852	61,235
June 20, 2022	4.50	78,728	60,359
September 20, 2022	4.50	79,614	59,473
December 20, 2022	4.50	80,510	58,577
March 20, 2023	4.50	81,415	57,672
June 20, 2023	4.50	82,331	56,756
September 20, 2023	4.50	83,258	55,829
December 20, 2023	4.50	84,194	54,893
March 20, 2024	4.50	85,141	53,946
June 20, 2024	4.50	86,099	52,988
September 20, 2024	4.50	87,068	52,019
December 20, 2024	4.50	88,047	51,040
March 20, 2025	4.50	89,038	50,049
June 20, 2025	4.50	90,040	49,047
September 20, 2025	4.50	91,053	48,034
December 20, 2025	4.50	92,077	47,010
March 20, 2026	4.50	93,113	45,974
June 20, 2026	4.50	94,160	44,927
September 20, 2026	4.50	95,220	43,867
December 20, 2026	4.50	96,291	42,796
March 20, 2027	4.50	97,374	41,713
June 20, 2027	4.50	98,469	40,618
September 20, 2027	4.50	99,577	39,510
December 20, 2027	4.50	100,698	38,389
March 20, 2028	4.50	101,830	37,257
June 20, 2028	4.50	102,976	36,111
September 20, 2028	4.50	104,134	34,953
December 20, 2028	4.50	105,306	33,781
March 20, 2029	4.50	106,491	32,596
June 20, 2029	4.50	107,689	31,398
September 20, 2029	4.50	108,900	30,187
December 20, 2029	4.50	110,125	28,962
March 20, 2030	4.50	111,364	27,723
June 20, 2030	4.50	112,617	26,470
September 20, 2030	4.50	113,884	25,203
December 20, 2030	4.50	115,165	23,922
March 20, 2031	4.50	116,461	22,626
June 20, 2031	4.50	117,771	21,316
September 20, 2031	4.50	119,096	19,991
December 20, 2031	4.50	120,436	18,651
March 20, 2032	4.50	121,791	17,296
June 20, 2032	4.50	123,161	15,926
September 20, 2032	4.50	124,546	14,541
December 20, 2032	4.50	125,947	13,140
March 20, 2033	4.50	127,364	11,723
June 20, 2033	4.50	128,797	10,290
September 20, 2033	4.50	130,246	8,841
December 20, 2033	4.50	131,711	7,376

(continued)

SUSSEX COUNTY, DELAWARE  
BONDED DEBT GENERAL OBLIGATION - 1994  
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
JUNE 30, 2007

---

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 20, 2034	4.50 %	\$ 133,193	\$ 5,894
June 20, 2034	4.50	134,692	4,395
September 20, 2034	4.50	136,207	2,880
December 20, 2034	4.50	118,611	1,348
		<u>\$ 8,745,294</u>	<u>\$ 6,535,148</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SRF SUBORDINATE OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2008	1.50 %	\$ 807,378	\$ 122,667
June 15, 2009	1.50	819,488	110,557
June 15, 2010	1.50	831,781	98,264
June 15, 2011	1.50	844,258	85,788
June 15, 2012	1.50	856,921	73,125
June 15, 2013	1.50	869,775	60,271
June 15, 2014	1.50	882,822	47,224
June 15, 2015	1.50	896,064	33,981
June 15, 2016	1.50	909,505	20,540
December 15, 2016	1.50	459,857	3,449
		<u>\$ 8,177,849</u>	<u>\$ 655,866</u>

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 A  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 9, 2007	4.50 %	\$ 14,587	\$ 35,837
December 9, 2007	4.50	14,751	35,673
March 9, 2008	4.50	14,917	35,507
June 9, 2008	4.50	15,085	35,339
September 9, 2008	4.50	15,255	35,169
December 9, 2008	4.50	15,426	34,998
March 9, 2009	4.50	15,600	34,824
June 9, 2009	4.50	15,775	34,649
September 9, 2009	4.50	15,953	34,471
December 9, 2009	4.50	16,132	34,292
March 9, 2010	4.50	16,314	34,110
June 9, 2010	4.50	16,497	33,927
September 9, 2010	4.50	16,683	33,741
December 9, 2010	4.50	16,870	33,554
March 9, 2011	4.50	17,060	33,364
June 9, 2011	4.50	17,252	33,172
September 9, 2011	4.50	17,446	32,978
December 9, 2011	4.50	17,643	32,781
March 9, 2012	4.50	17,841	32,583
June 9, 2012	4.50	18,042	32,382
September 9, 2012	4.50	18,245	32,179
December 9, 2012	4.50	18,450	31,974
March 9, 2013	4.50	18,658	31,766
June 9, 2013	4.50	18,867	31,557
September 9, 2013	4.50	19,080	31,344
December 9, 2013	4.50	19,294	31,130
March 9, 2014	4.50	19,511	30,913
June 9, 2014	4.50	19,731	30,693
September 9, 2014	4.50	19,953	30,471
December 9, 2014	4.50	20,177	30,247
March 9, 2015	4.50	20,404	30,020
June 9, 2015	4.50	20,634	29,790
September 9, 2015	4.50	20,866	29,558
December 9, 2015	4.50	21,101	29,323
March 9, 2016	4.50	21,338	29,086
June 9, 2016	4.50	21,578	28,846
September 9, 2016	4.50	21,821	28,603
December 9, 2016	4.50	22,066	28,358
March 9, 2017	4.50	22,315	28,109
June 9, 2017	4.50	22,566	27,858
September 9, 2017	4.50	22,820	27,604
December 9, 2017	4.50	23,076	27,348
March 9, 2018	4.50	23,336	27,088
June 9, 2018	4.50	23,598	26,826
September 9, 2018	4.50	23,864	26,560
December 9, 2018	4.50	24,132	26,292
March 9, 2019	4.50	24,404	26,020
June 9, 2019	4.50	24,678	25,746
September 9, 2019	4.50	24,956	25,468
December 9, 2019	4.50	25,237	25,187
March 9, 2020	4.50	25,521	24,903
June 9, 2020	4.50	25,808	24,616
September 9, 2020	4.50	26,098	24,326

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 A  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 9, 2020	4.50 %	\$ 26,392	\$ 24,032
March 9, 2021	4.50	26,689	23,735
June 9, 2021	4.50	26,989	23,435
September 9, 2021	4.50	27,293	23,131
December 9, 2021	4.50	27,600	22,824
March 9, 2022	4.50	27,910	22,514
June 9, 2022	4.50	28,224	22,200
September 9, 2022	4.50	28,542	21,882
December 9, 2022	4.50	28,863	21,561
March 9, 2023	4.50	29,187	21,237
June 9, 2023	4.50	29,516	20,908
September 9, 2023	4.50	29,848	20,576
December 9, 2023	4.50	30,184	20,240
March 9, 2024	4.50	30,523	19,901
June 9, 2024	4.50	30,867	19,557
September 9, 2024	4.50	31,214	19,210
December 9, 2024	4.50	31,565	18,859
March 9, 2025	4.50	31,920	18,504
June 9, 2025	4.50	32,279	18,145
September 9, 2025	4.50	32,642	17,782
December 9, 2025	4.50	33,010	17,414
March 9, 2026	4.50	33,381	17,043
June 9, 2026	4.50	33,756	16,668
September 9, 2026	4.50	34,136	16,288
December 9, 2026	4.50	34,520	15,904
March 9, 2027	4.50	34,909	15,515
June 9, 2027	4.50	35,301	15,123
September 9, 2027	4.50	35,698	14,726
December 9, 2027	4.50	36,100	14,324
March 9, 2028	4.50	36,506	13,918
June 9, 2028	4.50	36,917	13,507
September 9, 2028	4.50	37,332	13,092
December 9, 2028	4.50	37,752	12,672
March 9, 2029	4.50	38,177	12,247
June 9, 2029	4.50	38,606	11,818
September 9, 2029	4.50	39,041	11,383
December 9, 2029	4.50	39,480	10,944
March 9, 2030	4.50	39,924	10,500
June 9, 2030	4.50	40,373	10,051
September 9, 2030	4.50	40,827	9,597
December 9, 2030	4.50	41,287	9,137
March 9, 2031	4.50	41,751	8,673
June 9, 2031	4.50	42,221	8,203
September 9, 2031	4.50	42,696	7,728
December 9, 2031	4.50	43,176	7,248
March 9, 2032	4.50	43,662	6,762
June 9, 2032	4.50	44,153	6,271
September 9, 2032	4.50	44,650	5,774
December 9, 2032	4.50	45,152	5,272
March 9, 2033	4.50	45,660	4,764
June 9, 2033	4.50	46,174	4,250
September 9, 2033	4.50	46,693	3,731
December 9, 2033	4.50	47,219	3,205

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 A  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 9, 2034	4.50 %	\$ 47,750	\$ 2,674
June 9, 2034	4.50	48,287	2,137
September 9, 2034	4.50	48,830	1,594
December 9, 2034	4.50	49,380	1,044
March 9, 2035	4.50	43,775	490
		<u>\$ 3,185,821</u>	<u>\$ 2,405,084</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 B  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 27, 2007	4.50 %	\$ 26,276	\$ 65,530
December 27, 2007	4.50	26,572	65,234
March 27, 2008	4.50	26,871	64,935
June 27, 2008	4.50	27,173	64,633
September 27, 2008	4.50	27,479	64,327
December 27, 2008	4.50	27,788	64,018
March 27, 2009	4.50	28,100	63,706
June 27, 2009	4.50	28,416	63,390
September 27, 2009	4.50	28,736	63,070
December 27, 2009	4.50	29,059	62,747
March 27, 2010	4.50	29,386	62,420
June 27, 2010	4.50	29,717	62,089
September 27, 2010	4.50	30,051	61,755
December 27, 2010	4.50	30,389	61,417
March 27, 2011	4.50	30,731	61,075
June 27, 2011	4.50	31,077	60,729
September 27, 2011	4.50	31,426	60,380
December 27, 2011	4.50	31,780	60,026
March 27, 2012	4.50	32,138	59,668
June 27, 2012	4.50	32,499	59,307
September 27, 2012	4.50	32,865	58,941
December 27, 2012	4.50	33,234	58,572
March 27, 2013	4.50	33,608	58,198
June 27, 2013	4.50	33,986	57,820
September 27, 2013	4.50	34,369	57,437
December 27, 2013	4.50	34,755	57,051
March 27, 2014	4.50	35,146	56,660
June 27, 2014	4.50	35,542	56,264
September 27, 2014	4.50	35,942	55,864
December 27, 2014	4.50	36,346	55,460
March 27, 2015	4.50	36,755	55,051
June 27, 2015	4.50	37,168	54,638
September 27, 2015	4.50	37,587	54,219
December 27, 2015	4.50	38,009	53,797
March 27, 2016	4.50	38,437	53,369
June 27, 2016	4.50	38,869	52,937
September 27, 2016	4.50	39,307	52,499
December 27, 2016	4.50	39,749	52,057
March 27, 2017	4.50	40,196	51,610
June 27, 2017	4.50	40,648	51,158
September 27, 2017	4.50	41,106	50,700
December 27, 2017	4.50	41,568	50,238
March 27, 2018	4.50	42,036	49,770
June 27, 2018	4.50	42,509	49,297
September 27, 2018	4.50	42,987	48,819
December 27, 2018	4.50	43,470	48,336
March 27, 2019	4.50	43,959	47,847
June 27, 2019	4.50	44,454	47,352
September 27, 2019	4.50	44,954	46,852
December 27, 2019	4.50	45,460	46,346
March 27, 2020	4.50	45,971	45,835
June 27, 2020	4.50	46,488	45,318
September 27, 2020	4.50	47,011	44,795

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 B  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 27, 2020	4.50 %	\$ 47,540	\$ 44,266
March 27, 2021	4.50	48,075	43,731
June 27, 2021	4.50	48,616	43,190
September 27, 2021	4.50	49,163	42,643
December 27, 2021	4.50	49,716	42,090
March 27, 2022	4.50	50,275	41,531
June 27, 2022	4.50	50,840	40,966
September 27, 2022	4.50	51,413	40,393
December 27, 2022	4.50	51,991	39,815
March 27, 2023	4.50	52,576	39,230
June 27, 2023	4.50	53,168	38,638
September 27, 2023	4.50	53,766	38,040
December 27, 2023	4.50	54,371	37,435
March 27, 2024	4.50	54,982	36,824
June 27, 2024	4.50	55,601	36,205
September 27, 2024	4.50	56,226	35,580
December 27, 2024	4.50	56,859	34,947
March 27, 2025	4.50	57,499	34,307
June 27, 2025	4.50	58,145	33,661
September 27, 2025	4.50	58,799	33,007
December 27, 2025	4.50	59,461	32,345
March 27, 2026	4.50	60,130	31,676
June 27, 2026	4.50	60,806	31,000
September 27, 2026	4.50	61,490	30,316
December 27, 2026	4.50	62,182	29,624
March 27, 2027	4.50	62,882	28,924
June 27, 2027	4.50	63,589	28,217
September 27, 2027	4.50	64,305	27,501
December 27, 2027	4.50	65,028	26,778
March 27, 2028	4.50	65,760	26,046
June 27, 2028	4.50	66,499	25,307
September 27, 2028	4.50	67,247	24,559
December 27, 2028	4.50	68,004	23,802
March 27, 2029	4.50	68,769	23,037
June 27, 2029	4.50	69,543	22,263
September 27, 2029	4.50	70,325	21,481
December 27, 2029	4.50	71,116	20,690
March 27, 2030	4.50	71,916	19,890
June 27, 2030	4.50	72,725	19,081
September 27, 2030	4.50	73,544	18,262
December 27, 2030	4.50	74,371	17,435
March 27, 2031	4.50	75,208	16,598
June 27, 2031	4.50	76,054	15,752
September 27, 2031	4.50	76,909	14,897
December 27, 2031	4.50	77,775	14,031
March 27, 2032	4.50	78,649	13,157
June 27, 2032	4.50	79,534	12,272
September 27, 2032	4.50	80,429	11,377
December 27, 2032	4.50	81,334	10,472
March 27, 2033	4.50	82,249	9,557
June 27, 2033	4.50	83,174	8,632
September 27, 2033	4.50	84,110	7,696
December 27, 2033	4.50	85,056	6,750

