



Sussex County, Delaware



*Comprehensive
Annual Financial Report
For Fiscal Year Ended
June 30, 2003*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2003



Prepared by the Finance Department

David B. Baker, Finance Director

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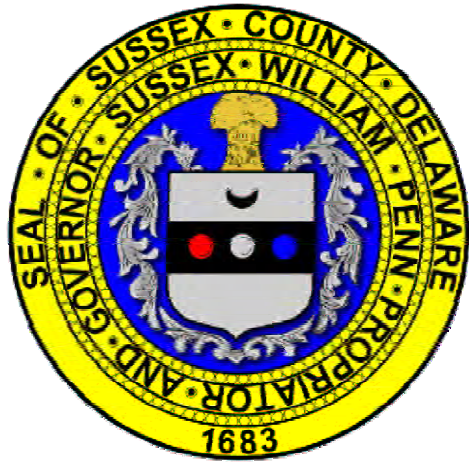
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INTRODUCTORY SECTION

ROBERT L. STICKELS
COUNTY ADMINISTRATOR



Sussex County

ADMINISTRATIVE OFFICE BUILDING
2 THE CIRCLE
P.O. BOX 589
GEORGETOWN, DELAWARE 19947
TEL: 302-855-7742
FAX: 302-855-7749
E-MAIL: administration@sussexcounty.net

January 21, 2004

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

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for the Sussex County Council for the fiscal year ended June 30, 2003. This report includes the annual Financial Statements as required by Delaware Law, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

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

The County's financial statements have been audited by Jefferson, Urian, Doane & Sterner, P.A., a firm of licensed certified public accountants. A goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2003, 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, 2003, 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.

A GAAP requirement is that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Sussex County's MD&A can be found immediately following the report from the independent auditors.

Profile of Sussex County

Sussex County is the largest county in Delaware, comprising a total land area of approximately 946 square miles, or approximately 46 percent of the State's total area. The county is bordered on the east by the Atlantic Ocean, on the north by Kent County, Delaware, and on the south and west by a portion of the State of Maryland east of the Chesapeake Bay. The county is within 200 miles of New York City, Philadelphia, Baltimore, and Washington, D.C.

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

Sussex County, Delaware, is a rural county with beaches along the Delaware Bay and Atlantic Ocean. Sussex County is the fastest growing Delaware County, with a population that grew 38 percent between 1990 and 2000. Sussex County is a popular beach resort area and also a popular shopping attraction.

The County Government provides a variety of services including sewage collection and treatment, paramedic services, planning and zoning, and the operation of libraries. The County also owns and maintains the Sussex County Airport in Georgetown, the operation of which is leased to an independent contractor. The County provides paramedic services for the entire county. The Department of Emergency Operations handles dispatching 911 nonpolice calls. The Department of Libraries includes three County-managed libraries and a bookmobile. The County has approximately 456 employees, of which 97 percent are full-time and 3 percent are part-time employees. The Clerk of the Peace office issues marriage licenses and is administered by an elected Clerk of the Peace. An elected official also manages the Recorder of Deeds, which handles the recording of deeds and other legal documents. Elected officials also direct the Register of Wills and Sheriff's Office. The Sheriff's Office is responsible for delivering court-related documents.

The County provides substantial grant funding to volunteer fire departments annually. The County also assesses, bills and collects property taxes for eight school districts, as well as for the County government. The County also is the primary funding source for 11 local libraries, which are managed by independent library boards. The County also partially funds the cost

of 16 additional Delaware State Police in Sussex County. The County has entered an agreement with the State of Delaware to partially fund an additional 16 State Police in Sussex County over the next four years. This means that there will be 32 more State Police serving Sussex County in addition to the State of Delaware allotment.

County sewer and water districts compose a large portion of County expenditures. The County's growing sewage collection and treatment facilities handle over 42,000 current customers. The County's sewer service is rapidly expanding to meet environmental needs. There are 12 individual operating sewer and water districts managed directly by the County, in addition to various subdistricts and expansion projects. There are five additional approved sewer districts in design and/or construction phases. Each sewer district is treated as a separate fund. Combined financial information is included for these sewer districts in the Financial section.

The annual budget is recommended by the County Administrator and approved by the County Council prior to July 1 of each year, which is the start of the County's fiscal year. The budget serves as a financial guide for the County. The budget includes a 5-year capital project plan, with proposed financing for projects. Please see note "A" - Section 18 on page 38, for additional budget information. Budget-to-actual comparisons, on pages 57 thru 66 (and on page 68), are also included.

Factors Affecting Financial Condition

Local Economy

Agriculture, tourism, healthcare, construction, retail sales and education are the leading industries in Sussex County. Sussex County is the largest poultry-producing county in the United States, as was the case in 1992, 1987, 1982, 1978, 1949 and 1944. Two of the twenty largest U. S. poultry companies have headquarters in Sussex County. Over 188 million broilers and meat-type chickens were produced in Sussex County in 1997. Soybeans, corn and other vegetables are also important agricultural products.

Residential home construction has boomed in Sussex County. During fiscal year 2003, approximately 2,346 permits for new dwellings were issued, which is more than double the number of permits issued ten years earlier during Fiscal 1994. There has been a steady increase in construction permits and values. This residential housing boom can be partially attributed to the quality of life in Sussex County, the seashore, and the reasonable cost-of-living in the county. Low state, school and county property taxes are also factors. Sussex County attracts a growing number of retirees.

Three hospitals are located within the county, in Seaford, Lewes and Milford. Also throughout the county there are other subsidiary medical facilities. Assisted living facilities and nursing homes are sited in Lewes, Georgetown, Milford, Seaford, Delmar, Millsboro, and Greenwood.

There are eight school districts in Sussex County, plus one Charter School and private schools. The Delaware Technical and Community College complex in Georgetown offers Associate college degree programs in health, business, public service, engineering and industrial education. The University of Delaware, Delaware State University, and

Wilmington College also offer courses in Georgetown at the Delaware Technical and Community College. Some four-year degrees and Master degrees are available there. The Sussex Technical School District and Delaware Technical & Community College also work closely with county employers to provide specialized training for employees.

The county is experiencing steady diversified growth in other industries. Significant other businesses located in the county include the E. I. duPont de Nemours Company Nylon Plant in Seaford, Vlasic Foods, Inc. (a pickle processing plant) in Millsboro, and DeCrane Aircraft, Inc. (an airplane fuel tank and airplane services facility) in Georgetown. There has been significant growth at the County Industrial Park in Georgetown with the addition of the DeCrane Aircraft, Inc. facility, which services Boeing aircraft and manufactures patented auxiliary fuel tanks for Boeing. M & T Bank operates a call and consumer loan-processing center in Millsboro, employing approximately 450 employees. Other food processing companies include Sea Watch International (a seafood processing company) in Milford, Eastern Shore Poultry (a chicken processing plant) in Georgetown, and Burris Food, Inc. (a food distributor) in Milford. Other major employers include Barcroft Company (a pharmaceutical producer) in Lewes, Caulk Dentsply (a manufacturer of dental products) in Milford, Intervet (a poultry vaccine producer) in Millsboro, and Shoffner Industries (a manufacturer of roof trusses) in Georgetown.

A more recent fast-growing industry in Sussex County is retail outlets. Along a three-mile stretch of Route 1, between Lewes Beach and Rehoboth Beach, there are approximately 140 outlet stores offering products, such as clothing, tools, shoes, books, stereo equipment, food, kitchen supplies, camping equipment, restaurants, and even hot peppers. These outlets have become a year-round attraction for out-of-state residents, especially for those who are attracted by reasonable prices and the lack of a Delaware sales tax.

Tourism is the second most important industry in Sussex County. Tourism in the Rehoboth area increased 17 percent in 2002, per the Sussex County Tourism Office. An estimated 5 million people-visits to Sussex County occur each year, with an estimated economic impact of over \$344 million. Atlantic Ocean beaches include Dewey, Fenwick Island, South Bethany, Bethany, Rehoboth, and the Cape Henlopen State Park. Delaware Bay beaches include Lewes, Broadkill Beach, and Slaughter Beach. The Delaware Seashore State Park is a popular attraction between Dewey Beach and Bethany Beach, offering swimming, surfing, clamming, fishing and boating as options. This section of beach is a narrow section of land, with the Atlantic Ocean on the east side and the Rehoboth and Indian River Bays on the west side. The Cape Henlopen State Park, between Lewes and Rehoboth, offers ocean and Delaware Bay beaches for swimming and fishing. There are also numerous hiking trails at the park. Sussex County is conveniently located to take advantage of a recent trend to vacation closer to home.

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

The economic outlook for Sussex County is promising. The population is expected to increase at over 2% per year. New public schools are under construction. Beebe Hospital has completed a new outpatient facility near Lewes. Construction continues at a record pace with the estimated value of new construction up 23 percent for Fiscal 2003 versus 2002. The State of Delaware Department of Transportation is projecting spending \$369 million over the next five years in Sussex County for road improvements.

Financial Planning

Sussex County has strengthened its financial condition, especially during the past several years. A County goal is to maintain an undesignated fund balance amount each fiscal year, which is approximately 25 percent of the General Fund budget. As of June 30, 2003, the General Fund undesignated fund balance of \$9.8 million was 25 percent of the Fiscal 2004 budget. This is net of designations for additional pension funding, landfill costs, sewer grants, airport projects, and funding for a new Emergency Operations Center.

The County is attempting to fund its nonsewer and water assets on a pay-as-you-go basis and avoid issuing debt for the same. As of June 30, 2003, the County had designated \$1.5 million toward the cost of a new Emergency Operations Center and a new records storage building. By designating these funds, the future construction of these projects will be from available resources. \$2.3 million has been set aside for landfill post-closure anticipated costs. \$3.6 million has been designated for land purchases for the Inland Bays and Piney Neck Sewer Treatment Facilities for spray irrigation.

The County is also reserving and designating funds for an airport T-hangar expansion and clear zone projects. Additional funds are set aside for an instrument landing system and fire protection system. The County plans to fund these projects with Federal Aviation Administration (FAA) grants, State grants, and County contributions.

Major sewer project expansions are planned for the next few years. The Cedar Neck Sewer Project, serving approximately 1,450 customers, is expected to be completed during Fiscal 2004. Estimated Cedar Neck Sewer costs total over \$10 million. The Oak Orchard Sanitary Sewer District Project has begun construction. Over \$5 million of additional costs are anticipated to complete this project during Fiscal 2005. Other projects in the design phase include the Bay View Estates, Sea Country Estates, Miller Creek, South Ocean View, and Millville sewer projects. Funding for these projects includes State Revolving Fund loans, State grants, Federal USDA loans and grants, and County grants.

Cash Management Policies and Practices

Except for the Pension Fund and West Rehoboth Sewer Revenue Bond Trust Funds, the County invests available funds on a short-term basis with local Sussex County banks. The County solicits bids, weekly, for collateralized certificates of deposit with Sussex County banks. Collateralized money market accounts are also utilized to maximize interest earnings. The West Rehoboth Sewer Trust Fund monies are invested in U. S. Treasury Obligations and some Repurchase Agreements.

Some investments from different County funds are pooled in bank accounts. Careful accounting records are maintained to track these investments. There are no pooled

investments with statewide funds, except in the Pension Fund and the Pensioner Benefit account.

The County conservatively requires collateralization with U. S. Treasury and Ginnie Mae Obligations. Our policy is to invest with local Sussex County banks that can provide this collateral held by third party banks. Please see Note B, on pages 39 thru 41, for additional information regarding cash and collateralization.

The Sussex County Pension Fund is diversified with three different managers, Fidelity Investments, the State of Delaware Local Government Pension Investment Pool, and the Wilmington Trust Company. The Sussex County Pension Committee oversees the management of the fund and is responsible for recommendations to the County Council regarding investments. The Pension Committee's policy is a goal of 60 percent investments in equity and 40 percent in bond investments. Since calendar year 1994, Pension Fund returns have averaged over 7 percent per year.

Risk Management

During Fiscal 2003, the County expensed \$826,094 for insurance covering liability, auto, workers compensation, property, public officials errors and omissions, flood insurance, and employee bonding. Insurance matters are reviewed with an independent insurance consultant. Every three years, the County rebids the insurance policies to obtain the best pricing available. Please see the Schedule of Insurance, on pages 137 and 138, for detail regarding individual policies. During Fiscal 2003, the County began self-insuring one major asset, an ocean outfall valued at about \$21,000,000. Since its construction in 1978, there have been no insurance claims regarding this Outfall. During Fiscal 2003, the County did not experience any major losses due to accidents or acts of nature.

Regarding the employee health plan, the County maintains a self-insured plan, whereby the County funds expenses per employee up to \$75,000 per year. Expenses over the \$75,000 threshold are covered under a reinsurance policy. The County deposits monies in the health fund each month to cover the health plan cost. The County has successfully maintained this self-insured plan for over 10 years. Please refer to Note L, on pages 52 and 53, for additional information.

Pension and Other Post-Employment Benefits

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

The County is proud that it has made substantial contributions to the pension fund over the last few years. The value of the fund has increased from \$4 million in 1993 to \$19.8 million as of June 30, 2003. Our goal has been to fully fund the pension plan. As of January 1, 2003, the most recent actuarial study shows a deficit of \$1.7 million on an actuarial funding basis. This result is, primarily, due to the stock market downturn during the past three years. The Fiscal 2004 Budget includes a 12 percent pension contribution, which is designed to pay off the unfunded amount within five years.

During Fiscal 2003, the County has contributed funds in addition to the required contribution. As noted in Note E on pages 43 thru 45, since Fiscal 1993, the County has contributed over \$880,000 per year to the Pension Fund to bring the fund up to the recommended level. Contributions prior to Fiscal 1993 were insufficient to fully fund the plan.

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

The County provides post-employment healthcare benefits to pensioners based on their years of service and status when they leave County employment. In anticipation of proposed accounting rule changes and in an effort to fund future liabilities, during Fiscal 2003, the County established a post-employment benefit account with \$500,000. Proposed annual contributions to this account will begin funding County liability for pensioner healthcare benefits.

Awards and Acknowledgements

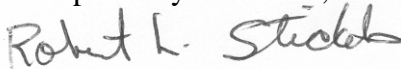
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sussex County for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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


Production of this report is due to the tremendous efforts of County employees in the Finance and Administration Department. We would like to especially thank those employees and the County auditors for their dedication to the completion of this report.

We would also like to thank the County Council for their support in maintaining the strong financial position of our County. Their direction has enabled the County to attain bond rating upgrades reflecting strong finances.

Respectfully submitted,



Robert L. Stickels
County Administrator



David B. Baker
Finance Director

RLS:DBB/nc

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sussex County,
Delaware

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

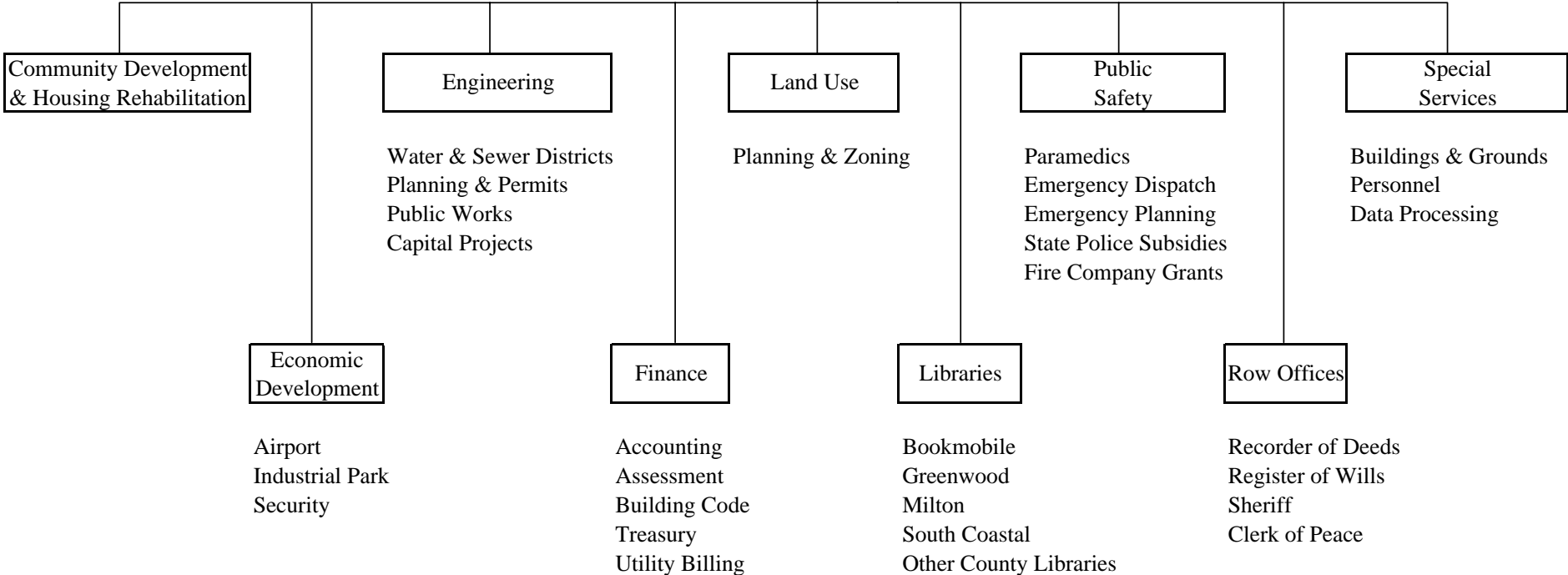
**SUSSEX COUNTY, DELAWARE
ORGANIZATIONAL CHART
FOR THE FISCAL YEAR 2003**



CITIZENS

COUNTY COUNCIL

COUNTY ADMINISTRATOR



SUSSEX COUNTY, DELAWARE

LIST OF ELECTED OFFICIALS

JUNE 30, 2003

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i> - (Vice President) Dale R. Dukes	15 Years	Jan. 2005
<i>District 2</i> Finley B. Jones, Jr.	7 Years	Jan. 2005
<i>District 3</i> - (President) Lynn J. Rogers	7 Years	Jan. 2005
<i>District 4</i> George B. Cole	17 Years	Jan. 2007
<i>District 5</i> Vance C. Phillips	5 Years	Jan. 2007

<i>Clerk of the Peace</i> D. Ray Ellerman	9 Years	Jan. 2007
<i>Recorder of Deeds</i> John F. Brady	6 Months	Jan. 2007
<i>Register of Wills</i> Howard Clendaniel	9 Years	Jan. 2007
<i>Sheriff</i> Robert L. Reed	5 Years	Jan. 2007

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2003

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Robert L. Stickels	16 yrs.	16 years
<i>County Attorney</i> - James D. Griffin, Esquire	6 mo.	6 months
<i>Finance Director</i> - David B. Baker	12 yrs.	25 years
<i>County Engineer</i> - Michael A. Izzo, P.E.	7 yrs.	19 years
<i>Accounting Division Director</i> - Susan M. Webb, C.P.A.	11 yrs.	11 years
<i>Assessment Division Director</i> - Eddy J. Parker	13 yrs.	23 years
<i>Facilities Manager</i> - Ray W. Webb	25 yrs.	26 years
<i>Community Development Program Director</i> - William C. Lecates	14 yrs.	25 years
<i>Data Processing Director</i> - Bonnie O. Smith	17 yrs.	35 years
<i>Economic Development Director</i> - Stephen T. Masten	2 yr.	27 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	7 yrs.	17 years
<i>Library Director</i> - Carol H. Fitzgerald	18 yrs.	18 years
<i>Paramedic Director</i> - Glenn H. Luedtke	3 yrs.	3 years
<i>Personnel Director</i> - Dennis V. Cordrey	24 yrs.	27 years
<i>Planning and Zoning Director</i> - Lawrence B. Lank	19 yrs.	34 years
<i>Treasury Division Director</i> - Joyce F. Lord	19 yrs.	35 years
<i>Utility Billing Division Director</i> - Leon Collins	19 yrs.	24 years





FINANCIAL SECTION

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

TRUITT W. JEFFERSON, CPA, DIRECTOR
RETIRED

ELAINE E. GRAVES, CPA, DIRECTOR
PENELOPE L.H. HOWE, CPA, PFS, DIRECTOR
ANITA Y. SMITH, MEd, DIRECTOR

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sussex County, Delaware's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2003, on our consideration of Sussex County, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 17 and the required supplementary information on pages 55 and 56, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Sussex County, Delaware's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Georgetown, Delaware
December 15, 2003

SUSSEX COUNTY, DELAWARE

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2003. Please consider this Management's Discussion and Analysis (MD & A) along with other additional information included in the letter of transmittal and other sections of the report.

Because this is the first year of implementation of the new Governmental Accounting Standards Board Statement No. 34 (GASB 34), which requires major reporting changes, we have not been able to provide many comparisons of financial information to prior year numbers. During subsequent years, these comparisons will be available to enhance this analysis.

Financial Highlights

Government-wide Financial Statements

- As of June 30, 2003, assets exceeded liabilities by \$168,554,856. Of this amount, \$37.5 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$28,534,282 during the year. The governmental activities portion, \$14.6 million, is attributable, primarily, to an increase in construction-related user fees and revenue from the realty transfer tax. The business-type activities increase in net assets of \$13.9 million is, primarily, due to growth-related capital cost contributions and connection fee income.

Fund Financial Statements

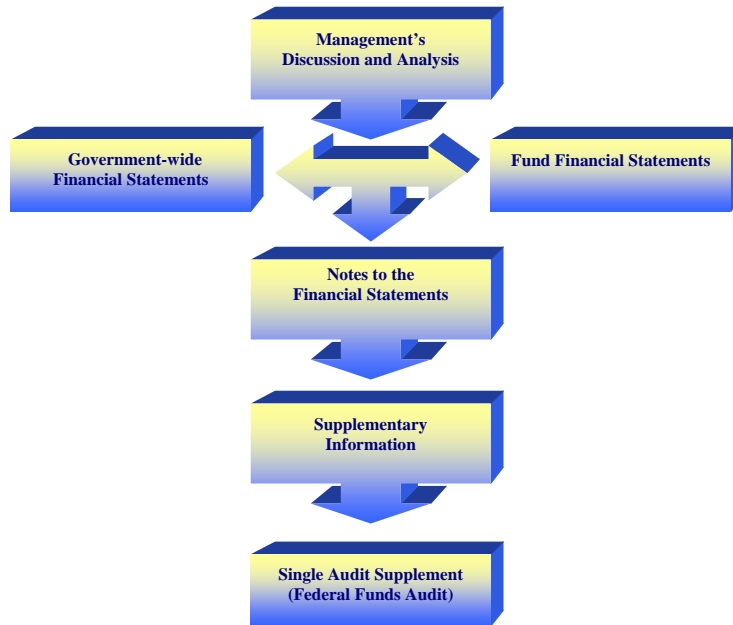
- As of June 30, 2003, the County's Governmental Funds reported an ending fund balance of \$52.5 million. This increased \$15.4 million from the proceeding year. About 51 percent, or \$26.9 million, was unreserved or available for spending at the County's discretion.
- The undesignated fund balance as of June 30, 2003 for the Governmental Funds was \$10.4 million, or 25 percent of the Fiscal 2004 Budget for these funds.

Debt Offering

- During Fiscal 2003, the County issued \$31.4 million in general obligation debt to refund bonds issued in 1993 and 1992. This issuance will result in debt service savings of \$4,286,000 over the life of the bond issue until 2032. This savings will benefit the County's water and sewer districts.

Overview of the Financial Statements

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



Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business. This Government-wide Financial Reporting includes two statements: the Statement of Net Assets and the Statement of Activities. Fiduciary activities, including the County's pension fund, are excluded from these statements because its resources are not available to finance other County programs.

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

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

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

- Governmental activities include General Government, Paramedics, Libraries, Planning and Zoning, Economic Development, Emergency Preparedness (911), and Constitutional Offices. These activities are mostly supported by user charges, taxes, and operating grants.
- Business-type activities - This includes Sussex County sewer and water districts, which are funded primarily by user charges, assessment charges, connection fees, and contributions.

The Government-wide Financial Statements immediately follow this MD & A on pages 18 and 19 of this report.

Fund Financial Statements

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

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

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

Sussex County maintains 2 individual governmental funds. These include the following: General and Capital Project funds. They are presented in separate columns on the Governmental Funds 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 four major funds for the Bethany, Long Neck, West Rehoboth, and South Coastal Regional Wastewater Facility Sewer Projects. They also include, combined in the Statements, 14 other sewer and water projects.

- *Fiduciary Funds* - Sussex County has only one Fiduciary Fund, the Pension 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 Statement because the resources of these funds are not available to support the County's own programs. The separate accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The Fiduciary Fund Financial Statement can be found on pages 30 and 31 of this report.

Notes to the Financial Statements

Notes to the Financial Statements found on pages 32 thru 54 of this report, provide additional information that is important for a better understanding of the data provided in the Financial Statements.

Other Information

Pages 55 and 56 include required supplementary information regarding pension funding progress. Following those schedules are General Fund and Capital Project budgetary comparison schedules, General Fund revenue and expenditure total schedules, combining proprietary fund schedules, capital asset schedules, and other information. These follow on pages 57 thru 83. The Statistical Section follows on pages 84 thru 138 with additional County information. The Single Audit, a separate federal grant audit, follows the Statistical section.

Government-wide Financial Analysis

Because this is the first year of implementation for GASB Statement No. 34, which has resulted with a new reporting model, the County is not required to restate prior period data for comparative information. In future years when prior year information is available, a comparative analysis of government-wide information will be included.

As previously noted, assets exceed liabilities by \$168.6 million as of June 30, 2003. Net assets may serve over time as a useful indicator of a government's financial position.

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

**SUSSEX COUNTY'S SCHEDULE OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Governmental Activities	Business-Type Activities	Total Government
Current and Other Assets	\$ 74,870,820	\$ 42,582,557	\$ 117,453,377
Capital Assets	20,929,531	187,989,397	208,918,928
Total Assets	\$ 95,800,351	\$ 230,571,954	\$ 326,372,305
Current and Other Liabilities	16,584,944	4,549,410	21,134,354
Long-Term Liabilities Outstanding	7,944,527	128,738,568	136,683,095
Total Liabilities	\$ 24,529,471	\$ 133,287,978	\$ 157,817,449
Net Assets:			
Invested in Capital Assets, Net of Related Debt	20,520,112	60,012,101	80,532,213
Restricted	15,914,734	34,600,947	50,515,681
Unrestricted	34,836,034	2,670,928	37,506,962
Total Net Assets	\$ 71,270,880	\$ 97,283,976	\$ 168,554,856

A large portion of the County's net assets (48 percent) are not available for future spending since they represent amounts invested in capital assets (e.g., land, buildings, machinery and equipment). This investment is net of any related debt that was used to acquire those assets that is still outstanding. It should be noted that the resources needed to repay outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining \$88 million in net assets, \$34.6 million is restricted for the repayment of interest and principal on bonds issued to finance water and sewer district costs or for capital costs incurred. For governmental activities, \$15.9 million represents realty transfer taxes and 911 fees received and on-hand, which are restricted for specific purposes. Realty transfer tax funds must be used for public safety, economic development, public works, capital projects, infrastructure projects, or debt reduction. Available 911 fees are restricted for specific emergency dispatch purposes.

The remaining \$37.5 million in net assets is unrestricted and may be used for ongoing obligations to citizens and creditors. As of June 30, 2003, net assets and unrestricted assets were positive for both governmental activities and business-type activities.

For comparison purposes for governmental funds, \$14 million has been designated from unrestricted net assets for various purposes. This includes \$4 million for sewer and water projects, \$3.5 million for pension funding, \$800,000 for landfill cost, and \$1 million for airport projects.

The following schedule shows the breakdown of changes in net assets for Governmental and Business-Type Activities for Fiscal 2003.

**SUSSEX COUNTY'S CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Governmental Activities	Business-Type Activities	Total Government
Revenues:			
Program Revenues:			
Charges for Services	\$ 11,509,387	\$ 10,024,854	\$ 21,534,241
Operating Grants and Contributions	6,562,723	14,535,829	21,098,552
Capital Grants and Contributions	601,631	7,015,899	7,617,530
General Revenues:			
Property Taxes	9,114,721	-	9,114,721
Capitation Taxes	221,690	-	221,690
Fire Service Taxes	1,285,885	-	1,285,885
Realty Transfer Taxes	17,917,521	-	17,917,521
Investment Income	890,505	190,215	1,080,720
Total Revenues and Transfers	\$ 48,104,063	\$ 31,766,797	\$ 79,870,860
Expenses:			
Primary Government:			
General Government	\$ 8,416,614	\$ -	\$ 8,416,614
Grant-in-aid Programs	4,120,039	-	4,120,039
Planning and Zoning	917,317	-	917,317
Paramedic Program	5,914,818	-	5,914,818
Emergency Preparedness	1,726,567	-	1,726,567
Economic Development and Public Works	423,154	-	423,154
County Engineer	1,418,560	-	1,418,560
Airport	375,629	-	375,629
Engineering - Solid Waste	1,956,518	-	1,956,518
Library	2,780,506	-	2,780,506
Community Development and Housing Programs	1,522,300	-	1,522,300
Constitutional Offices	1,728,453	-	1,728,453
Business-type Activities	-	20,036,103	20,036,103
Total Expenses	\$ 31,300,475	\$ 20,036,103	\$ 51,336,578
Increase in Net Assets before Transfers	\$ 16,803,588	\$ 11,730,694	\$ 28,534,282
Transfers	(2,153,000)	2,153,000	-
Increase in Net Assets	\$ 14,650,588	\$ 13,883,694	\$ 28,534,282
Net Assets, 07/01/02	56,620,292	83,400,282	140,020,574
Net Assets, 06/30/03	\$ 71,270,880	\$ 97,283,976	\$ 168,554,856

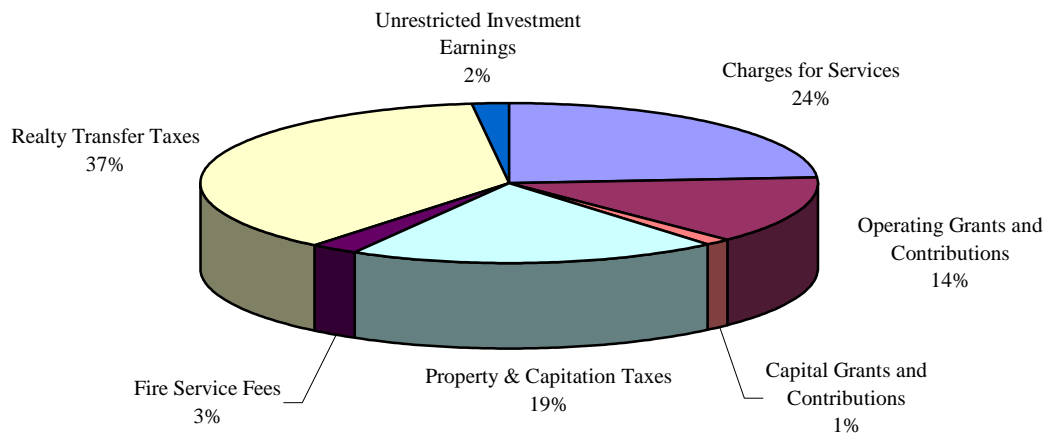
Governmental Activities

Governmental activities increased net assets by \$14,650,588 during Fiscal 2003. This represents 51 percent of the increase in net assets for the year. Governmental activities include the General Fund, Community Development and Block Grant Funds, Housing Rehabilitation Funds, and Capital Project Funds.

As per the preceding schedule, taxes received total \$28.5 million for Fiscal 2003 for governmental activities. This includes \$17.9 million received from realty transfer taxes reflecting major growth in the number of real estate transactions in the County. Realty transfer tax revenue was up 42 percent for the year from \$12.6 million the year before.

The below pie chart shows Realty Transfer Tax as the largest governmental revenue comprising 37 percent of total revenue, followed by Charges for Services (24%), and Taxes (19%).

Revenues by Source - Governmental Activities

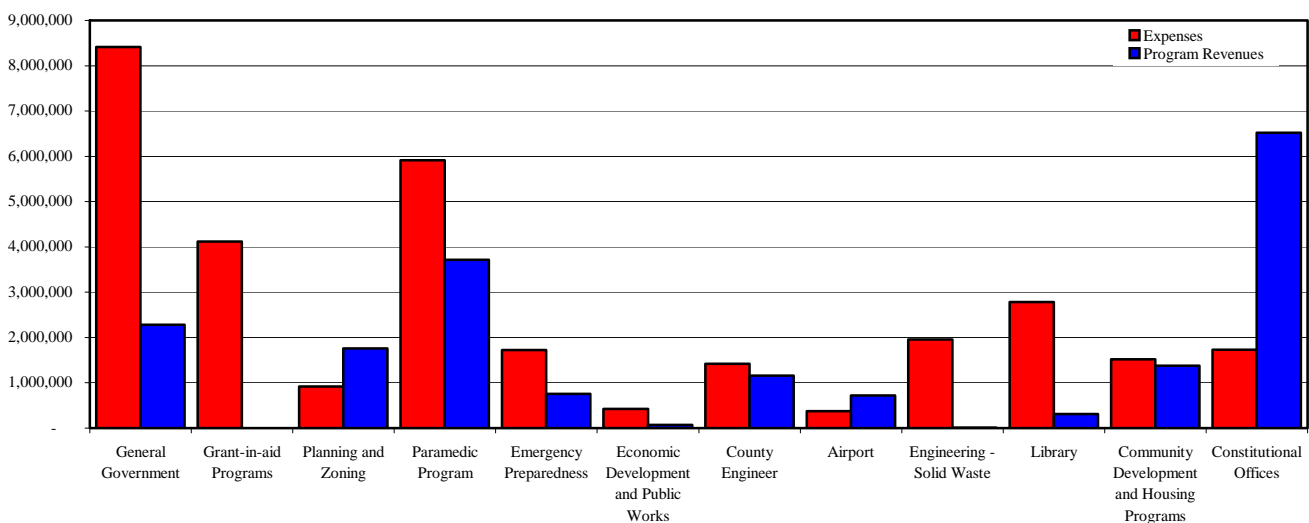


Charges for services reflect major increases in revenue from the Recorder of Deeds and Building Permit and Zoning fees. These two revenues alone were up \$1.6 million, or 30 percent, from the previous year. They also reflect the strong housing and property sales market in Sussex County.

