



Sussex County Council Public/Media Packet

**MEETING:
January 27, 2015**

****DISCLAIMER****

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**Sussex County Council
2 The Circle | PO Box 589
Georgetown, DE 19947
(302) 855-7743**

MICHAEL H. VINCENT, PRESIDENT
SAMUEL R. WILSON JR., VICE PRESIDENT
ROBERT B. ARLETT
GEORGE B. COLE
JOAN R. DEAVER



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Sussex County Council

AGENDA

JANUARY 27, 2015

10:00 A.M.

Call to Order

Approval of Agenda

Approval of Minutes

Reading of Correspondence

Public Comments

Todd Lawson, County Administrator

1. Administrator's Report

Gina Jennings, Finance Director

1. Presentation of the Sussex County Comprehensive Annual Financial Report for Fiscal Year End June 30, 2014
2. Financial Report for the Second Quarter Ending December 31, 2014

Hal Godwin, Deputy County Administrator

1. Legislative Update

Bob Jones, Project Engineer

1. Extend Runway 4-22, Package 2, Contract 12-07
 - A. Change Order No. 2



Grant Requests

1. Town of Ocean View for the 2015 Homecoming Event.
2. Sussex County Habitat for Humanity for annual fundraising event.
3. Clear Space Theatre Company for operating costs.

Introduction of Proposed Zoning Ordinances

Council Members' Comments

Executive Session – Personnel and Land Acquisition pursuant to 29 Del. C. §10004(b)

Possible Action on Executive Session Items

12:00 Noon - Sussex County Profile Luncheon

**Location: Sussex County Association of Realtors
23407 Park Avenue, Georgetown**

Adjourn

Sussex County Council meetings can be monitored on the internet at www.sussexcountyde.gov.

In accordance with 29 Del. C. §10004(e)(2), this Agenda was posted on January 20, 2015 at 4:30 p.m., and at least seven (7) days in advance of the meeting.

This Agenda was prepared by the County Administrator and is subject to change to include the addition or deletion of items, including Executive Sessions, which arise at the time of the Meeting.

Agenda items listed may be considered out of sequence.

###

SUSSEX COUNTY COUNCIL - GEORGETOWN, DELAWARE, JANUARY 20, 2015

A regularly scheduled meeting of the Sussex County Council was held on Tuesday, January 20, 2015, at 10:00 a.m., in the Council Chambers, Sussex County Administrative Office Building, Georgetown, Delaware, with the following present:

Michael H. Vincent	President
Samuel R. Wilson, Jr.	Vice President
George B. Cole	Councilman
Joan R. Deaver	Councilwoman
Robert B. Arlett	Councilman
Todd F. Lawson	County Administrator
Gina A. Jennings	Finance Director
J. Everett Moore, Jr.	County Attorney

The Invocation and Pledge of Allegiance were led by Mr. Vincent.

**Call to
Order**

Mr. Vincent called the meeting to order.

**M 027 15
Approve
Agenda**

A Motion was made by Mrs. Deaver, seconded by Mr. Wilson, to approve the Agenda, as posted.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea

Minutes

The minutes of January 13, 2015 were approved by consent.

**Corre-
spondence**

Mr. Cole read the following correspondence:

**REHOBOTH HISTORICAL SOCIETY, REHOBOTH BEACH,
DELAWARE.**

RE: Letter in appreciation of grant.

**Public
Comments**

Public Comments

Paul Reiger commented on the Constable's Office, the definition of farming, and a barbed wire code.

Dan Kramer commented on councilmanic grants.

Vikki Innes of the Reading Assist Institute thanked the Council for its recent donation and shared news about how they plan to expand their services.

**Greater
Lewes
Scenic &
Historic
Byways**

Barbara Vaughn, Gail VanGelder and Jeff Greene, members of the Lewes Scenic and Historic Byways Ad-Hoc Committee, gave a presentation on the proposed Lewes Historic Byway.

Ms. VanGelder stated that the program is a DelDOT recognition program and that a designation of a byway does not come with any regulations (with the exception of one federal regulation that there are no new billboards on State Scenic Byways); that to become a State scenic byway is a 2-step process – a nomination process and Corridor Management Plan process. Ms. VanGelder stated that the Lewes Historic Byway program is administered through the City of Lewes through an official committee, the Lewes Scenic and Historic Byways Ad-Hoc Committee.

Mr. Greene gave a powerpoint presentation on the Committee’s work on the proposed Lewes Historic Byway, stating that their mission is to preserve and enhance the gateways to Lewes. He reviewed the roads of the proposed byway, the purpose of the Corridor Management Plan, and the benefits to the County. Mr. Greene also discussed the accomplishments, goals, and strategies of the Committee.

**Public
Hearing/
Proposed
Flood
Map
Ordinance**

A Public Hearing was held on the Proposed Ordinance entitled “AN ORDINANCE TO AMEND CHAPTER 115 OF THE CODE OF SUSSEX COUNTY, ARTICLE I, “GENERAL PROVISIONS”, AND ARTICLE XVIII “FLOOD PRONE DISTRICTS”, AND ARTICLE XXV “SUPPLEMENTARY REGULATIONS”, SECTION 115-189, “COASTAL AND FLOOD-PRONE AREA PROTECTION”.

The Planning and Zoning Commission held a Public Hearing on the Proposed Ordinance on January 8, 2015 at which time the Commission recommended approval with the following minor changes:

- Section 115-141.4D(5) should be revised to reflect in the first line “subsection.D.(4) above”.**
- Section 115-141.5E(1)(b) should be underlined.**
- Section 115-141.5E(1)(b)[ii][a] should refer to Section 115-141.3D.1.(i).[iv].**

(See the minutes of the Planning and Zoning Commission dated January 8, 2015.)

Mr. Lank read a summary of the Commission’s Public Hearing on the Proposed Ordinance.

Lawrence Lank, Director of Planning and Zoning, and Vince Robertson, Assistant County Attorney, presented the Proposed Ordinance and responded to questions and comments raised by the Council.

Mr. Robertson stated that FEMA has been in the process of updating its flood insurance rate maps and the maps will be put into effect on March 16,

**Public
Hearing/
Proposed
Flood Map
Ordinance
(continued)**

2015. FEMA has told all jurisdictions statewide that it has model ordinances that need to be adopted at the same time the maps go into effect. Mr. Robertson stated that the County currently has flood requirements in the Code that are similar to the Proposed Ordinance. He noted that the Proposed Ordinance puts everything regarding flood issues in one place, designates a Floodplain Administrator (Jeff Shockley), and addresses freeboard. FEMA requires that everything in a floodplain has to be built above the Base Flood Elevation (BFE), which they establish; this is the mandatory requirement set forth by FEMA; jurisdictions can require a higher elevation and the Council discussed this in 2014. The Council discussed the FEMA flood ordinance requirements on September 23 and October 21, 2014. On October 21, 2014, the Council’s consensus was to not have a required freeboard; however, if someone elects to go up a foot or two, they would also get additional height at the top (up to an additional 2 feet of building height to correspond with the freeboard height above BFE, not to exceed 2 feet above the allowable building height in the respective zoning district). Mr. Robertson stated that this gives people some flexibility in designing their homes and if they incorporate voluntary freeboard, they would likely get reduced rates on their insurance.

Mr. Robertson discussed what the municipalities in Sussex County are doing in regard to freeboard. He noted that there is no uniformity and that some of the municipalities are waiting to see what the County decides.

Mr. Robertson stated that DNREC and FEMA have to approve the County’s flood ordinance by March 16th or else Sussex County will lose its eligibility to participate in FEMA’s flood insurance program.

There were no public comments and the Public Hearing was closed.

**M 028 15
Adopt
Ordinance
No. 2384**

A Motion was made by Mr. Cole, seconded by Mr. Arlett, to Adopt Ordinance No. 2384 entitled “AN ORDINANCE TO AMEND CHAPTER 115 OF THE CODE OF SUSSEX COUNTY, ARTICLE I, “GENERAL PROVISIONS”, AND ARTICLE XVIII “FLOOD PRONE DISTRICTS”, AND ARTICLE XXV “SUPPLEMENTARY REGULATIONS”, SECTION 115-189, “COASTAL AND FLOOD-PRONE AREA PROTECTION”, with the following changes:

- Section 115-141.4D(5) should be revised to reflect in the first line “subsection.D.(4) above”.**
- Section 115-141.5E(1)(b) should be underlined.**
- Section 115-141.5E(1)(b)[ii][a] should refer to Section 115-141.3D.1.(i).[iv].**

Motion Adopted: 4 Yeas, 1 Nay.

**Vote by Roll Call: Mrs. Deaver, Nay; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

**Adminis-
trator's
Report**

Mr. Lawson read the following information in his Administrator's Report:

1. Advisory Committee on Aging & Adults with Physical Disabilities for Sussex County

The Advisory Committee on Aging & Adults with Physical Disabilities for Sussex County will meet January 26th at 10:00 a.m. at the Sussex County Administrative Offices West Complex, 22215 North DuPont Boulevard, in Georgetown. Detective Matthew L. Blakeman, Troop 4 Community Outreach Officer, Delaware State Police, will be speaking on "*Senior Safety and the Drug Problem in Sussex.*" A copy of the agenda is attached.

2. Delaware Solid Waste Authority Reports

There were 32,651 pounds of recycled material received at the Recycle Delaware pods at the West Complex in Georgetown during the months of October, November, and December 2014. Attached are reports received for each month. The total amount of recyclable goods received at the West Complex site during 2014 was 141,287 pounds.

3. Sussex County Emergency Operations Center Call Statistics – December 2014 and Year-End Totals

Attached please find the call statistics for the Fire and Ambulance Callboard for the month of December and 2014 overall. There were 13,673 total calls handled in the month of December. Of those 9-1-1 calls in December, 76 percent were made from wireless phones.

In 2014, there was a significant increase in the number of 9-1-1 calls handled, in addition to an increase in the number of incidents dispatched. 9-1-1 calls increased from 106,058 in 2013 to 114,208 in 2014, and the number of cellular generated calls increased from 81,777 in 2013 to 90,773 in 2014.

Total incidents dispatched increased from 30,148 in 2013 to 30,769 in 2014. Of the 30,769 incidents dispatched, 4,558 were fire incidents and 26,211 were EMS incidents.

4. Project Receiving Substantial Completion

Per the attached Engineering Department Fact Sheet, Millville by the Sea – Summerwind Village, Phase 2, received Substantial Completion effective January 16, 2015.

[Attachments to the Administrator's Report are not attachments to the minutes.]

Legislative Update

Hal Godwin, Deputy County Administrator, reported that, on January 13, 2015, the 148th General Assembly convened; at this time, no bills have been initiated that would affect the County.

Bartolotti Expansion of the LNSSD/ Request to Prepare & Post Notices

Anthony Digiuseppe, Jr., Planning Technician, presented a request to prepare and post notices for the expansion of the Long Neck Sanitary Sewer District (Bartolotti Expansion) to include one parcel. The parcel is located along Bay Farm Road and is contiguous to the existing district; the property is currently provided with a sewer lateral. The parcel is currently vacant and the existing owner would like to move his home to the parcel, which consists of less than 1 acre. The owner of the parcel will be responsible for system connection charges of \$4,100 per EDU based on rates from July 1, 2014 through June 30, 2015. The Public Hearing on this proposed expansion will be scheduled for 10:30 a.m. on March 10, 2015.

M 029 15 Prepare & Post Notices/ Bartolotti Expansion of the LNSSD

A Motion was made by Mrs. Deaver, seconded by Mr. Wilson, that the Sussex County Council authorizes the Sussex County Engineering Department to prepare and post notices for the extension of the Long Neck Sanitary Sewer District boundary to include the property of Larry Bartolotti, as presented as the Bartolotti Expansion on January 20, 2015.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Arlett, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea

Old Business/ CU 2001

Under Old Business, the Council considered Conditional Use No. 2001 filed on behalf of Christina Abramowicz.

The Planning and Zoning Commission held a Public Hearing on this application on November 13, 2014 at which time action was deferred. On December 11, 2014, the Commission recommended that the application be denied. (See the minutes of the Planning and Zoning Commission dated November 13 and December 11, 2014.)

The County Council held a Public Hearing on this application on December 2, 2014 at which time action was deferred.

Mr. Moore read draft Findings of Fact and draft conditions of approval:

- A. This is the application of Christina Abramowicz to consider the Conditional Use of land in an AR-1 Agricultural Residential District for a veterinary practice to be located on a certain parcel of land lying and being in Lewes and Rehoboth Hundred, Sussex County, containing 32,671 square feet, more or less, land lying southeast of Old Mill Road (Road 265-A), 1,900 feet northeast of Route One (Coastal Highway) (911 Address: 16403 Old Mill Road, Lewes, DE) (Tax Map I.D. #334-1.00-23.00).**

**Old
Business/
CU 2001
(continued)**

- B. Council found that DelDOT commented that a Traffic Impact Study is not recommended and that the Level of Service “A” of Old Mill Road will not change as a result of this application.**
- C. Council found that the Sussex County Engineering Department, Utility Planning Division, commented that the site is located in the North Coastal Planning Area for the West Rehoboth Expansion; that central sewer service is not available at this time; that an on-site septic is proposed; that conformity to the North Coastal Area Planning Study will be required; that the parcel is located within a sewer planning area of the West Rehoboth Expansion of the Dewey Beach Sanitary Sewer District; that the County does not have a schedule to provide central sewer service to the parcel at this time; that when the County provides sewer service, it is required that the on-site system be abandoned and a connection made to the central sewer system; and that a Concept Plan is not required.**
- D. Council found that the Sussex Conservation District commented that the Applicant will be required to follow recommended erosion and sediment control practices during any construction and to maintain vegetation; that there are no storm hazard areas affected; that it is not likely that off-site drainage improvements are necessary; that it is possible that any on-site drainage improvements will be necessary; and that there are no tax ditches affected.**
- E. Based on testimony before the Planning & Zoning Commission and the Public Hearing before the Sussex County Council, Council found that Dr. Christina Abramowicz was present on behalf of her application for a veterinary practice and she stated that she is the owner/operator of Veterinary Alternative Care, LLC; that she is a Doctor of Veterinary Medicine; that she has earned a Certified Acupuncture Certificate; that she operates a holistic practice focusing on Chinese and alternative medicine, including acupuncture, massage, herbal therapy, etc.; that she offers equine chiropractic services; that she is one of two acupuncturists in Sussex County; that she currently has no employees and one intern; that the main purpose of being able to see dogs, cats, and other small animal patients in her home is to eliminate the additional charge of a call fee associated with her making home visits; that pet owners have advised her that cost is a concern when she has to travel to the site of the pet owner; that she will only see one animal at a time; that sufficient parking is available for overlapping appointments; that she does not propose any kennels or overnight stays even as her business grows; that there will be no drop-offs; that appointments can last from 1 hour to 3 hours; that she does not perform any surgeries; that emergencies are referred to other veterinary clinics; that she has adequate room in her house for this use; and that this proposal is just a stepping-stone in her business as she hopes to move to another, larger site in the future.**

**Old
Business/
CU 2001
(continued)**

- F. Council found that the proposed use is limited in scope and will have little or no impact on traffic, area roadways, neighboring properties or the community.**
- G. Council found that the proposed use promotes the health, safety, welfare and general convenience of Sussex County and its residents.**
- H. Council found that the proposed use is akin to a home occupation because the Applicant resides on the property and will continue to reside there throughout the use, has no employees and only one intern.**
- I. Based on the record created before the Sussex County Council, the Conditional Use is approved subject to the following conditions which will serve to minimize any potential impacts on the surrounding area and adjoining properties:**
 - a. The use shall be limited to veterinary services which shall be provided to only one animal at a time.**
 - b. There shall be no kennels or overnight stays at the location.**
 - c. No surgeries will be performed at the location.**
 - d. All medical wastes shall be properly disposed of in accordance with State regulations.**
 - e. The hours of operation shall be between 9:00 a.m. and 8:00 p.m. Monday through Friday, and 8:00 a.m. and 2:00 p.m. Saturdays. No Sunday hours shall be permitted.**
 - f. One lighted sign, not to exceed 32 square feet per side, shall be permitted on the premises.**
 - g. There shall be adequate parking on the site and the parking shall comply with the Sussex County Zoning Code parking requirements.**
 - h. Any and all dumpsters shall be screened from view of neighboring properties and roadways.**
 - i. Any security lighting shall be downward screened so that it does not shine on neighboring properties or roadways.**
 - j. The Applicant shall comply with all DelDOT requirements regarding entrances to the property.**
 - k. The Applicant shall be required to reside on the property.**
 - l. The Final Site Plan shall be subject to the review and approval of the Sussex County Planning and Zoning Commission.**

**M 030 15
Adopt
Ordinance
No. 2385
(CU 2001)**

A Motion was made by Mrs. Deaver, seconded by Mr. Cole, to Adopt Ordinance No. 2385 entitled “AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR A VETERINARY PRACTICE TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN LEWES AND REHOBOTH HUNDRED, SUSSEX COUNTY, CONTAINING 32,671 SQUARE FEET, MORE OR LESS” (Conditional Use No. 2001) filed on behalf of Christina Abramowicz, with the following conditions:

- a. The use shall be limited to veterinary services which shall be provided to only one animal at a time.**
- b. There shall be no kennels or overnight stays at the location.**
- c. No surgeries will be performed at the location.**
- d. All medical wastes shall be properly disposed of in accordance with State regulations.**
- e. The hours of operation shall be between 9:00 a.m. and 8:00 p.m. Monday through Friday, and 8:00 a.m. and 2:00 p.m. Saturdays. No Sunday hours shall be permitted.**
- f. One lighted sign, not to exceed 32 square feet per side, shall be permitted on the premises.**
- g. There shall be adequate parking on the site and the parking shall comply with the Sussex County Zoning Code parking requirements.**
- h. Any and all dumpsters shall be screened from view of neighboring properties and roadways.**
- i. Any security lighting shall be downward screened so that it does not shine on neighboring properties or roadways.**
- j. The Applicant shall comply with all DeIDOT requirements regarding entrances to the property.**
- k. The Applicant shall be required to reside on the property.**
- l. The Final Site Plan shall be subject to the review and approval of the Sussex County Planning and Zoning Commission.**

Motion Adopted: 3 Yeas, 1 Nay, 1 Not Voting.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Nay;
Mr. Arlett, Not Voting; Mr. Wilson, Yea;
Mr. Vincent, Yea**

(continued) [Mr. Arlett did not participate in the discussion or vote on Conditional Use No. 2001 due to the fact that the Public Hearing on this application was held in 2014 and Mr. Arlett was sworn in as Councilman in 2015.]

**Grant
Requests**

Mrs. Jennings presented grant requests for the Council's consideration.

**M 031 15
Council-
manic
Grant**

A Motion was made by Mrs. Deaver, seconded by Mr. Wilson, to give \$500.00 from Mr. Vincent's Councilmanic Grant Account to Mt. Olivet United Methodist Church for Cub Scout Pack 182 for annual banquet and project costs.

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

**M 032 15
Council-
manic
Grant**

A Motion was made by Mrs. Deaver, seconded by Mr. Cole, to give \$1,000.00 from Mrs. Deaver's Councilmanic Grant Account to the Milton Little League for a park improvement project.

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

**M 033 15
Council-
manic
Grant**

A Motion was made by Mr. Wilson, seconded by Mrs. Deaver, to give \$1,700.00 from Mr. Vincent's Councilmanic Grant Account to the City of Seaford for a sign honoring veterans.

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

**M 034 15
Countywide
Youth
Grant**

A Motion was made by Mrs. Deaver, seconded by Mr. Cole, to give \$500.00 to each Boys & Girls Club in Sussex County (6 total – Dagsboro, Laurel, Georgetown, Oak Orchard, Rehoboth Beach, and Western Sussex) from the Countywide Youth Grant Account for the Annual Fund for Kids. (The check is to be made payable to the Boys & Girls Clubs of Delaware in the total amount of \$3,000.00.)

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

Introduction of Proposed Zoning Ordinances

Mr. Wilson introduced the Proposed Ordinance entitled “AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR AN AUTOMOTIVE SALES LOT EXPANSION TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN NANTICOKE HUNDRED, SUSSEX COUNTY, CONTAINING 1.0 ACRE, MORE OR LESS” (Conditional Use No. 2011) filed on behalf of Douglas Hitchens, T/A Hitchens Auto Sales, LLC (Tax Map I.D. No. 231-5.00-7.06) (911 Address: 12769 Seashore Highway, Georgetown).

Mrs. Deaver introduced the Proposed Ordinance entitled “AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN A MR MEDIUM DENSITY RESIDENTIAL DISTRICT FOR A MIXED RESIDENTIAL USE WITH MULTI-FAMILY DWELLINGS TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN LEWES AND REHOBOTH HUNDRED, SUSSEX COUNTY, CONTAINING 37.26 ACRES, MORE OR LESS” (Conditional Use No. 2012) filed on behalf of Ocean Atlantic Communities, LLC (Tax Map I.D. No. 335-11.00-55.00, 56.00, 59.00, 59.01, and 60.00) (911 Address: None Available).

Mrs. Deaver introduced the Proposed Ordinance entitled “AN ORDINANCE TO AMEND THE COMPREHENSIVE ZONING MAP OF SUSSEX COUNTY FROM AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT TO A MR MEDIUM DENSITY RESIDENTIAL DISTRICT FOR A CERTAIN PARCEL OF LAND LYING AND BEING IN LEWES AND REHOBOTH HUNDRED, SUSSEX COUNTY, CONTAINING 36.98 ACRES, MORE OR LESS” (Change of Zone No. 1769) filed on behalf of Ocean Atlantic Communities, LLC. (Tax Map I.D. 335-11.00-55.00, 56.00, 59.00, and 59.01) (911 Address: None Available)

The Proposed Ordinances will be advertised for Public Hearing.

Council Members Comments

Under Council Members comments, the Council recognized Todd F. Lawson on the occasion of his 40th birthday.

M 035 15 Go Into Executive Session

At 11:56 a.m., a Motion was made by Mrs. Deaver, seconded by Mr. Wilson, to recess the Regular Session and go into Executive Session for the purpose of discussing matters relating to personnel and land acquisition.

Motion Adopted: 5 Yeas.

Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea; Mr. Arlett, Yea; Mr. Wilson, Yea; Mr. Vincent, Yea

Executive Session

At 12:06 p.m., an Executive Session of the Sussex County Council was held in the Basement Caucus Room for the purpose of discussing matters relating to personnel and land acquisition. The Executive Session

(continued) concluded at 1:09 p.m.

M 036 15 At 1:13 p.m., a Motion was made by Mrs. Deaver, seconded by Mr. Wilson,
Reconvene to come out of Executive Session and to reconvene the Regular Session.
Regular
Session

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

M 037 15 A Motion was made by Mrs. Deaver, seconded by Mr. Arlett, that the
Execute President of the Sussex County Council is authorized to execute a Contract
Contract/ of Purchase and Sale for lands adjacent to other County lands and
Purchase referenced as Parcel A/2015.
and Sale
of Lands

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

M 038 15 A Motion was made by Mr. Arlett, seconded by Mr. Cole, that the President
Execute of the Sussex County Council is authorized to execute a Contract of
Contract/ Purchase and Sale for lands for paramedic facilities and referenced as
Purchase Parcel B/2015.
and Sale
of Lands

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

M 039 15 A Motion was made by Mrs. Deaver, seconded by Mr. Wilson, to adjourn at
Adjourn 1:14 p.m.

Motion Adopted: 5 Yeas.

**Vote by Roll Call: Mrs. Deaver, Yea; Mr. Cole, Yea;
Mr. Arlett, Yea; Mr. Wilson, Yea;
Mr. Vincent, Yea**

Respectfully submitted,

**Robin A. Griffith
Clerk of the Council**

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Sussex County
DELAWARE
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MEMORANDUM:

TO: Sussex County Council
The Honorable Michael H. Vincent, President
The Honorable Samuel R. Wilson, Jr., Vice President
The Honorable George B. Cole
The Honorable Joan R. Deaver
The Honorable Robert B. Arlett

FROM: Gina A. Jennings 
Finance Director

RE: **COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

DATE: January 23, 2015

I will be presenting the Sussex County Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014 on Tuesday, January 27, 2015. Please find attached both the financial report and presentation for your review.

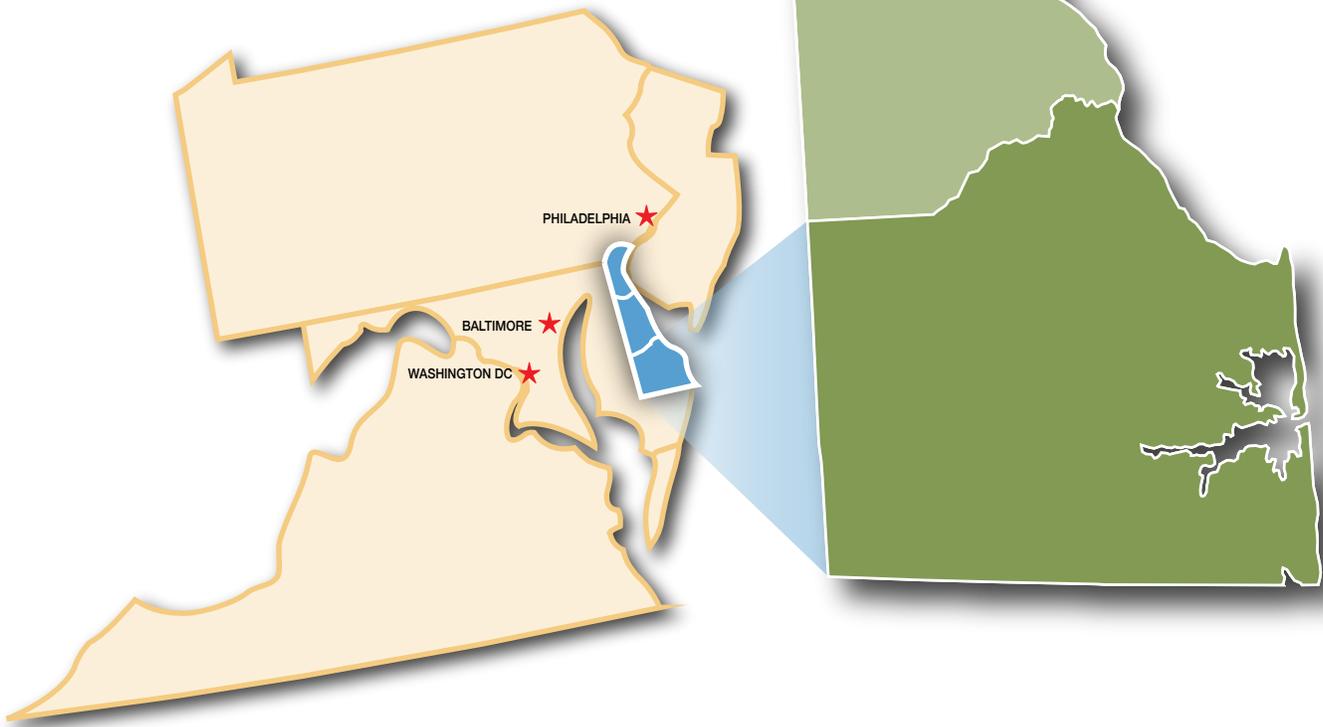
If you have any questions, please feel free to call me.

Attachments

pc: Mr. Todd F. Lawson

SUSSEX COUNTY

Delaware

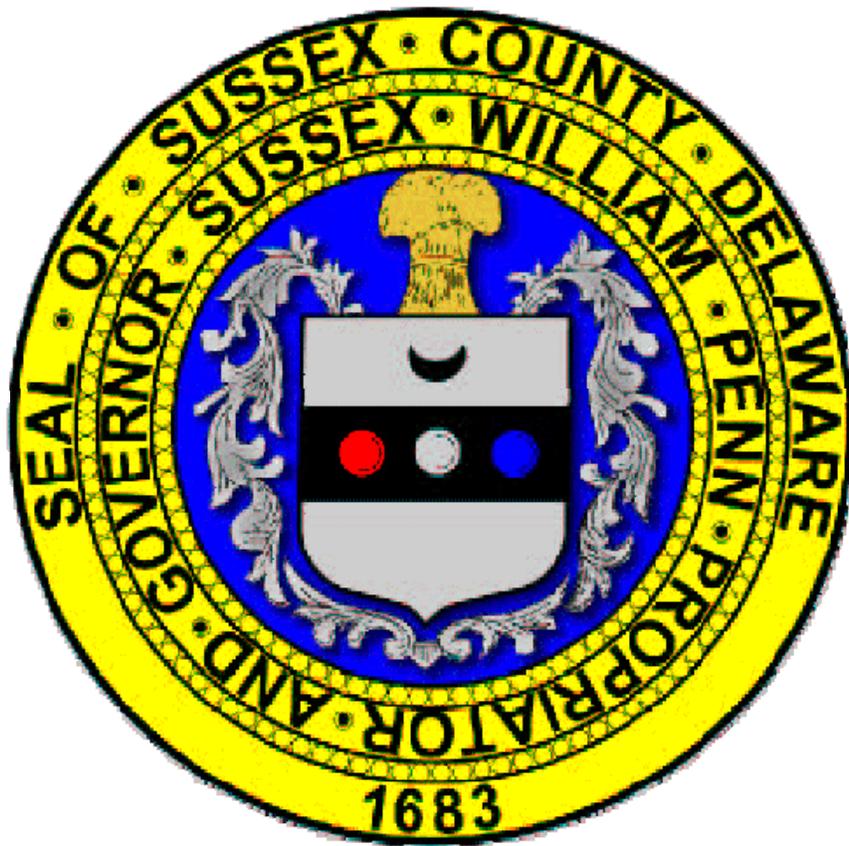


Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



Prepared by the Finance Department

**SUSSEX COUNTY, DELAWARE
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INTRODUCTORY SECTION



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COUNTY ADMINISTRATOR

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Sussex County
DELAWARE
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December 22, 2014

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 government for the fiscal year ended June 30, 2014. 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 (the 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 BDO USA, LLP 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, 2014, 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, 2014, 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 auditor.

Profile of Sussex County

Sussex County is proud of the natural beauty, mix of small towns, rich history, and popular attractions that are found throughout our county. Sussex County is a rural county in transition, a community that, in some ways, represents a microcosm of the United States with developing, more urbanized seaside resorts to the east and industry and agriculture dominating the central and western landscape. Our county is the largest county in Delaware, comprising a total land area of approximately 938 square miles, or 48 percent of the State’s total area; with a population of 209,704 according to the Oct. 31, 2014, estimates from the Delaware Population Consortium. 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 that portion of the State of Maryland which lies 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., putting Sussex County within a short drive for millions of Americans.

The modern 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 arm - County Administration - that includes operating departments and offices, some of which are administrated by officials elected at-large and also known as Row Officers. The County Council, which has legislative powers, consists of five members who represent geographic districts. Council members are elected to four-year terms, which are staggered. The County Administrator and County Finance Director 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. According to the 2010 U.S. Census, Sussex County had a population increase of more than 25 percent from 2000 to 2010. The Delaware Population Consortium predicts that the population will increase another 14 percent from 2010 to 2020. The State of Delaware has never had a general sales tax, inventory tax, or State real property tax. Local property taxes are very low, making the county a desirable destination for new residents and retirees. The eastern portion of the county is home to most of Delaware’s beaches and seaside resorts. Sussex’s central and western areas are the backbone of Delaware’s agriculture industry.

Sussex County is deeply rooted in history and tradition. One of the most unique events, of which the county is tremendously proud, is the biennial event known as Return Day. Return Day originated around 1790 and is set on The Circle in Georgetown, the county seat. Return Day is held two days after Election Day and was started so ‘voters’ could come to Georgetown to hear the ‘returns’, or results, of the elections. During this day, election results were read, food was served, and music was played. Some time later, a parade was started with both the winning and losing candidates riding together in open carriages, and by the 1970s, the ceremonial act of ‘burying the hatchet’ began, symbolizing the end of the campaign season. The 2014 elections marked the 201st anniversary of this great Sussex tradition.

The County government provides a variety of services, which are mandated by State statute or County Code. Major public services include emergency medical services, mapping and addressing, libraries, and sewer service. The County also owns and maintains the Sussex County Airport near Georgetown. The County provides emergency services including paramedics, emergency preparedness, emergency operations, and local emergency planning and communications. As the primary call center, Sussex County’s Emergency Operations Center receives more than 100,000 9-1-1 calls a year. The Department of Libraries includes three County-managed libraries and a bookmobile. The County has 475 fulltime employees and 185 retirees. In Sussex County, a select group of elected officials preside over certain “row offices”, or constitutional offices. These include the Marriage Bureau, Recorder of Deeds, Register of Wills, and the Sheriff’s Office. These four offices provide services, such as issuing marriage licenses, recording of property deeds, wills, and other legal papers, and performing court-related duties. Each row office is managed by an elected official who is independent of the County Council, but the County government is responsible for each office’s staffing, financial accountability and annual budgets.

The County provides a variety of grant-in-aid funding to its residents, the largest being 79 percent for public safety agencies, such as local volunteer fire companies and State and local police. The County also assesses, bills, and collects school taxes for eight independent school districts, as well as property taxes for the County government. The County is the primary funding source for 11 local libraries, which are managed by independent library boards.

Sussex County continues to work on the expansion of wastewater services that are vital in meeting our environmental and population needs. The County serves more than 65,000 equivalent dwelling units (EDUs), and maintains and operates four treatment facilities. Fiscal year 2014 saw a 2 percent increase from fiscal year 2013’s EDUs. The sewer and water districts’ operating budget for fiscal year 2014 was \$34 million. The County has two enterprise funds: Dewey Water District and Unified Sewer District.

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 and proposed financing for projects. Please see note “A” (Section 19 on page 37) for additional budget information. Budget-to-actual comparisons begin on page 63 through page 71.

Economic Condition of Sussex County

Local Economy

Sussex County has a diverse and dynamic local economy. The county weathered well despite the national downturn of recent years. We are now seeing signs of revitalization with an uptick of economic activity. Sussex County employment is concentrated on a diverse assembly of sectors that interact continuously, including agriculture, tourism, healthcare, construction, retail sales and education.

Manufacturing production has increased in western Sussex County due to the relocation of Grayling Industries/New ILC Dover. Supported by the State and the County, this relocation has brought more than 115 jobs from Mexico to Sussex County, Delaware. Another manufacturing success is Atlantis Industries in Milton, which made a commitment to keep 36 jobs and add additional 20 more in Sussex for its custom injection molding and toll-making business.

Manufacturing is not the only industry seeing an increase in activity. The level of healthcare and associated employment opportunities are continually growing along with the number of retirees who put a demand on those healthcare services. The three major healthcare employers in the county are Bayhealth in Milford, Beebe Healthcare in Lewes, and Nanticoke Health Services in Seaford. Peninsula Regional Health System, based in nearby Salisbury, Md., broke ground in October 2012 for a 48,000-square-foot healthcare pavilion in Millsboro, expanding that provider's service footprint into southern Delaware. These four healthcare groups, each with their own hospitals and/or satellite facilities in Sussex County, continue to expand their services and build partnerships in order to accommodate the needs of an ever-growing and aging population. Another 47,000-square-foot College Park Medical Pavilion opened in 2013 to provide better healthcare to Georgetown and the surrounding areas. In Seaford, Nanticoke Health Service plans to invest \$18 million in its hospital and new medical facility buildings. They also opened a new Immediate Care facility in Georgetown. The Delaware Department of Labor Office of Occupational and Labor Market Information has ranked healthcare and social assistance second for employment in Sussex County.

While other industries are beginning to thrive, agriculture continues to be Sussex County's leading industry, with the primary focus being grain production and poultry processing. The Delaware Agriculture Statistics and Resource Directory shows the value of agriculture products sold directly to consumers annually is more than \$3.5 million in Delaware. Sussex County is in the top 2 percent of 3,079 counties in the United States for the value of vegetables sold. As another agriculture win, Sussex County continues its distinction as the top broiler producing county in the United States. The chicken industry in Delaware had an annual total economic impact of \$5.2 billion with 90 percent of Delaware chickens grown in Sussex County. The 2014 Sussex County Profile states direct industry employment was 9,200, while another 14,000 jobs related in some way to the chicken industry.