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 B  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 27, 2034	4.50 %	\$ 86,013	\$ 5,793
June 27, 2034	4.50	86,981	4,825
September 27, 2034	4.50	87,959	3,847
December 27, 2034	4.50	88,949	2,857
March 27, 2035	4.50	89,949	1,857
June 27, 2035	4.50	75,684	845
		<u>\$ 5,825,484</u>	<u>\$ 4,441,511</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 C  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2007	4.50 %	\$ 23,609	\$ 59,851
December 26, 2007	4.50	23,875	59,585
March 26, 2008	4.50	24,143	59,317
June 26, 2008	4.50	24,415	59,045
September 26, 2008	4.50	24,690	58,770
December 26, 2008	4.50	24,967	58,493
March 26, 2009	4.50	25,248	58,212
June 26, 2009	4.50	25,532	57,928
September 26, 2009	4.50	25,820	57,640
December 26, 2009	4.50	26,110	57,350
March 26, 2010	4.50	26,404	57,056
June 26, 2010	4.50	26,701	56,759
September 26, 2010	4.50	27,001	56,459
December 26, 2010	4.50	27,305	56,155
March 26, 2011	4.50	27,612	55,848
June 26, 2011	4.50	27,923	55,537
September 26, 2011	4.50	28,237	55,223
December 26, 2011	4.50	28,555	54,905
March 26, 2012	4.50	28,876	54,584
June 26, 2012	4.50	29,201	54,259
September 26, 2012	4.50	29,529	53,931
December 26, 2012	4.50	29,861	53,599
March 26, 2013	4.50	30,197	53,263
June 26, 2013	4.50	30,537	52,923
September 26, 2013	4.50	30,881	52,579
December 26, 2013	4.50	31,228	52,232
March 26, 2014	4.50	31,579	51,881
June 26, 2014	4.50	31,935	51,525
September 26, 2014	4.50	32,294	51,166
December 26, 2014	4.50	32,657	50,803
March 26, 2015	4.50	33,025	50,435
June 26, 2015	4.50	33,396	50,064
September 26, 2015	4.50	33,772	49,688
December 26, 2015	4.50	34,152	49,308
March 26, 2016	4.50	34,536	48,924
June 26, 2016	4.50	34,925	48,535
September 26, 2016	4.50	35,317	48,143
December 26, 2016	4.50	35,715	47,745
March 26, 2017	4.50	36,117	47,343
June 26, 2017	4.50	36,523	46,937
September 26, 2017	4.50	36,934	46,526
December 26, 2017	4.50	37,349	46,111
March 26, 2018	4.50	37,769	45,691
June 26, 2018	4.50	38,194	45,266
September 26, 2018	4.50	38,624	44,836
December 26, 2018	4.50	39,059	44,401
March 26, 2019	4.50	39,498	43,962
June 26, 2019	4.50	39,942	43,518
September 26, 2019	4.50	40,392	43,068
December 26, 2019	4.50	40,846	42,614
March 26, 2020	4.50	41,306	42,154
June 26, 2020	4.50	41,770	41,690
September 26, 2020	4.50	42,240	41,220

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 C  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 26, 2020	4.50 %	\$ 42,715	\$ 40,745
March 26, 2021	4.50	43,196	40,264
June 26, 2021	4.50	43,682	39,778
September 26, 2021	4.50	44,173	39,287
December 26, 2021	4.50	44,670	38,790
March 26, 2022	4.50	45,173	38,287
June 26, 2022	4.50	45,681	37,779
September 26, 2022	4.50	46,195	37,265
December 26, 2022	4.50	46,715	36,745
March 26, 2023	4.50	47,240	36,220
June 26, 2023	4.50	47,772	35,688
September 26, 2023	4.50	48,309	35,151
December 26, 2023	4.50	48,852	34,608
March 26, 2024	4.50	49,402	34,058
June 26, 2024	4.50	49,958	33,502
September 26, 2024	4.50	50,520	32,940
December 26, 2024	4.50	51,088	32,372
March 26, 2025	4.50	51,663	31,797
June 26, 2025	4.50	52,244	31,216
September 26, 2025	4.50	52,832	30,628
December 26, 2025	4.50	53,426	30,034
March 26, 2026	4.50	54,027	29,433
June 26, 2026	4.50	54,635	28,825
September 26, 2026	4.50	55,250	28,210
December 26, 2026	4.50	55,871	27,589
March 26, 2027	4.50	56,500	26,960
June 26, 2027	4.50	57,135	26,325
September 26, 2027	4.50	57,778	25,682
December 26, 2027	4.50	58,428	25,032
March 26, 2028	4.50	59,086	24,374
June 26, 2028	4.50	59,750	23,710
September 26, 2028	4.50	60,422	23,038
December 26, 2028	4.50	61,102	22,358
March 26, 2029	4.50	61,790	21,670
June 26, 2029	4.50	62,485	20,975
September 26, 2029	4.50	63,188	20,272
December 26, 2029	4.50	63,899	19,561
March 26, 2030	4.50	64,617	18,843
June 26, 2030	4.50	65,344	18,116
September 26, 2030	4.50	66,080	17,381
December 26, 2030	4.50	66,823	16,637
March 26, 2031	4.50	67,575	15,885
June 26, 2031	4.50	68,335	15,125
September 26, 2031	4.50	69,104	14,356
December 26, 2031	4.50	69,881	13,579
March 26, 2032	4.50	70,667	12,793
June 26, 2032	4.50	71,462	11,998
September 26, 2032	4.50	72,266	11,194
December 26, 2032	4.50	73,079	10,381
March 26, 2033	4.50	73,901	9,559
June 26, 2033	4.50	74,733	8,727
September 26, 2033	4.50	75,573	7,887
December 26, 2033	4.50	76,424	7,036

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 C  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

---

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 26, 2034	4.50 %	\$ 77,283	\$ 6,177
June 26, 2034	4.50	78,153	5,307
September 26, 2034	4.50	79,032	4,428
December 26, 2034	4.50	79,921	3,539
March 26, 2035	4.50	80,820	2,640
June 26, 2035	4.50	81,730	1,730
September 26, 2035	4.50	71,177	809
		<u>\$ 5,319,155</u>	<u>\$ 4,100,352</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 D  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2007	4.50 %	\$ 11,673	\$ 30,057
December 22, 2007	4.50	11,805	29,925
March 22, 2008	4.50	11,937	29,793
June 22, 2008	4.50	12,072	29,658
September 22, 2008	4.50	12,208	29,523
December 22, 2008	4.50	12,345	29,385
March 22, 2009	4.50	12,484	29,246
June 22, 2009	4.50	12,624	29,106
September 22, 2009	4.50	12,766	28,964
December 22, 2009	4.50	12,910	28,820
March 22, 2010	4.50	13,055	28,675
June 22, 2010	4.50	13,202	28,528
September 22, 2010	4.50	13,350	28,380
December 22, 2010	4.50	13,500	28,229
March 22, 2011	4.50	13,653	28,077
June 22, 2011	4.50	13,806	27,924
September 22, 2011	4.50	13,961	27,768
December 22, 2011	4.50	14,118	27,612
March 22, 2012	4.50	14,277	27,453
June 22, 2012	4.50	14,438	27,292
September 22, 2012	4.50	14,600	27,131
December 22, 2012	4.50	14,765	26,965
March 22, 2013	4.50	14,931	26,799
June 22, 2013	4.50	15,099	26,631
September 22, 2013	4.50	15,269	26,461
December 22, 2013	4.50	15,440	26,290
March 22, 2014	4.50	15,614	26,116
June 22, 2014	4.50	15,790	25,940
September 22, 2014	4.50	15,967	25,763
December 22, 2014	4.50	16,147	25,583
March 22, 2015	4.50	16,329	25,401
June 22, 2015	4.50	16,512	25,218
September 22, 2015	4.50	16,698	25,032
December 22, 2015	4.50	16,886	24,844
March 22, 2016	4.50	17,076	24,654
June 22, 2016	4.50	17,268	24,462
September 22, 2016	4.50	17,462	24,267
December 22, 2016	4.50	17,659	24,071
March 22, 2017	4.50	17,857	23,873
June 22, 2017	4.50	18,058	23,672
September 22, 2017	4.50	18,261	23,469
December 22, 2017	4.50	18,467	23,263
March 22, 2018	4.50	18,675	23,055
June 22, 2018	4.50	18,885	22,845
September 22, 2018	4.50	19,097	22,633
December 22, 2018	4.50	19,312	22,418
March 22, 2019	4.50	19,529	22,201
June 22, 2019	4.50	19,749	21,981
September 22, 2019	4.50	19,971	21,759
December 22, 2019	4.50	20,196	21,534
March 22, 2020	4.50	20,423	21,307
June 22, 2020	4.50	20,653	21,077
September 22, 2020	4.50	20,885	20,845

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 D  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 22, 2020	4.50 %	\$ 21,120	\$ 20,610
March 22, 2021	4.50	21,358	20,372
June 22, 2021	4.50	21,598	20,132
September 22, 2021	4.50	21,841	19,889
December 22, 2021	4.50	22,087	19,643
March 22, 2022	4.50	22,335	19,395
June 22, 2022	4.50	22,586	19,144
September 22, 2022	4.50	22,840	18,889
December 22, 2022	4.50	23,097	18,633
March 22, 2023	4.50	23,357	18,373
June 22, 2023	4.50	23,620	18,110
September 22, 2023	4.50	23,886	17,843
December 22, 2023	4.50	24,154	17,576
March 22, 2024	4.50	24,426	17,304
June 22, 2024	4.50	24,701	17,029
September 22, 2024	4.50	24,979	16,751
December 22, 2024	4.50	25,260	16,470
March 22, 2025	4.50	25,544	16,186
June 22, 2025	4.50	25,831	15,899
September 22, 2025	4.50	26,122	15,608
December 22, 2025	4.50	26,416	15,314
March 22, 2026	4.50	26,713	15,017
June 22, 2026	4.50	27,014	14,716
September 22, 2026	4.50	27,318	14,413
December 22, 2026	4.50	27,625	14,105
March 22, 2027	4.50	27,936	13,794
June 22, 2027	4.50	28,250	13,480
September 22, 2027	4.50	28,568	13,162
December 22, 2027	4.50	28,889	12,841
March 22, 2028	4.50	29,214	12,516
June 22, 2028	4.50	29,543	12,187
September 22, 2028	4.50	29,875	11,855
December 22, 2028	4.50	30,211	11,519
March 22, 2029	4.50	30,551	11,179
June 22, 2029	4.50	30,895	10,835
September 22, 2029	4.50	31,242	10,488
December 22, 2029	4.50	31,594	10,136
March 22, 2030	4.50	31,949	9,781
June 22, 2030	4.50	32,309	9,421
September 22, 2030	4.50	32,672	9,057
December 22, 2030	4.50	33,040	8,690
March 22, 2031	4.50	33,411	8,319
June 22, 2031	4.50	33,787	7,943
September 22, 2031	4.50	34,167	7,563
December 22, 2031	4.50	34,552	7,178
March 22, 2032	4.50	34,941	6,790
June 22, 2032	4.50	35,334	6,396
September 22, 2032	4.50	35,731	6,000
December 22, 2032	4.50	36,133	5,597
March 22, 2033	4.50	36,540	5,190
June 22, 2033	4.50	36,951	4,779
September 22, 2033	4.50	37,366	4,364
December 22, 2033	4.50	37,787	3,943

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 D  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

---

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2034	4.50 %	\$ 38,212	\$ 3,518
June 22, 2034	4.50	38,642	3,088
September 22, 2034	4.50	39,076	2,654
December 22, 2034	4.50	39,516	2,214
March 22, 2035	4.50	39,961	1,769
June 22, 2035	4.50	40,410	1,320
September 22, 2035	4.50	40,865	865
December 22, 2035	4.50	35,667	406
		<u>\$ 2,671,329</u>	<u>\$ 2,080,233</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1996  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