Governmental activity expenses also increased, albeit, at a slower rate. Growth in these expenses reflects the need to increase services for an increasing population.

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

Expenses and Program Revenues - Governmental Activities



During Fiscal 2003, the Paramedic Program began funding an additional service unit in the western side of the County. This will bring the County up to seven paramedic units. This is needed to meet the growing number of paramedic calls.

Sussex County's Grant-in-Aid Program for Fiscal 2003 reflected an increase in funding for police. The County partially funded 16 additional State Police to service our county. During the next 4 years, this will increase by 4 police officers per year, for a total of 32 State Police, which is in addition to the normal State allotment for our county.

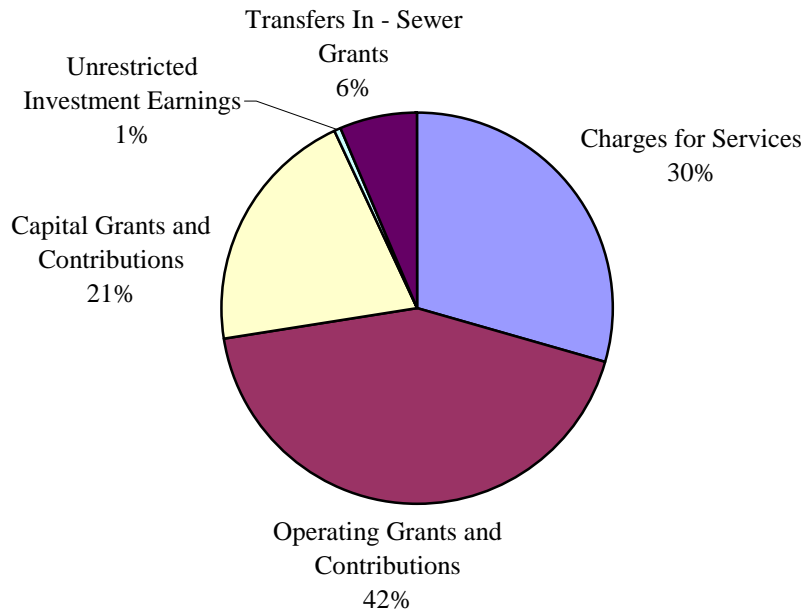
During Fiscal 2003, the County continued expansion projects at the County Airport. A new Airport Terminal Building was completed and opened during the year.

Transfer grants to sewer and water districts, totaling \$2,153,000, were made during Fiscal 2003. These grants help offset capital costs incurred and are a major factor in maintaining sewer user rates at reasonable levels.

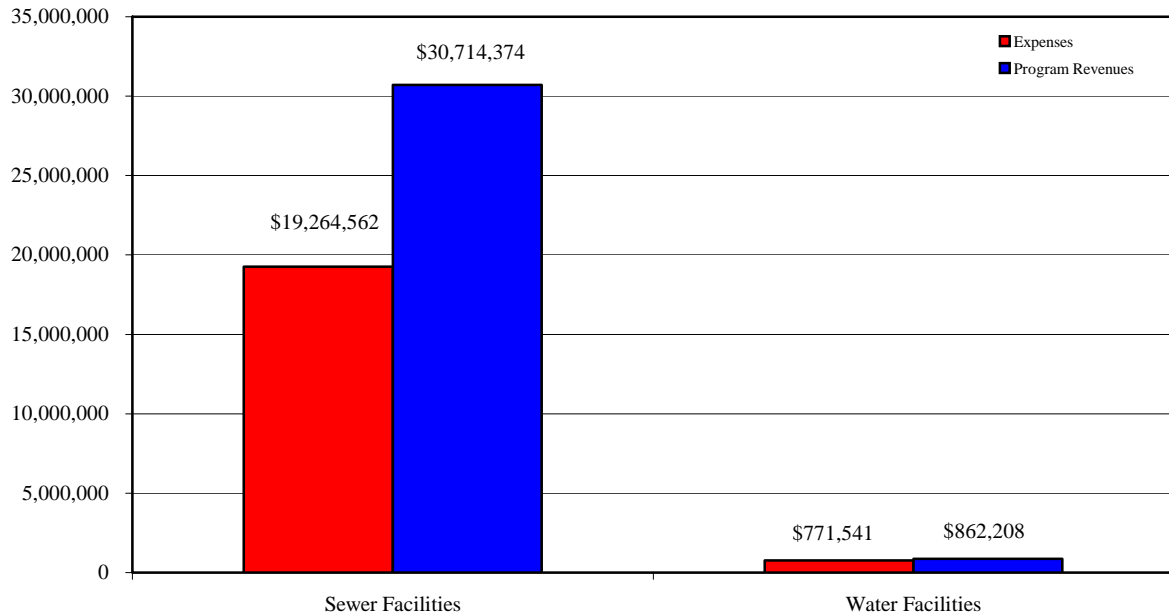
Business-type Activities

Sussex County's water and sewer funds recorded an increase in net assets of \$13,883,694 during Fiscal 2003. Income before capital grants and contributions and transfers was \$4,714,795. The pie chart reflects the large amounts received from grants and contributions for capital costs. The following bar chart shows that program revenues exceeded expenses for both sewer and water facilities.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



- Capital contributions from developers totaled \$5,450,000 during the year. This includes sewer facilities for new development as required by the County, which are deeded to the County upon project completion.
- The County also received \$5,617,000 in connection fees for new growth in the sewer and water districts. County sewer and water districts' EDUs grew by 5.7 percent, from 42,527 at the beginning of the year to 44,961 as of June 30, 2003.
- The County was able to reduce the West Rehoboth Sewer assessment rate by 3 percent due to strong growth in the district, as well as EPA and County grants that were applied toward the cost of the project.
- During February 2003, the County issued \$31,395,000 in General Obligation Refunding Bonds. These bonds refunded bonds issued in 1993 and 1992 for various sewer and water districts. Lower interest rates will result in a debt service savings of \$4,286,000 for County sewer districts. An average annual savings of \$221,000 will be realized for Fiscal 2003 thru 2021.

Financial Analysis of the County's Funds

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

Governmental Funds

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

During Fiscal 2003, the County's Governmental Fund balance increased \$15,354,234 to \$52,472,628. As noted previously, this is particularly due to strong residential housing demand in the County. The County's realty transfer tax revenue increased 42 percent, from \$12,597,159 to \$17,917,521. Related revenues from Recorder of Deeds, Building Permit and Zoning, Building Inspection, and Private Road Inspection fees were also up 27 percent, or \$1,916,000, from the previous year.

Undesignated Fund Balance for the General Fund rose to \$9,784,231. This is net of designations for sewer grants (\$4,076,685), pension and pension benefit fund contributions (\$3,500,000), airport projects (\$1,000,000), landfill costs (\$763,748), and Industrial Park projects (\$453,722). Our goal is to maintain an undesignated portion of fund balance of approximately 25 percent of the succeeding year's General Fund Budget. As of June 30, 2003, the General Fund Undesignated Fund Balance of \$9,784,231 is 25 percent of the Fiscal 2004 Budget.

The Governmental Funds include the General Fund and Capital Project Fund. General Fund includes County Administration, Finance, Personnel, Buildings and Grounds, Planning & Zoning, Emergency Preparedness (911), Paramedics, Economic Development and Industrial Park, Engineering Administration and Public Works, Solid Waste, County Airport, Libraries, and Constitutional Offices including Recorder of Deeds, Register of Wills, Sheriff, and Clerk of Peace. The capital project fund includes funding for nonproprietary fund (non-sewer and water projects), such as the County Airport, Emergency Operations Center, Records Storage Building, County Libraries, and County Administrative Building improvements.

During Fiscal Year 2001, the County defeased all tax supported bonded debt. Thus, during Fiscal 2003, the County did not have a debt service fund.

During Fiscal 2003, the County set aside \$500,000 to establish an account to provide monies for pensioner benefits in the future. The County is anticipating an accounting rules change that will require changing the measurement of this liability in our financial report in the near future. As of December 31, 2003, an additional \$1,000,000 was funded.

During Fiscal 2003, the Sussex County Council adopted a revised Land Use Plan. The Council is now in the process of enacting ordinances, which reflect the new plan.

Proprietary Funds

The County's Proprietary Funds provide the same type of information as in the Government-wide Financial Statements for business-type activities. Net assets, exclusive of amounts invested in capital costs, total \$37,271,875. Of this amount, \$2,670,928 is unrestricted. Restricted net assets include amounts for West Rehoboth Sewer Revenue Bond Debt Service, as well as amounts set aside for construction costs and connection fee revenue received. Connection fees received are restricted to be used for capital costs and debt service cost.

Please refer to the Government-wide Financial Statement information, regarding business-type activities, for additional discussion regarding Proprietary Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue and Appropriation Budgets

Total budgeted revenues, expenditures, and other financing uses are equal to the original approved budget for Fiscal 2003. During the year, the County Administrator approved some budget amendments for expenditures from department heads. The approved budget amendments include increases in certain line items for requested expenditures, which were offset by decreases in other departmental line items and/or the budget for contingencies. This resulted in individual line item budget changes, but no change in the total General Fund expenditure budget. Some of the largest transfers from budgeted contingencies to individual line items, as approved by the County Administrator during the year, were for replacement vehicles (\$111,658), information system computer equipment (\$96,500), and library capital costs for a parking lot and new furniture (\$75,894).

Budget to Actual - Revenue

General Fund revenues, and other financing sources, exceeded the budget by \$13,027,900. As previously noted, this is primarily due to the strong property market and strong building climate in Sussex County. Realty transfer tax revenue was \$10,006,521 over budget. Recorder of Deeds revenue was \$2,757,286 over budget. Building related fees, from building permits and zoning fees, building inspection fees, and private road fees, were also over budget by \$1,442,919.

Budget to Actual - Expenditures

Expenditures and other financing uses exceeded the budget by \$496,237 as noted on page 66. This is, primarily, a result of additional expenditures associated with corresponding revenue that was also over budget. Expenditures for most departments were within budget amounts. Under grants, the Fire Enhancement Fee payments to fire companies exceeded the budget by \$365,885 due to a corresponding increase in revenue. Under Engineering - Public Works, Other Expenditures for FEMA grant-funded project costs totaled \$420,080, which were not budgeted from County monies. They were paid from grant revenues and property owner contributions. Operating transfers reflect an additional contribution of \$1,010,719 to the capital improvement account for the Emergency Operations Center building as a result of realty transfer tax revenues exceeding the original budget estimate. Group hospital costs, through the County's self-funded plan, exceeded the budget by approximately \$420,910, which reflects the group hospital cost national trend. The County's Building Code inspection cost, performed by an outside contractor, exceeded budget estimates by \$103,559 due to the major increase in building activity as reflected in the corresponding increase in revenue. Insurance costs exceeded the budget by approximately \$81,000 due to insurance rate increases reflective of the poor insurance market. Vehicle cost exceeded the budget by approximately \$85,000 as a result of a needed major vehicle replacement program.

Capital Asset and Debt Administration

Capital Assets

As per the below chart, capital assets (net of depreciation) are valued at \$208,918,928 as of June 30, 2003. Note D, on pages 41 and 42, includes additional information.

SUSSEX COUNTY'S CAPITAL ASSETS

As of June 30, 2003

(Net of Depreciation)

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Land	\$ 4,337,775	\$ 4,796,431	\$ 9,134,206
Construction in progress	1,467,078	13,592,462	15,059,540
Buildings	10,075,485	5,827,340	15,902,825
Improvements	2,112,563	6,505,977	8,618,540
Machinery and Equipment	2,936,630	2,124,370	5,061,000
Infrastructure	-	155,142,817	155,142,817
Total	\$ 20,929,531	\$ 187,989,397	\$ 208,918,928

The governmental activity assets reflect additions of \$350,000 in computer equipment; new paramedic life paks for \$260,000; and land purchased for a parking lot, in Georgetown, for \$37,000. During Fiscal 2003, the new County Airport terminal building opened. \$135,000 of additional costs was recorded this fiscal year for the terminal building. Construction-in-progress reflects \$141,000 for the start of a major addition to the Milton Library and \$162,600 for County Airport studies and improvements.

Sewer and water fund asset additions included over \$4,080,000 of sewer collection lines that were completed during the year in existing districts. These lines were paid for by developers and donated to the County for new developments within County sewer districts. During Fiscal 2003, two projects were completed at the South Coastal Regional Wastewater Facility. These include an effluent filter project to replace microstrainers with a sand filter system. Also completed was the Pump Station 100 upgrade and a corresponding force main diversion system. These projects were capitalized at \$1,550,000.

During Fiscal 2003, the following highlights the major capital sewer projects underway, which will expand the County's sewer system to serve more residents and better protect the environment.

- \$5,740,000 was expended for the construction of the Ellendale Sanitary Sewer Project. This project was online during July of 2003 and will serve approximately 480 new users.
- \$1,716,000 in additional costs were incurred for the Cedar Neck Sewer Project. This sewer expansion should be completed during Fiscal 2004 to serve about 1,450 new users.
- \$933,000 was expended for the Oak Orchard Sanitary Sewer District. This project is just beginning the construction phase to serve approximately 890 additional County residents.

- Engineering work for planning and design was also underway for the Bay View Estates, Sea Country Estates, Millville, and South Ocean View projects. These projects will also include new infrastructure to serve individuals who have previously been connected to septic systems.

Long-term Debt

As of June 30, 2003, the County had \$130,698,769 in outstanding bonds payable. Of this amount, \$30,609,794 was backed by specific sewer district revenues. The remaining \$100,088,975 of debt is backed by the full faith and credit of the Sussex County Government. This debt was solely used to fund business-type water and sewer activities.

SUSSEX COUNTY'S OUTSTANDING DEBT

As of June 30, 2003

General Obligation and Revenue Bonds

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
General obligation bonds	\$ -	\$ 100,088,975	\$ 100,088,975
Revenue bonds	-	30,609,794	30,609,794
Total	\$ -	\$ 130,698,769	\$ 130,698,769

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

As previously noted, on February 5, 2003, the County refunded bonds issued in 1993 and 1992 for various water and sewer districts. This issue will result in a savings of \$4,286,000 over the life of the issue in debt service cost. This equates to a present value savings of \$3,279,000.

During Fiscal 2003, the County also borrowed approximately \$597,000 for the Miller Creek Sewer District, Bay View Estates and Sea Country Estates Sewer District, South Coastal Regional Wastewater Facility projects, and the Oak Orchard Sanitary Sewer District. These represent initial draws of bonds authorized for an eventual maximum amount of \$20,436,000. These are each part of individual bonds issued by the State of Delaware Revolving Fund Loan Program at low interest rates.

State of Delaware statutes limit the amount of general obligation debt that Sussex County can issue to 12 percent of its total assessed valuation. As of June 30, 2003, there was \$152,726,067 remaining as available general obligation debt margin (see page 94).

Additional information is included in note "H" on pages 46 thru 50 of the report.

Economic Factors in Next Year's Budgets and Rates

Economic Factors

- The County's economy is strong as evidenced by a 3.2 percent unemployment rate as of October 2003. This compares to 4.0 percent for the State of Delaware and 6.0 percent for the United States.
- The real estate and construction industries are strong. Per the U. S. Census Bureau, as of November 30, 2003, the value of new construction (per building permits in Sussex County), exceeded that for the other 2 Delaware counties - Kent and New Castle. Approximately 53 percent of new construction value is occurring in Sussex County for the State of Delaware per the U. S. Census Bureau.
- Agriculture is a major industry in Sussex County. Sussex County ranks first among all United States counties in broiler chicken production per the U. S. Department of Commerce. Five major poultry companies have facilities, or growers, in Sussex County. Corn, soybeans, and other vegetables are also grown in the County.
- Retail sales is a growing industry in Sussex County with major outlet shopping located on the East Coast corridor. These outlets attract customers from other counties and states. Per a 1997 study by the U. S. Census Bureau, retail sales per capita in Sussex County exceeds that for New Castle and Kent County, Delaware.

Fiscal 2004 Budget and Rates

The Fiscal 2004 General Fund Budget increased by 19.8 percent, reflecting the growth in the County. The budget includes \$3 million in funding for County sewer and water capital costs. It also includes \$625,499 for open space easement and land purchases. \$1.1 million for a new State Police Troop 5 building, which will include a County Paramedic Station, is also included. A new Economic Development Stimulus Town Loan Program for \$1 million is being initiated with this budget.

The capital budget program includes \$10 million in funding for continued construction of the Cedar Neck Sewer System, which is scheduled for completion during Fiscal 2004. A major expansion, of over \$20 million to the South Coastal Regional Wastewater Facility, is also beginning during Fiscal 2004. Land purchases for spray irrigation wastewater treatment are also in progress. Approximately \$5.2 million is expected to be spent for construction of the Oak Orchard Sewer District. This aggressive schedule for sewer expansion projects will provide major environmental benefits to the County.

The County tax rate for Fiscal 2004 remained at 44-1/2 cents for the 14th straight year. There were no sewer and water operational charge rate increases during Fiscal 2004. The Ellendale Sewer District began operations during Fiscal 2004, with the rates at or below earlier projections.

The new budget does include increases in sewer system connection charges. These charges are designed to recover costs needed for new expansion from new users. They are one-time charges for new sewer customers.

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.sussexcounty.net. Any questions concerning this report, or requests for additional information, should be addressed to:

Mr. David B. Baker
Finance Director
Sussex County Council
2 The Circle
P.O. Box 589
Georgetown, DE 19947
Telephone: (302) 855-7741

BASIC FINANCIAL STATEMENTS

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 31,324,572	\$ 10,215,006	\$ 41,539,578
Investments	547,556	-	547,556
Receivables, net of allowance for doubtful accounts:			
Taxes	662,655	-	662,655
Service charges	-	825,055	825,055
Assessment, impact, connection, and expansion	304,896	694,042	998,938
Accrued interest	-	34,803	34,803
Miscellaneous	81,788	137,774	219,562
Due from other governmental agencies	1,302,861	552,655	1,855,516
Unbilled taxes	9,578,379	-	9,578,379
Internal balances	7,477,082	(7,477,082)	-
Inventory	24,670	13,899	38,569
Prepaid items	251,401	-	251,401
Net pension asset	2,361,202	553,862	2,915,064
Restricted assets:			
Cash and cash equivalents	20,553,758	33,811,727	54,365,485
Investments	-	2,071,863	2,071,863
Mortgage receivable	400,000	-	400,000
Bond issue cost, net of amortization	-	1,148,953	1,148,953
Capital assets:			
Land, improvements, and construction in progress	5,804,853	18,388,893	24,193,746
Other capital assets, net of depreciation	15,124,678	169,600,504	184,725,182
TOTAL ASSETS	95,800,351	230,571,954	326,372,305
LIABILITIES			
Accounts payable and other current liabilities	2,114,881	2,545,579	4,660,460
Accrued interest payable	-	844,977	844,977
Employee health claims payable	620,022	-	620,022
Deferred revenue:			
Taxes	9,578,379	-	9,578,379
Other	69,454	-	69,454
Deposits	4,202,208	27,830	4,230,038
Notes payable	-	1,131,024	1,131,024
Long-term liabilities:			
Due within one year	1,637,456	5,778,954	7,416,410
Due in more than one year	6,307,071	122,959,614	129,266,685
TOTAL LIABILITIES	24,529,471	133,287,978	157,817,449
NET ASSETS			
Invested in capital assets, net of related debt	20,520,112	60,012,101	80,532,213
Restricted for:			
Realty transfer tax	14,440,570	-	14,440,570
911 Reporting	1,474,164	-	1,474,164
Construction and debt service	-	19,418,054	19,418,054
Revenue bond debt service	-	15,182,893	15,182,893
Unrestricted	34,836,034	2,670,928	37,506,962
TOTAL NET ASSETS	\$ 71,270,880	\$ 97,283,976	\$ 168,554,856

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 8,416,614	\$ 2,222,981	\$ 57,101	\$ -	\$ (6,136,532)	\$ -	\$ (6,136,532)
Grant-in-aid programs	4,120,039	-	-	-	(4,120,039)	-	(4,120,039)
Planning and zoning	917,317	1,761,250	-	-	843,933	-	843,933
Paramedic program	5,914,818	-	3,714,442	-	(2,200,376)	-	(2,200,376)
Emergency preparedness	1,726,567	25,652	729,893	-	(971,022)	-	(971,022)
Economic development and public works	423,154	73,492	-	-	(349,662)	-	(349,662)
County engineer	1,418,560	709,021	452,636	-	(256,903)	-	(256,903)
Airport	375,629	179,815	-	539,671	343,857	-	343,857
Engineering - solid waste	1,956,518	4,828	-	-	(1,951,690)	-	(1,951,690)
Library	2,780,506	15,214	233,250	61,960	(2,470,082)	-	(2,470,082)
Community development and housing programs	1,522,300	-	1,375,401	-	(146,899)	-	(146,899)
Constitutional offices	1,728,453	6,517,134	-	-	4,788,681	-	4,788,681
TOTAL GOVERNMENTAL ACTIVITIES	31,300,475	11,509,387	6,562,723	601,631	(12,626,734)	-	(12,626,734)
BUSINESS-TYPE ACTIVITIES							
Sewer facilities	19,264,562	9,456,583	14,258,856	6,998,935	-	11,449,812	11,449,812
Water facilities	771,541	568,271	276,973	16,964	-	90,667	90,667
TOTAL BUSINESS-TYPE ACTIVITIES	20,036,103	10,024,854	14,535,829	7,015,899	-	11,540,479	11,540,479
TOTAL PRIMARY GOVERNMENT	\$ 51,336,578	\$ 21,534,241	\$ 21,098,552	\$ 7,617,530	(12,626,734)	11,540,479	(1,086,255)
GENERAL REVENUES							
Taxes: Property					9,114,721	-	9,114,721
Capitation					221,690	-	221,690
Fire service					1,285,885	-	1,285,885
Realty transfer					17,917,521	-	17,917,521
Unrestricted investment earnings					890,505	190,215	1,080,720
TRANSFERS					(2,153,000)	2,153,000	-
TOTAL GENERAL REVENUES AND TRANSFERS					27,277,322	2,343,215	29,620,537
CHANGE IN NET ASSETS					14,650,588	13,883,694	28,534,282
NET ASSETS - BEGINNING					56,620,292	83,400,282	140,020,574
NET ASSETS - ENDING					\$ 71,270,880	\$ 97,283,976	\$ 168,554,856

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

SUSSEX COUNTY, DELAWARE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2003

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 27,882,307	\$ 3,442,265	\$ 31,324,572
Investments	547,556	-	547,556
Receivables, net of allowance for doubtful accounts:			
Taxes	662,655	-	662,655
Assessment, impact, connection, and expansion	304,896	-	304,896
Miscellaneous	81,788	-	81,788
Due from other governmental agencies	1,203,597	99,264	1,302,861
Unbilled taxes	9,578,379	-	9,578,379
Due from other funds	7,477,082	77,287	7,554,369
Inventory	24,670	-	24,670
Prepaid items	251,401	-	251,401
Restricted assets:			
Cash and cash equivalents	18,543,039	2,010,719	20,553,758
TOTAL ASSETS	<u><u>\$ 66,557,370</u></u>	<u><u>\$ 5,629,535</u></u>	<u><u>\$ 72,186,905</u></u>
LIABILITIES			
Accounts payable and other accrued expenditures	\$ 3,553,994	\$ 100,250	\$ 3,654,244
Due to other funds	77,287	-	77,287
Employee health claims payable	620,022	-	620,022
Deferred revenue:			
Taxes	10,189,448	-	10,189,448
Other	971,068	-	971,068
Deposits	4,202,208	-	4,202,208
TOTAL LIABILITIES	<u><u>19,614,027</u></u>	<u><u>100,250</u></u>	<u><u>19,714,277</u></u>
FUND BALANCES			
Reserved for:			
Encumbrances	2,101,978	416,950	2,518,928
Inventories and prepaid items	263,171	-	263,171
Non-current assets	7,181,736	-	7,181,736
911 funds	1,322,000	-	1,322,000
Realty transfer tax	12,266,245	2,010,719	14,276,964
Unreserved:			
Designated for subsequent years' expenditures	14,023,982	2,454,184	16,478,166
Undesignated	9,784,231	647,432	10,431,663
TOTAL FUND BALANCES	<u><u>46,943,343</u></u>	<u><u>5,529,285</u></u>	<u><u>52,472,628</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 66,557,370</u></u>	<u><u>\$ 5,629,535</u></u>	
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			20,929,531
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			4,273,885
Long-term liabilities, including deferred revenue, are not due and payable in the current period and therefore are not reported in the funds			<u>(6,405,164)</u>
Net Assets of Governmental Activities			<u><u>\$ 71,270,880</u></u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2003

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 28,528,761	\$ -	\$ 28,528,761
Intergovernmental	5,934,009	532,976	6,466,985
Charges for services	11,847,057	-	11,847,057
Fines and forfeits	15,826	-	15,826
Miscellaneous	1,182,073	37,141	1,219,214
	<u>47,507,726</u>	<u>570,117</u>	<u>48,077,843</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General Government:			
General administration	566,333	-	566,333
Finance	4,154,255	-	4,154,255
Personnel	2,319,970	-	2,319,970
Buildings and grounds	1,478,771	-	1,478,771
Data processing	774,028	-	774,028
County constable	161,123	-	161,123
Grant-in-aid programs	4,120,039	-	4,120,039
Planning and zoning	956,181	-	956,181
Paramedic program	6,153,005	-	6,153,005
Emergency preparedness	1,472,323	-	1,472,323
Economic development and public works	383,265	-	383,265
County engineer	1,396,688	-	1,396,688
Airport	342,964	-	342,964
Engineering - solid waste	118,812	-	118,812
Library	2,750,499	-	2,750,499
Community development and housing programs	1,563,005	-	1,563,005
Constitutional offices	1,730,535	-	1,730,535
Capital projects	-	409,419	409,419
	<u>30,441,796</u>	<u>409,419</u>	<u>30,851,215</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	<u>17,065,930</u>	<u>160,698</u>	<u>17,226,628</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capitalized leases	280,606	-	280,606
Transfers in	-	2,661,873	2,661,873
Transfers out	(4,814,873)	-	(4,814,873)
	<u>(4,534,267)</u>	<u>2,661,873</u>	<u>(1,872,394)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	12,531,663	2,822,571	15,354,234
FUND BALANCES - BEGINNING	<u>34,411,680</u>	<u>2,706,714</u>	<u>37,118,394</u>
FUND BALANCES - ENDING	<u>\$ 46,943,343</u>	<u>\$ 5,529,285</u>	<u>\$ 52,472,628</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, 2003**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			\$ 15,354,234
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$ 1,703,650) exceeded depreciation (\$ 1,402,635) in the current period.			301,015
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to increase (decrease) net assets.			(6,776)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, as follows:			
Property taxes	\$	(3,758)	
Grants		<u>77,459</u>	73,701
Capitalized lease proceeds are recognized as financing sources in governmental funds, but are not revenue in the government-wide statement of activities, net of principal payments on capitalized leases.			(195,667)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change is as follows:			
Compensated absences		292,930	
Net pension obligation		667,151	
Postclosure landfill care costs		<u>(1,836,000)</u>	<u>(875,919)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u><u>\$ 14,650,588</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 17,216,803	\$ 17,216,803	\$ 28,528,761	\$ 11,311,958
Intergovernmental	6,474,917	6,474,917	5,934,009	(540,908)
Charges for services	7,513,924	7,513,924	11,847,057	4,333,133
Fines and forfeits	15,500	15,500	15,826	326
Miscellaneous	1,022,982	1,022,982	1,182,073	159,091
TOTAL REVENUES	32,244,126	32,244,126	47,507,726	15,263,600
EXPENDITURES				
Current:				
General Government:				
General administration	659,410	665,345	566,333	99,012
Finance	4,215,922	4,318,756	4,154,255	164,501
Personnel	2,156,389	2,159,389	2,319,970	(160,581)
Buildings and grounds	1,446,271	1,446,271	1,478,771	(32,500)
Data processing	680,438	776,938	774,028	2,910
County constable	152,120	165,218	161,123	4,095
Grant-in-aid programs	3,738,096	3,748,096	4,120,039	(371,943)
Planning and zoning	919,265	976,561	956,181	20,380
Paramedic program	6,486,521	6,496,521	6,153,005	343,516
Emergency preparedness	1,454,969	1,459,869	1,472,323	(12,454)
Economic development and public works	388,273	411,671	383,265	28,406
County engineer	1,122,589	1,129,733	1,396,688	(266,955)
Airport	447,660	447,660	342,964	104,696
Engineering - solid waste	164,400	164,400	118,812	45,588
Library	2,475,143	2,626,687	2,750,499	(123,812)
Community development and housing programs	2,411,436	2,411,436	1,563,005	848,431
Constitutional offices	1,644,543	1,644,543	1,730,535	(85,992)
TOTAL EXPENDITURES	30,563,445	31,049,094	30,441,796	607,298
EXCESS OF REVENUES OVER EXPENDITURES	1,680,681	1,195,032	17,065,930	15,870,898
OTHER FINANCING SOURCES (USES)				
Proceeds from capitalized leases	-	-	280,606	280,606
Transfers out	(750,000)	(750,000)	(4,814,873)	(4,064,873)
Prior year surplus	2,516,306	2,516,306	-	(2,516,306)
Appropriated reserves	(2,516,306)	(2,516,306)	-	2,516,306
Reserved for contingencies	(930,681)	(445,032)	-	445,032
TOTAL OTHER FINANCING SOURCES (USES)	(1,680,681)	(1,195,032)	(4,534,267)	(3,339,235)
NET CHANGE IN FUND BALANCE	-	-	12,531,663	12,531,663
FUND BALANCE - BEGINNING	34,411,680	34,411,680	34,411,680	-
FUND BALANCE - ENDING	\$ 34,411,680	\$ 34,411,680	\$ 46,943,343	\$ 12,531,663

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2003

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	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,150,417	\$ 2,498,988	\$ 403,346
Receivables, net of allowance for doubtful accounts:			
Service charges	8,846	15,159	61,180
Assessment, impact, connection, and expansion	23,936	27,131	147,081
Accrued interest	982	2,021	25,322
Miscellaneous	14,895	2,799	18,703
Due from other governmental agencies	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
TOTAL CURRENT ASSETS	2,199,076	2,546,098	655,632
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	2,261,187	2,516,605	18,832,416
Investments	-	-	2,071,863
Bond issue cost, net of amortization	89,335	248,201	614,720
Net pension asset	40,210	93,824	135,696
Noncurrent accounts receivable:			
Service charges	6,098	7,042	211,385
Assessment, impact, connection, and expansion	8,895	15,025	429,519
Capital assets:			
Land, improvements, and construction in progress	3,117,086	285,957	2,909,423
Other capital assets, net of depreciation	21,056,545	19,057,249	79,659,232
TOTAL NONCURRENT ASSETS	26,579,356	22,223,903	104,864,254
TOTAL ASSETS	28,778,432	24,770,001	105,519,886
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	732,185	66,400	89,916
Accrued interest payable	272,763	165,114	114,688
Due to other funds	1,287,860	502,585	825,183
Deposits	9,382	-	7,608
Notes payable	42,967	-	-
Current portion of long-term liabilities	726,095	944,524	2,294,980
TOTAL CURRENT LIABILITIES	3,071,252	1,678,623	3,332,375
LONG-TERM LIABILITIES, LESS CURRENT PORTION	13,425,220	16,866,882	73,793,420
TOTAL LIABILITIES	16,496,472	18,545,505	77,125,795
NET ASSETS			
Invested in capital assets, net of related debt	10,077,613	1,660,746	6,666,778
Restricted for:			
Construction and debt service	1,544,420	2,516,605	5,673,922
Revenue bond debt service	-	-	15,182,893
Unrestricted	659,927	2,047,145	870,498
TOTAL NET ASSETS	\$ 12,281,960	\$ 6,224,496	\$ 28,394,091

(continued)

