



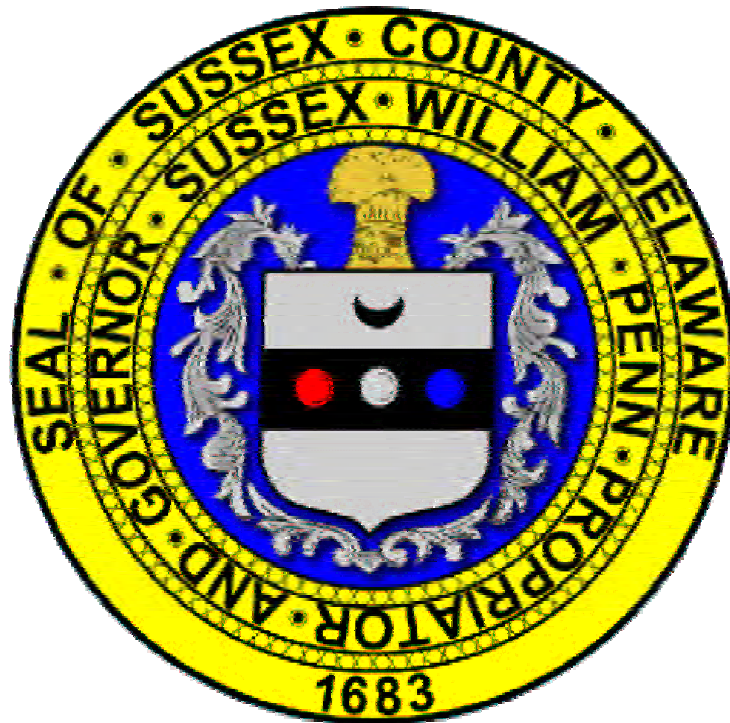
*Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2005  
Sussex County, Delaware*





# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005



Prepared by the Finance Department

David B. Baker, Finance Director

**SUSSEX COUNTY, DELAWARE  
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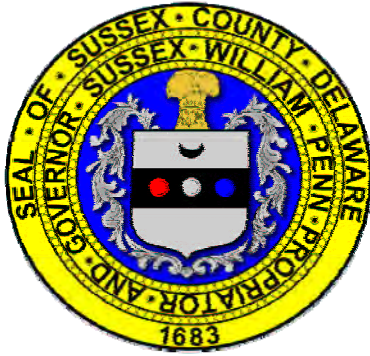
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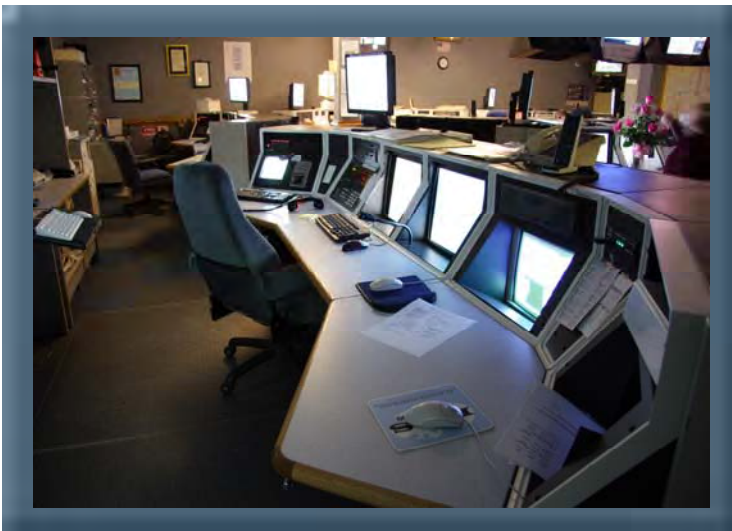
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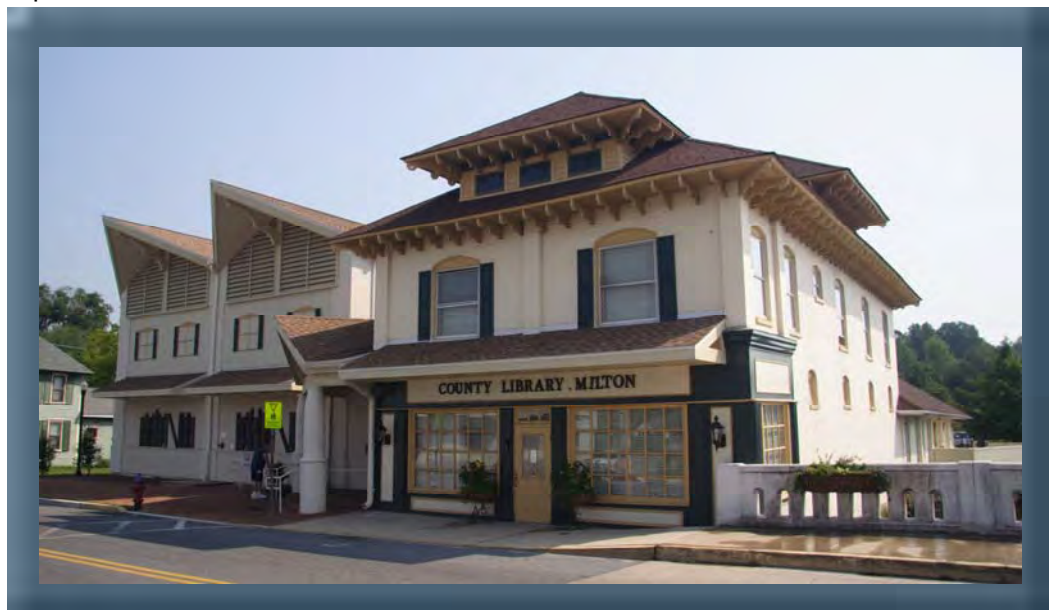
Sussex County Paramedics provide Advanced Life Support to patients when quality critical care is needed.



Sussex County's Emergency Operations Center handles more than 85,000 calls each year for police, fire and ambulance services.



Sussex County provides sewer services to more than 47,000 users making it one of the largest functions of county government.



The recently renovated Milton Library is one of three county-owned libraries in Sussex County.



## **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@sussexcountyde.gov](mailto:administration@sussexcountyde.gov)

December 7, 2005

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, 2005. This report includes the annual financial statements as required by Delaware Law, presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America.

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

The County's financial statements have been audited by Jefferson, Urian, Doane & Sterner, P.A., a firm of licensed certified public accountants. A goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2005, 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, 2005, 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 938 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. The U. S. Census Bureau estimates that the Sussex population increased an additional 10 percent since the 2000 Census. 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 non-police calls. The Department of Libraries includes three County-managed libraries and a bookmobile. The County has approximately 500 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 24 additional Delaware State Police in Sussex County. The County has entered an agreement with the State of Delaware to partially fund an additional eight State Police in Sussex County over the next two 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 47,000 current customers. 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, three of which should be operational during fiscal year 2006. The number of sewer and water customers has increased 34 percent during the last five years, and 60 percent over the last ten years. The County is aggressively working to provide additional sewer service to meet our environmental needs. Each sewer district is treated as a separate fund. Combined financial information is included for these sewer districts in the financial section.

The annual budget is recommended by the County Administrator and approved by the County Council prior to July 1 of each year, which is the start of the County's fiscal year. The budget serves as a financial guide for the County. The budget includes a five-year capital project plan, with proposed financing for projects. Please see note "A" - Section 18 on page 38 and 39, for additional budget information. Budget-to-actual comparisons, on pages 57 through 66 and on page 68, are also included.

### **Factors Affecting Financial Condition**

#### **Local Economy**

Agriculture, tourism, healthcare, construction, retail sales and education are leading industries in Sussex County. Sussex County is the largest poultry-producing county in the United States, as was the case in 1997, 1992, 1987, 1982, 1978, 1949 and 1944. Two of the twenty largest U. S. poultry companies, Allen's Family Foods, Inc. and Mountaire Farms, Inc., have headquarters in Sussex County. Perdue Farms, Inc. also has processing facilities in Sussex. Over 188 million broilers and meat-type chickens were produced in Sussex County in 1997. Soybeans, corn and other vegetables are also important agricultural products. Sussex County ranks 36<sup>th</sup> out of 3,075 counties in the United States for value of agricultural products sold, per the U. S. Department of Agriculture. There are 416 parcels covered by Agriculture Preservation easements now in Sussex County protecting over 41,000 acres as agriculture working lands. State and County funds were used to purchase the development rights for these farms, which permanently preserve these properties for agricultural uses.

Residential home construction has boomed in Sussex County. During fiscal year 2005, approximately 3,288 permits for new dwellings were issued, which is more than double the number of permits issued ten years earlier during fiscal year 1995. This is 18 percent more than the 2,797 dwelling permits issued during fiscal year 2004 and 29 percent more than the 2,558 for fiscal year 2003. 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. Delaware's Health and Social Services Department projects a 44 percent increase in the number of Sussex County residents 60 and older during the next ten years.

Three hospitals are located within the county, in Seaford, Lewes and Milford. Also throughout the county there are other subsidiary medical facilities. The Milford and Beebe Hospitals are planning major expansions during the next few years to meet growing demand. 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, at its 147-acre campus in Georgetown, offers Associate college degree programs in health, business, public service, engineering and industrial education. This Community College has established connected degrees with various other institutions in the region that enables one to graduate with an Associates Degree and transfer to a four-year program at another college. Delaware Tech also provides an accelerated English and Math Program for Sussex County Middle and High School students. The University of Delaware, Delaware State University, and Wilmington College also offer courses in Georgetown at the Delaware Technical and Community College. Some four-year degrees, Master degrees, and a Doctoral Program 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. Delaware Tech is the number one provider of training for technicians at area hospitals.

The County is experiencing steady diversified growth in other industries. Significant other businesses located in the county include the Invista Nylon Plant in Seaford, Vlasic Foods, Inc. (a pickle processing plant) in Millsboro, and DeCrane Aircraft, Inc. (an airplane fuel tank and airplane services facility) in Georgetown. There has been significant growth at the County Industrial Park in Georgetown with the addition of the DeCrane Aircraft, Inc. facility, which services Boeing aircraft and manufactures patented auxiliary fuel tanks for Boeing. Approximately 255 skilled employees work at this facility. DeCrane anticipates adding 50 more employees at another building that they will be leasing from the County. M & T Bank operates a call and consumer loan-processing center in Millsboro, employing approximately 445 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 Universal Forest Products (a manufacturer of roof trusses) in Georgetown.

A more recent fast-growing industry in Sussex County is retail outlets. Along a two-mile stretch of Route 1, between Lewes 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. This Outlet Center is ranked the largest on the Delmarva Peninsula and the sixth largest in the nation.



Tourism is an important industry in Sussex County. An estimated 2.5 million people-visits to Sussex County occur each year, with an estimated economic impact of over \$636 million. Per a 2003 study, the most popular activities for visitors were beaches (33 percent), shopping (27 percent), and outdoor recreation (10 percent). Atlantic Ocean beaches include Dewey, Fenwick Island, South Bethany, Bethany, Rehoboth, and the Cape Henlopen State Park. Delaware Bay beaches include Lewes, Broadkill Beach, and Slaughter Beach. The Delaware Seashore State Park is a popular attraction between Dewey Beach and Bethany Beach, offering swimming, surfing, clamming, fishing and boating as options. This section of beach is a narrow section of land, with the Atlantic Ocean on the east side and the Rehoboth and Indian River Bays on the west side. The Cape Henlopen State Park, between Lewes and Rehoboth, offers ocean and Delaware Bay beaches for swimming and fishing. There are also numerous hiking trails at the park. Sussex County is conveniently located to take advantage of a recent trend to vacation closer to home. The top five states of visitor origin are Maryland, Pennsylvania, Delaware, Virginia, and New Jersey.

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

The economic outlook for Sussex County is promising. The population is expected to increase at about 2% per year for the next 5 years. 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 of \$728 million, up 13.5 percent for fiscal year 2005 versus 2004.

### Financial Planning

Sussex County has strengthened its financial condition, especially during the past several years. A County goal is to maintain a sufficient undesignated fund balance amount each fiscal year. As of June 30, 2005, the General Fund's undesignated fund balance of \$14 million was 25 percent of the fiscal year 2006 budget. This is net of reserves and designations for additional pension funding, landfill costs, sewer grants, airport projects, open space preservation, and sewer planning studies.

The County is attempting to fund its non-sewer and water assets on a pay-as-you-go basis and avoid issuing debt for the same. As of June 30, 2005, the County had designated \$7.4 million toward the cost of a new Emergency Operations Center. \$2 million has been designated for a new County office building in response to the growth in the County. \$1.8 million has been set aside for landfill post-closure anticipated costs. By designating these funds, the future construction of these projects will be from available resources.

The County is also partially designating funds for a County Airport runway 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 1,332 customers, was completed during fiscal year 2005. Cedar Neck Sewer costs total over \$11 million. Construction of the Oak Orchard Sanitary Sewer District Project should be complete by spring 2006. An additional 900 customers will be served by this new district located on the Indian River Bay. The Bayview Estates and Sea Country Estates Sewer Projects are also in their construction phases and completion is expected during January 2006. These are in environmentally sensitive areas and will serve an additional 223 customers. Other projects in the design phase include the Miller Creek, South Ocean View, and Millville sewer projects. An expansion to increase the capacity of the South Coastal Regional Wastewater Treatment Facility by one-third has begun. This project will cost over \$20 million. The fiscal year 2005 Five-Year Capital Improvement Plan includes \$142 million for sewer expansion and some upgrades. Funding for these projects includes State Revolving Fund loans, State grants, Federal USDA loans and grants, and County contributions.

#### Cash Management Policies and Practices

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

Some investments from different County funds are pooled in bank accounts. Careful accounting records are maintained to track these investments. There are no pooled investments with statewide funds, except in the Pension Trust fund and the Post-retirement Employee Benefit fund.

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

The Sussex County Pension Trust fund is diversified with three different managers, Fidelity Investments, the State of Delaware Local Government Pension Investment Pool, and the Wilmington Trust Company. The Sussex County Pension Committee oversees the management of the Pension Trust fund and the Post-retirement Employee Benefit fund and is responsible for recommendations to the County Council regarding investments. The Pension Committee's policy set a goal of 60 percent investments in equity and 40 percent in bond investments. Since calendar year 1994, Pension Trust fund returns have averaged almost 8 percent per year.

#### Risk Management

During fiscal year 2005, the County expensed \$1,137,952 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 solicits bids on the insurance policies to obtain the

best pricing available. Please see the Schedule of Insurance, on pages 152 and 153, for detail regarding individual policies. During fiscal year 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. The County was able to insure the outfall again effective September 1, 2005. During fiscal year 2005, 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 insured up to \$150,000 per year. Expenses over the \$150,000 threshold are covered under a reinsurance policy, subject to a maximum aggregate limit of \$7,869,308. 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 Trust fund over the last few years. The value of the fund has increased from \$4 million in 1993 to \$28.9 million as of June 30, 2005. Our goal has been to fully fund the pension plan. As of January 1, 2005, the most recent actuarial study shows a deficit of \$2 million on an actuarial funding basis. This result is, primarily, due to the stock market downturn during 2000 through 2002. The fiscal year 2006 budget includes a 14 percent pension contribution of \$2,714,000, plus an additional \$850,000 contribution. Our goal is to pay off the unfunded amount within several years.

During fiscal year 2005, the County contributed funds in addition to the required contribution. As noted in Note E on pages 43 through 45, since fiscal year 1993, the County has contributed over \$880,000 per year to the Pension Trust fund to bring the fund up to the recommended level. Contributions prior to fiscal year 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 year 2003, the County established a post-employment benefit account with \$500,000. The County deposited an additional \$1 million to this account during fiscal year 2004, plus \$886,000 during fiscal year 2005. This fund was valued at \$2,767,502 as of June 30, 2005. The County plans to make annual contributions to fund the liability for pensioner healthcare benefits. During December 2005, the County deposited an additional \$1,551,000 to this account for post-employment benefits.

## Awards and Acknowledgements

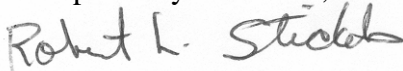
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sussex County for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the third year that the government 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 especially like to thank those employees and the County auditors for their dedication to the completion of this report.

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

Respectfully submitted,



Robert L. Stickels  
County Administrator  
RLS:DBB/nc



David B. Baker  
Finance Director

# 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, 2004

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.