Date of Maturity	Coupon	Principal Maturity	Interest Payable
July 17, 2007	4.50 %	\$ 1,689	\$ 4,567
October 17, 2007	4.50	1,708	4,548
January 17, 2008	4.50	1,727	4,529
April 17, 2008	4.50	1,747	4,509
July 17, 2008	4.50	1,766	4,490
October 17, 2008	4.50	1,786	4,470
January 17, 2009	4.50	1,806	4,450
April 17, 2009	4.50	1,826	4,430
July 17, 2009	4.50	1,847	4,409
October 17, 2009	4.50	1,868	4,388
January 17, 2010	4.50	1,889	4,367
April 17, 2010	4.50	1,910	4,346
July 17, 2010	4.50	1,932	4,324
October 17, 2010	4.50	1,953	4,303
January 17, 2011	4.50	1,975	4,281
April 17, 2011	4.50	1,997	4,259
July 17, 2011	4.50	2,020	4,236
October 17, 2011	4.50	2,043	4,213
January 17, 2012	4.50	2,066	4,190
April 17, 2012	4.50	2,089	4,167
July 17, 2012	4.50	2,112	4,144
October 17, 2012	4.50	2,136	4,120
January 17, 2013	4.50	2,160	4,096
April 17, 2013	4.50	2,184	4,072
July 17, 2013	4.50	2,209	4,047
October 17, 2013	4.50	2,234	4,022
January 17, 2014	4.50	2,259	3,997
April 17, 2014	4.50	2,284	3,972
July 17, 2014	4.50	2,310	3,946
October 17, 2014	4.50	2,336	3,920
January 17, 2015	4.50	2,362	3,894
April 17, 2015	4.50	2,389	3,867
July 17, 2015	4.50	2,415	3,840
October 17, 2015	4.50	2,443	3,813
January 17, 2016	4.50	2,471	3,785
April 17, 2016	4.50	2,498	3,758
July 17, 2016	4.50	2,526	3,730
October 17, 2016	4.50	2,555	3,701
January 17, 2017	4.50	2,584	3,672
April 17, 2017	4.50	2,613	3,643
July 17, 2017	4.50	2,642	3,614
October 17, 2017	4.50	2,672	3,584
January 17, 2018	4.50	2,702	3,554
April 17, 2018	4.50	2,732	3,524
July 17, 2018	4.50	2,763	3,493
October 17, 2018	4.50	2,794	3,462
January 17, 2019	4.50	2,825	3,431
April 17, 2019	4.50	2,857	3,398
July 17, 2019	4.50	2,889	3,367
October 17, 2019	4.50	2,923	3,334
January 17, 2020	4.50	2,955	3,301
April 17, 2020	4.50	2,988	3,268
July 17, 2020	4.50	3,022	3,234

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1996  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

- 128 -

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 17, 2020	4.50 %	\$ 3,056	\$ 3,200
January 17, 2021	4.50	3,090	3,166
April 17, 2021	4.50	3,125	3,131
July 17, 2021	4.50	3,160	3,096
October 17, 2021	4.50	3,195	3,061
January 17, 2022	4.50	3,231	3,025
April 17, 2022	4.50	3,268	2,988
July 17, 2022	4.50	3,305	2,951
October 17, 2022	4.50	3,342	2,914
January 17, 2023	4.50	3,379	2,877
April 17, 2023	4.50	3,417	2,839
July 17, 2023	4.50	3,456	2,800
October 17, 2023	4.50	3,495	2,761
January 17, 2024	4.50	3,534	2,722
April 17, 2024	4.50	3,574	2,682
July 17, 2024	4.50	3,614	2,642
October 17, 2024	4.50	3,655	2,601
January 17, 2025	4.50	3,696	2,560
April 17, 2025	4.50	3,737	2,519
July 17, 2025	4.50	3,779	2,477
October 17, 2025	4.50	3,822	2,434
January 17, 2026	4.50	3,865	2,391
April 17, 2026	4.50	3,908	2,348
July 17, 2026	4.50	3,952	2,304
October 17, 2026	4.50	3,997	2,259
January 17, 2027	4.50	4,042	2,214
April 17, 2027	4.50	4,087	2,169
July 17, 2027	4.50	4,133	2,123
October 17, 2027	4.50	4,180	2,076
January 17, 2028	4.50	4,227	2,029
April 17, 2028	4.50	4,274	1,982
July 17, 2028	4.50	4,322	1,934
October 17, 2028	4.50	4,371	1,885
January 17, 2029	4.50	4,420	1,836
April 17, 2029	4.50	4,470	1,786
July 17, 2029	4.50	4,520	1,736
October 17, 2029	4.50	4,571	1,685
January 17, 2030	4.50	4,622	1,634
April 17, 2030	4.50	4,674	1,582
July 17, 2030	4.50	4,727	1,529
October 17, 2030	4.50	4,780	1,476
January 17, 2031	4.50	4,834	1,422
April 17, 2031	4.50	4,888	1,368
July 17, 2031	4.50	4,943	1,313
October 17, 2031	4.50	4,999	1,257
January 17, 2032	4.50	5,055	1,201
April 17, 2032	4.50	5,112	1,144
July 17, 2032	4.50	5,170	1,086
October 17, 2032	4.50	5,228	1,028
January 17, 2033	4.50	5,287	969
April 17, 2033	4.50	5,346	910
July 17, 2033	4.50	5,406	850
October 17, 2033	4.50	5,467	789

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1996  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
January 17, 2034	4.50 %	\$ 5,528	\$ 728
April 17, 2034	4.50	5,590	665
July 17, 2034	4.50	5,654	602
October 17, 2034	4.50	5,717	539
January 17, 2035	4.50	5,781	475
April 17, 2035	4.50	5,847	409
July 17, 2035	4.50	5,912	344
October 17, 2035	4.50	5,979	277
January 17, 2036	4.50	6,046	210
April 17, 2036	4.50	6,114	142
July 17, 2036	4.50	5,141	73
October 17, 2036	4.50	2,871	3
		<u>\$ 407,475</u>	<u>\$ 326,307</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1997  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2008	1.50 %	\$ 481,404	\$ 111,568
June 15, 2009	1.50	488,625	104,347
June 15, 2010	1.50	495,954	97,018
June 15, 2011	1.50	503,394	89,578
June 15, 2012	1.50	510,945	82,027
June 15, 2013	1.50	518,609	74,363
June 15, 2014	1.50	526,388	66,584
June 15, 2015	1.50	534,284	58,688
June 15, 2016	1.50	542,298	50,674
June 15, 2017	1.50	550,432	42,540
June 15, 2018	1.50	558,689	34,283
June 15, 2019	1.50	567,069	25,903
June 15, 2020	1.50	575,575	17,397
June 15, 2021	1.50	584,210	8,762
		<u>\$ 7,437,876</u>	<u>\$ 863,732</u>

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2000  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2007	1.50 %	\$ 378,157	\$ 105,747
June 30, 2008	1.50	380,993	102,910
December 31, 2008	1.50	383,850	100,053
June 30, 2009	1.50	386,729	97,174
December 31, 2009	1.50	389,629	94,274
June 30, 2010	1.50	392,552	91,351
December 31, 2010	1.50	395,496	88,407
June 30, 2011	1.50	398,462	85,441
December 31, 2011	1.50	401,450	82,452
June 30, 2012	1.50	404,461	79,442
December 31, 2012	1.50	407,495	76,408
June 30, 2013	1.50	410,551	73,352
December 31, 2013	1.50	413,630	70,273
June 30, 2014	1.50	416,732	67,171
December 31, 2014	1.50	419,858	64,045
June 30, 2015	1.50	423,007	60,896
December 31, 2015	1.50	426,179	57,724
June 30, 2016	1.50	429,376	54,527
December 31, 2016	1.50	432,596	51,307
June 30, 2017	1.50	435,840	48,063
December 31, 2017	1.50	439,109	44,794
June 30, 2018	1.50	442,403	41,500
December 31, 2018	1.50	445,721	38,182
June 30, 2019	1.50	449,063	34,839
December 31, 2019	1.50	452,431	31,472
June 30, 2020	1.50	455,825	28,078
December 31, 2020	1.50	459,243	24,660
June 30, 2021	1.50	462,688	21,215
December 31, 2021	1.50	466,158	17,745
June 30, 2022	1.50	469,654	14,249
December 31, 2022	1.50	473,176	10,727
June 30, 2023	1.50	476,725	7,178
December 31, 2023	1.50	480,302	3,602
		\$ 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.

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2000  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2007	1.50 %	\$ 39,344	\$ 11,002
June 15, 2008	1.50	39,639	10,707
December 15, 2008	1.50	39,936	10,410
June 15, 2009	1.50	40,236	10,110
December 15, 2009	1.50	40,538	9,808
June 15, 2010	1.50	40,842	9,504
December 15, 2010	1.50	41,148	9,198
June 15, 2011	1.50	41,457	8,889
December 15, 2011	1.50	41,768	8,579
June 15, 2012	1.50	42,081	8,265
December 15, 2012	1.50	42,396	7,950
June 15, 2013	1.50	42,714	7,632
December 15, 2013	1.50	43,035	7,311
June 15, 2014	1.50	43,358	6,989
December 15, 2014	1.50	43,683	6,663
June 15, 2015	1.50	44,010	6,336
December 15, 2015	1.50	44,340	6,006
June 15, 2016	1.50	44,673	5,673
December 15, 2016	1.50	45,008	5,338
June 15, 2017	1.50	45,346	5,001
December 15, 2017	1.50	45,686	4,660
June 15, 2018	1.50	46,028	4,318
December 15, 2018	1.50	46,374	3,973
June 15, 2019	1.50	46,721	3,625
December 15, 2019	1.50	47,072	3,274
June 15, 2020	1.50	47,425	2,921
December 15, 2020	1.50	47,780	2,566
June 15, 2021	1.50	48,139	2,207
December 15, 2021	1.50	48,500	1,846
June 15, 2022	1.50	48,864	1,482
December 15, 2022	1.50	49,230	1,116
June 15, 2023	1.50	49,599	747
December 15, 2023	1.50	49,970	375
		\$ 1,466,940	\$ 194,481

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2001  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

Date of Maturity	Coupon	Principal Maturity	Interest Payable
September 1, 2007	4.50 %	\$ 29,558	\$ 105,529
December 1, 2007	4.50	29,891	105,196
March 1, 2008	4.50	30,227	104,860
June 1, 2008	4.50	30,567	104,520
September 1, 2008	4.50	30,911	104,176
December 1, 2008	4.50	31,259	103,828
March 1, 2009	4.50	31,610	103,477
June 1, 2009	4.50	31,967	103,120
September 1, 2009	4.50	32,326	102,761
December 1, 2009	4.50	32,689	102,398
March 1, 2010	4.50	33,057	102,030
June 1, 2010	4.50	33,429	101,658
September 1, 2010	4.50	33,805	101,282
December 1, 2010	4.50	34,185	100,902
March 1, 2011	4.50	34,570	100,517
June 1, 2011	4.50	34,959	100,128
September 1, 2011	4.50	35,352	99,735
December 1, 2011	4.50	35,750	99,337
March 1, 2012	4.50	36,152	98,935
June 1, 2012	4.50	36,559	98,528
September 1, 2012	4.50	36,970	98,117
December 1, 2012	4.50	37,386	97,701
March 1, 2013	4.50	37,807	97,280
June 1, 2013	4.50	38,232	96,855
September 1, 2013	4.50	38,662	96,425
December 1, 2013	4.50	39,097	95,990
March 1, 2014	4.50	39,537	95,550
June 1, 2014	4.50	39,982	95,105
September 1, 2014	4.50	40,431	94,656
December 1, 2014	4.50	40,886	94,201
March 1, 2015	4.50	41,346	93,741
June 1, 2015	4.50	41,811	93,276
September 1, 2015	4.50	42,282	92,805
December 1, 2015	4.50	42,757	92,330
March 1, 2016	4.50	43,238	91,849
June 1, 2016	4.50	43,725	91,362
September 1, 2016	4.50	44,217	90,870
December 1, 2016	4.50	44,714	90,373
March 1, 2017	4.50	45,217	89,870
June 1, 2017	4.50	45,726	89,361
September 1, 2017	4.50	46,240	88,847
December 1, 2017	4.50	46,761	88,326
March 1, 2018	4.50	47,287	87,800
June 1, 2018	4.50	47,819	87,268
September 1, 2018	4.50	48,357	86,730
December 1, 2018	4.50	48,901	86,186
March 1, 2019	4.50	49,451	85,636
June 1, 2019	4.50	50,007	85,080
September 1, 2019	4.50	50,570	84,517
December 1, 2019	4.50	51,138	83,949
March 1, 2020	4.50	51,714	83,373
June 1, 2020	4.50	52,296	82,791
September 1, 2020	4.50	52,884	82,203