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2003

ASSETS	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 928,693	\$ 4,233,562	\$ 10,215,006
Receivables, net of allowance for doubtful accounts:			
Service charges	79,611	162,742	327,538
Assessment, impact, connection, and expansion	-	22,505	220,653
Accrued interest	3,872	2,606	34,803
Miscellaneous	35,260	66,117	137,774
Due from other governmental agencies	-	552,655	552,655
Due from other funds	1,833,004	-	1,833,004
Inventory	3,624	10,275	13,899
TOTAL CURRENT ASSETS	2,884,064	5,050,462	13,335,332
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	5,162,375	5,039,144	33,811,727
Investments	-	-	2,071,863
Bond issue cost, net of amortization	120,301	76,396	1,148,953
Net pension asset	182,830	101,302	553,862
Noncurrent accounts receivable:			
Service charges	49,460	223,532	497,517
Assessment, impact, connection, and expansion	-	19,950	473,389
Capital assets:			
Land, improvements, and construction in progress	1,528,279	10,548,148	18,388,893
Other capital assets, net of depreciation	21,189,659	28,637,819	169,600,504
TOTAL NONCURRENT ASSETS	28,232,904	44,646,291	226,546,708
TOTAL ASSETS	31,116,968	49,696,753	239,882,040
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	429,938	1,227,140	2,545,579
Accrued interest payable	184,024	108,388	844,977
Due to other funds	478,138	6,216,320	9,310,086
Deposits	-	10,840	27,830
Notes payable	544,159	543,898	1,131,024
Current portion of long-term liabilities	823,626	989,729	5,778,954
TOTAL CURRENT LIABILITIES	2,459,885	9,096,315	19,638,450
LONG-TERM LIABILITIES, LESS CURRENT PORTION	11,644,485	7,229,607	122,959,614
TOTAL LIABILITIES	14,104,370	16,325,922	142,598,064
NET ASSETS			
Invested in capital assets, net of related debt	10,501,122	31,105,842	60,012,101
Restricted for:			
Construction and debt service	4,995,597	4,687,510	19,418,054
Revenue bond debt service	-	-	15,182,893
Unrestricted	1,515,879	(2,422,521)	2,670,928
TOTAL NET ASSETS	\$ 17,012,598	\$ 33,370,831	\$ 97,283,976

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
OPERATING REVENUES			
Charges for services	\$ 262,500	\$ 802,217	\$ 2,547,093
Other operating revenue	117,917	374,719	583,874
TOTAL OPERATING REVENUES	380,417	1,176,936	3,130,967
OPERATING EXPENSES			
Amortization	11,390	15,935	27,280
Contractual services	21,087	139,274	255,989
Depreciation	507,038	901,223	1,929,412
Employee benefits	86,665	193,661	312,340
Equipment and tools	5,065	39,385	40,922
Maintenance and repairs	15,728	37,753	46,186
Miscellaneous	-	1,888	65,563
Process chemicals	-	10,777	9,155
Professional services	280	2,484	13,366
Salaries	185,410	448,282	646,202
Shared costs:			
Administrative	21,767	34,016	53,678
Operating	70,894	90,363	127,903
Supplies	344	29,083	38,512
Training and travel	6	29,164	56,996
Wastewater treatment	-	-	-
TOTAL OPERATING EXPENSES	925,674	1,973,288	3,623,504
OPERATING INCOME (LOSS)	(545,257)	(796,352)	(492,537)
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	69,836	108,989	620,120
Disposition of assets	-	(20,811)	-
Assessment and connection fees	1,370,825	1,912,927	7,255,463
Miscellaneous	-	-	-
Interest expense	(682,671)	(1,582,782)	(3,169,875)
TOTAL NON-OPERATING REVENUES (EXPENSES)	757,990	418,323	4,705,708
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	212,733	(378,029)	4,213,171
CAPITAL CONTRIBUTIONS	1,602,896	805,342	2,999,053
TRANSFERS IN	503,000	-	25,000
TRANSFERS OUT	-	-	-
CHANGE IN NET ASSETS	2,318,629	427,313	7,237,224
TOTAL NET ASSETS - BEGINNING, RESTATED	9,963,331	5,797,183	21,156,867
TOTAL NET ASSETS - ENDING	\$ 12,281,960	\$ 6,224,496	\$ 28,394,091

(continued)

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
OPERATING REVENUES			
Charges for services	\$ 2,627,594	\$ 2,250,462	\$ 8,489,866
Other operating revenue	146,390	305,004	1,527,904
TOTAL OPERATING REVENUES	2,773,984	2,555,466	10,017,770
OPERATING EXPENSES			
Amortization	10,950	10,651	76,206
Contractual services	351,608	494,705	1,262,663
Depreciation	1,341,240	1,360,881	6,039,794
Employee benefits	384,431	241,887	1,218,984
Equipment and tools	26,672	41,933	153,977
Maintenance and repairs	75,120	53,052	227,839
Miscellaneous	7,918	3,156	78,525
Process chemicals	26,599	3,402	49,933
Professional services	2,036	4,351	22,517
Salaries	857,342	463,470	2,600,706
Shared costs:			
Administrative	53,180	92,359	255,000
Operating	349	236,854	526,363
Supplies	58,491	29,749	156,179
Training and travel	91,426	48,774	226,366
Wastewater treatment	-	551,880	551,880
TOTAL OPERATING EXPENSES	3,287,362	3,637,104	13,446,932
OPERATING INCOME (LOSS)	(513,378)	(1,081,638)	(3,429,162)
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	105,637	164,806	1,069,388
Disposition of assets	-	-	(20,811)
Assessment and connection fees	1,665,120	1,452,321	13,656,656
Miscellaneous	3,195	24,700	27,895
Interest expense	(796,223)	(357,620)	(6,589,171)
TOTAL NON-OPERATING REVENUES (EXPENSES)	977,729	1,284,207	8,143,957
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	464,351	202,569	4,714,795
CAPITAL CONTRIBUTIONS	-	1,608,608	7,015,899
TRANSFERS IN	444,520	1,375,000	2,347,520
TRANSFERS OUT	-	(194,520)	(194,520)
CHANGE IN NET ASSETS	908,871	2,991,657	13,883,694
TOTAL NET ASSETS - BEGINNING, RESTATED	16,103,727	30,379,174	83,400,282
TOTAL NET ASSETS - ENDING	\$ 17,012,598	\$ 33,370,831	\$ 97,283,976

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

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	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 251,066	\$ 793,476	\$ 2,695,614
Payments to suppliers	537,814	(440,276)	(792,154)
Payments to employees	(271,397)	(634,451)	(951,066)
Other receipts	124,863	374,719	580,922
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>642,346</u>	<u>93,468</u>	<u>1,533,316</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	325,465	(120,269)	(193,267)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,722,032)	(86,818)	(201,391)
Net payments on line of credit	(7,600)	-	-
Retirement of bonds and related costs	(5,515,791)	(16,454,455)	(2,142,463)
Bond proceeds	5,521,027	17,042,241	-
Assessment and connection fees	1,368,204	1,912,750	7,373,668
Capital contributions	567,647	18,727	1,250
Interest paid	(536,159)	(1,463,649)	(3,091,646)
Payments for bond issue costs	(77,098)	(242,502)	-
Transfers from other funds for capital activities	503,000	-	25,000
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>101,198</u>	<u>726,294</u>	<u>1,964,418</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	70,543	108,985	377,637
NET INCREASE (DECREASE) IN CASH	1,139,552	808,478	3,682,104
CASH AND CASH EQUIVALENTS - BEGINNING	<u>3,272,052</u>	<u>4,207,115</u>	<u>15,553,658</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,411,604</u>	<u>\$ 5,015,593</u>	<u>\$ 19,235,762</u>
Cash and cash equivalents	\$ 2,150,417	\$ 2,498,988	\$ 403,346
Restricted cash and cash equivalents	2,261,187	2,516,605	18,832,416
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 4,411,604</u>	<u>\$ 5,015,593</u>	<u>\$ 19,235,762</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (545,257)	\$ (796,352)	\$ (492,537)
Adjustments to reconcile operating income (loss) to net cash provided			
Depreciation and amortization	518,428	917,158	1,956,692
Miscellaneous income	-	-	-
Changes in assets and liabilities:			
Accounts receivable	(11,434)	(8,741)	148,521
Due from other governmental agencies	-	-	-
Inventory	-	-	-
Net pension asset	2,587	(10,905)	(6,770)
Compensated absences	(1,909)	18,397	14,246
Accounts payable	672,985	(26,089)	(83,884)
Deposits	6,946	-	(2,952)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 642,346</u>	<u>\$ 93,468</u>	<u>\$ 1,533,316</u>
NONCASH TRANSACTIONS			
Contributed property	\$ 1,035,249	\$ 786,615	\$ 2,997,803
Net appreciation in fair value of investments	-	-	248,569

(continued)

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2003

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	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,651,219	\$ 2,283,159	\$ 8,674,534
Payments to suppliers	(1,234,869)	(1,697,098)	(3,626,583)
Payments to employees	(1,234,344)	(706,707)	(3,797,965)
Other receipts	149,585	329,704	1,559,793
NET CASH FLOWS FROM OPERATING ACTIVITIES	331,591	209,058	2,809,779
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	788,996	3,654,808	4,455,733
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(796,100)	(6,860,696)	(9,667,037)
Net payments on line of credit	(108,000)	(127,000)	(242,600)
Retirement of bonds and related costs	(7,123,005)	(3,428,236)	(34,663,950)
Bond proceeds	7,388,649	4,294,577	34,246,494
Assessment and connection fees	1,665,120	1,456,758	13,776,500
Capital contributions	-	924,127	1,511,751
Interest paid	(678,939)	(319,487)	(6,089,880)
Payments for bond issue costs	(103,438)	(52,053)	(475,091)
Transfers from other funds for capital activities	444,520	1,180,480	2,153,000
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	688,807	(2,931,530)	549,187
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	104,871	165,664	827,700
NET INCREASE (DECREASE) IN CASH	1,914,265	1,098,000	8,642,399
CASH AND CASH EQUIVALENTS - BEGINNING			
	4,176,803	8,174,706	35,384,334
CASH AND CASH EQUIVALENTS - ENDING			
	\$ 6,091,068	\$ 9,272,706	\$ 44,026,733
Cash and cash equivalents	\$ 928,693	\$ 4,233,562	\$ 10,215,006
Restricted cash and cash equivalents	5,162,375	5,039,144	33,811,727
TOTAL CASH AND CASH EQUIVALENTS	\$ 6,091,068	\$ 9,272,706	\$ 44,026,733
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (513,378)	\$ (1,081,638)	\$ (3,429,162)
Adjustments to reconcile operating income (loss) to net cash provided			
Depreciation and amortization	1,352,190	1,371,532	6,116,000
Miscellaneous income	3,195	24,700	27,895
Changes in assets and liabilities:			
Accounts receivable	23,625	32,697	184,668
Due from other governmental agencies	-	(21,520)	(21,520)
Inventory	460	1,134	1,594
Net pension asset	(20,736)	16,927	(18,897)
Compensated absences	28,165	(18,277)	40,622
Accounts payable	(541,930)	(116,497)	(95,415)
Deposits	-	-	3,994
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 331,591	\$ 209,058	\$ 2,809,779
NONCASH TRANSACTIONS			
Contributed property	\$ -	\$ 550,625	\$ 5,370,292
Net appreciation in fair value of investment	-	-	248,569

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND
JUNE 30, 2003

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	<u>Pension Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 875
Investments	19,504,038
Accrued interest	<u>268,294</u>
TOTAL ASSETS	<u>19,773,207</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 19,773,207</u></u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2003

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	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 2,034,321
Investment:	
Investment income	<u>479,619</u>
TOTAL ADDITIONS	2,513,940
DEDUCTIONS	
Beneficiary payments	<u>751,033</u>
NET INCREASE IN PLAN NET ASSETS	1,762,907
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING	<u>18,010,300</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - ENDING	<u><u>\$ 19,773,207</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 generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

In June 1999, GASB approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
 - Financial Statements prepared using full accrual accounting for all of the County's activities, including infrastructure (airport runways, parking lots, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements.) The County has elected to implement the general provisions and to report infrastructure in the current year.

1. Reporting Entity

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

2. Basic Financial Statements - Government-wide Statements

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities, to the extent permitted by laws, regulations, contracts and grants.

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

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The County does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, engineering, data processing, etc.).

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

3. Basic Financial Statements - Fund Financial Statements

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

The following fund types are used by the County:

Governmental Funds

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basic Financial Statements - Fund Financial Statements - Continued

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). Capital projects expenditures in 2003 were mainly for various airport projects.

Proprietary Funds

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

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

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

Fiduciary Funds

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

The County's fiduciary fund is presented in the fiduciary fund financial statements by type (pension). 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basic Financial Statements - Fund Financial Statements - Continued

Major and Nonmajor Funds

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

4. 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.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

5. Cash and Cash Equivalents

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

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

6. Investments

Investments for all funds, with one exception, are stated at fair value. Fair values are determined by quoted market prices, where available. The enterprise fund investments that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Restricted investments represent amounts held by the County for sewer fund construction and debt service, and for revenue bond required reserves.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

9. Capital Assets

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

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

The County's governmental activities infrastructure consists mainly of parking lots, airport aprons and airport runways, which were recorded in years prior to the implementation of GASBS No. 34.

10. Bond Premiums, Discounts and Issuance Costs

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

11. Deposits and Deferred Revenue

Deposits and deferred income represent monies held by the County either to be recognized as revenue in future periods or to be remitted to others.

12. Interest Capitalization

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Interest Capitalization - Continued

The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund's interest rate for the obligation incurred specifically to finance the construction of the capital asset. During fiscal 2003, Proprietary Fund interest expense is net of \$ 9,853 of capitalized interest.

13. Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

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

14. 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 nonoperating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Revenues - Continued

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

15. 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.

16. 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 County accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

17. Interfund Activity

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

18. Budgets and Budgetary Accounting

Prior to March 1, the County Administrator, in conjunction with the Director of Finance and the Director of Accounting, distributes budget request forms to each department and agency. The budget must identify the specific level of service provision and describe how priorities have been established and incorporated into the budget.

These budgets are prepared by April 1. The County Administrator, with the assistance of the Director of Finance and Director of Accounting, then develop an annual operating budget, using these department budgets to evaluate the priority and costs of various services. The recommended annual operating budget is then presented to Council by the County Administrator. This submission includes proposed operating budget ordinances setting forth the proposed departmental appropriations and various tax rates to balance the budget.

The Council reviews the budget both internally and through public hearings. Subsequently, the budget is adopted through legislation in Council prior to July 1. The operating budget ordinance and related revenue ordinances are officially adopted when approved by the County Council. The County legally adopts an annual budget for the general fund and the capital projects fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Budgets and Budgetary Accounting - Continued

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

The budgets for the County's general fund and capital projects fund have been prepared on a basis materially consistent with generally accepted accounting principles (GAAP). Final budgeted amounts are as amended through June 30, 2003. Unexpended appropriations in the operating budget lapse at year end, while encumbered amounts are reappropriated in the subsequent year.

19. Use of Estimates

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

20. Beginning of Year Net Asset Restatement

As part of the implementation of GASBS No. 34, the County updated and reclassified its capital asset records in accordance with the County's new capitalization and depreciation policies. Accordingly, the County made a retroactive adjustment to its beginning of the year net asset balances to reflect the County's updated capital asset amounts and any related change in accumulated depreciation.

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.

The table presented below is designed to disclose the level of custody credit risk assumed by the County based upon how its deposits were insured or secured with collateral at June 30, 2003. The categories of credit risk are defined as follows:

- Category 1 - Insured by FDIC or collateralized with securities held by the County or its agent in the County's name
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the County's name
- Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name; or collateralized with no written or approved collateral agreement

NOTE B - CASH AND INVESTMENTS - CONTINUED

Type of Deposits	Category			Total Bank Balance	Total Carrying Value
	1	2	3		
Demand deposits	\$ 364,120	\$ 58,899,702	\$ 12,127	\$ 59,275,949	\$ 58,730,636
Time deposits	-	10,580,000	-	10,580,000	10,580,000
TOTAL DEPOSITS	<u>\$ 364,120</u>	<u>\$ 69,479,702</u>	<u>\$ 12,127</u>	<u>\$ 69,855,949</u>	<u>\$ 69,310,636</u>

The County's investments are categorized below to give an indication of risk assumed by the County at fiscal year-end. Investments not evidenced by securities are not categorized. Such investments include open-end mutual funds and external pooled investments. Pooled investments represent investments in which the County owns units of the pool rather than specific securities. As a result, such investments cannot be categorized as to credit risk.

Category 1 - Insured or registered with securities held by the County or its agent in the County's name

Category 2 - Uninsured and unregistered with securities held by counterparty's trust department or agent in the County's name

Category 3 - Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the County's name

Investment balances held in each risk category are as follows at June 30, 2003:

Type of Investment	Category			Reported Amount/ Fair Value
	1	2	3	
Obligations of U.S. Government/Agencies	\$ 17,330,093	\$ -	\$ -	\$ 17,330,093
Municipal obligations	156,687	-	-	156,687
Repurchase agreements	13,474,638	-	-	13,474,638
	<u>\$ 30,961,418</u>	<u>\$ -</u>	<u>\$ -</u>	30,961,418
Uncategorized				
Pooled securities				9,168,202
Mutual funds				8,568,252
TOTAL INVESTMENTS				<u>\$ 48,697,872</u>

Statutes authorize the County to invest in bonds or in other obligations of which the faith and credit of the United States of America are pledged, obligations of federal governmental agencies issued pursuant to Acts of Congress, 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, Fidelity Investments mutual funds, Delaware Local Government Retirement Investment Pool, and any bank or banks in the State of Delaware. Information is not available concerning the indirect use of derivatives through the mutual funds and investment pool.

NOTE B - CASH AND INVESTMENTS - CONTINUED

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

Cash on hand	\$ 20,887
Carrying amount of deposits	69,310,636
Carrying amount of investments	<u>48,697,872</u>
TOTAL	<u>\$ 118,029,395</u>
Cash and cash equivalents	\$ 41,539,578
Cash and cash equivalents - restricted	54,365,485
Investments	547,556
Investments - restricted	2,071,863
Pension trust cash and investments (not included in government-wide statement)	<u>19,504,913</u>
TOTAL	<u>\$ 118,029,395</u>

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables at June 30, 2003 is \$ 7,829 for service and \$ 7,011 for assessment. The County does not have an allowance for uncollectible property taxes because all are considered collectible.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003, was as follows:

	Balance at June 30, 2002	Increases	Decreases	Balance at June 30, 2003
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,326,000	\$ 36,775	\$ 25,000	\$ 4,337,775
Construction in progress	-	1,467,078	-	1,467,078
Total capital assets, not being depreciated	<u>4,326,000</u>	<u>1,503,853</u>	<u>25,000</u>	<u>5,804,853</u>
Other capital assets:				
Buildings	10,984,832	791,515	-	11,776,347
Improvements	8,349,580	15,468	1,550,745	6,814,303
Machinery and equipment	9,504,916	659,464	1,416,641	8,747,739
Total other capital assets	<u>28,839,328</u>	<u>1,466,447</u>	<u>2,967,386</u>	<u>27,338,389</u>
Less accumulated depreciation for:				
Buildings	1,467,814	233,048	-	1,700,862
Improvements	4,504,294	197,446	-	4,701,740
Machinery and equipment	4,943,532	972,141	104,564	5,811,109
Total accumulated depreciation	<u>10,915,640</u>	<u>1,402,635</u>	<u>104,564</u>	<u>12,213,711</u>
Other capital assets, net	<u>17,923,688</u>	<u>63,812</u>	<u>2,862,822</u>	<u>15,124,678</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,249,688</u>	<u>\$ 1,567,665</u>	<u>\$ 2,887,822</u>	<u>\$ 20,929,531</u>

NOTE D - CAPITAL ASSETS - CONTINUED

	Balance at June 30, 2002	Increases	Decreases	Balance at June 30, 2003
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,532,098	\$ 264,333	\$ -	\$ 4,796,431
Construction in progress	6,195,813	9,099,933	1,703,284	13,592,462
Total capital assets, not being depreciated	<u>10,727,911</u>	<u>9,364,266</u>	<u>1,703,284</u>	<u>18,388,893</u>
Other capital assets:				
Buildings	-	10,501,746	-	10,501,746
Improvements	-	9,319,373	-	9,319,373
Machinery and equipment	4,746,213	243,741	-	4,989,954
Infrastructure	220,343,276	-	12,418,814	207,924,462
Total other capital assets	<u>225,089,489</u>	<u>20,064,860</u>	<u>12,418,814</u>	<u>232,735,535</u>
Less accumulated depreciation for:				
Buildings	4,335,214	339,192	-	4,674,406
Improvements	2,584,632	228,764	-	2,813,396
Machinery and equipment	2,085,498	825,086	45,000	2,865,584
Infrastructure	48,134,893	4,646,752	-	52,781,645
Total accumulated depreciation	<u>57,140,237</u>	<u>6,039,794</u>	<u>45,000</u>	<u>63,135,031</u>
Other capital assets, net	<u>167,949,252</u>	<u>14,025,066</u>	<u>12,373,814</u>	<u>169,600,504</u>
Business-type Activities Capital Assets, Net	<u>\$ 178,677,163</u>	<u>\$ 23,389,332</u>	<u>\$ 14,077,098</u>	<u>\$ 187,989,397</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 347,374
Planning and zoning	17,424
Paramedic program	353,059
Emergency preparedness	311,216
Economic development and public works	44,714
County engineer	27,895
Airport	211,131
Engineering - solid waste	1,706
Library	44,536
Constitutional offices	43,580
Total governmental activities depreciation expense	<u>\$ 1,402,635</u>

Business-type activities:

Water	\$ 132,216
Sewer	5,907,578
Total business-type activities depreciation expense	<u>\$ 6,039,794</u>

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN

Plan Description and Provisions

The County established and administers a single-employer defined benefit pension plan for its employees. The Plan provides for retirement, disability and death benefits to plan members and their beneficiaries. Employees are not required to contribute to the plan. The pension plan is reported in the fiduciary fund in the County's financial statements. A covered employee is an employee who receives a regular salary or wages wholly, or in part, directly, or indirectly, from Sussex County provided, however, that an employee shall not be considered in covered employment if they are a part-time or seasonal employee who is not regularly employed for more than 120 working days in any one calendar year, per Ordinance No. 19, 6/10/75; No. 52, 12/16/80; No. 73, 9/22/81; No. 190, 7/24/84; No. 281, 7/23/85; No. 318, 11/12/85; No. 359, 3/25/86; No. 1375, 6/6/00 and No. 1485, 7/1/01. Also covered are elected officials, Justices of the Peace, and Constables for time worked prior to March 31, 1965. Cost-of-living adjustments (COLA) are provided at the discretion of the County Council. The County has authority to establish and amend benefit provisions of the plan.

To be eligible for retirement benefits, a covered employee who shall have service with Sussex County in continuous employment for at least eight years shall be considered eligible for retirement benefits within the meaning of this Ordinance, except as otherwise provided. The age for normal retirement is 62 with eight years of service, 60 for early retirement with 15 years of service, or after 30 years of service regardless of age, for most employees. Effective June 6, 2000, the number of years of service for normal retirement is 25 for paramedic and emergency communication specialists. For the year ended June 30, 2003 total payroll was \$ 14,265,257. 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, 2003) is as follows:

<u>Vested Actives</u>	<u>Nonvested Actives</u>	<u>Total Actives</u>	<u>Retirees</u>	<u>Terminated Vested</u>	<u>Covered Payroll</u>
216	223	439	97	55	\$ 13,299,716

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 996,026
Interest on net pension obligation	(178,321)
Adjustment to annual required contribution	267,355
Annual Pension Cost	1,085,060
Contributions made	(1,771,109)
Increase in Net Pension Asset	(686,049)
Net Pension Obligation (Asset), Beginning of Year	(2,229,015)
Net Pension Obligation (Asset), End of Year	\$ (2,915,064)

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

The County's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. Contributions made were 9.6 percent of covered payroll. The contribution is designed to accumulate sufficient assets to pay benefits when due. The actuarial valuation of the plan as of January 1, 2003 was determined using the projected unit credit actuarial cost method. This measure is independent of the funding method used to determine contributions to the system. The actuarial assumptions include:

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

The level dollar closed method is used to amortize the Annual Required Contribution and an adjustment to the Annual Required Contribution. The remaining amortization period is 13 years. Employer contributions are recognized in the period in which contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings.

Trend information is as follows:

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2001	\$ 804,125	179.1%	\$ (1,613,123)
2002	929,042	166.3	(2,229,015)
2003	1,085,060	163.2	(2,915,064)

The plan was funded with contributions as follows:

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

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

Pension Trust Assets

The pension trust funds are invested in U.S. Treasury Notes, U.S. Government Agency Notes and Bonds, Sussex County Second Lien Revenue Bonds, the Delaware Local Government Retirement Investment Pool (DEL RIP), Wilmington Trust Company (WTC) mutual funds, and Fidelity Investments mutual funds. Wilmington Trust Company is the trustee of the Plan. DEL RIP was established to allow local governments the option to pool their pension assets with the Delaware Public Employees' Retirement System (DPERS). DEL RIP is in the custody of the Delaware Board of Pension Trustees and is subject to oversight of the DPERS' Investment Committee and not of the Securities and Exchange Commission (SEC). The WTC mutual funds are in the custody of the Wilmington Trust Company. The DEL RIP investments are stated at fair value, which is the same as the value of the DPERS' Master Trust shares. Further details of the DEL RIP investments are disclosed in the DPERS 32nd Comprehensive Annual Financial Report, which may be obtained by calling 1-800-722-7300.

Investments at fair value in excess of 5% of the Plan's net assets held in trust for pension benefits at June 30, 2003 consist of:

	<u>Fair Value</u>
Delaware Local Retirement Investment Pool	\$ 8,620,646
Fidelity Investments	3,888,399
Wilmington Trust Company mutual funds	<u>2,486,704</u>
TOTAL	<u>\$ 14,995,749</u>

NOTE F - DEFERRED COMPENSATION PLAN

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

NOTE G - SHORT-TERM DEBT

Short-term financing is obtained from banks to provide working capital for the Enterprise Funds. Interest on the line of credit is variable; the interest rate was 2.72% at June 30, 2003. The County had \$ 23,868,976 of unused line of credit to be drawn upon as needed. Short-term debt activity for the year ended June 30, 2003, was as follows:

	<u>June 30, 2002</u>		<u>Additions</u>		<u>Reductions</u>		<u>June 30, 2003</u>
Notes payable	\$ 1,373,624	\$	-	\$	242,600	\$	1,131,024

NOTE H - LONG-TERM LIABILITIES

Description of Bonds Payable

At June 30, 2003, bonds payable consisted of the following individual issues:

	<u>Business-type</u>
1994 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 20, 2034, interest at 4.5%.	\$ 9,338,052
1994 SRF Subordinate Obligations (West Rehoboth Phase I and II); interest at 1.5%, final payment due December 2016. Repayment over 21 years beginning December 1995 from gross revenues of the West Rehoboth Expansion of the Dewey Beach Sanitary Sewer District but on a subordinate basis for the first 13 years to operations and management expenses, 1994 Series Bonds (\$ 19 million), Rural Development Administration loan, other project borrowings and SRF loans. Repayment the last 7 years based on equal installments. The subordinate obligations require various construction, operating and depreciation accounts.	11,289,794
1995 wastewater revenue bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2025, interest ranging from 4.65% to 5.5%. Debt service will be paid from user fee revenue generated by the West Rehoboth expansion sewer system. The revenue bonds require various project, construction, operating and depreciation accounts.	19,320,000
1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%.	3,398,325
1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%.	6,208,275
1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%.	5,663,096
1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%.	2,841,384
1996 wastewater general obligation bonds (Ocean Way Estates expansion sewer system), due in quarterly installments of \$ 6,256 principal and interest, interest at 4.5%, final payment due October 17, 2036.	431,563
1997 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2021, interest at 1.5%. Total bonds authorized are \$ 12,000,000	9,293,393

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Description of Bonds Payable - Continued

	<u>Business-type</u>
2000 wastewater general obligation bonds (Ocean View, Holts Landing, Cedar Neck, North Millville and SCRWF projects), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are \$ 13,752,100.	\$ 12,164,471
2000 wastewater general obligation bonds (Ellendale Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are \$ 1,726,000.	412,404
2001 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in quarterly installments of \$ 135,087 principal and interest, interest at 4.5%, final payment due June 1, 2041.	9,810,934
2001 wastewater general obligation bonds (1993 refunding), due in semi-annual installments, interest at 4%, final payment due October 15, 2005	8,535,000
2002 wastewater general obligation bonds (Miller Creek Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are \$ 3,300,000.	12,064
2002 wastewater general obligation bonds (Bayview Estates and Sea Country Estates Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2025. Total bonds authorized are \$ 2,636,000.	44,714
2002 wastewater general obligation bonds (SCRWF projects), due in semi-annual installments, interest at 3.175%, final payment due December 31, 2026. Total bonds authorized are \$ 13,000,000.	86,493
2003 wastewater general obligation bonds (Oak Orchard Sanitary Sewer District), due in semi-annual installments, interest at 2%, final payment due December 31, 2024. Total bonds authorized are \$ 1,500,000.	453,807
2003 wastewater general obligation bonds (1992 and 1993 refunding), due in semi-annual installments, interest ranging from 2.5% to 5%, final payment due October 15, 2032.	<u>31,395,000</u>
Subtotal	130,698,769
Unamortized bond premium	1,566,747
Unamortized bond discount	(5,281)
Deferred amount on refunding, net of amortization	<u>(4,282,907)</u>
TOTAL BONDS PAYABLE	<u>\$ 127,977,328</u>

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the refunded debt, net of amortization. This difference is reported in the accompanying financial statements as a deduction from bonds payable. Amortization of deferred amount on refunding charged to interest expense totaled \$ 483,216 and \$ 423,384 for fiscal year 2003 and 2002, respectively.

Long-term Liability Activity

Long-term liability activity for the year ended June 30, 2003, was as follows:

	<u>June 30, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2003</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 3,154,705	\$ 1,532,611	\$ 1,539,363	\$ 3,147,953	\$ 1,539,363
Capital lease obligations	128,598	280,606	84,630	324,574	98,093
Estimated liability for landfill postclosure care	<u>2,636,000</u>	<u>1,836,000</u>	<u>-</u>	<u>4,472,000</u>	<u>-</u>
Total Governmental Activities	<u>\$ 5,919,303</u>	<u>\$ 3,649,217</u>	<u>\$ 1,623,993</u>	<u>\$ 7,944,527</u>	<u>\$ 1,637,456</u>
Business-type Activities:					
General obligation bonds	\$ 100,745,953	\$ 32,787,230	\$ 33,444,208	\$ 100,088,975	\$ 4,149,564
Revenue bond debt	31,829,251	-	1,219,457	30,609,794	1,250,698
Unamortized bond premium	219,540	1,459,264	112,057	1,566,747	-
Unamortized bond discount	(302,095)	-	(296,814)	(5,281)	-
Deferred amount of refunding, net of amortization	<u>(4,209,507)</u>	<u>(2,468,037)</u>	<u>(2,394,637)</u>	<u>(4,282,907)</u>	<u>-</u>
Total bonds payable	128,283,142	31,778,457	32,084,271	127,977,328	5,400,262
Compensated absences	<u>720,651</u>	<u>419,293</u>	<u>378,704</u>	<u>761,240</u>	<u>378,692</u>
Total Business-type Activities	<u>\$ 129,003,793</u>	<u>\$ 32,197,750</u>	<u>\$ 32,462,975</u>	<u>\$ 128,738,568</u>	<u>\$ 5,778,954</u>

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

NOTE H - LONG-TERM LIABILITIES - CONTINUED

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>
2004	\$ 4,149,564	\$ 3,490,063	\$ 7,639,627
2005	4,419,156	3,530,916	7,950,072
2006	4,550,822	3,378,042	7,928,864
2007	3,765,033	3,247,497	7,012,530
2008	3,878,193	3,116,030	6,994,223
2009 - 2013	21,898,918	13,099,372	34,998,290
2014 - 2018	19,835,823	9,202,569	29,038,392
2019 - 2023	14,805,047	6,217,735	21,022,782
2024 - 2028	7,476,498	4,315,178	11,791,676
2029 - 2033	8,747,102	2,541,011	11,288,113
2034 - 2038	5,074,346	742,721	5,817,067
2039 - 2041	1,488,473	109,689	1,598,162
TOTAL	\$ 100,088,975	\$ 52,990,823	\$ 153,079,798

<u>Year ending June 30,</u>	<u>Business-type Activities - Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,250,698	\$ 1,209,897	\$ 2,460,595
2005	1,282,109	1,175,703	2,457,812
2006	1,318,691	1,139,894	2,458,585
2007	1,355,446	1,102,191	2,457,637
2008	1,397,378	1,062,259	2,459,637
2009 - 2013	7,672,223	4,629,173	12,301,396
2014 - 2018	7,638,249	3,262,044	10,900,293
2019 - 2023	5,870,000	1,780,078	7,650,078
2024 - 2028	2,825,000	235,126	3,060,126
TOTAL	\$ 30,609,794	\$ 15,596,365	\$ 46,206,159

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2003 totaled \$ 49,122,726. Subsequent to year end, an additional \$ 12,593,596 of bonds were authorized. The bonds are to finance various sewer district construction and improvement projects.

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Defeasance of Debt

In fiscal year 2003, Sussex County issued Series 2003 general obligation bonds dated January 15, 2003 of \$ 31,395,000, with an interest rate ranging from 2.5% to 5%, in a current refunding of \$ 31,130,833 of the 1993 general obligation bonds and \$ 1,260,491 of the 1992 general obligation bonds. The 2003 series bonds were issued with a premium of \$ 1,459,268. The transaction resulted in an economic gain of \$ 3,279,000 and a reduction in future debt service payments of \$ 4,286,000.