If agriculture represents our county's bread, tourism is certainly its butter. Tourism is Sussex County's second-leading industry. According to Southern Delaware Tourism, an estimated \$850 million of Delaware's \$2 billion tourism revenue comes from sales in Sussex County. Tourism employs 15,000 workers in Sussex County. The Atlantic coastline offers sandy beaches, family activities, recreation and shopping. In 2013, the U.S. Natural Resources

Defense Council gave some of Sussex County's beaches a five-star rating for ocean water quality and ranked Delaware first among the 30 coastal states. If it isn't the beaches, the tax-free shopping also attracts tourism to the area. Along a two-mile stretch of Delaware Route 1, between Lewes and Rehoboth Beach, there are more than 130 outlet stores - employing more than 1,500 - offering a variety of products, such as clothing, tools, shoes, books, stereo equipment, gourmet food, and kitchen supplies. The Tanger Outlets have become a year-round destination for those who are attracted by reasonable prices and tax-free shopping in Delaware.

These industries continue to make Sussex strong. While the national unemployment rate, as stated by the Delaware Department of Labor, was 5.9 percent in September 2014 and Delaware's unemployment rate was 6.5 percent, Sussex County's unemployment - at 5.6 percent - was well under those averages. Delaware's Annual Economic Report shows Sussex County had a 2.3 percent, or 1,570, job growth in 2013. There was an increase in building activity from 2013 to 2014. As 2015 approaches, the building activity has held steady with the increased 2014 levels. The Sussex County Association of REALTORS® report that single family home sales continue to grow from the beginning of 2014, as well as sales compared to the same time in 2012. This increase in home sales is evident by the rise in the County's collection of real estate transfer tax revenue, which rose from \$17.4 million in 2013 to \$20.9 million in 2014.

In order for any business or industry to succeed, a community must have a quality educational system at its foundation. The county is honored to have several public education schools that have earned the National Blue Ribbon distinction for excellence from the U.S. Department of Education. This award recognizes schools that have made significant progress in closing gaps in achievement, especially disadvantaged and minority students.

When it comes to higher education, opportunity abounds in Sussex County. The Delaware Technical Community College (DTCC), and its 147-acre campus in Georgetown, offers associate's college degree programs in health, business, public service, engineering, and industrial education. In order to offer programs that complement the employment environment of Sussex County, DTCC created a paramedic program that helps the County fill positions with qualified medics. They also partnered with Sussex County to create an FAA-certified airframe maintenance degree located at the County's airport, which is filling a need in Delaware and the growing aviation industry.

The University of Delaware also has a strong presence in Sussex County that includes the DTCC campus, the College of Agriculture & Natural Resources near Georgetown, and the College of Earth, Ocean and Environment in Lewes. Other university services include Professional and Continuing Studies programs, Osher Lifelong Learning Institute programs, the Small Business and Technology Center and Cooperative Extension, and the Delaware Sea Grant College Program. Additionally, Delaware State University and Wilmington University offer courses at the DTCC campus in Georgetown providing bachelor's and master's degrees.

Financial Planning

The economy improved in fiscal year 2014. Fiscal year 2015 has been keeping pace. Our local economy benefits from the attractiveness of our resorts and a strong agricultural base. The County weathered the financial storm because of its strong financial foundation. We are

still mindful of how volatile the economy can be. We continue to budget with sustainability in mind; for example, all building related revenues were budgeted at 80 percent for fiscal year 2015. The County set up a plan to fund our capital improvements with excess realty transfer tax funds to ensure that the government does not depend on economically driven revenue sources for operations while establishing a sustainability plan for when the economy will slow in the future.

The County has funded its non-sewer and water assets on a pay-as-you-go basis and has avoided issuing debt to pay for Capital projects. While business activity has slowed, the County has continued to make capital improvements using reserved funds. These improvements include airport and library expansions, as well as building improvements that total more than \$22 million for the next five years. The County plans to fund these projects with Federal Aviation Administration (FAA) grants, State grants, and County funds.

The fiscal year 2014 Five-Year Capital Improvement Plan includes \$124 million for sewer expansion and upgrades. Funding for these projects include State Revolving Fund loans, State grants, Federal USDA loans and grants, American Recovery and Reinvestment funds, and County contributions.

Significant Financial Policies

As interest rates continue to lag, it is the County's goal to invest all funds in a manner that provides the highest investment return using authorized instruments while meeting the County's acceptable risk level. In priority order, the primary objectives in investment activities shall be safety, liquidity, and yield. Please see Note B, on page 38 for additional information regarding cash and collateralization.

Preserving the Pension Trust Fund and the Post-Retirement Employee Benefit Trust Fund is a major objective of Sussex County. The County funds a defined benefit pension plan and a post-retirement Employee Benefit Trust for its employees. They are treated as fiduciary funds in the financial sections. The Pension Trust Fund is held with diversified, but complementary, investment managers. A pension committee, which meets quarterly, oversees the management of both plans and is responsible for making recommendations to the County Council regarding investments and funding. The County contracts with pension advisors to assist in providing the best strategy, protection, and investment guidelines for our pension.

Sussex County continues to strive for balanced budgets and sound financial planning in providing services for our residents. In the last few years, the County's focus and challenge has been to keep expenses within the current sources of revenue. A comprehensive review is done monthly by the Finance Department, which analyzes department expenditures and budget reports. These reviews are discussed in an open forum with the County Council on a quarterly basis to keep the members and the public informed of the current economic effects on revenues. Relevant financial topics and future strategies are also discussed with County Council. It is the County's fund balance policy to maintain an operating reserve within the range of 20 to 25 percent, which is considered "best practice".

Like other State and local governments, Sussex County still faces financial challenges and is under pressure to demonstrate fiscally sound policies and serve the public with current revenue sources. The County practices financial conservatism that has allowed it to serve in a

declining economy and time of economic change without taking on tax-supported debt or cutting services that would affect residents and visitors.

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, 2013. This was the 12th consecutive 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 also satisfy both generally accepted accounting principles and applicable legal requirements.

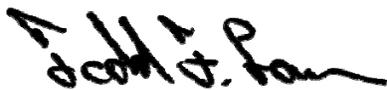
A Certificate of Achievement is valid for a period of one year only. We believe the County's current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We believe that achieving this award is one example of Sussex County's commitment and dedication to the highest standards of financial management. The preparation of this report on a timely basis is the result of 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.

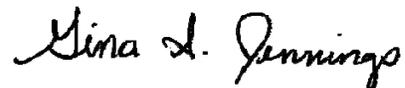
During fiscal year 2010, Moody's Investor Service upgraded the County's bond rating from an Aa2 to Aa1. Moody's report for the County states, "This reflects the County's healthy financial position, maintained by prudent fiscal management that resulted in materially greater financial flexibility and stronger reserve levels". In addition to the above, Moody's cited our strengths being: "strong liquidity and fund balance levels, no appropriation nor expected use of fund balance in fiscal 2010 or 2011, and average socioeconomic indicators with a large tax base that is expected to remain stable".

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,



Todd F. Lawson
County Administrator



Gina A. Jennings
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

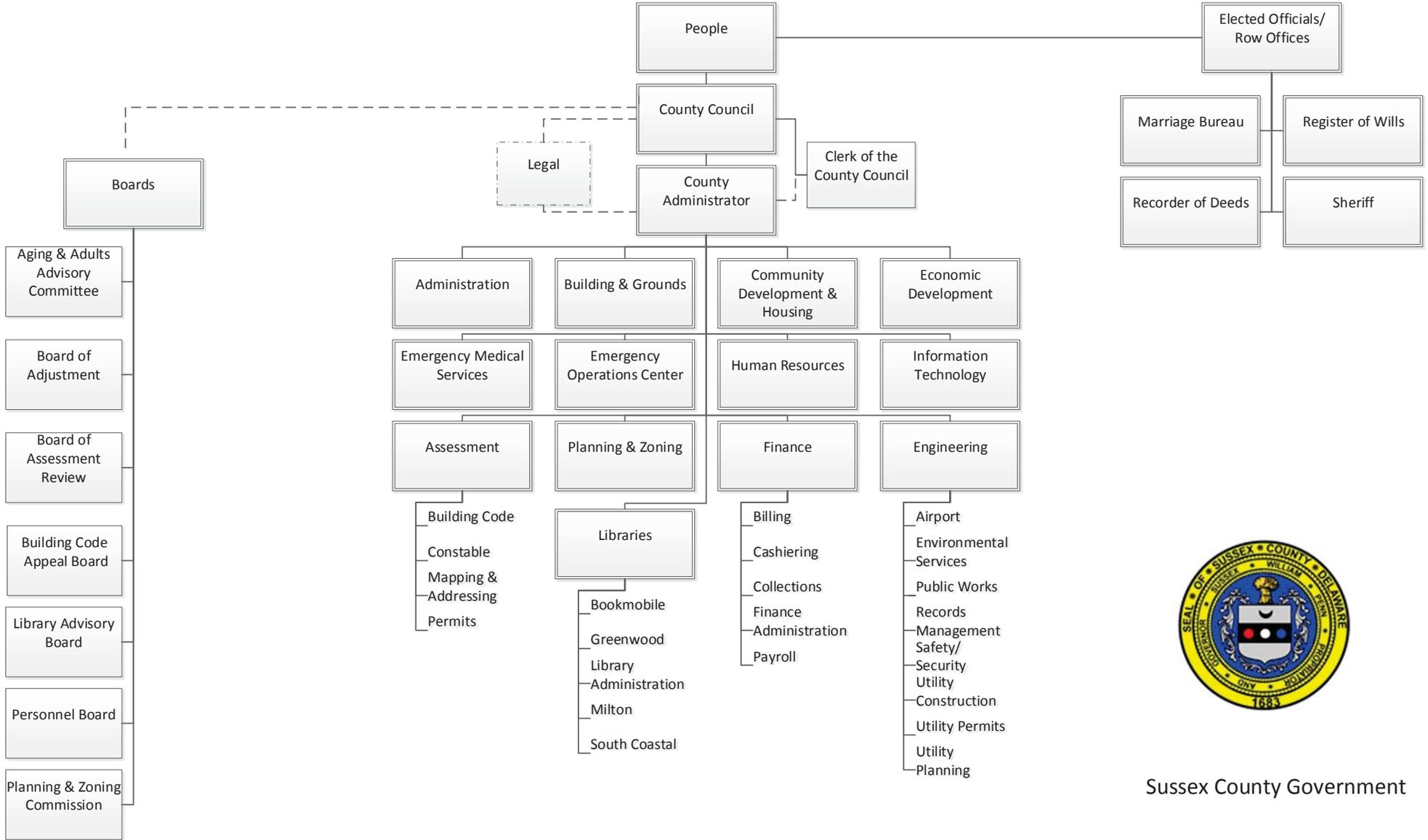
**Sussex County
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

SUSSEX COUNTY ORGANIZATIONAL STRUCTURE



Sussex County Government

SUSSEX COUNTY, DELAWARE

LIST OF ELECTED OFFICIALS

JUNE 30, 2014

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i>		
Michael H. Vincent (President)	6 years	Jan. 2017
<i>District 2</i>		
Samuel R. Wilson (Vice President)	6 years	Jan. 2017
<i>District 3</i>		
Joan R. Deaver	6 years	Jan. 2017
<i>District 4</i>		
George B. Cole	28 years	Jan. 2015
<i>District 5</i>		
Vance C. Phillips	16 years	Jan. 2015

<i>Clerk of the Peace</i>		
John Brady	2 years	Jan. 2017
<i>Recorder of Deeds</i>		
Scott Dailey	4 years	Jan. 2015
<i>Register of Wills</i>		
Cynthia Green	4 years	Jan. 2015
<i>Sheriff</i>		
Jeffrey Christopher	4 years	Jan. 2015

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2014

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Todd F. Lawson	2 years	3 years
<i>County Attorney</i> - J. Everett Moore, Esquire	6 years	6 years
<i>Finance Director</i> - Gina A. Jennings, MBA, MPA	1 year	8 years
<i>Deputy Finance Director</i> - Kathy L. Roth, CPA	1 year	8 years
<i>County Engineer</i> - Michael A. Izzo, P.E.	18 years	30 years
<i>Assessment Division Director</i> - Christopher S. Keeler	6 months	20 years
<i>Community Development Program Director</i> -Brad Whaley	2 year	18 years
<i>Director of Engineering Accounting</i> - Jeffrey James	20 years	35 years
<i>Director of Environmental Services</i> - Heather Sheridan	28 years	38 years
<i>Director of Information Technology</i> - Thomas Glenn	8 years	12 years
<i>Director of Sussex Airport and Industrial Park Operations</i> - James A. Hickin	8 years	9 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	17 years	28 years
<i>Facilities Manager</i> - Douglas J. Stoakley	4 years	20 years
<i>Human Resources Director</i> - Karen Brewington	3 years	3 years
<i>Library Director</i> - Kathy M. Graybeal	3 years	3 years
<i>Paramedic Director</i> - Robert A. Stuart	3 years	22 years
<i>Planning and Zoning Director</i> - Lawrence B. Lank	28 years	44 years

FINANCIAL SECTION





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270 Presidential Drive
Wilmington, DE 19807

Independent Auditor's Report

To the County Council of Sussex County, Delaware
Georgetown, Delaware

Report on the Financial Statements

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 (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A.2, in 2014, The County adopted Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities* and No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 18 and Required Supplementary Information on pages 58 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, such as the introductory section, individual fund financial schedules, statistical section, and the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial



statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 22, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BDO USA, LLP

December 22, 2014

SUSSEX COUNTY, DELAWARE

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2014. Please consider this Management's Discussion and Analysis (MD & A) along with the additional information included in the letter of transmittal and other sections of the report.

Financial Highlights

Government-wide Financial Statements

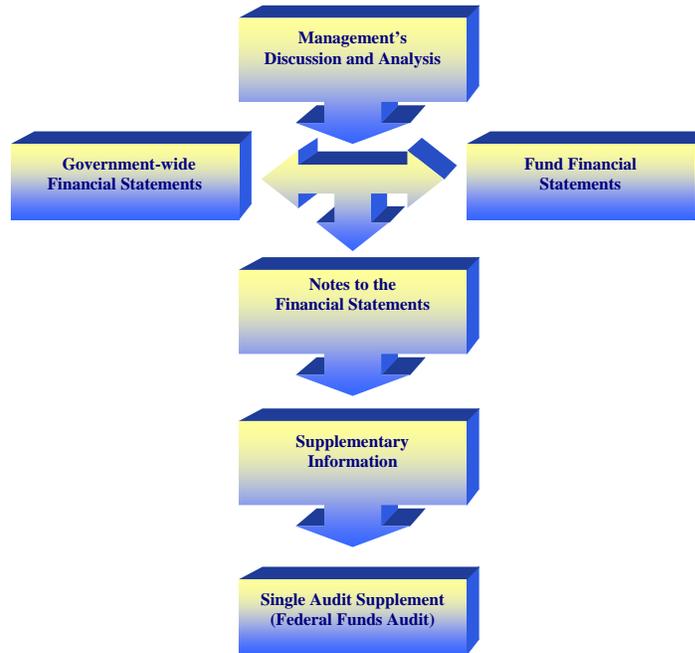
- As of June 30, 2014, assets exceeded liabilities by \$494.7 million. Of this amount, \$130.7 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net position increased by \$18.8 million during the year. The governmental activities' portion of the increase was \$12.7 million. The increase in the investment in governmental capital assets, net of related debt, was \$6.0 million; governmental restricted funds decreased \$11.3 million; and the business-type activities increase in net position was \$5.6 million. This increase is due to growth-related capital costs from sewer districts being built, as well as an increase in the debt that funded those projects. The \$12.7 million increase in governmental activities' net position is a reflection of the growth of the County's assets at the airport and a positive movement in County revenue. Operating expense budgets have remained at consistent levels, but revenues have started to increase.
- The County has no outstanding General Fund bonded debt.
- In fiscal year 2010, Moody's Investors Service has raised its rating for Sussex County from Aa2 to Aa1. Moody's report on the County says, "This rating upgrade was due to; the County's substantially improved and healthy financial position, maintained by prudent fiscal management that resulted in materially greater financial flexibility and stronger reserve levels". This reinforces our fiscal policies of conservative balanced budgeting and our commitment to maintaining healthy reserve levels.

Fund Financial Statements

- As of June 30, 2014, the County's governmental funds reported an ending fund balance of \$96.3 million. This is an increase of \$4.0 million from the preceding year. About \$34.0 million was unassigned or available for use to meet the County's current and future needs.

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 Position 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 Position presents information on all of the County’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the current fiscal year. Changes in net position 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 Position and Statement of Activities account separately for governmental activities and business-type activities.

- Governmental activities include General Administration, Finance, Personnel, Building and Grounds, Information Technology, County Constable, Grant-in-Aid Programs, Planning and

Zoning, Paramedic, Emergency Preparedness, Economic Development and Airpark, County Engineering, Library, Community Development and Housing Programs, and Constitutional Offices.

- Business-type activities - This includes Sussex County sewer and water districts, which are funded by user charges, assessment charges and connection fees.

The government-wide financial statements immediately follow this MD & A on pages 19 and 20.

Fund Financial Statements

The next financial statements, beginning on page 21 of this report, are the fund financial statements. 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 21 and 23).

Sussex County maintains two individual governmental funds, which include the General and Capital Project funds. These two funds 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: Unified Sewer District and the Dewey Water District (see pages 25 through 28).
- *Fiduciary Funds* - Sussex County has two fiduciary funds, the Pension Trust fund and the Post-retirement Employee Benefit Trust 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 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 29 and 30 of this report.

Notes to the Financial Statements

Notes to the financial statements found on pages 31 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 through 62 include required supplementary information regarding our fiduciary funds. Following are General fund and Capital Project fund budgetary comparison schedules and General fund revenue and expenditure schedules. The statistical section follows on pages 72 through 91 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 \$494.7 million as of June 30, 2014. Net position over time may serve as a useful indicator of a government's financial position.

The following table is a summary of the government-wide statement of net position:

SUSSEX COUNTY'S SCHEDULE OF NET POSITION

As of June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Total Government	
	2013		2013		2013	
	2014	Restated	2014	Restated	2014	Restated
Current and Other Assets	\$133,057,980	\$125,568,861	\$100,264,365	\$ 97,732,913	\$233,322,345	\$223,301,774
Capital Assets	77,087,475	69,300,954	370,649,322	375,860,198	447,736,797	445,161,152
Total Assets	210,145,455	194,869,815	470,913,687	473,593,111	681,059,142	668,462,926
Deferred outflows of resources	-	-	1,590,115	-	1,590,115	-
Total assets and deferred outflows of resources	210,145,455	194,869,815	472,503,802	473,593,111	682,649,257	668,462,926
Current and Other Liabilities	12,906,870	10,344,526	2,437,719	2,465,430	15,344,589	12,809,956
Long-term Liabilities	5,476,657	5,475,072	167,175,163	174,361,438	172,651,820	179,836,510
Total Liabilities	18,383,527	15,819,598	169,612,882	176,826,868	187,996,409	192,646,466
Net Position:						
Net Investment in Capital						
Assets	75,152,173	69,132,520	204,051,102	202,135,522	279,203,275	271,268,042
Restricted	45,203,773	56,534,084	33,313,218	43,172,577	78,516,991	99,706,661
Unrestricted	71,405,982	53,383,613	65,526,600	51,458,144	136,932,582	104,841,757
Total Net Position	\$191,761,928	\$179,050,217	\$302,890,920	\$ 296,766,243	\$494,652,848	\$475,816,460

A large portion of the County's net position (56 percent) are not available for future use since they represent amounts invested in capital (e.g., land, buildings, machinery and equipment). This investment is net of any related debt that was used to acquire those assets 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. County's net investment in capital assets increased by \$7.9 million during fiscal year 2014. The largest increase in business-type activities was due to the completion of a large pump station. The largest increase in governmental activities was the completion of the Greenwood Library.

Of the remaining \$215.4 million in net position, \$33.3 million is restricted for the repayment of the debt service on the bonds issued to finance sewer district costs or for capital costs incurred. For governmental activities, \$45.2 million represents realty transfer taxes 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. Planned uses of realty transfer taxes include buildings and improvements, industrial park infrastructure, and County airport improvements.

The remaining \$136.9 million in net position is unrestricted and may be used for ongoing obligations to citizens, customers, and creditors. The increase is due to the County's Fund Balance policy to use restricted funds before unrestricted funds.

The following schedule shows the breakdown of changes in net position for governmental and business-type activities for fiscal years 2014 and 2013.

Sussex County, Delaware
Changes in Net Position
For the Years Ended June 30, 2014 and 2013

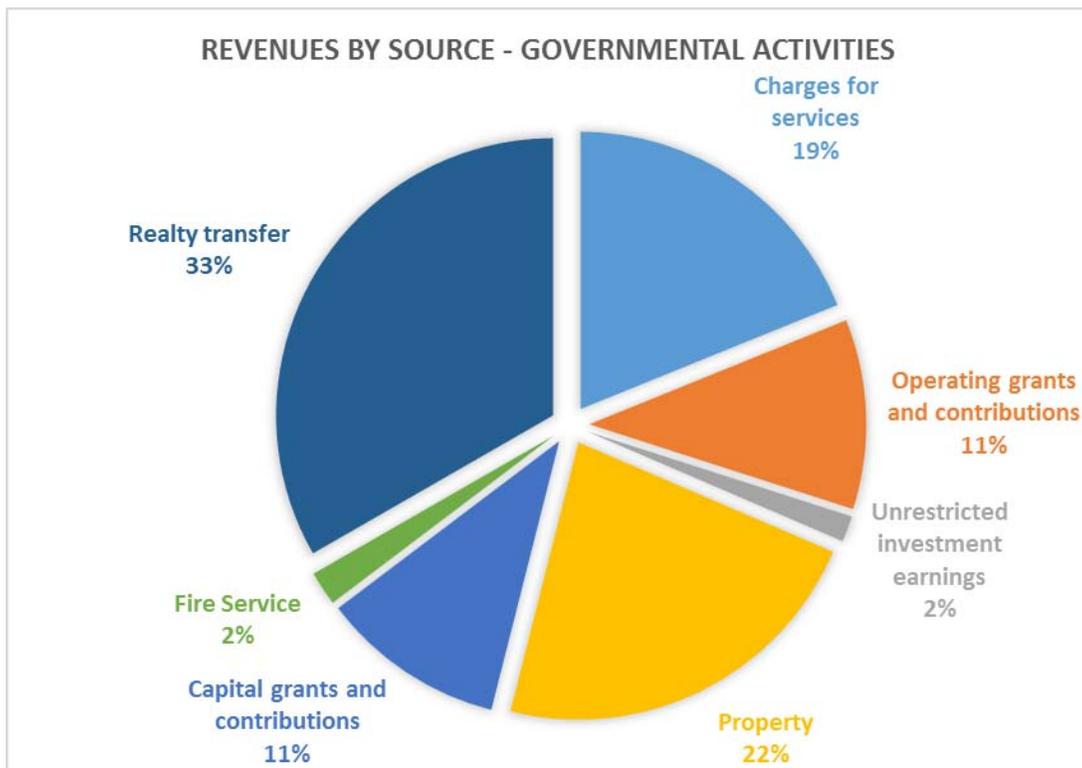
	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013 as restated	2014	2013 as restated
Revenues:						
Program revenues:						
Charges for services	\$11,845,198	\$11,592,237	\$20,140,538	\$18,037,897	\$ 31,985,736	\$ 29,630,134
Operating grants and contributions	6,945,600	6,971,729	15,605,163	15,752,444	22,550,763	22,724,173
Capital grants and contributions	6,751,045	2,949,213	2,798,600	5,712,226	9,549,645	8,661,439
General revenues:						
Property Taxes	14,110,356	12,706,792	-	-	14,110,356	12,706,792
Fire Service Taxes	1,253,792	1,041,506	-	-	1,253,792	1,041,506
Realty Transfer Taxes	20,894,160	17,422,525	-	-	20,894,160	17,422,525
Investment Results	949,002	(318,529)	767,657	(73,715)	1,716,659	(392,244)
Total revenues	62,749,153	52,365,473	39,311,958	39,428,852	102,061,111	91,794,325
Expenses:						
Primary Government:						
General Government	10,823,928	9,697,332	-	-	10,823,928	9,697,332
Planning and Zoning	1,091,112	1,212,351	-	-	1,091,112	1,212,351
Paramedics	14,302,991	12,895,383	-	-	14,302,991	12,895,383
Emergency Preparedness	3,531,682	3,360,129	-	-	3,531,682	3,360,129
County Engineer	1,721,971	1,622,080	-	-	1,721,971	1,622,080
Library	4,208,141	3,917,395	-	-	4,208,141	3,917,395
Economic develop and Airpark	2,145,727	2,063,146	-	-	2,145,727	2,063,146
Community development	1,878,873	1,782,197	-	-	1,878,873	1,782,197
Grant-in-aid program	7,863,936	8,156,799	-	-	7,863,936	8,156,799
Constitutional offices	2,459,691	2,429,063	-	-	2,459,691	2,429,063
Business-Type activities			33,196,671	32,473,082	33,196,671	32,473,082
Total expenses	50,028,052	47,135,875	33,196,671	32,473,082	83,224,723	79,608,957
Change in net position before transfers	12,721,101	5,229,598	6,115,287	6,955,770	18,836,388	12,185,368
Transfers	(9,390)	(752,563)	9,390	752,563	-	-
Change in net position	12,711,711	4,477,035	6,124,677	7,708,333	18,836,388	12,185,368
Net position-beginning as restated	179,050,217	174,573,182	296,766,243	289,057,910	475,816,460	463,631,092
Net position-ending	\$191,761,928	\$179,050,217	\$302,890,920	\$296,766,243	\$494,652,848	\$475,816,460

Governmental Activities

Governmental activities increased net position by \$12.7 million during fiscal year 2014. This represents 67.5 percent of the total increase in net position for the year. Governmental activities include the General fund and Capital Projects fund.

General revenues total \$37.2 million for fiscal year 2014 for governmental activities. This includes \$20.9 million received from realty transfer taxes. This is a \$3.5 million, or 19.9 percent, increase from fiscal year 2013. With two consecutive years of \$3 million increases in realty transfer tax, the real estate market has improved in Sussex County.

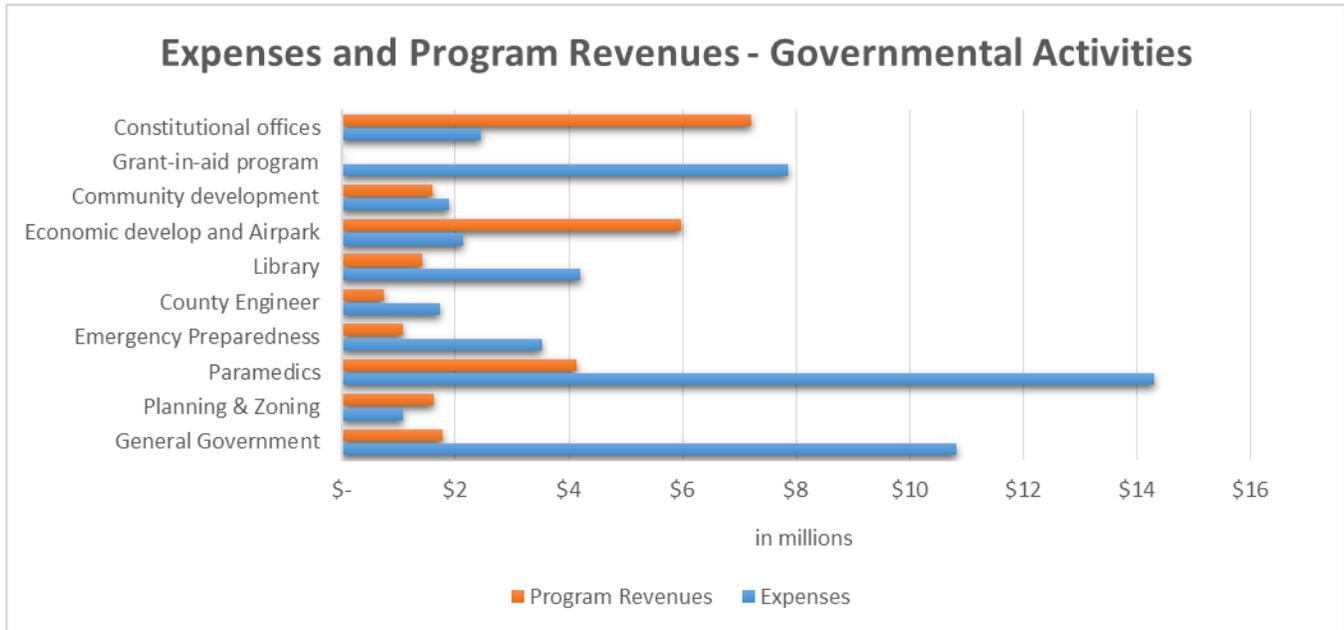
The pie chart below shows the allocation of our governmental revenues.



Charges for services had a \$0.3 million increase due to an increase in building permits, zoning fees, building inspection fees, and private road review and inspection fees; this is another indication that the economy has improved. Charges for services include \$7.2 million for constitutional offices. Constitutional revenue is 60.8 percent of all governmental charges for services.

Total expenses were up \$2.9 million, or 6.1 percent, from fiscal year 2013. The largest increase of \$1.4 million was in the Paramedics.

The following bar chart compares revenues and expenses for each governmental activity.



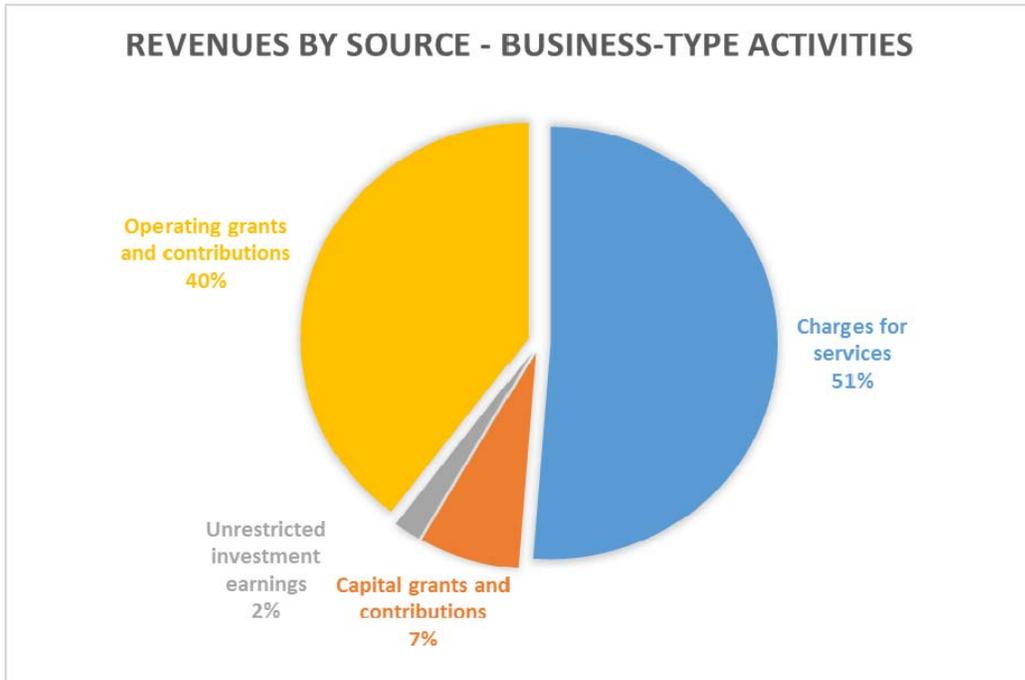
The population growth of the county over the last few years has impacted the Paramedic department and Sussex County Emergency Operations Center possibly more than any other county services. The Sussex County Emergency Operation Center is the largest dispatch center in Sussex County. Due to the increase in both tourism and permanent residents, 9-1-1 calls have increased 29.2 percent over the last 10 years.

The Paramedic department is the County’s largest department in terms of expenditures and employees. Our residents and visitors rely on this valuable county service. The paramedics were dispatched 31.1 percent more this year than 10 years ago. The County has had to develop cost-saving procedures without jeopardizing the quality of service being provided by the paramedics. The County’s goal is to begin the process to purchase property where our paramedic stations are located. Currently, we lease many buildings in different strategic locations throughout the county. As these leases come up for renewal, we are exploring the option to buy rather than rent. To date, we have built three of our eight medic stations. The fourth station will be completed in fiscal year 2015.

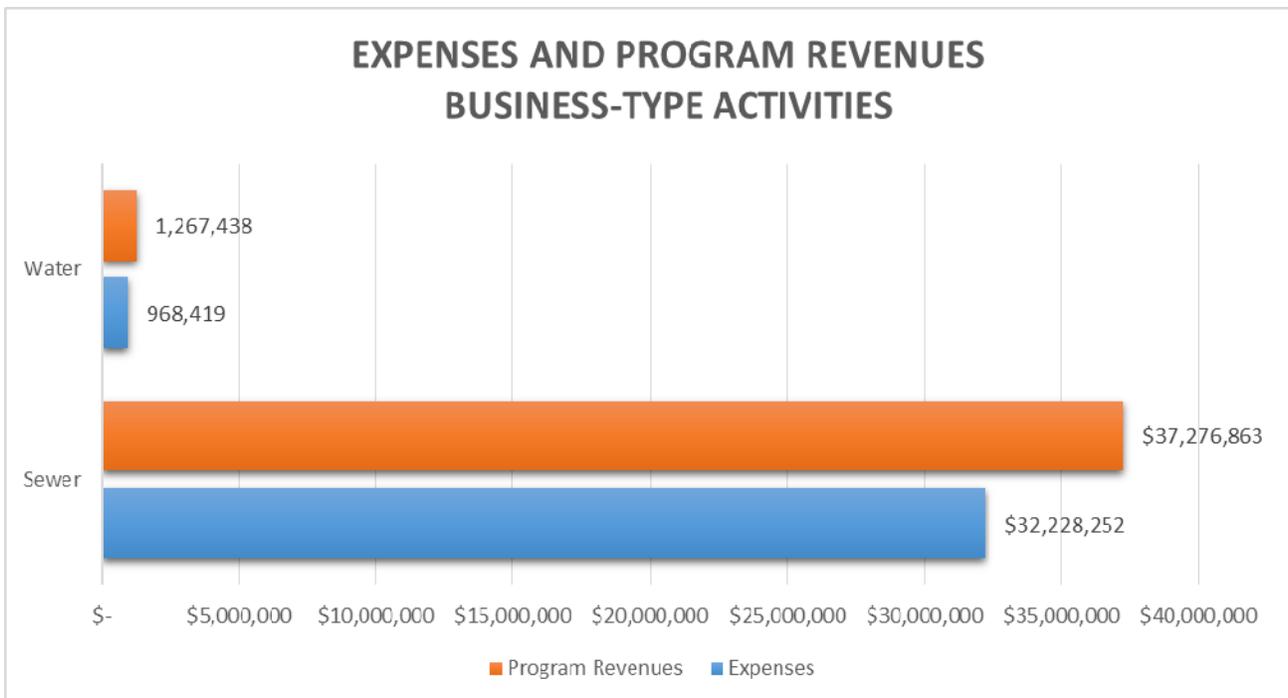
During fiscal year 2014, the County provided \$7.9 million in grant-in-aid programs for a variety of local organizations as part of a program to benefit County residents. These grants included local historical societies, senior centers, educational, recreation, arts, housing, and agriculture programs. The County also has grant programs to assist low-income taxpayers in meeting their property tax obligation or sewer bills. The County continues to supplement the State Police and local law enforcement with a \$2.5 million contribution. The volunteer fire service and ambulance companies received over \$3.7 million in grant funding during fiscal year 2014. A variety of community grants, in the amount of \$1.0 million, were given to local non-profit organizations, senior centers, libraries, food pantries, and housing assistance programs.