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2001  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 1, 2020	4.50 %	\$ 53,479	\$ 81,608
March 1, 2021	4.50	54,080	81,007
June 1, 2021	4.50	54,689	80,398
September 1, 2021	4.50	55,304	79,783
December 1, 2021	4.50	55,926	79,161
March 1, 2022	4.50	56,555	78,532
June 1, 2022	4.50	57,192	77,895
September 1, 2022	4.50	57,835	77,252
December 1, 2022	4.50	58,486	76,601
March 1, 2023	4.50	59,144	75,943
June 1, 2023	4.50	59,809	75,278
September 1, 2023	4.50	60,482	74,605
December 1, 2023	4.50	61,162	73,925
March 1, 2024	4.50	61,850	73,237
June 1, 2024	4.50	62,546	72,541
September 1, 2024	4.50	63,250	71,837
December 1, 2024	4.50	63,961	71,126
March 1, 2025	4.50	64,681	70,406
June 1, 2025	4.50	65,409	69,678
September 1, 2025	4.50	66,145	68,942
December 1, 2025	4.50	66,889	68,198
March 1, 2026	4.50	67,641	67,446
June 1, 2026	4.50	68,402	66,685
September 1, 2026	4.50	69,172	65,915
December 1, 2026	4.50	69,950	65,137
March 1, 2027	4.50	70,737	64,350
June 1, 2027	4.50	71,533	63,554
September 1, 2027	4.50	72,337	62,750
December 1, 2027	4.50	73,151	61,936
March 1, 2028	4.50	73,974	61,113
June 1, 2028	4.50	74,806	60,281
September 1, 2028	4.50	75,648	59,439
December 1, 2028	4.50	76,499	58,588
March 1, 2029	4.50	77,359	57,728
June 1, 2029	4.50	78,230	56,857
September 1, 2029	4.50	79,110	55,977
December 1, 2029	4.50	80,000	55,087
March 1, 2030	4.50	80,900	54,187
June 1, 2030	4.50	81,810	53,277
September 1, 2030	4.50	82,730	52,357
December 1, 2030	4.50	83,661	51,426
March 1, 2031	4.50	84,602	50,485
June 1, 2031	4.50	85,554	49,533
September 1, 2031	4.50	86,517	48,570
December 1, 2031	4.50	87,490	47,597
March 1, 2032	4.50	88,474	46,613
June 1, 2032	4.50	89,469	45,618
September 1, 2032	4.50	90,476	44,611
December 1, 2032	4.50	91,494	43,593
March 1, 2033	4.50	92,523	42,564
June 1, 2033	4.50	93,564	41,523
September 1, 2033	4.50	94,617	40,470
December 1, 2033	4.50	95,681	39,406

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2001  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 1, 2034	4.50 %	\$ 96,757	\$ 38,330
June 1, 2034	4.50	97,846	37,241
September 1, 2034	4.50	98,947	36,140
December 1, 2034	4.50	100,060	35,027
March 1, 2035	4.50	101,186	33,901
June 1, 2035	4.50	102,324	32,763
September 1, 2035	4.50	103,475	31,612
December 1, 2035	4.50	104,639	30,448
March 1, 2036	4.50	105,816	29,271
June 1, 2036	4.50	107,007	28,080
September 1, 2036	4.50	108,211	26,876
December 1, 2036	4.50	109,428	25,659
March 1, 2037	4.50	110,659	24,428
June 1, 2037	4.50	111,904	23,183
September 1, 2037	4.50	113,163	21,924
December 1, 2037	4.50	114,436	20,651
March 1, 2038	4.50	115,723	19,364
June 1, 2038	4.50	117,025	18,062
September 1, 2038	4.50	118,342	16,745
December 1, 2038	4.50	119,673	15,414
March 1, 2039	4.50	121,019	14,068
June 1, 2039	4.50	122,381	12,706
September 1, 2039	4.50	123,758	11,329
December 1, 2039	4.50	125,150	9,937
March 1, 2040	4.50	126,558	8,529
June 1, 2040	4.50	127,982	7,105
September 1, 2040	4.50	129,421	5,666
December 1, 2040	4.50	130,877	4,210
March 1, 2041	4.50	132,350	2,737
June 1, 2041	4.50	110,955	1,250
		\$ 9,380,328	\$ 8,968,622

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2007	1.50 %	\$ -	\$ 1,696
June 30, 2008	1.50	-	1,696
December 31, 2008	1.50	-	1,696
June 30, 2009	1.50	-	1,696
December 31, 2009	1.50	-	1,696
June 30, 2010	1.50	-	1,696
December 31, 2010	1.50	5,674	1,696
June 30, 2011	1.50	5,716	1,653
December 31, 2011	1.50	5,759	1,611
June 30, 2012	1.50	5,803	1,567
December 31, 2012	1.50	5,846	1,524
June 30, 2013	1.50	5,890	1,480
December 31, 2013	1.50	5,934	1,436
June 30, 2014	1.50	5,979	1,391
December 31, 2014	1.50	6,023	1,346
June 30, 2015	1.50	6,069	1,301
December 31, 2015	1.50	6,114	1,256
June 30, 2016	1.50	6,160	1,210
December 31, 2016	1.50	6,206	1,164
June 30, 2017	1.50	6,253	1,117
December 31, 2017	1.50	6,300	1,070
June 30, 2018	1.50	6,347	1,023
December 31, 2018	1.50	6,394	975
June 30, 2019	1.50	6,442	927
December 31, 2019	1.50	6,491	879
June 30, 2020	1.50	6,539	830
December 31, 2020	1.50	6,588	781
June 30, 2021	1.50	6,638	732
December 31, 2021	1.50	6,688	682
June 30, 2022	1.50	6,738	632
December 31, 2022	1.50	6,788	582
June 30, 2023	1.50	6,839	531
December 31, 2023	1.50	6,890	479
June 30, 2024	1.50	6,942	428
December 31, 2024	1.50	6,994	376
June 30, 2025	1.50	7,047	323
December 31, 2025	1.50	7,100	270
June 30, 2026	1.50	7,153	217
December 31, 2026	1.50	7,206	164
June 30, 2027	1.50	7,260	110
December 31, 2027	1.50	7,315	55
		<u>\$ 226,125</u>	<u>\$ 41,994</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2007	1.50 %	\$ 60,662	\$ 19,318
June 15, 2008	1.50	61,117	18,863
December 15, 2008	1.50	61,575	18,405
June 15, 2009	1.50	62,037	17,943
December 15, 2009	1.50	62,502	17,478
June 15, 2010	1.50	62,971	17,009
December 15, 2010	1.50	63,443	16,537
June 15, 2011	1.50	63,919	16,061
December 15, 2011	1.50	64,399	15,582
June 15, 2012	1.50	64,882	15,099
December 15, 2012	1.50	65,368	14,612
June 15, 2013	1.50	65,859	14,122
December 15, 2013	1.50	66,352	13,628
June 15, 2014	1.50	66,850	13,130
December 15, 2014	1.50	67,351	12,629
June 15, 2015	1.50	67,857	12,124
December 15, 2015	1.50	68,366	11,615
June 15, 2016	1.50	68,878	11,102
December 15, 2016	1.50	69,395	10,586
June 15, 2017	1.50	69,915	10,065
December 15, 2017	1.50	70,440	9,541
June 15, 2018	1.50	70,968	9,012
December 15, 2018	1.50	71,500	8,480
June 15, 2019	1.50	72,037	7,944
December 15, 2019	1.50	72,577	7,404
June 15, 2020	1.50	73,121	6,859
December 15, 2020	1.50	73,670	6,311
June 15, 2021	1.50	74,222	5,758
December 15, 2021	1.50	74,779	5,202
June 15, 2022	1.50	75,340	4,641
December 15, 2022	1.50	75,905	4,076
June 15, 2023	1.50	76,474	3,507
December 15, 2023	1.50	77,047	2,933
June 15, 2024	1.50	77,625	2,355
December 15, 2024	1.50	78,207	1,773
June 15, 2025	1.50	78,794	1,186
December 15, 2025	1.50	79,382	599
		\$ 2,575,787	\$ 383,485

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 13, 2007	3.175 %	\$ 238,761	\$ 202,963
June 13, 2008	3.175	242,558	199,167
December 13, 2008	3.175	246,414	195,310
June 13, 2009	3.175	250,332	191,392
December 13, 2009	3.175	254,313	187,412
June 13, 2010	3.175	258,356	183,368
December 13, 2010	3.175	262,464	179,260
June 13, 2011	3.175	266,637	175,087
December 13, 2011	3.175	270,877	170,848
June 13, 2012	3.175	275,184	166,541
December 13, 2012	3.175	279,559	162,165
June 13, 2013	3.175	284,004	157,720
December 13, 2013	3.175	288,520	153,205
June 13, 2014	3.175	293,107	148,617
December 13, 2014	3.175	297,768	143,957
June 13, 2015	3.175	302,502	139,222
December 13, 2015	3.175	307,312	134,413
June 13, 2016	3.175	312,198	129,526
December 13, 2016	3.175	317,162	124,562
June 13, 2017	3.175	322,205	119,519
December 13, 2017	3.175	327,328	114,396
June 13, 2018	3.175	332,533	109,192
December 13, 2018	3.175	337,820	103,905
June 13, 2019	3.175	343,191	98,533
December 13, 2019	3.175	348,648	93,077
June 13, 2020	3.175	354,191	87,533
December 13, 2020	3.175	359,823	81,901
June 13, 2021	3.175	365,544	76,180
December 13, 2021	3.175	371,356	70,368
June 13, 2022	3.175	377,261	64,464
December 13, 2022	3.175	383,259	58,465
June 13, 2023	3.175	389,353	52,371
December 13, 2023	3.175	395,544	46,181
June 13, 2024	3.175	401,833	39,891
December 13, 2024	3.175	408,222	33,502
June 13, 2025	3.175	414,713	27,012
December 13, 2025	3.175	421,307	20,418
June 13, 2026	3.175	428,006	13,719
December 13, 2026	3.175	434,811	6,917
		\$ 12,764,976	\$ 4,462,279

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 13, 2007	-	\$ 12,820	\$ -
June 13, 2008	-	12,821	-
December 13, 2008	-	12,820	-
June 13, 2009	-	12,821	-
December 13, 2009	-	12,820	-
June 13, 2010	-	12,821	-
December 13, 2010	-	12,820	-
June 13, 2011	-	12,821	-
December 13, 2011	-	12,820	-
June 13, 2012	-	12,821	-
December 13, 2012	-	12,820	-
June 13, 2013	-	12,821	-
December 13, 2013	-	12,820	-
June 13, 2014	-	12,821	-
December 13, 2014	-	12,820	-
June 13, 2015	-	12,821	-
December 13, 2015	-	12,820	-
June 13, 2016	-	12,821	-
December 13, 2016	-	12,820	-
June 13, 2017	-	12,821	-
December 13, 2017	-	12,820	-
June 13, 2018	-	12,821	-
December 13, 2018	-	12,820	-
June 13, 2019	-	12,821	-
December 13, 2019	-	12,820	-
June 13, 2020	-	12,821	-
December 13, 2020	-	12,820	-
June 13, 2021	-	12,821	-
December 13, 2021	-	12,820	-
June 13, 2022	-	12,821	-
December 13, 2022	-	12,820	-
June 13, 2023	-	12,821	-
December 13, 2023	-	12,820	-
June 13, 2024	-	12,821	-
December 13, 2024	-	12,820	-
June 13, 2025	-	12,821	-
December 13, 2025	-	12,820	-
June 13, 2026	-	12,821	-
December 13, 2026	-	12,820	-
June 13, 2027	-	12,821	-
December 13, 2027	-	12,820	-
June 13, 2028	-	12,821	-
December 13, 2028	-	12,820	-
June 13, 2029	-	12,821	-
December 13, 2029	-	12,820	-
June 13, 2030	-	12,821	-
December 13, 2030	-	12,820	-
June 13, 2031	-	12,821	-
December 13, 2031	-	12,820	-
June 13, 2032	-	12,821	-
December 13, 2032	-	12,820	-
June 13, 2033	-	12,821	-
December 13, 2033	-	12,820	-

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 13, 2034	- %	\$ 12,821	\$ -
December 13, 2034	-	12,820	-
June 13, 2035	-	12,821	-
December 13, 2035	-	12,820	-
June 13, 2036	-	12,821	-
December 13, 2036	-	12,820	-
June 13, 2037	-	12,821	-
December 13, 2037	-	12,820	-
June 13, 2038	-	12,821	-
December 13, 2038	-	12,820	-
June 13, 2039	-	12,821	-
December 13, 2039	-	12,820	-
June 13, 2040	-	12,821	-
December 13, 2040	-	12,820	-
June 13, 2041	-	12,821	-
December 13, 2041	-	12,820	-
June 13, 2042	-	12,822	-
		<u>\$ 897,436</u>	<u>\$ -</u>