In prior years, the County has defeased the general obligation bonds of 1975, 1983, and 1993 (partial), and the Wastewater Revenue bonds of 1994 from the enterprise funds by placing the proceeds of the new debt in irrevocable trust funds to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the County's financial statements. At June 30, 2003, the amount of defeased debt outstanding but removed amounted to \$ 21,620,000.

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2003, the obligated unpaid amount was approximately \$ 14,908,772. The County's payment of these contracts will be contingent upon the contractors' satisfactory performance.

Capital Lease Obligations

The County leases photocopiers under three to five year lease purchase agreements and a defibrillator under a five-year lease purchase agreement. Monthly lease payments range from \$ 40 to \$ 5,068, and expire from August 30, 2003 through October 31, 2007. Obligations under governmental activities capital leases are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2004	\$ 108,787
2005	82,218
2006	64,927
2007	61,720
2008	<u>35,338</u>
Total minimum lease payments	352,990
Less: Amount representing imputed interest costs	<u>28,416</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u><u>\$ 324,574</u></u>

NOTE I - INTERFUND BALANCES

Interfund balances at June 30, 2003 consisted of the following:

Receivable Fund	Payable Fund	Total Amount	Long-term Amount
General fund	Long Neck sewer fund	\$ 79,578	\$ -
	Bethany sewer fund	1,170,256	740,641
	West Rehoboth sewer fund	117,803	-
	Treatment plant - SCRWF	478,138	-
	Nonmajor enterprise funds	5,631,307	186,002
		<u>7,477,082</u>	<u>926,643</u>
Capital projects fund	General fund	77,287	77,287
Treatment plant - SCRWF	Long Neck sewer fund	423,007	-
	Bethany sewer fund	117,604	-
	West Rehoboth sewer fund	707,380	-
	Nonmajor enterprise funds	585,013	-
		<u>1,833,004</u>	<u>-</u>
TOTAL		<u>\$ 9,387,373</u>	<u>\$ 1,003,930</u>

The long-term portion indicated above is not scheduled to be collected in the subsequent year.

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. Interfund balances also provide interim financing for sewer projects, until the County can draw the permanent funding.

NOTE J - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2003, consisted of the following:

TRANSFER TO:	TRANSFER FROM		
	General Fund	Nonmajor Enterprise Funds	Total
Capital projects fund	\$ 2,661,873	\$ -	\$ 2,661,873
Bethany sewer fund	503,000	-	503,000
West Rehoboth Sewer fund	25,000	-	25,000
Treatment plant - SCRWF	250,000	194,520	444,520
Nonmajor enterprise funds	1,375,000	-	1,375,000
TOTAL	<u>\$ 4,814,873</u>	<u>\$ 194,520</u>	<u>\$ 5,009,393</u>

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

NOTE K - POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note E, the County provides post-retirement health care benefits. For employees who begin employment with the County prior to July 1, 2001, the County policy is to provide post-retirement healthcare benefits immediately after they leave County employment if they receive a pension at that time. Retirees hired subsequent to June 30, 2001, with 15 to 24 years of service, are eligible for coverage upon receipt of a County pension, with the County paying 50 percent of the premium. Retirees hired subsequent to June 30, 2001, with at least 25 years of service, receive full post-retirement healthcare benefits when they receive their pension. Employees, who began work prior to July 1, 2001, may elect the coverage available as if hired after June 30, 2001. Currently, 97 retirees receive post-retirement healthcare benefits. Expenditures for post retirement health care benefits are recognized as retirees report claims. During the year, expenditures of \$ 453,820 were recognized in the general fund for post-retirement benefits. The County has authority to establish and amend post employment benefits.

NOTE L - 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. Settlements have not exceeded coverage in the past three years. The following significant reduction in coverage occurred:

Effective July 1, 2002, the Sussex County Council was unable to renew and obtain insurance for the ocean outfall that serves the South Coastal Regional Wastewater Facility. The estimated replacement cost of this outfall is approximately \$ 21,000,000. Since it became operational in 1978, there have been no insurance claims pertaining to the ocean outfall. The estimated cost to the County of a fracture or point failure of the outfall would range from \$ 800,000 to \$ 1,300,000, including the cost of a temporary discharge into the Assawoman Canal. The County is continuing to pursue insurance in a difficult insurance market for this property, as well as evaluating self-insurance as an option.

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2003, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$ 75,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$ 4,717,413 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.

NOTE L - RISK MANAGEMENT - CONTINUED

Employee Health Plan

Contributions from the County and employee withholdings are deposited into a reserve fund to pay prior-year and current-year claims. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported at June 30, 2003 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Changes in the employee health claims liability amounts in fiscal year 2003 and 2002 were:

	<u>Beginning of Year Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Balance</u>
2001 - 2002	\$ 523,935	\$ 3,252,815	\$ (3,146,151)	\$ 630,599
2002 - 2003	630,599	3,990,346	(4,000,923)	620,022

NOTE M - WASTEWATER TREATMENT CONTRACT

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. A one-time impact fee of \$ 399,905 was paid to the Town of Georgetown during year ended June 30, 2003, which was capitalized.

NOTE N - LANDFILL POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its six landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at these sites for 30 years after their closure. The estimated liability for landfill postclosure care of \$ 4,472,000 at June 30, 2003 represented the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care in 2003. 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 in the Statement of Net Assets.

NOTE O - RENT REVENUES

The County has entered into several long-term operating leases with local businesses to rent property, mainly located in the County's Industrial Park and Airport. These leases range in terms of one year to forty-five years and several of them are noncancelable. The minimum future rental revenue under leases as of June 30, 2003 for each of the next five years and in the aggregate are:

Year ending June 30,	Amount
2004	\$ 233,107
2005	218,770
2006	200,049
2007	137,007
2008	99,763
Thereafter	<u>1,082,093</u>
MINIMUM LEASE PAYMENTS RECEIVABLE	<u>\$ 1,970,789</u>

NOTE P - MORTGAGE RECEIVABLE

The County holds a mortgage receivable from the Patrick Family Foundation, Inc. at June 30, 2003 of \$ 400,000, which is not reflected on the governmental funds balance sheet. It bears interest of 3%, payable semi-annually, and is due on September 29, 2005. The proceeds were used to finance a portion of the costs of a new airplane hangar and the acquisition of related equipment at the County's airport.

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 estimated or the outcome is uncertain.

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

NOTE R - SUBSEQUENT EVENTS

Subsequent to year end, the County has committed to the following contracts: South Coastal sludge handling upgrade project for \$ 3,466,835; Cedar Neck Expansion of the Bethany Sanitary Sewer District for \$ 1,891,223; and 2,297 acres of land for wastewater spray irrigation with an approximate purchase price of \$ 33,500,000.

REQUIRED SUPPLEMENTARY INFORMATION

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2003

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a % of Covered Payroll</u>
01/01/98	\$ 11,758,827	\$ 13,951,745	\$ 2,192,918	84.3%	\$ 8,738,885	25.1%
01/01/99	13,236,957	15,196,127	1,959,170	87.1	9,208,608	21.3
01/01/00	16,865,340	17,389,368	524,028	97.0	10,139,573	5.2
01/01/01	19,162,538	19,365,325	202,787	99.0	10,835,061	1.9
01/01/02	21,212,036	21,567,079	355,043	98.4	12,243,136	3.0
01/01/03	22,625,644	24,379,883	1,754,239	92.8	13,299,716	13.2

SUSSEX COUNTY, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2003

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 790,505	113.4%
1999	768,720	114.1
2000	803,193	242.3
2001	752,825	191.4
2002	869,632	177.7
2003	996,026	177.8



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GENERAL FUND

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
TAXES			
Real property - County	\$ 7,242,534	\$ 8,085,967	\$ 843,433
Real property - library	848,269	870,897	22,628
Realty transfer	7,911,000	17,917,521	10,006,521
Capitation	190,000	220,948	30,948
Fire service	925,000	1,285,885	360,885
Penalties and interest	100,000	147,543	47,543
TOTAL TAXES	<u>17,216,803</u>	<u>28,528,761</u>	<u>11,311,958</u>
INTERGOVERNMENTAL REVENUES			
Federal grants:			
Emergency preparedness	54,417	61,262	6,845
Federal Emergency Management Agency	-	437,438	437,438
Historical planner	30,000	23,414	(6,586)
Housing and Urban Development	2,281,678	1,244,997	(1,036,681)
Housing preservation	-	53,044	53,044
Project income	-	33,807	33,807
Federal payments in lieu of taxes	7,200	14,814	7,614
State Chancery Court cost reimbursement	29,204	-	(29,204)
State grants:			
Airport	-	6,695	6,695
Housing rehabilitation loan program	-	84,258	84,258
Library	140,395	233,250	92,855
Paramedic	3,878,877	3,683,929	(194,948)
Local emergency plan commission	53,146	-	(53,146)
Gumboro community center	-	31,483	31,483
Other	-	25,618	25,618
TOTAL INTERGOVERNMENTAL REVENUES	<u>6,474,917</u>	<u>5,934,009</u>	<u>(540,908)</u>
CHARGES FOR SERVICES			
Constitutional Office Fees			
Clerk of the Peace	32,000	38,028	6,028
Prothonotary	10,000	2,544	(7,456)
Recorder of Deeds	2,505,000	5,262,286	2,757,286
Register of Wills	655,000	727,205	72,205
Sheriff	364,124	487,071	122,947
Total Constitutional Office Fees	<u>3,566,124</u>	<u>6,517,134</u>	<u>2,951,010</u>
General Government Fees			
Building permit and zoning fees	1,150,000	1,760,638	610,638
Industrial bonds fees	-	250	250
Building inspections	960,800	1,542,915	582,115
Security identification cards	1,500	1,485	(15)
Mobile home placement	308,000	338,909	30,909
911 reporting	550,000	613,384	63,384
Total General Government Fees	<u>2,970,300</u>	<u>4,257,581</u>	<u>1,287,281</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
CHARGES FOR SERVICES - CONTINUED			
General Government Services			
Airport operations	\$ 135,000	\$ 179,815	\$ 44,815
Data processing	25,000	90,412	65,412
Private road inspections and design fees	278,000	528,166	250,166
Industrial park water and sewer	25,000	41,076	16,076
Sewer and water inspections	1,000	1,500	500
900 Line - Assessment Department	20,000	15,143	(4,857)
Total General Government Services	<u>484,000</u>	<u>856,112</u>	<u>372,112</u>
Other Charges			
Reimbursements from water and sewer funds for services	476,000	-	(476,000)
Miscellaneous	17,500	216,230	198,730
Total Other Charges	<u>493,500</u>	<u>216,230</u>	<u>(277,270)</u>
TOTAL CHARGES FOR SERVICES	<u>7,513,924</u>	<u>11,847,057</u>	<u>4,333,133</u>
FINES AND FORFEITS			
Library fines	13,000	15,214	2,214
Zoning violations	2,500	612	(1,888)
TOTAL FINES AND FORFEITS	<u>15,500</u>	<u>15,826</u>	<u>326</u>
MISCELLANEOUS			
Interest earnings	900,000	890,505	(9,495)
Rents			
Courthouse and family court	-	91,793	91,793
Industrial park	33,111	32,166	(945)
County office building	84,871	85,404	533
Other	5,000	5,360	360
Sale of assets	-	14,800	14,800
Library donations	-	61,960	61,960
Paramedic program donations	-	85	85
TOTAL MISCELLANEOUS	<u>1,022,982</u>	<u>1,182,073</u>	<u>159,091</u>
TOTAL REVENUES	<u>32,244,126</u>	<u>47,507,726</u>	<u>15,263,600</u>
OTHER FINANCING SOURCES			
Proceeds from capitalized leases	-	280,606	280,606
Prior year surplus	2,516,306	-	(2,516,306)
TOTAL OTHER FINANCING SOURCES	<u>2,516,306</u>	<u>280,606</u>	<u>(2,235,700)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 34,760,432</u>	<u>\$ 47,788,332</u>	<u>\$ 13,027,900</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
GENERAL ADMINISTRATION			
County Council			
Personal services	\$ 140,332	\$ 142,193	\$ (1,861)
Employee benefits	72,613	75,583	(2,970)
Contractual services	73,891	60,705	13,186
Supplies	17,676	14,620	3,056
Capital outlay	54,268	48,191	6,077
Other expenditures	5,800	4,639	1,161
Travel and training	14,800	11,643	3,157
Total County Council	<u>379,380</u>	<u>357,574</u>	<u>21,806</u>
County Administration			
Personal services	136,249	109,557	26,692
Employee benefits	39,101	32,382	6,719
Contractual services	3,350	2,712	638
Supplies	4,215	2,871	1,344
Capital outlay	3,500	-	3,500
Other expenditures	500	211	289
Travel and training	4,050	2,817	1,233
Total County Administration	<u>190,965</u>	<u>150,550</u>	<u>40,415</u>
Legal Department			
Professional services	95,000	58,209	36,791
TOTAL GENERAL ADMINISTRATION	<u>665,345</u>	<u>566,333</u>	<u>99,012</u>
FINANCE			
Financial Administration			
Personal services	244,157	162,682	81,475
Employee benefits	81,692	72,604	9,088
Professional services	16,619	16,617	2
Contractual services	97,550	110,497	(12,947)
Supplies	3,040	2,768	272
Capital outlay	95,610	4,981	90,629
Travel and training	1,450	835	615
Total Financial Administration	<u>540,118</u>	<u>370,984</u>	<u>169,134</u>
Assessment Division			
Personal services	721,442	748,206	(26,764)
Employee benefits	330,761	336,602	(5,841)
Professional services	2,000	1,922	78
Contractual services	59,674	52,513	7,161
Supplies	20,794	19,061	1,733
Capital outlay	22,500	94,139	(71,639)
Travel and training	300	102	198
Total Assessment Division	<u>1,157,471</u>	<u>1,252,545</u>	<u>(95,074)</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
FINANCE - CONTINUED			
Building Code Division			
Personal services	\$ 179,101	\$ 186,830	\$ (7,729)
Employee benefits	79,068	82,737	(3,669)
Professional services	4,750	1,800	2,950
Contractual services	429,412	534,010	(104,598)
Supplies	10,400	6,677	3,723
Capital outlay	52,853	31,601	21,252
Other expenditures	8,000	-	8,000
Travel and training	9,400	2,862	6,538
Total Building Code Division	<u>772,984</u>	<u>846,517</u>	<u>(73,533)</u>
Mapping & Addressing Division			
Personal services	269,941	277,697	(7,756)
Employee benefits	135,234	139,630	(4,396)
Professional services	86,000	69,878	16,122
Contractual services	25,437	19,590	5,847
Supplies	15,650	10,577	5,073
Capital outlay	69,200	59,748	9,452
Other expenditures	73,500	30,305	43,195
Travel and training	25,800	23,074	2,726
Total Mapping & Addressing Division	<u>700,762</u>	<u>630,499</u>	<u>70,263</u>
Accounting Division			
Personal services	333,145	241,293	91,852
Employee benefits	145,757	145,857	(100)
Professional services	103,080	101,646	1,434
Contractual services	23,370	20,908	2,462
Supplies	6,700	9,807	(3,107)
Capital outlay	13,818	14,020	(202)
Travel and training	10,100	3,233	6,867
Total Accounting Division	<u>635,970</u>	<u>536,764</u>	<u>99,206</u>
Treasury Division			
Personal services	262,091	260,516	1,575
Employee benefits	117,510	116,143	1,367
Professional services	9,565	1,788	7,777
Contractual services	100,896	101,719	(823)
Supplies	5,836	4,920	916
Capital outlay	15,298	31,835	(16,537)
Travel and training	255	25	230
Total Treasury Division	<u>511,451</u>	<u>516,946</u>	<u>(5,495)</u>
TOTAL FINANCE	<u>4,318,756</u>	<u>4,154,255</u>	<u>164,501</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
PERSONNEL			
Personnel Administration			
Personal services	\$ 183,491	\$ 139,011	\$ 44,480
Employee benefits	74,300	75,544	(1,244)
Professional services	12,500	5,153	7,347
Contractual services	7,710	6,074	1,636
Supplies	3,350	2,727	623
Capital outlay	7,431	6,281	1,150
Other expenditures	48,000	46,279	1,721
Travel and training	425	67	358
Total Personnel Administration	<u>337,207</u>	<u>281,136</u>	<u>56,071</u>
General Personnel			
Employee benefits	88,675	532,804	(444,129)
Other expenditures	-	286,177	(286,177)
Total General Personnel	<u>88,675</u>	<u>818,981</u>	<u>(730,306)</u>
Retirement Distributions			
Pension contribution	-	751,033	(751,033)
Pension distributions	747,515	-	747,515
Retiree benefits	984,992	453,820	531,172
Professional services	1,000	15,000	(14,000)
Total Retirement Distributions	<u>1,733,507</u>	<u>1,219,853</u>	<u>513,654</u>
TOTAL PERSONNEL	<u>2,159,389</u>	<u>2,319,970</u>	<u>(160,581)</u>
BUILDING AND GROUNDS			
Maintenance			
Personal services	434,391	430,030	4,361
Employee benefits	199,550	180,560	18,990
Contractual services	8,750	25,024	(16,274)
Supplies	28,038	27,606	432
Capital outlay	-	36,775	(36,775)
Total Maintenance	<u>670,729</u>	<u>699,995</u>	<u>(29,266)</u>
Operations - Administrative Buildings			
Personal services	288,892	285,283	3,609
Employee benefits	138,388	134,321	4,067
Professional services	-	7,752	(7,752)
Contractual services	231,011	214,958	16,053
Supplies	66,100	66,070	30
Capital outlay	-	20,999	(20,999)
Other expenditures	50,401	49,050	1,351
Travel and training	750	343	407
Total Operations - Administrative Buildings	<u>775,542</u>	<u>778,776</u>	<u>(3,234)</u>
TOTAL BUILDING AND GROUNDS	<u>1,446,271</u>	<u>1,478,771</u>	<u>(32,500)</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
DATA PROCESSING			
Data Processing			
Personal services	\$ 223,119	\$ 208,541	\$ 14,578
Employee benefits	82,294	77,684	4,610
Contractual services	21,450	19,957	1,493
Supplies	15,950	15,916	34
Capital outlay	6,500	100,021	(93,521)
Other expenditures	25,000	14,270	10,730
Travel and training	2,000	997	1,003
Total Data Processing	<u>376,313</u>	<u>437,386</u>	<u>(61,073)</u>
Information Systems			
Personal services	144,479	137,819	6,660
Employee benefits	65,096	59,813	5,283
Contractual services	14,650	12,355	2,295
Supplies	14,000	11,343	2,657
Capital outlay	149,700	107,574	42,126
Other expenditures	2,000	1,275	725
Travel and training	10,700	6,463	4,237
Total Information Systems	<u>400,625</u>	<u>336,642</u>	<u>63,983</u>
TOTAL DATA PROCESSING	<u>776,938</u>	<u>774,028</u>	<u>2,910</u>
COUNTY CONSTABLE			
Personal services	93,198	93,199	(1)
Employee benefits	40,142	40,041	101
Professional services	1,000	150	850
Contractual services	9,130	12,795	(3,665)
Supplies	3,150	2,257	893
Capital outlay	13,098	12,183	915
Other expenditures	5,500	498	5,002
TOTAL COUNTY CONSTABLE	<u>165,218</u>	<u>161,123</u>	<u>4,095</u>
GRANT-IN-AID PROGRAMS			
Fire service grants	925,000	1,290,885	(365,885)
Future Farmers of America	1,000	-	1,000
Agriculture Extension Work (4-H)	159,115	159,115	-
Soil Conservation District tax ditch drainage	95,404	95,404	-
Conservation District salaries	24,274	24,274	-
Fire companies	431,298	431,298	-
Rescue trucks	53,913	53,912	1
Fire service discretionary	313,123	288,239	24,884
Cheers meal program	5,000	-	5,000
Ambulances	61,687	61,686	1
Ambulance stations (non-fire)	14,042	14,042	-
Sussex County Community Action Agency	10,000	10,000	-
Aerial devices	42,126	42,126	-
Small Business Development Center	5,000	-	5,000
Sussex state police program	770,000	697,976	72,024
Recreational youth programs	30,000	15,975	14,025
Human service grants	116,593	115,250	1,343
Councilmanic grants	50,000	53,374	(3,374)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	Final Budget	Actual	Variance - Over (Under)
GRANT-IN-AID PROGRAMS - CONTINUED			
Erosion technician	\$ 13,869	\$ 13,869	\$ -
County wastewater relief program	-	81,076	(81,076)
Local library placement fee grants	308,000	341,927	(33,927)
Town grants	135,000	60,000	75,000
Tax subsidy program	-	1,476	(1,476)
Gumboro community center	-	31,483	(31,483)
Local library grants	183,652	236,652	(53,000)
TOTAL GRANT-IN-AID PROGRAMS	3,748,096	4,120,039	(371,943)
PLANNING AND ZONING			
Administration			
Personal services	458,633	436,826	21,807
Employee benefits	199,482	184,677	14,805
Professional services	85,000	110,977	(25,977)
Contractual services	76,550	84,743	(8,193)
Supplies	16,750	12,372	4,378
Capital outlay	62,296	54,698	7,598
Other expenditures	1,000	-	1,000
Travel and training	1,850	638	1,212
Total Administration	901,561	884,931	16,630
Board of Adjustment			
Professional services	37,500	32,750	4,750
Commission			
Professional services	37,500	38,500	(1,000)
TOTAL PLANNING AND ZONING	976,561	956,181	20,380
PARAMEDIC PROGRAM			
Personal services	3,661,655	3,653,773	7,882
Employee benefits	1,387,299	1,335,897	51,402
Professional services	199,495	13,233	186,262
Contractual services	337,448	235,855	101,593
Supplies	221,673	159,308	62,365
Capital outlay	573,375	675,616	(102,241)
Other expenditures	66,519	42,386	24,133
Travel and training	49,057	36,937	12,120
TOTAL PARAMEDIC PROGRAM	6,496,521	6,153,005	343,516
EMERGENCY PREPAREDNESS			
Administration			
Personal services	113,630	146,126	(32,496)
Employee benefits	43,544	52,015	(8,471)
Contractual services	46,550	36,242	10,308
Supplies	10,000	8,136	1,864
Capital outlay	2,300	1,691	609
Other expenditures	4,000	3,000	1,000
Travel and training	3,300	549	2,751
Total Administration	223,324	247,759	(24,435)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
EMERGENCY PREPAREDNESS - CONTINUED			
Emergency Operations Center			
Personal services	\$ 571,847	\$ 572,222	\$ (375)
Employee benefits	259,372	247,817	11,555
Contractual services	60,750	57,072	3,678
Supplies	11,500	8,764	2,736
Capital outlay	19,400	52,532	(33,132)
Other expenditures	-	16,914	(16,914)
Travel and training	22,300	16,776	5,524
Total Emergency Operations Center	<u>945,169</u>	<u>972,097</u>	<u>(26,928)</u>
Communications System			
Personal services	141,514	134,559	6,955
Employee benefits	48,186	43,304	4,882
Contractual services	17,750	14,717	3,033
Supplies	23,900	11,446	12,454
Capital outlay	5,000	910	4,090
Travel and training	1,700	-	1,700
Total Communications System	<u>238,050</u>	<u>204,936</u>	<u>33,114</u>
Local Emergency Planning Community Program			
Personal services	31,134	31,134	-
Employee benefits	13,392	12,968	424
Professional services	1,200	-	1,200
Contractual services	2,700	878	1,822
Supplies	3,900	2,108	1,792
Travel and training	1,000	443	557
Total Local Emergency Planning Community Program	<u>53,326</u>	<u>47,531</u>	<u>5,795</u>
TOTAL EMERGENCY PREPAREDNESS	<u>1,459,869</u>	<u>1,472,323</u>	<u>(12,454)</u>
ECONOMIC DEVELOPMENT AND PUBLIC WORKS			
Economic Development			
Personal services	110,950	113,629	(2,679)
Employee benefits	43,097	43,557	(460)
Contractual services	20,200	12,423	7,777
Supplies	17,099	19,003	(1,904)
Capital outlay	7,450	6,510	940
Other expenditures	3,500	3,463	37
Travel and training	3,350	2,364	986
Total Economic Development	<u>205,646</u>	<u>200,949</u>	<u>4,697</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
ECONOMIC DEVELOPMENT AND PUBLIC WORKS - CONTINUED			
Industrial Park			
Personal services	\$ 14,567	\$ 15,245	\$ (678)
Employee benefits	6,529	6,377	152
Contractual services	140,880	137,320	3,560
Supplies	3,451	1,820	1,631
Capital outlay	8,798	8,798	-
Other expenditures	30,000	12,219	17,781
Travel and training	1,800	537	1,263
	<u>206,025</u>	<u>182,316</u>	<u>23,709</u>
Total Industrial Park			
	<u>206,025</u>	<u>182,316</u>	<u>23,709</u>
TOTAL ECONOMIC DEVELOPMENT AND PUBLIC WORKS	<u>411,671</u>	<u>383,265</u>	<u>28,406</u>
COUNTY ENGINEER			
Administration			
Personal services	538,664	415,422	123,242
Employee benefits	200,496	221,377	(20,881)
Professional services	30	16	14
Contractual services	5,300	196	5,104
Supplies	3,250	4,666	(1,416)
Capital outlay	18,044	11,491	6,553
Other expenditures	-	10,009	(10,009)
Travel and training	3,920	1,594	2,326
	<u>769,704</u>	<u>664,771</u>	<u>104,933</u>
Total Administration			
	<u>769,704</u>	<u>664,771</u>	<u>104,933</u>
Public Works			
Personal services	241,750	208,145	33,605
Employee benefits	97,707	86,411	11,296
Contractual services	5,650	5,567	83
Supplies	6,880	5,819	1,061
Capital outlay	4,691	3,091	1,600
Other expenditures	-	420,080	(420,080)
Travel and training	3,351	2,804	547
	<u>360,029</u>	<u>731,917</u>	<u>(371,888)</u>
Total Public Works			
	<u>360,029</u>	<u>731,917</u>	<u>(371,888)</u>
TOTAL COUNTY ENGINEER	<u>1,129,733</u>	<u>1,396,688</u>	<u>(266,955)</u>
AIRPORT			
Personal services	27,000	69,494	(42,494)
Employee benefits	12,704	28,406	(15,702)
Professional services	11,406	354	11,052
Contractual services	64,113	72,300	(8,187)
Supplies	20,283	23,987	(3,704)
Capital outlay	312,154	127,654	184,500
Other expenditures	-	20,747	(20,747)
Travel and training	-	22	(22)
	<u>447,660</u>	<u>342,964</u>	<u>104,696</u>
TOTAL AIRPORT			
	<u>447,660</u>	<u>342,964</u>	<u>104,696</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
ENGINEERING - SOLID WASTE			
Professional services	\$ 5,000	\$ 17,447	\$ (12,447)
Contractual services	100	-	100
Supplies	200	-	200
Other expenditures	159,000	101,365	57,635
Travel and training	100	-	100
	<u>164,400</u>	<u>118,812</u>	<u>45,588</u>
TOTAL ENGINEERING - SOLID WASTE			
LIBRARY			
Library administration	628,544	637,763	(9,219)
Library facilities	1,149,874	1,264,467	(114,593)
Local libraries	848,269	848,269	-
	<u>2,626,687</u>	<u>2,750,499</u>	<u>(123,812)</u>
TOTAL LIBRARY			
COMMUNITY DEVELOPMENT AND HOUSING			
Administration			
Personal services	177,369	188,750	(11,381)
Employee benefits	78,114	78,036	78
Professional services	2,000	-	2,000
Contractual services	4,137	4,036	101
Supplies	3,464	3,617	(153)
Capital outlay	175	728	(553)
Travel and training	6,024	6,076	(52)
	<u>271,283</u>	<u>281,243</u>	<u>(9,960)</u>
Total Administration			
Rehabilitation			
Contractual services	2,140,153	1,281,762	858,391
	<u>2,411,436</u>	<u>1,563,005</u>	<u>848,431</u>
TOTAL COMMUNITY DEVELOPMENT AND HOUSING			
CONSTITUTIONAL OFFICES			
Clerk of the Peace	104,527	122,380	(17,853)
Recorder of Deeds	928,206	943,167	(14,961)
Register in Chancery	29,309	53,598	(24,289)
Register of Wills	217,263	227,563	(10,300)
Sheriff	365,238	383,827	(18,589)
	<u>1,644,543</u>	<u>1,730,535</u>	<u>(85,992)</u>
TOTAL CONSTITUTIONAL OFFICES			
TOTAL EXPENDITURES			
	<u>31,049,094</u>	<u>30,441,796</u>	<u>607,298</u>
OTHER FINANCING USES			
Reserved for contingencies	445,032	-	445,032
Appropriated reserves	2,516,306	-	2,516,306
Operating transfer out	750,000	4,814,873	(4,064,873)
	<u>3,711,338</u>	<u>4,814,873</u>	<u>(1,103,535)</u>
TOTAL OTHER FINANCING USES			
TOTAL EXPENDITURES AND OTHER FINANCING USES			
	<u>\$ 34,760,432</u>	<u>\$ 35,256,669</u>	<u>\$ (496,237)</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF REVENUES AND EXPENDITURES (CONDENSED) - GENERAL FUND
 FOR THE TWENTY-SIX YEARS THROUGH JUNE 30, 2003

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

Note: Total expenditures and other financing uses include residual equity transfers prior to fiscal year 2003.