*Nancy L. Zelle*

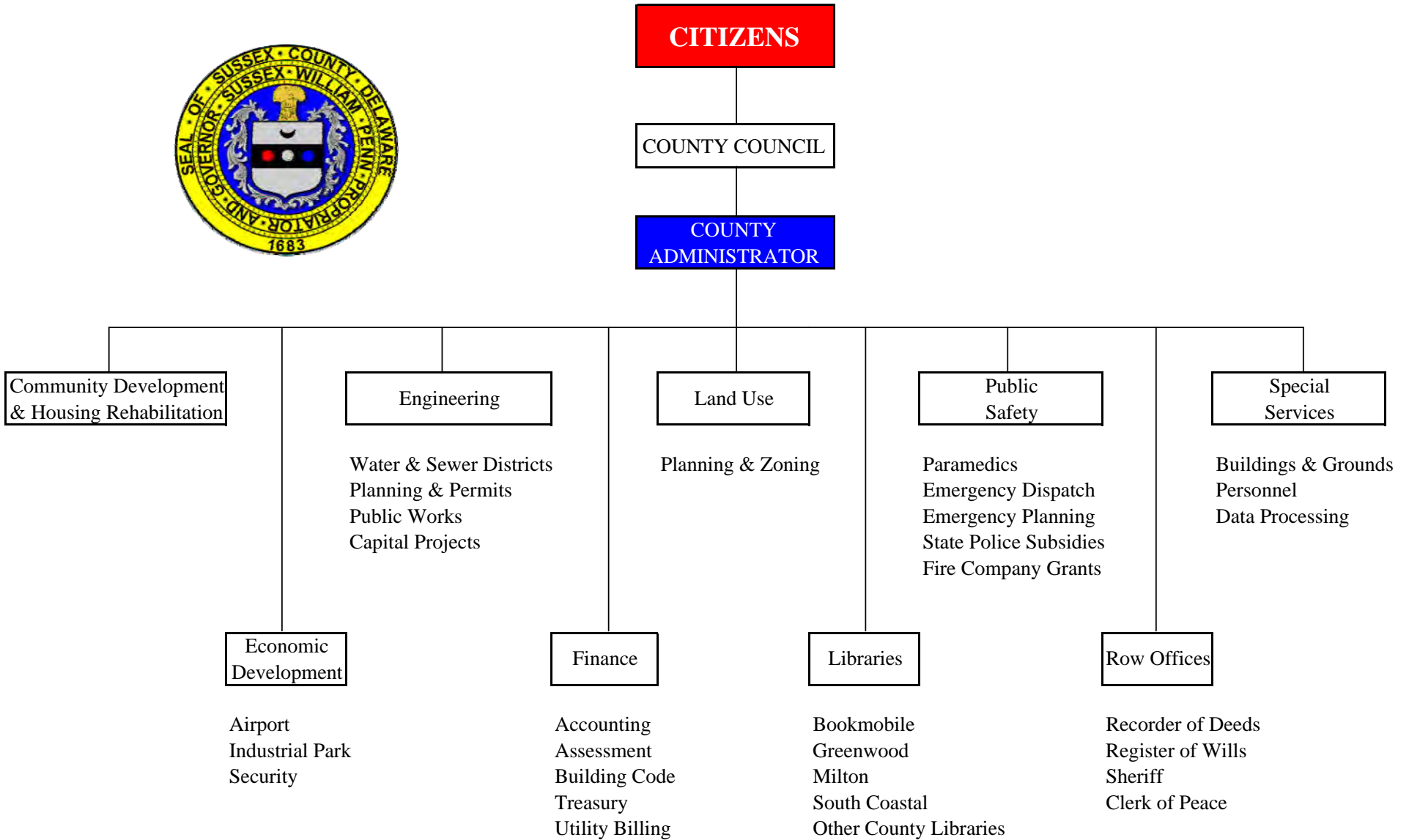
President

*Jeffrey R. Enos*

Executive Director



**SUSSEX COUNTY, DELAWARE  
ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR 2005**



SUSSEX COUNTY, DELAWARE

*LIST OF ELECTED OFFICIALS*

JUNE 30, 2005

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<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i>		
Dale R. Dukes	17 Years	Jan. 2009
<i>District 2 - (President)</i>		
Finley B. Jones, Jr.	9 Years	Jan. 2009
<i>District 3 - (Vice-President)</i>		
Lynn J. Rogers	9 Years	Jan. 2009
<i>District 4</i>		
George B. Cole	19 Years	Jan. 2007
<i>District 5</i>		
Vance C. Phillips	7 Years	Jan. 2007
-----		
<i>Clerk of the Peace</i>		
George Parrish	6 Months	Jan. 2009
<i>Recorder of Deeds</i>		
John F. Brady	3 Years	Jan. 2007
<i>Register of Wills</i>		
Howard Clendaniel	11 Years	Jan. 2007
<i>Sheriff</i>		
Robert L. Reed	7 Years	Jan. 2007

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2005

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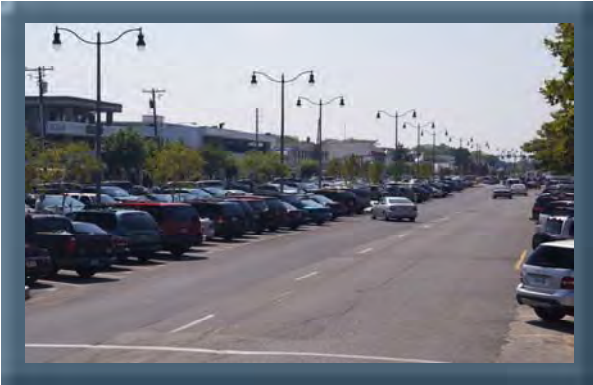
	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Robert L. Stickels	18 yrs.	18 years
<i>County Attorney</i> - James D. Griffin, Esquire	2 yrs.	2 years
<i>Finance Director</i> - David B. Baker	14 yrs.	27 years
<i>County Engineer</i> - Michael A. Izzo, P.E.	9 yrs.	21 years
<i>Accounting Division Director</i> - Susan M. Webb	12 yrs.	12 years
<i>Assessment Division Director</i> - Eddy J. Parker	15 yrs.	25 years
<i>Facilities Manager</i> - Ray W. Webb	26 yrs.	28 years
<i>Community Development Program Director</i> - William C. Lecates	15 yrs.	26 years
<i>Data Processing Director</i> - Bonnie O. Smith	18 yrs.	36 years
<i>Economic Development Director</i> - Stephen T. Masten	3 yrs.	29 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	8 yrs.	19 years
<i>Library Director</i> - Carol H. Fitzgerald	20 yrs.	20 years
<i>Paramedic Director</i> - Glenn H. Luedtke	5 yrs.	5 years
<i>Personnel Director</i> - Dennis V. Cordrey	25 yrs.	28 years
<i>Planning and Zoning Director</i> - Lawrence B. Lank	20 yrs.	36 years
<i>Treasury Division Director</i> - Joyce F. Lord	20 yrs.	37 years
<i>Utility Billing Division Director</i> - Leon Collins	20 yrs.	26 years



Grain and feed mills are an integral part of the local agriculture industry in Sussex County.



The new Beebe Health Campus is a sign of the growing health care industry in Sussex County.



The recently renovated Rehoboth Avenue in Rehoboth Beach bustles with business and visitors through all seasons.



New development projects are sprouting up amid the fields and forests throughout Sussex County.

## **FINANCIAL SECTION**



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

TRUITT W. JEFFERSON, CPA, DIRECTOR  
RETIRED

ANITA Y. SMITH, MED, DIRECTOR

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sussex County, Delaware's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2005, on our consideration of Sussex County, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 17 and the required supplementary information on pages 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sussex County, Delaware's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Sussex County, Delaware. The combining and individual fund financial statements and the 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  
November 28, 2005

## SUSSEX COUNTY, DELAWARE

### MANAGEMENT'S DISCUSSION & ANALYSIS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2005. Please consider this Management's Discussion and Analysis (MD & A) along with other additional information included in the letter of transmittal and other sections of the report.

#### Financial Highlights

##### Government-wide Financial Statements

- As of June 30, 2005, assets exceeded liabilities by \$272,662,300. Of this amount, \$58.7 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$55,760,987 during the year. The governmental activities portion, \$21 million, is attributable, primarily, to an increase in construction-related user fees, and revenue from realty transfer taxes. The business-type activities increase in net assets of \$34.8 million is, primarily, due to growth-related capital cost contributions, connection fee income, State grant capital contributions, and County contributions.

##### Fund Financial Statements

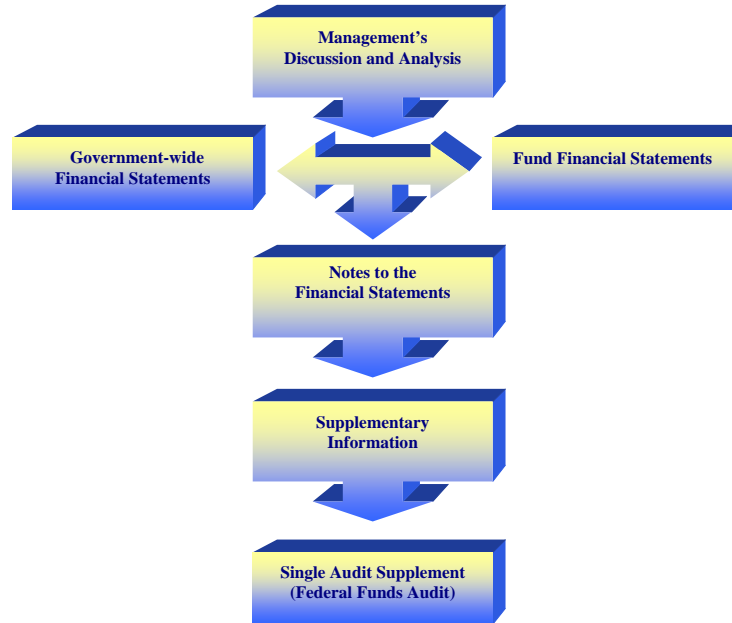
- As of June 30, 2005, the County's governmental funds reported an ending fund balance of \$88 million. This increased \$15.5 million from the preceding year. About 38 percent, or \$33.8 million, was unreserved or available for spending at the County's discretion.
- The undesignated fund balance as of June 30, 2005 for the governmental funds was \$14 million, or 20 percent of the fiscal year 2006 budget for these funds.

##### Debt Offering

- During fiscal year 2005, the County issued \$5 million in general obligation debt for two sewer funds. The respective sewer funds will be responsible for paying the debt service for these bonds.

#### 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 trust fund and post-retirement employee benefit 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 financial statements (see pages 20 and 22).

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

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

- *Proprietary Funds* - Sussex County's proprietary funds are solely enterprise funds, which operate in a manner similar to private business enterprises. Sussex County's proprietary funds include four major funds for the Bethany, Long Neck, West Rehoboth, and the South Coastal Regional Wastewater Facility. They also include fifteen nonmajor sewer and water funds.
- *Fiduciary Funds* - Sussex County has two fiduciary funds, the Pension Trust fund and the Post-retirement Employee Benefit fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The separate accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the Financial Statements

Notes to the financial statements found on pages 32 through 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 fund budgetary comparison schedules, General fund revenue and expenditure schedules, combining proprietary fund schedules, capital asset schedules, and other information. These follow on pages 57 through 83. The statistical section follows on pages 84 through 153 with additional County information. The Single Audit, a separate federal awards audit, follows the statistical section.

**Government-wide Financial Analysis**

As previously noted, assets exceed liabilities by \$272.7 million as of June 30, 2005. Net assets may serve over time as a useful indicator of a government's financial position.

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

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

**As of June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Total Government	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 119,321,983	\$ 98,952,085	\$ 56,844,784	\$ 38,509,684	\$ 176,166,767	\$ 137,461,769
Capital Assets	27,289,722	22,045,381	255,905,610	236,694,269	283,195,332	258,739,650
Total Assets	<u>\$ 146,611,705</u>	<u>\$ 120,997,466</u>	<u>\$ 312,750,394</u>	<u>\$ 275,203,953</u>	<u>\$ 459,362,099</u>	<u>\$ 396,201,419</u>
Current and Other Liabilities	23,987,460	19,350,324	6,608,653	4,201,772	30,596,113	23,552,096
Long-term Liabilities Outstanding	7,996,595	8,008,569	148,107,091	147,739,441	156,103,686	155,748,010
Total Liabilities	<u>\$ 31,984,055</u>	<u>\$ 27,358,893</u>	<u>\$ 154,715,744</u>	<u>\$ 151,941,213</u>	<u>\$ 186,699,799</u>	<u>\$ 179,300,106</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	27,029,978	21,778,122	93,526,220	79,179,482	120,556,198	100,957,604
Restricted	47,805,783	26,751,718	45,585,060	35,967,259	93,390,843	62,718,977
Unrestricted	39,791,889	45,108,733	18,923,370	8,115,999	58,715,259	53,224,732
Total Net Assets	<u>\$ 114,627,650</u>	<u>\$ 93,638,573</u>	<u>\$ 158,034,650</u>	<u>\$ 123,262,740</u>	<u>\$ 272,662,300</u>	<u>\$ 216,901,313</u>

A large portion of the County's net assets (44 percent) are not available for future spending since they represent amounts invested in capital assets (e.g., land, buildings, machinery and equipment). This investment is net of any related debt that was used to acquire those assets that is still outstanding. It should be noted that the resources needed to repay outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This portion of net assets increased by \$19.6 million during fiscal year 2005, primarily due to developer contributions of sewer infrastructure and County sewer project expansion.

Of the remaining \$152.1 million in net assets, \$45.6 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, \$47.8 million represents realty transfer taxes, 911 fees received, and grant funds on-hand, which are restricted for specific purposes. Realty transfer taxes must be used for public safety,

economic development, public works, capital projects, infrastructure projects, or debt reduction. Restricted realty transfer taxes increased \$20.4 million due to the 33 percent transfer tax revenue increase during the year. Realty transfer taxes restricted funds include reservations for sewer district contributions (\$7 million), library expansion projects (\$1.4 million), a new Emergency Operations Center (\$8.6 million), Industrial Park infrastructure (\$3.85 million), landfill cleanup costs (\$2.6 million), and County Airport improvements (\$2.6 million). Available 911 fees are restricted for specific emergency dispatch purposes.

The remaining \$58.7 million in net assets is unrestricted and may be used for ongoing obligations to citizens and creditors. As of June 30, 2005, net assets were positive for both governmental activities and business-type activities.

The following schedule shows the breakdown of changes in net assets for governmental and business-type activities for fiscal years 2005 and 2004.

**SUSSEX COUNTY'S CHANGES IN NET ASSETS**  
**For the Years Ended June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Total Government	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 13,980,435	\$ 13,110,344	\$ 12,656,792	\$ 11,132,167	\$ 26,637,227	\$ 24,242,511
Operating Grants and Contributions	6,065,343	6,790,770	18,806,360	16,033,341	24,871,703	22,824,111
Capital Grants and Contributions	3,001,477	318,157	15,586,276	15,113,921	18,587,753	15,432,078
General Revenues						
Property Taxes	8,161,118	9,568,521	-	-	8,161,118	9,568,521
Capitation Taxes	224,294	237,282	-	-	224,294	237,282
Fire Service Taxes	1,785,613	1,510,691	-	-	1,785,613	1,510,691
Realty Transfer Taxes	36,329,843	27,399,572	-	-	36,329,843	27,399,572
Investment Income	1,747,718	892,938	289,985	198,309	2,037,703	1,091,247
Total Revenues	<u>\$ 71,295,841</u>	<u>\$ 59,828,275</u>	<u>\$ 47,339,413</u>	<u>\$ 42,477,738</u>	<u>\$ 118,635,254</u>	<u>\$ 102,306,013</u>
<b>Expenses:</b>						
Primary Government:						
General Government	\$ 11,592,273	\$ 9,622,999	\$ -	\$ -	\$ 11,592,273	\$ 9,622,999
Grant-in-aid Programs	7,293,058	6,892,065	-	-	7,293,058	6,892,065
Planning and Zoning	1,045,230	1,012,053	-	-	1,045,230	1,012,053
Paramedic Program	8,467,637	6,840,784	-	-	8,467,637	6,840,784
Emergency Preparedness	1,984,888	1,889,708	-	-	1,984,888	1,889,708
Economic Development and						
Public Works	528,814	428,025	-	-	528,814	428,025
County Engineer	2,025,846	1,079,543	-	-	2,025,846	1,079,543
Airport	601,236	532,414	-	-	601,236	532,414
Engineering - Solid Waste	-	33,544	-	-	-	33,544
Library	3,140,156	2,729,492	-	-	3,140,156	2,729,492
Community Development and						
Housing Programs	1,829,012	1,488,969	-	-	1,829,012	1,488,969
Constitutional Offices	2,268,066	1,985,946	-	-	2,268,066	1,985,946
Business-type Activities	-	-	22,098,051	19,424,014	22,098,051	19,424,014
Total Expenses	<u>\$ 40,776,216</u>	<u>\$ 34,535,542</u>	<u>\$ 22,098,051</u>	<u>\$ 19,424,014</u>	<u>\$ 62,874,267</u>	<u>\$ 53,959,556</u>
Increase in Net Assets Before						
Transfers	\$ 30,519,625	\$ 25,292,733	\$ 25,241,362	\$ 23,053,724	\$ 55,760,987	\$ 48,346,457
Transfers	(9,530,548)	(2,925,040)	9,530,548	2,925,040	-	-
Increase in Net Assets	<u>\$ 20,989,077</u>	<u>\$ 22,367,693</u>	<u>\$ 34,771,910</u>	<u>\$ 25,978,764</u>	<u>\$ 55,760,987</u>	<u>\$ 48,346,457</u>
Net Assets - Beginning	93,638,573	71,270,880	123,262,740	97,283,976	216,901,313	168,554,856
Net Assets - Ending	<u>\$ 114,627,650</u>	<u>\$ 93,638,573</u>	<u>\$ 158,034,650</u>	<u>\$ 123,262,740</u>	<u>\$ 272,662,300</u>	<u>\$ 216,901,313</u>

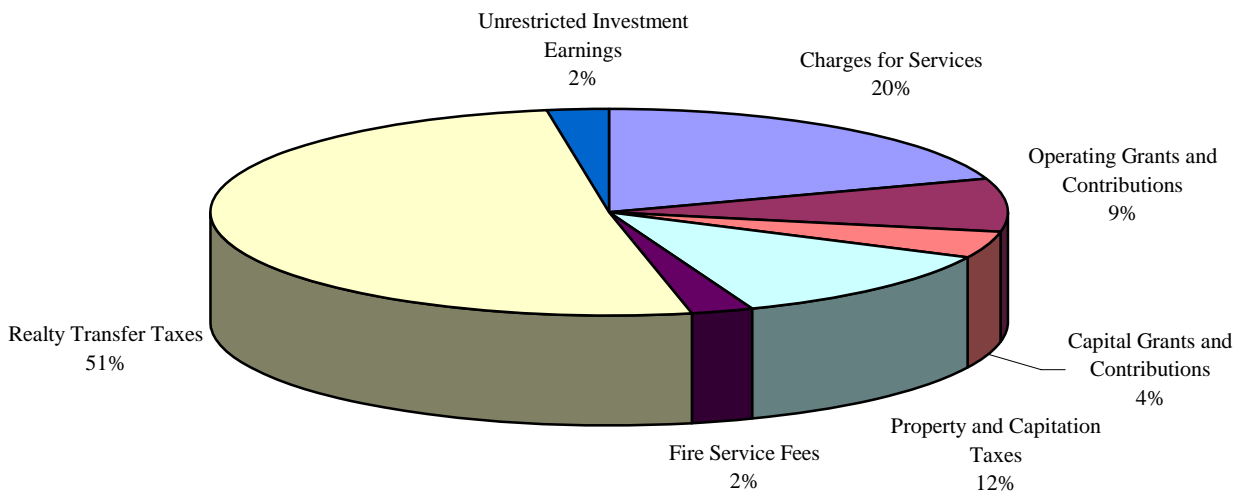
Governmental Activities

Governmental activities increased net assets by \$20,989,077 during fiscal year 2005. This represents 38 percent of the increase in net assets for the year. Governmental activities include the General fund and Capital Project fund.