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2007	2.00 %	\$ 36,366	\$ 14,640
June 30, 2008	2.00	36,729	14,276
December 31, 2008	2.00	37,097	13,909
June 30, 2009	2.00	37,467	13,538
December 31, 2009	2.00	37,842	13,163
June 30, 2010	2.00	38,221	12,785
December 31, 2010	2.00	38,603	12,403
June 30, 2011	2.00	38,989	12,017
December 31, 2011	2.00	39,379	11,627
June 30, 2012	2.00	39,772	11,233
December 31, 2012	2.00	40,170	10,835
June 30, 2013	2.00	40,572	10,434
December 31, 2013	2.00	40,978	10,028
June 30, 2014	2.00	41,387	9,618
December 31, 2014	2.00	41,801	9,204
June 30, 2015	2.00	42,219	8,786
December 31, 2015	2.00	42,642	8,364
June 30, 2016	2.00	43,068	7,938
December 31, 2016	2.00	43,499	7,507
June 30, 2017	2.00	43,934	7,072
December 31, 2017	2.00	44,373	6,633
June 30, 2018	2.00	44,817	6,189
December 31, 2018	2.00	45,265	5,741
June 30, 2019	2.00	45,717	5,288
December 31, 2019	2.00	46,175	4,831
June 30, 2020	2.00	46,636	4,369
December 31, 2020	2.00	47,103	3,903
June 30, 2021	2.00	47,574	3,432
December 31, 2021	2.00	48,050	2,956
June 30, 2022	2.00	48,530	2,476
December 31, 2022	2.00	49,015	1,990
June 30, 2023	2.00	49,505	1,500
December 31, 2023	2.00	50,001	1,005
June 30, 2024	2.00	50,497	503
		\$ 1,463,994	\$ 270,193

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2007	5.000 %	\$ 2,185,000	\$ 649,063
April 15, 2008	-	-	594,438
October 15, 2008	5.000	2,295,000	594,438
April 15, 2009	-	-	537,063
October 15, 2009	5.000	2,425,000	537,063
April 15, 2010	-	-	476,438
October 15, 2010	5.000	2,540,000	476,438
April 15, 2011	-	-	412,938
October 15, 2011	5.000	2,670,000	412,938
April 15, 2012	-	-	346,188
October 15, 2012	4.000	2,810,000	346,188
April 15, 2013	-	-	289,988
October 15, 2013	4.000	2,570,000	289,988
April 15, 2014	-	-	238,588
October 15, 2014	4.000	1,945,000	238,588
April 15, 2015	-	-	199,688
October 15, 2015	4.000	1,790,000	199,688
April 15, 2016	-	-	163,888
October 15, 2016	4.125	1,875,000	163,888
April 15, 2017	-	-	125,216
October 15, 2017	4.250	1,185,000	125,216
April 15, 2018	-	-	100,034
October 15, 2018	4.250	1,235,000	100,034
April 15, 2019	-	-	73,791
October 15, 2019	4.375	1,290,000	73,791
April 15, 2020	-	-	45,572
October 15, 2020	4.375	1,345,000	45,572
April 15, 2021	-	-	16,150
October 15, 2021	4.750	45,000	16,150
April 15, 2022	-	-	15,081
October 15, 2022	4.750	50,000	15,081
April 15, 2023	-	-	13,894
October 15, 2023	4.750	50,000	13,894
April 15, 2024	-	-	12,706
October 15, 2024	4.750	55,000	12,706
April 15, 2025	-	-	11,400
October 15, 2025	4.750	55,000	11,400
April 15, 2026	-	-	10,094
October 15, 2026	4.750	60,000	10,094
April 15, 2027	-	-	8,669
October 15, 2027	4.750	65,000	8,669
April 15, 2028	-	-	7,125
October 15, 2028	4.750	65,000	7,125
April 15, 2029	-	-	5,581
October 15, 2029	4.750	70,000	5,581
April 15, 2030	-	-	3,919
October 15, 2030	4.750	75,000	3,919
April 15, 2031	-	-	2,138
October 15, 2031	4.750	75,000	2,138
April 15, 2032	-	-	356
October 15, 2032	4.750	15,001	356
		\$ 28,840,001	\$ 8,070,949

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 25, 2007	4.25 %	\$ 2,297	\$ 8,323
December 25, 2007	4.25	2,322	8,298
March 25, 2008	4.25	2,347	8,273
June 25, 2008	4.25	2,371	8,249
September 25, 2008	4.25	2,397	8,223
December 25, 2008	4.25	2,422	8,198
March 25, 2009	4.25	2,448	8,172
June 25, 2009	4.25	2,474	8,146
September 25, 2009	4.25	2,500	8,120
December 25, 2009	4.25	2,527	8,093
March 25, 2010	4.25	2,554	8,066
June 25, 2010	4.25	2,581	8,039
September 25, 2010	4.25	2,608	8,012
December 25, 2010	4.25	2,636	7,984
March 25, 2011	4.25	2,664	7,956
June 25, 2011	4.25	2,692	7,928
September 25, 2011	4.25	2,721	7,899
December 25, 2011	4.25	2,750	7,870
March 25, 2012	4.25	2,779	7,841
June 25, 2012	4.25	2,808	7,812
September 25, 2012	4.25	2,838	7,782
December 25, 2012	4.25	2,868	7,752
March 25, 2013	4.25	2,899	7,721
June 25, 2013	4.25	2,930	7,690
September 25, 2013	4.25	2,961	7,659
December 25, 2013	4.25	2,992	7,628
March 25, 2014	4.25	3,024	7,596
June 25, 2014	4.25	3,056	7,564
September 25, 2014	4.25	3,089	7,531
December 25, 2014	4.25	3,121	7,499
March 25, 2015	4.25	3,155	7,465
June 25, 2015	4.25	3,188	7,432
September 25, 2015	4.25	3,222	7,398
December 25, 2015	4.25	3,256	7,364
March 25, 2016	4.25	3,291	7,329
June 25, 2016	4.25	3,326	7,294
September 25, 2016	4.25	3,361	7,259
December 25, 2016	4.25	3,397	7,223
March 25, 2017	4.25	3,433	7,187
June 25, 2017	4.25	3,469	7,151
September 25, 2017	4.25	3,506	7,114
December 25, 2017	4.25	3,544	7,076
March 25, 2018	4.25	3,581	7,039
June 25, 2018	4.25	3,619	7,001
September 25, 2018	4.25	3,658	6,962
December 25, 2018	4.25	3,697	6,923
March 25, 2019	4.25	3,736	6,884
June 25, 2019	4.25	3,776	6,844
September 25, 2019	4.25	3,816	6,804
December 25, 2019	4.25	3,856	6,764
March 25, 2020	4.25	3,897	6,723
June 25, 2020	4.25	3,939	6,681
September 25, 2020	4.25	3,980	6,640

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 25, 2020	4.25 %	\$ 4,023	\$ 6,597
March 25, 2021	4.25	4,065	6,555
June 25, 2021	4.25	4,109	6,511
September 25, 2021	4.25	4,152	6,468
December 25, 2021	4.25	4,196	6,424
March 25, 2022	4.25	4,241	6,379
June 25, 2022	4.25	4,286	6,334
September 25, 2022	4.25	4,332	6,288
December 25, 2022	4.25	4,378	6,242
March 25, 2023	4.25	4,424	6,196
June 25, 2023	4.25	4,471	6,149
September 25, 2023	4.25	4,519	6,101
December 25, 2023	4.25	4,567	6,053
March 25, 2024	4.25	4,615	6,005
June 25, 2024	4.25	4,664	5,956
September 25, 2024	4.25	4,714	5,906
December 25, 2024	4.25	4,764	5,856
March 25, 2025	4.25	4,814	5,806
June 25, 2025	4.25	4,866	5,754
September 25, 2025	4.25	4,917	5,703
December 25, 2025	4.25	4,970	5,650
March 25, 2026	4.25	5,022	5,598
June 25, 2026	4.25	5,076	5,544
September 25, 2026	4.25	5,130	5,490
December 25, 2026	4.25	5,184	5,436
March 25, 2027	4.25	5,239	5,381
June 25, 2027	4.25	5,295	5,325
September 25, 2027	4.25	5,351	5,269
December 25, 2027	4.25	5,408	5,212
March 25, 2028	4.25	5,465	5,155
June 25, 2028	4.25	5,524	5,096
September 25, 2028	4.25	5,582	5,038
December 25, 2028	4.25	5,642	4,978
March 25, 2029	4.25	5,702	4,919
June 25, 2029	4.25	5,762	4,858
September 25, 2029	4.25	5,823	4,797
December 25, 2029	4.25	5,885	4,735
March 25, 2030	4.25	5,948	4,672
June 25, 2030	4.25	6,011	4,609
September 25, 2030	4.25	6,075	4,545
December 25, 2030	4.25	6,139	4,481
March 25, 2031	4.25	6,205	4,415
June 25, 2031	4.25	6,271	4,350
September 25, 2031	4.25	6,337	4,283
December 25, 2031	4.25	6,404	4,216
March 25, 2032	4.25	6,472	4,148
June 25, 2032	4.25	6,541	4,079
September 25, 2032	4.25	6,611	4,009
December 25, 2032	4.25	6,681	3,939
March 25, 2033	4.25	6,752	3,868
June 25, 2033	4.25	6,824	3,796
September 25, 2033	4.25	6,896	3,724
December 25, 2033	4.25	6,969	3,651

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 25, 2034	4.25 %	\$ 7,044	\$ 3,576
June 25, 2034	4.25	7,118	3,502
September 25, 2034	4.25	7,194	3,426
December 25, 2034	4.25	7,270	3,350
March 25, 2035	4.25	7,348	3,272
June 25, 2035	4.25	7,426	3,194
September 25, 2035	4.25	7,505	3,115
December 25, 2035	4.25	7,584	3,036
March 25, 2036	4.25	7,665	2,955
June 25, 2036	4.25	7,746	2,874
September 25, 2036	4.25	7,829	2,791
December 25, 2036	4.25	7,912	2,708
March 25, 2037	4.25	7,996	2,624
June 25, 2037	4.25	8,081	2,539
September 25, 2037	4.25	8,167	2,453
December 25, 2037	4.25	8,254	2,366
March 25, 2038	4.25	8,341	2,279
June 25, 2038	4.25	8,430	2,190
September 25, 2038	4.25	8,519	2,101
December 25, 2038	4.25	8,610	2,010
March 25, 2039	4.25	8,701	1,919
June 25, 2039	4.25	8,794	1,826
September 25, 2039	4.25	8,887	1,733
December 25, 2039	4.25	8,982	1,638
March 25, 2040	4.25	9,077	1,543
June 25, 2040	4.25	9,174	1,446
September 25, 2040	4.25	9,271	1,349
December 25, 2040	4.25	9,370	1,250
March 25, 2041	4.25	9,469	1,151
June 25, 2041	4.25	9,570	1,050
September 25, 2041	4.25	9,672	949
December 25, 2041	4.25	9,774	846
March 25, 2042	4.25	9,878	742
June 25, 2042	4.25	9,983	637
September 25, 2042	4.25	10,089	531
December 25, 2042	4.25	10,196	424
March 25, 2043	4.25	10,305	315
June 25, 2043	4.25	10,414	206
September 25, 2043	4.25	8,963	96
		\$ 783,300	\$ 755,042

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 25, 2007	4.25 %	\$ 3,523	\$ 12,765
December 25, 2007	4.25	3,561	12,727
March 25, 2008	4.25	3,599	12,689
June 25, 2008	4.25	3,637	12,651
September 25, 2008	4.25	3,675	12,613
December 25, 2008	4.25	3,714	12,574
March 25, 2009	4.25	3,754	12,534
June 25, 2009	4.25	3,794	12,494
September 25, 2009	4.25	3,834	12,454
December 25, 2009	4.25	3,875	12,413
March 25, 2010	4.25	3,916	12,372
June 25, 2010	4.25	3,958	12,330
September 25, 2010	4.25	4,000	12,288
December 25, 2010	4.25	4,042	12,246
March 25, 2011	4.25	4,085	12,203
June 25, 2011	4.25	4,129	12,159
September 25, 2011	4.25	4,172	12,116
December 25, 2011	4.25	4,217	12,071
March 25, 2012	4.25	4,262	12,026
June 25, 2012	4.25	4,307	11,981
September 25, 2012	4.25	4,353	11,935
December 25, 2012	4.25	4,399	11,889
March 25, 2013	4.25	4,446	11,842
June 25, 2013	4.25	4,493	11,795
September 25, 2013	4.25	4,541	11,747
December 25, 2013	4.25	4,589	11,699
March 25, 2014	4.25	4,638	11,650
June 25, 2014	4.25	4,687	11,601
September 25, 2014	4.25	4,737	11,551
December 25, 2014	4.25	4,787	11,501
March 25, 2015	4.25	4,838	11,450
June 25, 2015	4.25	4,889	11,399
September 25, 2015	4.25	4,941	11,347
December 25, 2015	4.25	4,994	11,294
March 25, 2016	4.25	5,047	11,241
June 25, 2016	4.25	5,100	11,188
September 25, 2016	4.25	5,155	11,133
December 25, 2016	4.25	5,209	11,079
March 25, 2017	4.25	5,265	11,023
June 25, 2017	4.25	5,321	10,967
September 25, 2017	4.25	5,377	10,911
December 25, 2017	4.25	5,434	10,854
March 25, 2018	4.25	5,492	10,796
June 25, 2018	4.25	5,550	10,738
September 25, 2018	4.25	5,609	10,679
December 25, 2018	4.25	5,669	10,619
March 25, 2019	4.25	5,729	10,559
June 25, 2019	4.25	5,790	10,498
September 25, 2019	4.25	5,852	10,436
December 25, 2019	4.25	5,914	10,374
March 25, 2020	4.25	5,977	10,311
June 25, 2020	4.25	6,040	10,248
September 25, 2020	4.25	6,104	10,184