CAPITAL PROJECTS FUND

SCHEDULE OF CAPITAL PROJECTS FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,626,890	\$ 1,626,890	\$ -	\$ (1,626,890)
Intergovernmental	6,278,356	6,278,356	532,976	(5,745,380)
Miscellaneous	154,793	154,793	37,141	(117,652)
TOTAL REVENUES	8,060,039	8,060,039	570,117	(7,489,922)
EXPENDITURES				
Capital projects	8,060,039	8,060,039	409,419	7,650,620
EXCESS OF REVENUES OVER EXPENDITURES	-	-	160,698	160,698
OTHER FINANCING SOURCES (USES)				
Prior year surplus	-	-	-	-
Transfers in	-	-	2,661,873	2,661,873
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,661,873	2,661,873
NET CHANGE IN FUND BALANCE	-	-	2,822,571	2,822,571
FUND BALANCE - BEGINNING	2,706,714	2,706,714	2,706,714	-
FUND BALANCE - ENDING	\$ 2,706,714	\$ 2,706,714	\$ 5,529,285	\$ 2,822,571

ENTERPRISE FUNDS

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2003

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ASSETS	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 757,261	\$ 196,477	\$ 1,112,027	\$ 970,289
Receivables, net of allowance for doubtful accounts:				
Service charges	47,277	64,784	8,457	7,473
Assessment, impact, connection, and expansion	2,814	1,113	321	1,669
Accrued interest	290	711	563	684
Miscellaneous	10,013	15,263	-	32,548
Due from other governmental agencies	-	146,478	-	-
Inventory	10,275	-	-	-
TOTAL CURRENT ASSETS	<u>827,930</u>	<u>424,826</u>	<u>1,121,368</u>	<u>1,012,663</u>
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	441,642	986,997	671,148	1,066,407
Bond issue cost, net of amortization	4,514	11,021	1,955	13,496
Net pension asset	15,730	8,419	22,542	17,391
Noncurrent accounts receivable:				
Service charges	16,447	44,069	2,820	8,460
Assessment, impact, connection, and expansion	1,737	837	45	2,574
Capital assets:				
Land, improvements, and construction in progress	35,766	99,480	5,312	602,005
Other capital assets, net of depreciation	1,968,786	3,956,161	5,050,840	5,710,043
TOTAL NONCURRENT ASSETS	<u>2,484,622</u>	<u>5,106,984</u>	<u>5,754,662</u>	<u>7,420,376</u>
TOTAL ASSETS	<u>3,312,552</u>	<u>5,531,810</u>	<u>6,876,030</u>	<u>8,433,039</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	46,769	17,351	2,650	12,147
Accrued interest payable	7,323	9,519	2,665	12,646
Due to other funds	134,721	130,741	112,077	81,829
Deposits	4,495	6,345	-	-
Notes payable	-	543,898	-	-
Current portion of long-term liabilities	328,299	193,993	115,544	233,409
TOTAL CURRENT LIABILITIES	<u>521,607</u>	<u>901,847</u>	<u>232,936</u>	<u>340,031</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>632,898</u>	<u>924,278</u>	<u>241,006</u>	<u>1,024,175</u>
TOTAL LIABILITIES	<u>1,154,505</u>	<u>1,826,125</u>	<u>473,942</u>	<u>1,364,206</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,064,941	2,948,960	4,730,583	5,078,330
Restricted for construction and debt service	441,642	986,997	671,148	1,066,407
Unrestricted	651,464	(230,272)	1,000,357	924,096
TOTAL NET ASSETS	<u>\$ 2,158,047</u>	<u>\$ 3,705,685</u>	<u>\$ 6,402,088</u>	<u>\$ 7,068,833</u>

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2003

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ASSETS	<u>Blades Sewer</u>	<u>Henlopen Sewer</u>	<u>Dagsboro- Frankford Sewer</u>	<u>Holts Landing Sewer</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 375,107	\$ 66,021	\$ 452,531	\$ 300,197
Receivables, net of allowance for doubtful accounts:				
Service charges	9,989	933	23,401	428
Assessment, impact, connection, and expansion	3,808	-	11,735	1,045
Accrued interest	51	23	227	57
Miscellaneous	-	-	8,293	-
Due from other governmental agencies	-	15,165	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	<u>388,955</u>	<u>82,142</u>	<u>496,187</u>	<u>301,727</u>
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	52,034	29,511	1,034,557	88,109
Bond issue cost, net of amortization	1,722	2,938	18,243	2,668
Net pension asset	5,040	3,600	17,059	11,521
Noncurrent accounts receivable:				
Service charges	95,036	-	56,700	-
Assessment, impact, connection, and expansion	2,662	-	11,962	133
Capital assets:				
Land, improvements, and construction in progress	78,402	4,273	271,446	41,238
Other capital assets, net of depreciation	1,651,683	1,437,123	6,887,171	1,976,012
TOTAL NONCURRENT ASSETS	<u>1,886,579</u>	<u>1,477,445</u>	<u>8,297,138</u>	<u>2,119,681</u>
TOTAL ASSETS	<u>2,275,534</u>	<u>1,559,587</u>	<u>8,793,325</u>	<u>2,421,408</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	1,565	6,018	17,222	50,355
Accrued interest payable	1,597	2,281	11,598	53,027
Due to other funds	32,367	11,893	124,596	120,565
Deposits	-	-	-	-
Notes payable	-	-	-	-
Current portion of long-term liabilities	30,736	25,846	36,664	7,916
TOTAL CURRENT LIABILITIES	<u>66,265</u>	<u>46,038</u>	<u>190,080</u>	<u>231,863</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>131,575</u>	<u>233,169</u>	<u>1,254,908</u>	<u>1,881,931</u>
TOTAL LIABILITIES	<u>197,840</u>	<u>279,207</u>	<u>1,444,988</u>	<u>2,113,794</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,574,682	1,187,296	5,890,516	143,297
Restricted for construction and debt service	52,034	29,511	1,034,557	45,278
Unrestricted	450,978	63,573	423,264	119,039
TOTAL NET ASSETS	<u>\$ 2,077,694</u>	<u>\$ 1,280,380</u>	<u>\$ 7,348,337</u>	<u>\$ 307,614</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2003

ASSETS	<u>Ellendale Sewer</u>	<u>Oak Orchard Sewer</u>	<u>Bayview Estates Sewer</u>	<u>Sea Country Estates Sewer</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 200	\$ -	\$ -	\$ -
Receivables, net of allowance for doubtful accounts:				
Service charges	-	-	-	-
Assessment, impact, connection, and expansion	-	-	-	-
Accrued interest	-	-	-	-
Miscellaneous	-	-	-	-
Due from other governmental agencies	123,053	267,959	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	<u>123,253</u>	<u>267,959</u>	<u>-</u>	<u>-</u>
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	29,728	375,273	104,889	99,635
Bond issue cost, net of amortization	10,849	1,285	3,116	346
Net pension asset	-	-	-	-
Noncurrent accounts receivable:				
Service charges	-	-	-	-
Assessment, impact, connection, and expansion	-	-	-	-
Capital assets:				
Land, improvements, and construction in progress	7,804,173	1,438,900	67,259	14,108
Other capital assets, net of depreciation	-	-	-	-
TOTAL NONCURRENT ASSETS	<u>7,844,750</u>	<u>1,815,458</u>	<u>175,264</u>	<u>114,089</u>
TOTAL ASSETS	<u>7,968,003</u>	<u>2,083,417</u>	<u>175,264</u>	<u>114,089</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	791,769	260,117	15,503	5,168
Accrued interest payable	6,345	1,020	347	-
Due to other funds	5,401,986	6,272	3,700	5,921
Deposits	-	-	-	-
Notes payable	-	-	-	-
Current portion of long-term liabilities	17,322	-	-	-
TOTAL CURRENT LIABILITIES	<u>6,217,422</u>	<u>267,409</u>	<u>19,550</u>	<u>11,089</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>395,082</u>	<u>453,807</u>	<u>44,714</u>	<u>-</u>
TOTAL LIABILITIES	<u>6,612,504</u>	<u>721,216</u>	<u>64,264</u>	<u>11,089</u>
NET ASSETS				
Invested in capital assets, net of related debt	7,391,769	985,093	22,545	14,108
Restricted for construction and debt service	-	117,334	89,386	94,467
Unrestricted	(6,036,270)	259,774	(931)	(5,575)
TOTAL NET ASSETS	<u>\$ 1,355,499</u>	<u>\$ 1,362,201</u>	<u>\$ 111,000</u>	<u>\$ 103,000</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2003

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ASSETS	<u>Millers Creek Sewer</u>	<u>South Ocean View Sewer</u>	<u>Totals 2003</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,452	\$ -	\$ 4,233,562
Receivables, net of allowance for doubtful accounts:			
Service charges	-	-	162,742
Assessment, impact, connection, and expansion	-	-	22,505
Accrued interest	-	-	2,606
Miscellaneous	-	-	66,117
Due from other governmental agencies	-	-	552,655
Inventory	-	-	10,275
TOTAL CURRENT ASSETS	<u>3,452</u>	<u>-</u>	<u>5,050,462</u>
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	38,338	20,876	5,039,144
Bond issue cost, net of amortization	4,243	-	76,396
Net pension asset	-	-	101,302
Noncurrent accounts receivable:			
Service charges	-	-	223,532
Assessment, impact, connection, and expansion	-	-	19,950
Capital assets:			
Land, improvements, and construction in progress	56,391	29,395	10,548,148
Other capital assets, net of depreciation	-	-	28,637,819
TOTAL NONCURRENT ASSETS	<u>98,972</u>	<u>50,271</u>	<u>44,646,291</u>
TOTAL ASSETS	<u>102,424</u>	<u>50,271</u>	<u>49,696,753</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	343	163	1,227,140
Accrued interest payable	20	-	108,388
Due to other funds	49,544	108	6,216,320
Deposits	-	-	10,840
Notes payable	-	-	543,898
Current portion of long-term liabilities	-	-	989,729
TOTAL CURRENT LIABILITIES	<u>49,907</u>	<u>271</u>	<u>9,096,315</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>12,064</u>	<u>-</u>	<u>7,229,607</u>
TOTAL LIABILITIES	<u>61,971</u>	<u>271</u>	<u>16,325,922</u>
NET ASSETS			
Invested in capital assets, net of related debt	44,327	29,395	31,105,842
Restricted for construction and debt service	38,036	20,713	4,687,510
Unrestricted	(41,910)	(108)	(2,422,521)
TOTAL NET ASSETS	<u>\$ 40,453</u>	<u>\$ 50,000</u>	<u>\$ 33,370,831</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

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	Dewey Water	Dewey Sewer	South Bethany Sewer	Fenwick Island Sewer
OPERATING REVENUES				
Charges for services	\$ 518,719	\$ 875,619	\$ 222,247	\$ 218,732
Other operating revenues	25,152	6,635	92,992	113,016
TOTAL OPERATING REVENUES	543,871	882,254	315,239	331,748
OPERATING EXPENSES				
Amortization	1,935	2,361	1,136	3,871
Contract services	370,960	26,650	23,248	18,518
Depreciation	132,216	318,975	153,330	205,245
Employee benefits	40,869	22,799	57,368	54,475
Equipment and tools	3,593	9,953	20,707	5,049
Maintenance and repairs	9,644	3,599	7,935	11,490
Miscellaneous	1,273	1,296	-	-
Process chemicals	-	-	1,148	1,039
Professional services	804	483	1,398	681
Salaries	79,078	32,539	101,228	71,903
Shared costs:				
Administrative	19,499	20,831	24,892	17,688
Operating	50,921	57,596	64,978	49,786
Supplies	10,659	8,848	350	327
Training and travel	19,656	20,020	16	16
Wastewater treatment	-	462,611	-	-
TOTAL OPERATING EXPENSES	741,107	988,561	457,734	440,088
OPERATING INCOME (LOSS)	(197,236)	(106,307)	(142,495)	(108,340)
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	22,537	30,249	29,331	28,623
Assessment and connection fees	264,034	142,607	157,303	421,972
Miscellaneous	24,400	-	-	-
Interest expense	(30,434)	(91,636)	(15,023)	(101,932)
TOTAL NON-OPERATING REVENUES (EXPENSES)	280,537	81,220	171,611	348,663
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	83,301	(25,087)	29,116	240,323
CAPITAL CONTRIBUTIONS	16,964	21,150	317,725	392,034
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	-	-	(194,520)	-
CHANGE IN NET ASSETS	100,265	(3,937)	152,321	632,357
TOTAL NET ASSETS - BEGINNING, RESTATED	2,057,782	3,709,622	6,249,767	6,436,476
TOTAL NET ASSETS - ENDING	\$ 2,158,047	\$ 3,705,685	\$ 6,402,088	\$ 7,068,833

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
OPERATING REVENUES				
Charges for services	\$ 126,377	\$ 76,109	\$ 201,126	\$ 11,031
Other operating revenues	1,655	1,975	5,874	54,755
TOTAL OPERATING REVENUES	<u>128,032</u>	<u>78,084</u>	<u>207,000</u>	<u>65,786</u>
OPERATING EXPENSES				
Amortization	351	385	472	140
Contract services	7,293	3,812	40,834	3,390
Depreciation	97,703	55,244	344,559	53,609
Employee benefits	12,834	5,481	30,725	17,336
Equipment and tools	689	206	1,736	-
Maintenance and repairs	3,676	5,851	6,573	4,284
Miscellaneous	185	74	328	-
Process chemicals	-	-	1,215	-
Professional services	464	41	422	58
Salaries	21,965	18,183	85,310	53,264
Shared costs:				
Administrative	2,120	2,958	3,120	1,251
Operating	2,944	3,028	6,286	1,315
Supplies	1,263	498	7,804	-
Training and travel	2,860	1,131	5,072	3
Wastewater treatment	52,360	36,909	-	-
TOTAL OPERATING EXPENSES	<u>206,707</u>	<u>133,801</u>	<u>534,456</u>	<u>134,650</u>
OPERATING INCOME (LOSS)	<u>(78,675)</u>	<u>(55,717)</u>	<u>(327,456)</u>	<u>(68,864)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	11,084	2,300	33,393	7,288
Assessment and connection fees	32,886	25,841	205,780	201,898
Miscellaneous	-	-	300	-
Interest expense	(12,989)	(20,249)	(59,687)	(25,670)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>30,981</u>	<u>7,892</u>	<u>179,786</u>	<u>183,516</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(47,694)</u>	<u>(47,825)</u>	<u>(147,670)</u>	<u>114,652</u>
CAPITAL CONTRIBUTIONS	-	-	-	43,035
TRANSFERS IN	40,000	20,000	-	-
TRANSFERS OUT	-	-	-	-
CHANGE IN NET ASSETS	<u>(7,694)</u>	<u>(27,825)</u>	<u>(147,670)</u>	<u>157,687</u>
TOTAL NET ASSETS - BEGINNING, RESTATED	<u>2,085,388</u>	<u>1,308,205</u>	<u>7,496,007</u>	<u>149,927</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,077,694</u>	<u>\$ 1,280,380</u>	<u>\$ 7,348,337</u>	<u>\$ 307,614</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other operating revenues	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-
OPERATING EXPENSES				
Amortization	-	-	-	-
Contract services	-	-	-	-
Depreciation	-	-	-	-
Employee benefits	-	-	-	-
Equipment and tools	-	-	-	-
Maintenance and repairs	-	-	-	-
Miscellaneous	-	-	-	-
Process chemicals	-	-	-	-
Professional services	-	-	-	-
Salaries	-	-	-	-
Shared costs:				
Administrative	-	-	-	-
Operating	-	-	-	-
Supplies	-	-	-	-
Training and travel	-	-	-	-
Wastewater treatment	-	-	-	-
TOTAL OPERATING EXPENSES	-	-	-	-
OPERATING INCOME (LOSS)	-	-	-	-
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	-	-	-	-
Assessment and connection fees	-	-	-	-
Miscellaneous	-	-	-	-
Interest expense	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	-	-	-	-
CAPITAL CONTRIBUTIONS	155,499	662,201	-	-
TRANSFERS IN	625,000	500,000	-	103,000
TRANSFERS OUT	-	-	-	-
CHANGE IN NET ASSETS	780,499	1,162,201	-	103,000
TOTAL NET ASSETS - BEGINNING, RESTATED	575,000	200,000	111,000	-
TOTAL NET ASSETS - ENDING	<u>\$ 1,355,499</u>	<u>\$ 1,362,201</u>	<u>\$ 111,000</u>	<u>\$ 103,000</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

	Millers Creek Sewer	South Ocean View Sewer	Totals 2003
OPERATING REVENUES			
Charges for services	\$ 502	\$ -	\$ 2,250,462
Other operating revenues	2,950	-	305,004
TOTAL OPERATING REVENUES	<u>3,452</u>	<u>-</u>	<u>2,555,466</u>
OPERATING EXPENSES			
Amortization	-	-	10,651
Contract services	-	-	494,705
Depreciation	-	-	1,360,881
Employee benefits	-	-	241,887
Equipment and tools	-	-	41,933
Maintenance and repairs	-	-	53,052
Miscellaneous	-	-	3,156
Process chemicals	-	-	3,402
Professional services	-	-	4,351
Salaries	-	-	463,470
Shared costs:			
Administrative	-	-	92,359
Operating	-	-	236,854
Supplies	-	-	29,749
Training and travel	-	-	48,774
Wastewater treatment	-	-	551,880
TOTAL OPERATING EXPENSES	<u>-</u>	<u>-</u>	<u>3,637,104</u>
OPERATING INCOME (LOSS)	<u>3,452</u>	<u>-</u>	<u>(1,081,638)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	1	-	164,806
Assessment and connection fees	-	-	1,452,321
Miscellaneous	-	-	24,700
Interest expense	-	-	(357,620)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1</u>	<u>-</u>	<u>1,284,207</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,453	-	202,569
CAPITAL CONTRIBUTIONS	-	-	1,608,608
TRANSFERS IN	37,000	50,000	1,375,000
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>(194,520)</u>
CHANGE IN NET ASSETS	40,453	50,000	2,991,657
TOTAL NET ASSETS - BEGINNING, RESTATED	<u>-</u>	<u>-</u>	<u>30,379,174</u>
TOTAL NET ASSETS - ENDING	<u>\$ 40,453</u>	<u>\$ 50,000</u>	<u>\$ 33,370,831</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 530,757	\$ 893,024	\$ 226,084	\$ 223,863
Payments to suppliers	(516,531)	(637,064)	(156,658)	(187,310)
Payments to employees	(119,825)	(56,442)	(158,674)	(129,917)
Other receipts (payments)	49,552	6,635	92,992	113,016
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(56,047)</u>	<u>206,153</u>	<u>3,744</u>	<u>19,652</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	<u>(91,632)</u>	<u>(93,919)</u>	<u>15,523</u>	<u>(332,544)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(13,826)	(35,142)	(41,526)	(54,127)
Net payments on line of credit	-	(123,000)	-	-
Retirement of bonds and related costs	(155,389)	(672,260)	(87,816)	(931,362)
Bond proceeds	-	616,358	41,224	873,807
Assessment and connection fees	264,575	142,844	158,046	423,222
Capital contributions	-	-	-	451,991
Interest paid	(38,770)	(90,124)	(15,610)	(98,797)
Payments for bond issue costs	-	(8,632)	(557)	(11,812)
Transfers to other funds for capital activities	-	-	(194,520)	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>56,590</u>	<u>(169,956)</u>	<u>(140,759)</u>	<u>652,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>22,753</u>	<u>30,285</u>	<u>29,741</u>	<u>28,853</u>
NET INCREASE (DECREASE) IN CASH	(68,336)	(27,437)	(91,751)	368,883
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,267,239</u>	<u>1,210,911</u>	<u>1,874,926</u>	<u>1,667,813</u>
CASH AND EQUIVALENTS - ENDING	<u>\$ 1,198,903</u>	<u>\$ 1,183,474</u>	<u>\$ 1,783,175</u>	<u>\$ 2,036,696</u>
Cash and cash equivalents	\$ 757,261	\$ 196,477	\$ 1,112,027	\$ 970,289
Restricted cash and cash equivalents	441,642	986,997	671,148	1,066,407
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,198,903</u>	<u>\$ 1,183,474</u>	<u>\$ 1,783,175</u>	<u>\$ 2,036,696</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ (197,236)	\$ (106,307)	\$ (142,495)	\$ (108,340)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	134,151	321,336	154,466	209,116
Miscellaneous income	24,400	-	-	-
Changes in assets and liabilities:				
Accounts receivable	12,038	17,405	3,837	5,131
Due from other governments	-	(19,756)	-	-
Inventory	1,134	-	-	-
Net pension asset	1,924	3,885	4,206	13,100
Compensated absences	(1,802)	(4,989)	(4,284)	(16,639)
Accounts payable	(30,656)	(5,421)	(11,986)	(82,716)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (56,047)</u>	<u>\$ 206,153</u>	<u>\$ 3,744</u>	<u>\$ 19,652</u>
NONCASH TRANSACTIONS				
Contributed property	\$ 16,964	\$ 21,150	\$ 317,725	\$ 194,786

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 120,784	\$ 78,892	\$ 197,282	\$ 11,971
Payments to suppliers	(114,197)	(58,616)	(61,046)	34,324
Payments to employees	(35,016)	(22,741)	(114,211)	(69,881)
Other receipts (payments)	1,655	1,975	6,174	54,755
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(26,774)</u>	<u>(490)</u>	<u>28,199</u>	<u>31,169</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	<u>(19,848)</u>	<u>(4,198)</u>	<u>(8,385)</u>	<u>(273,905)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(8,803)	(3,331)	(106,913)	(171,728)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(119,007)	(201,499)	(1,260,903)	-
Bond proceeds	112,181	201,838	1,275,234	356,543
Assessment and connection fees	32,400	25,841	208,623	201,207
Capital contributions	-	-	-	43,035
Interest paid	(12,544)	(19,427)	(49,455)	1
Payments for bond issue costs	(1,516)	(2,728)	(18,682)	(308)
Transfers to other funds for capital activities	40,000	20,000	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>42,711</u>	<u>20,694</u>	<u>47,904</u>	<u>428,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>11,100</u>	<u>2,303</u>	<u>33,365</u>	<u>7,263</u>
NET INCREASE (DECREASE) IN CASH	7,189	18,309	101,083	193,277
CASH AND CASH EQUIVALENTS - BEGINNING	<u>419,952</u>	<u>77,223</u>	<u>1,386,005</u>	<u>195,029</u>
CASH AND EQUIVALENTS - ENDING	<u>\$ 427,141</u>	<u>\$ 95,532</u>	<u>\$ 1,487,088</u>	<u>\$ 388,306</u>
Cash and cash equivalents	\$ 375,107	\$ 66,021	\$ 452,531	\$ 300,197
Restricted cash and cash equivalents	52,034	29,511	1,034,557	88,109
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 427,141</u>	<u>\$ 95,532</u>	<u>\$ 1,487,088</u>	<u>\$ 388,306</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ (78,675)	\$ (55,717)	\$ (327,456)	\$ (68,864)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	98,054	55,629	345,031	53,749
Miscellaneous income	-	-	300	-
Changes in assets and liabilities:				
Accounts receivable	(5,593)	2,783	(3,844)	940
Due from other governments	-	(1,764)	-	-
Inventory	-	-	-	-
Net pension asset	1,380	(1,460)	(3,685)	(2,423)
Compensated absences	(1,597)	2,383	5,509	3,142
Accounts payable	(40,343)	(2,344)	12,344	44,625
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (26,774)</u>	<u>\$ (490)</u>	<u>\$ 28,199</u>	<u>\$ 31,169</u>
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ -	\$ -

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ -	\$ -	\$ -	\$ -
Payments to suppliers	-	-	-	-
Payments to employees	-	-	-	-
Other receipts (payments)	-	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	4,740,381	(280,193)	3,317	365
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(5,682,358)	(695,716)	(6,805)	(3,462)
Net payments on line of credit	-	-	(4,000)	-
Retirement of bonds and related costs	-	-	-	-
Bond proceeds	306,807	453,807	44,714	-
Assessment and connection fees	-	-	-	-
Capital contributions	34,859	394,242	-	-
Interest paid	4,219	1,020	-	-
Payments for bond issue costs	(113)	-	(3,116)	(346)
Transfers to other funds for capital activities	625,000	500,000	-	103,000
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(4,711,586)	653,353	30,793	99,192
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	-	-	-
NET INCREASE (DECREASE) IN CASH	28,795	373,160	34,110	99,557
CASH AND CASH EQUIVALENTS - BEGINNING	1,133	2,113	70,779	78
CASH AND EQUIVALENTS - ENDING	\$ 29,928	\$ 375,273	\$ 104,889	\$ 99,635
Cash and cash equivalents	\$ 200	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	29,728	375,273	104,889	99,635
TOTAL CASH AND CASH EQUIVALENTS	\$ 29,928	\$ 375,273	\$ 104,889	\$ 99,635
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	-	-	-	-
Miscellaneous income	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Net pension asset	-	-	-	-
Compensated absences	-	-	-	-
Accounts payable	-	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ -	\$ -	\$ -	\$ -
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ -	\$ -

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2003

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	<u>Millers Creek Sewer</u>	<u>South Ocean View Sewer</u>	<u>Totals 2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 502	\$ -	\$ 2,283,159
Payments to suppliers	-	-	(1,697,098)
Payments to employees	-	-	(706,707)
Other receipts (payments)	2,950	-	329,704
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>3,452</u>	<u>-</u>	<u>209,058</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	(262)	108	3,654,808
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(7,727)	(29,232)	(6,860,696)
Net payments on line of credit	-	-	(127,000)
Retirement of bonds and related costs	-	-	(3,428,236)
Bond proceeds	12,064	-	4,294,577
Assessment and connection fees	-	-	1,456,758
Capital contributions	-	-	924,127
Interest paid	-	-	(319,487)
Payments for bond issue costs	(4,243)	-	(52,053)
Transfers to other funds for capital activities	37,000	50,000	1,180,480
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>37,094</u>	<u>20,768</u>	<u>(2,931,530)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	1	-	165,664
NET INCREASE (DECREASE) IN CASH	40,285	20,876	1,098,000
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,505</u>	<u>-</u>	<u>8,174,706</u>
CASH AND EQUIVALENTS - ENDING	<u>\$ 41,790</u>	<u>\$ 20,876</u>	<u>\$ 9,272,706</u>
Cash and cash equivalents	\$ 3,452	\$ -	\$ 4,233,562
Restricted cash and cash equivalents	38,338	20,876	5,039,144
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 41,790</u>	<u>\$ 20,876</u>	<u>\$ 9,272,706</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 3,452	\$ -	\$ (1,081,638)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	-	-	1,371,532
Miscellaneous income	-	-	24,700
Changes in assets and liabilities:			
Accounts receivable	-	-	32,697
Due from other governments	-	-	(21,520)
Inventory	-	-	1,134
Net pension asset	-	-	16,927
Compensated absences	-	-	(18,277)
Accounts payable	-	-	(116,497)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 3,452</u>	<u>\$ -</u>	<u>\$ 209,058</u>
NONCASH TRANSACTIONS			
Contributed property	\$ -	\$ -	\$ 550,625

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SUSSEX COUNTY, DELAWARE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCES
AS OF JUNE 30, 2003

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GOVERNMENTAL FUNDS CAPITAL ASSETS

Land	\$ 4,337,775
Buildings	11,776,347
Improvements other than buildings	6,814,303
Equipment	8,747,739
Construction in progress	<u>1,467,078</u>

TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS \$ 33,143,242

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE

General fund	\$ 11,677,517
General obligation bonds	9,533,105
Federal grants	6,232,999
State grants	3,298,450
Donated	<u>2,401,171</u>

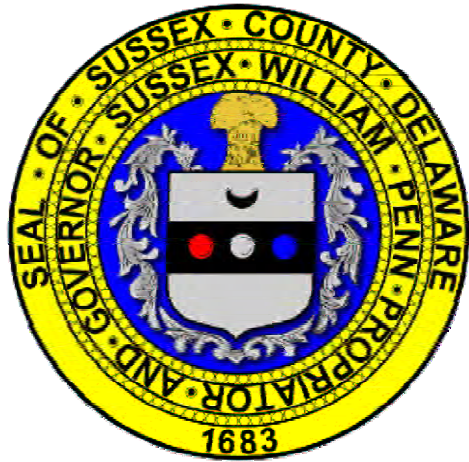
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS \$ 33,143,242

SUSSEX COUNTY, DELAWARE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 AS OF JUNE 30, 2003

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
GENERAL GOVERNMENT					
General Administration	\$ 11,894,873	\$ 2,324,526	\$ 7,622,343	\$ 141,071	\$ 1,806,933
Planning and Zoning	133,845	-	-	-	133,845
TOTAL GENERAL GOVERNMENT	12,028,718	2,324,526	7,622,343	141,071	1,940,778
PUBLIC SAFETY					
Paramedic Program	2,649,197	-	62,021	8,366	2,578,810
Emergency Dispatch	3,439,000	-	737,057	173,480	2,528,463
TOTAL PUBLIC SAFETY	6,088,197	-	799,078	181,846	5,107,273
SPECIAL SERVICES					
Public Works and Industrial Park	3,693,578	752,368	5,125	2,641,685	294,400
Airport	7,110,334	885,881	2,337,808	3,613,125	273,520
TOTAL SPECIAL SERVICES	10,803,912	1,638,249	2,342,933	6,254,810	567,920
COMMUNITY SERVICES					
Library	2,484,712	375,000	1,011,993	236,576	861,143
Community Development	5,691	-	-	-	5,691
Constitutional Offices	264,934	-	-	-	264,934
TOTAL COMMUNITY SERVICES	2,755,337	375,000	1,011,993	236,576	1,131,768
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS ALLOCATED TO FUNCTIONS	31,676,164	\$ 4,337,775	\$ 11,776,347	\$ 6,814,303	\$ 8,747,739
CONSTRUCTION IN PROGRESS	1,467,078				
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 33,143,242				

SUSSEX COUNTY, DELAWARE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2003

Function and Activity	Governmental Funds Capital Assets June 30, 2002	Additions	Deductions	Governmental Funds Capital Assets June 30, 2003
GENERAL GOVERNMENT				
General Administration	\$ 11,985,928	\$ 502,351	\$ 593,406	\$ 11,894,873
Planning and Zoning	93,427	51,272	10,854	133,845
TOTAL GENERAL GOVERNMENT	12,079,355	553,623	604,260	12,028,718
PUBLIC SAFETY				
Paramedic Program	2,522,997	570,553	444,355	2,649,195
Emergency Dispatch	3,456,852	63,501	81,352	3,439,001
TOTAL PUBLIC SAFETY	5,979,849	634,054	525,707	6,088,196
SPECIAL SERVICES				
Public Works and Industrial Park	4,096,952	69,437	472,811	3,693,578
Airport	7,917,631	178,465	985,761	7,110,335
TOTAL SPECIAL SERVICES	12,014,583	247,902	1,458,572	10,803,913
COMMUNITY SERVICES				
Library	2,812,769	9,769	337,826	2,484,712
Community Development	8,589	-	2,898	5,691
Constitutional Offices	270,183	57,874	63,123	264,934
TOTAL COMMUNITY SERVICES	3,091,541	67,643	403,847	2,755,337
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS ALLOCATED TO FUNCTIONS	33,165,328	1,503,222	2,992,386	31,676,164
CONSTRUCTION IN PROGRESS	-	1,467,078	-	1,467,078
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 33,165,328	\$ 2,970,300	\$ 2,992,386	\$ 33,143,242





STATISTICAL SECTION

SUSSEX COUNTY, DELAWARE
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2003

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	Fiscal Year 2003
EXPENSES	
General Government	\$ 8,416,614
Grant-in-aid programs	4,120,039
Planning and zoning	917,317
Paramedic program	5,914,818
Emergency preparedness	1,726,567
Economic development and public works	423,154
County engineer	1,418,560
Airport	375,629
Engineering - solid waste	1,956,518
Library	2,780,506
Community development and housing programs	1,522,300
Constitutional offices	1,728,453
Sewer facilities	19,264,562
Water facilities	771,541
TOTAL EXPENSES	<u>\$ 51,336,578</u>

Notes:

1. GASBS No. 34 was adopted in fiscal year 2003. Information is not available for fiscal year 1994 through 2002.
2. Government-wide expenses by function includes general, capital projects and enterprise funds.

**SUSSEX COUNTY, DELAWARE
GOVERNMENT-WIDE REVENUES
FOR THE YEAR ENDED JUNE 30, 2003**

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	Fiscal Year 2003
PROGRAM REVENUES	
Charges for services	\$ 21,534,241
Operating grants and contributions	21,098,552
Capital grants and contributions	7,617,530
Taxes	28,539,817
GENERAL REVENUES	
Unrestricted investment earnings	<u>1,080,720</u>
TOTAL REVENUES	<u><u>\$ 79,870,860</u></u>

Notes:

1. GASBS No. 34 was adopted in fiscal year 2003. Information is not available for fiscal year 1994 through 2002.
2. Government-wide revenues includes general, capital projects and enterprise funds

SUSSEX COUNTY, DELAWARE
GENERAL GOVERNMENTAL EXPENDITURES, OTHER FINANCING USES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	General Administration	% of Total	Grant-In-Aid Programs	% of Total	Planning and Zoning	% of Total	Paramedic Program	% of Total	Emergency Preparedness	% of Total	Public Works and Industrial Park	% of Total	Airport	% of Total
1994	\$ 4,643,559	28.6%	\$ 925,239	5.7%	\$ 484,980	3.0%	\$ 2,719,993	16.7%	\$ 637,516	3.9%	\$ 1,071,101	6.6%	\$ 234,839	1.4%
1995	4,681,652	25.7%	1,000,020	5.5%	574,425	3.2%	2,975,603	16.3%	733,296	4.0%	1,451,795	8.0%	1,787,691	9.8%
1996	6,586,570	28.7%	1,481,279	6.5%	606,444	2.6%	3,503,883	15.3%	801,320	3.5%	1,126,697	4.9%	418,495	1.8%
1997	6,043,170	27.8%	1,707,114	7.8%	746,685	3.4%	3,401,002	15.6%	906,441	4.2%	1,697,142	7.8%	78,560	0.4%
1998	6,073,649	27.4%	1,862,687	8.5%	741,659	3.4%	3,496,269	15.9%	1,070,361	4.9%	1,603,616	7.3%	363,389	1.7%
1999	6,118,132	27.8%	2,440,555	11.1%	643,718	2.9%	3,717,452	16.9%	1,163,924	5.3%	1,278,507	5.8%	322,506	1.5%
2000	7,725,356	27.0%	3,403,300	11.9%	664,925	2.3%	4,220,049	14.7%	1,287,210	4.5%	1,322,991	4.6%	670,140	2.3%
2001	7,227,880	20.8%	3,459,386	10.0%	784,695	2.3%	5,145,550	14.8%	1,775,182	5.1%	1,861,327	5.4%	269,526	0.8%
2002	8,592,202	24.5%	3,519,133	10.1%	795,443	2.3%	5,656,071	16.2%	1,606,029	4.6%	1,811,328	5.2%	1,559,296	4.5%
2003	9,454,480	26.4%	4,120,039	11.6%	956,181	2.7%	6,153,005	17.3%	1,472,323	4.1%	1,898,765	5.3%	342,964	1.0%

Fiscal Year	Library	% of Total	Community Development	% of Total	Constitutional Offices	% of Total	Capital Projects	% of Total	Long-Term Debt Payments	% of Total	Other Financing Uses	% of Total	Total
1994	\$ 1,300,556	8.0%	\$ 1,010,408	6.2%	\$ 881,149	5.4%	\$ 118,118	0.7%	\$ 528,953	3.3%	\$ 1,700,000	10.5%	\$ 16,256,411
1995	1,444,417	7.9%	1,078,608	5.9%	922,297	5.1%	976,340	5.4%	582,812	3.2%	-	0.0%	18,208,956
1996	1,616,560	7.0%	1,240,079	5.4%	953,698	4.2%	4,039,758	17.6%	584,123	2.5%	-	0.0%	22,958,906
1997	2,089,282	9.6%	1,146,953	5.3%	1,070,852	4.9%	2,182,558	10.0%	705,134	3.2%	-	0.0%	21,774,893
1998	2,082,006	9.5%	1,136,839	5.2%	1,146,557	5.2%	657,694	3.0%	1,751,003	8.0%	-	0.0%	21,985,729
1999	2,013,709	9.2%	1,142,642	5.2%	1,252,479	5.7%	177,027	0.8%	751,251	3.4%	964,888	4.4%	21,986,790
2000	1,999,868	7.0%	1,323,608	4.6%	1,564,686	5.5%	64,389	0.2%	3,598,689	12.6%	800,000	2.8%	28,645,211
2001	2,168,159	6.2%	1,249,571	3.6%	1,475,404	4.2%	172,208	0.5%	3,696,831	10.6%	5,439,796	15.7%	34,725,515
2002	2,473,512	7.1%	1,628,246	4.7%	1,561,081	4.5%	763,553	2.2%	-	0.0%	4,919,683	14.1%	34,885,577
2003	2,750,499	7.7%	1,563,005	4.4%	1,730,535	4.9%	409,419	1.1%	-	0.0%	4,814,873	13.5%	35,666,088

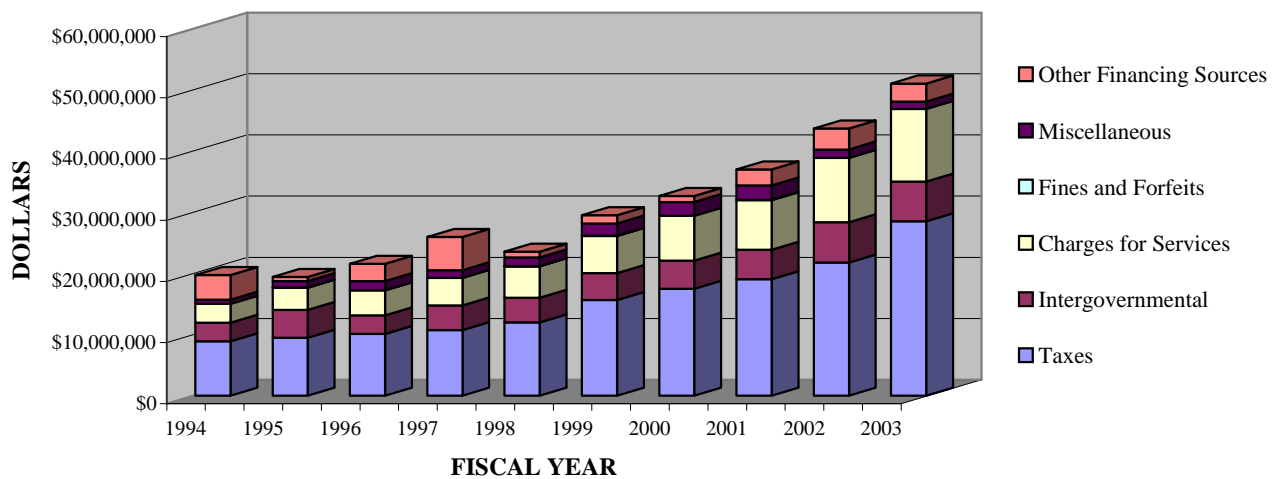
Source: Audited financial statements for the years ended June 30, 1994 through 2003

**SUSSEX COUNTY, DELAWARE
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes	Intergovernmental	Charges for Services	Fines and Forfeits	Miscellaneous	Other Financing Sources	Total
1994	\$ 8,910,271	\$ 3,013,461	\$ 3,096,523	\$ 3,562	\$ 656,134	\$ 4,029,121	\$ 19,709,072
1995	9,483,782	4,547,479	3,629,986	5,566	1,074,913	676,849	19,418,575
1996	10,110,593	3,009,108	4,093,299	6,942	1,510,746	2,809,040	21,539,728
1997	10,733,885	4,036,872	4,488,759	6,964	1,222,942	5,444,203	25,933,625
1998	11,965,216	4,036,485	5,160,436	11,853	1,449,740	910,939	23,534,669
1999	15,667,681	4,379,574	6,079,047	14,038	2,021,511	1,330,245	29,492,096
2000	17,467,252	4,605,298	7,321,816	15,790	2,227,336	997,095	32,634,587
2001	19,060,041	4,781,102	8,140,748	16,946	2,388,416	2,579,039	36,966,292
2002	21,767,582	6,576,810	10,495,441	20,699	1,386,988	3,419,248	43,666,768
2003	28,528,761	6,466,985	11,847,057	15,826	1,219,214	2,942,479	51,020,322

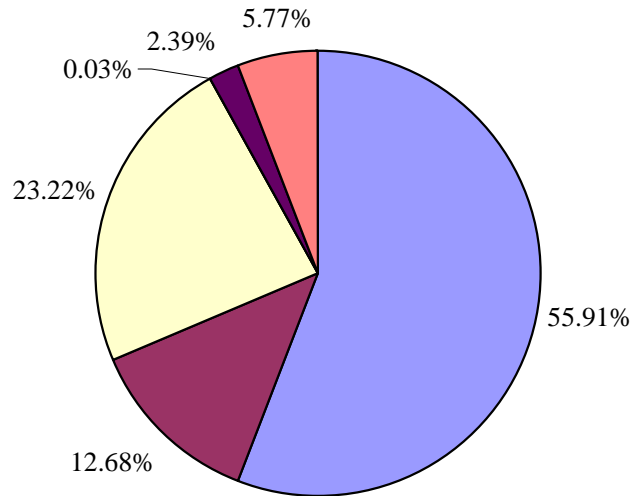
Note 1: Includes General and Capital Projects Funds.