As per the preceding schedule, tax revenues total \$46.5 million for fiscal year 2005 for governmental activities. This includes \$36.3 million received from realty transfer taxes reflecting major growth in the number and value of real estate transactions in the County. Realty transfer taxes revenue was up 188 percent compared to three years ago, fiscal year 2002, while the realty transfer taxes rate remained the same.

The below pie chart shows realty transfer taxes as the largest governmental revenue comprising 51 percent of total revenue, followed by charges for services (20%), and property and capitation taxes (12%).

**Revenues by Source - Governmental Activities**



Charges for services reflect increases in revenue from the Private Road Inspection and Design fees, Building Permit, and Building Inspection fees. These revenues alone were up \$1.2 million, or 24 percent, from the previous year. They also reflect the strong housing and property sales market in Sussex County.

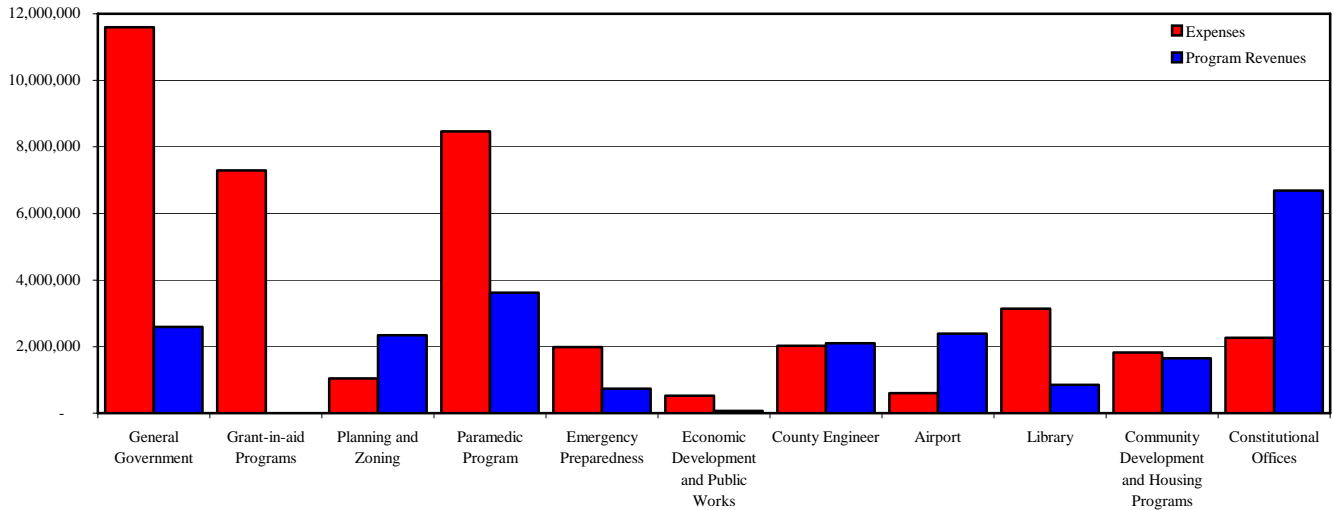
Property and capitation taxes decreased \$1.4 million due to a one time 25 percent general fund operations tax credit as approved by the County Council for fiscal year 2005.

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



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

### Expenses and Program Revenues - Governmental Activities



During fiscal year 2005, construction was begun on the new combination Paramedic/State Police facility in Bridgeville. The County contributed \$1.1 million during fiscal year 2004 for this new facility. The additional paramedic unit placed in service during fiscal year 2004 was brought to full-time status, and units were redeployed to increase coverage and reduce response times. An eighth paramedic unit was placed in service on a part-time basis, to be deployed during times and in areas when increased resources are needed in response to high demand. Due to the shortage of qualified paramedics, three positions were created for paramedic students. Those selected were enrolled in the Delaware Technical and Community College paramedic training program and, upon graduation in fiscal year 2006, will be obligated to fill vacant positions within the County paramedic department for a minimum of three years.

During fiscal year 2005, the County provided \$172,250 in grants for community improvements to local nonprofit organizations as part of a program to benefit County residents. These grants included local historical societies, and educational, recreation, arts, and agriculture programs. The County also granted \$250,000 towards a new Easter Seals Center to be constructed in Georgetown. The County expended \$199,432 for open space land preservation. These funds will protect approximately 440 acres of farmland from future development.

Sussex County's Grant-in-Aid Program for fiscal year 2005 reflected an increase in funding for police. The County partially funded 24 additional State Police to service our county. During the next two years, this will increase by four police officers per year, for a total of 32 State Police, which is in addition to the normal State allotment for our county.

County funding for the volunteer fire service increased by 45 percent during fiscal year 2005. \$3,795,016 was granted to the fire service including \$817,477 for salary costs for Basic Life Support providers.

During fiscal year 2005, the County continued expansion projects at the County Airport. Four new T-hangars were completed. A new airport perimeter security fence was constructed. The County continued negotiating and purchasing property needed to extend an airport runway, which will enable

businesses and employers at the airport to grow. An airport taxi lane project was undertaken that will provide space for more needed airport hangars.

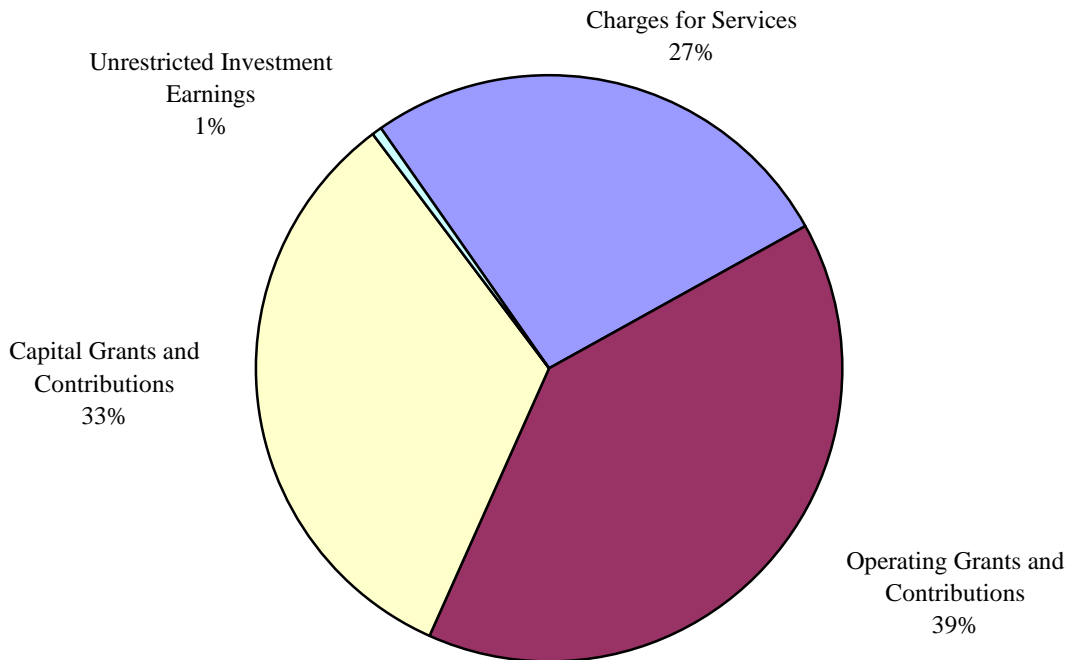
Design continued for a new Emergency Operations Center to provide additional space for the County's 911 Call Center. A building at the County's Industrial Park was purchased and, subsequently, leased to PATS, LLC. This will improve employment opportunities in Sussex County.

County contributions to the sewer and water districts, totaling \$9,530,548, were made during fiscal year 2005. These funds help offset capital costs incurred and are a major factor in maintaining sewer user rates at reasonable levels. This funding included \$157,483 for a new program to fund front foot assessment bills exceeding 125 front feet for residential customers.

Business-type Activities

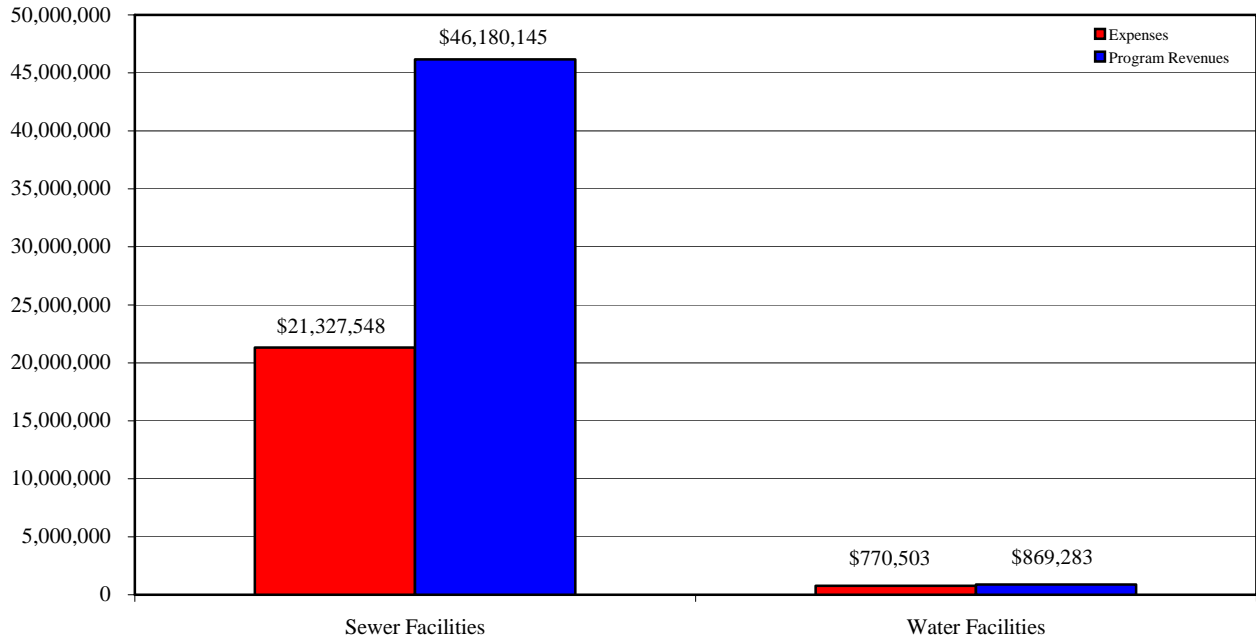
Sussex County's water and sewer funds recorded an increase in net assets of \$34,771,910 during fiscal year 2005. Income before capital contributions and transfers was \$9,655,086. The pie chart reflects the large amounts received from grants and contributions for capital costs.

**Revenues by Source - Business-type Activities**



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

**Expenses and Program Revenues - Business-type Activities**



- Capital contributions from developers totaled \$12,482,995 during the year. This includes sewer facilities for new development as required by the County, which are deeded to the County upon project completion. This amount increased 65 percent from \$7,562,965 during fiscal year 2004.
- The County also received \$8,831,043 in connection fees for new growth in the sewer and water districts. This was a 21 percent increase due to an increase in number of customers and an increase in connection fee rates. County sewer and water districts' EDUs grew by 6.8 percent, from 47,788 at the beginning of the year to 51,054 as of June 30, 2005. This reflects continued growth, after a 6.3 percent increase during fiscal year 2004.
- The Cedar Neck Sewer Project completed its first full year of operation. Final construction completion occurred during fiscal year 2005.

**Financial Analysis of the County's Funds**

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

**Governmental Funds**

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

During fiscal year 2005, fund balances of the County's governmental funds increased \$15,544,179 to \$88,311,149. As noted previously, this is particularly due to strong residential housing demand in the County. The County's realty transfer taxes revenue increased by \$8,930,271, or 33 percent. Related building fee revenues were also up 24 percent, or \$1.2 million from the previous year.

Undesignated fund balance for the General fund rose to \$13,957,648. This is net of designations for open space purchases (\$4,795,377), pension and pension benefit fund contributions (\$3,350,000), community grants (\$985,707), reassessment (\$530,000), low-income housing rehab projects (\$205,325), and the Town Economic Stimulus Loan Program (\$1,172,061). 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, 2005, the General fund undesignated fund balance of \$13,957,648 is 25 percent of the fiscal year 2006 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 non-proprietary funds (non-sewer and non-water projects), such as the County Airport, Emergency Operations Center, Industrial Park, County Libraries, and County Administrative Buildings.

During fiscal year 2001, the County defeased all tax supported bonded debt. Since the County has not incurred any tax supported bonded debt since then, the County did not have a debt service fund during fiscal year 2005.

During fiscal year 2005, the County established an irrevocable fund for post-retirement employee benefits. 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. Monies in this account have been invested with the State of Delaware Local Government Retirement Investment Pool. As of June 30, 2005, net assets held in this account were valued at \$2,767,502. The County anticipates major additional contributions to this fund in the future to fund pensioner benefits.

During fiscal year 2004, 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 \$64,508,430. Of this amount, \$18,923,370 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 year 2005. 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 Sussex Conservation District Tax Ditch Drainage Grant (\$100,000), Library costs funded by State grant overage (\$33,591), and Assessment Department vehicle replacements (\$29,981).

### **Budget to Actual - Revenue**

General fund revenues, and other financing sources, exceeded the budget by \$14,877,710. As previously noted, this is primarily due to the strong property market and strong building climate in Sussex County. Realty transfer taxes revenue exceeded the budget by \$20,329,843. Recorder of Deeds revenue exceeded the budget by \$421,420. Building related fees, from building permits and zoning fees, building inspection fees, and private road fees, also exceeded the budget by \$2,515,252. The Library donation positive variance of \$394,268 is attributable to a one-time construction contribution from the Friends of the Milton Library for the Milton Library expansion project.

### **Budget to Actual - Expenditures**

Expenditures and other financing uses exceeded the budget by \$3,074,002 as noted on page 66. This is partially a result of additional transfers to the Capital Projects fund for \$1,980,000. This additional \$1.98 million transferred to the Capital Projects fund will be used for capital costs such as a new County Emergency Operations Center, Airport expansion, and a new County office building. By transferring funds to the Capital Projects fund, the County will be better able to meet its non-sewer and water needs, without issuing debt. Without tax supported debt, the County will be saving interest expense costs in the future.

Expenditures for most departments were within budget amounts. Under grants, the Fire Enhancement Fee payments to fire companies exceeded the budget by \$997,847 due to a corresponding increase in revenue. The County's Building Code inspection cost, performed by an outside contractor, exceeded budget estimates by \$128,037 due to the major increase in building activity as reflected in the corresponding increase in revenue. Engineer Administration other expenditures exceeded budget by \$66,987, primarily due to additional costs incurred for a sewer planning area study, which will serve as a guide for future County sewer expansion. Airport personal services and employee benefits exceeded budget by \$92,421 due to additional County staff time expended on Airport expansion projects. Register of Wills exceeded its budget due to an additional staff person hired to assist with growing workloads.

**Capital Asset and Debt Administration**

Capital Assets

As per the below chart, capital assets (net of depreciation) are valued at \$283,195,332 as of June 30, 2005. Note D, on pages 41 and 42, includes additional information.

**SUSSEX COUNTY'S CAPITAL ASSETS**

**As of June 30, 2005 and 2004**

(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2005	2004	2005	2004	2005	2004
Land	\$ 5,694,410	\$ 4,463,890	\$ 40,399,440	\$ 39,120,037	\$ 46,093,850	\$ 43,583,927
Construction in Progress	2,785,201	2,208,730	19,744,566	13,201,315	22,529,767	15,410,045
Buildings	13,077,705	9,864,245	5,183,598	5,496,924	18,261,303	15,361,169
Improvements Other Than Buildings	3,300,470	3,065,299	6,241,233	6,223,145	9,541,703	9,288,444
Machinery and Equipment	2,431,936	2,443,217	1,298,833	1,524,228	3,730,769	3,967,445
Infrastructure	-	-	183,037,940	171,128,620	183,037,940	171,128,620
<b>Total</b>	<b>\$ 27,289,722</b>	<b>\$ 22,045,381</b>	<b>\$ 255,905,610</b>	<b>\$ 236,694,269</b>	<b>\$ 283,195,332</b>	<b>\$ 258,739,650</b>

The governmental activity assets reflect the completion of a major expansion of the Milton Library Building for approximately \$1.7 million. A \$300,000 County Airport T-Hangar Expansion Project was also completed during fiscal year 2005. The County also purchased a large building at the Sussex County Industrial Park for \$1.5 million. This building was subsequently leased to PATS Aircraft, LLC. This purchase will help provide additional employment by PATS Aircraft, LLC as their business expands. At the County Airport, an Airport Lights Project was completed and engineering work continued related to the coming expansion and renovation of airport runways. Three parcels of land were purchased for \$800,000, which are needed for runway expansion. A property in Georgetown, which will be used for County Office parking spaces, was also purchased for \$101,000. \$305,000 was spent for the purchase of land near a former County landfill to help alleviate possible environmental concerns.

Sewer fund asset additions also include \$12,483,000 worth of sewer infrastructure that was paid for by developers and donated to the County for new developments within County sewer districts. This includes collection lines, pumping equipment, and force mains.

The following are highlights of the major capital sewer projects underway during fiscal year 2005, which will expand the County's sewer system to serve more residents and better protect the environment.

- Customers continued connecting to the Cedar Neck Sewer Project, west of Bethany Beach. This new project was completed during April 2004. Over 1,300 hookups had occurred by June 30, 2005.
- \$4.8 million was expended during fiscal year 2005 for the new Oak Orchard Sanitary Sewer District which will serve approximately 890 County residents. Completion and hookups for this project are expected during fiscal year 2006.

- Construction continued on the new \$3.5 million Bayview Estates Sewer District which will be completed during fiscal year 2006 and will serve approximately 174 properties.
- The \$650,000 Sea Country Estates Sewer District was also in the construction phase. This new district will serve approximately 49 new hookups and is expected to be complete during fiscal year 2006.
- At the South Coastal Regional Wastewater Treatment Facility, which now serves 20,000 residents, a major expansion project began. A \$15.2 million construction project began which will expand the capacity of the plant from 6 million gallons per day to 9 million gallons per day of average daily flow. This project will also upgrade the plant, which was constructed in 1976 and upgraded in 1988.
- During fiscal year 2005, a \$3.6 million sludge-handling project at the South Coastal Regional Wastewater Treatment Facility was completed. This project improved the sludge product to a class A material which can now be used to fertilize lawns, renovate fields, and as a liming material for crops. With the additional volume generated by growth of this system, this provides a beneficial method for sludge disposal.
- Engineering planning and design work was underway during the year for the Millville, South Ocean View, and Miller Creek Sewer projects. Construction is expected to begin during fiscal year 2007 for the Millville project.

