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**Sussex County
Government**

News Release

Sussex County continues financial gains; records \$3.4 million surplus, audit shows

Georgetown, Del., Jan. 24, 2012: Sussex County has scored yet another financial gain, recording a \$3.48 million surplus for Fiscal Year 2011 – the most significant gain for County government in five years – despite a continued sluggish economy, a new audit shows.

Sussex County Council, at its Tuesday, Jan. 24, 2012, meeting, accepted the Audited Financial Statements for Fiscal Year 2011 from Jefferson, Urian, Doane & Sterner, P.A., Certified Public Accountants. The auditors released an unqualified report noting the financial statements “present fairly, in all material respects, the respective financial position” of Sussex County as of June 30, 2011. The audit report is presented annually to detail the County government’s finances for the previous fiscal year.

For Fiscal 2011, Sussex County ended the budget year with approximately \$3.48 million in revenues over expenditures, the second consecutive gain. In Fiscal 2010, the County saw a modest gain of about \$600,000, this after three years of budget losses that totaled \$8 million.

County leaders have already committed to returning a little more than \$1 million of the surplus to County taxpayers, in the form of a one-time credit on tax bills later this year. The rest will go to the County’s pension funds, local law enforcement, land preservation and various grants.

“It’s refreshing to be able to come in and report that we have more to work with than we had anticipated,” County Finance Director Susan M. Webb said. “The hard steps we took a few

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years back have helped to put us in the position we are in today. We and the taxpayers are reaping the benefits of that hard work.”

While the surplus is a substantial number, it does not indicate a significant increase in revenue for the County, or a noticeable difference in the economy, Ms. Webb cautioned. She attributed the overall gains to continued austerity measures, such as early retirement offers and delaying purchases, the County government implemented in 2009 to deal with dwindling revenues.

“As revenues have either bottomed out or shown little growth, we are still able to realize large budgetary gains by being disciplined in our spending,” Ms. Webb said. The audit shows actual expenses for Fiscal 2011 came in \$3.4 million less than what had been budgeted.

“That’s the big number, and that is where we saw the overall gains,” Ms. Webb said.

Actual revenues were only \$115,000 over the budgeted revenues for Fiscal 2011. Many individual line items, including housing construction-sensitive revenues for the Recorder of Deeds and building inspection offices, were lower than expected in 2011. That is an indication the housing market, while leveled off, has not recovered from the historic economic downturn, Ms. Webb said.

There were some revenue bright spots, though. The realty transfer tax, one of the County’s most significant streams for its general fund, netted \$14.3 million in Fiscal 2011. That was an increase of \$1.2 million, or nearly 9 percent, from Fiscal 2010. The year prior, that line item had edged up by 3.5 percent.

County Administrator Todd F. Lawson said the report is yet another example of how Sussex County can make a positive outcome from even a negative situation. “This is great news, but we’re not there yet,” Mr. Lawson said. “We must continue to budget conservatively and spend wisely to keep our finances in order, especially in light of the down economy.”

Council President Michael H. Vincent thanked staff for their continued efforts to keep expenses down, and said the audit should give the public confidence their money is being used wisely.

“The Council and staff have worked hard once again to put Sussex County in the black, and we will continue to work diligently to make sure the people’s money is used appropriately,” Council President Vincent said. “We can’t bank on \$3 million surpluses every year, but we can bank on a County government that is fiscally prudent and cautious with its spending.”

Sussex County has submitted the 2011 audit report to the Government Finance Officers Association of the United States and Canada for consideration of its Certificate of Achievement for Excellence in Financial Reporting award. The County has received the award the past nine years. Ms. Webb said she is optimistic the County will receive the same recognition for the Fiscal 2011 audit report.

The complete report and other information will be available on the County’s Web site at www.sussexcountyde.gov.

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