GENERAL GOVERNMENTAL REVENUES

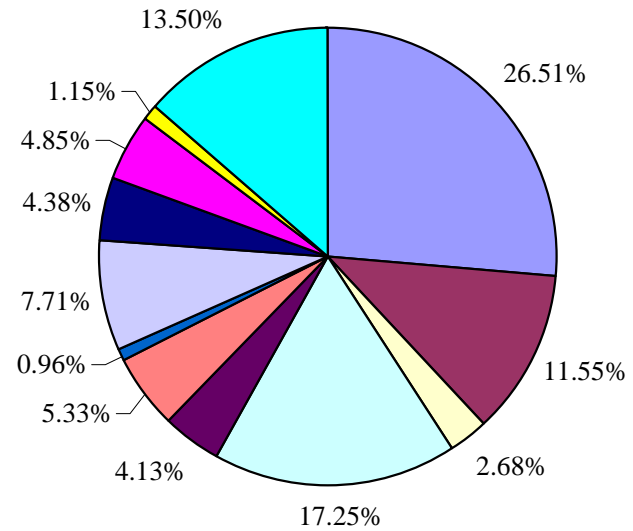


Source: Audited financial statements for the years ended June 30, 1994 through 2003

REVENUES



EXPENDITURES



- TAXES
- CHARGES FOR SERVICES
- MISCELLANEOUS
- INTERGOVERNMENTAL
- FINES AND FORFEITS
- OTHER FINANCING SOURCES

- GENERAL ADMINISTRATION
- PLANNING AND ZONING
- EMERGENCY PREPAREDNESS
- AIRPORT
- COMMUNITY DEVELOPMENT
- CAPITAL PROJECTS
- GRANT-IN-AID PROGRAMS
- PARAMEDIC PROGRAM
- PUBLIC WORKS & INDUSTRIAL PARK
- LIBRARY
- CONSTITUTIONAL OFFICES
- OTHER FINANCING USES

**SUSSEX COUNTY, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy	Delinquent Tax Collections	Total Taxes Collected	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1994	\$ 6,610,528	\$ 6,308,474	95.4%	\$ 256,077	\$ 6,564,551	99.3%	\$ 252,836	3.8%
1995	6,861,128	6,626,500	96.6%	222,125	6,848,625	99.8%	455,888	6.6%
1996	7,088,291	6,835,032	96.4%	185,418	7,020,450	99.0%	498,829	7.0%
1997	7,303,925	7,052,404	96.6%	189,759	7,242,163	99.2%	533,401	7.3%
1998	7,572,799	7,315,590	96.6%	210,652	7,526,242	99.4%	546,533	7.2%
1999	7,791,654	7,566,993	97.1%	200,523	7,767,516	99.7%	519,642	6.7%
2000	8,108,146	7,835,808	96.6%	161,998	7,997,806	98.6%	591,783	7.3%
2001	8,461,001	8,156,366	96.4%	241,732	8,398,098	99.3%	599,135	7.1%
2002	8,843,299	8,527,586	96.4%	218,947	8,746,533	98.9%	661,422	7.5%
2003	9,219,888	8,904,011	96.6%	280,024	9,184,035	99.6%	662,655	7.2%

Notes:

1. Total tax levy includes initial annual levy plus quarterly supplemental additions.
2. The information for 1994 is as of April 30, 1994.

Source: Sussex County Treasury Division

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

Fiscal Year	Total Assessed Value	Exempt Assessed Value	Taxable Assessed Value	Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
1994	\$ 1,462,956,841	\$ 24,647,750	\$ 1,438,309,091	\$ 8,933,596,839	16.1%
1995	1,511,863,194	24,712,592	1,487,150,602	9,123,623,325	16.3%
1996	1,560,954,078	24,961,725	1,535,992,353	9,365,807,030	16.4%
1997	1,609,844,254	25,239,867	1,584,604,387	9,842,263,273	16.1%
1998	1,669,344,777	24,802,843	1,644,541,934	10,678,843,727	15.4%
1999	1,717,086,004	24,637,240	1,692,448,764	12,444,476,206	13.6%
2000	1,784,583,813	24,595,234	1,759,988,579	12,846,631,964	13.7%
2001	1,857,560,169	24,056,900	1,833,503,269	14,213,203,636	12.9%
2002	1,936,538,241	23,367,548	1,913,170,693	15,943,089,108	12.0%
2003	2,017,026,292	22,854,792	1,994,171,500	19,744,272,277	10.1%

Notes:

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

Sources: Sussex County Assessment Division and University of Delaware.

**SUSSEX COUNTY, DELAWARE
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS
FOR THE FISCAL YEAR ENDED 2003**

<u>School District/City</u>	<u>County Rate</u>	<u>School Rate</u>	<u>City Rate (1)</u>	<u>Vo-Tech Rate</u>	<u>Total Tax Rates/\$100 Assessment (2)</u>	<u>Tax Base Value as a Percent of Market Value (3)</u>
Cape Henlopen						
Henlopen Acres	0.445	2.099	1.45	0.2277	4.2217	10.1%
Lewes	0.445	2.099	0.26	0.2277	3.0317	10.1
Milton	0.445	2.099	0.38	0.2277	3.1517	10.1
Rehoboth Beach	0.445	2.099	1.40	0.2277	4.1717	10.1
Dewey Beach	0.445	2.099	0.40	0.2277	3.1717	10.1
Delmar						
Delmar	0.445	3.230	1.10	0.2277	5.0027	10.1
Indian River (4)						
Bethany Beach	0.445	2.029	0.08	0.2277	2.7817	10.1
Dagsboro	0.445	2.029	0.38	0.2277	3.0817	10.1
Fenwick Island	0.445	2.029	1.45	0.2277	4.1517	10.1
Frankford	0.445	2.029	1.75	0.2277	4.4517	10.1
Georgetown	0.445	2.029	2.15	0.2277	4.8517	10.1
Millsboro	0.445	2.029	0.46	0.2277	3.1617	10.1
Millville	0.445	2.029	0.20	0.2277	2.9017	10.1
Ocean View	0.445	2.029	0.50	0.2277	3.2017	10.1
Selbyville	0.445	2.029	1.85	0.2277	4.5517	10.1
South Bethany	0.445	2.029	0.65	0.2277	3.3517	10.1
Laurel						
Bethel	0.445	2.390	0.40	0.2277	3.4627	10.1
Laurel	0.445	2.390	1.91	0.2277	4.9727	10.1
Milford						
Ellendale	0.445	2.749	1.00	0.2277	4.4217	10.1
Milford	0.445	2.749	0.41	0.2277	3.8317	10.1
Slaughter Beach	0.445	2.749	0.50	0.2277	3.9217	10.1
Seaford						
Blades	0.445	2.470	1.40	0.2277	4.5427	10.1
Seaford	0.445	2.470	0.45	0.2277	3.5927	10.1
Woodbridge						
Bridgeville	0.445	2.913	1.83	0.2277	5.4157	10.1
Greenwood	0.445	2.913	0.60	0.2277	4.1857	10.1

Notes:

1. The city rate shown for Bethany, Lewes, Milton, Rehoboth, Delmar, Dagsboro, Millsboro, Ocean View, Milford, Seaford and Blades are based on assessments established by the individual towns. The other city tax rates are based on County assessments.
2. The total tax rates shown here are based on a combined rate regardless of differing assessment methods used by Towns and the County.
3. Market value is compared to assessed values (which are based on 50% of 1974 values).
4. The Indian River School District charges \$2.115 as its school rate for non-residential properties.

Source:

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

(continued)

SUSSEX COUNTY, DELAWARE
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS - CONTINUED
FISCAL YEARS 1994 THROUGH 2002

Fiscal Year	Rate Type	School Districts - Rate per \$100 assessment						
		Indian River	Laurel	Seaford	Milford	Woodbridge	Cape Henlopen	Delmar
1994	School Rate	1.418	1.937	1.870	1.907	1.859	1.510	1.550
	Vo-Tech Rate	0.216	0.216	0.216	0.216	0.216	0.216	0.216
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.079	2.598	2.531	2.568	2.520	2.171	2.211
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	2.997	3.516	3.449	3.486	3.438	3.089	3.129
1995	School Rate	1.420	1.937	2.055	1.800	2.126	1.600	1.550
	Vo-Tech Rate	0.213	0.213	0.213	0.213	0.213	0.213	0.213
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.078	2.595	2.713	2.458	2.784	2.258	2.208
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	2.996	3.513	3.631	3.376	3.702	3.176	3.126
1996	School Rate	1.529	2.190	2.090	2.002	2.258	1.585	1.750
	Vo-Tech Rate	0.212	0.212	0.212	0.212	0.212	0.212	0.212
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.186	2.847	2.747	2.659	2.915	2.242	2.407
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.104	3.765	3.665	3.577	3.833	3.160	3.325
1997	School Rate	1.733	2.390	2.320	2.041	2.229	1.585	1.810
	Vo-Tech Rate	0.211	0.211	0.211	0.211	0.211	0.211	0.211
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.389	3.046	2.976	2.697	2.885	2.241	2.466
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.307	3.964	3.894	3.615	3.803	3.159	3.384
1998	School Rate	1.916	2.390	2.300	2.156	1.897	1.652	2.560
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.589	3.063	2.973	2.829	2.570	2.325	3.233
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.507	3.981	3.891	3.747	3.488	3.243	4.151
1999	School Rate	1.873	2.390	2.200	2.236	1.897	1.692	3.450
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.546	3.063	2.873	2.909	2.570	2.365	4.123
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.464	3.981	3.791	3.827	3.488	3.283	5.041
2000	School Rate (2)	1.799	2.390	2.200	2.909	2.101	1.695	3.400
	Vo-Tech Rate	0.216	0.216	0.216	0.216	0.216	0.216	0.216
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.460	3.051	2.861	3.570	2.762	2.356	4.061
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.378	3.969	3.779	4.488	3.680	3.274	4.979
2001	School Rate (2)	1.854	2.390	2.310	2.697	2.200	1.800	3.350
	Vo-Tech Rate	0.231	0.231	0.231	0.231	0.231	0.231	0.231
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.530	3.066	2.986	3.373	2.876	2.476	4.026
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.448	3.984	3.904	4.291	3.794	3.394	4.944
2002	School Rate (2)	1.997	2.390	2.390	2.669	2.400	1.981	3.250
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.670	3.063	3.063	3.342	3.073	2.654	3.923
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.588	3.981	3.981	4.260	3.991	3.572	4.841

Notes:

1. The local municipalities rate is the average city tax rate for fiscal year 2003. Average city tax rates for fiscal years 1994 through 2002 are not available.
2. The Indian River School District charged \$1.903, \$1.950 and \$2.087 for non-residential properties in fiscal year 2000, 2001 and 2002 respectively.

Special assessments are not material and, accordingly, are not presented here.

**SUSSEX COUNTY, DELAWARE
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2003**

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Assessed Value of Taxable property		\$	2,128,960,695
Less: Exempt Property			<u>22,168,681</u>
Total Taxable Assessment at June 30, 2003		\$	<u><u>2,106,792,014</u></u>
DEBT LIMIT - 12% of Total Taxable Assessed Value		\$	252,815,042
Amount of Debt Applicable to Debt Limit:			
Total Bonded Debt	\$	130,698,769	
Less: West Rehoboth Sewer Revenue Bonds		<u>30,609,794</u>	
TOTAL DEBT APPLICABLE TO DEBT LIMIT			<u><u>100,088,975</u></u>
LEGAL DEBT MARGIN		\$	<u><u>152,726,067</u></u>

Note: Legally defeased debt secured by pledged funds is not included in the outstanding general obligation bond total.

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Net Bonded Debt</u>	<u>Taxable Assessed Value (A)</u>	<u>Percentage of Net General Bonded Debt to Assessed Value</u>	<u>Population (B)</u>	<u>Net General Bonded Debt Per Capita</u>
1994	\$ 5,563,464	\$ 1,438,309,091	0.39%	124,753	\$ 44.60
1995	5,243,865	1,487,150,602	0.35%	127,671	41.07
1996	4,915,712	1,535,992,353	0.32%	131,078	37.50
1997	7,570,782	1,584,604,387	0.48%	133,661	56.64
1998	7,199,603	1,644,541,934	0.44%	136,707	52.66
1999	6,807,575	1,692,448,764	0.40%	140,308	48.52
2000	3,494,353	1,759,988,579	0.20%	156,638	22.31
2001	-	1,833,503,269	0.00%	160,172	-
2002	-	1,913,170,693	0.00%	163,085	-
2003	-	1,994,171,500	0.00%	167,904	-

Notes:

1. Net bonded debt includes tax supported debt repaid from general County sources including property taxes. It does not include general obligation or revenue debt repaid by sewer and water districts.

Sources:

- A. Sussex County Assessment Division
- B. U.S. Bureau of the Census and Delaware Population Consortium

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal Payments (1)	Interest Payments (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1994	\$ 314,207	\$ 214,746	\$ 528,953	\$ 16,256,411	3.25%
1995	319,599	263,213	582,812	18,208,956	3.20%
1996	331,623	252,500	584,123	22,958,906	2.54%
1997	357,506	347,628	705,134	21,774,893	3.24%
1998	1,344,460	406,543	1,751,003	21,985,729	7.96%
1999	392,028	359,223	751,251	21,986,790	3.42%
2000	3,313,223	285,466	3,598,689	28,645,211	12.56%
2001	3,494,353	202,478	3,696,831	34,725,515	10.65%
2002	-	-	-	34,885,577	0.00%
2003	-	-	-	35,666,088	0.00%

Notes:

1. Excludes Enterprise Fund debt service but includes bond prepayments.
2. Excludes Enterprise Fund debt service but includes amortization costs.
3. Total debt service for fiscal year 1995 thru 1998 reflects principal and interest payments for notes payable as well as for bonds payable.

SUSSEX COUNTY, DELAWARE
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 JUNE 30, 2003

Jurisdiction	Gross General Obligation Debt Outstanding	Percentage Applicable to Sussex County	Amount Applicable to Sussex County
TOTAL DIRECT DEBT (1)			
Sussex County Council	\$ 100,088,975	100%	\$ 100,088,975
OTHER DEBT OF COUNTY POLITICAL SUBDIVISIONS			
School Districts: (2)			
Cape Henlopen	8,980,660	100%	8,980,660
Delmar	3,167,545	100%	3,167,545
Indian River	28,289,318	100%	28,289,318
Laurel	1,098,557	100%	1,098,557
Milford	6,595,380	67%	4,396,920
Seaford	6,408,442	100%	6,408,442
Sussex Tech	4,711,878	100%	4,711,878
Woodbridge	5,503,504	99%	5,448,469
Total School Districts	64,755,284		62,501,789
Municipalities: (3)			
Bethany Beach	2,829,854	100%	2,829,854
Blades	531,388	100%	531,388
Bridgeville	2,308,572	100%	2,308,572
Frankford	820,000	100%	820,000
Georgetown	10,190,122	100%	10,190,122
Greenwood	932,000	100%	932,000
Laurel	2,290,784	100%	2,290,784
Milford	14,531,236	70%	10,171,865
Millsboro	400,000	100%	400,000
Seaford	7,144,435	100%	7,144,435
Selbyville	3,555,540	100%	3,555,540
Total Municipalities	45,533,931		41,174,560
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 210,378,190		\$ 203,765,324

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

Sources:

1. Sussex County Department of Finance
2. Delaware State Treasurer's Office
3. Delaware State Treasurer's Office and Sussex County Towns

**SUSSEX COUNTY, DELAWARE
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

West Rehoboth Expansion Sewer System

<u>Fiscal Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Available For Debt Service</u>	<u>Debt Service Requirements</u>	<u>Coverage Ratio</u>
1994	N/A	N/A	N/A	N/A	N/A
1995	N/A	N/A	N/A	N/A	N/A
1996	\$ 1,935,148	\$ 468,084	\$ 1,467,064	\$ 761,354	1.93
1997	5,277,608	1,132,265	4,145,343	1,859,245	2.23
1998	6,352,519	1,093,404	5,259,115	2,202,693	2.39
1999	5,863,597	1,081,311	4,782,286	2,202,693	2.17
2000	7,426,137	1,265,139	6,160,998	2,357,693	2.61
2001	8,321,294	1,556,882	6,764,412	2,587,891	2.61
2002	9,455,029	1,458,191	7,996,838	2,554,266	3.13
2003	11,006,550	1,694,092	9,312,458	2,461,746	3.78

Notes:

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

	<u>Issuance Amount</u>
a. Bond Issue 1995	\$ 20,825,000
b. Subordinated Obligations 1994 SRF-A	13,000,000
c. Subordinated Obligations 1994 SRF-B	4,000,000

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

Year	Population (1)	Per Capita Income (2)	Median Age	Public School Enrollment (3)	Unemployment Rate (4)
1994	124,753	\$ 18,477	*	20,142	5.0%
1995	127,671	18,901	*	20,549	6.7%
1996	131,078	19,895	*	20,887	5.3%
1997	133,661	20,222	*	21,073	3.7%
1998	136,707	21,163	38.0	21,246	3.7%
1999	140,308	21,423	36.0	21,432	3.9%
2000	156,638	22,185	41.1	21,781	2.9%
2001	160,172	23,232	*	21,878	3.9%
2002	163,085	*	*	21,547	4.0%
2003	167,904	*	*	25,055	2.7%

Sources:

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

* Figures not available

**SUSSEX COUNTY, DELAWARE
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Assessed Property Value</u>		<u>Construction</u>		<u>Bank Deposits (in millions)</u>
	<u>Taxable</u>	<u>Non-Taxable</u>	<u>Number of Permits</u>	<u>Estimated Value of Permits</u>	
1994	\$ 1,438,309,091	\$ 24,647,750	6,750	\$ 184,055,128	\$ 1,609
1995	1,487,150,602	24,712,592	6,896	238,825,589	1,749
1996	1,535,992,353	24,961,725	7,185	227,687,698	7,223
1997	1,584,604,387	25,239,867	7,544	295,103,655	8,692
1998	1,644,541,934	24,802,843	7,877	310,884,342	9,729
1999	1,692,448,764	24,637,240	8,640	390,761,657	11,058
2000	1,759,988,579	24,595,234	8,511	370,747,700	14,796
2001	1,833,503,269	24,056,900	8,459	392,619,923	15,232
2002	1,913,170,693	23,367,548	9,388	463,462,847	15,183
2003	1,994,171,500	22,854,792	9,741	570,288,251	15,550

Notes:

1. Construction permit information reflects building permits issued without permits for new manufactured homes.
2. Assessed values reflect the initial property tax billings for each fiscal year.
3. Assessed values reflect 50% of appraisal which is based on 1973 market values.

Sources: Sussex County Government Assessment, Data Processing and Planning and Zoning Departments, Georgetown, Delaware and FDIC for bank deposits.

**SUSSEX COUNTY, DELAWARE
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Verizon	Telephone Utility	\$ 35,639,325	1.69%
Conectiv Power Delivery	Public Utility	19,734,824	0.94%
Indian River Power LLC	Public Utility	12,737,071	0.60%
E. I. duPont de Nemours Company	Chemicals and Synthetics	9,484,250	0.45%
Mountaire Farms of Delaware, Inc.	Poultry Industry	4,355,000	0.21%
Carl M. Freeman Associates, Inc.	Development Company	3,327,600	0.16%
Chesapeake Utilities Corporation	Public Utility	3,230,324	0.15%
Eastern Shore Natural Gas Co.	Public Utility	3,147,731	0.15%
M & T Bank	Banking	3,135,800	0.15%
Pinnacle Foods Corporation	Food Industry	2,798,600	0.13%
Tunnell Companies LP	Real Estate	2,601,100	0.12%
Penco Corporation	Plumbing Retail	2,521,400	0.12%
		<u>\$ 102,713,025</u>	<u>4.87%</u>

Sources: Sussex County Government Data Processing and Assessment Departments, Georgetown, Delaware.

Date of reorganization	January 5, 1971
Form of government	Council-Executive
County seat	Georgetown
Area	946 square miles
Density	177 per square mile

The following selected statistics present Sussex County governmental services and facilities. Similar services and facilities provided by the state and incorporated municipalities are not included, unless noted otherwise below.

Public Safety:

Paramedic stations	7
Paramedic staff	76
Paramedic Incidents Dispatched - fiscal year 2003	10,421
911 calls - fiscal year 2003	91,511
Volunteer fire and ambulance companies	24
Additional State Police officers funded by county	16

Sewer and Water Services:

Sewer customers, EDU's billed	41,431
Water customers, EDU's billed	3,530
Miles of underground sanitary sewer pipe	517
Number of feet of ocean outfall sewer pipe	6,500
Pump stations	261
Spray irrigated facilities	3
Secondary treatment plants	4

Libraries:

Directly administered	3
Number of county funded, with independent board	11
Bookmobiles	1
Circulation	915,491

Sussex County Airport:

Paved runway footage	7,300
Number of hangars	20
Number of landings fiscal year 2003	15,106

Sussex County Industrial Park:

Number of businesses	18
Number of jobs provided by businesses	650

Population:

Estimated population, 2003	167,904
Percent change, 2000 to 2003	7.2%
Census population, 2000	156,638
Percent change, 1990 to 2000	38.3%

Full-Time Positions

442

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY)
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 20, 2003	4.50 %	\$ 34,021	\$ 105,066
December 20, 2003	4.50	34,403	104,684
March 20, 2004	4.50	34,790	104,297
June 20, 2004	4.50	35,182	103,905
September 20, 2004	4.50	35,577	103,510
December 20, 2004	4.50	35,978	103,109
March 20, 2005	4.50	36,382	102,705
June 20, 2005	4.50	36,792	102,295
September 20, 2005	4.50	37,206	101,881
December 20, 2005	4.50	37,624	101,463
March 20, 2006	4.50	38,048	101,039
June 20, 2006	4.50	38,476	100,611
September 20, 2006	4.50	38,908	100,179
December 20, 2006	4.50	39,346	99,741
March 20, 2007	4.50	39,789	99,298
June 20, 2007	4.50	40,236	98,851
September 20, 2007	4.50	40,689	98,398
December 20, 2007	4.50	41,147	97,940
March 20, 2008	4.50	41,610	97,477
June 20, 2008	4.50	42,078	97,009
September 20, 2008	4.50	42,551	96,536
December 20, 2008	4.50	43,030	96,057
March 20, 2009	4.50	43,514	95,573
June 20, 2009	4.50	44,003	95,084
September 20, 2009	4.50	44,499	94,588
December 20, 2009	4.50	44,999	94,088
March 20, 2010	4.50	45,505	93,582
June 20, 2010	4.50	46,017	93,070
September 20, 2010	4.50	46,535	92,552
December 20, 2010	4.50	47,059	92,028
March 20, 2011	4.50	47,588	91,499
June 20, 2011	4.50	48,123	90,964
September 20, 2011	4.50	48,665	90,422
December 20, 2011	4.50	49,212	89,875
March 20, 2012	4.50	49,766	89,321
June 20, 2012	4.50	50,326	88,761
September 20, 2012	4.50	50,892	88,195
December 20, 2012	4.50	51,464	87,623
March 20, 2013	4.50	52,043	87,044
June 20, 2013	4.50	52,629	86,458
September 20, 2013	4.50	53,221	85,866
December 20, 2013	4.50	53,820	85,267
March 20, 2014	4.50	54,425	84,662
June 20, 2014	4.50	55,037	84,050
September 20, 2014	4.50	55,657	83,430
December 20, 2014	4.50	56,283	82,804
March 20, 2015	4.50	56,916	82,171
June 20, 2015	4.50	57,556	81,531
September 20, 2015	4.50	58,204	80,883
December 20, 2015	4.50	58,858	80,229
March 20, 2016	4.50	59,521	79,566
June 20, 2016	4.50	60,190	78,897
September 20, 2016	4.50	60,867	78,220

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 20, 2016	4.50 %	\$ 61,552	\$ 77,535
March 20, 2017	4.50	62,245	76,842
June 20, 2017	4.50	62,945	76,142
September 20, 2017	4.50	63,653	75,434
December 20, 2017	4.50	64,369	74,718
March 20, 2018	4.50	65,093	73,994
June 20, 2018	4.50	65,826	73,261
September 20, 2018	4.50	66,566	72,521
December 20, 2018	4.50	67,315	71,772
March 20, 2019	4.50	68,072	71,015
June 20, 2019	4.50	68,838	70,249
September 20, 2019	4.50	69,612	69,475
December 20, 2019	4.50	70,396	68,691
March 20, 2020	4.50	71,188	67,899
June 20, 2020	4.50	71,988	67,099
September 20, 2020	4.50	72,798	66,289
December 20, 2020	4.50	73,617	65,470
March 20, 2021	4.50	74,445	64,642
June 20, 2021	4.50	75,283	63,804
September 20, 2021	4.50	76,130	62,957
December 20, 2021	4.50	76,986	62,101
March 20, 2022	4.50	77,852	61,235
June 20, 2022	4.50	78,728	60,359
September 20, 2022	4.50	79,614	59,473
December 20, 2022	4.50	80,510	58,577
March 20, 2023	4.50	81,415	57,672
June 20, 2023	4.50	82,331	56,756
September 20, 2023	4.50	83,258	55,829
December 20, 2023	4.50	84,194	54,893
March 20, 2024	4.50	85,141	53,946
June 20, 2024	4.50	86,099	52,988
September 20, 2024	4.50	87,068	52,019
December 20, 2024	4.50	88,047	51,040
March 20, 2025	4.50	89,038	50,049
June 20, 2025	4.50	90,040	49,047
September 20, 2025	4.50	91,053	48,034
December 20, 2025	4.50	92,077	47,010
March 20, 2026	4.50	93,113	45,974
June 20, 2026	4.50	94,160	44,927
September 20, 2026	4.50	95,220	43,867
December 20, 2026	4.50	96,291	42,796
March 20, 2027	4.50	97,374	41,713
June 20, 2027	4.50	98,469	40,618
September 20, 2027	4.50	99,577	39,510
December 20, 2027	4.50	100,698	38,389
March 20, 2028	4.50	101,830	37,257
June 20, 2028	4.50	102,976	36,111
September 20, 2028	4.50	104,134	34,953
December 20, 2028	4.50	105,306	33,781
March 20, 2029	4.50	106,491	32,596
June 20, 2029	4.50	107,689	31,398
September 20, 2029	4.50	108,900	30,187
December 20, 2029	4.50	110,125	28,962

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 20, 2030	4.50 %	\$ 111,364	\$ 27,723
June 20, 2030	4.50	112,617	26,470
September 20, 2030	4.50	113,884	25,203
December 20, 2030	4.50	115,165	23,922
March 20, 2031	4.50	116,461	22,626
June 20, 2031	4.50	117,771	21,316
September 20, 2031	4.50	119,096	19,991
December 20, 2031	4.50	120,436	18,651
March 20, 2032	4.50	121,791	17,296
June 20, 2032	4.50	123,161	15,926
September 20, 2032	4.50	124,546	14,541
December 20, 2032	4.50	125,947	13,140
March 20, 2033	4.50	127,364	11,723
June 20, 2033	4.50	128,797	10,290
September 20, 2033	4.50	130,246	8,841
December 20, 2033	4.50	131,711	7,376
March 20, 2034	4.50	133,193	5,894
June 20, 2034	4.50	134,692	4,395
September 20, 2034	4.50	136,207	2,880
December 20, 2034	4.50	118,611	1,348
		<u>\$ 9,338,052</u>	<u>\$ 8,167,782</u>