(continued)



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

- 147 -

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 25, 2020	4.25 %	\$ 6,169	\$ 10,119
March 25, 2021	4.25	6,235	10,053
June 25, 2021	4.25	6,301	9,987
September 25, 2021	4.25	6,368	9,920
December 25, 2021	4.25	6,435	9,853
March 25, 2022	4.25	6,504	9,784
June 25, 2022	4.25	6,573	9,715
September 25, 2022	4.25	6,643	9,645
December 25, 2022	4.25	6,713	9,575
March 25, 2023	4.25	6,785	9,503
June 25, 2023	4.25	6,857	9,431
September 25, 2023	4.25	6,930	9,358
December 25, 2023	4.25	7,003	9,285
March 25, 2024	4.25	7,078	9,210
June 25, 2024	4.25	7,153	9,135
September 25, 2024	4.25	7,229	9,059
December 25, 2024	4.25	7,306	8,982
March 25, 2025	4.25	7,383	8,905
June 25, 2025	4.25	7,462	8,826
September 25, 2025	4.25	7,541	8,747
December 25, 2025	4.25	7,621	8,667
March 25, 2026	4.25	7,702	8,586
June 25, 2026	4.25	7,784	8,504
September 25, 2026	4.25	7,867	8,421
December 25, 2026	4.25	7,950	8,338
March 25, 2027	4.25	8,035	8,253
June 25, 2027	4.25	8,120	8,168
September 25, 2027	4.25	8,206	8,082
December 25, 2027	4.25	8,294	7,994
March 25, 2028	4.25	8,382	7,906
June 25, 2028	4.25	8,471	7,817
September 25, 2028	4.25	8,561	7,727
December 25, 2028	4.25	8,652	7,636
March 25, 2029	4.25	8,744	7,544
June 25, 2029	4.25	8,837	7,451
September 25, 2029	4.25	8,930	7,358
December 25, 2029	4.25	9,025	7,263
March 25, 2030	4.25	9,121	7,167
June 25, 2030	4.25	9,218	7,070
September 25, 2030	4.25	9,316	6,972
December 25, 2030	4.25	9,415	6,873
March 25, 2031	4.25	9,515	6,773
June 25, 2031	4.25	9,616	6,672
September 25, 2031	4.25	9,718	6,570
December 25, 2031	4.25	9,822	6,466
March 25, 2032	4.25	9,926	6,362
June 25, 2032	4.25	10,031	6,257
September 25, 2032	4.25	10,138	6,150
December 25, 2032	4.25	10,246	6,042
March 25, 2033	4.25	10,355	5,933
June 25, 2033	4.25	10,465	5,823
September 25, 2033	4.25	10,576	5,712
December 25, 2033	4.25	10,688	5,600

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 25, 2034	4.25 %	\$ 10,802	\$ 5,486
June 25, 2034	4.25	10,916	5,372
September 25, 2034	4.25	11,032	5,256
December 25, 2034	4.25	11,150	5,138
March 25, 2035	4.25	11,268	5,020
June 25, 2035	4.25	11,388	4,900
September 25, 2035	4.25	11,509	4,779
December 25, 2035	4.25	11,631	4,657
March 25, 2036	4.25	11,755	4,533
June 25, 2036	4.25	11,880	4,408
September 25, 2036	4.25	12,006	4,282
December 25, 2036	4.25	12,133	4,155
March 25, 2037	4.25	12,262	4,026
June 25, 2037	4.25	12,393	3,895
September 25, 2037	4.25	12,524	3,764
December 25, 2037	4.25	12,657	3,631
March 25, 2038	4.25	12,792	3,496
June 25, 2038	4.25	12,928	3,360
September 25, 2038	4.25	13,065	3,223
December 25, 2038	4.25	13,204	3,084
March 25, 2039	4.25	13,344	2,944
June 25, 2039	4.25	13,486	2,802
September 25, 2039	4.25	13,629	2,659
December 25, 2039	4.25	13,774	2,514
March 25, 2040	4.25	13,920	2,368
June 25, 2040	4.25	14,068	2,220
September 25, 2040	4.25	14,218	2,070
December 25, 2040	4.25	14,369	1,919
March 25, 2041	4.25	14,522	1,766
June 25, 2041	4.25	14,676	1,612
September 25, 2041	4.25	14,832	1,456
December 25, 2041	4.25	14,989	1,299
March 25, 2042	4.25	15,149	1,139
June 25, 2042	4.25	15,310	978
September 25, 2042	4.25	15,472	816
December 25, 2042	4.25	15,637	651
March 25, 2043	4.25	15,803	485
June 25, 2043	4.25	15,971	317
September 25, 2043	4.25	13,885	157
		\$ 1,201,384	\$ 1,158,130

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 19, 2007	4.25 %	\$ 5,538	\$ 20,066
December 19, 2007	4.25	5,597	20,007
March 19, 2008	4.25	5,656	19,948
June 19, 2008	4.25	5,716	19,888
September 19, 2008	4.25	5,777	19,827
December 19, 2008	4.25	5,838	19,766
March 19, 2009	4.25	5,900	19,704
June 19, 2009	4.25	5,963	19,641
September 19, 2009	4.25	6,026	19,578
December 19, 2009	4.25	6,090	19,514
March 19, 2010	4.25	6,155	19,449
June 19, 2010	4.25	6,220	19,384
September 19, 2010	4.25	6,287	19,317
December 19, 2010	4.25	6,353	19,251
March 19, 2011	4.25	6,421	19,183
June 19, 2011	4.25	6,489	19,115
September 19, 2011	4.25	6,558	19,046
December 19, 2011	4.25	6,628	18,976
March 19, 2012	4.25	6,698	18,906
June 19, 2012	4.25	6,769	18,835
September 19, 2012	4.25	6,841	18,763
December 19, 2012	4.25	6,914	18,690
March 19, 2013	4.25	6,987	18,617
June 19, 2013	4.25	7,062	18,542
September 19, 2013	4.25	7,137	18,467
December 19, 2013	4.25	7,212	18,392
March 19, 2014	4.25	7,289	18,315
June 19, 2014	4.25	7,367	18,237
September 19, 2014	4.25	7,445	18,159
December 19, 2014	4.25	7,524	18,080
March 19, 2015	4.25	7,604	18,000
June 19, 2015	4.25	7,685	17,919
September 19, 2015	4.25	7,766	17,838
December 19, 2015	4.25	7,849	17,755
March 19, 2016	4.25	7,932	17,672
June 19, 2016	4.25	8,016	17,588
September 19, 2016	4.25	8,102	17,502
December 19, 2016	4.25	8,188	17,416
March 19, 2017	4.25	8,275	17,329
June 19, 2017	4.25	8,363	17,241
September 19, 2017	4.25	8,452	17,152
December 19, 2017	4.25	8,541	17,063
March 19, 2018	4.25	8,632	16,972
June 19, 2018	4.25	8,724	16,880
September 19, 2018	4.25	8,816	16,788
December 19, 2018	4.25	8,910	16,694
March 19, 2019	4.25	9,005	16,599
June 19, 2019	4.25	9,100	16,504
September 19, 2019	4.25	9,197	16,407
December 19, 2019	4.25	9,295	16,309
March 19, 2020	4.25	9,394	16,210
June 19, 2020	4.25	9,493	16,111
September 19, 2020	4.25	9,594	16,010

(continued)

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

- 150 -

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 19, 2020	4.25 %	\$ 9,696	\$ 15,908
March 19, 2021	4.25	9,799	15,805
June 19, 2021	4.25	9,903	15,701
September 19, 2021	4.25	10,009	15,595
December 19, 2021	4.25	10,115	15,489
March 19, 2022	4.25	10,222	15,382
June 19, 2022	4.25	10,331	15,273
September 19, 2022	4.25	10,441	15,163
December 19, 2022	4.25	10,552	15,052
March 19, 2023	4.25	10,664	14,940
June 19, 2023	4.25	10,777	14,827
September 19, 2023	4.25	10,892	14,712
December 19, 2023	4.25	11,007	14,597
March 19, 2024	4.25	11,124	14,480
June 19, 2024	4.25	11,243	14,361
September 19, 2024	4.25	11,362	14,242
December 19, 2024	4.25	11,483	14,121
March 19, 2025	4.25	11,605	13,999
June 19, 2025	4.25	11,728	13,876
September 19, 2025	4.25	11,853	13,751
December 19, 2025	4.25	11,979	13,625
March 19, 2026	4.25	12,106	13,498
June 19, 2026	4.25	12,234	13,370
September 19, 2026	4.25	12,364	13,240
December 19, 2026	4.25	12,496	13,108
March 19, 2027	4.25	12,629	12,975
June 19, 2027	4.25	12,763	12,841
September 19, 2027	4.25	12,898	12,706
December 19, 2027	4.25	13,035	12,569
March 19, 2028	4.25	13,174	12,430
June 19, 2028	4.25	13,314	12,290
September 19, 2028	4.25	13,455	12,149
December 19, 2028	4.25	13,598	12,006
March 19, 2029	4.25	13,743	11,861
June 19, 2029	4.25	13,889	11,715
September 19, 2029	4.25	14,036	11,568
December 19, 2029	4.25	14,186	11,418
March 19, 2030	4.25	14,336	11,268
June 19, 2030	4.25	14,489	11,115
September 19, 2030	4.25	14,643	10,961
December 19, 2030	4.25	14,798	10,806
March 19, 2031	4.25	14,955	10,649
June 19, 2031	4.25	15,114	10,490
September 19, 2031	4.25	15,275	10,329
December 19, 2031	4.25	15,437	10,167
March 19, 2032	4.25	15,601	10,003
June 19, 2032	4.25	15,767	9,837
September 19, 2032	4.25	15,934	9,670
December 19, 2032	4.25	16,104	9,500
March 19, 2033	4.25	16,275	9,329
June 19, 2033	4.25	16,448	9,156
September 19, 2033	4.25	16,623	8,981
December 19, 2033	4.25	16,799	8,805

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 19, 2034	4.25 %	\$ 16,978	\$ 8,626
June 19, 2034	4.25	17,158	8,446
September 19, 2034	4.25	17,340	8,264
December 19, 2034	4.25	17,525	8,079
March 19, 2035	4.25	17,711	7,893
June 19, 2035	4.25	17,899	7,705
September 19, 2035	4.25	18,089	7,515
December 19, 2035	4.25	18,281	7,323
March 19, 2036	4.25	18,476	7,128
June 19, 2036	4.25	18,672	6,932
September 19, 2036	4.25	18,870	6,734
December 19, 2036	4.25	19,071	6,533
March 19, 2037	4.25	19,273	6,331
June 19, 2037	4.25	19,478	6,126
September 19, 2037	4.25	19,685	5,919
December 19, 2037	4.25	19,894	5,710
March 19, 2038	4.25	20,106	5,498
June 19, 2038	4.25	20,319	5,285
September 19, 2038	4.25	20,535	5,069
December 19, 2038	4.25	20,753	4,851
March 19, 2039	4.25	20,974	4,630
June 19, 2039	4.25	21,197	4,407
September 19, 2039	4.25	21,422	4,182
December 19, 2039	4.25	21,649	3,955
March 19, 2040	4.25	21,880	3,724
June 19, 2040	4.25	22,112	3,492
September 19, 2040	4.25	22,347	3,257
December 19, 2040	4.25	22,584	3,020
March 19, 2041	4.25	22,824	2,780
June 19, 2041	4.25	23,067	2,537
September 19, 2041	4.25	23,312	2,292
December 19, 2041	4.25	23,560	2,044
March 19, 2042	4.25	23,810	1,794
June 19, 2042	4.25	24,063	1,541
September 19, 2042	4.25	24,319	1,285
December 19, 2042	4.25	24,577	1,027
March 19, 2043	4.25	24,838	766
June 19, 2043	4.25	25,102	502
September 19, 2043	4.25	22,146	234
		\$ 1,888,589	\$ 1,820,767