Long-term Debt

As of June 30, 2005, the County had \$149,239,594 in outstanding bonds payable. Of this amount, \$28,076,986 was backed by specific sewer district revenues. The remaining \$121,162,608 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, 2005 and 2004**

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ -	\$ -	\$ 121,162,608	\$ 119,930,460	\$ 121,162,608	\$ 119,930,460
Revenue Bonds	-	-	28,076,986	29,359,095	28,076,986	29,359,095
Total	\$ -	\$ -	\$ 149,239,594	\$ 149,289,555	\$ 149,239,594	\$ 149,289,555

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

During fiscal year 2005, Bond Issue 1993 was repaid in full, with a final debt service made on April 15, 2005. Also during the year, \$5.2 million was borrowed from the State of Delaware Revolving Fund Loan Program as part of a \$13 million loan for the South Coastal Regional Wastewater Facility Improvement Project. This is a 20-year loan at 3.175 percent. \$103,000 was borrowed December 2, 2004 as part of a \$1.5 million State of Delaware Revolving Fund Loan for the Oak Orchard Sanitary Sewer District, which is a 20-year loan at 2 percent interest.

State of Delaware statutes limit the amount of general obligation debt that Sussex County can issue to 12 percent of its total assessed valuation. As of June 30, 2005, there was \$161,887,411 remaining as available general obligation debt margin (see page 94).

Additional information is included in note "H" on pages 46 through 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 June 2005. This compares to 4.1 percent for the State of Delaware and 5.0 percent for the United States. Five banks are planning to open new branches in Sussex County during fiscal year 2006.
- The real estate and construction industries are strong. Per the U. S. Census Bureau for calendar year 2005, the value of new construction exceeded the total for the rest of the State as of November 30, 2005. Approximately 54.3 percent of new construction value is occurring in Sussex County per the U. S. Census Bureau. Per the U.S. Census Bureau, the value of new construction in Sussex County exceeds that for the individual states of Rhode Island, South Dakota, and Alaska, as well as the District of Columbia.
- Agriculture is a major industry in Sussex County. Sussex County ranks first among all United States counties in poultry and egg sales per the U. S. Department of Agriculture. Four major poultry companies have facilities, or growers, in Sussex County. Corn, soybeans, and other vegetables are also grown in the County. Per the U. S. Department of Agriculture's 2002 Census, Sussex County ranked 36<sup>th</sup> in the United States for total market value of agriculture products sold, 263<sup>rd</sup> for value of crops, and 29<sup>th</sup> for number of vegetable acres harvested, as well as first for the sales value of poultry and eggs. Over 3,000 counties were included in this survey.
- Retail sales is a growing industry in Sussex County with major outlet shopping located on the East Coast corridor. These outlets attract customers from other counties and states. 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 Year 2006 Budget and Rates*

The fiscal year 2006 General fund budget increased by 7 percent, reflecting County population and infrastructure growth. Funding increased for services such as paramedics, police and local law enforcement, volunteer fire companies, 911 and emergency response, public works, and building code. Volunteer fire service funding for \$3.2 million increased 12 percent. Over \$1 million of this funding is for paid ambulance basic life support providers. Paramedic Department funding increased 16 percent including additional staff needed to serve our growing population, which includes many retirees. The



number of paramedic calls increased by 21 percent over the last 3 years. The County also continues to fund \$1.4 million for the open space land program to preserve land from development.

The County property tax rate remained at 44.5 cents for the 16<sup>th</sup> straight year. Other projected general fund revenues increased, such as the realty transfer taxes and revenues related to building construction. The County did not renew the one time 25 percent general fund property tax credit from fiscal year 2005.

The fiscal year 2006 Sewer and Water budget for operations, maintenance and debt payments increased by 12.48 percent. Population increases, as well as County sewer expansion projects, have resulted in more users and increasing total cost. The fiscal year 2006 revenue budget includes a 5 percent service charge rate increase for most districts. The budget did include expanding the residential front foot assessment cap program to provide a subsidy to current residential property owners with more than 100 billable front feet. The fiscal year 2005 cap was 125 billable front feet.

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

The capital budget program of \$54.1 million includes \$29.7 million for water and sewer district expansion and major maintenance projects. \$11.2 million is projected to be spent for expansion and upgrading the South Coastal Regional Wastewater Facility treatment facility. \$5 million is estimated to complete the new Oak Orchard Sewer District. Other sewer projects include the completion of the new Bayview Estates and Sea Country Estates sewer districts, rebuilding pump stations, expansion of the Holts Landing Sewer District, equipment replacements, and planning and engineering studies for future sewer expansion projects. The five-year capital improvement plan of \$194.2 million includes \$142.6 million for sewer and water projects and \$51.6 million for other projects such as airport expansion, emergency operations center building, County office building, and Industrial Park fire protection.

### **Requests for Information**

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

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, 2005

- 18 -

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 28,274,328	\$ 16,913,535	\$ 45,187,863
Receivables, net of allowance for doubtful accounts:			
Taxes	641,662	-	641,662
Service charges	-	807,632	807,632
Assessment, impact, connection, and expansion	357,134	583,118	940,252
Accrued interest	95,111	177,200	272,311
Miscellaneous	75,267	237,064	312,331
Due from other governmental agencies	1,805,621	2,272,480	4,078,101
Unbilled taxes	10,686,666	-	10,686,666
Internal balances	14,653,404	(14,653,404)	-
Inventory	25,080	14,139	39,219
Prepaid items	513,348	-	513,348
Net pension asset	4,725,020	1,181,255	5,906,275
Restricted assets:			
Cash and cash equivalents	57,069,342	46,215,390	103,284,732
Investments	-	2,076,179	2,076,179
Mortgage receivable	400,000	-	400,000
Bond issue cost, net of amortization	-	1,020,196	1,020,196
Capital assets:			
Land, improvements, and construction in progress	8,479,611	60,144,006	68,623,617
Other capital assets, net of depreciation	18,810,111	195,761,604	214,571,715
<b>TOTAL ASSETS</b>	<b>146,611,705</b>	<b>312,750,394</b>	<b>459,362,099</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	4,674,407	5,074,618	9,749,025
Accrued interest payable	-	776,011	776,011
Employee health claims payable	408,446	-	408,446
Unearned revenue:			
Taxes	10,686,666	-	10,686,666
Other	60,186	-	60,186
Deposits	8,157,755	-	8,157,755
Notes payable	-	758,024	758,024
Long-term liabilities:			
Due within one year	1,376,895	6,207,452	7,584,347
Due in more than one year	6,619,700	141,899,639	148,519,339
<b>TOTAL LIABILITIES</b>	<b>31,984,055</b>	<b>154,715,744</b>	<b>186,699,799</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	27,029,978	93,526,220	120,556,198
Restricted for:			
Realty transfer tax	45,167,095	-	45,167,095
911 Reporting	2,564,517	-	2,564,517
Grant funds	74,171	-	74,171
Construction and debt service	-	28,136,310	28,136,310
Revenue bond debt service	-	17,448,750	17,448,750
Unrestricted	39,791,889	18,923,370	58,715,259
<b>TOTAL NET ASSETS</b>	<b>\$ 114,627,650</b>	<b>\$ 158,034,650</b>	<b>\$ 272,662,300</b>

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

SUSSEX COUNTY, DELAWARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 11,592,273	\$ 2,580,027	\$ 10,000	\$ -	\$ (9,002,246)	\$ -	\$ (9,002,246)
Grant-in-aid programs	7,293,058	-	-	-	(7,293,058)	-	(7,293,058)
Planning and zoning	1,045,230	2,343,693	-	-	1,298,463	-	1,298,463
Paramedic program	8,467,637	-	3,396,529	225,243	(4,845,865)	-	(4,845,865)
Emergency preparedness	1,984,888	26,545	717,453	-	(1,240,890)	-	(1,240,890)
Economic development and public works	528,814	65,055	-	-	(463,759)	-	(463,759)
County engineer	2,025,846	2,080,536	18,808	-	73,498	-	73,498
Airport	601,236	179,471	-	2,212,130	1,790,365	-	1,790,365
Library	3,140,156	20,249	266,665	564,104	(2,289,138)	-	(2,289,138)
Community development and housing programs	1,829,012	-	1,655,888	-	(173,124)	-	(173,124)
Constitutional offices	2,268,066	6,684,859	-	-	4,416,793	-	4,416,793
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>40,776,216</b>	<b>13,980,435</b>	<b>6,065,343</b>	<b>3,001,477</b>	<b>(17,728,961)</b>	<b>-</b>	<b>(17,728,961)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer facilities	21,327,548	12,072,903	18,520,966	15,586,276	-	24,852,597	24,852,597
Water facilities	770,503	583,889	285,394	-	-	98,780	98,780
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>22,098,051</b>	<b>12,656,792</b>	<b>18,806,360</b>	<b>15,586,276</b>	<b>-</b>	<b>24,951,377</b>	<b>24,951,377</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 62,874,267</b>	<b>\$ 26,637,227</b>	<b>\$ 24,871,703</b>	<b>\$ 18,587,753</b>	<b>(17,728,961)</b>	<b>24,951,377</b>	<b>7,222,416</b>
<b>GENERAL REVENUES</b>							
Taxes: Property					8,161,118	-	8,161,118
Capitation					224,294	-	224,294
Fire service					1,785,613	-	1,785,613
Realty transfer					36,329,843	-	36,329,843
Unrestricted investment earnings					1,747,718	289,985	2,037,703
<b>TRANSFERS</b>					<b>(9,530,548)</b>	<b>9,530,548</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>38,718,038</b>	<b>9,820,533</b>	<b>48,538,571</b>
<b>CHANGE IN NET ASSETS</b>					<b>20,989,077</b>	<b>34,771,910</b>	<b>55,760,987</b>
<b>NET ASSETS - BEGINNING</b>					<b>93,638,573</b>	<b>123,262,740</b>	<b>216,901,313</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 114,627,650</b>	<b>\$ 158,034,650</b>	<b>\$ 272,662,300</b>

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

SUSSEX COUNTY, DELAWARE  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2005

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,381,224	\$ 6,893,104	\$ 28,274,328
Receivables, net of allowance for doubtful accounts:			
Taxes	641,662	-	641,662
Assessment, impact, connection, and expansion	357,134	-	357,134
Accrued interest	61,640	33,471	95,111
Miscellaneous	75,267	-	75,267
Due from other governmental agencies	1,381,745	423,876	1,805,621
Unbilled taxes	10,686,666	-	10,686,666
Due from other funds	14,755,185	-	14,755,185
Inventory	25,080	-	25,080
Prepaid items	513,348	-	513,348
Restricted assets:			
Cash and cash equivalents	44,554,871	12,514,471	57,069,342
<b>TOTAL ASSETS</b>	<u>\$ 94,433,822</u>	<u>\$ 19,864,922</u>	<u>\$ 114,298,744</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued expenditures	\$ 3,465,335	\$ 1,209,072	\$ 4,674,407
Due to other funds	-	101,781	101,781
Employee health claims payable	408,446	-	408,446
Deferred revenue:			
Taxes	11,270,685	-	11,270,685
Other	962,460	412,061	1,374,521
Deposits	8,157,755	-	8,157,755
<b>TOTAL LIABILITIES</b>	<u>24,264,681</u>	<u>1,722,914</u>	<u>25,987,595</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	322,325	285,727	608,052
Inventories and prepaid items	538,428	-	538,428
Non-current assets	5,624,244	-	5,624,244
911 funds	2,564,517	-	2,564,517
Realty transfer tax	32,652,624	12,514,471	45,167,095
Unreserved:			
Designated for subsequent years' expenditures	14,509,355	5,341,810	19,851,165
Undesignated	13,957,648	-	13,957,648
<b>TOTAL FUND BALANCES</b>	<u>70,169,141</u>	<u>18,142,008</u>	<u>88,311,149</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 94,433,822</u>	<u>\$ 19,864,922</u>	
<b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			27,289,722
Other long-term assets, including net pension asset and mortgage receivable, are not available to pay for current period expenditures and, therefore, are deferred in the funds.			7,023,374
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			(7,996,595)
<b>Net Assets of Governmental Activities</b>			<u>\$ 114,627,650</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<b>General</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 46,489,369	\$ -	\$ 46,489,369
Intergovernmental	5,565,448	2,007,133	7,572,581
Charges for services	14,309,619	-	14,309,619
Fines and forfeits	22,197	-	22,197
Miscellaneous	2,291,185	343,239	2,634,424
	<u>68,677,818</u>	<u>2,350,372</u>	<u>71,028,190</u>
<b>TOTAL REVENUES</b>			
	<u>68,677,818</u>	<u>2,350,372</u>	<u>71,028,190</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General Government:			
General administration	858,651	-	858,651
Finance	5,227,586	-	5,227,586
Personnel	2,341,953	-	2,341,953
Buildings and grounds	1,526,666	-	1,526,666
Data processing	951,258	-	951,258
County constable	256,735	-	256,735
Grant-in-aid programs	7,293,058	-	7,293,058
Planning and zoning	1,034,333	-	1,034,333
Paramedic program	8,603,643	-	8,603,643
Emergency preparedness	1,758,753	-	1,758,753
Economic development and public works	492,606	-	492,606
County engineer	2,237,346	-	2,237,346
Airport	275,448	-	275,448
Library	3,102,598	-	3,102,598
Community development and housing programs	1,831,004	-	1,831,004
Constitutional offices	2,307,731	-	2,307,731
<b>Capital projects</b>	-	5,948,148	5,948,148
	<u>40,099,369</u>	<u>5,948,148</u>	<u>46,047,517</u>
<b>TOTAL EXPENDITURES</b>			
	<u>40,099,369</u>	<u>5,948,148</u>	<u>46,047,517</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>28,578,449</u>	<u>(3,597,776)</u>	<u>24,980,673</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capitalized leases	94,054	-	94,054
Transfers in	-	7,338,247	7,338,247
Transfers out	(16,868,795)	-	(16,868,795)
	<u>(16,774,741)</u>	<u>7,338,247</u>	<u>(9,436,494)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>(16,774,741)</u>	<u>7,338,247</u>	<u>(9,436,494)</u>
<b>NET CHANGE IN FUND BALANCES</b>	11,803,708	3,740,471	15,544,179
<b>FUND BALANCES - BEGINNING</b>	<u>58,365,433</u>	<u>14,401,537</u>	<u>72,766,970</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 70,169,141</u>	<u>\$ 18,142,008</u>	<u>\$ 88,311,149</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, 2005**

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>			\$ 15,544,179
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 (\$ 6,792,559) exceeded depreciation (\$ 1,548,218) in the current period.			5,244,341
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	\$	(8,085)	
Grants		<u>275,736</u>	267,651
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.			7,516
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		(1,648,656)	
Net pension obligation		1,368,046	
Postclosure landfill care costs		<u>206,000</u>	<u>(74,610)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>			<u><u>\$ 20,989,077</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 26,470,200	\$ 26,470,200	\$ 46,489,369	\$ 20,019,169
Intergovernmental	6,236,433	6,236,433	5,565,448	(670,985)
Charges for services	11,342,047	11,342,047	14,309,619	2,967,572
Fines and forfeits	17,500	17,500	22,197	4,697
Miscellaneous	827,982	827,982	2,291,185	1,463,203
<b>TOTAL REVENUES</b>	<b>44,894,162</b>	<b>44,894,162</b>	<b>68,677,818</b>	<b>23,783,656</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government:				
General administration	862,518	864,018	858,651	5,367
Finance	5,272,850	5,389,596	5,227,586	162,010
Personnel	2,356,327	2,356,327	2,341,953	14,374
Buildings and grounds	1,753,467	1,751,467	1,526,666	224,801
Data processing	1,012,642	1,038,242	951,258	86,984
County constable	237,545	240,145	256,735	(16,590)
Grant-in-aid programs	5,813,677	5,913,677	7,293,058	(1,379,381)
Planning and zoning	1,072,651	1,072,651	1,034,333	38,318
Paramedic program	8,625,469	8,631,189	8,603,643	27,546
Emergency preparedness	1,829,613	1,836,113	1,758,753	77,360
Economic development and public works	429,194	530,190	492,606	37,584
County engineer	2,510,520	2,571,205	2,237,346	333,859
Airport	174,660	189,660	275,448	(85,788)
Library	3,326,447	3,390,342	3,102,598	287,744
Community development and housing programs	2,244,557	2,244,557	1,831,004	413,553
Constitutional offices	2,277,106	2,313,406	2,307,731	5,675
<b>TOTAL EXPENDITURES</b>	<b>39,799,243</b>	<b>40,332,785</b>	<b>40,099,369</b>	<b>233,416</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>5,094,919</b>	<b>4,561,377</b>	<b>28,578,449</b>	<b>24,017,072</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capitalized leases	-	-	94,054	94,054
Transfers out	(4,150,000)	(4,150,000)	(16,868,795)	(12,718,795)
Prior year surplus	9,000,000	9,000,000	-	(9,000,000)
Appropriated reserves	(9,000,000)	(9,000,000)	-	9,000,000
Reserved for contingencies	(944,919)	(411,377)	-	411,377
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,094,919)</b>	<b>(4,561,377)</b>	<b>(16,774,741)</b>	<b>(12,213,364)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>11,803,708</b>	<b>11,803,708</b>
<b>FUND BALANCE - BEGINNING</b>	<b>58,365,433</b>	<b>58,365,433</b>	<b>58,365,433</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 58,365,433</b>	<b>\$ 58,365,433</b>	<b>\$ 70,169,141</b>	<b>\$ 11,803,708</b>

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



SUSSEX COUNTY, DELAWARE  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
JUNE 30, 2005