Business-type Activities

Sussex County’s water and sewer funds had an increase in net position of \$6.1 million during fiscal year 2014. The income before capital contributions and transfers was \$3.3 million. Our sewer districts continue to grow, bringing in additional income. The number of equivalent dwelling units increased more than 1,200 from fiscal year 2013. The pie chart reflects revenues by source.



The following bar chart shows that program revenues for both sewer and water facilities.



- The County received \$5.6 million in connection fees for new growth in the water and sewer districts; this is a 37.2 percent increase over last year's collection of \$4.1 million. Connection fee income increased more than 30.0 percent during the last two years due to the housing market, which directly drives this revenue; this revenue is 90.0 percent more than it was two years ago. Although the economy is improving, increases in this category as a result of our sewer districts expanding into new areas.
- The County continues to improve and expand the policy to consolidate our sewer districts into a unified fund and to move towards uniform sewer rates for all districts.
- Fiscal year 2014 expenses included projects to maintain, rebuild, and renovate our current facilities; this ranges from vehicle replacements, treatment plant improvements, and pump station rebuilds.
- The largest completed sewer project this year was the completion of Pump Station 30.

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. Unassigned fund balance may serve as a useful measure of the County's net resources available for current and future needs.

During fiscal year 2014, fund balances of the County's governmental funds increased \$4.0 million. This increase is a result of the \$20.9 million collected in realty transfer tax. The County budgeted \$16.0 million that caused revenues to exceed budgeted expenses by \$4.9 million in this single revenue category.

For the General fund, fiscal year 2014 finished with an increase in fund balance of \$7.0 million. Page 78 in the financial section shows a history of Sussex County's revenues and expenses for the General fund since 1978. As shown, we have had some financially strong years, in particular from 1991 through 2006. The County has not seen revenues exceed expenditures this much since 2006.

Fund balance financial reporting is more detailed and there are increased disclosures to help with understanding the availability of resources, which improves the usefulness and understanding fund balance information. Some of the more significant assignments in fund balance are for economic development, open space, and various grants. Assigned fund balance also includes possible future reassessment, economic development marketing plan, and information technology projects.

During fiscal year 2001, the County defeased all tax supported bonded debt. The County has not incurred any tax supported bonded debt for the General fund since then.

Fiduciary Funds

Sussex County's pension fund is a defined benefit plan. The annual contribution is determined during the budgetary process. During fiscal year 2014, \$3.6 million was contributed to the pension plan. The fund saw an increase from investment earnings, net of investment expenses, in the amount of \$10.3 million. The County's Pension plan is 87.7 percent funded according to the latest actuarial report dated January 1, 2014. As of June 30, 2014, investments held in this account were valued at over \$70.9 million.

In fiscal year 2014, an experience study was performed to make sure the County's actuarial assumptions accurately reflected past performance. As a result, the actuarial assumptions were adjusted. See Note F on pages 43 and 44 for these assumptions. Also different this year, new employees are required to contribute 3 percent of their gross salary to the pension plan.

During fiscal year 2005, the County established an irrevocable fund for other post-retirement employee benefits, or "OPEB". The OPEB Plan is currently 78.2 percent funded. As of June 30, 2014, investments held in this account were valued at \$30.3 million. For fiscal year 2014, the contribution to this fund was \$2.4 million. Due to the County's commitment and forethought in prior years, our funding level of this fund is unusually high in comparison with other municipalities.

As of January 1, 2014, there were 201 retirees and beneficiaries in the pension plan. Beneficiary payments for both funds totaled \$4.8 million.

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 position totaled \$302.9 million - a \$6.1 million, or 2 percent, increase over last year. Restricted net position include amounts set aside for construction and future capital costs. Connection fees received are to be used for capital costs.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget Goals and Initiatives

The County prepares its budget with the following goals in mind: to balance the budget, to maintain an acceptable reserve, no General Fund debt, to continue to fund the pension and OPEB plans, and to provide high quality services to the residents of Sussex County. The County continues to strive to promote and develop new and existing businesses, as well as expand and diversify the employment base. We encourage coordination efforts with other private and governmental agencies to proactively attempt to obtain additional and improved employment opportunities for Sussex County. A goal has been to diversify the county's economy to ensure business activity during economic down cycles.

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 2014. During the year, the County Administrator approves budget transfers for expenditures from department heads. The approved budget transfers 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 investment expenses (\$110,000), information technology improvements (\$52,310), and grant expenses that the County later received funds for (\$37,000).

Budget to Actual - Revenue

The fiscal 2014 budget increased 8 percent over the previous year. The largest increase was from budgeting an anticipated prior year surplus to be used only when the fiscal year 2013 audit deemed it to available. More than half of \$1.8 million anticipated surplus was used to increase the County's contribution to its pension funds. With uncertainty of the economy, it is important that the County keeps expenses low while providing a consistent level of service. When the economy shows improvement, the County funds future obligations, such as the pension or the capital fund. In fiscal 2014, actual General fund revenues and other financing sources were over budgeted revenues by \$7.0 million as noted on page 63. The State paramedic grant was \$1.0 million over budget due to the timing of the third quarter grant. The County was required to show five quarters of grant revenue. The largest revenue source over budget was realty transfer tax; this revenue exceeded budgeted predictions by \$4.9 million.

Budget to Actual - Expenditures

Expenditures and other financing uses were slightly under budget by \$85,000 as noted on page 70. Many departments finished the fiscal year under their budget projections. The section that exceeded the budget the greatest was the grant-in-aid program; which exceeded the budget by \$385,000 due to the increase in revenue funds. The fire service tax is collected on building permits and then distributed to the fire companies. Since the fee on building permits was over budget, so was the pass-through grant.

Capital Asset and Debt Administration

Capital Assets

As per the chart below, capital assets (net of depreciation) are valued at \$445.2 million as of June 30, 2014. Note E, on pages 40 and 41, includes additional information.

Sussex County, Delaware Capital Assets
As of June 30, 2014 and 2013
(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 17,174,285	\$ 16,181,049	\$ 39,594,004	\$ 39,548,048	\$ 56,768,289	\$ 55,729,097
Construction in Progress	9,968,409	7,686,024	4,557,371	11,789,499	14,525,780	19,475,523
Buildings	32,544,545	29,504,009	31,122,657	31,416,883	63,667,202	60,920,892
Improvements Other Than Buildings	15,398,663	14,128,409	4,190,561	4,513,750	19,589,224	18,642,159
Machinery and Equipment	2,001,573	1,801,463	2,558,630	2,157,775	4,560,203	3,959,238
Infrastructure	-	-	288,626,099	286,434,243	288,626,099	286,434,243
Total	\$ 77,087,475	\$ 69,300,954	\$ 370,649,322	\$ 375,860,198	\$ 447,736,797	\$ 445,161,152

The major governmental capital projects work completed in fiscal year 2014 was for expansion and improvement at the Industrial Airpark. Of the \$10.0 million in construction in progress, \$9.7 million is construction at the airpark. The County has spent \$2.3 million more in fiscal year 2014 over 2013 for capital improvement projects.

The following are highlights of the major capital sewer projects underway during fiscal year 2014, which will expand the County’s sewer system to serve more residents and protect the environment:

- major upgrades and renovations to existing infrastructure such as pump stations;
- construction and completion of a large pump station and force main for the South Coastal Regional Wastewater Facility;
- construction continues on a major treatment plant expansion project at the Inland Bays Regional Wastewater Facility;
- expansion of the Angola Sewer District began.

Long-term Debt

As of June 30, 2014, the County had \$159.5 million in outstanding bonds payable. This 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, 2014 and 2013

General Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ -	\$ -	\$ 159,460,288	\$ 167,405,688	\$ 159,460,288	\$ 167,405,688
Total	\$ -	\$ -	\$ 159,460,288	\$ 167,405,688	\$ 159,460,288	\$ 167,405,688

During the year, funds were granted and borrowed from the State of Delaware Revolving Fund Loan Program and the United States Department of Agriculture for sewer construction. The funding from these two agencies provides affordable sewer to our County residents. These funds are borrowed at a low interest rate for long terms.

In fiscal year 2010, Standard & Poor’s affirmed the County’s AA bond rating. They reported that the County has a “modest, but diverse, local economy, a tax base still experiencing growth, continued strong financial performance, and low debt levels due to self-supporting utilities and a capital improvement plan not expected to increase debt pressures.” Standard & Poor’s also stated, “the stable outlook reflects the stability of Sussex County’s local economy and financial performance”. In addition, the outlook reflects Standard & Poor’s expectations that the County will continue to maintain its strong fund balance position and manageable debt burden as it continues to address its capital needs.

In fiscal year 2012, the County publicly issued \$61 million of General Obligation Refunding Bonds, Series 2012 to take advantage of record low rates; because of low yields, this was an opportune time to refinance. This refunding is estimated to save approximately \$7 million through 2049 for the County sewer districts.

Additional debt information is included in Note I, on pages 48 through 53 of the report.

Economic Factors in Next Year's Budgets and Rates

Economic Factors

The budget committee continues to forecast the effect of the economy on our revenues. The challenge and goal is to maintain operations without depending on an improved economy. The committee wants to make sure that our government is sustainable without adding burden to the taxpayers. Our reserves are strong and healthy because of fiscally sound financial policies.

- While the national unemployment rate, as stated by the Delaware Department of Labor, was 5.9 percent in September 2014, and Delaware's unemployment rate was 6.5 percent, Sussex County's unemployment - at 5.6 percent - was well under those averages.
- The fiscal year 2014's budget was consistent with 2013. Fiscal year 2014 saw increases as the housing market rebounded. Budget revenues for fiscal year 2015 are 2.2 percent over fiscal year 2014. Although actual revenues for fiscal year 2014 came in much higher than budgeted revenues, the budget committee chose to keep revenues fairly even by budgeting 20 percent of expected building-related revenues.
- Agriculture continues as a mainstay in Sussex County. The County continues to lead the nation in poultry production and is a strong vegetable producer.
- Tourism is a major industry in Sussex County with outlet shopping located on the East Coast corridor. According to Southern Delaware Tourism, an estimated \$850 million in tourism revenue comes from sales in Sussex County. These outlets attract customers from other counties and states. Having no state sales tax is an additional draw for outlet shoppers.
- To date, realty transfer tax revenue is higher than last fiscal year and reflects the attractiveness of the Sussex life style and low cost of living, which brings more tourists and retirees here.

Fiscal Year 2015 Budget and Rates

The major goal of the fiscal year 2015 budget was to continue to operate without raising taxes or increasing fees, but still able to provide an excellent level of service to our residents. The fiscal year 2015 budget was put together with sustainability in mind and asking the question, what can we do now to help us sustain an operational government in the future if the economy does not continue to improve? The budget committee remains cautiously optimistic. As revenues for fiscal year 2015 are tracked, there is a sign of leveling off rather than a continual increase in the economy in Sussex.

The fiscal year 2015 General fund budget shows a \$1.8 million increase in expenses from fiscal year 2014; this has to do with the anticipated revenues over expenses that were anticipated for fiscal year 2014. For a second year in a row, the County budgeted an anticipated surplus. For the first time, the County is budgeting a transfer of realty transfer funds collected over \$16 million to be deposited into the Capital Improvements fund to help with future projects. The fiscal year 2015 Capital Improvements budget includes the use of \$1.8 million of appropriated reserves. These are funds set aside in previous years for these projects. Our goal is to use available funds for these projects instead of borrowing through bond issues. As a result of this practice, the County can be proud that there is no General fund bonded debt. Conservative budgeting, both now and in the past, has enabled the County to not raise property taxes in 25 years.

The fiscal year 2015 Sewer and Water budget increased by 2.4 percent. This budget continues the process to establish and move towards a uniform service charge rate for our sewer districts. The budget also includes a minimal service charge rate increase to help cover rising costs and major maintenance needs that we are incurring as our infrastructure ages. The new budget also includes a new unified approach to connection fees, a one-time charge for new sewer customers. A cost study was completed this year to ensure that new users would pay their share of sewer infrastructure costs.

The five-year capital improvement plan of \$146.7 million includes \$124.5 million for sewer projects and improvements, as well as \$22.2 million for other projects such as industrial airpark, industrial park expansion, library building improvements, 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. Any questions concerning this report, or requests for additional information, should be addressed to:

Mrs. Gina A. Jennings
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 POSITION
JUNE 30, 2014

-19-

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 41,789,552	\$ 65,946,420	\$ 107,735,972
Receivables, net of allowance for doubtful accounts:			
Taxes	1,649,127	-	1,649,127
Service charges	-	2,310,229	2,310,229
Assessments and connection	827,774	1,492,061	2,319,835
Accrued interest	86,154	116,343	202,497
Miscellaneous	302,481	253,240	555,721
Employee advances	380,108	187,673	567,781
Due from other governmental agencies	4,939,851	3,276,542	8,216,393
Internal balances	19,079,354	(19,079,354)	-
Inventory	31,417	115,686	147,103
Prepaid items	75,123	-	75,123
Net pension asset	15,046,098	3,761,525	18,807,623
Net other postemployment benefit asset	3,623,058	905,765	4,528,823
Restricted cash, cash equivalents, and investments	43,860,249	40,978,235	84,838,484
Loans receivable	1,367,634	-	1,367,634
Capital assets:			
Land, improvements, and construction in progress	27,142,694	44,151,375	71,294,069
Other capital assets, net of depreciation	49,944,781	326,497,947	376,442,728
Total assets	<u>210,145,455</u>	<u>470,913,687</u>	<u>681,059,142</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred gain on refunding of bonds	-	1,590,115	1,590,115
LIABILITIES			
Accounts payable and other current liabilities	5,216,412	1,644,201	6,860,613
Accrued interest payable	-	793,517	793,517
Due to post-retirement employee benefit trust	48,408	-	48,408
Employee health claims payable	830,731	-	830,731
Unearned revenue	253,311	-	253,311
Deposits	6,558,008	-	6,558,008
Long-term liabilities:			
Due within one year	2,171,869	8,612,613	10,784,482
Due in more than one year	3,304,788	158,562,551	161,867,339
Total liabilities	<u>18,383,527</u>	<u>169,612,882</u>	<u>187,996,409</u>
NET POSITION			
Net investment in capital assets	75,152,173	204,051,102	279,203,275
Restricted for:			
Capital, public safety and economic development	45,202,820	-	45,202,820
Grant expenses	953	-	953
Construction and capital	-	33,313,218	33,313,218
Unrestricted	71,405,982	65,526,600	136,932,582
Total Net Position	<u>\$ 191,761,928</u>	<u>\$ 302,890,920</u>	<u>\$ 494,652,848</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	10,823,928	1,758,562	15,619	28	(9,049,719)	-	(9,049,719)
Planning & zoning	1,091,112	1,628,932	-	-	537,820	-	537,820
Paramedics	14,302,991		4,122,747	2,004	(10,178,240)	-	(10,178,240)
Emergency preparedness	3,531,682	17,500	856,885	208,759	(2,448,538)	-	(2,448,538)
County engineer	1,721,971	744,238	-	-	(977,733)	-	(977,733)
Library	4,208,141	35,359	346,030	1,037,099	(2,789,653)	-	(2,789,653)
Economic development and airpark	2,145,727	455,017	12,876	5,503,155	3,825,321	-	3,825,321
Community development	1,878,873	-	1,591,443	-	(287,430)	-	(287,430)
Grant-in-aid program	7,863,936	-	-	-	(7,863,936)	-	(7,863,936)
Constitutional offices	2,459,691	7,205,590	-	-	4,745,899	-	4,745,899
Total governmental activities	<u>50,028,052</u>	<u>11,845,198</u>	<u>6,945,600</u>	<u>6,751,045</u>	<u>(24,486,209)</u>	<u>-</u>	<u>(24,486,209)</u>
Business-type activities:							
Sewer facilities	32,228,252	18,900,486	15,577,777	2,798,600	-	5,048,611	5,048,611
Water facilities	968,419	1,240,052	27,386	-	-	299,019	299,019
Total business-type activities	<u>33,196,671</u>	<u>20,140,538</u>	<u>15,605,163</u>	<u>2,798,600</u>	<u>-</u>	<u>5,347,630</u>	<u>5,347,630</u>
Total primary government	<u>\$ 83,224,723</u>	<u>\$ 31,985,736</u>	<u>\$ 22,550,763</u>	<u>\$ 9,549,645</u>	<u>(24,486,209)</u>	<u>5,347,630</u>	<u>(19,138,579)</u>
General revenues:							
Taxes: Property & capitation					14,110,356	-	14,110,356
Fire service					1,253,792	-	1,253,792
Realty transfer					20,894,160	-	20,894,160
Unrestricted investment results					949,002	767,657	1,716,659
Transfers					(9,390)	9,390	-
Total general revenues and transfers					<u>37,197,920</u>	<u>777,047</u>	<u>37,974,967</u>
Change in net position					12,711,711	6,124,677	18,836,388
Net position - beginning as restated (Note S)					179,050,217	296,766,243	475,816,460
Net position - ending					<u>\$191,761,928</u>	<u>\$ 302,890,920</u>	<u>\$ 494,652,848</u>

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

SUSSEX COUNTY, DELAWARE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash, cash equivalents, and investments	\$ 41,789,552	\$ -	\$ 41,789,552
Receivables, net of allowance for doubtful accounts:			
Taxes	1,649,127	-	1,649,127
Assessments and connection	827,774	-	827,774
Accrued interest	76,514	9,640	86,154
Miscellaneous	300,441	2,040	302,481
Employee advances	380,108	-	380,108
Due from other governmental agencies	2,693,097	2,246,754	4,939,851
Due from other funds	19,079,354	-	19,079,354
Inventory	31,417	-	31,417
Prepaid items	75,123	-	75,123
Restricted cash, cash equivalents, and investments	34,501,308	9,358,941	43,860,249
Total Assets	<u>101,403,815</u>	<u>11,617,375</u>	<u>113,021,190</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other accrued expenditures	3,318,017	1,898,395	5,216,412
Employee health claims payable	830,731	-	830,731
Due to other funds	48,408	-	48,408
Unearned revenue:			
Taxes	1,563,799	-	1,563,799
Other	1,507,376	949,046	2,456,422
Deposits	6,558,008	-	6,558,008
Total Liabilities	<u>13,826,339</u>	<u>2,847,441</u>	<u>16,673,780</u>
Fund balances:			
Nonspendable	106,540	-	106,540
Restricted	45,203,773	8,769,934	53,973,707
Committed	778,755	-	778,755
Assigned	7,258,754	-	7,258,754
Unassigned	34,229,654	-	34,229,654
Total fund balances	<u>87,577,476</u>	<u>8,769,934</u>	<u>96,347,410</u>
Total liabilities and fund balances	<u>\$ 101,403,815</u>	<u>\$ 11,617,375</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund-level statements.	77,087,475
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund-level statements.	(5,476,657)
Certain tax and grant revenue do not provide current financial resources and therefore are reported as unearned revenue in the fund-level statements.	3,766,910
Other long-term assets are not available to pay for current period expenditures and, therefore, are recognized in the fund-level statements.	20,036,790
Net position of governmental activities	<u>\$ 191,761,928</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

-22-

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 36,190,956	\$ -	\$ 36,190,956
Intergovernmental	7,489,899	6,185,154	13,675,053
Charges for services	12,131,800	-	12,131,800
Fines and forfeits	21,727	-	21,727
Investment earnings	949,002	117,491	1,066,493
Miscellaneous revenue	239,262	75,150	314,412
Total revenues	<u>57,022,646</u>	<u>6,377,795</u>	<u>63,400,441</u>
EXPENDITURES			
Current:			
General government	11,458,396	-	11,458,396
Planning & zoning	1,173,316	-	1,173,316
Paramedics	13,989,270	-	13,989,270
Emergency preparedness	3,351,005	-	3,351,005
County engineer	1,968,808	-	1,968,808
Library	3,934,424	-	3,934,424
Economic development and airpark	1,199,384	-	1,199,384
Community development	1,847,707	-	1,847,707
Grant-in-aid	7,863,936	-	7,863,936
Constitutional offices	2,427,662	-	2,427,662
Capital projects		10,155,503	10,155,503
Total expenditures	<u>49,213,908</u>	<u>10,155,503</u>	<u>59,369,411</u>
Excess of (deficiency) of revenues over (under) expenditures	<u>7,808,738</u>	<u>(3,777,708)</u>	<u>4,031,030</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	76,110	752,603	828,713
Transfers out	(838,103)	-	(838,103)
Total other financing sources and uses	<u>(761,993)</u>	<u>752,603</u>	<u>(9,390)</u>
Net change in fund balances	7,046,745	(3,025,105)	4,021,640
Fund balances - beginning	80,530,731	11,795,039	92,325,770
Fund balances - ending	<u>\$ 87,577,476</u>	<u>\$ 8,769,934</u>	<u>\$ 96,347,410</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, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 4,021,640	
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. The net change is as follows:			
Capital outlays		\$ 10,411,748	
Depreciation		<u>(2,527,622)</u>	7,884,126
In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.			
			(97,605)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in funds. The net change is as follows:			
Economic development and neighborhood stabilization loans		\$ (77,442)	
Grants		(592,964)	
Property taxes		<u>67,352</u>	(603,054)
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.			
Compensated absences		(39,585)	
Net pension obligation		889,412	
Net other pension postemployment benefit cost		618,777	
Postclosure landfill care cost		19,000	
Pollution remediation cost		<u>19,000</u>	<u>1,506,604</u>
Change in net position of government activities			<u>\$ 12,711,711</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 30,672,781	\$ 30,672,781	\$ 36,190,956	\$ 5,518,175
Intergovernmental	6,386,223	6,386,223	7,489,899	1,103,676
Charges for services	10,145,502	10,145,502	12,131,800	1,986,298
Fines and forfeits	24,000	24,000	21,727	(2,273)
Investment earnings	170,000	170,000	949,002	779,002
Miscellaneous revenue	160,110	160,110	239,262	79,152
Total Revenues	<u>47,558,616</u>	<u>47,558,616</u>	<u>57,022,646</u>	<u>9,464,030</u>
EXPENDITURES				
Current:				
General government	11,076,776	11,508,581	11,458,396	50,185
Planning & zoning	1,267,923	1,183,368	1,173,316	10,052
Paramedics	13,137,115	13,959,785	13,989,270	(29,485)
Emergency preparedness	3,039,000	3,445,663	3,351,005	94,658
County engineer	1,913,764	1,827,189	1,968,808	(141,619)
Library	3,884,600	3,999,144	3,934,424	64,720
Economic development and airpark	1,084,843	1,224,641	1,199,384	25,257
Community development	2,100,243	2,114,019	1,847,707	266,312
Grant-in-aid	7,329,615	7,479,007	7,863,936	(384,929)
Constitutional offices	2,402,969	2,557,348	2,427,662	129,686
Total Expenditures	<u>47,236,848</u>	<u>49,298,745</u>	<u>49,213,908</u>	<u>84,837</u>
Excess of revenue over expenditures	<u>321,768</u>	<u>(1,740,129)</u>	<u>7,808,738</u>	<u>9,548,867</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	76,110	(223,890)
Transfers out	(500,000)	(838,103)	(838,103)	-
Appropriated reserves	2,278,232	2,278,232	-	(2,278,232)
Reserved for contingencies	(2,400,000)	-	-	-
Total other financing sources and uses	<u>(321,768)</u>	<u>1,740,129</u>	<u>(761,993)</u>	<u>(2,502,122)</u>
Net change in fund balances	-	-	7,046,745	7,046,745
Fund balances - beginning	80,530,731	80,530,731	80,530,731	-
Fund balances - ending	<u>\$ 80,530,731</u>	<u>\$ 80,530,731</u>	<u>\$ 87,577,476</u>	<u>\$ 7,046,745</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

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	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Dewey Water	Totals
ASSETS			
Current assets:			
Cash, cash equivalents, and investments:			
Unrestricted	\$ 32,842,740	\$ 967,343	\$ 33,810,083
Receivables, net of allowance for doubtful accounts:			
Service charges	1,734,021	70,261	1,804,282
Assessments and connection	1,052,683	2,400	1,055,083
Accrued interest	114,718	1,625	116,343
Miscellaneous	251,215	2,025	253,240
Employee advances	187,673	-	187,673
Due from other governmental agencies	3,276,542	-	3,276,542
Inventory	110,262	5,424	115,686
Total current assets	<u>\$ 39,569,854</u>	<u>\$ 1,049,078</u>	<u>\$ 40,618,932</u>
Noncurrent assets:			
Cash, cash equivalents, and investments:			
Unrestricted	31,749,122	387,215	32,136,337
Restricted	40,279,913	698,322	40,978,235
Net pension asset	3,664,169	97,356	3,761,525
Net other postemployment benefit asset	882,322	23,443	905,765
Noncurrent accounts receivables:			
Service charges	504,222	1,725	505,947
Assessments and connection	436,978	-	436,978
Capital assets:			
Land, improvements, and construction in progress	44,115,657	35,718	44,151,375
Other capital assets, net of depreciation	325,177,651	1,320,296	326,497,947
Total noncurrent assets	<u>446,810,034</u>	<u>2,564,075</u>	<u>449,374,109</u>
Total Assets	<u>486,379,888</u>	<u>3,613,153</u>	<u>489,993,041</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred gain on refunding of bonds	1,590,115	-	1,590,115
Total Deferred Outflows of Resources	<u>1,590,115</u>	<u>-</u>	<u>1,590,115</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	1,574,791	69,410	1,644,201
Accrued interest payable	793,517	-	793,517
Due to other funds	19,079,354	-	19,079,354
Current portion of long-term liabilities	8,596,064	16,549	8,612,613
Total current liabilities	<u>30,043,726</u>	<u>85,959</u>	<u>30,129,685</u>
Noncurrent liabilities:			
Long-term liabilities, less current portion	158,540,448	22,103	158,562,551
Total Liabilities	<u>188,584,174</u>	<u>108,062</u>	<u>188,692,236</u>
NET POSITION			
Net investment in capital assets	202,695,302	1,355,800	204,051,102
Restricted for construction and capital assets	32,773,025	540,193	33,313,218
Unrestricted	63,917,502	1,609,098	65,526,600
Total Net Position	<u>\$ 299,385,829</u>	<u>\$ 3,505,091</u>	<u>\$ 302,890,920</u>

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

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type Activities - Enterprise Funds		
	Unified Sewer		
	District	Dewey Water	Totals
Operating revenues:			
Charges for services	\$ 17,799,990	\$ 1,153,323	\$ 18,953,313
Other operating revenue	1,100,496	86,729	1,187,225
Total operating revenues	<u>18,900,486</u>	<u>1,240,052</u>	<u>20,140,538</u>
Operating expenses:			
Contractual services	2,906,509	523,463	3,429,972
Depreciation	11,611,536	98,423	11,709,959
Employee benefits	3,590,716	17,134	3,607,850
Equipment and tools	593,968	4,501	598,469
Maintenance and repairs	797,330	59,289	856,619
Miscellaneous	37,500	-	37,500
Process chemicals	268,323	-	268,323
Professional fees	509,148	2,390	511,538
Salaries	5,064,265	146,704	5,210,969
Shared costs	1,711,654	95,907	1,807,561
Supplies	479,837	20,389	500,226
Training and travel	22,078	219	22,297
Total operating expenses	<u>27,592,864</u>	<u>968,419</u>	<u>28,561,283</u>
Operating (loss) income	<u>(8,692,378)</u>	<u>271,633</u>	<u>(8,420,745)</u>
Nonoperating revenue (expenses):			
Investment results	1,385,159	16,542	1,401,701
Assessment and connection fees	14,956,976	12,757	14,969,733
Disposal of assets	(8,240)	-	(8,240)
Miscellaneous	1,386	-	1,386
Interest expense	(4,635,388)	-	(4,635,388)
Total nonoperating revenues (expenses)	<u>11,699,893</u>	<u>29,299</u>	<u>11,729,192</u>
Income (loss) before contributions and transfers	3,007,515	300,932	3,308,447
Capital contributions	2,806,840	-	2,806,840
Transfers in	85,500	-	85,500
Transfers out	(76,110)	-	(76,110)
Change in net position	<u>5,823,745</u>	<u>300,932</u>	<u>6,124,677</u>
Total net position - beginning as restated (Note S)	<u>293,562,084</u>	<u>3,204,159</u>	<u>296,766,243</u>
Total net position - ending	<u>\$ 299,385,829</u>	<u>\$ 3,505,091</u>	<u>\$ 302,890,920</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds		
	Unified Sewer District	Dewey Water	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 19,563,227	\$ 1,249,088	\$ 20,812,315
Other payments	(186,707)	(8,194)	(194,901)
Other receipts	(23,374)	-	(23,374)
Payments to employees	(8,988,763)	(191,881)	(9,180,644)
Payments to suppliers	(7,190,334)	(722,794)	(7,913,128)
Net cash flows from operating activities	<u>3,174,049</u>	<u>326,219</u>	<u>3,500,268</u>
CASH FLOWS FROM NONCAPITAL			
Operating grants received	1,386	-	1,386
Net cash flows from noncapital financing activities	<u>1,386</u>	<u>-</u>	<u>1,386</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(6,480,073)	(27,294)	(6,507,367)
Assessment and connection fees	14,980,544	11,447	14,991,991
Bond proceeds	577,245	-	577,245
Capital contributions	2,806,840	-	2,806,840
Interest paid	(4,951,451)	-	(4,951,451)
Retirement of bonds and related costs	(8,522,645)	-	(8,522,645)
Transfers from other funds for capital activities	(3,449,323)	-	(3,449,323)
Net cash flows from capital and related	<u>(5,038,863)</u>	<u>(15,847)</u>	<u>(5,054,710)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income	443,276	7,476	450,752
Net purchase of investments	(2,045,563)	(31,822)	(2,077,385)
Net cash flows from investing activities	<u>(1,602,287)</u>	<u>(24,346)</u>	<u>(1,626,633)</u>
Net (decrease) increase in cash and cash equivalents	<u>(3,465,715)</u>	<u>286,026</u>	<u>(3,179,689)</u>
Cash and cash equivalents - beginning	<u>49,887,727</u>	<u>964,182</u>	<u>50,851,909</u>
Cash and cash equivalents - ending	<u>46,422,012</u>	<u>1,250,208</u>	<u>47,672,220</u>
Investments	<u>58,449,763</u>	<u>802,672</u>	<u>59,252,435</u>
Total cash, cash equivalents and investments	<u>\$ 104,871,775</u>	<u>\$ 2,052,880</u>	<u>\$ 106,924,655</u>

(continued)

SUSSEX COUNTY, DELAWARE
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
 FOR YEAR ENDED JUNE 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Unified Sewer District</u>	<u>Dewey Water</u>	<u>Totals</u>
Reconciliation of operating (loss) income to net cash provided by operating activities:			
Operating (loss) income	\$ (8,692,378)	\$ 271,633	\$ (8,420,745)
Adjustments to reconcile operating (loss) income to net cash provided by operating			
Depreciation and amortization	11,611,536	98,423	11,709,959
Decrease in accounts payable - other	(186,707)	(8,194)	(194,901)
Increase (decrease) in accounts payable - suppliers	177,354	(14,389)	162,965
Increase (decrease) in compensated absences	(43,420)	11,003	(32,417)
Decrease in customer receivables	662,742	9,036	671,778
Increase in inventory	(41,342)	(2,247)	(43,589)
Increase in other operating receivables	(23,374)	-	(23,374)
Increase in payments to employees	(324,891)	(43,054)	(367,945)
Increase in salaries and benefits payable	34,529	4,008	38,537
Net cash provided (used) by operating activities	<u>\$ 3,174,049</u>	<u>\$ 326,219</u>	<u>\$ 3,500,268</u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014

-29-

	Pension and Other Employee Benefit Trusts
ASSETS	
Cash and cash equivalents	\$ 1,929,763
Investments:	
U.S. Treasuries	10,004,096
Government Agencies	3,789,820
Corporate obligations	2,885,015
Delaware Local Government Retirement Investment Pool	44,534,700
Common stocks and convertibles	13,057,450
Mutual funds	24,923,784
Total Investments	99,194,865
Accrued interest	96,502
Due from general fund	48,408
Total Assets	101,269,538
LIABILITIES	
Accounts payable	36,880
NET POSITION	
Held in trust for pension benefits and other employee benefits	<u><u>\$ 101,232,658</u></u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

-30-

	Pension and Other Employee Benefit Trusts
ADDITIONS	
Employer contributions	\$ 6,020,764
Employee contributions	1,239
Investment earnings:	
Net appreciation of investments	4,989,043
Interest and dividends	9,388,785
Total investment earnings	<u>14,377,828</u>
Less investment expenses	247,206
Net investment earnings	<u>14,130,622</u>
Total additions	<u>20,152,625</u>
DEDUCTIONS	
Beneficiary payments	4,794,511
Professional fees	202,888
Net increase in plan net position	<u>15,155,226</u>
Net position held in trust for pension and other employee benefits - beginning	<u>86,077,432</u>
Net position held in trust for pension and other employee benefits - ending	<u><u>\$ 101,232,658</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). The County has adopted all applicable GASB statements through No. 67 and No. 70. The adoption of Statement No. 65 in 2014 resulted in limiting the classification of assets or liabilities referred as "deferred" and properly classifying them as deferred outflows of resources or deferred inflows of resources. 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 GAAP, 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 airport, county engineer, 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 Position, both the governmental and business-type activities columns are presented on a combined basis by column.

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.

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 to recover the direct costs of General Fund services provided (finance, personnel, engineering, data processing, etc.). The reimbursement from funds is budgeted as another financing source. For GAAP purposes, the charge is eliminated like a

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

reimbursement, reducing the corresponding expenses in the General Fund.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position 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 position, liabilities, 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. Some projects may take longer than one year to complete. Major capital projects expenditures in fiscal year 2014 were for industrial airpark expansion and improvements. As of June 30, 2014, the major projects being planned over the next five years include \$16 million for industrial airpark improvements and expansion, \$1 million for property acquisition, \$1 million for paramedic station building, \$1 million of mobile command unit and \$2 million for various building improvements.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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:

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, all funds are major and include the Unified Sewer Fund and Dewey Water Fund. Activities of the enterprise funds include administration, operations and maintenance of the water and sewer system, 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

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements - Continued

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 position and changes in net position, 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. A stand-alone report is not issued for the Plan.

The County's fiduciary funds are presented in the fiduciary funds financial statements. Combining financial statements for the fiduciary funds are presented in Note F 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. 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 does not have a nonmajor fund.

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.

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, Constitutional Row Offices, 911 emergency reporting, realty transfer tax, fire service fee, and various sewer system reserves and construction funds.

6. Investments

The 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.

7. Accounts Receivable

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

8. Inventory

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

9. Capital Assets

Capital assets purchased or acquired with an original cost of \$ 5,000 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 capital assets consists mainly of parking lots, airport aprons and airport runways.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Deferred Outflows/Inflows of Resources – Continued

statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

11. Bond Premiums and Discounts

Bond premiums and discounts for proprietary funds are 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.

12. Deposits and Unearned Revenue

Deposits represent monies held by the County to be remitted to others, while unearned revenue represents amounts to be recognized by the County as revenue in future periods.

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.

14. Equity Classifications

Government-wide and Proprietary Fund Net Position

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, retainage, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position 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 position - All other net position that do not meet the definition of “restricted” or “Net investment in capital assets.”

Governmental Fund Balances

As defined in the Fund Balance Policy adopted by County Council on June 21, 2011, in the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts that can be spent only for specific purposes because of the Delaware Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed - Amounts that can be used only for specific purposes determined by a formal action by Sussex County Council ordinance.

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Equity Classifications - Continued

- d. Assigned - Amounts that are constrained by the government's intent to be used for a specific purpose and these decisions can be made by the County Administrator, Finance Director or Budget Committee.
- e. Unassigned -All amounts not included in other spendable classifications.