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2007	1.50 %	\$ -	\$ 3,446
June 30, 2008	1.50	10,494	3,446
December 31, 2008	1.50	10,573	3,367
June 30, 2009	1.50	10,652	3,288
December 31, 2009	1.50	10,732	3,208
June 30, 2010	1.50	10,813	3,127
December 31, 2010	1.50	10,894	3,046
June 30, 2011	1.50	10,975	2,965
December 31, 2011	1.50	11,058	2,882
June 30, 2012	1.50	11,140	2,799
December 31, 2012	1.50	11,224	2,716
June 30, 2013	1.50	11,308	2,632
December 31, 2013	1.50	11,393	2,547
June 30, 2014	1.50	11,479	2,461
December 31, 2014	1.50	11,565	2,375
June 30, 2015	1.50	11,651	2,288
December 31, 2015	1.50	11,739	2,201
June 30, 2016	1.50	11,827	2,113
December 31, 2016	1.50	11,916	2,024
June 30, 2017	1.50	12,005	1,935
December 31, 2017	1.50	12,095	1,845
June 30, 2018	1.50	12,186	1,754
December 31, 2018	1.50	12,277	1,663
June 30, 2019	1.50	12,369	1,571
December 31, 2019	1.50	12,462	1,478
June 30, 2020	1.50	12,555	1,385
December 31, 2020	1.50	12,650	1,290
June 30, 2021	1.50	12,744	1,196
December 31, 2021	1.50	12,840	1,100
June 30, 2022	1.50	12,936	1,004
December 31, 2022	1.50	13,034	906
June 30, 2023	1.50	13,131	809
December 31, 2023	1.50	13,229	710
June 30, 2024	1.50	13,329	611
December 31, 2024	1.50	13,429	511
June 30, 2025	1.50	13,529	410
December 31, 2025	1.50	13,631	309
June 30, 2026	1.50	13,733	207
December 31, 2026	1.50	13,836	104
		<u>\$ 459,433</u>	<u>\$ 73,729</u>

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2007	4.375 %	\$ 18,367	\$ 73,338
December 22, 2007	4.375	18,568	73,137
March 22, 2008	4.375	18,771	72,934
June 22, 2008	4.375	18,976	72,729
September 22, 2008	4.375	19,184	72,521
December 22, 2008	4.375	19,394	72,311
March 22, 2009	4.375	19,606	72,099
June 22, 2009	4.375	19,820	71,885
September 22, 2009	4.375	20,037	71,668
December 22, 2009	4.375	20,256	71,449
March 22, 2010	4.375	20,478	71,227
June 22, 2010	4.375	20,702	71,003
September 22, 2010	4.375	20,928	70,777
December 22, 2010	4.375	21,157	70,548
March 22, 2011	4.375	21,388	70,317
June 22, 2011	4.375	21,622	70,083
September 22, 2011	4.375	21,859	69,846
December 22, 2011	4.375	22,098	69,607
March 22, 2012	4.375	22,339	69,366
June 22, 2012	4.375	22,584	69,121
September 22, 2012	4.375	22,831	68,874
December 22, 2012	4.375	23,081	68,624
March 22, 2013	4.375	23,333	68,372
June 22, 2013	4.375	23,588	68,117
September 22, 2013	4.375	23,846	67,859
December 22, 2013	4.375	24,107	67,598
March 22, 2014	4.375	24,371	67,334
June 22, 2014	4.375	24,637	67,068
September 22, 2014	4.375	24,907	66,798
December 22, 2014	4.375	25,179	66,526
March 22, 2015	4.375	25,455	66,250
June 22, 2015	4.375	25,733	65,972
September 22, 2015	4.375	26,014	65,691
December 22, 2015	4.375	26,299	65,406
March 22, 2016	4.375	26,587	65,118
June 22, 2016	4.375	26,877	64,828
September 22, 2016	4.375	27,171	64,534
December 22, 2016	4.375	27,469	64,237
March 22, 2017	4.375	27,769	63,936
June 22, 2017	4.375	28,073	63,632
September 22, 2017	4.375	28,380	63,325
December 22, 2017	4.375	28,690	63,015
March 22, 2018	4.375	29,004	62,701
June 22, 2018	4.375	29,321	62,384
September 22, 2018	4.375	29,642	62,063
December 22, 2018	4.375	29,966	61,739
March 22, 2019	4.375	30,294	61,411
June 22, 2019	4.375	30,625	61,080
September 22, 2019	4.375	30,960	60,745
December 22, 2019	4.375	31,299	60,406
March 22, 2020	4.375	31,641	60,064
June 22, 2020	4.375	31,987	59,718
September 22, 2020	4.375	32,337	59,368

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 22, 2020	4.375 %	\$ 32,691	\$ 59,014
March 22, 2021	4.375	33,048	58,657
June 22, 2021	4.375	33,410	58,295
September 22, 2021	4.375	33,775	57,930
December 22, 2021	4.375	34,145	57,560
March 22, 2022	4.375	34,518	57,187
June 22, 2022	4.375	34,896	56,809
September 22, 2022	4.375	35,277	56,428
December 22, 2022	4.375	35,663	56,042
March 22, 2023	4.375	36,053	55,652
June 22, 2023	4.375	36,447	55,258
September 22, 2023	4.375	36,846	54,859
December 22, 2023	4.375	37,249	54,456
March 22, 2024	4.375	37,657	54,049
June 22, 2024	4.375	38,068	53,637
September 22, 2024	4.375	38,485	53,220
December 22, 2024	4.375	38,906	52,799
March 22, 2025	4.375	39,331	52,374
June 22, 2025	4.375	39,761	51,944
September 22, 2025	4.375	40,196	51,509
December 22, 2025	4.375	40,636	51,069
March 22, 2026	4.375	41,080	50,625
June 22, 2026	4.375	41,530	50,175
September 22, 2026	4.375	41,984	49,721
December 22, 2026	4.375	42,443	49,262
March 22, 2027	4.375	42,907	48,798
June 22, 2027	4.375	43,377	48,328
September 22, 2027	4.375	43,851	47,854
December 22, 2027	4.375	44,331	47,374
March 22, 2028	4.375	44,816	46,889
June 22, 2028	4.375	45,306	46,399
September 22, 2028	4.375	45,801	45,904
December 22, 2028	4.375	46,302	45,403
March 22, 2029	4.375	46,809	44,896
June 22, 2029	4.375	47,321	44,384
September 22, 2029	4.375	47,838	43,867
December 22, 2029	4.375	48,361	43,344
March 22, 2030	4.375	48,890	42,815
June 22, 2030	4.375	49,425	42,280
September 22, 2030	4.375	49,966	41,739
December 22, 2030	4.375	50,512	41,193
March 22, 2031	4.375	51,065	40,640
June 22, 2031	4.375	51,623	40,082
September 22, 2031	4.375	52,188	39,517
December 22, 2031	4.375	52,759	38,946
March 22, 2032	4.375	53,336	38,369
June 22, 2032	4.375	53,919	37,786
September 22, 2032	4.375	54,509	37,196
December 22, 2032	4.375	55,105	36,600
March 22, 2033	4.375	55,708	35,997
June 22, 2033	4.375	56,317	35,388
September 22, 2033	4.375	56,933	34,772
December 22, 2033	4.375	57,556	34,149

(continued)



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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2034	4.375 %	\$ 58,185	\$ 33,520
June 22, 2034	4.375	58,822	32,883
September 22, 2034	4.375	59,465	32,240
December 22, 2034	4.375	60,115	31,590
March 22, 2035	4.375	60,773	30,932
June 22, 2035	4.375	61,438	30,268
September 22, 2035	4.375	62,110	29,596
December 22, 2035	4.375	62,789	28,916
March 22, 2036	4.375	63,476	28,229
June 22, 2036	4.375	64,170	27,535
September 22, 2036	4.375	64,872	26,833
December 22, 2036	4.375	65,581	26,124
March 22, 2037	4.375	66,299	25,406
June 22, 2037	4.375	67,024	24,681
September 22, 2037	4.375	67,757	23,948
December 22, 2037	4.375	68,498	23,207
March 22, 2038	4.375	69,247	22,458
June 22, 2038	4.375	70,004	21,701
September 22, 2038	4.375	70,770	20,935
December 22, 2038	4.375	71,544	20,161
March 22, 2039	4.375	72,327	19,378
June 22, 2039	4.375	73,118	18,588
September 22, 2039	4.375	73,917	17,788
December 22, 2039	4.375	74,726	16,979
March 22, 2040	4.375	75,543	16,162
June 22, 2040	4.375	76,369	15,336
September 22, 2040	4.375	77,205	14,500
December 22, 2040	4.375	78,049	13,656
March 22, 2041	4.375	78,903	12,802
June 22, 2041	4.375	79,766	11,939
September 22, 2041	4.375	80,638	11,067
December 22, 2041	4.375	81,520	10,185
March 22, 2042	4.375	82,412	9,293
June 22, 2042	4.375	83,313	8,392
September 22, 2042	4.375	84,225	7,480
December 22, 2042	4.375	85,146	6,559
March 22, 2043	4.375	86,077	5,628
June 22, 2043	4.375	87,018	4,687
September 22, 2043	4.375	87,970	3,735
December 22, 2043	4.375	88,932	2,773
March 22, 2044	4.375	89,905	1,800
June 22, 2044	4.375	74,647	818
		\$ 6,705,198	\$ 6,850,907

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2006	- %	\$ -	\$ 75,000
March 26, 2007	1.50	215,302	75,000
September 26, 2007	1.50	216,916	73,385
March 26, 2008	1.50	218,543	71,758
September 26, 2008	1.50	220,182	70,119
March 26, 2009	1.50	221,834	68,468
September 26, 2009	1.50	223,497	66,804
March 26, 2010	1.50	225,174	65,128
September 26, 2010	1.50	226,862	63,439
March 26, 2011	1.50	228,564	61,738
September 26, 2011	1.50	230,278	60,023
March 26, 2012	1.50	232,005	58,296
September 26, 2012	1.50	233,745	56,556
March 26, 2013	1.50	235,498	54,803
September 26, 2013	1.50	237,265	53,037
March 26, 2014	1.50	239,044	51,258
September 26, 2014	1.50	240,837	49,465
March 26, 2015	1.50	242,643	47,658
September 26, 2015	1.50	244,463	45,839
March 26, 2016	1.50	246,296	44,005
September 26, 2016	1.50	248,144	42,158
March 26, 2017	1.50	250,005	40,297
September 26, 2017	1.50	251,880	38,422
March 26, 2018	1.50	253,769	36,533
September 26, 2018	1.50	255,672	34,629
March 26, 2019	1.50	257,590	32,712
September 26, 2019	1.50	259,522	30,780
March 26, 2020	1.50	261,468	28,834
September 26, 2020	1.50	263,429	26,873
March 26, 2021	1.50	265,405	24,897
September 26, 2021	1.50	267,395	22,906
March 26, 2022	1.50	269,401	20,901
September 26, 2022	1.50	271,421	18,880
March 26, 2023	1.50	273,457	16,845
September 26, 2023	1.50	275,508	14,794
March 26, 2024	1.50	277,574	12,727
September 26, 2024	1.50	279,656	10,646
March 26, 2025	1.50	281,753	8,548
September 26, 2025	1.50	283,867	6,435
March 26, 2026	1.50	285,996	4,306
September 26, 2026	1.50	288,140	2,161
		<u>\$ 10,000,000</u>	<u>\$ 1,687,063</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2005  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
July 21, 2007	4.125 %	\$ 18,634	\$ 70,896
October 21, 2007	4.125	18,826	70,704
January 21, 2008	4.125	19,020	70,510
April 21, 2008	4.125	19,216	70,314
July 21, 2008	4.125	19,414	70,116
October 21, 2008	4.125	19,615	69,915
January 21, 2009	4.125	19,817	69,713
April 21, 2009	4.125	20,021	69,509
July 21, 2009	4.125	20,228	69,302
October 21, 2009	4.125	20,436	69,094
January 21, 2010	4.125	20,647	68,883
April 21, 2010	4.125	20,860	68,670
July 21, 2010	4.125	21,075	68,455
October 21, 2010	4.125	21,292	68,238
January 21, 2011	4.125	21,512	68,018
April 21, 2011	4.125	21,734	67,796
July 21, 2011	4.125	21,958	67,572
October 21, 2011	4.125	22,184	67,346
January 21, 2012	4.125	22,413	67,117
April 21, 2012	4.125	22,644	66,886
July 21, 2012	4.125	22,878	66,652
October 21, 2012	4.125	23,114	66,416
January 21, 2013	4.125	23,352	66,178
April 21, 2013	4.125	23,593	65,937
July 21, 2013	4.125	23,836	65,694
October 21, 2013	4.125	24,082	65,448
January 21, 2014	4.125	24,330	65,200
April 21, 2014	4.125	24,581	64,949
July 21, 2014	4.125	24,835	64,695
October 21, 2014	4.125	25,091	64,439
January 21, 2015	4.125	25,350	64,180
April 21, 2015	4.125	25,611	63,919
July 21, 2015	4.125	25,875	63,655
October 21, 2015	4.125	26,142	63,388
January 21, 2016	4.125	26,412	63,118
April 21, 2016	4.125	26,684	62,846
July 21, 2016	4.125	26,959	62,571
October 21, 2016	4.125	27,237	62,293
January 21, 2017	4.125	27,518	62,012
April 21, 2017	4.125	27,802	61,728
July 21, 2017	4.125	28,089	61,441
October 21, 2017	4.125	28,378	61,152
January 21, 2018	4.125	28,671	60,859
April 21, 2018	4.125	28,967	60,563
July 21, 2018	4.125	29,265	60,265
October 21, 2018	4.125	29,567	59,963
January 21, 2019	4.125	29,872	59,658
April 21, 2019	4.125	30,180	59,350
July 21, 2019	4.125	30,491	59,039
October 21, 2019	4.125	30,806	58,724
January 21, 2020	4.125	31,123	58,407
April 21, 2020	4.125	31,444	58,086
July 21, 2020	4.125	31,769	57,761