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>Long Neck Sewer</b>	<b>West Rehoboth Sewer</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 2,870,583	\$ 3,850,343	\$ 2,952,741
Receivables, net of allowance for doubtful accounts:			
Service charges	12,452	11,951	124,825
Assessment, impact, connection, and expansion	29,191	14,438	155,258
Accrued interest	17,122	16,357	78,814
Miscellaneous	22,475	4,795	141,264
Due from other governmental agencies	-	-	-
Due from other funds	-	-	-
Inventory	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>2,951,823</b>	<b>3,897,884</b>	<b>3,452,902</b>
<b>NONCURRENT ASSETS</b>			
Restricted assets:			
Cash and cash equivalents	4,333,839	3,033,365	18,481,354
Investments	-	-	2,076,179
Bond issue cost, net of amortization	70,882	210,455	571,789
Net pension asset	94,500	197,270	223,257
Noncurrent accounts receivable:			
Service charges	6,353	11,198	136,757
Assessment, impact, connection, and expansion	4,970	16,899	304,888
Capital assets:			
Land, improvements, and construction in progress	1,052,188	297,721	3,999,152
Other capital assets, net of depreciation	32,597,889	22,207,241	80,777,055
<b>TOTAL NONCURRENT ASSETS</b>	<b>38,160,621</b>	<b>25,974,149</b>	<b>106,570,431</b>
<b>TOTAL ASSETS</b>	<b>41,112,444</b>	<b>29,872,033</b>	<b>110,023,333</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	195,038	60,713	131,075
Accrued interest payable	167,279	155,832	121,228
Due to other funds	217,035	508,047	844,135
Notes payable	24,967	-	-
Current portion of long-term liabilities	778,670	934,728	2,421,426
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,382,989</b>	<b>1,659,320</b>	<b>3,517,864</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>18,980,592</b>	<b>15,534,292</b>	<b>69,349,840</b>
<b>TOTAL LIABILITIES</b>	<b>20,363,581</b>	<b>17,193,612</b>	<b>72,867,704</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,941,511	6,193,852	13,183,517
Restricted for:			
Construction and debt service	4,148,862	3,033,365	3,059,278
Revenue bond debt service	-	-	17,448,750
Unrestricted	2,658,490	3,451,204	3,464,084
<b>TOTAL NET ASSETS</b>	<b>\$ 20,748,863</b>	<b>\$ 12,678,421</b>	<b>\$ 37,155,629</b>

(continued)

SUSSEX COUNTY, DELAWARE  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
JUNE 30, 2005

ASSETS	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 332,754	\$ 6,907,114	\$ 16,913,535
Receivables, net of allowance for doubtful accounts:			
Service charges	106,971	160,176	416,375
Assessment, impact, connection, and expansion	-	35,907	234,794
Accrued interest	37,335	27,572	177,200
Miscellaneous	33,156	35,374	237,064
Due from other governmental agencies	-	2,272,480	2,272,480
Due from other funds	2,501,737	-	2,501,737
Inventory	3,624	10,515	14,139
<b>TOTAL CURRENT ASSETS</b>	<b>3,015,577</b>	<b>9,449,138</b>	<b>22,767,324</b>
<b>NONCURRENT ASSETS</b>			
Restricted assets:			
Cash and cash equivalents	12,397,980	7,968,852	46,215,390
Investments	-	-	2,076,179
Bond issue cost, net of amortization	99,313	67,757	1,020,196
Net pension asset	389,814	276,414	1,181,255
Noncurrent accounts receivable:			
Service charges	40,566	196,383	391,257
Assessment, impact, connection, and expansion	-	21,567	348,324
Capital assets:			
Land, improvements, and construction in progress	9,569,794	45,225,151	60,144,006
Other capital assets, net of depreciation	18,693,387	41,486,032	195,761,604
<b>TOTAL NONCURRENT ASSETS</b>	<b>41,190,854</b>	<b>95,242,156</b>	<b>307,138,211</b>
<b>TOTAL ASSETS</b>	<b>44,206,431</b>	<b>104,691,294</b>	<b>329,905,535</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	2,593,789	2,094,003	5,074,618
Accrued interest payable	132,001	199,671	776,011
Due to other funds	579,651	15,006,273	17,155,141
Notes payable	317,159	415,898	758,024
Current portion of long-term liabilities	856,763	1,215,865	6,207,452
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,479,363</b>	<b>18,931,710</b>	<b>29,971,246</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>17,532,453</b>	<b>20,502,462</b>	<b>141,899,639</b>
<b>TOTAL LIABILITIES</b>	<b>22,011,816</b>	<b>39,434,172</b>	<b>171,870,885</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	9,560,887	50,646,453	93,526,220
Restricted for:			
Construction and debt service	9,983,182	7,911,623	28,136,310
Revenue bond debt service	-	-	17,448,750
Unrestricted	2,650,546	6,699,046	18,923,370
<b>TOTAL NET ASSETS</b>	<b>\$ 22,194,615</b>	<b>\$ 65,257,122</b>	<b>\$ 158,034,650</b>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>Long Neck Sewer</b>	<b>West Rehoboth Sewer</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 305,325	\$ 776,486	\$ 3,033,741
Other operating revenue	457,133	578,493	569,266
<b>TOTAL OPERATING REVENUES</b>	<b>762,458</b>	<b>1,354,979</b>	<b>3,603,007</b>
<b>OPERATING EXPENSES</b>			
Amortization	13,141	18,873	27,280
Contractual services	34,094	152,207	309,104
Depreciation	657,196	976,773	2,112,945
Employee benefits	119,170	284,997	412,463
Equipment and tools	8,150	30,436	76,193
Maintenance and repairs	27,275	51,157	71,884
Miscellaneous	-	12,186	148,699
Process chemicals	-	13,452	17,872
Professional services	11,749	28,561	45,667
Salaries	282,358	519,807	580,651
Shared costs - operating	90,166	99,180	126,271
Supplies	21	21,706	60,141
Training and travel	35	46,860	108,778
Wastewater treatment	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,243,355</b>	<b>2,256,195</b>	<b>4,097,948</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(480,897)</b>	<b>(901,216)</b>	<b>(494,941)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	133,617	128,995	752,066
Assessment and connection fees	2,464,801	2,727,696	6,444,066
Miscellaneous	-	15,393	-
Interest expense	(628,935)	(915,608)	(3,053,669)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,969,483</b>	<b>1,956,476</b>	<b>4,142,463</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,488,586</b>	<b>1,055,260</b>	<b>3,647,522</b>
<b>CAPITAL CONTRIBUTIONS TRANSFERS IN</b>	<b>1,814,759</b>	<b>3,761,487</b>	<b>1,856,802</b>
	<b>130,587</b>	<b>477,122</b>	<b>639,160</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,433,932</b>	<b>5,293,869</b>	<b>6,143,484</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>17,314,931</b>	<b>7,384,552</b>	<b>31,012,145</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 20,748,863</b>	<b>\$ 12,678,421</b>	<b>\$ 37,155,629</b>

(continued)

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Treatment Plant - SCRWF</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,940,525	\$ 2,389,518	\$ 9,445,595
Other operating revenue	216,231	1,322,648	3,143,771
<b>TOTAL OPERATING REVENUES</b>	<b>3,156,756</b>	<b>3,712,166</b>	<b>12,589,366</b>
<b>OPERATING EXPENSES</b>			
Amortization	11,670	16,646	87,610
Contractual services	415,277	493,417	1,404,099
Depreciation	1,308,970	2,263,119	7,319,003
Employee benefits	541,703	340,340	1,698,673
Equipment and tools	43,601	69,983	228,363
Maintenance and repairs	156,613	97,523	404,452
Miscellaneous	20,426	6,237	187,548
Process chemicals	82,294	2,672	116,290
Professional services	298	75,361	161,636
Salaries	1,048,527	783,381	3,214,724
Shared costs - operating	-	299,954	615,571
Supplies	69,049	37,443	188,360
Training and travel	142,559	66,208	364,440
Wastewater treatment	-	636,468	636,468
<b>TOTAL OPERATING EXPENSES</b>	<b>3,840,987</b>	<b>5,188,752</b>	<b>16,627,237</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(684,231)</b>	<b>(1,476,586)</b>	<b>(4,037,871)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	283,837	265,416	1,563,931
Assessment and connection fees	3,939,750	1,956,101	17,532,414
Miscellaneous	3,020	49,013	67,426
Interest expense	(552,438)	(320,164)	(5,470,814)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>3,674,169</b>	<b>1,950,366</b>	<b>13,692,957</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>2,989,938</b>	<b>473,780</b>	<b>9,655,086</b>
<b>CAPITAL CONTRIBUTIONS TRANSFERS IN</b>	<b>-</b>	<b>8,153,228</b>	<b>15,586,276</b>
	154,760	8,128,919	9,530,548
<b>CHANGE IN NET ASSETS</b>	<b>3,144,698</b>	<b>16,755,927</b>	<b>34,771,910</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>19,049,917</b>	<b>48,501,195</b>	<b>123,262,740</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 22,194,615</b>	<b>\$ 65,257,122</b>	<b>\$ 158,034,650</b>

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

SUSSEX COUNTY, DELAWARE  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

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	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Bethany Sewer</b>	<b>Long Neck Sewer</b>	<b>West Rehoboth Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 287,038	\$ 786,936	\$ 3,132,241
Payments to suppliers	(526,159)	(411,640)	(914,228)
Payments to employees	(420,437)	(844,185)	(1,038,574)
Other receipts	454,711	593,886	569,266
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(204,847)</b>	<b>124,997</b>	<b>1,748,705</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from (to) other funds, net	(538,646)	19,278	44,941
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(1,453,328)	(92,927)	(545,732)
Net payments on line of credit	(10,000)	-	-
Retirement of bonds and related costs	(718,131)	(822,729)	(2,263,198)
Bond proceeds	-	-	-
Assessment and connection fees	2,452,685	2,732,013	6,499,837
Capital contributions	2,943,534	-	17,202
Interest paid	(589,823)	(757,863)	(2,966,996)
Payments for bond issue costs	(1,850)	-	(11,630)
Transfers from other funds for capital activities	130,587	477,122	639,160
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>2,753,674</b>	<b>1,535,616</b>	<b>1,368,643</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	121,626	119,996	493,980
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>2,131,807</b>	<b>1,799,887</b>	<b>3,656,269</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>5,072,615</b>	<b>5,083,821</b>	<b>17,777,826</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 7,204,422</b>	<b>\$ 6,883,708</b>	<b>\$ 21,434,095</b>
Cash and cash equivalents	\$ 2,870,583	\$ 3,850,343	\$ 2,952,741
Restricted cash and cash equivalents	4,333,839	3,033,365	18,481,354
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 7,204,422</b>	<b>\$ 6,883,708</b>	<b>\$ 21,434,095</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (480,897)	\$ (901,216)	\$ (494,941)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	670,337	995,646	2,140,225
Miscellaneous income	-	15,393	-
Changes in assets and liabilities:			
Accounts receivable	(18,287)	10,450	98,500
Due from other governmental agencies	-	-	-
Inventory	-	-	-
Net pension asset	(44,985)	(53,759)	(20,999)
Compensated absences	26,076	14,378	(24,461)
Accounts payable	(354,669)	44,105	50,381
Deposits	(2,422)	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (204,847)</b>	<b>\$ 124,997</b>	<b>\$ 1,748,705</b>
<b>NONCASH TRANSACTIONS</b>			
Contributed property	\$ 877,817	\$ 3,761,487	\$ 1,839,660
Net depreciation in fair value of investments	-	-	203,171

(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, 2005

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Treatment Plant - SCRWF</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,912,757	\$ 2,415,200	\$ 9,534,172
Payments to suppliers	(933,025)	(1,706,695)	(4,491,747)
Payments to employees	(1,668,765)	(1,178,388)	(5,150,349)
Other receipts	219,251	1,368,906	3,206,020
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>530,218</b>	<b>899,023</b>	<b>3,098,096</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances from (to) other funds, net	(3,073,898)	144,685	(3,403,640)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(2,853,348)	(6,453,541)	(11,398,876)
Net payments on line of credit	(113,000)	-	(123,000)
Retirement of bonds and related costs	(677,934)	(849,578)	(5,331,570)
Bond proceeds	5,177,854	103,305	5,281,159
Assessment and connection fees	3,939,751	1,960,798	17,585,084
Capital contributions	63,872	464,615	3,489,223
Interest paid	(500,433)	(304,260)	(5,119,375)
Payments for bond issue costs	-	(11,387)	(24,867)
Transfers from other funds for capital activities	154,760	8,128,919	9,530,548
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>5,191,522</b>	<b>3,038,871</b>	<b>13,888,326</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	262,084	248,679	1,246,365
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>2,909,926</b>	<b>4,331,258</b>	<b>14,829,147</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>9,820,808</b>	<b>10,544,708</b>	<b>48,299,778</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 12,730,734</b>	<b>\$ 14,875,966</b>	<b>\$ 63,128,925</b>
Cash and cash equivalents	\$ 332,754	\$ 6,907,114	\$ 16,913,535
Restricted cash and cash equivalents	12,397,980	7,968,852	46,215,390
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 12,730,734</b>	<b>\$ 14,875,966</b>	<b>\$ 63,128,925</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (684,231)	\$ (1,476,586)	\$ (4,037,871)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	1,320,640	2,279,765	7,406,613
Miscellaneous income	3,020	49,013	67,426
Changes in assets and liabilities:			
Accounts receivable	(27,768)	25,682	88,577
Due from other governmental agencies	-	(12,822)	(12,822)
Inventory	-	(122)	(122)
Net pension asset	(114,542)	(107,726)	(342,011)
Compensated absences	36,007	52,901	104,901
Accounts payable	(2,908)	91,673	(171,418)
Deposits	-	(2,755)	(5,177)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 530,218</b>	<b>\$ 899,023</b>	<b>\$ 3,098,096</b>
<b>NONCASH TRANSACTIONS</b>			
Contributed property	\$ -	\$ 6,004,031	\$ 12,482,995
Net depreciation in fair value of investment	-	-	203,171

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

SUSSEX COUNTY, DELAWARE  
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
JUNE 30, 2005

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	<b>Pension</b>	<b>Post-retirement</b>	
	<b>Trust Fund</b>	<b>Employee</b>	
	<b>Trust Fund</b>	<b>Benefit Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Investments	\$ 28,853,865	\$ 2,767,502	\$ 31,621,367
Accrued interest	<u>17,587</u>	<u>-</u>	<u>17,587</u>
<b>TOTAL ASSETS</b>	<u>28,871,452</u>	<u>2,767,502</u>	<u>31,638,954</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 28,871,452</u></u>	<u><u>\$ 2,767,502</u></u>	<u><u>\$ 31,638,954</u></u>

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

SUSSEX COUNTY, DELAWARE  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

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	<b>Pension Trust Fund</b>	<b>Post-retirement Employee Benefit Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Employer contributions	\$ 3,338,208	\$ 3,315,065	\$ 6,653,273
Investment:			
Investment income	2,119,295	168,151	2,287,446
<b>TOTAL ADDITIONS</b>	5,457,503	3,483,216	8,940,719
<b>DEDUCTIONS</b>			
Beneficiary payments	876,684	715,714	1,592,398
<b>NET INCREASE IN PLAN NET ASSETS</b>	4,580,819	2,767,502	7,348,321
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING</b>	24,290,633	-	24,290,633
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - ENDING</b>	<u>\$ 28,871,452</u>	<u>\$ 2,767,502</u>	<u>\$ 31,638,954</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 the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

### 1. Reporting Entity

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

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

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

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (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 utilizes restricted resources to finance qualifying activities, to the extent permitted by laws, regulations, contracts and grants.

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

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

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.

**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 fiscal year 2005 were mainly for airport, industrial park and library projects. As of June 30, 2005, the major projects being planned include a new \$ 8 million Emergency Operations Center, \$ 3.6 million for a building at the County Industrial Park, \$ 17 million for airport runway extensions and renovations, \$ 3.2 million for County Industrial Park fire protection, \$ 4 million for County office expansion, and \$ 4 million for County library expansion projects.

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

**3. Basic Financial Statements - Fund Financial Statements - Continued**

**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 Post-retirement Employee Benefit Fund is used to account for the assets of the Sussex County Post-retirement Employee Benefit Plan, which is part of the County's legal entity.

The County's fiduciary fund is presented in the fiduciary fund financial statements by type (pension and post-retirement employee benefit). 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.

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

**6. Investments**

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

**7. Accounts Receivable**

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

**8. Inventory**

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

**9. Capital Assets**

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

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

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

**10. Bond Premiums, Discounts and Issuance Costs**

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

**11. Deposits and Deferred Revenue**

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

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

**12. Interest Capitalization**

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

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

The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund's interest rate for the obligation incurred specifically to finance the construction of the capital asset. During fiscal 2005, Proprietary Fund interest expense is net of \$ 224,048 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 non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

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

**14. Revenues - Continued**

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

The County's property tax year runs from May 1 to April 30. Property taxes are recorded and attached as an enforceable lien on property on May 1, the date levied. Taxes are payable under the following terms: July 1 through September 30, face amount; after September 30, a 1.5% penalty per month is charged on the unpaid balance due. Property taxes are recognized as revenue in the budget year (beginning July 1 after the levy date) for which they are levied. The County Council enacted a 25% property tax credit program to eligible taxpayers for fiscal year 2005. Accordingly, property taxes in the accompanying financial statements are shown net of the \$ 1,922,507 credit applied.

**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 proprietary funds of the County accrue accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. Compensated absences for governmental funds are a reconciling item between the fund and government-wide presentations.

**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.

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

**18. Budgets and Budgetary Accounting - Continued**

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

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

The budgets for the County's general fund and capital projects fund have been prepared on a basis materially consistent with generally accepted accounting principles (GAAP). Final budgeted amounts are as amended through June 30, 2005. Unexpended appropriations in the operating budget lapse at year end, while encumbered amounts are reappropriated in the subsequent year.

**19. Use of Estimates**

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

**NOTE B - CASH AND INVESTMENTS**

All deposits are in various financial institutions and are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. At June 30, 2005, the carrying amount of the County's deposits was \$ 118,666,920 and the bank balance was \$ 120,697,634, of which \$ 2,064 was uninsured and uncollateralized.

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

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



**NOTE B - CASH AND INVESTMENTS - CONTINUED**

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

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The County has no formal policy to address the concentration of credit risk attributed to a single issuer. More than 5 percent of the County's investments are in the following issuers (other than those issued or guaranteed by the U.S. government, investments in mutual funds and external investment pools): Wilmington Trust repurchase agreements (18.1%).