SUSSEX COUNTY, DELAWARE
 SRF SUBORDINATE OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2004	1.50 %	\$ 760,698	\$ 169,347
June 15, 2005	1.50	772,109	157,937
June 15, 2006	1.50	783,691	146,354
June 15, 2007	1.50	795,446	134,599
June 15, 2008	1.50	807,378	122,667
June 15, 2009	1.50	819,488	110,557
June 15, 2010	1.50	831,781	98,264
June 15, 2011	1.50	844,258	85,788
June 15, 2012	1.50	856,921	73,125
June 15, 2013	1.50	869,775	60,271
June 15, 2014	1.50	882,822	47,224
June 15, 2015	1.50	896,064	33,981
June 15, 2016	1.50	909,505	20,540
December 15, 2016	1.50	459,858	3,449
		<u>\$ 11,289,794</u>	<u>\$ 1,264,103</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT REVENUE BONDS - 1995
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2003	- %	\$ -	\$ 520,275
June 15, 2004	4.65	490,000	520,275
December 15, 2004	-	-	508,883
June 15, 2005	4.75	510,000	508,883
December 15, 2005	-	-	496,770
June 15, 2006	4.85	535,000	496,770
December 15, 2006	-	-	483,796
June 15, 2007	5.00	560,000	483,796
December 15, 2007	-	-	469,796
June 15, 2008	5.10	590,000	469,796
December 15, 2008	-	-	454,751
June 15, 2009	5.20	620,000	454,751
December 15, 2009	-	-	438,631
June 15, 2010	5.30	650,000	438,631
December 15, 2010	-	-	421,406
June 15, 2011	5.40	690,000	421,406
December 15, 2011	-	-	402,776
June 15, 2012	5.45	725,000	402,776
December 15, 2012	-	-	383,020
June 15, 2013	5.45	765,000	383,020
December 15, 2013	-	-	362,174
June 15, 2014	5.45	805,000	362,174
December 15, 2014	-	-	340,238
June 15, 2015	5.45	850,000	340,238
December 15, 2015	-	-	317,075
June 15, 2016	5.50	895,000	317,075
December 15, 2016	-	-	292,463
June 15, 2017	5.50	945,000	292,463
December 15, 2017	-	-	266,475
June 15, 2018	5.50	995,000	266,475
December 15, 2018	-	-	239,113
June 15, 2019	5.50	1,055,000	239,113
December 15, 2019	-	-	210,100
June 15, 2020	5.50	1,105,000	210,100
December 15, 2020	-	-	179,713
June 15, 2021	5.50	1,170,000	179,713
December 15, 2021	-	-	147,538
June 15, 2022	5.50	1,235,000	147,538
December 15, 2022	-	-	113,575
June 15, 2023	5.50	1,305,000	113,575
December 15, 2023	-	-	77,688
June 15, 2024	5.50	1,375,000	77,688
December 15, 2024	-	-	39,875
June 15, 2025	5.50	1,450,000	39,875
		<u>\$ 19,320,000</u>	<u>\$ 14,332,262</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 9, 2003	4.50 %	\$ 12,196	\$ 38,228
December 9, 2003	4.50	12,334	38,090
March 9, 2004	4.50	12,472	37,952
June 9, 2004	4.50	12,613	37,811
September 9, 2004	4.50	12,755	37,669
December 9, 2004	4.50	12,898	37,526
March 9, 2005	4.50	13,043	37,381
June 9, 2005	4.50	13,190	37,234
September 9, 2005	4.50	13,338	37,086
December 9, 2005	4.50	13,488	36,936
March 9, 2006	4.50	13,640	36,784
June 9, 2006	4.50	13,793	36,631
September 9, 2006	4.50	13,949	36,475
December 9, 2006	4.50	14,106	36,318
March 9, 2007	4.50	14,264	36,160
June 9, 2007	4.50	14,425	35,999
September 9, 2007	4.50	14,587	35,837
December 9, 2007	4.50	14,751	35,673
March 9, 2008	4.50	14,917	35,507
June 9, 2008	4.50	15,085	35,339
September 9, 2008	4.50	15,255	35,169
December 9, 2008	4.50	15,426	34,998
March 9, 2009	4.50	15,600	34,824
June 9, 2009	4.50	15,775	34,649
September 9, 2009	4.50	15,953	34,471
December 9, 2009	4.50	16,132	34,292
March 9, 2010	4.50	16,314	34,110
June 9, 2010	4.50	16,497	33,927
September 9, 2010	4.50	16,683	33,741
December 9, 2010	4.50	16,870	33,554
March 9, 2011	4.50	17,060	33,364
June 9, 2011	4.50	17,252	33,172
September 9, 2011	4.50	17,446	32,978
December 9, 2011	4.50	17,643	32,781
March 9, 2012	4.50	17,841	32,583
June 9, 2012	4.50	18,042	32,382
September 9, 2012	4.50	18,245	32,179
December 9, 2012	4.50	18,450	31,974
March 9, 2013	4.50	18,658	31,766
June 9, 2013	4.50	18,867	31,557
September 9, 2013	4.50	19,080	31,344
December 9, 2013	4.50	19,294	31,130
March 9, 2014	4.50	19,511	30,913
June 9, 2014	4.50	19,731	30,693
September 9, 2014	4.50	19,953	30,471
December 9, 2014	4.50	20,177	30,247
March 9, 2015	4.50	20,404	30,020
June 9, 2015	4.50	20,634	29,790
September 9, 2015	4.50	20,866	29,558
December 9, 2015	4.50	21,101	29,323
March 9, 2016	4.50	21,338	29,086
June 9, 2016	4.50	21,578	28,846
September 9, 2016	4.50	21,821	28,603

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 9, 2016	4.50 %	\$ 22,066	\$ 28,358
March 9, 2017	4.50	22,315	28,109
June 9, 2017	4.50	22,566	27,858
September 9, 2017	4.50	22,820	27,604
December 9, 2017	4.50	23,076	27,348
March 9, 2018	4.50	23,336	27,088
June 9, 2018	4.50	23,598	26,826
September 9, 2018	4.50	23,864	26,560
December 9, 2018	4.50	24,132	26,292
March 9, 2019	4.50	24,404	26,020
June 9, 2019	4.50	24,678	25,746
September 9, 2019	4.50	24,956	25,468
December 9, 2019	4.50	25,237	25,187
March 9, 2020	4.50	25,521	24,903
June 9, 2020	4.50	25,808	24,616
September 9, 2020	4.50	26,098	24,326
December 9, 2020	4.50	26,392	24,032
March 9, 2021	4.50	26,689	23,735
June 9, 2021	4.50	26,989	23,435
September 9, 2021	4.50	27,293	23,131
December 9, 2021	4.50	27,600	22,824
March 9, 2022	4.50	27,910	22,514
June 9, 2022	4.50	28,224	22,200
September 9, 2022	4.50	28,542	21,882
December 9, 2022	4.50	28,863	21,561
March 9, 2023	4.50	29,187	21,237
June 9, 2023	4.50	29,516	20,908
September 9, 2023	4.50	29,848	20,576
December 9, 2023	4.50	30,184	20,240
March 9, 2024	4.50	30,523	19,901
June 9, 2024	4.50	30,867	19,557
September 9, 2024	4.50	31,214	19,210
December 9, 2024	4.50	31,565	18,859
March 9, 2025	4.50	31,920	18,504
June 9, 2025	4.50	32,279	18,145
September 9, 2025	4.50	32,642	17,782
December 9, 2025	4.50	33,010	17,414
March 9, 2026	4.50	33,381	17,043
June 9, 2026	4.50	33,756	16,668
September 9, 2026	4.50	34,136	16,288
December 9, 2026	4.50	34,520	15,904
March 9, 2027	4.50	34,909	15,515
June 9, 2027	4.50	35,301	15,123
September 9, 2027	4.50	35,698	14,726
December 9, 2027	4.50	36,100	14,324
March 9, 2028	4.50	36,506	13,918
June 9, 2028	4.50	36,917	13,507
September 9, 2028	4.50	37,332	13,092
December 9, 2028	4.50	37,752	12,672
March 9, 2029	4.50	38,177	12,247
June 9, 2029	4.50	38,606	11,818
September 9, 2029	4.50	39,041	11,383
December 9, 2029	4.50	39,480	10,944

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 9, 2030	4.50 %	\$ 39,924	\$ 10,500
June 9, 2030	4.50	40,373	10,051
September 9, 2030	4.50	40,827	9,597
December 9, 2030	4.50	41,287	9,137
March 9, 2031	4.50	41,751	8,673
June 9, 2031	4.50	42,221	8,203
September 9, 2031	4.50	42,696	7,728
December 9, 2031	4.50	43,176	7,248
March 9, 2032	4.50	43,662	6,762
June 9, 2032	4.50	44,153	6,271
September 9, 2032	4.50	44,650	5,774
December 9, 2032	4.50	45,152	5,272
March 9, 2033	4.50	45,660	4,764
June 9, 2033	4.50	46,174	4,250
September 9, 2033	4.50	46,693	3,731
December 9, 2033	4.50	47,219	3,205
March 9, 2034	4.50	47,750	2,674
June 9, 2034	4.50	48,287	2,137
September 9, 2034	4.50	48,830	1,594
December 9, 2034	4.50	49,380	1,044
March 9, 2035	4.50	43,775	490
		<u>\$ 3,398,325</u>	<u>\$ 2,999,364</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 27, 2003	4.50 %	\$ 21,970	\$ 69,836
December 27, 2003	4.50	22,217	69,589
March 27, 2004	4.50	22,467	69,339
June 27, 2004	4.50	22,719	69,087
September 27, 2004	4.50	22,975	68,831
December 27, 2004	4.50	23,234	68,572
March 27, 2005	4.50	23,495	68,311
June 27, 2005	4.50	23,759	68,047
September 27, 2005	4.50	24,027	67,779
December 27, 2005	4.50	24,297	67,509
March 27, 2006	4.50	24,570	67,236
June 27, 2006	4.50	24,847	66,959
September 27, 2006	4.50	25,126	66,680
December 27, 2006	4.50	25,409	66,397
March 27, 2007	4.50	25,695	66,111
June 27, 2007	4.50	25,984	65,822
September 27, 2007	4.50	26,276	65,530
December 27, 2007	4.50	26,572	65,234
March 27, 2008	4.50	26,871	64,935
June 27, 2008	4.50	27,173	64,633
September 27, 2008	4.50	27,479	64,327
December 27, 2008	4.50	27,788	64,018
March 27, 2009	4.50	28,100	63,706
June 27, 2009	4.50	28,416	63,390
September 27, 2009	4.50	28,736	63,070
December 27, 2009	4.50	29,059	62,747
March 27, 2010	4.50	29,386	62,420
June 27, 2010	4.50	29,717	62,089
September 27, 2010	4.50	30,051	61,755
December 27, 2010	4.50	30,389	61,417
March 27, 2011	4.50	30,731	61,075
June 27, 2011	4.50	31,077	60,729
September 27, 2011	4.50	31,426	60,380
December 27, 2011	4.50	31,780	60,026
March 27, 2012	4.50	32,138	59,668
June 27, 2012	4.50	32,499	59,307
September 27, 2012	4.50	32,865	58,941
December 27, 2012	4.50	33,234	58,572
March 27, 2013	4.50	33,608	58,198
June 27, 2013	4.50	33,986	57,820
September 27, 2013	4.50	34,369	57,437
December 27, 2013	4.50	34,755	57,051
March 27, 2014	4.50	35,146	56,660
June 27, 2014	4.50	35,542	56,264
September 27, 2014	4.50	35,942	55,864
December 27, 2014	4.50	36,346	55,460
March 27, 2015	4.50	36,755	55,051
June 27, 2015	4.50	37,168	54,638
September 27, 2015	4.50	37,587	54,219
December 27, 2015	4.50	38,009	53,797
March 27, 2016	4.50	38,437	53,369
June 27, 2016	4.50	38,869	52,937
September 27, 2016	4.50	39,307	52,499

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 27, 2016	4.50 %	\$ 39,749	\$ 52,057
March 27, 2017	4.50	40,196	51,610
June 27, 2017	4.50	40,648	51,158
September 27, 2017	4.50	41,106	50,700
December 27, 2017	4.50	41,568	50,238
March 27, 2018	4.50	42,036	49,770
June 27, 2018	4.50	42,509	49,297
September 27, 2018	4.50	42,987	48,819
December 27, 2018	4.50	43,470	48,336
March 27, 2019	4.50	43,959	47,847
June 27, 2019	4.50	44,454	47,352
September 27, 2019	4.50	44,954	46,852
December 27, 2019	4.50	45,460	46,346
March 27, 2020	4.50	45,971	45,835
June 27, 2020	4.50	46,488	45,318
September 27, 2020	4.50	47,011	44,795
December 27, 2020	4.50	47,540	44,266
March 27, 2021	4.50	48,075	43,731
June 27, 2021	4.50	48,616	43,190
September 27, 2021	4.50	49,163	42,643
December 27, 2021	4.50	49,716	42,090
March 27, 2022	4.50	50,275	41,531
June 27, 2022	4.50	50,840	40,966
September 27, 2022	4.50	51,413	40,393
December 27, 2022	4.50	51,991	39,815
March 27, 2023	4.50	52,576	39,230
June 27, 2023	4.50	53,168	38,638
September 27, 2023	4.50	53,766	38,040
December 27, 2023	4.50	54,371	37,435
March 27, 2024	4.50	54,982	36,824
June 27, 2024	4.50	55,601	36,205
September 27, 2024	4.50	56,226	35,580
December 27, 2024	4.50	56,859	34,947
March 27, 2025	4.50	57,499	34,307
June 27, 2025	4.50	58,145	33,661
September 27, 2025	4.50	58,799	33,007
December 27, 2025	4.50	59,461	32,345
March 27, 2026	4.50	60,130	31,676
June 27, 2026	4.50	60,806	31,000
September 27, 2026	4.50	61,490	30,316
December 27, 2026	4.50	62,182	29,624
March 27, 2027	4.50	62,882	28,924
June 27, 2027	4.50	63,589	28,217
September 27, 2027	4.50	64,305	27,501
December 27, 2027	4.50	65,028	26,778
March 27, 2028	4.50	65,760	26,046
June 27, 2028	4.50	66,499	25,307
September 27, 2028	4.50	67,247	24,559
December 27, 2028	4.50	68,004	23,802
March 27, 2029	4.50	68,769	23,037
June 27, 2029	4.50	69,543	22,263
September 27, 2029	4.50	70,325	21,481
December 27, 2029	4.50	71,116	20,690

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 27, 2030	4.50 %	\$ 71,916	\$ 19,890
June 27, 2030	4.50	72,725	19,081
September 27, 2030	4.50	73,544	18,262
December 27, 2030	4.50	74,371	17,435
March 27, 2031	4.50	75,208	16,598
June 27, 2031	4.50	76,054	15,752
September 27, 2031	4.50	76,909	14,897
December 27, 2031	4.50	77,775	14,031
March 27, 2032	4.50	78,649	13,157
June 27, 2032	4.50	79,534	12,272
September 27, 2032	4.50	80,429	11,377
December 27, 2032	4.50	81,334	10,472
March 27, 2033	4.50	82,249	9,557
June 27, 2033	4.50	83,174	8,632
September 27, 2033	4.50	84,110	7,696
December 27, 2033	4.50	85,056	6,750
March 27, 2034	4.50	86,013	5,793
June 27, 2034	4.50	86,981	4,825
September 27, 2034	4.50	87,959	3,847
December 27, 2034	4.50	88,949	2,857
March 27, 2035	4.50	89,949	1,857
June 27, 2035	4.50	75,684	846
		<u>\$ 6,208,275</u>	<u>\$ 5,527,617</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2003	4.50 %	\$ 19,740	\$ 63,720
December 26, 2003	4.50	19,962	63,498
March 26, 2004	4.50	20,187	63,273
June 26, 2004	4.50	20,414	63,046
September 26, 2004	4.50	20,643	62,817
December 26, 2004	4.50	20,876	62,584
March 26, 2005	4.50	21,110	62,350
June 26, 2005	4.50	21,348	62,112
September 26, 2005	4.50	21,588	61,872
December 26, 2005	4.50	21,831	61,629
March 26, 2006	4.50	22,077	61,383
June 26, 2006	4.50	22,325	61,135
September 26, 2006	4.50	22,576	60,884
December 26, 2006	4.50	22,830	60,630
March 26, 2007	4.50	23,087	60,373
June 26, 2007	4.50	23,347	60,113
September 26, 2007	4.50	23,609	59,851
December 26, 2007	4.50	23,875	59,585
March 26, 2008	4.50	24,143	59,317
June 26, 2008	4.50	24,415	59,045
September 26, 2008	4.50	24,690	58,770
December 26, 2008	4.50	24,967	58,493
March 26, 2009	4.50	25,248	58,212
June 26, 2009	4.50	25,532	57,928
September 26, 2009	4.50	25,820	57,640
December 26, 2009	4.50	26,110	57,350
March 26, 2010	4.50	26,404	57,056
June 26, 2010	4.50	26,701	56,759
September 26, 2010	4.50	27,001	56,459
December 26, 2010	4.50	27,305	56,155
March 26, 2011	4.50	27,612	55,848
June 26, 2011	4.50	27,923	55,537
September 26, 2011	4.50	28,237	55,223
December 26, 2011	4.50	28,555	54,905
March 26, 2012	4.50	28,876	54,584
June 26, 2012	4.50	29,201	54,259
September 26, 2012	4.50	29,529	53,931
December 26, 2012	4.50	29,861	53,599
March 26, 2013	4.50	30,197	53,263
June 26, 2013	4.50	30,537	52,923
September 26, 2013	4.50	30,881	52,579
December 26, 2013	4.50	31,228	52,232
March 26, 2014	4.50	31,579	51,881
June 26, 2014	4.50	31,935	51,525
September 26, 2014	4.50	32,294	51,166
December 26, 2014	4.50	32,657	50,803
March 26, 2015	4.50	33,025	50,435
June 26, 2015	4.50	33,396	50,064
September 26, 2015	4.50	33,772	49,688
December 26, 2015	4.50	34,152	49,308
March 26, 2016	4.50	34,536	48,924
June 26, 2016	4.50	34,925	48,535
September 26, 2016	4.50	35,317	48,143

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 26, 2016	4.50 %	\$ 35,715	\$ 47,745
March 26, 2017	4.50	36,117	47,343
June 26, 2017	4.50	36,523	46,937
September 26, 2017	4.50	36,934	46,526
December 26, 2017	4.50	37,349	46,111
March 26, 2018	4.50	37,769	45,691
June 26, 2018	4.50	38,194	45,266
September 26, 2018	4.50	38,624	44,836
December 26, 2018	4.50	39,059	44,401
March 26, 2019	4.50	39,498	43,962
June 26, 2019	4.50	39,942	43,518
September 26, 2019	4.50	40,392	43,068
December 26, 2019	4.50	40,846	42,614
March 26, 2020	4.50	41,306	42,154
June 26, 2020	4.50	41,770	41,690
September 26, 2020	4.50	42,240	41,220
December 26, 2020	4.50	42,715	40,745
March 26, 2021	4.50	43,196	40,264
June 26, 2021	4.50	43,682	39,778
September 26, 2021	4.50	44,173	39,287
December 26, 2021	4.50	44,670	38,790
March 26, 2022	4.50	45,173	38,287
June 26, 2022	4.50	45,681	37,779
September 26, 2022	4.50	46,195	37,265
December 26, 2022	4.50	46,715	36,745
March 26, 2023	4.50	47,240	36,220
June 26, 2023	4.50	47,772	35,688
September 26, 2023	4.50	48,309	35,151
December 26, 2023	4.50	48,852	34,608
March 26, 2024	4.50	49,402	34,058
June 26, 2024	4.50	49,958	33,502
September 26, 2024	4.50	50,520	32,940
December 26, 2024	4.50	51,088	32,372
March 26, 2025	4.50	51,663	31,797
June 26, 2025	4.50	52,244	31,216
September 26, 2025	4.50	52,832	30,628
December 26, 2025	4.50	53,426	30,034
March 26, 2026	4.50	54,027	29,433
June 26, 2026	4.50	54,635	28,825
September 26, 2026	4.50	55,250	28,210
December 26, 2026	4.50	55,871	27,589
March 26, 2027	4.50	56,500	26,960
June 26, 2027	4.50	57,135	26,325
September 26, 2027	4.50	57,778	25,682
December 26, 2027	4.50	58,428	25,032
March 26, 2028	4.50	59,086	24,374
June 26, 2028	4.50	59,750	23,710
September 26, 2028	4.50	60,422	23,038
December 26, 2028	4.50	61,102	22,358
March 26, 2029	4.50	61,790	21,670
June 26, 2029	4.50	62,485	20,975
September 26, 2029	4.50	63,188	20,272
December 26, 2029	4.50	63,899	19,561

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 26, 2030	4.50 %	\$ 64,617	\$ 18,843
June 26, 2030	4.50	65,344	18,116
September 26, 2030	4.50	66,080	17,381
December 26, 2030	4.50	66,823	16,637
March 26, 2031	4.50	67,575	15,885
June 26, 2031	4.50	68,335	15,125
September 26, 2031	4.50	69,104	14,356
December 26, 2031	4.50	69,881	13,579
March 26, 2032	4.50	70,667	12,793
June 26, 2032	4.50	71,462	11,998
September 26, 2032	4.50	72,266	11,194
December 26, 2032	4.50	73,079	10,381
March 26, 2033	4.50	73,901	9,559
June 26, 2033	4.50	74,733	8,727
September 26, 2033	4.50	75,573	7,887
December 26, 2033	4.50	76,424	7,036
March 26, 2034	4.50	77,283	6,177
June 26, 2034	4.50	78,153	5,307
September 26, 2034	4.50	79,032	4,428
December 26, 2034	4.50	79,921	3,539
March 26, 2035	4.50	80,820	2,640
June 26, 2035	4.50	81,730	1,730
September 26, 2035	4.50	71,177	810
		<u>\$ 5,663,096</u>	<u>\$ 5,091,772</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2003	4.50 %	\$ 9,760	\$ 31,970
December 22, 2003	4.50	9,870	31,860
March 22, 2004	4.50	9,981	31,749
June 22, 2004	4.50	10,093	31,637
September 22, 2004	4.50	10,207	31,523
December 22, 2004	4.50	10,322	31,408
March 22, 2005	4.50	10,438	31,292
June 22, 2005	4.50	10,555	31,175
September 22, 2005	4.50	10,674	31,056
December 22, 2005	4.50	10,794	30,936
March 22, 2006	4.50	10,915	30,815
June 22, 2006	4.50	11,038	30,692
September 22, 2006	4.50	11,162	30,568
December 22, 2006	4.50	11,288	30,442
March 22, 2007	4.50	11,415	30,315
June 22, 2007	4.50	11,543	30,187
September 22, 2007	4.50	11,673	30,057
December 22, 2007	4.50	11,805	29,925
March 22, 2008	4.50	11,937	29,793
June 22, 2008	4.50	12,072	29,658
September 22, 2008	4.50	12,208	29,522
December 22, 2008	4.50	12,345	29,385
March 22, 2009	4.50	12,484	29,246
June 22, 2009	4.50	12,624	29,106
September 22, 2009	4.50	12,766	28,964
December 22, 2009	4.50	12,910	28,820
March 22, 2010	4.50	13,055	28,675
June 22, 2010	4.50	13,202	28,528
September 22, 2010	4.50	13,350	28,380
December 22, 2010	4.50	13,500	28,229
March 22, 2011	4.50	13,653	28,077
June 22, 2011	4.50	13,806	27,924
September 22, 2011	4.50	13,961	27,769
December 22, 2011	4.50	14,118	27,612
March 22, 2012	4.50	14,277	27,453
June 22, 2012	4.50	14,438	27,292
September 22, 2012	4.50	14,600	27,130
December 22, 2012	4.50	14,765	26,965
March 22, 2013	4.50	14,931	26,799
June 22, 2013	4.50	15,099	26,631
September 22, 2013	4.50	15,269	26,461
December 22, 2013	4.50	15,440	26,290
March 22, 2014	4.50	15,614	26,116
June 22, 2014	4.50	15,790	25,940
September 22, 2014	4.50	15,967	25,763
December 22, 2014	4.50	16,147	25,583
March 22, 2015	4.50	16,329	25,401
June 22, 2015	4.50	16,512	25,218
September 22, 2015	4.50	16,698	25,032
December 22, 2015	4.50	16,886	24,844
March 22, 2016	4.50	17,076	24,654
June 22, 2016	4.50	17,268	24,462
September 22, 2016	4.50	17,462	24,268

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 22, 2016	4.50 %	\$ 17,659	\$ 24,071
March 22, 2017	4.50	17,857	23,873
June 22, 2017	4.50	18,058	23,672
September 22, 2017	4.50	18,261	23,469
December 22, 2017	4.50	18,467	23,263
March 22, 2018	4.50	18,675	23,055
June 22, 2018	4.50	18,885	22,845
September 22, 2018	4.50	19,097	22,633
December 22, 2018	4.50	19,312	22,418
March 22, 2019	4.50	19,529	22,201
June 22, 2019	4.50	19,749	21,981
September 22, 2019	4.50	19,971	21,759
December 22, 2019	4.50	20,196	21,534
March 22, 2020	4.50	20,423	21,307
June 22, 2020	4.50	20,653	21,077
September 22, 2020	4.50	20,885	20,845
December 22, 2020	4.50	21,120	20,610
March 22, 2021	4.50	21,358	20,372
June 22, 2021	4.50	21,598	20,132
September 22, 2021	4.50	21,841	19,889
December 22, 2021	4.50	22,087	19,643
March 22, 2022	4.50	22,335	19,395
June 22, 2022	4.50	22,586	19,144
September 22, 2022	4.50	22,840	18,890
December 22, 2022	4.50	23,097	18,633
March 22, 2023	4.50	23,357	18,373
June 22, 2023	4.50	23,620	18,110
September 22, 2023	4.50	23,886	17,844
December 22, 2023	4.50	24,154	17,576
March 22, 2024	4.50	24,426	17,304
June 22, 2024	4.50	24,701	17,029
September 22, 2024	4.50	24,979	16,751
December 22, 2024	4.50	25,260	16,470
March 22, 2025	4.50	25,544	16,186
June 22, 2025	4.50	25,831	15,899
September 22, 2025	4.50	26,122	15,608
December 22, 2025	4.50	26,416	15,314
March 22, 2026	4.50	26,713	15,017
June 22, 2026	4.50	27,014	14,716
September 22, 2026	4.50	27,318	14,412
December 22, 2026	4.50	27,625	14,105
March 22, 2027	4.50	27,936	13,794
June 22, 2027	4.50	28,250	13,480
September 22, 2027	4.50	28,568	13,162
December 22, 2027	4.50	28,889	12,841
March 22, 2028	4.50	29,214	12,516
June 22, 2028	4.50	29,543	12,187
September 22, 2028	4.50	29,875	11,855
December 22, 2028	4.50	30,211	11,519
March 22, 2029	4.50	30,551	11,179
June 22, 2029	4.50	30,895	10,835
September 22, 2029	4.50	31,242	10,488
December 22, 2029	4.50	31,594	10,136

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2030	4.50 %	\$ 31,949	\$ 9,781
June 22, 2030	4.50	32,309	9,421
September 22, 2030	4.50	32,672	9,058
December 22, 2030	4.50	33,040	8,690
March 22, 2031	4.50	33,411	8,319
June 22, 2031	4.50	33,787	7,943
September 22, 2031	4.50	34,167	7,563
December 22, 2031	4.50	34,552	7,178
March 22, 2032	4.50	34,941	6,789
June 22, 2032	4.50	35,334	6,396
September 22, 2032	4.50	35,731	5,999
December 22, 2032	4.50	36,133	5,597
March 22, 2033	4.50	36,540	5,190
June 22, 2033	4.50	36,951	4,779
September 22, 2033	4.50	37,366	4,364
December 22, 2033	4.50	37,787	3,943
March 22, 2034	4.50	38,212	3,518
June 22, 2034	4.50	38,642	3,088
September 22, 2034	4.50	39,076	2,654
December 22, 2034	4.50	39,516	2,214
March 22, 2035	4.50	39,961	1,769
June 22, 2035	4.50	40,410	1,320
September 22, 2035	4.50	40,865	865
December 22, 2035	4.50	35,667	405
		<u>\$ 2,841,384</u>	<u>\$ 2,577,857</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
July 17, 2003	4.50 %	\$ 1,412	\$ 4,844
October 17, 2003	4.50	1,428	4,828
January 17, 2004	4.50	1,444	4,812
April 17, 2004	4.50	1,460	4,796
July 17, 2004	4.50	1,477	4,779
October 17, 2004	4.50	1,493	4,763
January 17, 2005	4.50	1,510	4,746
April 17, 2005	4.50	1,527	4,729
July 17, 2005	4.50	1,544	4,712
October 17, 2005	4.50	1,562	4,694
January 17, 2006	4.50	1,579	4,677
April 17, 2006	4.50	1,597	4,659
July 17, 2006	4.50	1,615	4,641
October 17, 2006	4.50	1,633	4,623
January 17, 2007	4.50	1,652	4,604
April 17, 2007	4.50	1,670	4,586
July 17, 2007	4.50	1,689	4,567
October 17, 2007	4.50	1,708	4,548
January 17, 2008	4.50	1,727	4,529
April 17, 2008	4.50	1,747	4,509
July 17, 2008	4.50	1,766	4,490
October 17, 2008	4.50	1,786	4,470
January 17, 2009	4.50	1,806	4,450
April 17, 2009	4.50	1,826	4,430
July 17, 2009	4.50	1,847	4,409
October 17, 2009	4.50	1,868	4,388
January 17, 2010	4.50	1,889	4,367
April 17, 2010	4.50	1,910	4,346
July 17, 2010	4.50	1,932	4,324
October 17, 2010	4.50	1,953	4,303
January 17, 2011	4.50	1,975	4,281
April 17, 2011	4.50	1,997	4,259
July 17, 2011	4.50	2,020	4,236
October 17, 2011	4.50	2,043	4,213
January 17, 2012	4.50	2,066	4,190
April 17, 2012	4.50	2,089	4,167
July 17, 2012	4.50	2,112	4,144
October 17, 2012	4.50	2,136	4,120
January 17, 2013	4.50	2,160	4,096
April 17, 2013	4.50	2,184	4,072
July 17, 2013	4.50	2,209	4,047
October 17, 2013	4.50	2,234	4,022
January 17, 2014	4.50	2,259	3,997
April 17, 2014	4.50	2,284	3,972
July 17, 2014	4.50	2,310	3,946
October 17, 2014	4.50	2,336	3,920
January 17, 2015	4.50	2,362	3,894
April 17, 2015	4.50	2,389	3,867
July 17, 2015	4.50	2,415	3,840
October 17, 2015	4.50	2,443	3,813
January 17, 2016	4.50	2,471	3,785
April 17, 2016	4.50	2,498	3,758
July 17, 2016	4.50	2,526	3,730

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 17, 2016	4.50 %	\$ 2,555	\$ 3,701
January 17, 2017	4.50	2,584	3,672
April 17, 2017	4.50	2,613	3,643
July 17, 2017	4.50	2,642	3,614
October 17, 2017	4.50	2,672	3,584
January 17, 2018	4.50	2,702	3,554
April 17, 2018	4.50	2,732	3,524
July 17, 2018	4.50	2,763	3,493
October 17, 2018	4.50	2,794	3,462
January 17, 2019	4.50	2,825	3,431
April 17, 2019	4.50	2,857	3,398
July 17, 2019	4.50	2,889	3,367
October 17, 2019	4.50	2,923	3,334
January 17, 2020	4.50	2,955	3,301
April 17, 2020	4.50	2,988	3,268
July 17, 2020	4.50	3,022	3,234
October 17, 2020	4.50	3,056	3,200
January 17, 2021	4.50	3,090	3,166
April 17, 2021	4.50	3,125	3,131
July 17, 2021	4.50	3,160	3,096
October 17, 2021	4.50	3,195	3,061
January 17, 2022	4.50	3,231	3,025
April 17, 2022	4.50	3,268	2,988
July 17, 2022	4.50	3,305	2,951
October 17, 2022	4.50	3,342	2,914
January 17, 2023	4.50	3,379	2,877
April 17, 2023	4.50	3,417	2,839
July 17, 2023	4.50	3,456	2,800
October 17, 2023	4.50	3,495	2,761
January 17, 2024	4.50	3,534	2,722
April 17, 2024	4.50	3,574	2,682
July 17, 2024	4.50	3,614	2,642
October 17, 2024	4.50	3,655	2,601
January 17, 2025	4.50	3,696	2,560
April 17, 2025	4.50	3,737	2,519
July 17, 2025	4.50	3,779	2,477
October 17, 2025	4.50	3,822	2,434
January 17, 2026	4.50	3,865	2,391
April 17, 2026	4.50	3,908	2,348
July 17, 2026	4.50	3,952	2,304
October 17, 2026	4.50	3,997	2,259
January 17, 2027	4.50	4,042	2,214
April 17, 2027	4.50	4,087	2,169
July 17, 2027	4.50	4,133	2,123
October 17, 2027	4.50	4,180	2,076
January 17, 2028	4.50	4,227	2,029
April 17, 2028	4.50	4,274	1,982
July 17, 2028	4.50	4,322	1,934
October 17, 2028	4.50	4,371	1,885
January 17, 2029	4.50	4,420	1,836
April 17, 2029	4.50	4,470	1,786
July 17, 2029	4.50	4,520	1,736
October 17, 2029	4.50	4,571	1,685