When an expense is incurred for business-type activities for which either restricted or unrestricted resources can be used, the County makes a decision on a transaction-by-transaction basis. For governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Authority is given to the County Administrator, Finance Director and Budget Committee to assign funds for specific purposes. The assigned funds are for specific programs or projects that were approved in prior budgets that were not spent in the current fiscal year, specific requests made by Council or for a specific need as identified by the County Administrator. A list of the assigned funds will be maintained by the Finance Director. Approval from both the Finance Director and the County Administrator must be given to set aside funds as Assigned Fund Balance. This authority was granted in the Fund Balance Policy approved by County Council on June 21, 2011.

The County has a goal of 20 - 25% of the most recent approved budget for general fund expenditures for general fund unrestricted funds. In the event the balance drops below the established minimum level, the Finance Director may develop a plan to replenish the fund balance to the established minimum level within three years.

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 GAAP. In applying GAAP 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 unearned 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 July 1 to June 30. Property taxes are recorded and attached as an enforceable lien on property on July 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.

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.

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 combination. 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 Budget Committee 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 Budget Committee then develops 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 GAAP. Final budgeted amounts are as amended through June 30, 2014. Unexpended appropriations in the operating budget lapse at year end.

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, liabilities, and deferred outflows or resources 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.

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

The governmental fund balance sheet includes reconciliation between fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the \$20,036,790 difference "Other long-term assets are not available to pay for current period expenditures and therefore, are unearned in the fund level statements" is as follows:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Loan receivable	\$	1,367,634
Net pension asset		15,046,098
Net postemployment benefit asset		3,623,058
	\$	<u>20,036,790</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, 2014, the carrying amount of the County's deposits was \$92,181,665 and the bank balance was \$93,676,999. None of the County's deposits were uninsured or uncollateralized at year end.

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 agency securities, Federal Home Loans Bank line of credits. Collateral must 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% 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.

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;

NOTE B – CASH AND INVESTMENTS - CONTINUED

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. Additional information can be found in Note F sections for Pension Trust Assets and Post-retirement Employee Benefit Trust Assets.

The County had the following investments at June 30, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
U.S. Treasuries	\$ 10,004,096	\$ 820,834	\$ 6,272,425	\$ 2,910,837
Government Agencies	106,107,974	5,017,024	97,850,395	3,240,555
Corporate obligations	2,885,015	-	2,095,133	789,882
Delaware Local Government				
Retirement Investment Pool	44,534,700	44,534,700	-	-
Common stock	13,057,450	-	-	-
Mutual funds	24,923,784	-	-	-
Total Investments	<u>\$201,513,019</u>	<u>\$50,372,558</u>	<u>\$106,217,953</u>	<u>\$ 6,941,274</u>

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

Cash on hand	\$ 4,400
Carrying amount of deposits	92,181,665
Carrying amount of investments	201,513,019
Total	<u>\$ 293,699,084</u>
Primary Government	
Unrestricted	
Cash and cash equivalents	\$ 44,047,536
Investments	63,688,436
Restricted	
Cash and cash equivalents	46,208,766
Investments	38,629,718
Total primary government	<u>192,574,456</u>
Fiduciary funds (not included in government-wide statement)	
Cash and cash equivalents	1,929,763
Investments	99,194,865
Total fiduciary funds	<u>101,124,628</u>
Total	<u>\$ 293,699,084</u>

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables at June 30, 2014 is \$23,336 for service and \$15,071 for assessment. The County does not have an allowance for uncollectible property taxes because all are considered collectible.

NOTE D - LOANS RECEIVABLE

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 balances outstanding total \$388,578 at June 30, 2014. One loan bears no interest, matures on April 2026, and is secured with the full faith and credit of the borrowing municipality. The other loan bears interest at 2% per annum, matures on March 2019, and is secured with partner guarantees and a second mortgage on the property. The final loan bears interest at 1% per annum and matures February 2016.

NOTE D - LOANS RECEIVABLE - CONTINUED

The County's Neighborhood Stabilization Program, in partnership with local nonprofits, provides zero percent interest loans for a term of thirty years for the purpose of providing affordable financing for moderate to low income families. The loans are secured by liens on the real property. The balances outstanding at June 30, 2014 total \$979,056.

Loans receivable total \$1,367,634 at June 30, 2014, which are not reflected on the governmental funds balance sheet.

NOTE E – CAPTIAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 16,181,049	\$ 993,236	\$ -	\$ 17,174,285
Construction in progress	7,686,024	9,995,005	7,712,620	9,968,409
Total capital assets, not being depreciated	<u>23,867,073</u>	<u>10,988,241</u>	<u>7,712,620</u>	<u>27,142,694</u>
Other capital assets:				
Buildings	36,294,170	3,826,215	63,400	40,056,985
Improvements	23,879,731	2,355,907	56,790	26,178,848
Machinery and equipment	15,701,771	954,005	388,022	16,267,754
Total other capital assets	<u>75,875,672</u>	<u>7,136,127</u>	<u>508,212</u>	<u>82,503,587</u>
Less accumulated depreciation for:				
Buildings	6,790,161	742,661	20,382	7,512,440
Improvements	9,751,322	1,044,618	15,755	10,780,185
Machinery and equipment	13,900,308	740,343	374,470	14,266,181
Total accumulated depreciation	<u>30,441,791</u>	<u>2,527,622</u>	<u>410,607</u>	<u>32,558,806</u>
Other capital assets, net	<u>45,433,881</u>	<u>4,608,505</u>	<u>97,605</u>	<u>49,944,781</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,300,954</u>	<u>\$15,596,746</u>	<u>\$ 7,810,225</u>	<u>\$ 77,087,475</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 39,548,048	\$ 45,956	\$ -	\$ 39,594,004
Construction in progress	11,789,499	2,403,093	9,635,221	4,557,371
Total capital assets, not being depreciated	<u>51,337,547</u>	<u>2,449,049</u>	<u>9,635,221</u>	<u>44,151,375</u>
Other capital assets:				
Buildings	41,704,653	550,635	-	42,255,288
Improvements	10,483,673	22,260	-	10,505,933
Machinery and equipment	9,904,681	1,133,653	15,000	11,023,334
Infrastructure	410,135,993	11,986,991	78,620	422,044,364
Total other capital assets	<u>472,229,000</u>	<u>13,693,539</u>	<u>93,620</u>	<u>485,828,919</u>

NOTE E – CAPITAL ASSETS – CONTINUED

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Less accumulated depreciation for:				
Building	10,287,770	844,861	-	11,132,631
Improvements	5,969,923	345,449	-	6,315,372
Machinery and equipment	7,746,906	732,048	14,250	8,464,704
Infrastructure	123,701,750	9,787,601	71,086	133,418,265
Total accumulated depreciation	147,706,349	11,709,959	85,336	159,330,972
Other capital assets, net	324,522,651	1,983,580	8,284	326,497,947
Business-type Activities				
Capital Assets, Net	\$375,860,198	\$4,432,629	\$9,643,505	\$370,649,322

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 355,531
Planning and zoning	6,101
Paramedic program	502,118
Emergency preparedness	295,826
Economic development and airpark	1,105,731
County engineer	6,143
Community development and housing programs	790
Library	223,350
Constitutional offices	32,032
Total governmental activities depreciation expense	<u>2,527,622</u>

Business-type activities

Water	98,423
Sewer	11,611,536
Total business-type activities depreciation expense	<u>\$ 11,709,959</u>

Construction in progress was \$14.5 million with additional contractually committed costs to complete the projects in process of approximately \$7.3 million as of June 30, 2014.

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS

Basis of Accounting

The pension and other post-retirement employee benefit (OPEB) trusts use the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Administrative costs are financed through investment earnings.

Pension Plan Description and Administration

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. The pension plan is reported in the pension trust fiduciary fund in the County's financial statements. The County does not have

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

Pension Plan Description and Administration - Continued

a separate GAAP-basis pension plan audit performed. A pension committee oversees the management of the Sussex County Employee Pension Plan. The pension committee consists of seven members. Whoever is serving in the position of the County Finance Director, County Administrator and County Human Resources Director are always members of the Committee. The following members are appointed by the Sussex County Council for a term of four (4) years: two Sussex County community members, a current Sussex County employee and a retired Sussex County employee, who currently receives a County pension. The pension committee meets quarterly and is responsible for making recommendations to County Council regarding investments and funding. The County contracts with pension advisors to assist in providing the best strategy, protection and investment guidelines for its pension.

Benefits Provided

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 on 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; No. 1485, 7/1/01 and No. 2346, 4/29/14. 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, 2014, total payroll was \$24,463,021. Covered payroll refers to all compensation by the County to active employees covered by the plan.

Current membership in the plan (as of January 1, 2014) is as follows:

<u>Vest Actives</u>	<u>Nonvested Actives</u>	<u>Total Actives</u>	<u>Retirees and Beneficiaries</u>	<u>Terminated Vested</u>	<u>Covered Payroll</u>
297	183	480	201	82	\$ 20,427,138

Contributions and Funding Policy

The County’s annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. The County established contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The contribution is designed to accumulated sufficient assets to pay benefits when due. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Active members hired prior to January 1, 2014 do not contribute, active members hired on or after that date contribute at a rate of 3.0% of annual pay in excess of \$6,000, and the County’s average contribution rate was 13.50% of annual payroll.

Actuarial calculations reflect a long-term perspective and actuarial method and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. A thirty-year open level percentage method is used to amortize the Annual Required Contribution and an adjustment to the Annual Required Contribution.

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

Contributions and Funding Policy - Continued

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

Annual required contributions	\$ 2,868,624
Interest on net pension obligation	(1,415,669)
Adjustment to annual required contribution	1,022,291
Annual Pension Cost	<u>2,475,246</u>
Contributions made	<u>3,587,012</u>
Increase in Net Pension Asset	(1,111,766)
Net Pension Obligation (Asset), Beginning of Year	<u>(17,695,857)</u>
Net Pension Obligation (Asset), End of Year	<u><u>\$(18,807,623)</u></u>

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>
2012	\$ 2,003,559	183.1%	\$ (16,919,770)
2013	2,422,225	132.0	(17,695,857)
2014	2,475,246	144.9	(18,807,623)

As of January 1, 2014, the most recent actuarial valuation date, the plan was 89.1% funded. The actuarial accrued liability for benefits was \$72.3 million, and the actuarial value of assets was \$64.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.2 million. The covered payroll (annual payroll of employees covered by the plan) was \$20.4 million, and the ratio of the UAAL to covered payroll was 40.3%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Net Pension Liability

The components of the net pension liability of the County at June 30, 2014, were as follows:

Total Pension Liability	\$ 79,015,904
Plan Fiduciary Net Pension	<u>(70,886,608)</u>
County’s Net Pension Liability	<u>\$ 8,129,296</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.71%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the Entry Age actuarial cost method and the following actuarial assumptions (based on the results of an experience study for the period January 1, 2008 – January 1, 2013), applied to all periods included in the measurement:

- A rate of return on the investment of present and future assets of 7.5% per year compounded annually;

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

Actuarial Assumptions - Continued

- Salary increases are based on the following table compounded annually;

<u>Age</u>	<u>Rate</u>
20 -24	.045
25-29	.055
30-34	.050
35-39	.045
40-59	.035
60+	.030

- 1.4% annual increase after retirement for cost of living increases;
- Inflation of 2.5% per year underlying the salary scale and interest rates; and
- Five-year phase-in of asset gains and losses to value assets.
- Mortality rates based on the RP-2000, with adjustments for mortality improvements based on Scale AA

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2014 are summarized in the following table:

Domestic Equity	4.8%
International Equity	5.1%
Domestic Fixed Income	2.0%
International Fixed Income	1.6%
Real Estate and Other	4.9%
Cash	1.2%

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. To better match current historical investment returns, the discount rates was lowered to 7.5% from 8.0% in the previous year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Total Pension Liability	\$ 90,145,968	\$79,015,904	\$ 69,826,057
Plan Fiduciary Net Position	(70,886,608)	(70,886,608)	(70,886,608)
County’s Net Pension Liability	\$ 19,259,360	\$ 8,129,296	\$ (1,060,551)

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS – CONTINUED

Pension Trust Assets

As authorized by Sussex County Council, the pension trust funds are invested in U.S. Treasury Notes, U.S. Government Agency Notes and Bonds, Sussex County Second Lien Revenue Bonds, the Delaware Local Government Retirement Investment Pool (DELRIP), Fidelity Investments mutual funds, corporate obligations, municipal obligations, various common stocks and certificates of deposit. Wilmington Trust Company is the trustee of the Plan and has custody of the corporate obligations, municipal obligations and various common stocks. 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 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 43rd Comprehensive Annual Financial Report, which may be obtained by calling 1-800-722-7300.

The Pension Committee’s policy is a goal of 60 percent investments in equity and 40 percent in fixed income investments. Historically, the county has met or exceeded asset class benchmarks. The following represents the asset allocation policy as of June 30, 2014.

<u>Asset Class</u>	<u>Target Allocation Total</u>
Domestic Equity	40% - 50%
International Equity	10% - 15%
Domestic Fixed Income	20% - 25%
International Fixed Income	0% - 5%
Real Estate and Other	5% - 15%
Cash	5% - 10%
Total	100%

Investment at fair value (other than those issued or guaranteed by the U.S. government and mutual funds) in excess of 5% of the Plan’s net position held in trust for pension benefits at June 30, 2014 consist of:

	<u>Fair Value</u>
Delaware Local Retirement Investment Pool	\$ 44,534,700

Post-retirement Employee Benefit Plan Description and Provisions

The County established and administers a single-employer post-retirement employee benefit plan for its employees. 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 statements. Benefits include preventive care, prescription drug care, facility charges, professional services and office visits. The County has the authority to establish and amend benefit provisions of the plan. 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% 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, 2014) is as follows:

<u>Total Actives</u>	<u>Retirees and Beneficiaries</u>	<u>Terminated Vested</u>
478	157	0

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

Post-retirement Employee Benefit Plan Funding Policy and Actuarial Method and Assumptions

The County’s annual contribution to the post-retirement employee benefit plan is determined through the budgetary process and with reference to actuarial determined contributions. Plan members are not required to contribute. Contributions made of \$2,433,752 were 11.9% 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, 2014 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:

- An investment return of 7.5% compounded annually;
- Participation assumptions vary from zero to 100%, depending on age, date of hire and years of service;
- A health care cost trend rate of 8% initially, declining to 5% ultimately; and
- Inflation of 2.5% per year.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations. A thirty-year open level percentage method is used to amortize the Annual Required Contribution and an adjustment to the Annual Required Contribution.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contributions	\$ 1,744,289
Interest on net OPEB obligation	(300,474)
Adjustment to annual required contribution	217,035
Annual OPEB Cost	<u>1,660,850</u>
Contributions made	<u>2,433,752</u>
Increase in Net OPEB Asset	(772,902)
Net OPEB Obligation (Asset), Beginning of Year	<u>(3,755,921)</u>
Net OPEB Obligation (Asset), End of Year	<u><u>\$ (4,528,823)</u></u>

Trend information is as follows:

Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
2012	\$ 1,439,167	185.0%	\$ (3,435,970)
2013	1,786,857	117.9	(3,755,921)
2014	1,660,850	146.5	(4,528,823)

Post-retirement Employee Benefit Plan Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 78.2% funded. The actuarial accrued liability for benefits was \$38.5 million, and the actuarial value of assets was \$30.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.4 million. The covered payroll (annual payroll of employees covered by the plan) was \$20.3 million, and the ratio of the UAAL to the covered payroll was 41.1%.

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS - CONTINUED

Post-retirement Employee Benefit Plan Funded Status and Funding Progress - Continued

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Post-retirement Employee Benefit Trust Assets

As authorized by Sussex County Council, the Post-retirement Employee Benefit funds are invested in various mutual funds, corporate obligations, government agency obligations and U.S. Treasuries through the custodian, Wilmington Trust Company.

There are no investments at fair value (other than those issued or guaranteed by the U.S. government and mutual funds) in excess of 5% of the Plan's net position held in trust for post-retirement employee pension benefits at June 30, 2014.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2014

	<u>Pension Trust</u>	<u>Post-retirement Employee Benefit Trust</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 916,349	\$ 1,013,414	\$ 1,929,763
Investments:			
U.S. Treasuries	4,549,767	5,454,329	10,004,096
Government Agencies	1,081,385	2,708,435	3,789,820
Corporate Obligations	1,363,293	1,521,722	2,885,015
Delaware Local Government Retirement Investment Pool	44,534,700	-	44,534,700
Common stocks and convertibles	13,057,450	-	13,057,450
Mutual funds	5,347,732	19,576,052	24,923,784
Accrued interest	53,662	42,840	96,502
Due from general fund	-	48,408	48,408
	<u>70,904,338</u>	<u>30,365,200</u>	<u>101,269,538</u>
Liabilities			
Accounts payable	17,730	19,150	36,880
Net Position Held In Trust For Pension And Other Employee Benefits	<u>\$ 70,886,608</u>	<u>\$ 30,346,050</u>	<u>\$ 101,232,658</u>

COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

	<u>Pension Trust</u>	<u>Post-retirement Employee Benefit Trust</u>	<u>Total</u>
Additions			
Employer contributions	\$ 3,587,012	\$ 2,433,752	\$ 6,020,764
Employee contributions	1,239	-	1,239

NOTE F – PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS – CONTINUED

COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION – CONTINUED

	<u>Pension Trust</u>	<u>Post-retirement Employee Benefit Trust</u>	<u>Total</u>
Investments:			
Net appreciation of investments	4,868,420	120,623	4,989,043
Interest and dividends	5,660,090	3,728,695	9,388,785
	<u>10,528,510</u>	<u>3,849,318</u>	<u>14,377,828</u>
Less investment expenses	184,503	62,703	247,206
Net investment earnings	10,344,007	3,786,615	14,130,622
Total Additions	<u>13,932,258</u>	<u>6,220,367</u>	<u>20,152,625</u>
Deductions			
Beneficiary payments	2,972,657	1,821,854	4,794,511
Professional fees	138,063	64,825	202,888
Net Increase in Plan Net Position	<u>10,821,538</u>	<u>4,333,688</u>	<u>15,155,226</u>
Net Position Held In Trust for Pension and Other Employee Benefits - Beginning	<u>60,065,070</u>	<u>26,012,362</u>	<u>86,077,432</u>
Net Position Held In Trust for Pension and Other Employee Benefits - Ending	<u>\$ 70,886,608</u>	<u>\$ 30,346,050</u>	<u>\$101,232,658</u>

NOTE G – 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 H – SHORT-TERM DEBT

Short-term financing is obtained from banks to provide interim financing for the Enterprise Funds. Interest on the line of credit is variable; the interest was 2.75% at June 30, 2014. The County had \$10,000,000 of unused line of credit to be drawn upon as needed. No balance was outstanding at June 30, 2014.

NOTE I – LONG –TERM LIABILITIES

Description of Bonds Payable

At June 30, 2014, bonds payable consisted of the following individual issues:

	<u>Business-type</u>
1994 SRF Obligations (West Rehoboth Phase I and II), interest at 1.5%, final payment due December 2016. Repayment over 21 years beginning December 1995. Repayment the last 7 years based on equal installments. The subordinate obligations require various construction, operating and depreciation accounts.	\$ 2,265,425

NOTE I – LONG – TERM LIABILITIES

<u>Description of Bonds Payable – Continued</u>	<u>Business-type</u>
1996 wastewater general obligation bonds (Ocean Way Estates), due in quarterly installments of \$6,256 principal and interest, interest at 4.5%, final payment due October 17, 2036.	352,108
1997 wastewater general obligation bonds (West Rehoboth), due in various installments through June 15, 2021, interest at 1.5%. Total bonds authorized are \$12,000,000.	3,912,557
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.	8,539,353
2000 wastewater general obligation bonds (Ellendale), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are \$1,726,000.	888,449
2002 wastewater general obligation bonds (Miller Creek), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are \$3,300,000.	2,439,048
2002 wastewater general obligation bonds (Bayview Estates and Sea Country Estates), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2025. Total bonds authorized are \$2,636,000.	1,683,852
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.	717,949
2003 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest at 2%, final payment due December 31, 2024. Total bonds authorized are \$1,500,000.	920,423
2003 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2026. Total bonds authorized are \$1,203,000.	847,158
2004 wastewater general obligation bonds (Inland Bays), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are \$16,000,000.	7,071,599
2006 wastewater general obligation bonds (Millville), due in semi-annual installments, interest at 1.5%, final payment due October 30, 2040. Total bonds authorized are \$8,000,000.	7,128,854
2006 wastewater general obligation bonds (South Ocean View), due in semi-annual installments, interest at 1.5%, final payment due June 30, 2040. Total bonds authorized are \$4,800,000.	4,073,108
2008 wastewater general obligation bonds (Dagsboro-Frankford), due in quarterly installments, interest at 4.5%, final payment due December 12, 2048. Total bonds authorized are \$73,000.	68,883

NOTE I – LONG –TERM LIABILITIES - CONTINUED

<u>Description of Bonds Payable – Continued</u>	<u>Business-type</u>
2008 wastewater general obligation bonds (Angola Neck), due in semi-annual installments, interest at 1.5%, final payment due May 21, 2042. Total bonds authorized are \$15,000,000, of which \$ 1,500,000 was forgiven at the project completion date.	12,591,536
2009 wastewater general obligation bonds (Johnson’s Corner), due in semi-annual installments, interest at 1.5%, final payment due June 30, 2031. Total bonds authorized are \$6,000,000, of which \$ 1,248,033 was forgiven at the project completion date.	3,416,769
2009 wastewater general obligation bonds (Oak Orchard), due in semi-annual installments, interest at 2%, final payment due December 15, 2031. Total bonds authorized are \$5,641,503, of which \$ 3,000,000 was forgiven at the project completion date.	2,415,284
2010 wastewater general obligation bonds (Inland Bays), due in semi-annual installments, interest at 2%, final payment due November 1, 2031. Total bonds authorized are \$1,756,227, of which \$1,307,607 was forgiven at the project completion date.	400,354
2010 wastewater general obligation bonds (SCRWF), due in quarterly installments, interest at 4%, final payment due March 19, 2050. Total bonds authorized are \$7,500,000.	7,146,880
2010A wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest at 2.25%, final payment due December 3, 2050. Total bonds authorized are \$5,475,000.	5,335,399
2010B wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest at 2.25%, final payment due December 3, 2050. Total bonds authorized are \$5,000,000.	4,872,512
2010 wastewater general obligation recovery zone economic development bonds (SCRWF), due in quarterly installments, interest at 3%, final payment due December 3, 2050. Total bonds authorized are \$6,169,000.	5,989,508
2011 wastewater general obligation bonds (Prince Georges Acres), due in quarterly installments, interest at 4.25%, final payment due June 2, 2051. Total bonds authorized are \$500,000.	484,697
2011 wastewater general obligation bonds (Piney Neck), due in quarterly installments, interest at 4.125%, final payment due June 2, 2051. Total bonds authorized are \$2,113,000.	2,046,488
2011A wastewater general obligation bonds (Miller Creek), due in quarterly installments, interest at 4.25%, final payment due March 28, 2051. Total bonds authorized are \$1,725,000.	1,667,208
2011B wastewater general obligation bonds (Miller Creek), due in quarterly installments, interest at 4.25%, final payment due March 28, 2051. Total bonds authorized are \$1,075,000.	1,038,976

NOTE I – LONG –TERM LIABILITIES - CONTINUED

Description of Bonds Payable – Continued

	<u>Business-type</u>
2011 wastewater general obligation bonds (Millville), due in quarterly installments, interest at 3.75%, final payment due November 28, 2051. Total bonds authorized are \$4,000,000.	3,886,062
2011 wastewater general obligation bonds (Fenwick Island), due in quarterly installments, interest at 3.75%, final payment due November 28, 2051. Total bonds authorized are \$1,111,000.	1,079,344
2012 wastewater general obligation bonds (Golf Village), due in quarterly installments, interest at 2%, final payment due June 27, 2052. Total bonds authorized are \$321,000.	310,278
2012A wastewater general obligation bonds (West Rehoboth refunding), due in semi-annual installments, interest ranging from 2% to 5%, final payment due March 15, 2041.	27,045,000
2012B wastewater general obligation bonds (refunding), due in semi-annual installments, interest ranging from 2% to 5%, final payment due March 15, 2049.	26,955,000
2012 wastewater general obligation bonds (Millville), due in quarterly installments, interest at 3.5%, final payment due September 27, 2052. Total bonds authorized are \$4,000,000.	3,916,623
2012 wastewater general obligation bonds (Woodlands of Millsboro), due in quarterly installments, interest at 2.125%, final payment due September 14, 2052. Total bonds authorized are \$90,000.	87,443
2013 wastewater general obligation bonds (Angola Neck), due in quarterly installments, interest at 2.125%, final payment due April 25, 2053. Total bonds authorized are \$6,000,000.	5,903,536
2013 wastewater general obligation bonds (Johnson Corner), due in quarterly installments, interest at 2.5%, final payment due February 28, 2053. Total bonds authorized are \$2,000,000.	1,962,625
Subtotal	<u>159,460,288</u>
Unamortized bond premium	<u>6,221,454</u>
TOTAL BONDS PAYABLE	<u><u>\$165,681,742</u></u>

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2014, the obligated unrecorded amount was approximately \$9,245,478. The County's payment of these contracts will be contingent upon the contractors' satisfactory performance.

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2014 totaled \$6,569,000. The bonds are to finance various sewer district construction and improvement projects.

NOTE I – LONG – TERM LIABILITIES - CONTINUED

Long-term Liability Activity

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 5,244,072	\$ 2,496,808	\$ 2,457,223	\$ 5,283,657	\$ 2,142,769
Estimated liability for landfill postclosure care	68,000	-	19,000	49,000	-
Estimated liability for pollution remediation	163,000	-	19,000	144,000	29,100
Total Governmental Activities	<u>\$ 5,475,072</u>	<u>\$ 2,496,808</u>	<u>\$ 2,495,223</u>	<u>\$ 5,476,657</u>	<u>\$ 2,171,869</u>
Business-Type Activities:					
General obligation bonds	\$167,405,688	\$ 577,245	\$ 8,522,645	\$159,460,288	\$ 7,973,176
Unamortized bond premium	6,660,990	-	439,536	6,221,454	-
Total bonds payable	174,066,678	577,245	8,962,181	165,681,742	7,973,176
Compensated absences	1,525,839	510,551	542,968	1,493,422	639,437
Total Business-type Activities	<u>\$175,592,517</u>	<u>\$ 1,087,796</u>	<u>\$ 9,505,149</u>	<u>\$167,175,164</u>	<u>\$ 8,612,613</u>

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

Debt Maturity

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

<u>Year ending June 30,</u>	<u>Business-type Activities - General Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,973,176	\$ 4,571,205	\$ 12,544,381
2016	7,945,360	4,383,771	12,329,131
2017	7,690,955	4,172,310	11,863,265
2018	6,672,882	3,987,579	10,660,461
2019	6,836,240	3,812,396	10,648,636

NOTE I – LONG-TERM LIABILITES – CONTINUED

Debt Maturity – Continued

Year ending June 30,	Business-type Activities - General Obligation - Continued		
	Principal	Interest	Total
2020 – 2024	30,564,533	16,513,431	47,077,964
2025 – 2029	22,900,340	13,176,314	36,076,654
2030 – 2034	22,090,928	9,793,171	31,884,099
2035 – 2039	18,283,112	6,378,536	24,661,648
2040 – 2044	14,592,872	6,081,604	20,674,476
2045 – 2049	10,251,525	2,209,447	12,460,972
2050 – 2054	3,658,365	156,915	3,815,280
TOTAL	\$ 159,460,288	\$ 75,236,679	\$ 234,696,967

NOTE J – INTERFUND BALANCES

Interfund balances at June 30, 2014 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Unified sewer fund	\$ 19,079,354
Fiduciary fund		48,408
Total		\$ 19,127,762

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, 2014, interfund balances largely represented interim financing for sewer projects, which are to be repaid when the County draws the permanent funding. Realty transfer tax financed \$19,079,354 of the interfund balances.

NOTE K -FUND BALANCES - GOVERNMENTAL FUNDS

GASBS No. 54 establishes fund balance categories that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable			
Inventory	\$ 31,417	\$ -	\$ 31,417
Prepaid items	75,123	-	75,123
Total nonspendable	106,540	-	106,540
Restricted			
Infrastructure, public safety, economic development items, capital	45,202,820	8,769,934	53,972,754
Rodent control grant	953	-	953
Total restricted	45,203,773	8,769,934	53,973,707

NOTE K - FUND BALANCES - GOVERNMENTAL FUNDS – CONTINUED

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Committed			
Open space land program	772,687	-	772,687
Groundwater monitoring	6,068	-	6,068
Total committed	<u>778,755</u>	<u>-</u>	<u>778,755</u>
Assigned			
Grant-in-aid for County tax subsidy program	40,029	-	40,029
Grant-in-aid discretionary grants	73,466	-	73,466
Economic development marketing program	1,000,000	-	1,000,000
Open space park program	1,000,000	-	1,000,000
Legal Contingency	1,000,000	-	1,000,000
Planning and zoning land use plan ordinance	16,324	-	16,324
Reassessment	530,000	-	530,000
Reserves budgeted for next year	3,225,209	-	3,000,000
Information Technology	373,726	-	373,726
Total assigned	<u>7,258,754</u>	<u>-</u>	<u>7,258,754</u>
Unassigned	<u>34,229,654</u>	<u>-</u>	<u>34,229,654</u>
Total Fund Balances – Governmental Funds	<u>\$ 87,577,476</u>	<u>\$ 8,769,934</u>	<u>\$ 96,347,410</u>

NOTE L – 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 Airpark. These leases range in terms of one year to forty-five years and several of them are noncancelable. Buildings with a cost basis of \$6,884,902 and accumulated depreciation of \$1,285,176, equipment with a cost basis of \$55,058 and accumulated depreciation of \$55,058, and improvements of \$107,045 and accumulated depreciation of \$32,653 were being leased as of June 30, 2014.

The minimum future rental revenue under leases as of June 30, 2014 for each of the next five years and thereafter in the aggregate are:

<u>Year ending June 30,</u>	<u>Amount</u>
2015	\$ 469,278
2016	392,828
2017	369,713
2018	545,730
2019	274,038
Thereafter	<u>1,953,923</u>
Minimum Lease Payments Receivable	<u>\$ 4,005,510</u>

NOTE M - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer to:	Transfer from		
	General Fund	Unified Sewer	Total
General fund	\$ -	\$ 76,110	\$ 76,110
Unified sewer fund	85,500	-	85,500
Capital improvements fund	752,603	-	752,603
	<u>\$ 838,103</u>	<u>\$ 76,110</u>	<u>\$ 914,213</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 N -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 2014, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$285,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$9,100,230 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 eligible 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, 2014 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. Costs related to these claims are normally paid within the following year and are therefore reported as a current liability.

Changes in the employee health claims liability amounts in fiscal year 2014 and 2013 were as follows:

	Beginning of Year Balance	Current-Year Claims and Changes in Estimates	Claim Payments	End of Year Balance
2012-2013	\$ 1,097,994	\$ 8,604,829	\$ (8,960,844)	\$ 741,979
2013-2014	741,979	6,149,054	(6,060,302)	830,731

NOTE O – 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 ten-year contract, effective November 1, 2010, with the City of Seaford for the purpose of discharging wastewater. The County has a contract with the Town of Millsboro for discharging wastewater for the Woodlands of Millsboro sewer system. The contract will remain in effect until terminated by mutual agreement of both parties. The County has a contract with the City of Rehoboth for the purpose of purchasing water for the Dewey Beach Water District. The contract was in effect at January 1, 2011 and will terminate on December 31, 2015.

NOTE P - LANDFILL POSTCLOSURE CARE COST AND POLLUTION REMEDIATION OBLIGATION

State and federal laws and regulations required the County to perform certain maintenance and monitoring functions to its six landfill sites even after it stopping accepting waste at these sites. The estimated liability for landfill postclosure care of \$49,000 at June 30, 2014 represented the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care in 2014. 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 Position.

The County has pollution remediation obligations of \$144,000 of which \$29,100 is due within one year. The County has estimated future obligations based on professional consultant estimates and historical expenses of similar projects; however, there is the potential for change in estimates due to price increase or reductions, technology, or applicable laws and regulations.

The estimated pollution remediation liability relates to the anticipated cost of continued implementation of the Groundwater Management Zone (GMZ), sampling of residential wells, maintenance of the vegetation cap, removal of any debris, grading of low laying areas and continued sampling of groundwater wells at the County's closed landfill site in Laurel. The Delaware Department of Natural Resources & Environmental Control (DNREC) has accepted the County's responsibility to continue to maintain the closed landfill. An investigation of the site is completed every five years. The County estimates that it will be obligated to perform pollution remediation obligation through the next evaluation period. Any time beyond these seven years, the County cannot reasonably estimate its liability.

NOTE Q -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 reasonably estimated or the outcome is remote.

The County has authorized the issuance of revenue bonds to provide funds for various commercial, industrial and agricultural development projects various issues are outstanding at June 30, 2014 equaling \$165,657,000. 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 R - SUBSEQUENT EVENTS

Major Contracts

Subsequent to June 30, 2014, the County approved the award of contracts totaling \$6.2 million for the construction and improvement of various sewer projects.

Pension and Other Employee Benefit Trusts

The County invests in various investment securities for its pension and other employee benefit trusts. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Therefore, the value, liquidity, and related income of the securities are sensitive to changes in economic conditions, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the users and changes in interest rates. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the County's account balances and the amounts reported in the statement of net position held in trust for pension and other employee benefits.

NOTE S – IMPLEMENTATION OF NEW PRONOUNCEMENTS

In 2014, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. One of the effects of Statement No. 65 was to change the reporting of amounts deferred on refunding of bonds. In prior years, these amounts were reflected in the financial statements as part of noncurrent liabilities. GASB Statement No. 65 requires these amounts to be presented as deferred outflows of resources in the statement of net position. Also in prior years, cost of the bond issuance were amortized over the term of the bonds. GASB Statement No. 65 eliminated those amortizations by requiring the costs of bond issuance to be recorded as an expense in the fiscal year during which the bonds were issued. This change resulted in a restatement of Net Position as reported at June 30, 2013.

The adjustment is reflected in the proprietary fund financial statements as follows:

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Unified Sewer District</u>	<u>Dewey Water</u>	<u>Totals</u>
Net Position as reported at June 30, 2013	\$294,078,005	\$ 3,204,159	\$297,282,164
Adjustment for bond issue costs	(515,921)	-	(515,921)
Net Position, as restated	<u>\$293,562,084</u>	<u>\$ 3,204,159</u>	<u>\$296,766,243</u>

The adjustment is reflected in the Government-wide statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net Position as reported at June 30, 2013	\$179,050,217	\$297,282,164	\$476,332,381
Adjustment for bond issue costs	-	(515,921)	(515,921)
Net Position, as restated	<u>\$179,050,217</u>	<u>\$296,766,243</u>	<u>\$475,816,460</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year Ending 2014
Total Pension Liability	
Service Cost	\$ 1,773,965
Interest Cost	5,768,860
Changes of Benefit Terms	-
Differences Between Expected and Actual Experiences	(2,185,380)
Changes of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	(2,971,418)
Net Change in Total Pension Liability	<u>2,386,027</u>
Total Pension Liability (Beginning)	<u>76,629,877</u>
Total Pension Liability (Ending)	<u><u>79,015,904</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	3,587,012
Contributions - Member	1,239
Net Investment Income	10,344,007
Benefit Payments, Including Refunds of Member Contributions	(2,972,657)
Administrative Expenses	-
Other	(138,063)
Net Change in Plan Fiduciary Net Position	<u>10,821,538</u>
Plan Fiduciary Net Position (Beginning)	<u>60,065,070</u>
Plan Fiduciary Net Position (Ending)	<u>70,886,608</u>
County's Net Pension Liability (Ending)	8,129,296
Net Position as a % Pension Liability	89.7%
Covered-Employee Payroll	20,427,138
Net Pension Liability as a % of Payroll	39.8%

The County implemented GASB 67 in 2014. Comparable information prior to that year is not available.

**SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS -
PENSION TRUST
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability - Projected Unit Credit</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>
01/01/2009	\$47,896,455	\$ 50,146,775	\$ 2,250,320	95.5 %	20,322,690	11.1 %
01/01/2010	50,212,221	54,751,314	4,539,093	91.7	19,672,456	23.1
01/01/2011	52,668,248	59,381,025	6,712,777	88.7	19,207,909	34.9
01/01/2012	55,299,940	67,169,062	11,869,122	82.3	19,609,001	60.5
01/01/2013	57,674,569	70,565,693	12,891,124	81.7	20,168,544	63.9
01/01/2014	68,147,606	77,721,668	9,574,062	87.7	20,427,138	46.9

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,866,222	168.8%
2010	2,036,037	134.5%
2011	2,169,173	109.3%
2012	2,342,663	156.6%
2013	2,798,351	114.3%
2014	2,868,624	114.9%

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF COUNTY CONTRIBUTIONS - PENSION TRUST

	Fiscal Year Ending 2014
Actuarially Determined Contribution	\$ 2,868,624
Contributions made in Relation to the Actuarially Determined Contribution	3,587,012
Contribution Deficiency (excess)	(718,388)
Covered-Employee Payroll	20,427,138
Contributions as a % of Payroll	17.56%

Note to Schedule:

Valuation Date Actuarially determined contribution rates are calculated as of January 1, 1 year and 6 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level dollar, open
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
General Inflation	2.50%
Salary Increase	Varies by age, average, including inflation
Investment Rate of Return	7.50% net of pension plan investment expense, including inflation.
Retirement Age	Varies by age and service

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The County implemented GASB 67 2014. Comparable information prior to that year is not available.

	Fiscal Year Ending 2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	17.4%

The County implemented GASB 67 in 2014. Comparable information prior to that year is not available.

**SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS -
POST-RETIREMENT EMPLOYEE BENEFIT TRUST
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability - Projected Unit Credit</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>
01/01/2009	\$15,274,216	\$ 41,635,802	\$26,361,586	36.7 %	20,322,690	129.7 %
01/01/2010	22,028,993	31,027,028	8,998,035	71.0	19,672,456	45.7
01/01/2011	23,984,121	32,997,258	9,013,137	72.7	19,207,909	46.9
01/01/2012	23,502,151	36,087,572	12,585,421	65.1	21,698,701	58.0
01/01/2013	26,289,375	37,234,965	10,945,590	70.6	20,168,544	54.3
01/01/2014	30,120,575	38,498,966	8,378,391	78.2	20,383,465	41.1

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 2,408,669	194.1%
2010	2,932,734	93.7%
2011	1,278,049	106.2%
2012	1,488,338	178.8%
2013	1,863,189	131.1%
2014	1,744,289	146.5%

INDIVIDUAL FUND FINANCIAL SCHEDULES

GENERAL FUND

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Taxes			
Real property and capitation - County	\$ 12,237,907	\$ 12,437,223	\$ 199,316
Real property - library	1,434,874	1,442,173	7,299
Realty transfer	16,000,000	20,894,160	4,894,160
Fire service	900,000	1,253,791	353,791
Penalties and interest	100,000	163,609	63,609
Total taxes	<u>30,672,781</u>	<u>36,190,956</u>	<u>5,518,175</u>
Intergovernmental			
Federal grants:			
Emergency preparedness	160,000	334,563	174,563
Miscellaneous	3,250	30,859	27,609
Housing and urban development	1,856,300	1,650,722	(205,578)
Project income	-	125,888	125,888
Federal payments in lieu of taxes	5,600	5,619	19
State grants:			
Library	340,938	330,431	(10,507)
Paramedics	3,941,135	4,935,688	994,553
Local emergency plan commission	69,000	66,129	(2,871)
Department of Health	10,000	10,000	-
Total intergovernmental	<u>6,386,223</u>	<u>7,489,899</u>	<u>1,103,676</u>
Charges for services			
Mobile home placement fees	74,000	92,486	18,486
Building inspection fees	856,000	1,259,860	403,860
Dog licensing	72,000	82,140	10,140
Miscellaneous general government fees	18,000	11,063	(6,937)
Building permits and zoning fees	1,315,000	1,628,932	313,932
911 System fees	559,630	559,636	6
Private road and sewer review and inspection fees	254,400	712,275	457,875
Airpark and economic development fees	476,472	503,115	26,643
Miscellaneous department fees	23,000	76,703	53,703
Marriage Bureau	115,000	209,836	94,836
Prothonotary	2,000	9,002	7,002
Recorder of Deeds	3,370,000	3,213,636	(156,364)
Register of Wills	1,000,000	841,855	(158,145)
Sheriff	2,010,000	2,931,261	921,261
Total charges for services	<u>10,145,502</u>	<u>12,131,800</u>	<u>1,986,298</u>
Fines and forfeits	<u>24,000</u>	<u>21,727</u>	<u>(2,273)</u>
Miscellaneous revenue			
Investment earnings	170,000	949,002	779,002
Miscellaneous revenues	160,110	239,262	79,152
Total miscellaneous revenues	<u>330,110</u>	<u>1,188,264</u>	<u>858,154</u>

(continued)

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

FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Other financing sources			
Reimbursements from other funds	\$ 300,000	\$ 76,110	\$ (223,890)
Appropriated reserves	2,278,232	-	(2,278,232)
Total other financing sources	<u>2,578,232</u>	<u>76,110</u>	<u>(2,502,122)</u>
Total revenues and other funding sources	<u>\$ 50,136,848</u>	<u>\$ 57,098,756</u>	<u>\$ 6,961,908</u>

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
General government			
County Council			
Salaries and wages	\$ 229,717	\$ 229,716	\$ 1
Fringe benefits	184,412	187,770	(3,358)
Contractual services	147,831	147,828	3
Material and supplies	18,020	18,016	4
Other expenditures	12,072	12,072	-
Travel and training	24,541	24,541	-
Total County Council	<u>616,593</u>	<u>619,943</u>	<u>(3,350)</u>
Administration			
Salaries and wages	388,231	388,219	12
Fringe benefits	109,598	107,067	2,531
Contractual services	9,394	8,474	920
Material and supplies	14,258	11,263	2,995
Other expenditures	1,970	600	1,370
Travel and training	7,238	4,233	3,005
Total administration	<u>530,689</u>	<u>519,856</u>	<u>10,833</u>
Legal	<u>415,000</u>	<u>458,593</u>	<u>(43,593)</u>
Finance			
Salaries and wages	900,060	900,060	-
Fringe benefits	533,858	547,933	(14,075)
Contractual services	549,787	542,809	6,978
Material and supplies	60,766	42,390	18,376
Travel and training	6,000	1,347	4,653
Machinery and equipment	9,177	32,699	(23,522)
Total finance	<u>2,059,648</u>	<u>2,067,238</u>	<u>(7,590)</u>
Assessment			
Salaries and wages	827,813	827,780	33
Fringe benefits	588,930	599,382	(10,452)
Contractual services	27,087	23,700	3,387
Material and supplies	45,405	38,388	7,017
Travel and training	2,700	1,127	1,573
Machinery and equipment	14,163	13,947	216
Total assessment	<u>1,506,098</u>	<u>1,504,324</u>	<u>1,774</u>

(continued)

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
General Government - Continued			
Building code			
Salaries and wages	\$ 340,399	\$ 340,358	\$ 41
Fringe benefits	250,489	254,339	(3,850)
Contractual services	10,039	9,481	558
Material and supplies	22,476	19,099	3,377
Travel and training	10,520	10,282	238
Machinery and equipment	14,265	13,947	318
Total building code	<u>648,188</u>	<u>647,506</u>	<u>682</u>
Mapping & addressing			
Salaries and wages	321,277	321,272	5
Fringe benefits	231,854	234,289	(2,435)
Contractual services	130,595	129,525	1,070
Material and supplies	27,878	25,624	2,254
Equipment	9,000	6,749	2,251
Total mapping and addressing	<u>720,604</u>	<u>717,459</u>	<u>3,145</u>
Human resources and general employment			
Salaries and wages	382,833	381,608	1,225
Fringe benefits	480,171	487,306	(7,135)
Contractual services	89,262	89,413	(151)
Material and supplies	21,512	17,768	3,744
Other expenditures	50,377	60,454	(10,077)
Travel and training	8,878	7,062	1,816
Total human resources	<u>1,033,033</u>	<u>1,043,611</u>	<u>(10,578)</u>
Records management			
Salaries and wages	94,283	94,265	18
Fringe benefits	53,868	39,658	14,210
Contractual services	6,056	4,832	1,224
Material and supplies	3,987	3,835	152
Travel and training	1,329	38	1,291
Total records management	<u>159,523</u>	<u>142,628</u>	<u>16,895</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2014

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	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
General government - continued			
Buildings and grounds			
Salaries and wages	\$ 492,067	\$ 470,961	\$ 21,106
Fringe benefits	359,859	360,232	(373)
Contractual services	324,923	319,709	5,214
Material and supplies	124,037	114,841	9,196
Travel and training	1,300	269	1,031
Equipment	19,783	19,209	574
Total building and grounds	<u>1,321,969</u>	<u>1,285,221</u>	<u>36,748</u>
Information technology			
Salaries and wages	576,176	554,077	22,099
Fringe benefits	344,486	344,754	(268)
Contractual services	501,553	488,617	12,936
Material and supplies	37,670	41,969	(4,299)
Travel and training	26,150	19,375	6,775
Equipment	32,300	29,445	2,855
Total information technology	<u>1,518,335</u>	<u>1,478,237</u>	<u>40,098</u>
Constables			
Salaries and wages	111,600	108,424	3,176
Fringe benefits	97,341	96,166	1,175
Contractual services	21,617	20,774	843
Material and supplies	7,409	7,325	84
Other expenditures	1,374	1,374	-
Total constables	<u>239,341</u>	<u>234,063</u>	<u>5,278</u>
Dog control			
Salaries and wages	29,137	29,113	24
Fringe benefits	27,508	27,920	(412)
Contractual services	679,567	679,456	111
Material and supplies	3,348	3,228	120
Total dog control	<u>739,560</u>	<u>739,717</u>	<u>(157)</u>
Total general government	<u>11,508,581</u>	<u>11,458,396</u>	<u>50,185</u>
Planning and zoning			
Salaries and wages	495,242	494,149	1,093
Fringe benefits	395,844	391,879	3,965
Contractual services	272,797	269,550	3,247
Material and supplies	18,380	16,633	1,747
Travel and training	1,105	1,105	-
Total planning and zoning	<u>1,183,368</u>	<u>1,173,316</u>	<u>10,052</u>

(continued)

**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Paramedics			
Salaries and wages	\$ 7,491,177	\$ 7,481,529	\$ 9,648
Fringe benefits	4,804,994	4,845,800	(40,806)
Contractual services	693,698	693,568	130
Material and supplies	637,098	637,040	58
Other expenditures	5,441	5,441	-
Travel and training	47,610	46,125	1,485
Equipment	279,767	279,767	-
Total paramedics	<u>13,959,785</u>	<u>13,989,270</u>	<u>(29,485)</u>
Emergency preparedness			
Administration			
Salaries and Wages	155,264	155,225	39
Fringe benefits	93,316	94,504	(1,188)
Contractual services	211,808	181,620	30,188
Material and supplies	78,920	114,384	(35,464)
Other expenditures	3,900	3,863	37
Travel and training	1,250	743	507
Total administration	<u>544,458</u>	<u>550,339</u>	<u>(5,881)</u>
Emergency operations center			
Salaries and wages	1,307,355	1,307,305	50
Fringe benefits	733,946	744,665	(10,719)
Contractual services	148,837	121,248	27,589
Material and supplies	19,393	11,097	8,296
Other expenditures	51,865	43,404	8,461
Travel and training	34,450	12,318	22,132
Machinery and equipment	14,210	14,210	-
Total emergency operation center	<u>2,310,056</u>	<u>2,254,247</u>	<u>55,809</u>
Communication systems			
Salaries and wages	196,754	191,555	5,199
Fringe benefits	115,047	108,996	6,051
Contractual services	38,724	28,531	10,193
Material and supplies	68,914	52,210	16,704
Travel and training	20	17	3
Machinery and equipment	85,239	84,135	1,104
Total communication systems	<u>504,698</u>	<u>465,444</u>	<u>39,254</u>
Local emergency planning community program			
Salaries and wages	45,856	45,186	670
Fringe benefits	37,338	32,890	4,448
Contractual services	1,067	1,067	-
Material and supplies	16	16	-
Travel and training	2,174	1,816	358
Total local planning community program	<u>86,451</u>	<u>80,975</u>	<u>5,476</u>
Total emergency preparedness	<u>3,445,663</u>	<u>3,351,005</u>	<u>94,658</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2014

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	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
County engineer			
Administration			
Salaries and wages	\$ 487,676	\$ 587,126	\$ (99,450)
Fringe benefits	364,877	471,284	(106,407)
Contractual services	50,171	49,063	1,108
Material and supplies	29,053	23,264	5,789
Other expenditures	197,018	180,363	16,655
Travel and training	4,020	1,394	2,626
Equipment	26,000	-	26,000
Total administration	<u>1,158,815</u>	<u>1,312,494</u>	<u>(153,679)</u>
Public works			
Salaries and wages	389,301	384,857	4,444
Fringe benefits	233,305	235,891	(2,586)
Contractual services	28,575	19,715	8,860
Material and supplies	16,918	15,851	1,067
Travel and training	275	-	275
Total public works	<u>668,374</u>	<u>656,314</u>	<u>12,060</u>
Total county engineer	<u>1,827,189</u>	<u>1,968,808</u>	<u>(141,619)</u>
Library			
Library administration	625,267	593,683	31,584
Library facilities	1,939,003	1,905,867	33,136
Local libraries	1,434,874	1,434,874	-
Total library	<u>3,999,144</u>	<u>3,934,424</u>	<u>64,720</u>
Economic development and airpark			
Economic development			
Salaries and wages	47,484	47,484	-
Fringe benefits	29,217	29,652	(435)
Contractual services	498	498	-
Material and supplies	1,744	1,739	5
Travel and training	85	85	-
Total economic development	<u>79,028</u>	<u>79,458</u>	<u>(430)</u>
Security			
Salaries and wages	278,896	272,914	5,982
Fringe benefits	179,352	180,878	(1,526)
Contractual services	2,506	2,370	136
Material and supplies	15,623	14,814	809
Travel and training	6,787	6,777	10
Equipment and improvements	5,075	5,075	-
Total security	<u>488,239</u>	<u>482,828</u>	<u>5,411</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2014

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Economic development and airpark - continued			
Airpark			
Salaries and wages	\$ 228,382	\$ 227,919	\$ 463
Fringe benefits	80,716	82,779	(2,063)
Contractual services	263,912	217,437	46,475
Material and supplies	27,312	27,079	233
Other expenditures	52,379	62,737	(10,358)
Travel and training	2,573	2,535	38
Equipment and improvements	2,100	16,612	(14,512)
Total airpark	<u>657,374</u>	<u>637,098</u>	<u>20,276</u>
Total economic development and airpark	<u>1,224,641</u>	<u>1,199,384</u>	<u>25,257</u>
Community development			
Salaries and wages	221,100	221,100	-
Fringe benefits	162,677	165,412	(2,735)
Contractual services	1,708,110	1,447,723	260,387
Material and supplies	2,632	2,205	427
Other expenditures	7,500	2,504	4,996
Travel and training	12,000	8,763	3,237
Total community development	<u>2,114,019</u>	<u>1,847,707</u>	<u>266,312</u>
Grant-in-aid			
Fire and ambulance grants	3,297,196	3,650,653	(353,457)
Public safety grants	2,463,387	2,462,479	908
Environmental grants	194,606	194,606	-
Public assistance grant	947,166	961,061	(13,895)
Library grants	576,652	595,137	(18,485)
Total grant-in-aid	<u>7,479,007</u>	<u>7,863,936</u>	<u>(384,929)</u>
Constitutional offices			
Marriage Bureau	191,592	190,271	1,321
Recorder of Deeds	1,159,142	1,075,259	83,883
Register of Wills	535,591	520,921	14,670
Sheriff	671,023	641,211	29,812
Total constitutional offices	<u>2,557,348</u>	<u>2,427,662</u>	<u>129,686</u>
Total expenditures	<u>49,298,745</u>	<u>49,213,908</u>	<u>84,837</u>
Other financing uses			
Transfers out	838,103	838,103	-
Total other financing uses	<u>838,103</u>	<u>838,103</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 50,136,848</u>	<u>\$ 50,052,011</u>	<u>\$ 84,837</u>

(continued)

CAPITAL PROJECTS FUND

**SCHEDULE OF CAPITAL PROJECTS FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,079,250	\$ 4,079,250	\$ 6,185,154	\$ 2,105,904
Miscellaneous revenue	14,000	14,000	192,641	178,641
Total revenues	<u>4,093,250</u>	<u>4,093,250</u>	<u>6,377,795</u>	<u>2,284,545</u>
EXPENDITURES				
Capital projects	<u>9,873,020</u>	<u>9,873,020</u>	<u>10,155,503</u>	<u>(282,483)</u>
Total expenditures	<u>9,873,020</u>	<u>9,873,020</u>	<u>10,155,503</u>	<u>(282,483)</u>
Excess of revenue over (under) Expenditures	<u>(5,779,770)</u>	<u>(5,779,770)</u>	<u>(3,777,708)</u>	<u>2,002,062</u>
OTHER FINANCING SOURCES				
Appropriated reserves	5,279,770	5,279,770	-	(5,279,770)
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>752,603</u>	<u>252,603</u>
Total other financing sources	<u>5,779,770</u>	<u>5,779,770</u>	<u>752,603</u>	<u>(5,027,167)</u>
Net change in fund balances	-	-	(3,025,105)	(3,025,105)
Fund balances - beginning	<u>11,795,039</u>	<u>11,795,039</u>	<u>11,795,039</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,795,039</u>	<u>\$ 11,795,039</u>	<u>\$ 8,769,934</u>	<u>\$ (3,025,105)</u>



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.

<u>Contents</u>	<u>Pages</u>
<p>Financial Trends <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>	73 - 78
<p>Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i></p>	79 - 82
<p>Debt Capacity <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>	83 - 86
<p>Demographic and Economic Information <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>	87 - 88
<p>Operating Information <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>	89 - 91

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

SUSSEX COUNTY, DELAWARE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 as restated	2012	2013 as restated	2014
Governmental activities										
Net investment in capital assets	\$ 27,029,978	\$ 34,140,268	\$ 43,377,418	\$ 52,193,513	\$ 63,679,024	\$ 65,292,609	\$ 64,237,068	\$ 65,497,373	\$ 69,132,520	\$ 75,152,173
Restricted	47,805,783	65,642,834	72,996,872	69,968,855	57,250,045	60,450,610	71,431,919	63,990,556	56,534,084	45,203,773
Unrestricted	39,791,889	37,870,448	35,105,979	35,242,364	44,548,346	41,246,130	35,996,462	45,085,253	53,383,613	71,405,982
Total governmental activities net position	<u>\$ 114,627,650</u>	<u>\$ 137,653,550</u>	<u>\$ 151,480,269</u>	<u>\$ 157,404,732</u>	<u>\$ 165,477,415</u>	<u>\$ 166,989,349</u>	<u>\$ 171,665,449</u>	<u>\$ 174,573,182</u>	<u>\$ 179,050,217</u>	<u>\$ 191,761,928</u>
Business-type activities										
Net investment in capital assets	\$ 93,526,220	\$ 111,947,402	\$ 150,185,092	\$ 166,434,682	\$ 172,029,870	\$ 176,649,726	\$ 179,296,736	\$ 194,995,829	\$ 202,135,522	\$ 210,272,555
Restricted	45,585,060	60,903,962	81,095,890	78,027,750	73,884,414	68,805,127	66,569,442	76,634,459	43,172,577	33,313,218
Unrestricted	18,923,370	22,596,611	(5,622,038)	5,367,852	13,801,100	19,829,075	22,997,372	17,427,622	51,458,144	59,305,147
Total business-type activities net position	<u>\$ 158,034,650</u>	<u>\$ 195,447,975</u>	<u>\$ 225,658,944</u>	<u>\$ 249,830,284</u>	<u>\$ 259,715,384</u>	<u>\$ 265,283,928</u>	<u>\$ 268,863,550</u>	<u>\$ 289,057,910</u>	<u>\$ 296,766,243</u>	<u>\$ 302,890,920</u>
Primary government										
Net investment in capital assets	\$ 120,556,198	\$ 146,087,670	\$ 193,562,510	\$ 218,628,195	\$ 235,708,894	\$ 241,942,335	\$ 243,533,804	\$ 260,493,202	\$ 271,268,042	\$ 285,424,728
Restricted	93,390,843	126,546,796	154,092,762	147,996,605	131,134,459	129,255,737	138,001,361	140,625,015	99,706,661	78,516,991
Unrestricted	58,715,259	60,467,059	29,483,941	40,610,216	58,349,446	61,075,205	58,993,834	62,512,875	104,841,757	130,711,129
Total primary government net position	<u>\$ 272,662,300</u>	<u>\$ 333,101,525</u>	<u>\$ 377,139,213</u>	<u>\$ 407,235,016</u>	<u>\$ 425,192,799</u>	<u>\$ 432,273,277</u>	<u>\$ 440,528,999</u>	<u>\$ 463,631,092</u>	<u>\$ 475,816,460</u>	<u>\$ 494,652,848</u>

Note: 1. The governmental activities net position balance for fiscal year ending 2011 increased by \$615,000 due to a prior period adjustment.
2. The business-type activities net position balance for fiscal year ending 2011 decreased by \$2,611,623 due to a prior period adjustment.
3. The business-type activities net position balance for fiscal year ending 2013 decreased by \$515,921 due to a prior period adjustment for implementation of GASB 65.

SUSSEX COUNTY, DELAWARE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 as restated	2012	2013 as restated	2014
Expenses										
Governmental activities:										
General government	\$ 11,592,273	\$ 11,293,426	\$ 13,627,710	\$ 13,494,301	\$ 9,578,284	\$ 9,640,728	\$ 9,037,273	\$ 10,024,224	\$ 9,697,332	\$ 10,823,928
Grant-in-aid programs	7,293,058	10,255,326	9,014,248	9,282,188	8,134,600	6,625,144	6,765,994	6,618,896	8,156,799	7,863,936
Planning and zoning	1,045,230	1,208,841	1,430,741	1,512,879	1,289,323	1,246,923	1,251,258	1,202,696	1,212,351	1,091,112
Paramedic program	8,467,637	9,963,348	11,626,354	12,802,503	12,079,831	12,524,387	11,515,259	12,173,161	12,895,383	14,302,991
Emergency preparedness	1,984,888	2,263,691	2,213,396	2,764,937	2,661,089	2,844,581	2,817,992	3,165,648	3,360,129	3,531,682
Economic development and Airpark	1,130,050	1,229,101	1,814,525	1,552,349	1,511,687	1,878,717	2,136,706	2,304,295	2,063,146	2,145,727
County engineer	2,025,846	3,332,568	2,994,201	2,713,328	2,407,043	1,850,683	1,683,158	1,130,783	1,622,080	1,721,971
Library	3,140,156	3,354,026	3,747,511	3,924,788	3,880,816	3,888,755	3,657,643	3,787,237	3,917,395	4,208,141
Community development and housing programs	1,829,012	2,561,943	1,959,365	1,501,117	1,508,755	3,308,765	2,399,951	2,447,571	1,782,197	1,878,873
Constitutional offices	2,268,066	2,372,219	2,486,465	2,630,085	2,449,069	2,315,381	2,161,054	2,493,630	2,429,063	2,459,691
Interest on long-term debt	-	-	3,285	-	-	-	-	-	-	-
Total governmental activities expenses	<u>40,776,216</u>	<u>47,834,489</u>	<u>50,917,801</u>	<u>52,178,475</u>	<u>45,500,497</u>	<u>46,124,064</u>	<u>43,426,288</u>	<u>45,348,141</u>	<u>47,135,875</u>	<u>50,028,052</u>
Business-type activities:										
Sewer facilities	21,327,548	23,011,584	25,102,767	26,132,596	27,079,247	28,355,108	27,942,561	29,460,133	31,485,165	32,228,252
Water facilities	770,503	812,592	852,902	856,120	962,162	928,222	1,016,979	1,078,834	987,917	968,419
Total business-type activities expenses	<u>22,098,051</u>	<u>23,824,176</u>	<u>25,955,669</u>	<u>26,988,716</u>	<u>28,041,409</u>	<u>29,283,330</u>	<u>28,959,540</u>	<u>30,538,967</u>	<u>32,473,082</u>	<u>33,196,671</u>
Total primary government expenses	<u>\$ 62,874,267</u>	<u>\$ 71,658,665</u>	<u>\$ 76,873,470</u>	<u>\$ 79,167,191</u>	<u>\$ 73,541,906</u>	<u>\$ 75,407,394</u>	<u>\$ 72,385,828</u>	<u>\$ 75,887,108</u>	<u>\$ 79,608,957</u>	<u>\$ 83,224,723</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,580,027	\$ 3,007,205	\$ 2,189,982	\$ 1,549,000	\$ 1,307,616	\$ 1,295,912	\$ 1,238,309	\$ 1,202,641	\$ 1,208,807	\$ 1,758,562
Planning and zoning	2,343,693	2,782,428	2,079,324	1,599,688	1,098,577	1,130,043	1,148,591	1,242,834	1,392,906	1,628,932
Emergency preparedness	26,545	27,485	24,145	17,065	17,655	16,230	15,960	17,500	17,500	17,500
Economic development and public works	244,526	590,635	558,097	550,558	541,885	530,310	671,314	545,324	875,302	455,017
County engineer	2,080,536	2,681,308	1,206,998	599,865	3,223,485	324,623	281,451	277,841	35,607	744,238
Library	20,249	25,320	26,422	25,911	26,716	19,585	25,991	28,074	553,044	35,359
Constitutional offices	6,684,859	6,852,532	6,171,154	6,356,764	6,940,930	7,039,506	6,808,811	9,149,173	7,509,071	7,205,590
Operating grants and contributions	6,065,343	7,510,097	7,599,645	6,787,014	7,526,184	8,494,730	7,115,414	7,150,788	6,971,729	6,945,600
Capital grants and contributions	3,001,477	1,166,791	1,494,572	4,475,526	4,727,502	1,499,146	2,102,681	543,802	2,949,213	6,751,045
Total governmental activities program revenues	<u>23,047,255</u>	<u>24,643,801</u>	<u>21,350,339</u>	<u>21,961,391</u>	<u>25,410,550</u>	<u>20,350,085</u>	<u>19,408,522</u>	<u>20,157,977</u>	<u>21,513,179</u>	<u>25,541,843</u>

(continued)

SUSSEX COUNTY, DELAWARE
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 as restated	2012	2013 as restated	2014
Business-type activities:										
Charges for services:										
Sewer facilities	\$ 12,072,903	\$ 13,591,594	\$ 13,357,511	\$ 13,750,827	\$ 14,458,789	\$ 14,530,668	\$ 15,536,386	\$ 16,158,500	\$ 17,229,651	\$ 18,900,486
Water facilities	583,889	591,991	635,186	695,038	689,335	740,686	750,785	667,476	808,246	1,240,052
Operating grants and contributions	18,806,360	22,841,920	21,060,417	21,288,672	15,926,530	14,449,833	9,962,936	14,191,817	15,752,444	15,605,163
Capital grants and contributions	15,586,276	17,112,386	17,606,829	12,252,630	5,226,686	4,287,188	5,475,117	18,766,753	5,712,226	2,798,600
Total business-type activities program revenues	<u>47,049,428</u>	<u>54,137,891</u>	<u>52,659,943</u>	<u>47,987,167</u>	<u>36,301,340</u>	<u>34,008,375</u>	<u>31,725,224</u>	<u>49,784,546</u>	<u>39,502,567</u>	<u>38,544,301</u>
Total primary government program revenues	<u>\$ 65,723,169</u>	<u>\$ 74,357,162</u>	<u>\$ 75,707,198</u>	<u>\$ 72,630,968</u>	<u>\$ 57,651,679</u>	<u>\$ 55,969,766</u>	<u>\$ 57,135,774</u>	<u>\$ 70,134,631</u>	<u>\$ 58,911,089</u>	<u>\$ 64,086,144</u>
Net (Expense)/Revenue										
Governmental activities	\$ (12,626,734)	\$ (14,316,271)	\$ (29,567,462)	\$ (30,217,084)	\$ (20,089,947)	\$ (30,217,084)	\$ (20,089,947)	\$ (25,190,164)	\$ (25,622,696)	\$ (24,486,209)
Business-type activities	27,013,325	34,713,877	26,704,274	20,998,451	10,345,671	7,019,659	3,683,815	19,245,579	7,029,485	5,347,630
Total primary government net (expense)/revenue	<u>\$ 14,386,591</u>	<u>\$ 20,397,606</u>	<u>\$ (2,863,188)</u>	<u>\$ (9,218,633)</u>	<u>\$ (9,744,276)</u>	<u>\$ (23,197,425)</u>	<u>\$ (16,406,132)</u>	<u>\$ (5,944,585)</u>	<u>\$ (18,593,211)</u>	<u>\$ (19,138,579)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 8,161,118	\$ 10,692,069	\$ 11,521,348	\$ 12,315,444	\$ 12,763,282	\$ 13,040,252	\$ 13,843,603	\$ 13,540,463	\$ 12,706,792	\$ 14,110,356
Capitation taxes	224,294	241,699	240,030	247,041	252,741	253,785	259,229	-	-	-
Fire service taxes	1,785,613	2,093,729	1,535,864	1,106,321	758,837	791,472	821,702	898,335	1,041,506	1,253,792
Realty transfer taxes	36,329,843	35,269,800	27,058,083	20,636,949	13,621,270	13,141,813	14,310,725	14,282,093	17,422,525	20,894,160
Unrestricted investment earnings	1,747,718	4,216,741	5,829,443	4,379,147	2,157,202	824,259	212,684	302,903	(318,529)	949,002
Transfers	(9,530,548)	(6,297,450)	(2,790,587)	(2,543,355)	(1,390,702)	(765,668)	(754,077)	(925,897)	(752,563)	(9,390)
Total governmental activities	<u>38,718,038</u>	<u>46,216,588</u>	<u>43,394,181</u>	<u>36,141,547</u>	<u>28,162,630</u>	<u>27,285,913</u>	<u>28,693,866</u>	<u>28,097,897</u>	<u>30,099,731</u>	<u>37,197,920</u>
Business-type activities:										
Unrestricted investment earnings	289,985	802,160	716,108	629,534	234,467	77,831	59,861	22,884	(73,715)	767,657
Transfers	9,530,548	6,297,450	2,790,587	2,543,355	1,390,702	765,668	754,077	925,897	752,563	9,390
Total business-type activities	<u>9,820,533</u>	<u>7,099,610</u>	<u>3,506,695</u>	<u>3,172,889</u>	<u>1,625,169</u>	<u>843,499</u>	<u>813,938</u>	<u>948,781</u>	<u>678,848</u>	<u>777,047</u>
Total primary government program revenues	<u>\$ 48,538,571</u>	<u>\$ 53,316,198</u>	<u>\$ 46,900,876</u>	<u>\$ 39,314,436</u>	<u>\$ 29,787,799</u>	<u>\$ 28,129,412</u>	<u>\$ 29,507,804</u>	<u>\$ 29,046,678</u>	<u>\$ 30,778,579</u>	<u>\$ 37,974,967</u>
Change in Net Position										
Governmental activities	\$ 26,091,304	\$ 31,900,317	\$ 13,826,719	\$ 5,924,463	\$ 8,072,683	\$ (2,931,171)	\$ 8,603,919	\$ 2,907,733	\$ 4,477,035	\$ 12,711,711
Business-type activities	36,833,858	41,813,487	30,210,969	24,171,340	11,970,840	7,863,158	4,497,753	20,194,360	7,708,333	6,124,677
Total primary government	<u>\$ 62,925,162</u>	<u>\$ 73,713,804</u>	<u>\$ 44,037,688</u>	<u>\$ 30,095,803</u>	<u>\$ 20,043,523</u>	<u>\$ 4,931,987</u>	<u>\$ 13,101,672</u>	<u>\$ 23,102,093</u>	<u>\$ 12,185,368</u>	<u>\$ 18,836,388</u>

- Notes:**
1. Airport expenses and charges for services for years 2005 through 2009 are included in economic development and airpark line, due to this department being combined with the industrial park in fiscal year ending June 30, 2010.
 2. The governmental activities fund balance for fiscal year ending 2011 increased by \$615,000 due to a prior period adjustment
 3. The business-type activities net position balance for fiscal year ending 2011 decreased by \$2,611,623 due to a prior period adjustment
 4. The business-type activities net position balance for fiscal year ending 2013 decreased by \$515,921 due to a prior period adjustment for implementation of GASB 65

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 41,702,138	\$ 56,560,314	\$ 64,675,385	\$ 67,436,807	\$ 61,679,946	\$ 61,988,419	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	14,509,355	11,257,954	3,859,850	2,706,165	2,078,768	2,413,855	-	-	-	-
Undesignated	13,957,648	13,254,683	9,885,684	4,955,974	9,445,728	9,420,145	-	-	-	-
Nonspendable	-	-	-	-	-	-	140,442	96,678	106,411	106,540
Restricted	-	-	-	-	-	-	53,084,094	47,914,815	44,739,045	45,203,773
Committed	-	-	-	-	-	-	598,598	837,696	1,308,577	778,755
Assigned	-	-	-	-	-	-	6,641,109	4,441,378	4,044,652	7,258,754
Unassigned	-	-	-	-	-	-	16,839,957	24,867,662	30,602,046	34,229,654
Total general fund	<u>\$ 70,169,141</u>	<u>\$ 81,072,951</u>	<u>\$ 78,420,919</u>	<u>\$ 75,098,946</u>	<u>\$ 73,204,442</u>	<u>\$ 73,822,419</u>	<u>\$ 77,304,200</u>	<u>\$ 78,158,229</u>	<u>\$ 80,800,731</u>	<u>\$ 87,577,476</u>
All Other Governmental Funds										
Reserved	\$ 12,800,198	\$ 21,203,720	\$ 27,760,247	\$ 27,461,371	\$ 20,188,022	\$ 17,815,212	\$ -	\$ -	\$ -	\$ -
Unreserved - Capital Projects										
Designated	5,341,810	-	-	-	-	-	-	-	-	-
Undesignated	-	-	53,901	(711,332)	(416,723)	(265,565)	-	-	-	-
Restricted	-	-	-	-	-	-	17,565,595	16,075,741	11,795,039	8,769,934
Unassigned	-	-	-	-	-	-	(10,911)	-	-	-
Total all other governmental funds	<u>\$ 18,142,008</u>	<u>\$ 21,203,720</u>	<u>\$ 27,814,148</u>	<u>\$ 26,750,039</u>	<u>\$ 19,771,299</u>	<u>\$ 17,549,647</u>	<u>\$ 17,554,684</u>	<u>\$ 16,075,741</u>	<u>\$ 11,795,039</u>	<u>\$ 8,769,934</u>

Note: GASB 54 was implemented in 2011, the previous six years data for new categories is not available.