The County's investment policy authorizes the following investments:

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

The County had the following investments at June 30, 2005:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 19,831,169	\$ 17,164,515	\$ 590,475	\$ -	\$ 2,076,179
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	197,406 198,469	197,406 99,750	- 98,719	- -	- -
Federal National Mortgage Association	595,220	297,469	297,751	-	-
Municipal obligations	194,965	-	-	194,965	-
Repurchase agreements	13,229,340	13,229,340	-	-	-
Delaware Local Government Retirement Investment Pool	18,298,911	18,298,911	-	-	-
Mutual funds	10,921,175	10,921,175	-	-	-
<b>Total Investments</b>	<b>\$ 63,466,655</b>	<b>\$ 60,208,566</b>	<b>\$ 986,945</b>	<b>\$ 194,965</b>	<b>\$ 2,076,179</b>

**NOTE B - CASH AND INVESTMENTS - CONTINUED**

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

Cash on hand	\$ 36,566
Carrying amount of deposits	118,666,920
Carrying amount of investments	<u>63,466,655</u>
<b>TOTAL</b>	<b><u>\$ 182,170,141</u></b>
Cash and cash equivalents	\$ 45,187,863
Cash and cash equivalents - restricted	103,284,732
Investments - restricted	2,076,179
Fiduciary funds cash and investments (not included in government-wide statement)	<u>31,621,367</u>
<b>TOTAL</b>	<b><u>\$ 182,170,141</u></b>

**NOTE C - ACCOUNTS RECEIVABLE**

The allowance for uncollectible receivables at June 30, 2005 is \$ 8,155 for service and \$ 5,890 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, 2005, was as follows:

	Balance at June 30, 2004	Increases	Decreases	Balance at June 30, 2005
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,463,890	\$ 1,230,520	\$ -	\$ 5,694,410
Construction in progress	2,208,730	2,518,743	1,942,272	2,785,201
Total capital assets, not being depreciated	<u>6,672,620</u>	<u>3,749,263</u>	<u>1,942,272</u>	<u>8,479,611</u>
Other capital assets:				
Buildings	11,796,947	3,478,919	-	15,275,866
Improvements	7,975,844	491,412	-	8,467,256
Machinery and equipment	8,741,127	1,015,237	193,735	9,562,629
Total other capital assets	<u>28,513,918</u>	<u>4,985,568</u>	<u>193,735</u>	<u>33,305,751</u>
Less accumulated depreciation for:				
Buildings	1,932,702	265,459	-	2,198,161
Improvements	4,910,545	256,241	-	5,166,786
Machinery and equipment	6,297,910	1,026,518	193,735	7,130,693
Total accumulated depreciation	<u>13,141,157</u>	<u>1,548,218</u>	<u>193,735</u>	<u>14,495,640</u>
Other capital assets, net	<u>15,372,761</u>	<u>3,437,350</u>	<u>-</u>	<u>18,810,111</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$ 22,045,381</u></b>	<b><u>\$ 7,186,613</u></b>	<b><u>\$ 1,942,272</u></b>	<b><u>\$ 27,289,722</u></b>

**NOTE D - CAPITAL ASSETS - CONTINUED**

	Balance at June 30, 2004	Increases	Decreases	Balance at June 30, 2005
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 39,120,037	\$ 1,279,403	\$ -	\$ 40,399,440
Construction in progress	13,201,315	12,895,431	6,352,180	19,744,566
Total capital assets, not being depreciated	<u>52,321,352</u>	<u>14,174,834</u>	<u>6,352,180</u>	<u>60,144,006</u>
Other capital assets:				
Buildings	10,485,976	-	-	10,485,976
Improvements	9,317,375	358,661	-	9,676,036
Machinery and equipment	5,191,292	474,643	-	5,665,935
Infrastructure	228,297,854	17,874,386	-	246,172,240
Total other capital assets	<u>253,292,497</u>	<u>18,707,690</u>	<u>-</u>	<u>272,000,187</u>
Less accumulated depreciation for:				
Buildings	4,989,052	313,326	-	5,302,378
Improvements	3,111,799	323,004	-	3,434,803
Machinery and equipment	3,667,064	700,038	-	4,367,102
Infrastructure	57,151,665	5,982,635	-	63,134,300
Total accumulated depreciation	<u>68,919,580</u>	<u>7,319,003</u>	<u>-</u>	<u>76,238,583</u>
Other capital assets, net	<u>184,372,917</u>	<u>11,388,687</u>	<u>-</u>	<u>195,761,604</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 236,694,269</u>	<u>\$ 25,563,521</u>	<u>\$ 6,352,180</u>	<u>\$ 255,905,610</u>

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$ 362,044
Planning and zoning	24,822
Paramedic program	408,317
Emergency preparedness	288,039
Economic development and public works	40,208
County engineer	18,186
Airport	292,824
Engineering - solid waste	1,707
Library	64,013
Constitutional offices	48,058
<b>Total governmental activities depreciation expense</b>	<u>\$ 1,548,218</u>

**Business-type activities:**

Water	\$ 110,136
Sewer	7,208,867
<b>Total business-type activities depreciation expense</b>	<u>\$ 7,319,003</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 pension trust 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, 2005, total payroll was \$ 17,195,414. 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, 2005) 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>
237	243	480	103	56	\$ 15,920,368

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 1,407,930
Interest on net pension obligation	(335,697)
Adjustment to annual required contribution	522,154
Annual Pension Cost	1,594,387
Contributions made	(3,304,444)
Increase in Net Pension Asset	(1,710,057)
Net Pension Obligation (Asset), Beginning of Year	(4,196,218)
Net Pension Obligation (Asset), End of Year	\$ (5,906,275)

**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 21 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, 2005 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 11 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>
2003	\$ 1,085,060	163.2 %	\$ (2,915,064)
2004	1,366,067	193.8	(4,196,218)
2005	1,594,387	207.2	(5,906,275)

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

**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. DELRIP was established to allow local governments the option to pool their pension assets with the Delaware Public Employees' Retirement System (DPERS). DELRIP is in the custody of the Delaware Board of Pension Trustees and is subject to oversight of the DPERS' Investment Committee and not of the Securities and Exchange Commission (SEC). The WTC mutual funds are in the custody of the Wilmington Trust Company. The DELRIP investments are stated at fair value, which is the same as the value of the DPERS' Master Trust shares. Further details of the DELRIP investments are disclosed in the DPERS 34th Comprehensive Annual Financial Report, which may be obtained by calling 1-800-722-7300.

Investments at fair value (other than those issued or guaranteed by the U.S. government) in excess of 5% of the Plan's net assets held in trust for pension benefits at June 30, 2005 consist of:

	<u>Fair Value</u>
Delaware Local Retirement Investment Pool	\$ 15,531,409
Fidelity Investments Short-Intermediate Government Portfolio	<u>4,401,771</u>
<b>TOTAL</b>	<b><u>\$ 19,933,180</u></b>

**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 3.84% at June 30, 2005. The County had \$ 24,241,975 of unused line of credit to be drawn upon as needed. Short-term debt activity for the year ended June 30, 2005, was as follows:

	<u>June 30, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2005</u>
Notes payable	\$ 881,024	\$ -	\$ 123,000	<u>\$ 758,024</u>

**NOTE H - LONG-TERM LIABILITIES**

Description of Bonds Payable

At June 30, 2005, 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%.	\$ 9,054,927
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.	9,756,986
1995 wastewater revenue bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2025, interest ranging from 4.85% 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.	18,320,000
1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%.	3,296,824
1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%.	6,025,439
1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%.	5,498,816
1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%.	2,760,158
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.	420,327
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.	8,379,446

**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 31, 2026. Total bonds authorized are \$ 13,752,100.	\$ 12,923,951
2000 wastewater general obligation bonds (Ellendale Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are \$ 1,726,000.	1,621,409
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.	9,605,259
2001 wastewater general obligation bonds (1993 refunding), due in semi-annual installments, interest at 4%, final payment due October 15, 2005.	2,790,000
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.	5,264,347
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.	601,113
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.	31,110,000
2003 wastewater general obligation bonds (Ellendale project), due in quarterly installments, interest at 4.25%, final payment due September 25, 2043. Total bonds authorized are \$ 815,000.	800,830
2003 wastewater general obligation bonds (Ellendale project), due in quarterly installments, interest 4.25%, final payment due September 25, 2043. Total bonds authorized are \$ 1,250,000.	1,228,270



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

Description of Bonds Payable - Continued

	<u>Business-type</u>
2004 wastewater general obligation bonds (Ellendale project), due in semi-annual installments, no stated interest rate, final payment due June 13, 2042. Total bonds authorized are \$ 1,000,000.	\$ 948,718
2004 wastewater general obligation bonds (Cedar Neck project), due in quarterly installments, interest at 4.375%, final payment due June 22, 2044. Total bonds authorized are \$ 6,910,700.	6,845,150
2003 wastewater general obligation bonds (SCRWF project), due in quarterly installments, interest 4.25%, final payment due September 19, 2043. Total bonds authorized are \$ 1,965,000.	1,930,846
2004 wastewater general obligation bonds (Inland Bays project), due in semi-annual installments, interest 1.5%, final payment due December 31, 2027. Total bonds authorized are \$ 16,000,000.	<u>10,000,000</u>
Subtotal	149,239,594
Unamortized bond premium	1,200,540
Unamortized bond discount	(4,964)
Deferred amount on refunding, net of amortization	<u>(3,274,476)</u>
<b>TOTAL BONDS PAYABLE</b>	<b><u>\$ 147,160,694</u></b>

Deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the refunded debt, net of amortization. This difference is reported in the accompanying financial statements as a deduction from bonds payable. Amortization of deferred amount on refunding charged to interest expense totaled \$ 495,143 and \$ 513,288 for fiscal year 2005 and 2004, respectively.

Defeasance of Debt

In prior years, the County defeased the general obligation bonds of 1975 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, 2005, the amount of defeased debt outstanding but removed amounted to \$ 750,000.

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2005, the obligated unpaid amount was approximately \$ 25,258,215. The County's payment of these contracts will be contingent upon the contractors' satisfactory performance.

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

Long-term Liability Activity

Long-term liability activity for the year ended June 30, 2005, was as follows:

	June 30, 2004	Additions	Reductions	June 30, 2005	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 3,341,310	\$ 1,463,056	\$ 1,261,514	\$ 3,542,852	\$ 1,261,514
Capital lease obligations	267,259	94,054	101,570	259,743	115,381
Estimated liability for landfill postclosure care	4,400,000	-	206,000	4,194,000	-
<b>Total Governmental Activities</b>	<b>\$ 8,008,569</b>	<b>\$ 1,557,110</b>	<b>\$ 1,569,084</b>	<b>\$ 7,996,595</b>	<b>\$ 1,376,895</b>
<b>Business-type Activities:</b>					
General obligation bonds	\$ 119,930,460	\$ 5,281,159	\$ 4,049,011	\$ 121,162,608	\$ 4,406,966
Revenue bond debt	29,359,095	-	1,282,109	28,076,986	1,318,691
Unamortized bond premium	1,382,682	-	182,142	1,200,540	-
Unamortized bond discount	(5,123)	-	(159)	(4,964)	-
Deferred amount of refunding, net of amortization	(3,769,619)	-	(495,143)	(3,274,476)	-
Total bonds payable	146,897,495	5,281,159	5,017,960	147,160,694	5,725,657
Compensated absences	841,946	586,242	481,791	946,397	481,795
<b>Total Business-type Activities</b>	<b>\$ 147,739,441</b>	<b>\$ 5,867,401</b>	<b>\$ 5,499,751</b>	<b>\$ 148,107,091</b>	<b>\$ 6,207,452</b>

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

Debt Maturity

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

Year ending June 30,	Business-type Activities - General Obligation		
	Principal	Interest	Total
2006	\$ 4,406,966	\$ 4,061,432	\$ 8,468,398
2007	4,503,142	4,066,846	8,569,988
2008	4,728,710	3,918,188	8,646,898
2009	4,902,036	3,742,862	8,644,898
2010	5,097,422	3,559,476	8,656,898
2011 - 2015	26,955,892	14,922,623	41,878,515
2016 - 2020	23,790,104	10,847,999	34,638,103
2021 - 2025	17,703,575	7,544,087	25,247,662
2026 - 2030	10,813,795	5,129,035	15,942,830
2031 - 2035	10,935,588	2,838,703	13,774,291
2036 - 2040	4,816,414	1,080,769	5,897,183
2041 - 2044	2,508,964	186,451	2,695,415
<b>TOTAL</b>	<b>\$ 121,162,608</b>	<b>\$ 61,898,471</b>	<b>\$ 183,061,079</b>

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

Year ending June 30,	Business-type Activities - Revenue Bonds		
	Principal	Interest	Total
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	1,439,488	1,020,059	2,459,547
2010	1,481,781	975,526	2,457,307
2011 - 2015	8,184,840	4,119,617	12,304,457
2016 - 2020	6,364,362	2,674,441	9,038,803
2021 - 2025	6,535,000	1,116,778	7,651,778
<b>TOTAL</b>	<b>\$ 28,076,986</b>	<b>\$ 13,210,765</b>	<b>\$ 41,287,751</b>

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2005 totaled \$ 47,410,910. In addition, \$ 7,000,000 of bonds were authorized subsequent to year end. The bonds are to finance various sewer district construction and improvement projects.

Subsequent to year end, the County approved the issuance of up to \$ 19,500,000 Series 2005 Wastewater Revenue Refunding Bonds, the proceeds of which will be used to currently refund the 1995 wastewater revenue refunding bonds for the West Rehoboth Expansion Sewer Project.

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 \$ 55 to \$ 5,068, and expire from July 1, 2005 through January 31, 2008. Obligations under governmental activities capital leases are as follows:

Year ending June 30,	Governmental Activities
2006	\$ 115,381
2007	99,982
2008	53,966
Total minimum lease payments	269,329
Less: Amount representing imputed interest costs	9,586
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS</b>	<b>\$ 259,743</b>

**NOTE I - INTERFUND BALANCES**

Interfund balances at June 30, 2005 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total Amount</u>	<u>Long-term Amount</u>
General fund	Long Neck sewer fund	\$ 17,487	\$ -
	Bethany sewer fund	61,114	61,114
	West Rehoboth sewer fund	24,794	-
	Treatment plant - SCRWF	579,651	-
	Nonmajor enterprise funds	13,970,358	5,205,413
	Capital projects fund	101,781	101,781
			<u>14,755,185</u>
Treatment plant - SCRWF	Long Neck sewer fund	490,560	-
	Bethany sewer fund	155,921	-
	West Rehoboth sewer fund	819,341	-
	Nonmajor enterprise funds	1,035,915	-
		<u>2,501,737</u>	<u>-</u>
<b>TOTAL</b>		<u>\$ 17,256,922</u>	<u>\$ 5,368,308</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2005, interfund balances largely represented interim financing for sewer projects, which are to be repaid when the County draws the permanent funding. The long-term portion indicated above is not scheduled to be collected in the subsequent year.

**NOTE J - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2005, consisted of the following:

<u>Transfer to:</u>	<u>Transfer from General Fund</u>
Capital projects fund	\$ 7,338,247
Bethany sewer fund	130,587
Long Neck sewer fund	477,122
West Rehoboth sewer fund	639,160
Treatment plant - SCRWF	154,760
Nonmajor enterprise funds	8,128,919
<b>TOTAL</b>	<u>\$ 16,868,795</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. During fiscal year 2005, the County established the "Sussex County Employment Benefit Plan" by Ordinance No. 1783. The plan is reported in the post-retirement employee benefit fiduciary fund in the County's financial statements. For employees who begin employment with the County prior to July 1, 2001, the County policy is to provide post-retirement healthcare benefits immediately after they leave County employment if they receive a pension at that time. Retirees hired subsequent to June 30, 2001, with 15 to 24 years of service, are eligible for coverage upon receipt of a County pension, with the County paying 50 percent of the premium. Retirees hired subsequent to June 30, 2001, with at least 25 years of service, receive full post-retirement healthcare benefits when they receive their pension. Employees, who began work prior to July 1, 2001, may elect the coverage available as if hired after June 30, 2001. Currently, 108 retirees receive post-retirement healthcare benefits. During fiscal year 2005, expenditures of \$ 715,714 were recognized in the fiduciary fund for post-retirement benefits.

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

**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. Subsequent to year end, the County obtained insurance coverage on the ocean outfall.

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2005, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$ 150,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$ 7,869,308 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, 2005 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 2005 and 2004 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>
2003 - 2004	\$ 620,022	\$ 4,930,459	\$ (5,011,357)	\$ 539,124
2004 - 2005	539,124	5,325,472	(5,456,150)	408,446

**NOTE M - PROPRIETARY FUNDS CONTRACTS**

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

**NOTE 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. The estimated liability for landfill postclosure care of \$ 4,194,000 at June 30, 2005 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 2005. Actual cost may be higher because of inflation, changes in technology or changes in regulations.

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

**NOTE 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. Buildings with a cost basis of \$ 2,148,458 and accumulated depreciation of \$ 430,543, equipment with a cost basis of \$ 55,058 and accumulated depreciation of \$ 33,952 and improvements of \$ 9,713 and accumulated depreciation of \$ 3,238 were being leased as of June 30, 2005.