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
January 17, 2030	4.50 %	\$ 4,622	\$ 1,634
April 17, 2030	4.50	4,674	1,582
July 17, 2030	4.50	4,727	1,529
October 17, 2030	4.50	4,780	1,476
January 17, 2031	4.50	4,834	1,422
April 17, 2031	4.50	4,888	1,368
July 17, 2031	4.50	4,943	1,313
October 17, 2031	4.50	4,999	1,257
January 17, 2032	4.50	5,055	1,201
April 17, 2032	4.50	5,112	1,144
July 17, 2032	4.50	5,170	1,086
October 17, 2032	4.50	5,228	1,028
January 17, 2033	4.50	5,287	969
April 17, 2033	4.50	5,346	910
July 17, 2033	4.50	5,406	850
October 17, 2033	4.50	5,467	789
January 17, 2034	4.50	5,528	728
April 17, 2034	4.50	5,590	665
July 17, 2034	4.50	5,654	602
October 17, 2034	4.50	5,717	539
January 17, 2035	4.50	5,781	475
April 17, 2035	4.50	5,847	409
July 17, 2035	4.50	5,912	344
October 17, 2035	4.50	5,979	277
January 17, 2036	4.50	6,046	210
April 17, 2036	4.50	6,114	142
July 17, 2036	4.50	5,141	73
October 17, 2036	4.50	2,356	3
		<u>\$ 431,563</u>	<u>\$ 401,800</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1997
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2004	1.50 %	\$ 453,571	\$ 139,401
June 15, 2005	1.50	460,375	132,597
June 15, 2006	1.50	467,280	125,692
June 15, 2007	1.50	474,290	118,682
June 15, 2008	1.50	481,404	111,568
June 15, 2009	1.50	488,625	104,347
June 15, 2010	1.50	495,954	97,018
June 15, 2011	1.50	503,394	89,578
June 15, 2012	1.50	510,945	82,027
June 15, 2013	1.50	518,609	74,363
June 15, 2014	1.50	526,388	66,584
June 15, 2015	1.50	534,284	58,688
June 15, 2016	1.50	542,298	50,674
June 15, 2017	1.50	550,432	42,540
June 15, 2018	1.50	558,689	34,283
June 15, 2019	1.50	567,069	25,903
June 15, 2020	1.50	575,575	17,397
June 15, 2021	1.50	584,211	8,761
		<u>\$ 9,293,393</u>	<u>\$ 1,380,103</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2000
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2004	1.50 %	\$ 269,673	\$ 91,234
June 15, 2005	1.50	271,696	89,211
December 15, 2005	1.50	273,734	87,174
June 15, 2006	1.50	275,786	85,120
December 15, 2006	1.50	277,855	83,052
June 15, 2007	1.50	279,939	80,968
December 15, 2007	1.50	282,038	78,869
June 15, 2008	1.50	284,154	76,753
December 15, 2008	1.50	286,285	74,622
June 15, 2009	1.50	288,432	72,475
December 15, 2009	1.50	290,595	70,312
June 15, 2010	1.50	292,775	68,132
December 15, 2010	1.50	294,971	65,936
June 15, 2011	1.50	297,183	63,724
December 15, 2011	1.50	299,412	61,495
June 15, 2012	1.50	301,657	59,250
December 15, 2012	1.50	303,920	56,987
June 15, 2013	1.50	306,199	54,708
December 15, 2013	1.50	308,496	52,411
June 15, 2014	1.50	310,809	50,098
December 15, 2014	1.50	313,140	47,767
June 15, 2015	1.50	315,489	45,418
December 15, 2015	1.50	317,855	43,052
June 15, 2016	1.50	320,239	40,668
December 15, 2016	1.50	322,641	38,266
June 15, 2017	1.50	325,061	35,846
December 15, 2017	1.50	327,499	33,408
June 15, 2018	1.50	329,955	30,952
December 15, 2018	1.50	332,429	28,478
June 15, 2019	1.50	334,923	25,984
December 15, 2019	1.50	337,435	23,472
June 15, 2020	1.50	339,965	20,942
December 15, 2020	1.50	342,515	18,392
June 15, 2021	1.50	345,084	15,823
December 15, 2021	1.50	347,672	13,235
June 15, 2022	1.50	350,280	10,627
December 15, 2022	1.50	352,907	8,000
June 15, 2023	1.50	355,553	5,354
December 15, 2023	1.50	358,220	2,682
		<u>\$ 12,164,471</u>	<u>\$ 1,910,897</u>

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2000
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2003	1.50 %	\$ 8,629	\$ 3,093
June 15, 2004	1.50	8,693	3,028
December 15, 2004	1.50	8,759	2,963
June 15, 2005	1.50	8,824	2,897
December 15, 2005	1.50	8,890	2,831
June 15, 2006	1.50	8,957	2,765
December 15, 2006	1.50	9,024	2,697
June 15, 2007	1.50	9,092	2,630
December 15, 2007	1.50	9,160	2,561
June 15, 2008	1.50	9,229	2,493
December 15, 2008	1.50	9,298	2,423
June 15, 2009	1.50	9,368	2,354
December 15, 2009	1.50	9,438	2,283
June 15, 2010	1.50	9,509	2,213
December 15, 2010	1.50	9,580	2,141
June 15, 2011	1.50	9,652	2,070
December 15, 2011	1.50	9,724	1,997
June 15, 2012	1.50	9,798	1,924
December 15, 2012	1.50	9,870	1,851
June 15, 2013	1.50	9,945	1,777
December 15, 2013	1.50	10,019	1,702
June 15, 2014	1.50	10,095	1,627
December 15, 2014	1.50	10,170	1,551
June 15, 2015	1.50	10,247	1,475
December 15, 2015	1.50	10,323	1,398
June 15, 2016	1.50	10,401	1,321
December 15, 2016	1.50	10,479	1,243
June 15, 2017	1.50	10,557	1,164
December 15, 2017	1.50	10,637	1,085
June 15, 2018	1.50	10,716	1,005
December 15, 2018	1.50	10,797	925
June 15, 2019	1.50	10,877	844
December 15, 2019	1.50	10,959	762
June 15, 2020	1.50	11,042	680
December 15, 2020	1.50	11,124	597
June 15, 2021	1.50	11,208	514
December 15, 2021	1.50	11,292	430
June 15, 2022	1.50	11,376	345
December 15, 2022	1.50	11,462	260
June 15, 2023	1.50	11,547	174
December 15, 2023	1.50	11,637	91
		\$ 412,404	\$ 68,184

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 1, 2003	4.50 %	\$ 24,714	\$ 110,373
December 1, 2003	4.50	24,992	110,095
March 1, 2004	4.50	25,273	109,814
June 1, 2004	4.50	25,558	109,529
September 1, 2004	4.50	25,845	109,242
December 1, 2004	4.50	26,136	108,951
March 1, 2005	4.50	26,430	108,657
June 1, 2005	4.50	26,727	108,360
September 1, 2005	4.50	27,028	108,059
December 1, 2005	4.50	27,332	107,755
March 1, 2006	4.50	27,639	107,448
June 1, 2006	4.50	27,950	107,137
September 1, 2006	4.50	28,265	106,822
December 1, 2006	4.50	28,583	106,504
March 1, 2007	4.50	28,904	106,183
June 1, 2007	4.50	29,229	105,858
September 1, 2007	4.50	29,558	105,529
December 1, 2007	4.50	29,891	105,196
March 1, 2008	4.50	30,227	104,860
June 1, 2008	4.50	30,567	104,520
September 1, 2008	4.50	30,911	104,176
December 1, 2008	4.50	31,259	103,828
March 1, 2009	4.50	31,610	103,477
June 1, 2009	4.50	31,967	103,120
September 1, 2009	4.50	32,326	102,761
December 1, 2009	4.50	32,689	102,398
March 1, 2010	4.50	33,057	102,030
June 1, 2010	4.50	33,429	101,658
September 1, 2010	4.50	33,805	101,282
December 1, 2010	4.50	34,185	100,902
March 1, 2011	4.50	34,570	100,517
June 1, 2011	4.50	34,959	100,128
September 1, 2011	4.50	35,352	99,735
December 1, 2011	4.50	35,750	99,337
March 1, 2012	4.50	36,152	98,935
June 1, 2012	4.50	36,559	98,528
September 1, 2012	4.50	36,970	98,117
December 1, 2012	4.50	37,386	97,701
March 1, 2013	4.50	37,807	97,280
June 1, 2013	4.50	38,232	96,855
September 1, 2013	4.50	38,662	96,425
December 1, 2013	4.50	39,097	95,990
March 1, 2014	4.50	39,537	95,550
June 1, 2014	4.50	39,982	95,105
September 1, 2014	4.50	40,431	94,656
December 1, 2014	4.50	40,886	94,201
March 1, 2015	4.50	41,346	93,741
June 1, 2015	4.50	41,811	93,276
September 1, 2015	4.50	42,282	92,805
December 1, 2015	4.50	42,757	92,330
March 1, 2016	4.50	43,238	91,849
June 1, 2016	4.50	43,725	91,362
September 1, 2016	4.50	44,217	90,870

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 1, 2016	4.50 %	\$ 44,714	\$ 90,373
March 1, 2017	4.50	45,217	89,870
June 1, 2017	4.50	45,726	89,361
September 1, 2017	4.50	46,240	88,847
December 1, 2017	4.50	46,761	88,326
March 1, 2018	4.50	47,287	87,800
June 1, 2018	4.50	47,819	87,268
September 1, 2018	4.50	48,357	86,730
December 1, 2018	4.50	48,901	86,186
March 1, 2019	4.50	49,451	85,636
June 1, 2019	4.50	50,007	85,080
September 1, 2019	4.50	50,570	84,517
December 1, 2019	4.50	51,138	83,949
March 1, 2020	4.50	51,714	83,373
June 1, 2020	4.50	52,296	82,791
September 1, 2020	4.50	52,884	82,203
December 1, 2020	4.50	53,479	81,608
March 1, 2021	4.50	54,080	81,007
June 1, 2021	4.50	54,689	80,398
September 1, 2021	4.50	55,304	79,783
December 1, 2021	4.50	55,926	79,161
March 1, 2022	4.50	56,555	78,532
June 1, 2022	4.50	57,192	77,895
September 1, 2022	4.50	57,835	77,252
December 1, 2022	4.50	58,486	76,601
March 1, 2023	4.50	59,144	75,943
June 1, 2023	4.50	59,809	75,278
September 1, 2023	4.50	60,482	74,605
December 1, 2023	4.50	61,162	73,925
March 1, 2024	4.50	61,850	73,237
June 1, 2024	4.50	62,546	72,541
September 1, 2024	4.50	63,250	71,837
December 1, 2024	4.50	63,961	71,126
March 1, 2025	4.50	64,681	70,406
June 1, 2025	4.50	65,409	69,678
September 1, 2025	4.50	66,145	68,942
December 1, 2025	4.50	66,889	68,198
March 1, 2026	4.50	67,641	67,446
June 1, 2026	4.50	68,402	66,685
September 1, 2026	4.50	69,172	65,915
December 1, 2026	4.50	69,950	65,137
March 1, 2027	4.50	70,737	64,350
June 1, 2027	4.50	71,533	63,554
September 1, 2027	4.50	72,337	62,750
December 1, 2027	4.50	73,151	61,936
March 1, 2028	4.50	73,974	61,113
June 1, 2028	4.50	74,806	60,281
September 1, 2028	4.50	75,648	59,439
December 1, 2028	4.50	76,499	58,588
March 1, 2029	4.50	77,359	57,728
June 1, 2029	4.50	78,230	56,857
September 1, 2029	4.50	79,110	55,977
December 1, 2029	4.50	80,000	55,087

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 1, 2030	4.50 %	\$ 80,900	\$ 54,187
June 1, 2030	4.50	81,810	53,277
September 1, 2030	4.50	82,730	52,357
December 1, 2030	4.50	83,661	51,426
March 1, 2031	4.50	84,602	50,485
June 1, 2031	4.50	85,554	49,533
September 1, 2031	4.50	86,517	48,570
December 1, 2031	4.50	87,490	47,597
March 1, 2032	4.50	88,474	46,613
June 1, 2032	4.50	89,469	45,618
September 1, 2032	4.50	90,476	44,611
December 1, 2032	4.50	91,494	43,593
March 1, 2033	4.50	92,523	42,564
June 1, 2033	4.50	93,564	41,523
September 1, 2033	4.50	94,617	40,470
December 1, 2033	4.50	95,681	39,406
March 1, 2034	4.50	96,757	38,330
June 1, 2034	4.50	97,846	37,241
September 1, 2034	4.50	98,947	36,140
December 1, 2034	4.50	100,060	35,027
March 1, 2035	4.50	101,186	33,901
June 1, 2035	4.50	102,324	32,763
September 1, 2035	4.50	103,475	31,612
December 1, 2035	4.50	104,639	30,448
March 1, 2036	4.50	105,816	29,271
June 1, 2036	4.50	107,007	28,080
September 1, 2036	4.50	108,211	26,876
December 1, 2036	4.50	109,428	25,659
March 1, 2037	4.50	110,659	24,428
June 1, 2037	4.50	111,904	23,183
September 1, 2037	4.50	113,163	21,924
December 1, 2037	4.50	114,436	20,651
March 1, 2038	4.50	115,723	19,364
June 1, 2038	4.50	117,025	18,062
September 1, 2038	4.50	118,342	16,745
December 1, 2038	4.50	119,673	15,414
March 1, 2039	4.50	121,019	14,068
June 1, 2039	4.50	122,381	12,706
September 1, 2039	4.50	123,758	11,329
December 1, 2039	4.50	125,150	9,937
March 1, 2040	4.50	126,558	8,529
June 1, 2040	4.50	127,982	7,105
September 1, 2040	4.50	129,421	5,666
December 1, 2040	4.50	130,877	4,210
March 1, 2041	4.50	132,350	2,737
June 1, 2041	4.50	110,956	1,249
		\$ 9,810,934	\$ 10,699,408

SUSSEX COUNTY, DELAWARE
BONDED DEBT GENERAL OBLIGATION - 2001
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2003	4.00 %	\$ 3,035,000	\$ 170,700
April 15, 2004	-	-	110,000
October 15, 2004	4.00	2,710,000	110,000
April 15, 2005	-	-	55,800
October 15, 2005	4.00	2,790,000	55,800
		<u>\$ 8,535,000</u>	<u>\$ 502,300</u>

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2007	1.50 %	\$ 253	\$ 90
June 30, 2008	1.50	254	89
December 31, 2008	1.50	256	87
June 30, 2009	1.50	258	85
December 31, 2009	1.50	260	83
June 30, 2010	1.50	262	81
December 31, 2010	1.50	264	79
June 30, 2011	1.50	266	77
December 31, 2011	1.50	268	75
June 30, 2012	1.50	270	73
December 31, 2012	1.50	272	71
June 30, 2013	1.50	274	69
December 31, 2013	1.50	276	67
June 30, 2014	1.50	278	65
December 31, 2014	1.50	280	63
June 30, 2015	1.50	283	60
December 31, 2015	1.50	284	59
June 30, 2016	1.50	287	56
December 31, 2016	1.50	289	54
June 30, 2017	1.50	291	52
December 31, 2017	1.50	293	50
June 30, 2018	1.50	295	48
December 31, 2018	1.50	297	46
June 30, 2019	1.50	300	43
December 31, 2019	1.50	302	41
June 30, 2020	1.50	304	39
December 31, 2020	1.50	307	36
June 30, 2021	1.50	309	34
December 31, 2021	1.50	311	32
June 30, 2022	1.50	314	29
December 31, 2022	1.50	316	27
June 30, 2023	1.50	318	25
December 31, 2023	1.50	321	22
June 30, 2024	1.50	323	20
December 31, 2024	1.50	325	17
June 30, 2025	1.50	328	16
December 31, 2025	1.50	330	13
June 30, 2026	1.50	333	10
December 31, 2026	1.50	335	7
June 30, 2027	1.50	338	3
December 31, 2027	1.50	340	2
		\$ 12,064	\$ 1,995

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2005	1.50 %	\$ 935	\$ 336
June 30, 2006	1.50	943	328
December 31, 2006	1.50	949	322
June 30, 2007	1.50	957	314
December 31, 2007	1.50	964	307
June 30, 2008	1.50	971	300
December 31, 2008	1.50	978	293
June 30, 2009	1.50	986	285
December 31, 2009	1.50	993	278
June 30, 2010	1.50	1,001	270
December 31, 2010	1.50	1,008	263
June 30, 2011	1.50	1,016	255
December 31, 2011	1.50	1,023	248
June 30, 2012	1.50	1,031	240
December 31, 2012	1.50	1,039	232
June 30, 2013	1.50	1,046	225
December 31, 2013	1.50	1,055	216
June 30, 2014	1.50	1,062	209
December 31, 2014	1.50	1,070	200
June 30, 2015	1.50	1,079	193
December 31, 2015	1.50	1,086	185
June 30, 2016	1.50	1,095	176
December 31, 2016	1.50	1,103	168
June 30, 2017	1.50	1,111	160
December 31, 2017	1.50	1,119	152
June 30, 2018	1.50	1,128	143
December 31, 2018	1.50	1,136	135
June 30, 2019	1.50	1,145	126
December 31, 2019	1.50	1,153	118
June 30, 2020	1.50	1,162	109
December 31, 2020	1.50	1,171	100
June 30, 2021	1.50	1,179	92
December 31, 2021	1.50	1,189	82
June 30, 2022	1.50	1,197	74
December 31, 2022	1.50	1,206	65
June 30, 2023	1.50	1,215	56
December 31, 2023	1.50	1,224	47
June 30, 2024	1.50	1,234	37
December 31, 2024	1.50	1,243	28
June 30, 2025	1.50	1,252	19
December 31, 2025	1.50	1,260	7
		<u>\$ 44,714</u>	<u>\$ 7,393</u>

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2003

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2006	3.175 %	\$ 1,513	\$ 1,373
June 30, 2007	3.175	1,537	1,349
December 31, 2007	3.175	1,562	1,324
June 30, 2008	3.175	1,586	1,300
December 31, 2008	3.175	1,611	1,275
June 30, 2009	3.175	1,637	1,249
December 31, 2009	3.175	1,663	1,223
June 30, 2010	3.175	1,690	1,196
December 31, 2010	3.175	1,716	1,170
June 30, 2011	3.175	1,744	1,142
December 31, 2011	3.175	1,771	1,115
June 30, 2012	3.175	1,799	1,087
December 31, 2012	3.175	1,828	1,058
June 30, 2013	3.175	1,857	1,029
December 31, 2013	3.175	1,886	1,000
June 30, 2014	3.175	1,916	970
December 31, 2014	3.175	1,947	939
June 30, 2015	3.175	1,978	908
December 31, 2015	3.175	2,009	877
June 30, 2016	3.175	2,041	845
December 31, 2016	3.175	2,074	812
June 30, 2017	3.175	2,106	780
December 31, 2017	3.175	2,140	747
June 30, 2018	3.175	2,173	712
December 31, 2018	3.175	2,208	678
June 30, 2019	3.175	2,244	642
December 31, 2019	3.175	2,279	607
June 30, 2020	3.175	2,315	571
December 31, 2020	3.175	2,352	534
June 30, 2021	3.175	2,389	497
December 31, 2021	3.175	2,427	459
June 30, 2022	3.175	2,466	421
December 31, 2022	3.175	2,505	381
June 30, 2023	3.175	2,544	342
December 31, 2023	3.175	2,585	301
June 30, 2024	3.175	2,626	260
December 31, 2024	3.175	2,667	219
June 30, 2025	3.175	2,710	176
December 31, 2025	3.175	2,753	133
June 30, 2026	3.175	2,795	90
December 31, 2026	3.175	2,844	51
		\$ 86,493	\$ 31,842

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2004	2.00 %	\$ 9,008	\$ 4,538
June 30, 2005	2.00	9,099	4,448
December 31, 2005	2.00	9,190	4,357
June 30, 2006	2.00	9,281	4,265
December 31, 2006	2.00	9,374	4,172
June 30, 2007	2.00	9,468	4,079
December 31, 2007	2.00	9,563	3,984
June 30, 2008	2.00	9,658	3,888
December 31, 2008	2.00	9,755	3,792
June 30, 2009	2.00	9,852	3,694
December 31, 2009	2.00	9,951	3,596
June 30, 2010	2.00	10,050	3,496
December 31, 2010	2.00	10,151	3,395
June 30, 2011	2.00	10,253	3,294
December 31, 2011	2.00	10,355	3,192
June 30, 2012	2.00	10,458	3,088
December 31, 2012	2.00	10,563	2,983
June 30, 2013	2.00	10,669	2,878
December 31, 2013	2.00	10,776	2,771
June 30, 2014	2.00	10,883	2,663
December 31, 2014	2.00	10,992	2,554
June 30, 2015	2.00	11,102	2,445
December 31, 2015	2.00	11,213	2,334
June 30, 2016	2.00	11,325	2,221
December 31, 2016	2.00	11,438	2,108
June 30, 2017	2.00	11,553	1,994
December 31, 2017	2.00	11,668	1,878
June 30, 2018	2.00	11,785	1,762
December 31, 2018	2.00	11,903	1,644
June 30, 2019	2.00	12,022	1,524
December 31, 2019	2.00	12,142	1,405
June 30, 2020	2.00	12,263	1,283
December 31, 2020	2.00	12,386	1,160
June 30, 2021	2.00	12,510	1,037
December 31, 2021	2.00	12,635	912
June 30, 2022	2.00	12,761	785
December 31, 2022	2.00	12,889	657
June 30, 2023	2.00	13,018	529
December 31, 2023	2.00	13,148	398
June 30, 2024	2.00	13,280	267
December 31, 2024	2.00	13,417	134
		\$ 453,807	\$ 101,604

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2003	2.500 %	\$ 140,000	\$ 688,931
April 15, 2004	-	-	687,181
October 15, 2004	2.500	145,000	687,181
April 15, 2005	-	-	685,369
October 15, 2005	2.500	155,000	685,369
April 15, 2006	-	-	683,431
October 15, 2006	3.250	2,115,000	683,431
April 15, 2007	-	-	649,063
October 15, 2007	5.000	2,185,000	649,063
April 15, 2008	-	-	594,438
October 15, 2008	5.000	2,295,000	594,438
April 15, 2009	-	-	537,063
October 15, 2009	5.000	2,425,000	537,063
April 15, 2010	-	-	476,438
October 15, 2010	5.000	2,540,000	476,438
April 15, 2011	-	-	412,938
October 15, 2011	5.000	2,670,000	412,938
April 15, 2012	-	-	346,188
October 15, 2012	4.000	2,810,000	346,188
April 15, 2013	-	-	289,988
October 15, 2013	4.000	2,570,000	289,988
April 15, 2014	-	-	238,588
October 15, 2014	4.000	1,945,000	238,588
April 15, 2015	-	-	199,688
October 15, 2015	4.000	1,790,000	199,688
April 15, 2016	-	-	163,888
October 15, 2016	4.125	1,875,000	163,888
April 15, 2017	-	-	125,216
October 15, 2017	4.250	1,185,000	125,216
April 15, 2018	-	-	100,034
October 15, 2018	4.250	1,235,000	100,034
April 15, 2019	-	-	73,791
October 15, 2019	4.375	1,290,000	73,791
April 15, 2020	-	-	45,572
October 15, 2020	4.375	1,345,000	45,572
April 15, 2021	-	-	16,150
October 15, 2021	4.750	45,000	16,150
April 15, 2022	-	-	15,081
October 15, 2022	4.750	50,000	15,081
April 15, 2023	-	-	13,894
October 15, 2023	4.750	50,000	13,894
April 15, 2024	-	-	12,706
October 15, 2024	4.750	55,000	12,706
April 15, 2025	-	-	11,400
October 15, 2025	4.750	55,000	11,400
April 15, 2026	-	-	10,094
October 15, 2026	4.750	60,000	10,094
April 15, 2027	-	-	8,669
October 15, 2027	4.750	65,000	8,669
April 15, 2028	-	-	7,125
October 15, 2028	4.750	65,000	7,125
April 15, 2029	-	-	5,581
October 15, 2029	4.750	70,000	5,581

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
April 15, 2030	- %	\$ -	\$ 3,919
October 15, 2030	4.750	75,000	3,919
April 15, 2031	-	-	2,138
October 15, 2031	4.750	75,000	2,138
April 15, 2032	-	-	356
October 15, 2032	4.750	15,000	356
		<u>\$ 31,395,000</u>	<u>\$ 13,520,905</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF ASSESSED VALUATION OF REAL ESTATE
 FOR THE FIFTEEN YEARS THROUGH JUNE 30, 2003

<u>Assessment Date</u>	<u>Assessed Valuation</u>	<u>Rate Per \$ 100 *</u>	<u>Property Tax Levy</u>
May 1, 1989	\$ 1,224,501,449	0.3084	\$ 3,776,362
May 1, 1990	1,281,490,880	0.3484	4,464,714
May 1, 1991	1,341,864,218	0.3484	4,675,055
May 1, 1992	1,395,229,750	0.3697	5,158,164
May 1, 1993	1,438,309,091	0.3697	5,317,429
May 1, 1994	1,487,150,602	0.3697	5,497,996
May 1, 1995	1,535,992,333	0.3697	5,678,564
May 1, 1996	1,584,604,387	0.3697	5,858,282
May 1, 1997	1,644,541,934	0.3697	6,079,872
May 1, 1998	1,692,448,764	0.3697	6,256,983
May 1, 1999	1,759,988,579	0.3697	6,506,678
May 1, 2000	1,833,503,269	0.3697	6,778,462
May 1, 2001	1,913,170,693	0.3697	7,072,992
May 1, 2002	1,994,171,500	0.4017	8,010,587
May 1, 2003	2,095,423,227	0.4017	8,417,315

* The tax rates shown are the County rates for operating purposes. These rates do not include the rates for funding bonds or the County library system.

SUSSEX COUNTY, DELAWARE
SCHEDULE OF INSURANCE
JUNE 30, 2003

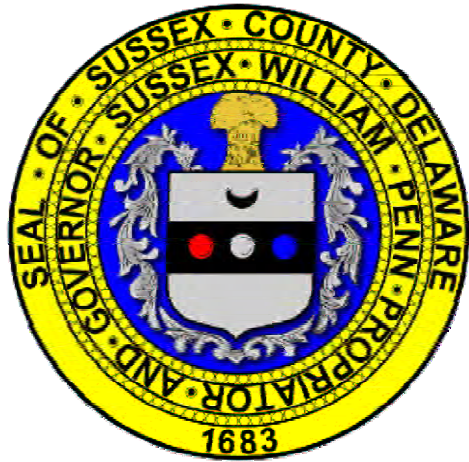
<u>Agent</u>	<u>Company</u>	<u>Policy Number</u>	<u>Term</u>	<u>Coverage - Amount</u>	<u>Cost</u>	<u>Expense</u>	<u>Prepaid</u>
Gordy Insurance Agency	Western Surety Company	B69174030	01/07/02 - 01/07/03 01/07/03 - 01/07/04	Bond - David Baker - \$ 50,000	\$ 225 450	\$ 225 225	\$ - 225
The Insurance Market, Inc.	Selective Insurance Co. of America	B830584	01/05/99 - 01/05/03 01/05/03 - 01/05/07	Bond - Robert Reed - \$ 12,000	41 533	41 67	- 466
The Insurance Market, Inc.	Selective Insurance Co. of America	B89100	01/04/99 - 01/04/03 01/04/03 - 01/04/07	Bond - Ray Ellerman - \$ 5,000	22 488	22 61	- 427
The Insurance Market, Inc.	Selective Insurance Co. of America	B830509	01/05/99 - 01/05/03	Bond - R. Bell - \$ 5,000	41	41	-
The Insurance Market, Inc.	Selective Insurance Co. of America	196206	01/05/03 - 01/05/07	Bond - John Brady - \$ 5,000	488	61	427
The Insurance Market, Inc.	Selective Insurance Co. of America	B830508	01/05/99 - 01/05/03 01/05/03 - 01/05/07	Bond - H. Clendaniel - \$ 5,000	41 488	41 61	- 427
Commerce National Ins.	Selective Insurance Co. of America	49211	04/18/02 - 04/18/03 04/18/03 - 04/18/04	National Flood Insurance Program for South Coastal Library \$500,000 Building; \$500,000 Contents	2,353 3,158	2,353 658	- 2,500
Commerce National Ins.	Selective Insurance Co. of America	49210	04/18/02 - 04/18/03	National Flood Insurance Program for Milton Library \$ 322,080 Building, \$ 255,255 Contents	14,210	14,210	-
Commerce National Ins.	Selective Insurance Co. of America	49210	04/18/03 - 04/18/04	National Flood Insurance Program for Milton Library \$ 500,000 Building, \$ 500,000 Contents	27,705	5,039	22,666
L & W Insurance Company	Old Republic Insurance, Co.	PR139304	07/01/02 - 07/01/03	Airport and Hangerkeeper's Liability Extended Coverage \$20,000,000	18,571	18,571	-
Marsh USA, Inc.	National Union	5118591	07/01/02 - 07/01/03	Public Officials Liability Liability - \$ 5,000,000	64,491	64,491	-
Pratt Insurance Co., Inc.	Liberty Mutual Insurance Co.	WC533S308019012	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Worker's Compensation \$100/100/500 (millions)	248,803 67,087	248,803 -	- 67,087

(continued)

SUSSEX COUNTY, DELAWARE
SCHEDULE OF INSURANCE - CONTINUED
JUNE 30, 2003

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<u>Agent</u>	<u>Company</u>	<u>Policy Number</u>	<u>Term</u>	<u>Coverage - Amount</u>	<u>Cost</u>	<u>Expense</u>	<u>Prepaid</u>
Pratt Insurance Co., Inc.	CNA Insurance Company	BM10723589861	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Boiler & Machinery	\$ 11,970 3,435	\$ 11,970 -	\$ - 3,435
Pratt Insurance Co., Inc.	CNA Insurance Company	C2025672805	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Automobile	173,877 56,375	173,877 -	- 56,375
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	PKS0000117	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Emergency Dispatcher's Liability \$1,000,000	4,563 1,797	4,563 -	- 1,797
Pratt Insurance Co., Inc.	National Casualty Company	PKS0000118	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Law Enforcement Liability \$1,000,000	13,073 4,304	13,073 -	- 4,304
Pratt Insurance Co., Inc.	AIG	UMS0008590	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Umbrella Liability \$5,000,000	49,418 14,057	49,418 -	- 14,057
Pratt Insurance Co., Inc.	National Casualty Company	WL00000013	07/01/02 - 07/01/03 07/01/03 - 07/01/04	General Liability \$1,000,000	37,631 10,656	37,631 -	- 10,656
Marsh USA, Inc.	Great American Insurance Company	GVT217138800	07/01/02 - 07/01/03	Crime Coverage	3,906	3,906	-
Pratt Insurance Co., Inc.	CNA Insurance Company	C2055506172	07/01/02 - 07/01/03 07/01/03 - 07/01/04	Commercial Package	176,686 52,224	176,686 -	- 52,224
TOTALS					<u>\$ 1,063,167</u>	<u>\$ 826,094</u>	<u>\$ 237,073</u>





SINGLE AUDIT SUPPLEMENT

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 JUNE 30, 2003

<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 01 HPG 02	\$ 53,044
Water and Waste Disposal Systems for Rural Communities *	10.760		<u>4,420,973</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,474,017</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	DRI 03-98 CDBG 03-01 CDBG 03-02 CDBG 03-03	1,850,308
HOME Investment Partnerships Program *	14.239	HM 03-01	<u>205,988</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,056,296</u>
U.S. DEPARTMENT OF THE INTERIOR			
Passed through State - Delaware State Historic Preservation Office:			
Historic Preservation Fund Grants-In-Aid	15.904	10-01-16407 10-02-17537	<u>25,000</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Airport Improvement Program	20.106	3-10-0007-08 3-10-0007-11 3-10-0007-12 3-10-0007-14 3-10-0007-15	404,595
Passed through State - Delaware Department of Transportation: Highway Planning and Construction	20.205	96-112-01	49,462
Passed through State - Delaware Emergency Management Agency: Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMEDE 1030090	<u>8,496</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>462,553</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through State - Department of Natural Resources and Environmental Control:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	S-2006 S-2012 S-2015 S-2016 S-2022 S-2023	<u>2,175,923</u>

*Denotes major program.

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 JUNE 30, 2003

<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. FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through State - Delaware Emergency Management Agency:			
Hazard Mitigation	83.519	FEMA-1017-DR-DE	\$ 199,045
Flood Mitigation Assistance	83.536	EMP-2000-GR-3215 EMP-1999-PA-3101 EMP-2002-GR-3433	78,241
Public Assistance Grant	83.544	FEMA-3183-EM-DE	12,251
Hazard Mitigation Grant	83.548	FEMA-1297-DR-DE FEMA-1205-DR-DE	56,914
Emergency Management Performance Grants	83.552	EMP-2003-GR-3501	<u>51,134</u>
TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>397,585</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,591,374</u>

*Denotes major program.

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Sussex County, Delaware (the County). The County's reporting entity is defined in Note A of the notes to basic financial statements. Federal awards that are passed through other governmental agencies are included on the schedule.

Basis of Accounting

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

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

TRUITT W. JEFFERSON, CPA, DIRECTOR
RETIRED

ELAINE E. GRAVES, CPA, DIRECTOR
PENELOPE L.H. HOWE, CPA, PFS, DIRECTOR
ANITA Y. SMITH, MEd, DIRECTOR

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Council
Sussex County, Delaware
Georgetown, Delaware

Compliance

We have audited the compliance of Sussex County, Delaware with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Sussex County, Delaware's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sussex County, Delaware's management. Our responsibility is to express an opinion on Sussex County, Delaware's compliance based on our audit.

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

In our opinion, Sussex County, Delaware complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Sussex County, Delaware is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sussex County, Delaware's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Internal Control Over Compliance - Continued

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Georgetown, Delaware
December 15, 2003

A PROFESSIONAL CORPORATION • CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Council
Sussex County, Delaware
Georgetown, Delaware

We have audited the basic financial statements of Sussex County, Delaware as of and for the year ended June 30, 2003, and have issued our report thereon dated December 15, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Sussex County, Delaware's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Sussex County in a separate letter dated December 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sussex County, Delaware's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Sussex County, Delaware in a separate letter dated December 15, 2003.

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

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

Georgetown, Delaware
December 15, 2003

PART A. - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Sussex County, Delaware.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Sussex County, Delaware, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sussex County, Delaware expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for Sussex County, Delaware are reported.
7. The programs tested as major programs include:

<u>PROGRAM NAME</u>	<u>CFDA #</u>
Water and Waste Disposal Systems for Rural Communities	10.760
Community Development Block Grants/State's Program	14.228
HOME Investment Partnerships Program	14.239

8. Type A programs are identified as any program over \$ 300,000. All other programs are considered to be Type B programs.
9. Sussex County, Delaware qualified as a low-risk auditee.

**PART B. - FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

None - Current and Prior

PART C. - FINDINGS RELATED TO THE FEDERAL AWARDS

None - Current and Prior