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2005  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 21, 2020	4.125 %	\$ 32,096	\$ 57,434
January 21, 2021	4.125	32,427	57,103
April 21, 2021	4.125	32,762	56,768
July 21, 2021	4.125	33,100	56,430
October 21, 2021	4.125	33,441	56,089
January 21, 2022	4.125	33,786	55,744
April 21, 2022	4.125	34,134	55,396
July 21, 2022	4.125	34,486	55,044
October 21, 2022	4.125	34,842	54,688
January 21, 2023	4.125	35,201	54,329
April 21, 2023	4.125	35,564	53,966
July 21, 2023	4.125	35,931	53,599
October 21, 2023	4.125	36,301	53,229
January 21, 2024	4.125	36,676	52,854
April 21, 2024	4.125	37,054	52,476
July 21, 2024	4.125	37,436	52,094
October 21, 2024	4.125	37,822	51,708
January 21, 2025	4.125	38,212	51,318
April 21, 2025	4.125	38,606	50,924
July 21, 2025	4.125	39,004	50,526
October 21, 2025	4.125	39,407	50,123
January 21, 2026	4.125	39,813	49,717
April 21, 2026	4.125	40,224	49,306
July 21, 2026	4.125	40,638	48,892
October 21, 2026	4.125	41,058	48,472
January 21, 2027	4.125	41,481	48,049
April 21, 2027	4.125	41,909	47,621
July 21, 2027	4.125	42,341	47,189
October 21, 2027	4.125	42,778	46,752
January 21, 2028	4.125	43,219	46,311
April 21, 2028	4.125	43,664	45,866
July 21, 2028	4.125	44,115	45,415
October 21, 2028	4.125	44,570	44,960
January 21, 2029	4.125	45,029	44,501
April 21, 2029	4.125	45,494	44,036
July 21, 2029	4.125	45,963	43,567
October 21, 2029	4.125	46,437	43,093
January 21, 2030	4.125	46,916	42,614
April 21, 2030	4.125	47,399	42,131
July 21, 2030	4.125	47,888	41,642
October 21, 2030	4.125	48,382	41,148
January 21, 2031	4.125	48,881	40,649
April 21, 2031	4.125	49,385	40,145
July 21, 2031	4.125	49,894	39,636
October 21, 2031	4.125	50,409	39,121
January 21, 2032	4.125	50,929	38,601
April 21, 2032	4.125	51,454	38,076
July 21, 2032	4.125	51,985	37,545
October 21, 2032	4.125	52,521	37,009
January 21, 2033	4.125	53,062	36,468
April 21, 2033	4.125	53,609	35,921
July 21, 2033	4.125	54,162	35,368
October 21, 2033	4.125	54,721	34,809

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2005  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
January 21, 2034	4.125 %	\$ 55,285	\$ 34,245
April 21, 2034	4.125	55,855	33,675
July 21, 2034	4.125	56,431	33,099
October 21, 2034	4.125	57,013	32,517
January 21, 2035	4.125	57,601	31,929
April 21, 2035	4.125	58,195	31,335
July 21, 2035	4.125	58,795	30,735
October 21, 2035	4.125	59,402	30,128
January 21, 2036	4.125	60,014	29,516
April 21, 2036	4.125	60,633	28,897
July 21, 2036	4.125	61,258	28,272
October 21, 2036	4.125	61,890	27,640
January 21, 2037	4.125	62,528	27,002
April 21, 2037	4.125	63,173	26,357
July 21, 2037	4.125	63,825	25,705
October 21, 2037	4.125	64,483	25,047
January 21, 2038	4.125	65,148	24,382
April 21, 2038	4.125	65,820	23,710
July 21, 2038	4.125	66,499	23,032
October 21, 2038	4.125	67,184	22,346
January 21, 2039	4.125	67,877	21,653
April 21, 2039	4.125	68,577	20,953
July 21, 2039	4.125	69,284	20,246
October 21, 2039	4.125	69,999	19,531
January 21, 2040	4.125	70,721	18,809
April 21, 2040	4.125	71,450	18,080
July 21, 2040	4.125	72,187	17,343
October 21, 2040	4.125	72,931	16,599
January 21, 2041	4.125	73,683	15,847
April 21, 2041	4.125	74,443	15,087
July 21, 2041	4.125	75,211	14,319
October 21, 2041	4.125	75,986	13,544
January 21, 2042	4.125	76,770	12,760
April 21, 2042	4.125	77,562	11,968
July 21, 2042	4.125	78,362	11,168
October 21, 2042	4.125	79,170	10,360
January 21, 2043	4.125	79,986	9,544
April 21, 2043	4.125	80,811	8,719
July 21, 2043	4.125	81,644	7,886
October 21, 2043	4.125	82,486	7,044
January 21, 2044	4.125	83,337	6,193
April 21, 2044	4.125	84,196	5,334
July 21, 2044	4.125	85,065	4,465
October 21, 2044	4.125	85,942	3,588
January 21, 2045	4.125	86,828	2,702
April 21, 2045	4.125	87,724	1,806
July 21, 2045	4.125	87,450	895
		\$ 6,874,782	\$ 6,822,124

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT REVENUE BONDS - 2005  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2007	- %	\$ -	\$ 351,313
June 15, 2008	3.500	685,000	351,313
December 15, 2008	-	-	339,326
June 15, 2009	3.500	710,000	339,326
December 15, 2009	-	-	326,901
June 15, 2010	3.750	730,000	326,901
December 15, 2010	-	-	313,213
June 15, 2011	3.750	765,000	313,213
December 15, 2011	-	-	298,869
June 15, 2012	3.750	790,000	298,869
December 15, 2012	-	-	284,057
June 15, 2013	3.750	820,000	284,057
December 15, 2013	-	-	268,682
June 15, 2014	3.750	850,000	268,682
December 15, 2014	-	-	252,744
June 15, 2015	4.000	885,000	252,744
December 15, 2015	-	-	235,044
June 15, 2016	4.000	920,000	235,044
December 15, 2016	-	-	216,644
June 15, 2017	4.000	955,000	216,644
December 15, 2017	-	-	197,544
June 15, 2018	4.000	990,000	197,544
December 15, 2018	-	-	177,744
June 15, 2019	4.250	1,035,000	177,744
December 15, 2019	-	-	155,751
June 15, 2020	4.250	1,070,000	155,751
December 15, 2020	-	-	133,013
June 15, 2021	4.250	1,120,000	133,013
December 15, 2021	-	-	109,213
June 15, 2022	4.250	1,170,000	109,213
December 15, 2022	-	-	84,351
June 15, 2023	4.350	1,220,000	84,351
December 15, 2023	-	-	57,816
June 15, 2024	4.375	1,275,000	57,816
December 15, 2024	-	-	29,925
June 15, 2025	4.500	1,330,000	29,925
		<u>\$ 17,320,000</u>	<u>\$ 7,664,300</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2006  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 30, 2007	1.5 %	\$ -	\$ 13,179
April 30, 2008	1.5	-	13,179
October 30, 2008	1.5	-	13,179
April 30, 2009	1.5	-	13,179
October 30, 2009	1.5	23,298	13,179
April 30, 2010	1.5	23,473	13,004
October 30, 2010	1.5	23,649	12,828
April 30, 2011	1.5	23,826	12,651
October 30, 2011	1.5	24,005	12,472
April 30, 2012	1.5	24,185	12,292
October 30, 2012	1.5	24,366	12,111
April 30, 2013	1.5	24,549	11,928
October 30, 2013	1.5	24,733	11,744
April 30, 2014	1.5	24,918	11,559
October 30, 2014	1.5	25,105	11,372
April 30, 2015	1.5	25,294	11,183
October 30, 2015	1.5	25,483	10,994
April 30, 2016	1.5	25,674	10,803
October 30, 2016	1.5	25,867	10,610
April 30, 2017	1.5	26,061	10,416
October 30, 2017	1.5	26,256	10,221
April 30, 2018	1.5	26,453	10,024
October 30, 2018	1.5	26,652	9,825
April 30, 2019	1.5	26,852	9,625
October 30, 2019	1.5	27,053	9,424
April 30, 2020	1.5	27,256	9,221
October 30, 2020	1.5	27,460	9,017
April 30, 2021	1.5	27,666	8,811
October 30, 2021	1.5	27,874	8,603
April 30, 2022	1.5	28,083	8,394
October 30, 2022	1.5	28,294	8,183
April 30, 2023	1.5	28,506	7,971
October 30, 2023	1.5	28,720	7,757
April 30, 2024	1.5	28,935	7,542
October 30, 2024	1.5	29,152	7,325
April 30, 2025	1.5	29,371	7,106
October 30, 2025	1.5	29,591	6,886
April 30, 2026	1.5	29,813	6,664
October 30, 2026	1.5	30,036	6,441
April 30, 2027	1.5	30,262	6,215
October 30, 2027	1.5	30,489	5,988
April 30, 2028	1.5	30,717	5,760
October 30, 2028	1.5	30,948	5,529
April 30, 2029	1.5	31,180	5,297
October 30, 2029	1.5	31,414	5,063
April 30, 2030	1.5	31,649	4,828
October 30, 2030	1.5	31,887	4,590
April 30, 2031	1.5	32,126	4,351
October 30, 2031	1.5	32,367	4,110
April 30, 2032	1.5	32,609	3,868
October 30, 2032	1.5	32,854	3,623
April 30, 2033	1.5	33,100	3,377
October 30, 2033	1.5	33,349	3,128

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2006  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2007

---

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
April 30, 2034	1.5 %	\$ 33,599	\$ 2,878
October 30, 2034	1.5	33,851	2,626
April 30, 2035	1.5	34,105	2,372
October 30, 2035	1.5	34,360	2,117
April 30, 2036	1.5	34,618	1,859
October 30, 2036	1.5	34,878	1,599
April 30, 2037	1.5	35,139	1,338
October 30, 2037	1.5	35,403	1,074
April 30, 2038	1.5	35,668	809
October 30, 2038	1.5	35,936	541
April 30, 2039	1.5	36,203	276
		<u>\$ 1,757,220</u>	<u>\$ 484,118</u>



# SINGLE AUDIT SUPPLEMENT



SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2007

- 163 -

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Programs:			
Rural Housing Preservation Grants	10.433	HPG 05-06 HPG 06-07	\$ 32,482
Water and Waste Disposal Systems for Rural Communities*	10.760		<u>3,681,131</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>3,713,613</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through State - Delaware State Housing Authority:			
Community Development Block Grants/ State's Program	14.228	CDBG 03-04 CDBG 03-05 CDBG 03-06	1,064,468
HOME Investment Partnerships Program	14.239	HM 03-05 HM 03-06	<u>320,236</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>1,384,704</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct Program:			
Airport Improvement Program*	20.106	3-10-0007-019-05 3-10-0007-020-06	<u>2,054,920</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through State - Department of Natural Resources and Environmental Control:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	S-2003 S-2006 S-2012 S-2015 S-2016 S-2022 S-2023 S-2028 S-2030 12100002	<u>10,108,400</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through State - Delaware Emergency Management Agency:			
State Domestic Preparedness Equipment Support Program*	97.004	2003-MU-T3-0039 2004-GE-T4-0021	108,521
Homeland Security Grant Program*	97.067	2005-GE-T5-0011	<u>465,196</u>
<b>SUBTOTAL</b>			573,717
Distaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1654-DR-DE	44,220
Emergency Management Performance Grants	97.042	2006-EM-E6-004 2007-EM-E7-0029	<u>75,559</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>693,496</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 17,955,133</u>

\*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.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Amount</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 3,546,978
Capitalization Grants for Clean Water State Revolving Funds	66.458	10,108,400

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

DAVID R. URIAN, CPA  
DAVID C. DOANE, CPA  
CHARLES H. STERNER, JR. CPA, CVA  
SHELDON L. FORNEY, CPA  
JAY M. STEVENS, CPA, PFS  
ROGER R. REED, CPA  
ELAINE E. GRAVES, CPA

TRUITT W. JEFFERSON, CPA, DIRECTOR  
RETIRED

ANITA Y. SMITH, MEd, DIRECTOR

**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.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
December 18, 2007

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

DAVID R. URIAN, CPA  
DAVID C. DOANE, CPA  
CHARLES H. STERNER, JR. CPA, CVA  
SHELDON L. FORNEY, CPA  
JAY M. STEVENS, CPA, PFS  
ROGER R. REED, CPA  
ELAINE E. GRAVES, CPA

TRUITT W. JEFFERSON, CPA, DIRECTOR  
RETIRED

ANITA Y. SMITH, MEd, DIRECTOR

**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.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
December 18, 2007

**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  No
- Significant deficiency(ies) identified that are not considered to be material weakness?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness?  Yes  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  No

**Identification of Major Programs:**

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

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000  
 Auditee qualified as low-risk auditee?  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