SUSSEX COUNTY, DELAWARE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$46,489,369	\$48,235,257	\$40,296,411	\$34,242,130	\$27,291,166	\$27,147,412	\$28,563,428	\$28,759,847	\$31,206,399	\$36,190,956
Intergovernmental	7,572,581	6,906,650	8,341,011	9,715,239	11,177,316	8,933,970	7,543,959	6,861,928	8,219,487	13,675,053
Charges for services	14,309,619	16,295,120	12,310,437	10,719,989	10,325,117	10,386,570	10,318,704	12,821,849	11,782,244	12,131,800
Fines and forfeits	22,197	29,195	25,607	24,593	23,971	20,225	26,170	28,074	23,179	21,727
Miscellaneous	2,634,424	5,300,742	6,847,662	5,800,939	3,638,590	1,548,279	852,202	553,073	(102,807)	1,380,905
Total revenues	<u>71,028,190</u>	<u>76,766,964</u>	<u>67,821,128</u>	<u>60,502,890</u>	<u>52,456,160</u>	<u>48,036,456</u>	<u>47,304,463</u>	<u>49,024,771</u>	<u>51,128,502</u>	<u>63,400,441</u>
Expenditures										
General government	11,162,849	13,653,314	13,944,902	14,587,416	12,109,120	10,356,155	9,471,349	11,897,318	10,325,453	11,458,396
Grant-in-aid programs	7,293,058	10,255,326	9,414,248	9,282,188	8,284,600	6,625,144	6,765,994	6,618,896	8,156,799	7,863,936
Planning and zoning	1,034,333	1,194,608	1,460,495	1,524,715	1,279,394	1,233,292	1,239,740	1,190,358	1,239,222	1,173,316
Paramedic program	8,603,643	10,196,835	11,961,544	13,213,202	12,520,985	12,272,121	11,274,004	12,073,309	12,426,866	13,989,270
Emergency preparedness	1,758,753	2,053,559	2,188,091	2,585,285	2,305,965	2,467,390	2,425,889	2,703,131	2,944,307	3,351,005
Economic development and airpark	768,054	925,222	986,140	922,685	913,528	908,510	1,200,621	1,156,267	1,198,076	1,199,384
County engineer	2,237,346	3,010,396	2,952,789	2,704,747	2,391,805	1,874,153	1,689,824	1,608,213	1,608,136	1,968,808
Library	3,102,598	3,267,209	3,681,719	3,871,076	3,709,309	3,725,242	3,483,833	3,576,348	3,747,165	3,934,424
Community development and housing programs	1,831,004	2,563,573	1,965,771	1,501,809	1,509,447	3,308,909	2,394,101	2,544,468	1,749,543	1,847,707
Constitutional offices	2,307,731	2,387,371	2,500,483	2,685,563	2,442,663	2,315,419	2,137,974	2,485,535	2,479,689	2,427,662
Capital projects	5,948,148	7,040,918	10,126,509	9,535,878	12,477,328	3,788,128	980,239	2,869,945	6,408,883	10,155,503
Total expenditures	<u>46,047,517</u>	<u>56,548,331</u>	<u>61,182,691</u>	<u>62,414,564</u>	<u>59,944,144</u>	<u>48,874,463</u>	<u>43,063,568</u>	<u>48,723,788</u>	<u>52,284,139</u>	<u>59,369,411</u>
Excess of revenues over (under) expenditures	<u>24,980,673</u>	<u>20,218,633</u>	<u>6,638,437</u>	<u>(1,911,674)</u>	<u>(7,487,984)</u>	<u>(838,007)</u>	<u>4,240,895</u>	<u>300,983</u>	<u>(1,155,637)</u>	<u>4,031,030</u>
Other Financing Sources (Uses)										
Issuance of debt	94,054	44,339	110,546	68,947	5,442	-	-	-	-	-
Transfers in	7,338,247	8,921,148	13,914,628	4,301,295	166,082	54,213	55,151	53,891	53,966	828,713
Transfers out	(16,868,795)	(15,218,598)	(16,705,215)	(6,844,650)	(1,556,784)	(819,881)	(809,228)	(979,788)	(806,529)	(838,103)
Total other financing sources (uses)	<u>(9,436,494)</u>	<u>(6,253,111)</u>	<u>(2,680,041)</u>	<u>(2,474,408)</u>	<u>(1,385,260)</u>	<u>(765,668)</u>	<u>(754,077)</u>	<u>(925,897)</u>	<u>(752,563)</u>	<u>(9,390)</u>
Net change in fund balances	<u>\$15,544,179</u>	<u>\$13,965,522</u>	<u>\$3,958,396</u>	<u>\$(4,386,082)</u>	<u>\$(8,873,244)</u>	<u>\$(1,603,675)</u>	<u>\$3,486,818</u>	<u>\$(624,914)</u>	<u>\$(1,908,200)</u>	<u>\$4,021,640</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Airport expenses and charges for services for years 2005 through 2009 are included in economic development and airpark line, due to this department being combined with the industrial park in fiscal year ending June 30, 2010.

**SCHEDULE OF REVENUE AND EXPENDITURES AND OTHER FINANCING SOURCES AND USES
FOR THE THIRTY-SEVEN YEARS THROUGH JUNE 30, 2014**

Year Ended	Total Revenues and Other Financing Sources	Total Expenditures and Other Financing Uses	Revenues Over (Under) Expenditures
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)
June 30, 2008	56,401,363	59,723,336	(3,321,973)
June 30, 2009	47,129,096	49,023,600	(1,894,504)
June 30, 2010	46,524,193	45,906,216	617,977
June 30, 2011	46,374,338	42,892,557	3,481,781
June 30, 2012	47,687,660	46,833,631	854,029
June 30, 2013	49,054,287	46,681,785	2,372,502
June 30, 2014	57,098,756	50,052,011	7,046,745

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

Fiscal Year	Residential Property	Business	Agriculture Property	Trailer	Other	Less: Tax - Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
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%
2008	2,101,384,126	406,044,024	115,469,649	113,419,034	200,009,962	222,961,073	2,713,365,722	0.445	39,424,140,899	6.9%
2009	2,197,966,019	418,057,225	116,526,199	113,690,921	208,199,836	230,109,902	2,824,330,298	0.445	36,537,261,294	7.7%
2010	2,250,982,140	433,413,708	117,458,414	113,085,347	216,129,487	238,465,723	2,892,603,373	0.445	34,791,957,818	8.3%
2011	2,298,908,548	422,542,584	117,910,978	112,535,610	218,265,711	239,297,617	2,930,865,814	0.445	34,159,275,221	8.6%
2012	2,359,822,403	426,432,740	116,547,528	113,228,365	222,019,046	241,807,940	2,996,242,142	0.445	33,402,922,430	9.0%
2013	2,406,619,888	422,465,283	117,246,528	113,008,160	226,056,896	244,977,619	3,040,419,136	0.445	33,411,199,291	9.1%
2014	2,450,287,060	427,920,126	117,594,308	112,225,430	224,673,246	225,892,895	3,106,807,275	0.445	34,907,946,910	8.9%

Notes:

1. Assessed values reflect the values utilized for initial property tax billings for each fiscal year, which are based on the June 30 assessments.
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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Direct										
County Tax	\$ 0.4017	\$ 0.4017	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983	\$ 0.3983
Library	0.0433	0.0433	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467	0.0467
Total direct rate	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450
School Districts										
Cape Henlopen	2.2360	2.9980	2.9980	2.8770	2.6660	2.5670	2.5670	2.5670	2.9770	2.9770
Delmar	3.2000	3.2000	3.1500	3.1500	3.1400	3.1200	3.1200	3.3100	3.7574	3.8094
Indian River (3)	2.2400	2.4470	2.5450	2.4750	2.5550	2.5700	2.5700	2.6250	2.6230	2.7430
Laurel	2.3900	2.3900	2.3900	2.3900	2.4900	2.4900	2.4900	2.9810	3.6050	3.5890
Milford	3.2897	3.3978	3.5468	3.5803	3.5101	3.6986	3.6986	3.6304	3.4659	3.5870
Seaford	2.5800	3.2300	3.2300	3.2300	3.2300	3.2900	3.2900	3.3200	3.3200	3.3600
Woodbridge	2.9990	3.3280	3.2950	3.2950	3.2850	3.2810	3.2810	3.4820	3.7240	3.6900
Vo-Tech	0.2293	0.2269	0.2363	0.2480	0.2676	0.2666	0.2666	0.2737	0.2811	0.2599
Town Rates (2)										
Bethany Beach	0.0800	0.0800	0.1600	0.1600	0.1650	0.1650	0.1650	0.1700	0.1700	0.1750
Bethel	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Blades	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	0.7000	0.7000
Bridgeville	1.8300	1.7300	1.7300	1.7300	1.7300	2.0000	2.0000	2.0000	2.0000	2.4000
Dagsboro	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800	0.5600	0.5600
Delmar	1.3100	1.3100	1.3100	0.4000	0.5000	0.5000	0.5000	0.5000	0.5200	0.5200
Dewey Beach	0.4000	0.4000	0.4000	0.4000	0.4000	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	1.5000	1.5000
Fenwick Island	1.6000	1.9200	1.9200	1.9200	1.9200	1.9200	1.9200	1.9200	1.9200	1.9200
Frankford	1.7500	1.7500	1.9500	2.0500	2.2000	2.5000	2.5000	2.5000	2.5000	2.5000
Georgetown	2.4500	2.5300	2.5300	2.5300	2.5300	2.9300	3.1400	3.1400	3.1400	3.1700
Greenwood	1.0000	1.2000	1.4000	1.7000	1.7000	1.8000	1.8000	1.8000	1.8000	1.8000
Henlopen Acres	1.8800	1.8800	1.8800	1.8800	2.1700	2.1700	2.1700	2.6200	2.6200	2.6200
Laurel	1.9100	1.9100	1.9100	1.9100	1.9100	2.0800	2.0800	2.2000	2.2900	2.2900
Lewes	0.3900	0.3900	0.3900	0.3900	0.4900	0.4900	0.5700	0.5700	0.5700	0.5700
Milford	0.4100	0.4100	0.4100	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600	0.4600
Millsboro	0.4600	0.5100	0.5100	0.5100	0.5100	0.5600	0.5600	0.5600	0.5600	0.5600
Millville	0.2000	0.2000	0.2000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Milton	0.4100	0.4100	0.4100	0.4100	0.4100	0.1800	0.1800	0.2160	0.2160	0.2160
Ocean View	0.5000	0.5000	0.0981	0.0981	0.1059	0.1144	0.1230	0.1588	0.1588	0.1620
Rehoboth Beach	1.4000	1.5500	1.5500	1.5500	1.5500	1.5500	1.7800	1.7800	1.7800	0.0400
Seaford	0.5200	0.5700	0.5700	0.2650	0.2800	0.2900	0.2900	0.3000	0.3100	0.3100
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	0.7500	0.7500	0.7500	0.7500	0.7500
South Bethany	0.6500	0.6500	0.6500	0.6500	1.3000	1.3000	1.3000	1.3000	1.3000	1.3000

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 \$2.289 for non-residential properties in fiscal year 2005

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

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

Taxpayer	Fiscal Year 2014			Fiscal Year 2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Verizon	\$ 40,016,875	1	1.29%	\$ 35,639,325	1	1.61%
Delmarva Power & Light Co.	29,548,954	2	0.96	20,262,571	2	0.92
Indian River Power LLC	12,786,471	3	0.41	12,737,071	3	0.58
Eastern Shore Natural Gas Co.	9,254,400	4	0.30	3,208,577	9	0.15
E. I. duPont de Nemours Company	6,827,200	5	0.22	9,261,400	4	0.42
Chesapeake Utilities Corporation	5,767,165	6	0.19	3,240,411	8	0.15
Delaware Electric Cooperative,	5,344,578	7	0.17	4,393,881	5	0.20
Mountaire Farms of Delaware,	4,012,150	8	0.13	4,351,900	6	0.20
Millsboro Town Center LLC	3,794,800	9	0.12	-	-	-
Allen Harim Farms LLC	3,545,850	10	0.11	-	-	-
Carl M. Freeman Associates, Inc.	-	-	-	3,309,350	7	0.15
M & T Bank	-	-	-	3,135,800	10	0.14
	<u>\$120,898,443</u>		<u>3.90%</u>	<u>\$ 99,540,286</u>		<u>4.52%</u>

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
2005	\$ 8,161,305	\$ 120,699	\$ 8,282,004	\$ 8,014,809	96.8%	\$ 242,879	\$ 8,257,688	99.6%
2006	10,686,666	175,555	10,862,221	10,584,949	97.4	247,308	10,832,257	99.7
2007	11,468,314	217,171	11,685,485	11,403,418	97.6	246,134	11,649,552	99.6
2008	12,329,504	140,690	12,470,194	12,206,827	97.9	250,397	12,457,224	99.6
2009	12,827,188	85,976	12,913,164	12,580,435	97.4	279,016	12,859,451	99.5
2010	13,134,779	56,957	13,191,736	12,842,730	97.4	277,163	13,119,893	99.3
2011	13,307,922	62,530	13,370,452	13,034,973	97.5	248,703	13,283,676	99.1
2012	13,333,291	64,275	13,397,566	13,129,170	98.0	162,151	13,291,321	99.0
2013	12,522,798	63,224	12,586,022	12,314,220	97.8	117,915	12,314,220	97.8
2014	13,751,888	24,327	13,776,215	13,505,584	98.0	-	13,505,584	98.0

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.
3. The property tax levy for fiscal year 2013 is shown net of \$1,007,067 credit applied to eligible taxpayers based on .0035% of property assessment value.

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				
2005	\$ 259,744	\$119,088,672	\$28,072,022		\$ 147,420,438	2.79%	\$ 838
2006	181,346	131,143,301	26,926,565		158,251,212	2.80	878
2007	165,271	132,717,532	25,473,714		158,356,517	2.64	862
2008	136,587	135,651,951	23,983,931		159,772,469	2.49	847
2009	72,862	137,744,448	22,453,203		160,270,513	2.41	835
2010	17,987	143,660,628	20,892,734		164,571,349	2.41	835
2011	-	170,158,954	19,284,788		189,443,742	2.70	944
2012	-	159,993,470	17,643,028		177,636,498	2.32	873
2013	-	172,319,678	-		172,319,678	*	834
2014	-	159,460,288	-		159,460,288	*	*

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

* Figures not available

SUSSEX COUNTY, DELAWARE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
Cape Henlopen	\$ 26,844,142	100%	\$ 26,844,142
Delmar	1,512,875	100%	1,512,875
Howard T Ennis, Sr.	593,000	100%	593,000
Indian River	27,512,440	100%	27,512,440
Laurel	22,580,910	100%	22,580,910
Milford	14,059,775	59%	8,295,267
Seaford	13,020,525	100%	13,020,525
Sussex Tech	11,103,305	100%	11,103,305
Woodbridge	16,388,030	99%	16,224,150
Total School Districts			<u>127,686,614</u>
Municipalities:			
Milford	109,980	59%	64,888
Rehoboth Beach	*	100%	*
Seaford	1,698,149	100%	1,698,149
Total Municipalities			<u>1,763,037</u>
Subtotal, overlapping debt			129,449,651
County direct debt			-
Total direct and overlapping debt			<u>\$ 129,449,651</u>

Notes: 1. This report includes general obligation debt. It does not include revenue bonds or short-term debt.
2. Sussex County does not have any governmental activity general bonded debt.

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

* Data not available from the City of Rehoboth

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General obligation bonds	\$ 119,088,672	\$ 131,143,301	\$ 132,717,532	\$ 135,651,951	\$ 137,744,448	\$ 143,660,628	\$ 170,158,954	\$ 159,993,470	\$ 172,319,678	\$ 159,460,288
Percentage of estimated actual property value	0.38%	0.37%	0.34%	0.35%	0.35%	0.41%	0.50%	0.47%	0.50%	0.47%
Per capita	\$ 677	\$ 727	\$ 722	\$ 719	\$ 717	\$ 729	\$ 848	\$ 787	\$ 834	*
Total net debt applicable to debt limit	119,088,672	131,143,301	132,717,532	135,651,951	137,744,448	143,660,628	170,158,954	159,993,470	172,319,678	159,460,288
Legal debt limit	283,050,019	303,961,496	302,316,074	339,750,295	347,637,021	352,113,820	359,533,606	364,850,297	370,830,620	377,449,813
Legal debt margin	\$ 163,961,347	\$ 172,818,195	\$ 169,598,542	\$ 204,098,344	\$ 209,892,573	\$ 208,453,192	\$ 189,374,652	\$ 204,856,827	\$ 198,510,942	\$ 217,989,525
Total net debt applicable to the limit as a percentage of debt limit	42.07%	43.14%	43.90%	39.93%	39.62%	40.80%	47.33%	43.85%	46.47%	42.25%

Legal debt margin calculation for fiscal year 2014

Assessed value	\$ 3,145,415,109
Debt limit (12% of assessed value)	377,449,813
Total net debt applicable to limit	<u>159,460,288</u>
Legal debt margin	<u>\$ 217,989,525</u>

Notes:

1. The statutory limitation for debt is 12% of the assessed value of taxable property as of June 30, 2014.
2. The personal income and population data information is presented on the demographic and economic statistics schedule.
3. Sussex County does not have any governmental activity general bonded debt.

Source: Sussex County Assessment Division.

* Figures not available

**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	
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
2008	11,999,456	2,743,615	9,255,841	1,492,378	825,293	3.99
2009	10,416,204	2,899,406	7,516,798	1,529,488	789,210	3.24
2010	9,406,784	3,068,983	6,337,801	1,561,781	752,067	2.74
2011	9,372,308	2,858,014	6,514,294	1,609,258	712,214	2.81
2012	9,972,970	2,769,722	7,203,248	1,646,921	670,863	3.11
2013	10,044,481	2,645,099	7,399,382	1,689,775	628,384	3.19
2014	-	-	-	-	-	0.00

Notes:

- Operating expenses do not include depreciation or interest expense, as per the bond indenture.
- Utility service charges do not include capitalization fees, or capital contributions.
- 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.
- The coverage requirement per Bond resolutions is 1.25.
- 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.
- 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.
- 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.
- In April 2013, Series 2005 revenue bonds were paid off and Subordinated Obligations have been released due to obligation pay off.
- The following revenue bond issues are included here as part of the debt service requirements:

	Issuance Amount
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**

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2005	175,818	\$ 5,278,405	\$ 29,959	42.4	24,278	3.2%
2006	180,275	5,650,513	31,385	41.8	24,531	3.1%
2007	183,798	6,001,783	32,647	42.1	24,818	3.0%
2008	188,597	6,425,940	33,881	41.9	25,104	4.1%
2009	192,019	6,637,087	34,434	44.4	25,307	7.8%
2010	197,145	6,830,250	34,512	45.4	25,704	7.9%
2011	200,771	7,009,239	34,988	45.1	24,205	7.2%
2012	203,390	7,660,479	37,664	45.4	24,560	5.9%
2013	206,649	*	*	*	25,649	6.5%
2014	*	*	*	*	27,750	5.4%

Note: Total personal income is in thousands of dollars.

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.

* Figures not available

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

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<u>Type of Employer</u>	<u>2014</u>			<u>2005</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>
Retail trade	11,023	1	16.5%	10,497	2	16.0%
Health care and social assistance	10,224	2	15.3	7,649	3	11.7
Manufacturing	9,536	3	14.3	11,836	1	18.1
Government	8,279	4	12.4	6,742	5	10.3
Accommodation and food services	8,315	5	12.4	6,772	4	10.3
Construction	3,980	6	6.0	6,084	6	9.3
Administrative and waste services	3,104	7	4.6	2,290	8	3.5
Other services, except public administration	2,162	8	3.2	2,194	9	3.4
Professional and technical services	1,814	9	2.7	1,659	10	2.5
Finance and insurance	1,607	10	2.4	2,724	7	4.2
	<u>60,044</u>		<u>89.8%</u>	<u>58,447</u>		<u>89.3%</u>

Notes:

1. Data reported is for first quarter of the respective year.
2. Top employer information is deemed confidential pursuant to 20 Code of Federal regulations Part 603.

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

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

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
General administration	8	10	11	11	11	11	11	11	11	10
Finance	86	89	90	86	81	72	70	71	67	68
Human Resources	5	6	6	6	6	6	6	6	6	6
Buildings and grounds	28	25	33	26	21	17	19	21	20	19
Information Technology	13	13	12	14	12	14	15	15	14	12
County constable	4	4	3	4	4	5	5	5	4	3
Planning and zoning	14	15	16	15	14	13	12	12	11	11
Paramedic program	94	108	110	109	112	106	105	104	108	110
Emergency preparedness	27	29	28	28	27	28	28	27	29	27
Economic development and public works	15	14	13	12	12	12	11	10	10	8
County engineer	120	132	132	139	141	138	140	137	137	137
Library	32	30	41	33	31	27	27	26	28	27
Community development and housing programs	6	6	7	6	6	6	6	5	5	5
Constitutional offices	33	33	37	36	34	35	34	33	33	32
Total	485	514	539	525	512	490	489	483	483	475

Source: Sussex County Accounting Department.

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

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Planning and Zoning										
Permits issued	11,075	11,299	9,896	8,436	6,553	6,302	6,658	6,959	7,172	7,693
Public Safety										
Paramedic incidents dispatched	11,612	11,955	12,701	13,759	13,500	13,697	14,077	14,260	15,018	15,219
911 calls	85,243	94,858	99,659	104,623	97,230	103,107	105,776	108,301	105,137	110,139
Sewer and Water Services										
Sewer customers, EDU's billed	47,524	50,809	53,439	56,200	57,673	59,154	60,167	62,431	64,456	65,735
Water customers, EDU's billed	3,530	3,543	3,553	3,574	3,600	3,611	3,613	3,631	3,688	3,676
Libraries										
Circulation	1,182,767	1,137,880	1,170,327	1,221,697	1,299,830	1,234,407	1,147,886	1,406,166	1,387,038	1,361,586
Industrial Airpark										
Number of businesses	20	20	20	18	18	18	17	17	19	20
Number of jobs provided by business	752	860	944	1,048	989	842	961	881	870	875
Number of landings (1)	18,625	17,508	19,259	20,222	20,000	20,000	17,500	18,000	17,900	18,000

Note:

1. The number of landings is an estimated provided by Sussex County Airport Department.

Source: Individual Sussex County Departments.

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

<u>Function/Program</u>	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Paramedic stations	7	7	8	8	9	9	9	9	9	9
Volunteer fire and ambulance companies	24	24	24	24	24	24	24	24	24	24
Additional state police officers funded by County	24	28	32	36	40	40	40	40	44	44
Sewer and Water Services										
Miles of underground sanitary sewer pipe	595	655	682	747	770	778	811	846	856	856
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	6,670
Pump stations	357	370	384	397	418	428	437	440	449	461
Lagoon treatment facilities with land application	3	3	3	3	3	3	3	3	3	3
Tertiary treatment facility with ocean discharge	1	1	1	1	1	1	1	1	1	1
Libraries										
Directly administered	3	3	3	3	3	3	3	3	3	3
Number of County funded, with independent board	11	11	11	11	11	11	11	11	11	11
Bookmobiles	1	1	1	1	1	1	1	1	1	1
Airport										
Paved runway footage	7,330	7,330	7,330	7,330	7,330	8,109	8,109	8,109	8,109	8,609
Number of hangars	24	27	28	30	30	30	30	30	30	30
Number of runways	2	2	2	2	2	2	2	2	2	2

Source: Individual Sussex County Departments.



SINGLE AUDIT SUPPLEMENT



**SUSSEX COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs:			
Rural Housing Preservation Grants	10.433	HPG 12-13	\$ 11,950
Water and Waste Disposal Systems for Rural Communities	10.760		212,089
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781		<u>69,715</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>293,754</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State - Delaware State Housing Authority:			
Community Development Block Grants/ State's Program	14.228	CD 03-12	146,604
		CD 03-13	814,471
Neighborhood Stabilization Program (NSP 1)		NSP 03-08	<u>138,611</u>
Total Community Development Block Grants/ State's Program			1,099,686
ARRA - Neighborhood Stabilization Program (NSP 2)	14.256	NSP 03-09	14,090
Home Investment Partnerships Program	14.239	HM 03-13	<u>444,961</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,558,737</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Airport Improvement Program	20.106	3-10-0007-026-11	
		3-10-0007-027-11	
		3-10-0007-028-12	
		3-10-0007-029-13	<u>4,868,965</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>4,868,965</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through State - Delaware Emergency Management Agency:			
Emergency Management Performance Grants	97.042	EMPG-14-003	186,565
Homeland Security Grant Program	97.067	2011	<u>86,900</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>273,465</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$6,994,921</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SUSSEX COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

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.

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

NOTE B - LOANS

The County had the following federal expenditures that have been or will be funded by loans from the U.S. Department of Agriculture and the U.S. Environmental Protection Agency for the year ended June 30, 2014.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Amount</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 212,089

NOTE C - LOANS OUTSTANDING

The County administers low-income housing loan programs under the Community Development Block Grants/Entitlement Grants for CFDA No. 14.228. The total amount outstanding at June 30, 2014 is \$ 979,056 of which \$ 30,378 is included in the current fiscal year's federal expenditure balance for that program.



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270 Presidential Drive
Wilmington, DE 19807

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance

To the County Council of Sussex County, Delaware
Georgetown, Delaware

Report on Compliance for Each Major Federal Program

We have audited Sussex County's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the County'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.



Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

December 22, 2014



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270 Presidential Drive
 Wilmington, DE 19807

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*

The County Council of Sussex County, Delaware
 Georgetown, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sussex County, Delaware (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

December 22, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards Section

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section .510(a)? _____ yes X no

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Program
20.106	Airport Improvement Grant

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Prior Year Findings:

There were no prior year Federal award findings or questioned costs required to be reported in accordance with OMB Circular A-133.

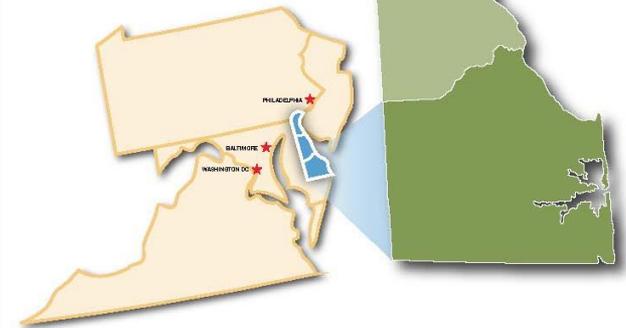
Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2014

SUSSEX COUNTY



Delaware



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2014

Comprehensive Annual Financial Report (CAFR)

- Four Sections
 - **Introductory** (CAFR pages iv – xiv)
 - Letter of Transmittal
 - CAFR Award
 - Government Structure
 - **Financial** (CAFR pages 1 - 71)
 - Auditor's Opinion
 - Management's Discussion & Analysis
 - Financial Statements
 - **Statistical** (CAFR pages 72 - 91)
 - **Single Audit Supplement** (CAFR pages 92 - 98)
 - Schedule of Expenditures of Federal Awards
 - Auditor's report on Compliance



Introductory Section

Letter of Transmittal

(CAFR pages iv – x)

- Profile of Sussex
 - Population of 209,704
 - 48% of the State of Delaware's total area of land
- Economic Conditions
 - Unemployment rate as of September was 5.6% compared to Delaware's 6.5% and the nation's 5.9%
 - Agriculture is the leading industry – poultry industry has an annual \$5.2 billion economic impact
 - Tourism is 2nd - bringing \$850 million of tourism revenue to the state with employing 15,000 people
 - Financial Planning - Pay-as-you-go basis for general fund capital projects with a \$22 million 5-year plan
- Awards and Acknowledgments
 - Certificate of Achievement for Excellence in Financial Reporting – 12th year
 - Aa1 bond rating



Financial Section

Independent Auditor's Opinion

(CAFR page 2)

“The financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Sussex County, Delaware as of June 30, 2014,…”

Balance Sheet – Governmental Funds

(CAFR page 21)

	General	Capital Projects	Total Governmental
Assets	\$ 101,403,815	\$ 11,617,375	\$ 113,021,190
- Liabilities	13,826,339	2,847,441	16,673,780
Fund Balance	\$ 87,577,476	\$ 8,769,934	\$ 96,347,410

Fund Balances:	General	Capital Projects	Total Governmental
Nonspendable	\$ 106,540	\$ -	\$ 106,540
Restricted	45,203,773	8,769,934	53,973,707
Committed	778,755	-	778,755
Assigned	7,258,754	-	7,258,754
Unassigned	34,229,654	-	34,229,654
Total	\$ 87,577,476	\$ 8,769,934	\$ 96,347,410

Statement of Revenues, Expenditures and Changes in Fund Balance

(CAFR page 22)

	General	Capital Projects	Total Governmental
Revenues	\$57,022,646	\$ 6,377,795	\$ 63,400,441
Expenditures	(49,213,908)	(10,155,503)	(59,369,411)
Other Financing Sources	(761,993)	752,603	(9,390)
Change in Fund Balance	\$ 7,046,745	\$ (3,025,105)	\$4,021,640

General

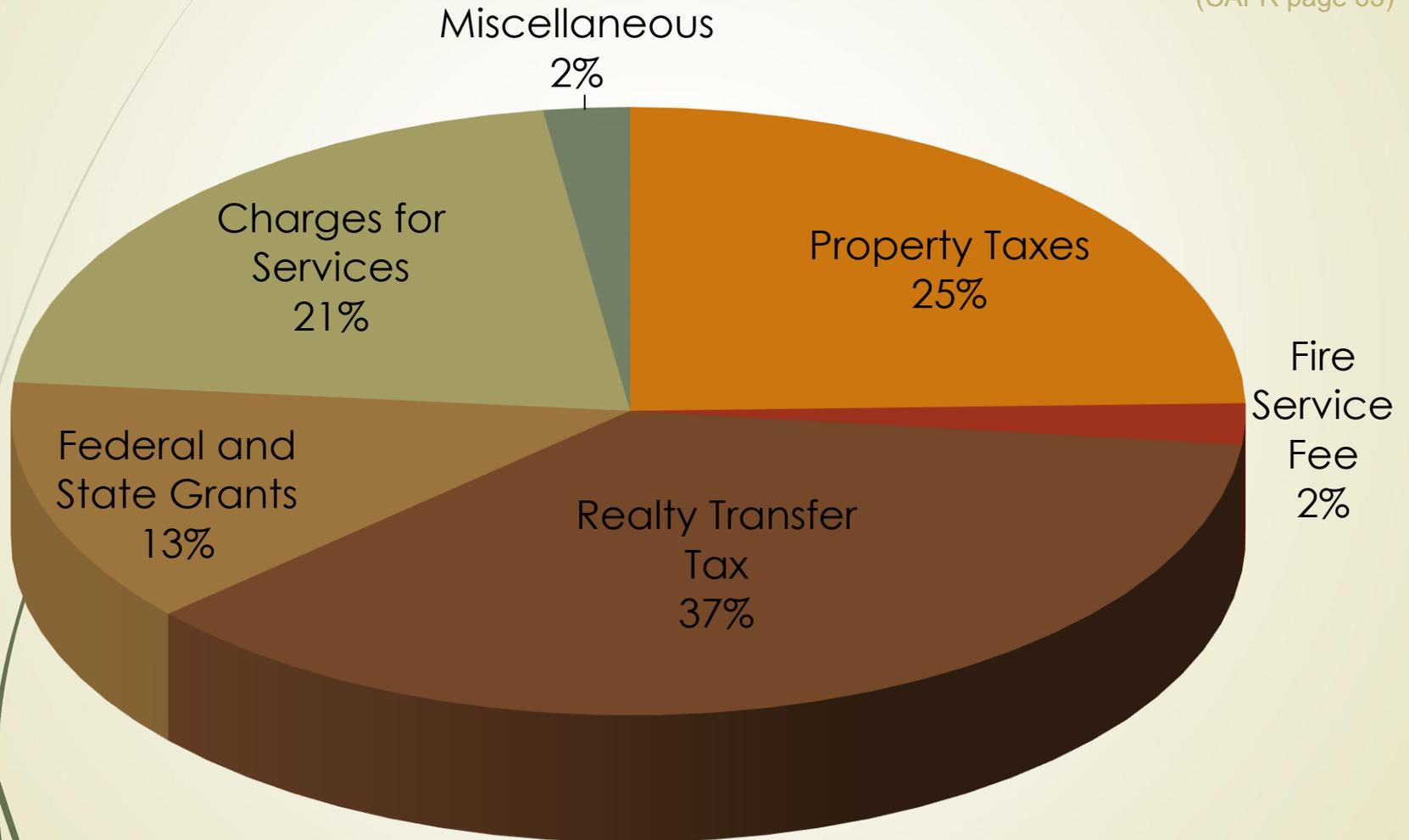
- Revenues up by 16.4%, or \$8.0 million
 - Largest increase - RTT - \$3.5 million.
 - Increase in grants received of \$1.4 million
 - Increase in investment earnings of \$1.3 million
- Expenditures increased \$3.3 million

Capital

- Expenditures up \$3.7 million
 - Airport - 66%, or \$6.7 million
 - Library projects – 22%, or \$2.2 million

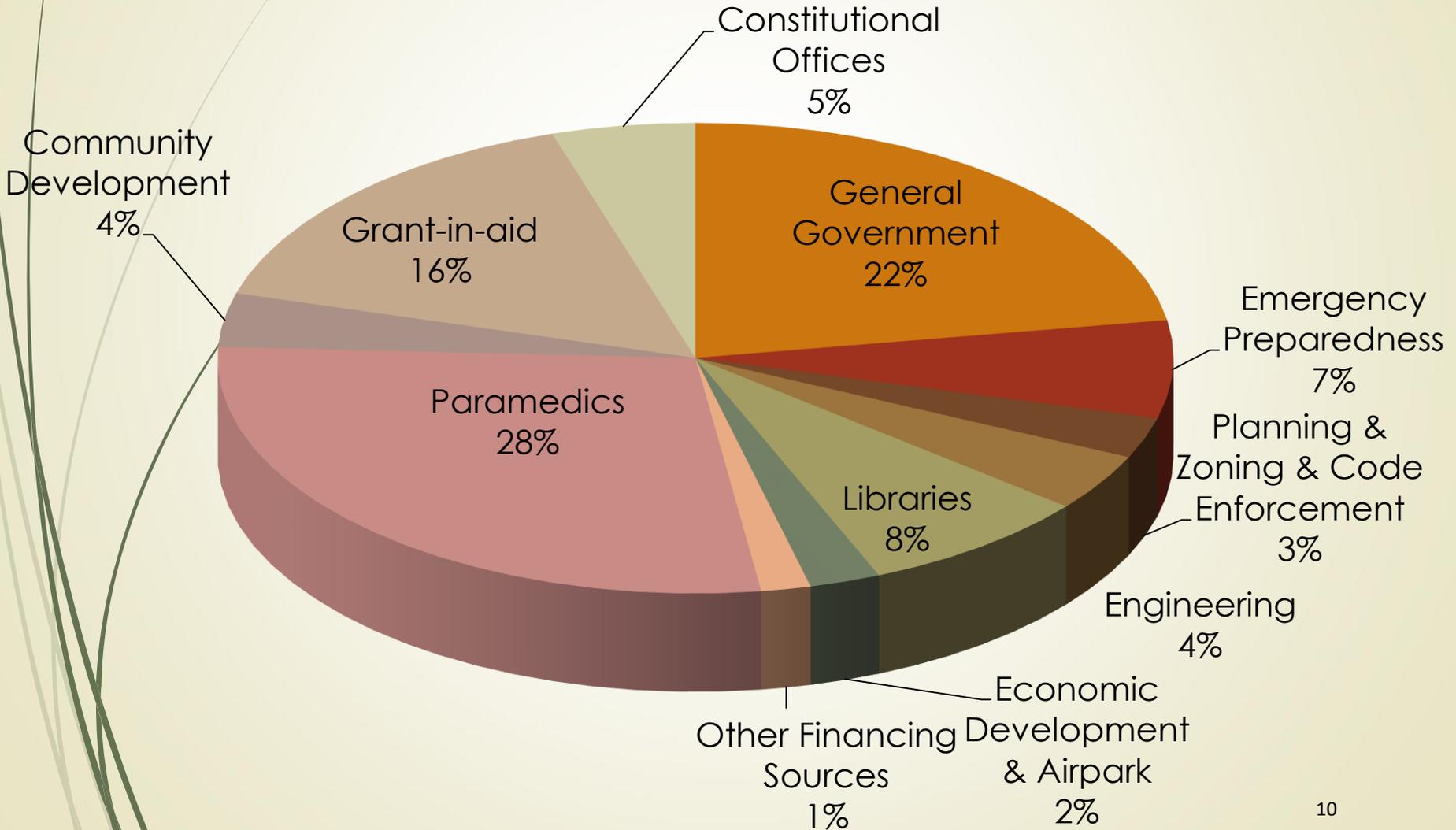
General Fund Revenues

(CAFR page 63)