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**NOTE O - RENT REVENUES - CONTINUED**

The minimum future rental revenue under leases as of June 30, 2005 for each of the next five years and in the aggregate are:

<u>Year ending June 30,</u>	<u>Amount</u>
2006	\$ 224,352
2007	142,732
2008	109,459
2009	99,508
2010	100,755
Thereafter	<u>1,153,935</u>
<b>MINIMUM LEASE PAYMENTS RECEIVABLE</b>	<b><u>\$ 1,830,741</u></b>

**NOTE P - MORTGAGE RECEIVABLE**

The County holds a mortgage receivable at June 30, 2005 of \$ 400,000, which is not reflected on the governmental funds balance sheet. It bears interest of 3%, payable monthly, all principal due on the fourth anniversary of the note. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**



SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2005

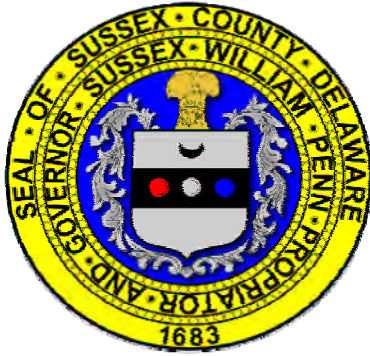
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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a % of Covered Payroll</u>
01/01/2000	\$ 16,865,340	\$ 17,389,368	\$ 524,028	97.0%	\$ 10,139,573	5.2%
01/01/2001	19,162,538	19,365,325	202,787	99.0	10,835,061	1.9
01/01/2002	21,212,036	21,567,079	355,043	98.4	12,243,136	3.0
01/01/2003	22,625,644	24,379,883	1,754,239	92.8	13,299,716	13.2
01/01/2004	25,324,895	27,284,408	1,959,513	92.8	14,359,924	13.6
01/01/2005	28,919,477	30,380,428	1,460,951	95.2	15,920,368	9.2

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2005

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<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2000	\$ 803,193	242.3%
2001	752,825	191.4
2002	869,632	177.7
2003	996,026	177.8
2004	1,241,364	213.3
2005	1,407,930	234.7



**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, 2005

- 57 -

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>TAXES</b>			
Real property - County	\$ 7,908,871	\$ 7,078,582	\$ (830,289)
Real property - library	926,329	971,639	45,310
Realty transfer	16,000,000	36,329,843	20,329,843
Capitation	215,000	220,840	5,840
Fire service	1,300,000	1,785,613	485,613
Penalties and interest	120,000	102,852	(17,148)
	<u>26,470,200</u>	<u>46,489,369</u>	<u>20,019,169</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
Federal grants:			
Emergency preparedness	54,417	60,081	5,664
Federal Emergency Management Agency	-	500	500
Historical planner	26,000	18,808	(7,192)
Housing and Urban Development	2,061,000	1,654,237	(406,763)
Project income	-	1,651	1,651
Federal payments in lieu of taxes	7,200	19,584	12,384
State grants:			
Library	461,048	266,665	(194,383)
Paramedic	3,450,188	3,483,697	33,509
Local emergency plan commission	58,580	50,225	(8,355)
Other	118,000	10,000	(108,000)
	<u>6,236,433</u>	<u>5,565,448</u>	<u>(670,985)</u>
<b>CHARGES FOR SERVICES</b>			
<b>Constitutional Office Fees</b>			
Clerk of the Peace	40,000	43,191	3,191
Prothonotary	2,500	691	(1,809)
Recorder of Deeds	5,005,000	5,426,420	421,420
Register of Wills	665,000	833,457	168,457
Sheriff	544,547	381,100	(163,447)
	<u>6,257,047</u>	<u>6,684,859</u>	<u>427,812</u>
<b>General Government Fees</b>			
Building permit and zoning fees	1,500,000	2,341,745	841,745
Building inspections	1,450,000	1,964,086	514,086
Security identification cards	1,500	1,185	(315)
Mobile home placement	341,000	373,562	32,562
911 reporting	550,000	595,516	45,516
	<u>3,842,500</u>	<u>5,276,094</u>	<u>1,433,594</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

- 58 -

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>CHARGES FOR SERVICES - CONTINUED</b>			
<b>General Government Services</b>			
Airport operations	\$ 135,000	\$ 179,471	\$ 44,471
Data processing	40,000	38,838	(1,162)
Private road inspections and design fees	850,000	2,009,421	1,159,421
Industrial park water and sewer	40,000	25,543	(14,457)
Sewer and water inspections	5,000	44,905	39,905
<b>Total General Government Services</b>	<u>1,070,000</u>	<u>2,298,178</u>	<u>1,228,178</u>
<b>Other Charges</b>			
Miscellaneous	172,500	50,488	(122,012)
<b>TOTAL CHARGES FOR SERVICES</b>	<u>11,342,047</u>	<u>14,309,619</u>	<u>2,967,572</u>
<b>FINES AND FORFEITS</b>			
Library fines	15,000	20,249	5,249
Zoning violations	2,500	1,948	(552)
<b>TOTAL FINES AND FORFEITS</b>	<u>17,500</u>	<u>22,197</u>	<u>4,697</u>
<b>MISCELLANEOUS</b>			
Interest earnings	600,000	1,416,973	816,973
Rents			
Courthouse and family court	85,000	90,983	5,983
Industrial park	33,111	39,512	6,401
County office building	84,871	89,192	4,321
Other	5,000	5,110	110
Sale of assets	-	6,844	6,844
Library donations	20,000	414,268	394,268
Other donations	-	224,993	224,993
Paramedic program donations	-	3,310	3,310
<b>TOTAL MISCELLANEOUS</b>	<u>827,982</u>	<u>2,291,185</u>	<u>1,463,203</u>
<b>TOTAL REVENUES</b>	<u>44,894,162</u>	<u>68,677,818</u>	<u>23,783,656</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from capitalized leases	-	94,054	94,054
Prior year surplus	9,000,000	-	(9,000,000)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>9,000,000</u>	<u>94,054</u>	<u>(8,905,946)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 53,894,162</u>	<u>\$ 68,771,872</u>	<u>\$ 14,877,710</u>

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>GENERAL ADMINISTRATION</b>			
<b>County Council</b>			
Personal services	\$ 156,892	\$ 156,705	\$ 187
Employee benefits	108,903	112,878	(3,975)
Contractual services	112,833	83,399	29,434
Supplies	19,517	17,691	1,826
Capital outlay	114,465	121,586	(7,121)
Other expenditures	1,400	1,064	336
Travel and training	19,100	16,295	2,805
<b>Total County Council</b>	<u>533,110</u>	<u>509,618</u>	<u>23,492</u>
<b>County Administration</b>			
Personal services	147,880	147,880	-
Employee benefits	61,678	51,618	10,060
Contractual services	3,000	2,755	245
Supplies	2,900	2,642	258
Capital outlay	1,350	1,312	38
Other expenditures	500	345	155
Travel and training	3,600	3,230	370
<b>Total County Administration</b>	<u>220,908</u>	<u>209,782</u>	<u>11,126</u>
<b>Legal Department</b>			
Professional services	110,000	139,251	(29,251)
<b>TOTAL GENERAL ADMINISTRATION</b>	<u>864,018</u>	<u>858,651</u>	<u>5,367</u>
<b>FINANCE</b>			
<b>Financial Administration</b>			
Personal services	263,686	236,886	26,800
Employee benefits	126,049	116,018	10,031
Professional services	31,000	24,674	6,326
Contractual services	139,375	131,748	7,627
Supplies	3,310	2,891	419
Capital outlay	7,290	28,009	(20,719)
Travel and training	1,575	706	869
<b>Total Financial Administration</b>	<u>572,285</u>	<u>540,932</u>	<u>31,353</u>
<b>Assessment</b>			
Personal services	918,115	892,840	25,275
Employee benefits	591,208	572,056	19,152
Professional services	2,000	1,896	104
Contractual services	38,390	50,120	(11,730)
Supplies	21,900	21,171	729
Capital outlay	60,219	70,220	(10,001)
Travel and training	750	205	545
<b>Total Assessment</b>	<u>1,632,582</u>	<u>1,608,508</u>	<u>24,074</u>

(continued)



SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>FINANCE - CONTINUED</b>			
<b>Building Code</b>			
Personal services	\$ 251,000	\$ 237,469	\$ 13,531
Employee benefits	156,305	155,727	578
Professional services	2,500	2,700	(200)
Contractual services	511,300	641,901	(130,601)
Supplies	14,400	10,465	3,935
Capital outlay	14,990	14,990	-
Travel and training	15,000	10,481	4,519
<b>Total Building Code</b>	<u>965,495</u>	<u>1,073,733</u>	<u>(108,238)</u>
<b>Mapping &amp; Addressing</b>			
Personal services	369,707	325,017	44,690
Employee benefits	255,070	235,863	19,207
Professional services	86,000	85,500	500
Contractual services	20,800	9,460	11,340
Supplies	17,700	13,699	4,001
Capital outlay	10,000	6,817	3,183
Other expenditures	54,393	23,087	31,306
Travel and training	17,600	7,349	10,251
<b>Total Mapping &amp; Addressing</b>	<u>831,270</u>	<u>706,792</u>	<u>124,478</u>
<b>Accounting</b>			
Personal services	381,162	339,922	41,240
Employee benefits	224,487	224,367	120
Professional services	116,100	95,755	20,345
Contractual services	22,676	21,734	942
Supplies	8,170	7,646	524
Capital outlay	-	198	(198)
Travel and training	4,500	992	3,508
<b>Total Accounting</b>	<u>757,095</u>	<u>690,614</u>	<u>66,481</u>
<b>Treasury</b>			
Personal services	296,402	296,689	(287)
Employee benefits	179,567	176,995	2,572
Professional services	10,000	(2,790)	12,790
Contractual services	127,860	104,689	23,171
Supplies	6,959	5,218	1,741
Capital outlay	9,281	26,138	(16,857)
Travel and training	800	68	732
<b>Total Treasury</b>	<u>630,869</u>	<u>607,007</u>	<u>23,862</u>
<b>TOTAL FINANCE</b>	<u>5,389,596</u>	<u>5,227,586</u>	<u>162,010</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>PERSONNEL</b>			
<b>Personnel Administration</b>			
Personal services	\$ 197,153	\$ 197,088	\$ 65
Employee benefits	108,384	108,610	(226)
Professional services	12,500	10,117	2,383
Contractual services	6,208	4,170	2,038
Supplies	2,988	2,222	766
Capital outlay	3,427	3,112	315
Other expenditures	174,767	69,917	104,850
Travel and training	385	-	385
<b>Total Personnel Administration</b>	<u>505,812</u>	<u>395,236</u>	<u>110,576</u>
<b>General Employment and Retirement</b>			
Employee and retiree benefits	960,712	1,070,033	(109,321)
Pension	888,803	876,684	12,119
Professional services	1,000	-	1,000
<b>Total General Employment and Retirement</b>	<u>1,850,515</u>	<u>1,946,717</u>	<u>(96,202)</u>
<b>TOTAL PERSONNEL</b>	<u>2,356,327</u>	<u>2,341,953</u>	<u>14,374</u>
<b>BUILDING AND GROUNDS</b>			
<b>Maintenance</b>			
Personal services	465,008	369,371	95,637
Employee benefits	285,976	238,382	47,594
Contractual services	21,200	33,216	(12,016)
Supplies	34,700	33,432	1,268
Capital outlay	-	4,919	(4,919)
<b>Total Maintenance</b>	<u>806,884</u>	<u>679,320</u>	<u>127,564</u>
<b>Operations - Administrative Buildings</b>			
Personal services	347,204	322,431	24,773
Employee benefits	226,679	211,532	15,147
Contractual services	264,300	224,774	39,526
Supplies	74,850	68,159	6,691
Capital outlay	1,583	9,074	(7,491)
Other expenditures	29,217	11,376	17,841
Travel and training	750	-	750
<b>Total Operations - Administrative Buildings</b>	<u>944,583</u>	<u>847,346</u>	<u>97,237</u>
<b>TOTAL BUILDING AND GROUNDS</b>	<u>1,751,467</u>	<u>1,526,666</u>	<u>224,801</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>DATA PROCESSING</b>			
<b>Data Processing</b>			
Personal services	\$ 264,938	\$ 264,308	\$ 630
Employee benefits	137,589	139,384	(1,795)
Contractual services	31,450	16,065	15,385
Supplies	20,200	19,567	633
Capital outlay	22,000	9,264	12,736
Other expenditures	40,000	-	40,000
Travel and training	6,600	3,758	2,842
<b>Total Data Processing</b>	<u>522,777</u>	<u>452,346</u>	<u>70,431</u>
<b>Information Systems</b>			
Personal services	219,643	227,136	(7,493)
Employee benefits	136,772	138,189	(1,417)
Contractual services	35,650	29,112	6,538
Supplies	48,200	40,230	7,970
Capital outlay	55,300	56,234	(934)
Travel and training	19,900	8,011	11,889
<b>Total Information Systems</b>	<u>515,465</u>	<u>498,912</u>	<u>16,553</u>
<b>TOTAL DATA PROCESSING</b>	<u>1,038,242</u>	<u>951,258</u>	<u>86,984</u>
<b>COUNTY CONSTABLE</b>			
Personal services	128,479	128,479	-
Employee benefits	78,944	78,129	815
Contractual services	15,412	12,697	2,715
Supplies	5,160	5,624	(464)
Capital outlay	3,100	27,790	(24,690)
Other expenditures	8,750	4,016	4,734
Travel and training	300	-	300
<b>TOTAL COUNTY CONSTABLE</b>	<u>240,145</u>	<u>256,735</u>	<u>(16,590)</u>
<b>GRANT-IN-AID PROGRAMS</b>			
Fire service grants	1,300,000	2,297,847	(997,847)
Future Farmers of America	1,000	-	1,000
Agriculture Extension Work (4-H)	113,512	113,512	-
Soil Conservation District tax ditch drainage	185,823	185,823	-
Conservation District salaries	25,253	25,253	-
Fire companies	470,989	470,989	-
Rescue trucks	58,874	58,874	-
Fire service discretionary	870,625	830,941	39,684
Cheers meal program	5,000	35,000	(30,000)
Ambulances	70,649	70,649	-
Ambulance stations (non-fire)	15,334	15,334	-
Sussex County Community Action Agency	-	10,000	(10,000)
Aerial devices	46,003	50,384	(4,381)
Small Business Development Center	5,000	-	5,000
Sussex state police program	1,019,000	1,012,516	6,484
Recreational youth programs	30,000	22,925	7,075
Human service grants	110,000	109,900	100
Councilmanic grants	50,000	53,682	(3,682)
Town grants	105,000	15,000	90,000
Erosion technician	14,428	14,428	-
Housing assistance program	100,000	194,672	(94,672)

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>GRANT-IN-AID PROGRAMS - CONTINUED</b>			
Local library placement fee grants	\$ 341,000	\$ 377,938	\$ (36,938)
Tax subsidy program	-	598	(598)
Local library grants	491,187	491,187	-
Economic Development stimulus grant	175,000	-	175,000
Easter Seals Center	200,000	250,000	(50,000)
County wastewater relief program	-	60,959	(60,959)
Open space land program grants	-	199,432	(199,432)
Delaware Community Foundation	-	100,000	(100,000)
First State Community Action	110,000	52,965	57,035
Community improvement grants	-	172,250	(172,250)
<b>TOTAL GRANT-IN-AID PROGRAMS</b>	<b>5,913,677</b>	<b>7,293,058</b>	<b>(1,379,381)</b>
<b>PLANNING AND ZONING</b>			
<b>Administration</b>			
Personal services	475,258	475,952	(694)
Employee benefits	283,093	275,774	7,319
Professional services	105,000	74,830	30,170
Contractual services	97,350	97,094	256
Supplies	23,250	16,489	6,761
Capital outlay	-	22,346	(22,346)
Other expenditures	1,000	-	1,000
Travel and training	5,200	3,098	2,102
<b>Total Administration</b>	<b>990,151</b>	<b>965,583</b>	<b>24,568</b>
<b>Board of Adjustment</b>			
Professional services	37,500	35,250	2,250
<b>Commission</b>			
Professional services	45,000	33,500	11,500
<b>TOTAL PLANNING AND ZONING</b>	<b>1,072,651</b>	<b>1,034,333</b>	<b>38,318</b>
<b>PARAMEDIC PROGRAM</b>			
Personal services	4,720,497	4,757,891	(37,394)
Employee benefits	2,518,030	2,480,217	37,813
Professional services	227,178	49,138	178,040
Contractual services	421,860	306,344	115,516
Supplies	266,763	265,180	1,583
Capital outlay	294,215	536,034	(241,819)
Other expenditures	114,665	149,957	(35,292)
Travel and training	67,981	58,882	9,099
<b>TOTAL PARAMEDIC PROGRAM</b>	<b>8,631,189</b>	<b>8,603,643</b>	<b>27,546</b>
<b>EMERGENCY PREPAREDNESS</b>			
<b>Administration</b>			
Personal services	79,109	78,028	1,081
Employee benefits	43,420	43,019	401
Contractual services	36,350	33,753	2,597
Supplies	11,750	6,774	4,976
Capital outlay	2,000	12,358	(10,358)
Other expenditures	9,000	2,249	6,751
Travel and training	7,000	5,270	1,730
<b>Total Administration</b>	<b>188,629</b>	<b>181,451</b>	<b>7,178</b>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>EMERGENCY PREPAREDNESS - CONTINUED</b>			
<b>Emergency Operations Center</b>			
Personal services	\$ 656,360	\$ 644,477	\$ 11,883
Employee benefits	409,632	381,727	27,905
Contractual services	124,350	116,840	7,510
Supplies	14,050	9,751	4,299
Capital outlay	10,500	30,184	(19,684)
Other expenditures	-	1,324	(1,324)
Travel and training	46,200	27,536	18,664
	<u>1,261,092</u>	<u>1,211,839</u>	<u>49,253</u>
<b>Communications System</b>			
Personal services	154,235	156,336	(2,101)
Employee benefits	85,781	85,517	264
Contractual services	13,000	14,456	(1,456)
Supplies	29,300	18,312	10,988
Capital outlay	45,300	33,748	11,552
	<u>327,616</u>	<u>308,369</u>	<u>19,247</u>
<b>Local Emergency Planning Community Program</b>			
Personal services	34,309	34,309	-
Employee benefits	20,317	20,803	(486)
Contractual services	1,250	992	258
Supplies	2,000	822	1,178
Travel and training	900	168	732
	<u>58,776</u>	<u>57,094</u>	<u>1,682</u>
	<u>1,836,113</u>	<u>1,758,753</u>	<u>77,360</u>
<b>ECONOMIC DEVELOPMENT AND PUBLIC WORKS</b>			
<b>Economic Development</b>			
Personal services	123,994	124,500	(506)
Employee benefits	66,545	67,332	(787)
Contractual services	18,326	12,093	6,233
Supplies	14,200	12,553	1,647
Capital outlay	6,400	1,510	4,890
Other expenditures	12,730	16,982	(4,252)
Travel and training	5,950	6,696	(746)
	<u>248,145</u>	<u>241,666</u>	<u>6,479</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>ECONOMIC DEVELOPMENT AND PUBLIC WORKS - CONTINUED</b>			
<b>Industrial Park</b>			
Personal services	\$ 16,477	\$ 17,099	\$ (622)
Employee benefits	11,428	11,039	389
Contractual services	220,540	206,264	14,276
Supplies	3,100	2,208	892
Other expenditures	28,400	13,034	15,366
Travel and training	2,100	1,296	804
	-	-	-
<b>Total Industrial Park</b>	<b>282,045</b>	<b>250,940</b>	<b>31,105</b>
<b>TOTAL ECONOMIC DEVELOPMENT AND PUBLIC WORKS</b>	<b>530,190</b>	<b>492,606</b>	<b>37,584</b>
<b>COUNTY ENGINEER</b>			
<b>Administration</b>			
Personal services	667,146	493,999	173,147
Employee benefits	350,852	363,847	(12,995)
Contractual services	400	16,788	(16,388)
Supplies	2,600	2,024	576
Capital outlay	19,585	1,045	18,540
Other expenditures	404,186	471,173	(66,987)
Travel and training	3,564	2,391	1,173
	-	-	-
<b>Total Administration</b>	<b>1,448,333</b>	<b>1,351,267</b>	<b>97,066</b>
<b>Public Works</b>			
Personal services	285,542	316,016	(30,474)
Employee benefits	165,475	162,668	2,807
Professional services	245,950	210,958	34,992
Contractual services	8,634	10,436	(1,802)
Supplies	18,671	15,505	3,166
Capital outlay	48,300	27,127	21,173
Other expenditures	348,000	142,478	205,522
Travel and training	2,300	891	1,409
	-	-	-
<b>Total Public Works</b>	<b>1,122,872</b>	<b>886,079</b>	<b>236,793</b>
<b>TOTAL COUNTY ENGINEER</b>	<b>2,571,205</b>	<b>2,237,346</b>	<b>333,859</b>
<b>AIRPORT</b>			
Personal services	45,000	103,003	(58,003)
Employee benefits	28,760	63,178	(34,418)
Professional services	2,500	-	2,500
Contractual services	86,900	82,156	4,744
Supplies	22,000	22,972	(972)
Capital outlay	-	4,000	(4,000)
Other expenditures	4,500	139	4,361
	-	-	-
<b>TOTAL AIRPORT</b>	<b>189,660</b>	<b>275,448</b>	<b>(85,788)</b>