General Fund Expenditures

(CAFR pages 65 - 70)



Statement of revenues, expenditures and changes in fund balance – General Fund

(CAFR page 24)

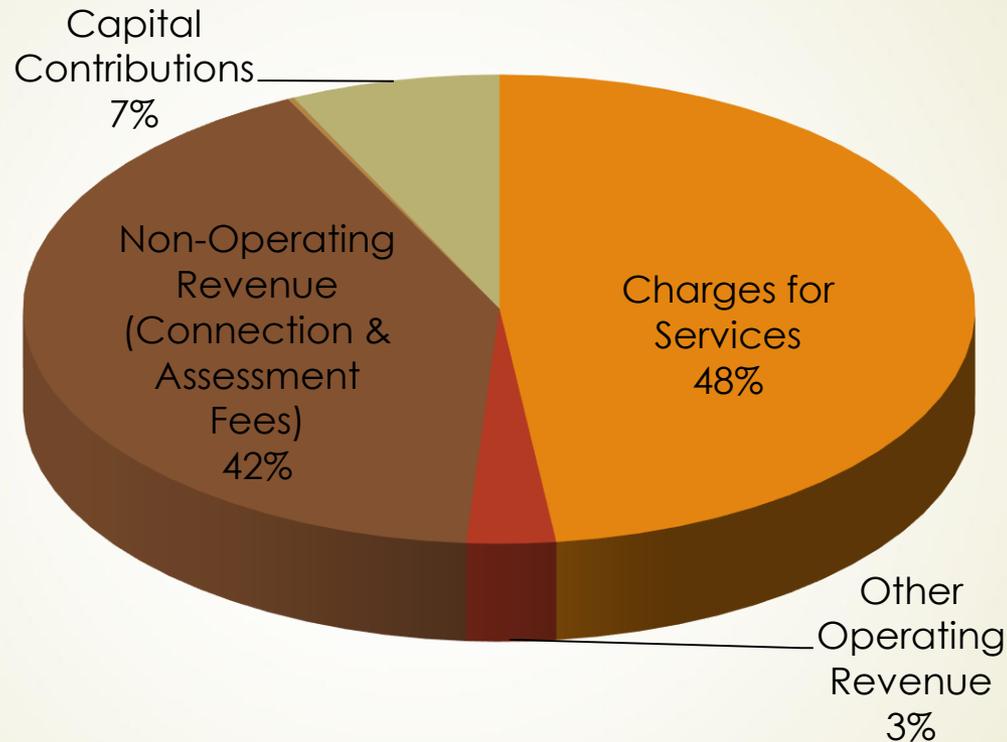
	Budget	Actual	Variance
Revenues & Other Financing Sources	\$ 50,136,848	\$ 57,098,756	\$ 6,961,908
Expenditures & Other Financing Uses	50,136,848	50,052,011	84,837
Increase to Fund Balance	\$ -	\$ 7,046,745	\$ 7,046,745

Variations in Revenue:

- Realty Transfer Tax - \$4.9 million
- Charges for Services - \$2.0 million
- Intergovernmental Grants - \$1.1 million

Business-Type Revenues

(CAFR page 26)



Highlights:

- Change in Net Position was \$6.1 million
- Operating Revenues increased \$2.1 million, or 11.7%, to \$20.0 million
- Connection Fees increased \$1.5 million, or 37%, to \$5.6 million
- Capital Contributions decreased \$2.9 million to \$2.8 million

Pension

(CAFR pages 47-48)

	Pension Trust	Post-retirement Employee Benefit Trust	Total
Additions	\$ 13,932,258	\$ 6,220,367	\$ 20,152,625
Deductions	3,110,720	1,886,679	4,997,399
Increase Net Position	\$ 10,821,538	\$ 4,333,688	\$ 15,155,226

	Pension Trust	Post-retirement Employee Benefit Trust	Total
Net Position Held in Trust	\$ 70,886,608	\$ 30,346,050	\$ 101,232,658

Long-Term Debt

(CAFR page 16)

SUSSEX COUNTY'S OUTSTANDING DEBT

As of June 30, 2014 and 2013

General Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ -	\$ -	\$ 159,460,288	\$ 167,405,688	\$ 159,460,288	\$ 167,405,688
Total	\$ -	\$ -	\$ 159,460,288	\$ 167,405,688	\$ 159,460,288	\$ 167,405,688

Highlights:

- \$167 million in outstanding bonds payable
- Debt is only for sewer districts
- No general fund bonded debt

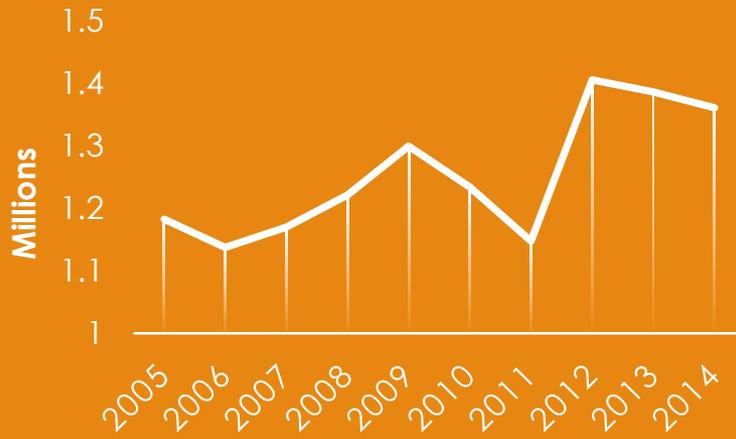


Statistical Section

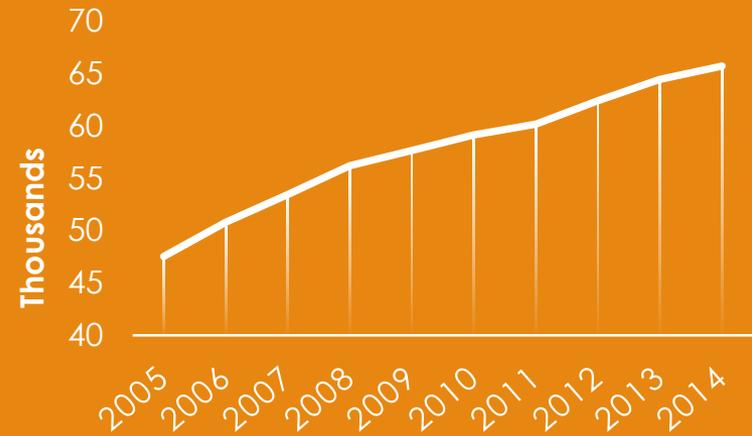
Stats

(CAFR page 90)

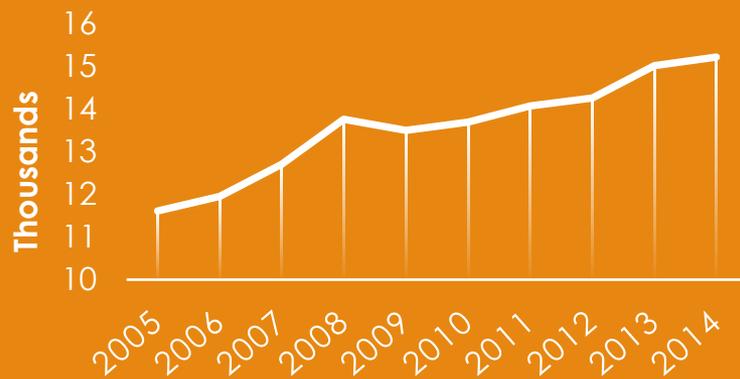
LIBRARY CIRCULATION



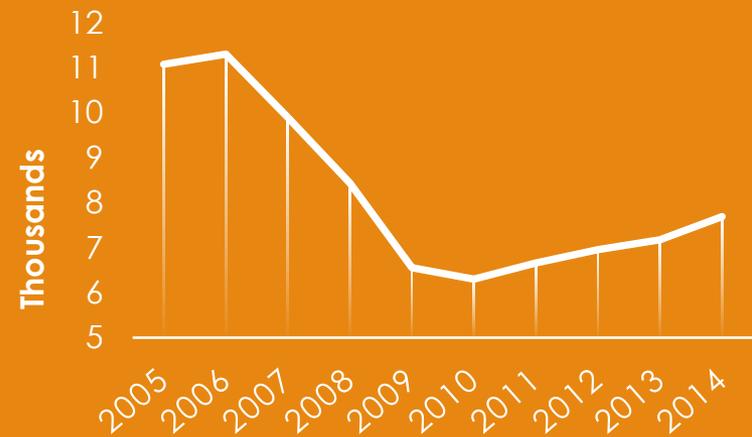
SEWER EDU'S BILLED



PARAMEDIC INCIDENTS DISPATCHED



PERMITS ISSUED





Single Audit Supplement

Schedule of Expenditures of Federal Awards

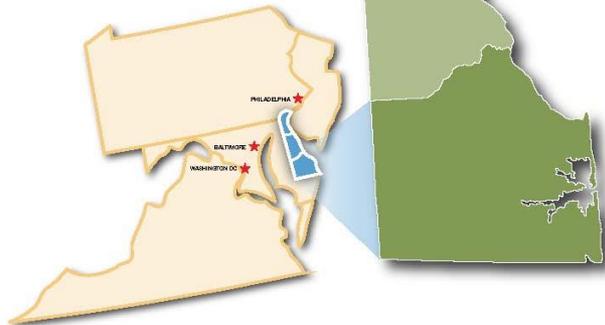
(CAFR page 92 -93)

	2013	2014
U.S. Department of Agriculture	\$ 6,085,953	\$ 293,754
U.S. Department of Housing and Urban Development	1,415,343	1,558,737
U.S. Department of Transportation	1,797,254	4,868,965
U.S. Department of Homeland Security	660,860	273,465
Total Funds Received	\$ 9,959,410	\$ 6,994,921

SUSSEX COUNTY



Delaware



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2014

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2014

For a full electronic version of
our CAFR, visit our website:
sussexcountyde.gov

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gjennings@sussexcountype.gov



Sussex County
DELAWARE
sussexcountype.gov

MEMORANDUM:

TO: Sussex County Council
The Honorable Michael H. Vincent, President
The Honorable Samuel R. Wilson, Jr., Vice President
The Honorable George B. Cole
The Honorable Joan R. Deaver
The Honorable Robert B. Arlett

FROM: Gina A. Jennings
Finance Director

RE: **FINANCIAL REPORT FOR THE QUARTER
ENDING DECEMBER 31, 2014**

DATE: January 23, 2015

Attached is the Unaudited Estimated Revenue and Expense Report for the quarter ending December 31, 2014, which I will be presenting to Council on Tuesday, January 27, 2015.

GAJ/nc

Attachment

Sussex County Council
Unaudited Revenue and Expense Report
As of December 31, 2014

	YTD Actual	Budgeted Amounts		% Over (Under) Budget YTD
		Annual	YTD	
REVENUES				
TAXES				
Property tax *	\$ 7,016,043.50	\$ 14,032,087.00	\$ 7,016,043.50	0.00%
TOTAL TAXES	7,016,043.50	14,032,087.00	7,016,043.50	0.00%
REALTY TRANSFER TAX	11,850,236.07	16,000,000.00	8,000,000.00	48.13%
SERVICES - BUILDING AND CONSTRUCTION				
Fire service fee (pass through)	637,958.63	1,000,000.00	500,000.00	27.59%
Building permit and zoning fee	825,443.77	1,325,000.00	662,500.00	24.60%
Building inspections	580,207.46	1,040,000.00	520,000.00	11.58%
Private road - review/inspection	205,254.12	377,000.00	188,500.00	8.89%
Mobile home placement tax (pass through)	54,457.72	74,000.00	37,000.00	47.18%
TOTAL SERVICES - BUILDING AND CONSTRUCTION	2,303,321.70	3,816,000.00	1,908,000.00	20.72%
SERVICES - GOVERNMENTAL FEES				
General government fee (911 system fee)	279,818.28	559,630.00	279,815.00	0.00%
Dog licensing	21,901.27	74,000.00	37,000.00	-40.81%
Other department fees	18,661.10	51,000.00	25,500.00	-26.82%
TOTAL SERVICES - GOVERNMENTAL FEES	320,380.65	684,630.00	342,315.00	-6.41%
INTERGOVERNMENTAL				
Federal operating grants	92,774.58	181,200.00	90,600.00	2.40%
Federal capital grants	36,900.00	-	-	100.00%
State operating grants	2,228,815.58	4,401,599.00	2,200,799.50	1.27%
Community development	389,140.48	1,775,000.00	887,500.00	-56.15%
TOTAL INTERGOVERNMENTAL	2,747,630.64	6,357,799.00	3,178,899.50	-13.57%
CONSTITUTIONAL OFFICES				
Clerk of the peace	78,725.00	134,000.00	67,000.00	17.50%
Recorder of deeds	1,667,579.94	3,370,000.00	1,685,000.00	-1.03%
Register of wills	530,378.37	950,000.00	475,000.00	11.66%
Sheriff	928,792.57	2,150,000.00	1,075,000.00	-13.60%
TOTAL CONSTITUTIONAL OFFICES	3,205,475.88	6,604,000.00	3,302,000.00	-2.92%
RENT				
Airport fuel sales	6,495.03	17,000.00	8,500.00	-23.59%
Industrial airpark rent	200,701.19	455,820.00	227,910.00	-11.94%
Land rent	3,710.00	3,710.00	1,855.00	100.00%
Emergency operations center (SUSCOM)	17,500.00	17,500.00	8,750.00	100.00%
Miscellaneous rentals	8,509.08	16,960.00	8,480.00	0.34%
TOTAL RENT	236,915.30	510,990.00	255,495.00	-7.27%
MISCELLANEOUS				
Investment earnings	107,914.59	400,000.00	200,000.00	-46.04%
Fines	14,056.70	22,000.00	11,000.00	27.79%
Prothonotary	4,439.09	-	-	100.00%
Project income - community development	145,755.54	-	-	100.00%
Other charges	145,847.17	217,080.00	108,540.00	34.37%
Appropriated project reserves	-	3,000,000.00	1,500,000.00	-100.00%
TOTAL MISCELLANEOUS	418,013.09	3,639,080.00	1,819,540.00	-77.03%
Transfers in from sewer and water	73,657.93	300,000.00	150,000.00	-50.89%
TOTAL REVENUES	\$ 28,171,674.76	\$ 51,944,586.00	\$ 25,972,293.00	8.47%
* Accruals				

Note: This report has been prepared using the best available data. It is however, preliminary in nature and subject to change pending formal audit.

Sussex County Council
Unaudited Revenue and Expense Report
As of December 31, 2014

EXPENDITURES	YTD Actual	Budgeted Amounts		% Over (Under) Budget YTD
		Annual	YTD	
General Government				
County council	\$ 261,065.37	\$ 513,286.00	\$ 256,643.00	1.72%
County administration	278,305.93	4,105,662.00	2,052,831.00	-86.44%
Legal	194,104.44	370,000.00	185,000.00	4.92%
Finance	1,047,658.23	1,836,669.00	918,334.50	14.08%
Assessment	714,106.03	1,466,378.00	733,189.00	-2.60%
Building code	358,881.31	786,212.00	393,106.00	-8.71%
Mapping	370,865.02	728,705.00	364,352.50	1.79%
Human resources	258,299.70	549,677.00	274,838.50	-6.02%
General employment and retirement	139,679.84	219,248.00	109,624.00	27.42%
Boards and Commissions	44,459.38	67,927.00	33,963.50	30.90%
Building and grounds	866,272.82	1,714,937.00	857,468.50	1.03%
Security	216,388.29	421,722.00	210,861.00	2.62%
Information Technology	759,565.20	1,454,859.00	727,429.50	4.42%
Constable	118,657.31	231,909.00	115,954.50	2.33%
Constable - dog control	369,948.60	741,512.00	370,756.00	-0.22%
Grant-in-aid programs	5,160,363.21	7,600,361.00	3,800,180.50	35.79%
Planning and zoning	556,520.11	1,255,298.00	627,649.00	-11.33%
Paramedic	6,633,208.75	13,315,497.00	6,657,748.50	-0.37%
Emergency operations center administration	260,175.92	492,059.00	246,029.50	5.75%
Emergency operations center dispatchers	1,069,061.63	1,962,694.00	981,347.00	8.94%
Communications	183,928.24	452,587.00	226,293.50	-18.72%
Local emergency plan program	34,941.79	73,513.00	36,756.50	-4.94%
Economic development	22,129.11	123,829.00	61,914.50	-64.26%
Airpark	239,261.73	660,764.00	330,382.00	-27.58%
Community development	845,561.08	2,041,920.00	1,020,960.00	-17.18%
Engineering - administration	620,154.73	1,145,146.00	572,573.00	8.31%
Engineering - public works	295,725.59	613,472.00	306,736.00	-3.59%
Engineering - solid waste	27,427.65	156,100.00	78,050.00	-64.86%
Records management	74,411.17	180,719.00	90,359.50	-17.65%
Library	1,981,410.34	4,037,039.00	2,018,519.50	-1.84%
Marriage Bureau	92,156.77	176,294.00	88,147.00	4.55%
Recorder of deeds	493,752.54	1,148,045.00	574,022.50	-13.98%
Register of wills	251,897.54	533,805.00	266,902.50	-5.62%
Sheriff	293,340.72	681,241.00	340,620.50	-13.88%
Interfund transfers	42,750.00	85,500.00	42,750.00	0.00%
TOTAL EXPENDITURES	25,176,436.09	51,944,586.00	25,972,293.00	-3.06%
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	2,995,238.67	-	-	

Note: This report has been prepared using the best available data. It is however, preliminary in nature and subject to change pending formal audit.

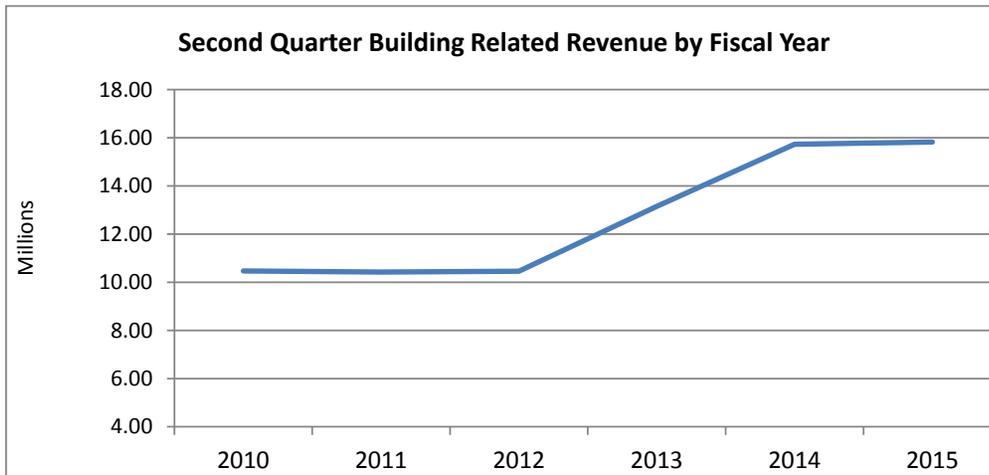
Sussex County Council
Unaudited Revenue and Expense Report
As of December 31, 2014

	YTD Actual	Budgeted Amounts		% Over (Under) Budget YTD
		Annual	YTD	
CAPITAL IMPROVEMENT REVENUES				
Federal airport grant	1,718,605.26	270,000.00	135,000.00	1173.04%
State airport grant	-	7,500.00	3,750.00	-100.00%
State library grant	25,261.72	100,000.00	50,000.00	-49.48%
State paramedic grant	-	435,000.00	217,500.00	-100.00%
State capital grant	-	500,000.00	250,000.00	-100.00%
Realty Transfer	-	4,000,000.00	2,000,000.00	-100.00%
Investment earnings	12,824.53	20,000.00	10,000.00	28.25%
Bonus Density/Open Space	300,000.00	-	-	100.00%
Appropriated reserves	-	1,763,485.00	881,742.50	-100.00%
TOTAL CAPITAL IMPROVEMENT REVENUES	2,056,691.51	7,095,985.00	3,547,992.50	-42.03%
CAPITAL IMPROVEMENT EXPENDITURES				
General government	165,562.51	1,440,000.00	720,000.00	-77.01%
Paramedics	7,457.81	1,450,000.00	725,000.00	-98.97%
Emergency Preparedness	-	800,000.00	400,000.00	-100.00%
Engineering	-	550,000.00	275,000.00	-100.00%
Library	-	200,000.00	100,000.00	-100.00%
Airpark	1,237,834.22	2,655,985.00	1,327,992.50	-6.79%
TOTAL CAPITAL IMPROVEMENT EXPENDITURE	1,410,854.54	7,095,985.00	3,547,992.50	-60.24%
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	645,836.97	-	-	

Note: This report has been prepared using the best available data. It is however, preliminary in nature and subject to change pending formal audit.

Second Quarter Building Related Revenue by Fiscal Year

Building Related Revenue	2010	2011	2012	2013	2014	2015
Building inspections	\$ 430,291.25	\$ 420,437.43	\$ 371,874.09	\$ 442,680.05	\$ 713,270.73	\$ 580,207.46
Building permit and zoning fee	583,326.51	551,503.77	596,775.36	659,600.15	828,917.31	825,443.77
Fire service fee (pass through)	408,029.86	392,205.66	430,927.69	485,929.80	639,329.64	637,958.63
Mobile home placement tax (pass through)	52,972.61	43,462.11	36,750.12	32,191.77	40,085.90	54,457.72
Private road - review/inspection	117,647.03	98,163.92	65,792.03	340,771.16	140,495.08	205,254.12
Recorder of Deeds	1,692,308.59	1,608,756.76	1,576,114.36	1,923,864.68	1,743,412.03	1,667,579.94
	<u>3,284,575.85</u>	<u>3,114,529.65</u>	<u>3,078,233.65</u>	<u>3,885,037.61</u>	<u>4,105,510.69</u>	<u>3,970,901.64</u>
Realty Transfer Tax	7,187,476.98	7,307,934.76	7,379,216.40	9,267,952.59	11,621,642.41	11,850,236.07
Total Building Related Revenue	\$ 10,472,052.83	\$ 10,422,464.41	\$ 10,457,450.05	\$ 13,152,990.20	\$ 15,727,153.10	\$ 15,821,137.71



Revenue	Percent increase over Previous Year
Building inspections	-19%
Building permit and zoning fee	0%
Fire service fee	0%
Mobile home placement tax	36%
Private road - review/inspection	46%
Recorder of Deeds	-4%
Realty Transfer Tax	2%
Total	1%

Total Dwelling Permits Issued through January 16th

	2011	2012	2013	2014	2015
Dwelling Permits	468	765	849	1017	994
Percent increase over the previous year		63%	11%	20%	-2%

SUSSEX COUNTY AIRPORT GEORGETOWN, DELAWARE

Contract Title	Change Order No.	Date
Extend Runway 4-22 Package 2	2	January 15, 2015

Contractor	Sussex County Project No.
George & Lynch, Inc.	12-07

IT IS HEREBY AGREED that the contract documents contained in a certain contract between **SUSSEX COUNTY, DELAWARE**, of the one part and **GEORGE & LYNCH, INC.**, of the other part, covering work and labor to be done and materials to be supplied in connection with the above project be modified, changed and amended as described below. All other terms and conditions of the Contract Requirements, the Specifications and all other Contract documents, are to apply and remain in effect.

Summary

AIP Project No.: 3-10-0007-029-2013

Original Contract Amount: \$4,457,671.50	Original Contract Time: 100 Calendar Days
Change Order No. 1: (\$ 38,020.37)	Time Extension (C.O. 1): 31 Calendar Days
Revised Contract Amount: \$4,419,926.63	Revised Contract Time: 131 Calendar Days
Value this Change Order: (\$ 179,590.00)	Time Extension this C.O.: 0 Calendar Days
Revised Contract Amount: \$4,240,336.63	Total Contract Time: 131 Calendar Days

Changes Declared See Attached

Justification Statements See Attached

References

Urban Engineers, Inc., Summary Spreadsheet (Change Order No. 2)
Justification Statements
George & Lynch, Inc., Invoices
DEG Spreadsheet and Correspondences

APPROVALS



Urban Engineers, Inc.

Date: 01/20/15

FAA

Date: _____



Contractor

Date: 1/20/15

Sussex County Engineer

Date: _____

Item	Description	Approx. Bid Quantity	Unit	Unit Price	Bid Total Value	Quantity w/C.O. 1	Revised Unit Price	Total Amount w/C.O. 1	Quantity C.O. 2	Total Amount C.O. 2	Difference
Part A: Quantity Adjustments											
1	Erosion and Sedimentation Controls	1	LS	\$24,100.00	\$24,100.00	1.0	N/A	\$24,100.00	1.0	\$24,100.00	\$0.00
2	Bituminous Surface Course	15,000	Ton	\$102.15	\$1,532,250.00	14,622.0	N/A	\$1,493,637.30	14,639.29	\$1,495,403.47	\$1,766.17
3	Stabilization Fabric	2,000	SY	\$3.00	\$6,000.00	2,000.0	N/A	\$6,000.00	985.0	\$2,955.00	(\$3,045.00)
4	Runway Painting - Temporary	58,500	SF	\$0.43	\$25,155.00	58,276.0	N/A	\$25,058.68	58,276.0	\$25,058.68	\$0.00
5	Runway Painting - Permanent	64,000	SF	\$0.43	\$27,520.00	60,268.0	N/A	\$25,915.24	60,268.0	\$25,915.24	\$0.00
6	Painting Removal	1,200	SF	\$5.38	\$6,456.00	1,229.0	N/A	\$6,612.02	1,229.0	\$6,612.02	\$0.00
7	Saw-Cut Grooves	63,900	SY	\$0.72	\$46,008.00	60,856.0	N/A	\$43,816.32	60,856.0	\$43,816.32	\$0.00
8	Borrow, Type C	50	CY	\$35.00	\$1,750.00	0.0	N/A	\$0.00	0.0	\$0.00	\$0.00
9	Concrete, 4000psi	10	CY	\$150.00	\$1,500.00	0.0	N/A	\$0.00	0.0	\$0.00	\$0.00
10	Temporary Lighting Circuits	1	LS	\$29,500.00	\$29,500.00	1.0	N/A	\$29,500.00	1.0	\$29,500.00	\$0.00
11	Removal of Electrical Service Cable	2,000	LF	\$1.08	\$2,160.00	932.0	N/A	\$1,006.56	932.0	\$1,006.56	\$0.00
12	1/C No. 8, 1y 5kV Series Lighting Cable	300	LF	\$2.69	\$807.00	866.0	N/A	\$2,329.54	866.0	\$2,329.54	\$0.00
13	1/C No. 6, 600V Ground Cable	250	LF	\$2.70	\$675.00	866.0	N/A	\$2,338.20	866.0	\$2,338.20	\$0.00
14	No. 6, Bare Copper Counterpoise Wire	2,700	LF	\$2.70	\$7,290.00	2,539.0	N/A	\$6,855.30	2,539.0	\$6,855.30	\$0.00
15	Prefabricated MALS Shelter	1	LS	\$557,000.00	\$557,000.00	1.0	N/A	\$557,000.00	1.0	\$557,000.00	\$0.00
16	MALS Shelter Foundation	1	LS	\$39,400.00	\$39,400.00	1.0	N/A	\$39,400.00	1.0	\$39,400.00	\$0.00
17	MALS Lighting Protection System	1	LS	\$9,800.00	\$9,800.00	1.0	N/A	\$9,800.00	1.0	\$9,800.00	\$0.00
18	MALS Power Cables	1	LS	\$80,600.00	\$80,600.00	1.0	N/A	\$80,600.00	1.0	\$80,600.00	\$0.00
19	MALS Coordination Work	1	LS	\$55,600.00	\$55,600.00	1.0	N/A	\$55,600.00	1.0	\$55,600.00	\$0.00
20	Utility Coordination Work	1	LS	\$37,500.00	\$37,500.00	1.0	N/A	\$37,500.00	1.0	\$37,500.00	\$0.00
21	Utility Revisions by Verizon	1	AL	\$60,000.00	\$60,000.00	1.0	N/A	\$60,000.00	1.0	\$60,000.00	\$0.00
22	Utility Revisions by Comcast	1	AL	\$20,000.00	\$20,000.00	1.0	N/A	\$20,000.00	1.0	\$20,000.00	\$0.00
23	Utility Revisions by DP&L	1	AL	\$10,000.00	\$10,000.00	1.0	N/A	\$10,000.00	1.0	\$10,000.00	\$0.00
24	Utility Revisions by DE COOP	1	AL	\$50,000.00	\$50,000.00	0.0	N/A	\$0.00	0.0	\$0.00	\$0.00
25	Electrical Duct, 2" PVC Duct (MALS)	1,250	LF	\$30.10	\$37,625.00	1,356.0	N/A	\$40,815.60	1,356.0	\$40,815.60	\$0.00
26	Electrical Duct, 2-Way, 4" PVC Duct, Concrete-Encased	1,450	LF	\$52.68	\$76,386.00	1,234.0	N/A	\$65,007.12	1,234.0	\$65,007.12	\$0.00
27	Electrical Duct, 6-Way, 4" PVC Duct, Concrete-Encased	1,100	LF	\$79.55	\$87,505.00	865.0	N/A	\$68,810.75	865.0	\$68,810.75	\$0.00
28	Electrical Duct, 2-Way, 4" RGS Duct, Directional Bore	400	LF	\$172.00	\$68,800.00	200.0	N/A	\$34,400.00	200.0	\$34,400.00	\$0.00
29	Installation of Airfield Lighting Control System	1	LS	\$232,100.00	\$232,100.00	1.0	N/A	\$232,100.00	1.0	\$232,100.00	\$0.00
30	Electrical Handhole	10	LS	\$10,600.00	\$106,000.00	10.0	N/A	\$106,000.00	10.0	\$106,000.00	\$0.00
31	Installation of Solar Obstruction Light	1	LS	\$183,100.00	\$183,100.00	1.0	N/A	\$183,100.00	0.0	\$0.00	(\$183,100.00)
32	Relocation of Existing Airfield Guidance Sign	4	EA	\$16,800.00	\$67,200.00	4.0	N/A	\$67,200.00	4.0	\$67,200.00	\$0.00
33	Removal of Existing Edge Fixture, Stake-Mounted	6	EA	\$516.00	\$3,096.00	6.0	N/A	\$3,096.00	6.0	\$3,096.00	\$0.00
34	Removal of Existing Edge Fixture, Base Mounted	2	EA	\$625.00	\$1,250.00	2.0	N/A	\$1,250.00	2.0	\$1,250.00	\$0.00
35	LED Elevated Runway Edge Lights	6	EA	\$1,523.00	\$9,138.00	6.0	N/A	\$9,138.00	6.0	\$9,138.00	\$0.00
36	Adjustment of LED In-Pavement Runway MRL Edge Lights	7	EA	\$1,344.00	\$9,408.00	7.0	N/A	\$9,408.00	7.0	\$9,408.00	\$0.00
37	New MALS Light Fixture on Existing Base	23	EA	\$4,280.00	\$98,440.00	23.0	N/A	\$98,440.00	23.0	\$98,440.00	\$0.00
38	New MALS EMT-Mounted Light Fixtures on Existing Base	5	EA	\$1,313.00	\$6,565.00	5.0	N/A	\$6,565.00	5.0	\$6,565.00	\$0.00
39	New MALS MG-20-LIR Tower Stations with Equipment	7	EA	\$23,704.00	\$165,928.00	7.0	N/A	\$165,928.00	7.0	\$165,928.00	\$0.00
40	Runway 4L, L-880 PAPI System Final Connections	1	LS	\$23,100.00	\$23,100.00	1.0	N/A	\$23,100.00	1.0	\$23,100.00	\$0.00
41	Runway 22, L-880 PAPI System Reloc. on Exist. Foundations	1	LS	\$72,700.00	\$72,700.00	1.0	N/A	\$72,700.00	1.0	\$72,700.00	\$0.00
42	Cold Milling of Pavements, Variable Depth	101,700	SY	\$1.34	\$136,278.00	94,222.0	N/A	\$126,257.48	94,222.0	\$126,257.48	\$0.00
43	Runway Edge Grading	6,400	SY	\$2.36	\$15,104.00	6,182.0	N/A	\$14,589.52	6,182.0	\$14,589.52	\$0.00
44	Type 1, Crack Repair	500	LF	\$4.58	\$2,290.00	0.0	N/A	\$0.00	0.0	\$0.00	\$0.00
45	Type 2, Crack Repair	500	LF	\$4.58	\$2,290.00	0.0	N/A	\$0.00	0.0	\$0.00	\$0.00
46	Joint Repair	750	LF	\$43.22	\$32,415.00	850.0	N/A	\$36,737.00	850.0	\$36,737.00	\$0.00
47	Adjust Manhole	4	EA	\$412.00	\$1,648.00	2.0	N/A	\$824.00	2.0	\$824.00	\$0.00
48	MALS Access Road	1	LS	\$5,910.00	\$5,910.00	1.0	N/A	\$5,910.00	1.0	\$5,910.00	\$0.00
49	Maintenance and Protection of Airfield Traffic	1	LS	\$90,700.00	\$90,700.00	1.0	N/A	\$90,700.00	1.0	\$90,700.00	\$0.00
50	Maintenance and Protection of Traffic (Roadways)	1	LS	\$85,600.00	\$85,600.00	1.0	N/A	\$85,600.00	1.0	\$85,600.00	\$0.00
51	Mobilization	1	LS	\$206,300.00	\$206,300.00	1.0	N/A	\$206,300.00	1.0	\$206,300.00	\$0.00
1.1a	3-Way, 4 Inch HDPE Conduits		LF			360.0	\$153.96	\$55,425.60	360.0000	\$55,425.60	\$0.00
1.1b	Aircraft-Rated Manhole		EA			1.0	\$12,200.00	\$12,200.00	1.0000	\$12,200.00	\$0.00
1.1c	H-20 Rated Manhole		EA			1.0	\$12,200.00	\$12,200.00	1.0000	\$12,200.00	\$0.00
1.2	Rt. 9, West Side, 2-Way, 4 Inch and 2 Inch PVC Duct - Concrete Encased		LF			151.5	\$63.00	\$9,544.50	151.5000	\$9,544.50	\$0.00
3.1	Runway Cracks and Joints Fabric		LF			7,982.0	\$4.95	\$39,510.90	7,982.0000	\$39,510.90	\$0.00
							Subtotals	\$4,419,926.63		\$4,235,547.80	(\$184,378.83)

**Sussex County Airport, Contract No. 12-07
Extend Runway 4-22, Package 2**

Change Order No. 2 – Justification Statements

Part A Quantity Adjustments

1. Final Quantity Adjustments Item Nos. 2 and 3

The referenced items represent as-built adjustments from the estimated bid quantities, which were actually installed, measured and accepted for payment. These changes contribute to the net total cost adjustment under this Change Order. No additional time supplemental to the previously approved Contract time extension, is granted by issuance of this Change Order.

2. Item No. 31, Installation of Solar Obstruction Light and Tower

The referenced item is deleted from the Contract in its entirety. The original Contract requirement specified construction of the Light and Tower along the east side of the Runway 4 end, to demark portions of trees that violate the FAR Part 77, Imaginary Slope Surfaces, for safe Aircraft approach to the Runway. The respective property owner agreed to permit applicable trimming of the trees instead, in order to eliminate the referenced scope of work.

Part B Revised Work Summary

1. Item No. 2.01, Additional Runway/Taxiway Landscaping - \$11,932.30

A lump sum cost was determined and agreed to for authorized corrective landscaping work to areas adjacent to the Runway and Taxiways, which were not included as part of the original locations for this work. The areas included locations which did not satisfy FAA drop off criteria along the edge of pavements, eroded areas causing inadequate vegetative cover, rutting and locations which did not drain to constructed swales or retention basins.

2. Item No. 2.02, Haul Road Seeding/Mulching - \$2,929.04

A unit cost was determined and agreed to for added seeding and mulching of old haul routes to Airport material stockpile locations as specifically directed by Sussex County. Haul routes used by the contractor under this Contract were restored at their expense. A unit cost of \$0.82 per square yard was agreed to for a total of 3,572 square yards for the work.

3. Item No. 2.03, MALS Bore Perpendicular to Rt. 9 - (\$3,415.50)

A lump sum credit was determined and agreed to for the reduced quantity of MALS power cables, due to the perpendicular alignment versus the angular alignment necessary to bore beneath Rt. 9. The work was required for tie-in of the Airside conduit and cable for the new MALS, to the MALS Shelter located on the south side of Rt. 9. The changed alignment was directed as a cost savings measure to the Contract.

4. Item No. 2.04, Change Existing Runway 22 End Threshold Lights to Correct Color (Red/Red) - \$4,494.00

A unit cost was determined and agreed to for the required change to preexisting FAA non-complaint Runway 22 end Threshold lights. A unit cost of \$535.00 per light lens, plus applicable Contract markup, was agreed to for a total of eight (8) each for the work.

5. Item No. 2.05, Change Existing Runway 4 and 22 End Displaced Threshold Lights to Correct Color (Green/Yellow) - \$2,247.00

A unit cost was determined and agreed to for the required change to preexisting temporarily displaced threshold lights that were necessary during construction of the extended Runway under Package 1, which were never corrected upon completion of the extensions. A unit cost of \$535.00 per light lens, plus applicable Contract mark ups, was agreed to for a total of four (4) each for the work.

6. Item No. 2.06, Added Conduit/Cable to Distance Remaining Sign - \$31.28

A lump sum cost was determined and agreed to for the addition of conduit and cable necessary to refeed a relocated Distance sign. Due to the specified new service to power the sign, the originally specified power source feed did not exist as shown in the Contract.

7. Item No. 2.07, ALCMS FAT Testing - (\$2,421.67)

A lump sum credit was determined and agreed to for the reduced travel expenses quantity, based on the Contract, for the manufacturer's procurement, installation, testing and commissioning of the Airfield Lighting Control and Monitoring System (ALCMS). Several of the above components for the ALCMS components of work were combined during the site visits and resulted in a Contract savings.

8. Item No. 2.08, Delete Removal of a Distance Remaining Sign Foundation - (\$306.27)

A lump sum credit was determined and agreed to for the deletion of the sign foundation removal as directed by Sussex County. The removal was not necessary based on the potential for future use of the base and conduit at the location.

9. Item No. 2.09, Runway 4 End PAPI Wiring Correction - \$1,778.91

A lump sum cost was determined and agreed to for investigation and corrective action, in order to provide a properly operating Runway 4 end PAPI system. A preexisting incorrect wiring condition of the four (4) units which make up the PAPI, was discovered and required alternate wiring.

10. Item No. 2.10, MALS Tower Stands Revision - (\$772.90)

A lump sum credit was determined and agreed to for changing the originally specified metallic Tower support stands with foundation, to PVC as directed. The changed work permissible by FAA Standards, resulted in a Contract savings.

11. Item No. 2.11, Manhole Galvanized Ladder Revisions - (\$339.25)

A lump sum credit was determined and agreed to for deleting the anchorage requirement for the access ladder installation in all electrical manholes. The deletion of the anchorage was necessary in order to permit enough room for properly servicing cables within the manholes, due to the narrow work space available if the ladders could not be moved when necessary.

12. Item No. 2.12, Adjust In-Pavement Lights Due to Grade Changes - \$3,234.38

A lump sum cost was determined and agreed to for necessary height adjustments to existing flush-mounted, in-pavement Taxiway lights, because of required finished pavement surface grade revisions, in order to maintain proper drainage and smooth profile. The light adjustments were not originally specified for grade changes.

13. Item No. 2.13, MALS Shelter Door Stoop and Ramp Revisions - (\$1,050.00)

A lump sum credit was determined and agreed for modifications to the foundations and steps (2 ct.) to the MALS Shelter. The originally specified stoop foundations were revised to a shallower depth due to excessive design far below frost depth. The step widths however, were enlarged for safer access to the shelter entrances. The net change in value of the work resulted in a Contract credit.

14. Item No. 2.14, Airport Vault, Conduit Revisions - (\$6,205.37)

A lump sum credit was determined and agreed to for Sussex County mandated revisions to electrical service within the Airport Electrical Vault. The revisions significantly reduced the originally specified labor and conduit quantity of work required.

15. Item No. 2.15, Sussex County Electricians Wiring Support - (\$6,463.92)

A lump sum credit was determined and agreed to for necessary supplementary support by Sussex County Electrical Division personnel, in order for the safe completion and activation of various electrical components required under the Contract. Untimely response and completion of electrical work by the contractor, warranted the support.

16. Item No. 2.16, Incorrect Wiring Between the MALS Shelter and Adjacent Electrical Manhole- (\$883.20)

A lump sum credit was determined and agreed to due to the discovered contractor's use of incorrect wire type for the above.

Sussex County Airport, Package 2

Contract Revisions - Electrical

		Unit	Quantity	Unit Cost/Credit	Total	Cumulative Total	Status
2.03	MALS Bore Perpendicular vs. Angular to DE Rt. 9	DEG					
	MALS Power Cables	LF	-180.0		(\$2,970.00)		
	Sub O&P	%	10%		(\$297.00)		
	Gen O&P	%	5%		(\$148.50)	(\$3,415.50)	Agreed
2.04	Change Exist RW 22 Threshold Lights to correct color (red/red)	DEG	EA	8.0	\$535.00	\$4,280.00	
	Gen O&P	%	5%		\$214.00	\$4,494.00	Agreed
2.05	Change exist RW 4 & 22 displaced threshold lights to correct color	DEG					
	green/blank	EA	0		\$0.00		
	green/yellow	EA	4.0	\$535.00	\$2,140.00		
	green/yellow spare	EA	0.0		\$0.00		
	Gen O&P	%	5%		\$107.00	\$2,247.00	Agreed
2.06	Add Equipment Ground Wire to RDR Signs	DEG					
	# 6 Bare Counterpoise Wire	LF	40.0	\$0.40	\$16.00		
	1" PVC Conduit	LF	40.0	\$0.28	\$11.20		
	subtotal				\$27.20		
	Sub O&P	%	10%		\$2.72		
	Gen O&P	%	5%		\$1.36	\$31.28	Agreed
2.07	ALCMS FAT Testing	DEG					
	Engineers travel expenses	EA	1.0	\$456.20	(\$456.20)		
	3 Owners reps. travel expenses	EA	3.0	\$456.20	(\$1,368.60)		
	Meals (includes 1 Breakfast, 1 lunch, 1 dinner)	EA	4.0	\$45.00	(\$180.00)		
	Car Rental (pickup at Airport)		1.0	\$61.00	(\$61.00)		
	Fuel			\$40.00	(\$40.00)		
	subtotal				(\$2,105.80)		
	Sub O&P	%	10%		(\$210.58)		
	Gen O&P	%	5%		(\$105.29)	(\$2,421.67)	Agreed
2.08	Delete Distance Sign Base Removal	DEG					
	RDR Sign No. 50	EA	1.0		(\$266.32)		
	Sub O&P	%	10%		(\$26.63)		
	Gen O&P	%	5%		(\$13.32)	(\$306.27)	Agreed
2.09	R/W 4 PAPI Wiring problems	DEG					
	Parallel to Series	HR	32.0	\$93.68	\$2,997.76		
	Wire and Butt Splice Kits	LS	1.0	\$48.00	\$48.00		
	SC Electricians corrected DEG non-compliant work	HR	16.0	(\$93.68)	(\$1,498.88)		
	subtotal				\$1,546.88		
	Sub O&P	%	10%		\$154.69		
	Gen O&P	%	5%		\$77.34	\$1,778.91	Agreed

Sussex County Airport, Package 2

Contract Revisions - Electrical

	Unit	Quantity	Unit Cost/Credit	Total	Cumulative Total	Status
2.1 MALS Tower Stand Revisions	DEG					
Delete permanent stands	EA	-7.0		(\$836.64)		
Add portable stands	EA	2.0		\$164.55		
subtotal				(\$672.09)		
Sub O&P	%	10%		(\$67.21)		
Gen O&P	%	5%		(\$93.60)	(\$772.90)	Agreed
2.1.1 Manhole Galvanized Ladder Revisions	DEG					
Deleted	EA	-10.0		(\$295.00)		
Sub O&P	%	10%		(\$29.50)		
Gen O&P	%	5%		(\$14.75)	(\$339.25)	Agreed
2.1.2 Adjust In-Pavement Lights due to grade changes	DEG					
Material, Labor, Equipment	EA	3.0		\$2,812.50		
Sub O&P	%	10%		\$281.25		
Gen O&P	%	5%		\$140.63	\$3,234.38	Agreed
2.1.3 MALS Shelter Door Stoop & Ramp credit	DEG					
Foundation Depth Reduction	EA	2.0		(\$1,000.00)		
Gen O&P	%	5%		(\$50.00)	(\$1,050.00)	Agreed
2.1.4 Airport Vault - RGS conduit	DEG					
Labor - 12 hours each X 3 Electricians	HR	36.0	(\$3,372.48)	(\$3,372.48)		
Materials	LS		(\$2,023.49)	(\$2,023.49)		
subtotal				(\$5,395.97)		
Sub O&P	%	10%		(\$539.60)		
Gen O&P	%	5%		(\$269.80)	(\$6,205.37)	Agreed
2.1.5 SC Electricians performed DEG wiring	DEG					
Various (MALS Shelter, etc.)	HR	60.0	(\$93.68)	(\$5,620.30)		
Sub O&P	%	10%		(\$562.08)		
Gen O&P	%	5%		(\$281.04)	(\$6,463.92)	Agreed
2.1.6 Incorrect Wire from MALS Shelter to Distribution Panel	DEG					
Deleted and Changed	LF	500.0		(\$768.00)		
Sub O&P	%	10%		(\$76.80)		
Gen O&P	%	5%		(\$38.40)	(\$883.20)	Agreed
CREDIT DUE TO SUSSEX COUNTY					(\$21,858.08)	
COST DUE G&L, Inc.					\$11,785.57	
			NET AMOUNT		(\$10,072.51)	

TOWN OF OCEAN VIEW

201 CENTRAL AVE, 2ND FLOOR
OCEAN VIEW, DE 19970

(302) 539-9797
FAX (302) 537-5306
townmgrtov@oceanviewde.com
www.oceanviewde.com

January 5, 2015

Sussex County Council
Attn: Councilmember George Cole
P.O. Box 589
Georgetown, DE 19947

Dear Councilman Cole,

Happy New Year!

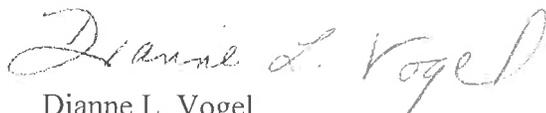
I am writing to see if the Sussex County Council is able to provide a sponsorship for the 2015 Homecoming Event scheduled to be held on Saturday, May 9, 2015 from 10:00 am to 2:00 pm in John West Park located at 32 West Avenue, Ocean View, DE.

“Homecoming” is a century old tradition held every May in the Town of Ocean View to welcome back the summer residents. This event would not be possible without the generous support from our local business partners and other organizations.

Your sponsorship would be highlighted in announcements to the community, during the introduction at the event itself and in articles about the event published in the newspapers. You and any other members of the Council are welcome to attend so that we could thank you personally for your support. A table, two chairs and two parking spaces would be made available should members of the Council wish to attend the event.

Thank you for considering this request and I look forward to hearing from you. A sponsorship form has been enclosed for your convenience.

Sincerely yours,



Dianne L. Vogel
Town Manager
Town of Ocean View



Sussex County
**Habitat
for Humanity®**

January 2, 2015

Mr. Michael Vincent, Sussex County President
Mr. Sam Wilson, Sussex County Vice-President
Mr. Rob Arlett, Sussex County Councilperson
Mr. George Cole, Sussex County Councilperson
Ms. Joan Deaver, Sussex County Councilperson

Dear Sussex County Council ,

On Saturday, February 21, 2015 Sussex County Habitat for Humanity is having their annual Hard Hats & Heels Gala at The Clubhouse at Baywood. We would like to invite Sussex County Council to be a table sponsor. Becoming a table sponsor includes; 8 tickets, photo of your table or group, and a ¼ page ad in our program. Please see the attached invitation with all the details and pricing.

Sussex County Habitat for Humanity works locally, here in Sussex County, to put God's love into action by addressing urgent housing needs in our community. As you know, Sussex County has had a high growth in property values that has created a housing affordability challenge to the growing population of service, retail and agricultural workers who would need to work many hours to afford even a rental. A growing number of moderate income homeowners are also challenged by increasing local housing costs. Today hardworking families in Sussex County are struggling to keep roofs over their heads. Decent and affordable housing attracts economic investment and development that can serve to break the cycle of poverty and provide stability for individuals and their children.

Board of Directors

Bill Anderson
Howard Backus
Kathy Goodman
Rene Knight
Scott Lanham
Mary Ann Leager
Richard Legatski
Bob McVey
Patricia Pfarrer
Lloyd Richter
Larry Rohlfing
Bruce Wright

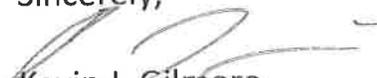
What will *you* build?
P.O. Box 759 Georgetown, DE 19947
Phone: (302)855-1153 - Fax: (302)855-9262
www.sussexcountyhabitat.org

Habitat for Humanity is not a hand out but rather a hand up:

- Local Sussex County families qualify based on their level of need, willingness to partner and ability to pay an affordable mortgage.
- Quality construction materials are bought or donated by local businesses.
- Volunteers give of their time and energy to help the Habitat families build their new home.
- Each partner must invest 250 hours of labor – “sweat equity” – into building their own home and those of other partner families.
- Like all other families, each Habitat family pays for their home by making monthly mortgage payments.

Thank you for your consideration; it will be a fun night! We appreciate partnering with Sussex County in the past and look forward to working together in the future to make home ownership real for many Sussex County families. Together we will build homes, communities and hope.

Sincerely,



Kevin J. Gilmore
Executive Director

CC: Todd Lawson
Gina Jennings



Artistic endeavors with
integrity and risk

P.O. BOX 304
Rehoboth Beach
Delaware, 19971

TEL: 302.644.3810
FAX: 302.644.3890

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Development Director

Dana Peragallo
Community Relations
Director

This program is made possible, in part, by grants from the National Endowment for the Arts, and the Delaware Division of the Arts, a state agency committed to promoting and supporting the arts in Delaware.

December 19, 2014

Councilmember Joan Deaver
Sussex County Council
P. O. Box 589
Georgetown, DE 19947

Dear Councilmember Deaver:

The Clear Space Theatre Company, founded in 2004, is a 501(c) 3 cultural organization located at 20 Baltimore Ave. in Rehoboth. It is comprised of a remarkable team of full time, part-time and volunteer administrators, artists and educators.

There are 3 facets to Clear Space: the Acting Company, a professional acting company producing dozens of performances each season; the Arts Institute, an educational program offering classes to more than 700 students each season; and On Tour, which makes community presentations throughout Delaware using professional actors and outstanding students in its performances.

Each year, the Acting Company provides approximately 150 professional theatre performances. The talented casts, often times utilizing students from the Arts Institute, has performed for more than 23,000 theatre goers in 2014 at the theatre house in Rehoboth, or through ongoing partnerships at the Schwartz Center for the Arts in Dover and the Freeman Stage in Fenwick Island. The outreach on the Eastern Shore is tremendous, both as superb entertainment that most often receives standing ovations, but also as an educational tool for youth and adults alike. Just last year, one of our graduating students was accepted into the Julliard School for the Performing Arts in New York City, and he returned this summer to perform, giving back some of his talent to the community in which he grew up.

Clear Space Theatre Company raises 47% of its current budget through earned income (ticket sales, contracts, and tuitions), but 53% must be raised through contributions from donors, including individuals, local businesses, grants, local government sources and the Encore thrift store. It is critical that Clear Space reach out to the community for support to keep these great artistic shows alive for residents and visitors. Our audiences are growing each year, and we want to continue to entertain and educate for many years to come.

With that in mind, Clear Space would like to request a grant in the amount of \$2,000 from your discretionary funds to help us continue providing outstanding performances to a growing number of patrons. Your contribution will be recognized on our theatre screen as one of the donors that keeps Clear Space alive in the community. Thank you.

Sincerely,

Wesley Paulson

Wesley Paulson
Executive Director

To Be Introduced 01/27/15

Council District No. 3 - Deaver
Tax Map I.D. 334-4.00 34.00 (Part of) and 235-31.00-15.00
911 Address – None Available

ORDINANCE NO. _____

AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT FOR A MEADERY MICROBREWERY FOR THE MANUFACTURING OF HONEY WINE AND TASTING TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN LEWES AND REHOBOTH HUNDRED AND BROADKILL HUNDRED, SUSSEX COUNTY, CONTAINING 2.99 ACRES, MORE OR LESS

WHEREAS, on the 2nd day of December 2014, a conditional use application, denominated Conditional Use No. 2013 was filed on behalf of TBHM, LLC; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Conditional Use No. 2013 be _____;

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County determined, based on the findings of facts, that said Conditional Use is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County, and that the Conditional Use is for the general convenience and welfare of the inhabitants of Sussex County.

NOW, THEREFORE, THE COUNTY OF SUSSEX HEREBY ORDAINS:

Section 1. That Chapter 115, Article IV, Section 115-22, Code of Sussex County, be amended by adding the designation of Conditional Use No. 2013 as it applies to the property hereinafter described.

Section 2. The subject property is described as:

All that certain tract, piece or parcel of land, lying and being in Lewes and Rehoboth Hundred and Broadkill Hundred, Sussex County, Delaware, and lying north of Route 9 (Lewes Georgetown Highway) 600 feet east of Coolspring Road and south of Railroad and being more particularly described as follows:

Beginning at an iron pipe on the northerly right-of-way of Route 9 (Lewes Georgetown Highway), a corner for these subject lands and lands, now or formerly, of Harlan Gilbert York, Jr.; thence South $83^{\circ} 11' 54''$ West 1,115.88 feet along the northerly right-of-way of Route 9 to a point; thence North $14^{\circ}53'00''$ 38.70 feet along lands, reportedly, now or formerly, of Penn Central Railroad to a point; thence North $75^{\circ}17'00''$ East 1,132.12 feet along said railroad to an iron pipe; thence South $06^{\circ}47'51''$ East 194.21 feet along lands, now or formerly, of Harlan Gilbert York, Jr. to the point and place of beginning, and containing 2.99 acres, more or less.

This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.

TO BE INTRODUCED

To Be Introduced 1/27/15

Council District No. 4 - Cole
Tax Map I.D. No. 134-17.00-12.00
911 Address: None Available

ORDINANCE NO. ____

AN ORDINANCE TO AMEND THE COMPREHENSIVE ZONING MAP OF SUSSEX COUNTY FROM AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT TO A MR-RPC MEDIUM DENSITY RESIDENTIAL DISTRICT – RESIDENTIAL PLANNED COMMUNITY FOR A CERTAIN PARCEL OF LAND LYING AND BEING IN BALTIMORE HUNDRED, SUSSEX COUNTY, CONTAINING 49.66 ACRES, MORE OR LESS

WHEREAS, on the 16th day of December 2014, a zoning application, denominated Change of Zone No. 1768 was filed on behalf of Convergence Communities; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Change of Zone No. 1768 be _____; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County has determined, based on the findings of facts, that said change of zone is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County,

NOW, THEREFORE, THE COUNTY OF SUSSEX COUNTY ORDAINS:

Section 1. That Chapter 115, Article II, Subsection 115-7, Code of Sussex County, be amended by deleting from the Comprehensive Zoning Map of Sussex County the zoning classification of [AR-1 Agricultural Residential District] and adding in lieu thereof the designation of MR-RPC Medium Density Residential District – Residential Planned Community as it applies to the property hereinafter described.

Section 2. The subject property is described as follows:

All that certain tract, piece or parcel of land lying and being situated in Baltimore Hundred, Sussex County, Delaware, and lying north of Road 361 (Muddy Neck Road), east and south of Ocean Way Estates Subdivision, west of the Assawoman Canal, and also north of the Ocean View Beach Club Community in the Town of Ocean View with access from Nantasket Avenue, Old Orchard Avenue, Ocean Beach Avenue, and Gooseberry Avenue and being more particularly described per the attached legal description provided by Davis, Bowen & Friedel, Inc., and containing 49.66 acres, more or less.

This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.

LEGAL DESCRIPTION
LIGHTHIPE SUBDIVISION
RESIDENTIAL PLANNED COMMUNITY

a Portion of Tax Parcel 1-34-17.00-12.00

December 2, 2014

ALL that piece or parcel of land situate lying and being on the northeasterly side of, but not adjacent to, Muddy Neck Road, being a portion of Tax Parcel 1-34-17.00-12.00, the lands of The Trustees of the Protestant Episcopal Church of Delaware as recorded in the Office of the Recorder of Deeds, in and for Sussex County and the State of Delaware in Deed Book 2288, Page 102 and being more particularly described as follows:

BEGINNING at a point on the easterly line of Ocean Way Estates, Section 4 as recorded in the Office of the Recorder of Deeds, in and for Sussex County and the State of Delaware in Plot Book 46, Page 168; said beginning point being coordinated on the Delaware State Grid System as N 193,497.95 feet, E 751,992.09 feet; said beginning point also lying the following four courses and distances from an iron rod with cap set at a point formed by the intersection of the northeasterly right-of-way line of Muddy Neck Road (State Route 361), 70 feet wide, with the southeasterly line of the lands of, now or formerly, Sussex County, as recorded in the aforesaid Office of the Recorder of Deeds, in Deed Book 1740, Page 225;

A) leaving said right-of-way line of Muddy Neck Road and running by and with said Sussex County lands the following two courses and distances, North 79 degrees 11 minutes 52 seconds East 41.98 feet to a concrete monument found at a point, thence running,

B) North 14 degrees 01 minutes 10 seconds East 137.07 feet to a concrete monument found at a point on the aforementioned easterly line of Ocean Way Estates, Section 4, thence,

C) leaving said lands of Sussex County and running by and with said easterly line of Ocean Way Estates, Section 4 the following two courses and distances, continuing North 14 degrees 01 minutes 10 seconds East 224.51 feet to a concrete monument found at a point, thence running,

D) North 14 degrees 01 minutes 18 seconds East 685.88 feet to the point of beginning, thence running,

1) from said point of beginning, continuing by and with said Ocean Way Estates, Section 4, North 14 degrees 01 minutes 18 seconds East 792.00 feet to a concrete monument found at a point, thence,

2) continuing by and with said Ocean Way Estates, Section 4 and also running by and with Ocean Way Estates, Section 3 as recorded in the aforesaid Office of the Recorder of Deeds, in Plot Book 38, Page 173, North 86 degrees 00 minutes 03 seconds East 1542.34 feet to a concrete monument found at a point on the southwesterly line of the Assawoman Canal, thence,

3) leaving said Ocean Way Estates, Section 3 and running by and with said Assawoman Canal, South 24 degrees 52 minutes 22 seconds East 996.64 feet to a concrete monument found at a point on the northerly line of the lands of, now or formerly, Windansea, LLC, as recorded in said Office of the Recorder of Deeds in Deed Book 3931, Page 303, thence,

- 4) leaving said Assawoman Canal running by and with said Windansea, LLC lands, the following four courses and distances, South 78 degrees 20 minutes 09 seconds West 65.13 feet to a 20" blazed gum tree found at a point, thence running,
- 5) South 55 degrees 02 minutes 51 seconds West 544.83 feet to a concrete monument found at a point, thence running,
- 6) South 85 degrees 43 minutes 52 seconds West 1170.60 feet to a concrete monument found at a point, thence running,
- 7) South 70 degrees 38 minutes 53 seconds West 10.25 feet to a point, thence,
- 8) leaving said Windansea, LLC lands and running through the lands of The Trustees of the Protestant Episcopal Church of Delaware the following four courses and distances, North 19 degrees 24 minutes 16 seconds West 20.00 feet to a point, thence running,
- 9) North 45 degrees 01 minutes 10 seconds West 416.50 feet to a point, thence running,
- 10) North 06 degrees 16 minutes 04 seconds West 93.68 feet to a point, thence running,
- 11) North 75 degrees 58 minutes 42 seconds West 155.45 feet to the point and place of beginning;
CONTAINING 49.6583 acres of land, more or less.

S:\1443\1443B002 OV Beach Club\Legal\LIGHTHIPE RPC.docx

TO BE INTRODUCED

To Be Introduced 1/27/15

**Council District No. 3 - Deaver
Tax Map I.D. No. 235-23.00-1.00
911 Address: None Available**

ORDINANCE NO. ____

AN ORDINANCE TO AMEND THE COMPREHENSIVE ZONING MAP OF SUSSEX COUNTY FROM AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT TO A CR-1 COMMERCIAL RESIDENTIAL DISTRICT FOR A CERTAIN PARCEL OF LAND LYING AND BEING IN BROADKILL HUNDRED, SUSSEX COUNTY, CONTAINING 114.4821 ACRES, MORE OR LESS

WHEREAS, on the 22nd day of December 2014, a zoning application, denominated Change of Zone No. 1770 was filed on behalf of TD Rehoboth, LLC; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Change of Zone No. 1770 be _____; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County has determined, based on the findings of facts, that said change of zone is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County,

NOW, THEREFORE, THE COUNTY OF SUSSEX COUNTY ORDAINS:

Section 1. That Chapter 115, Article II, Subsection 115-7, Code of Sussex County, be amended by deleting from the Comprehensive Zoning Map of Sussex County the zoning classification of [AR-1 Agricultural Residential District] and adding in lieu thereof the designation CR-1 Commercial Residential District as it applies to the property hereinafter described.

Section 2. The subject property is described as follows:

All that certain tract, piece or parcel of land lying and being situate in Broadkill Hundred, Sussex County, Delaware, and lying on the northeast side of Route One (Coastal Highway) across from Route 88 (Cave Neck Road) and being more particularly described per the attached legal description provided by Frederick Ward Associates, said parcel containing 114.4821 acres, more or less.

This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.



FREDERICK WARD ASSOCIATES

P.O. Box 727, 5 South Main Street
Bel Air, Maryland 21014-0727
410-879-2090
410-893-1243 fax

www.frederickward.com



MAR 23 2008

August 4, 2008

RECORDED & INDEXED
MAR 23 2008

Part of Parcel No. 2-35 23.00 1.00

114.4821 Acre Parcel of Land, Land of Overbrook Acres, LLC, Located on Delaware Route One
Opposite Cave Neck Road and Red Fox Lane, Broadkiln Hundred, Sussex County, Delaware

BEGINNING for the same at the beginning of Lot D, No. 3 as shown on a plat recorded in the Orphans Court Docket X, folio 41 and 42 and in the second or North 13°07'27" East 1072.50 foot course of that tract or parcel of land conveyed by Susabar Limited Partnership to Susabar, LLC by a deed dated March 22, 2002 as recorded in the Office of the Recorder of Deeds of Sussex County in Liber 2689, folio 023. Thence, from the point of beginning, binding reversely on the said second course of the last mentioned deed as shown on a plat entitled "Lands of Joseph R. Hudson" as recorded in the Office of the Recorder of Deeds of Sussex County Plot Book 34, page 289 and binding on the South 12 ¼° West 12 perches line of the said Lot D, No. 3, as now surveyed,

1) South 09°50'10" West 193.04 feet to a concrete monument heretofore set. Thence, binding reversely on the first or North 48°37'33" West 771.375 feet line of the conveyance unto Susabar, LLC and on the South 49 ¼° East 46 ¾ perch course of the said Lot D, No. 3,

2) South 51°54'50" East 771.42 feet to an oblong shaped stone heretofore set lying North 53°47'35" East 0.80 feet from a 4" by 4" stone heretofore set. Said oblong shaped stone lies in the ninth or South 39°14'39" West 618.56 feet line of that tract or parcel of land conveyed by Thomas P. Robinson to Thomas P. Robinson and Alice P. Robinson by a deed dated December 11, 1998 as recorded in the Office of the Recorder of Deeds of Sussex County in Liber 2370, folio 283. Thence, binding in part on the said ninth course and in part on the fourth or South 39°14'39" West 2266.19 feet line of that tract or parcel of land described in the paragraph numbered 3 of the Final Decree in Partition in the matter of Albert F. Peters, Petitioner versus Thomas P. Robinson, Thomas P. Robinson, Jr., and Robert H. Robinson, CM# 1130 G-129 as recorded in the Office of the Recorder of Deeds of Sussex County in Miscellaneous Book 400, folio 318 and on the northwesterly outlines of Parcel C and Parcel B as shown on a plat entitled "Survey Plat, Lands of Thomas Peter Robinson, Robert Houston Robinson and Albert F. Peters (for life)" as recorded in the Office of the Recorder of Deeds of Sussex County in Plot Book 51, Page 315 and on the South 39 ¼° West 206 perches courses of the aforesaid Lot D, No. 3,

3) South 36°03'34" West, passing over, at 618.37 feet, and iron pipe heretofore set at division line between the said Parcel C and Parcel B and, continuing for a total distance of 2884.64 feet to intersect the northwesterly right of way line of Delaware Route 1, Coastal Highway at a point lying North 36°03'34" East 544.12 feet from a stone heretofore set at the end of said South 39 ¼° West 206 perches course. Said point also lying North 49°51'25" West 0.24 feet from an iron pipe heretofore set. Thence, binding on said right of way as conveyed by Fred A. Chappel and Catherine L. Chappel to the State of Delaware by a deed dated April 30, 1958 as recorded in the Office of the Recorder of Deeds of Sussex County in Liber 490, folio 454,

114.4821 Acre Parcel of Land - Parcel No. 2-35 23.00 1.00
August 4, 2008
Page 2

4) North 49°51'25" West 1850.22 feet to a point lying approximately thirteen feet southeasterly of utility pole number 87292. Thence, leaving Delaware Route One and binding on the "Occupation Line" as shown on a plat set entitled "Perimeter Survey, Lands of John David Vincent, Trustee" as recorded in the Office of the Recorder of Deeds of Sussex County in Plot Book 62, Page 192, et seq. (intending to be the division line between the land conveyed by Frederick A. Chappel, Sr. and Frederick A. Chappel, Jr. to Overbrook Acres, LLC by a deed dated July 24, 2002 as recorded in the Office of the Recorder of Deeds of Sussex County in Liber 2732, folio 006 and the land conveyed by Ruth E. Wilkins to Carlton Paynter Warrington Vincent and Lillian Vincent by a deed dated February 5, 1980 as recorded in the Office of the Recorder of Deeds of Sussex County in Liber 994, folio 213,, the four following courses;

5) North 34°28'24" East 1927.82 feet,

6) North 82°20'20" East 625.33 feet,

7) North 78°14'00" East 84.88 feet,

8) North 81°11'46" East 752.98 to the point of beginning hereof.

CONTAINING 114.4821 acres (4986840 square feet) of land, more or less.

BEING a part of that tract or parcel of land conveyed by Frederick A. Chappel, Sr. and Frederick A. Chappel, Jr. to Overbrook Acres, LLC by a deed dated July 24, 2002 as recorded in the Office of the Recorder of Deeds of Sussex County in Liber 2732, folio 006.



To Be Introduced 1/27/15

Council District No. 2 - Wilson
Tax Map I.D. No. 530-14.00-15.00
911 Address: None Available

ORDINANCE NO. ____

AN ORDINANCE TO AMEND THE COMPREHENSIVE ZONING MAP OF SUSSEX COUNTY FROM AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT TO A CR-1 COMMERCIAL RESIDENTIAL DISTRICT FOR A CERTAIN PARCEL OF LAND LYING AND BEING IN NORTHWEST FORK HUNDRED, SUSSEX COUNTY, CONTAINING 2.062 ACRES, MORE OR LESS

WHEREAS, on the 7th day of January 2015, a zoning application, denominated Change of Zone No. 1771 was filed on behalf of B. Ray Investments, LLC; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Change of Zone No. 1771 be _____; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County has determined, based on the findings of facts, that said change of zone is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County,

NOW, THEREFORE, THE COUNTY OF SUSSEX COUNTY ORDAINS:

Section 1. That Chapter 115, Article II, Subsection 115-7, Code of Sussex County, be amended by deleting from the Comprehensive Zoning Map of Sussex County the zoning classification of [AR-1 Agricultural Residential District] and adding in lieu thereof the designation of CR-1 Commercial Residential District as it applies to the property hereinafter described.

Section 2. The subject property is described as follows:

ALL that certain tract, piece or parcel of land lying and being situate in Northwest Fork Hundred, Sussex County, Delaware, and lying east of U.S. Route 13 (Sussex Highway) 0.2 miles north of Road 583 (Adams Road) and being more particularly described as follows:

BEGINNING at a concrete monument on the easterly right-of-way of U.S. Route 13 (Sussex Highway), a corner for these subject lands and lands, now or formerly, of George S. Isaacs; thence northerly 272.51 feet along said right-of-way of U.S. Route 13 to an iron pipe; thence South 67°42'40" East 85.00 feet to an iron pipe and North 22°17'16" East 66.00 feet

along said right-of-way of U.S. Route 13 to an iron pipe; thence southeasterly 512.2 feet along a tie-line for an old tax ditch location and the relocated Cart Branch Tax Ditch centerline to a point; thence North 75°14'46" West 516.33 feet along lands, now or formerly, of George S. Isaacs, to the point and place of beginning and containing 2.062 acres, more or less.

This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.

TO BE INTRODUCED

To Be Introduced 1/27/15

**Council District No. 1 - Vincent
Tax Map I.D. No. 132-12.00-12.00 and 12.05
911 Address: None Available**

ORDINANCE NO. ____

AN ORDINANCE TO AMEND THE COMPREHENSIVE ZONING MAP OF SUSSEX COUNTY FROM AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT TO A CR-1 COMMERCIAL RESIDENTIAL DISTRICT FOR A CERTAIN PARCEL OF LAND LYING AND BEING IN BROAD CREEK HUNDRED, SUSSEX COUNTY, CONTAINING 2.33 ACRES, MORE OR LESS

WHEREAS, on the 16th day of January 2015, a zoning application, denominated Change of Zone No. 1772 was filed on behalf of Sussex Ventures, LLC; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Change of Zone No. 1772 be _____; and

WHEREAS, on the ____ day of _____ 2015, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County has determined, based on the findings of facts, that said change of zone is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County,

NOW, THEREFORE, THE COUNTY OF SUSSEX COUNTY ORDAINS:

Section 1. That Chapter 115, Article II, Subsection 115-7, Code of Sussex County, be amended by deleting from the Comprehensive Zoning Map of Sussex County the zoning classification of [AR-1 Agricultural Residential District] and adding in lieu thereof the designation of CR-1 Commercial Residential District as it applies to the property hereinafter described.

Section 2. The subject property is described as follows:

ALL that certain tract, piece or parcel of land lying and being situate in Broad Creek Hundred, Sussex County, Delaware, and lying east of U.S. Route 13 (Sussex Highway) 995 feet south of Road 482 (Boyce Road) and being more particularly described in Deed Book 4324, Page 213, in the Office of the Recorder of Deeds in and for Sussex County and containing 2.33 acres, more or less.

This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.