(continued)

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGET AND ACTUAL - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>LIBRARY</b>			
Library administration	\$ 1,006,414	\$ 762,262	\$ 244,152
Library facilities	1,457,599	1,414,007	43,592
Local libraries	926,329	926,329	-
<b>TOTAL LIBRARY</b>	<b>3,390,342</b>	<b>3,102,598</b>	<b>287,744</b>
<b>COMMUNITY DEVELOPMENT AND HOUSING</b>			
<b>Administration</b>			
Personal services	194,897	195,006	(109)
Employee benefits	119,360	114,306	5,054
Professional services	2,200	-	2,200
Contractual services	6,050	7,228	(1,178)
Supplies	3,150	3,338	(188)
Capital outlay	1,280	1,312	(32)
Travel and training	4,120	4,528	(408)
<b>Total Administration</b>	<b>331,057</b>	<b>325,718</b>	<b>5,339</b>
<b>Rehabilitation</b>			
Contractual services	1,913,500	1,505,286	408,214
<b>TOTAL COMMUNITY DEVELOPMENT AND HOUSING</b>	<b>2,244,557</b>	<b>1,831,004</b>	<b>413,553</b>
<b>CONSTITUTIONAL OFFICES</b>			
Clerk of the Peace	122,172	120,906	1,266
Recorder of Deeds	1,345,039	1,305,775	39,264
Register of Wills	300,569	331,975	(31,406)
Sheriff	545,626	549,075	(3,449)
<b>TOTAL CONSTITUTIONAL OFFICES</b>	<b>2,313,406</b>	<b>2,307,731</b>	<b>5,675</b>
<b>TOTAL EXPENDITURES</b>	<b>40,332,785</b>	<b>40,099,369</b>	<b>233,416</b>
<b>OTHER FINANCING USES</b>			
Reserved for contingencies	411,377	-	411,377
Appropriated reserves	9,000,000	-	9,000,000
Transfer out	4,150,000	16,868,795	(12,718,795)
<b>TOTAL OTHER FINANCING USES</b>	<b>13,561,377</b>	<b>16,868,795</b>	<b>(3,307,418)</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 53,894,162</b>	<b>\$ 56,968,164</b>	<b>\$ (3,074,002)</b>

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF REVENUES AND EXPENDITURES (CONDENSED) - GENERAL FUND  
 FOR THE TWENTY-EIGHT YEARS THROUGH JUNE 30, 2005

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

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,684,580	\$ 2,684,580	\$ -	\$ (2,684,580)
Intergovernmental	6,178,325	6,178,325	2,007,133	(4,171,192)
Miscellaneous	134,793	134,793	343,239	208,446
<b>TOTAL REVENUES</b>	8,997,698	8,997,698	2,350,372	(6,647,326)
<b>EXPENDITURES</b>				
Capital projects	12,529,361	12,529,361	5,948,148	6,581,213
<b>EXCESS OF REVENUES OVER         EXPENDITURES</b>	(3,531,663)	(3,531,663)	(3,597,776)	(66,113)
<b>OTHER FINANCING SOURCES (USES)</b>				
Prior year surplus	3,531,663	3,531,663	-	(3,531,663)
Transfers in	-	-	7,338,247	7,338,247
<b>NET CHANGE IN FUND BALANCE</b>	-	-	3,740,471	3,740,471
<b>FUND BALANCE - BEGINNING</b>	14,401,537	14,401,537	14,401,537	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 14,401,537</u>	<u>\$ 14,401,537</u>	<u>\$ 18,142,008</u>	<u>\$ 3,740,471</u>

**ENTERPRISE FUNDS**

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
 JUNE 30, 2005

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ASSETS	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 609,269	\$ 299,892	\$ 1,242,827	\$ 1,774,172
Receivables, net of allowance for doubtful accounts:				
Service charges	33,201	45,790	7,457	14,787
Assessment, impact, connection, and expansion	2,722	1,105	533	2,023
Accrued interest	2,990	3,714	5,444	8,487
Miscellaneous	612	-	-	1,665
Due from other governmental agencies	-	177,080	-	-
Inventory	10,515	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>659,309</u>	<u>527,581</u>	<u>1,256,261</u>	<u>1,801,134</u>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	475,930	1,004,641	928,261	1,611,008
Bond issue cost, net of amortization	645	2,277	204	312
Net pension asset	38,981	17,719	53,156	64,969
Noncurrent accounts receivable:				
Service charges	12,651	32,556	1,777	5,392
Assessment, impact, connection, and expansion	1,559	767	13	176
Capital assets:				
Land, improvements, and construction in progress	35,766	99,480	398,720	101,849
Other capital assets, net of depreciation	1,815,958	3,695,417	6,646,988	9,781,682
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,381,490</u>	<u>4,852,857</u>	<u>8,029,119</u>	<u>11,565,388</u>
<b>TOTAL ASSETS</b>	<u>3,040,799</u>	<u>5,380,438</u>	<u>9,285,380</u>	<u>13,366,522</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	81,830	12,953	27,324	5,449
Accrued interest payable	2,576	6,844	1,178	8,576
Due to other funds	164,776	141,272	93,541	115,477
Notes payable	-	415,898	-	-
Current portion of long-term liabilities	322,333	189,799	118,356	127,618
<b>TOTAL CURRENT LIABILITIES</b>	<u>571,515</u>	<u>766,766</u>	<u>240,399</u>	<u>257,120</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<u>17,512</u>	<u>566,178</u>	<u>53,130</u>	<u>835,938</u>
<b>TOTAL LIABILITIES</b>	<u>589,027</u>	<u>1,332,944</u>	<u>293,529</u>	<u>1,093,058</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,542,740	2,636,964	6,916,514	8,972,844
Restricted for construction and debt service	475,930	1,004,641	928,261	1,608,776
Unrestricted	433,102	405,889	1,147,076	1,691,844
<b>TOTAL NET ASSETS</b>	<u>\$ 2,451,772</u>	<u>\$ 4,047,494</u>	<u>\$ 8,991,851</u>	<u>\$ 12,273,464</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2005

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ASSETS	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 448,967	\$ 96,551	\$ 905,396	\$ 803,794
Receivables, net of allowance for doubtful accounts:				
Service charges	20,673	1,601	14,727	297
Assessment, impact, connection, and expansion	3,351	-	9,284	808
Accrued interest	810	252	3,032	1,476
Miscellaneous	-	-	13,129	403
Due from other governmental agencies	-	18,117	-	-
Inventory	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>473,801</b>	<b>116,521</b>	<b>945,568</b>	<b>806,778</b>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	69,409	33,161	1,824,574	1,447,970
Bond issue cost, net of amortization	39	47	16,969	2,387
Net pension asset	23,625	3,544	30,713	27,169
Noncurrent accounts receivable:				
Service charges	79,619	-	64,388	-
Assessment, impact, connection, and expansion	4,257	-	14,025	770
Capital assets:				
Land, improvements, and construction in progress	78,402	4,273	5,162,794	986,059
Other capital assets, net of depreciation	1,465,889	1,332,999	6,235,185	1,863,702
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,721,240</b>	<b>1,374,024</b>	<b>13,348,648</b>	<b>4,328,057</b>
<b>TOTAL ASSETS</b>	<b>2,195,041</b>	<b>1,490,545</b>	<b>14,294,216</b>	<b>5,134,835</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	17,587	377	10,051	3,321
Accrued interest payable	1,101	1,981	11,618	122,960
Due to other funds	36,932	16,067	3,557,836	268,689
Notes payable	-	-	-	-
Current portion of long-term liabilities	22,654	24,854	37,374	11,321
<b>TOTAL CURRENT LIABILITIES</b>	<b>78,274</b>	<b>43,279</b>	<b>3,616,879</b>	<b>406,291</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>112,021</b>	<b>174,494</b>	<b>1,205,444</b>	<b>2,628,758</b>
<b>TOTAL LIABILITIES</b>	<b>190,295</b>	<b>217,773</b>	<b>4,822,323</b>	<b>3,035,049</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,428,719	1,141,053	6,747,467	12,165
Restricted for construction and debt service	69,409	33,161	1,824,574	1,447,970
Unrestricted	506,618	98,558	899,852	639,651
<b>TOTAL NET ASSETS</b>	<b>\$ 2,004,746</b>	<b>\$ 1,272,772</b>	<b>\$ 9,471,893</b>	<b>\$ 2,099,786</b>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2005

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ASSETS	<u>Ellendale Sewer</u>	<u>Oak Orchard Sewer</u>	<u>Bayview Estates Sewer</u>	<u>Sea Country Estates Sewer</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 220,867	\$ -	\$ -	\$ -
Receivables, net of allowance for doubtful accounts:				
Service charges	21,643	-	-	-
Assessment, impact, connection, and expansion	16,081	-	-	-
Accrued interest	1,326	-	-	-
Miscellaneous	-	19,565	-	-
Due from other governmental agencies	-	2,077,283	-	-
Inventory	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>259,917</u>	<u>2,096,848</u>	<u>-</u>	<u>-</u>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	29,889	25,456	404	4,777
Bond issue cost, net of amortization	13,664	6,099	3,116	346
Net pension asset	16,538	-	-	-
Noncurrent accounts receivable:				
Service charges	-	-	-	-
Assessment, impact, connection, and expansion	-	-	-	-
Capital assets:				
Land, improvements, and construction in progress	43,696	6,575,081	2,130,131	515,098
Other capital assets, net of depreciation	8,069,394	-	-	-
<b>TOTAL NONCURRENT ASSETS</b>	<u>8,173,181</u>	<u>6,606,636</u>	<u>2,133,651</u>	<u>520,221</u>
<b>TOTAL ASSETS</b>	<u>8,433,098</u>	<u>8,703,484</u>	<u>2,133,651</u>	<u>520,221</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	27,734	1,255,687	551,469	35,623
Accrued interest payable	1,280	735	149	-
Due to other funds	805,203	2,301,289	1,348,319	359,598
Notes payable	-	-	-	-
Current portion of long-term liabilities	130,871	13,505	1,878	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>965,088</u>	<u>3,571,216</u>	<u>1,901,815</u>	<u>395,221</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<u>4,481,781</u>	<u>587,608</u>	<u>42,836</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>5,446,869</u>	<u>4,158,824</u>	<u>1,944,651</u>	<u>395,221</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,738,863	3,688,968	762,417	158,098
Restricted for construction and debt service	29,311	-	-	-
Unrestricted	218,055	855,692	(573,417)	(33,098)
<b>TOTAL NET ASSETS</b>	<u>\$ 2,986,229</u>	<u>\$ 4,544,660</u>	<u>\$ 189,000</u>	<u>\$ 125,000</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 JUNE 30, 2005

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ASSETS	<u>Millers Creek Sewer</u>	<u>South Ocean View Sewer</u>	<u>Treatment Plant - IBRWF</u>	<u>Totals</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 35,379	\$ -	\$ 470,000	\$ 6,907,114
Receivables, net of allowance for doubtful accounts:				
Service charges	-	-	-	160,176
Assessment, impact, connection, and expansion	-	-	-	35,907
Accrued interest	41	-	-	27,572
Miscellaneous	-	-	-	35,374
Due from other governmental agencies	-	-	-	2,272,480
Inventory	-	-	-	10,515
<b>TOTAL CURRENT ASSETS</b>	<u>35,420</u>	<u>-</u>	<u>470,000</u>	<u>9,449,138</u>
<b>NONCURRENT ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	38,798	182,252	292,322	7,968,852
Bond issue cost, net of amortization	4,243	-	17,409	67,757
Net pension asset	-	-	-	276,414
Noncurrent accounts receivable:				
Service charges	-	-	-	196,383
Assessment, impact, connection, and expansion	-	-	-	21,567
Capital assets:				
Land, improvements, and construction in progress	125,565	85,849	28,882,388	45,225,151
Other capital assets, net of depreciation	578,818	-	-	41,486,032
<b>TOTAL NONCURRENT ASSETS</b>	<u>747,424</u>	<u>268,101</u>	<u>29,192,119</u>	<u>95,242,156</u>
<b>TOTAL ASSETS</b>	<u>782,844</u>	<u>268,101</u>	<u>29,662,119</u>	<u>104,691,294</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	18,297	8,090	38,211	2,094,003
Accrued interest payable	40	-	40,633	199,671
Due to other funds	26,348	10,011	5,760,915	15,006,273
Notes payable	-	-	-	415,898
Current portion of long-term liabilities	-	-	215,302	1,215,865
<b>TOTAL CURRENT LIABILITIES</b>	<u>44,685</u>	<u>18,101</u>	<u>6,055,061</u>	<u>18,931,710</u>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<u>12,064</u>	<u>-</u>	<u>9,784,698</u>	<u>20,502,462</u>
<b>TOTAL LIABILITIES</b>	<u>56,749</u>	<u>18,101</u>	<u>15,839,759</u>	<u>39,434,172</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	692,319	85,849	13,121,473	50,646,453
Restricted for construction and debt service	23,069	174,199	292,322	7,911,623
Unrestricted	10,707	(10,048)	408,565	6,699,046
<b>TOTAL NET ASSETS</b>	<u>\$ 726,095</u>	<u>\$ 250,000</u>	<u>\$ 13,822,360</u>	<u>\$ 65,257,122</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 519,041	\$ 872,927	\$ 244,792	\$ 233,368
Other operating revenues	24,948	12,753	160,273	436,076
<b>TOTAL OPERATING REVENUES</b>	<u>543,989</u>	<u>885,680</u>	<u>405,065</u>	<u>669,444</u>
<b>OPERATING EXPENSES</b>				
Amortization	1,935	4,371	844	5,919
Contract services	357,632	25,823	23,140	20,588
Depreciation	110,136	304,719	173,229	266,268
Employee benefits	59,042	25,182	65,973	85,508
Equipment and tools	5,716	13,046	36,222	1,416
Maintenance and repairs	7,221	21,353	10,473	40,866
Miscellaneous	2,029	2,877	-	-
Process chemicals	-	-	918	918
Professional services	-	2,591	983	58,555
Salaries	121,341	47,523	150,843	197,452
Shared costs - operating	58,204	70,126	72,189	60,978
Supplies	13,239	11,699	213	242
Training and travel	25,348	25,860	10	173
Wastewater treatment	-	453,852	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>761,843</u>	<u>1,009,022</u>	<u>535,037</u>	<u>738,883</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(217,854)</u>	<u>(123,342)</u>	<u>(129,972)</u>	<u>(69,439)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	30,379	37,653	47,972	58,184
Assessment and connection fees	269,319	151,114	235,608	646,870
Miscellaneous	39,900	-	-	-
Interest expense	(8,660)	(50,983)	(5,470)	(38,098)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>330,938</u>	<u>137,784</u>	<u>278,110</u>	<u>666,956</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	113,084	14,442	148,138	597,517
<b>CAPITAL CONTRIBUTIONS</b>	-	291,661	1,653,589	3,428,911
<b>TRANSFERS IN</b>	<u>30,563</u>	<u>30,818</u>	<u>2,412</u>	<u>1,540</u>
<b>CHANGE IN NET ASSETS</b>	143,647	336,921	1,804,139	4,027,968
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>2,308,125</u>	<u>3,710,573</u>	<u>7,187,712</u>	<u>8,245,496</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 2,451,772</u>	<u>\$ 4,047,494</u>	<u>\$ 8,991,851</u>	<u>\$ 12,273,464</u>

(continued)



COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
NONMAJOR PROPRIETARY FUNDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2005

	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
<b>OPERATING REVENUES</b>				
Charges for services	\$ 129,238	\$ 77,244	\$ 196,232	\$ 14,422
Other operating revenues	4,856	1,163	2,723	256,635
<b>TOTAL OPERATING REVENUES</b>	<u>134,094</u>	<u>78,407</u>	<u>198,955</u>	<u>271,057</u>
<b>OPERATING EXPENSES</b>				
Amortization	754	1,287	637	140
Contract services	7,482	3,924	42,127	3,982
Depreciation	98,129	53,360	346,901	56,155
Employee benefits	-	10,556	43,144	32,280
Equipment and tools	782	284	11,994	-
Maintenance and repairs	334	4,088	7,893	2,312
Miscellaneous	258	168	677	-
Process chemicals	-	-	836	-
Professional services	445	240	11,469	900
Salaries	35,478	14,154	81,000	88,891
Shared costs - operating	9,954	7,008	13,545	1,135
Supplies	1,810	737	7,892	322
Training and travel	4,022	1,459	6,449	6
Wastewater treatment	93,776	51,657	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>253,224</u>	<u>148,922</u>	<u>574,564</u>	<u>186,123</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(119,130)</u>	<u>(70,515)</u>	<u>(375,609)</u>	<u>84,934</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	15,867	2,537	48,393	14,314
Assessment and connection fees	35,119	26,956	214,411	236,364
Miscellaneous	-	-	1,228	-
Interest expense	(5,106)	(4,177)	(55,701)	(39,813)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>45,880</u>	<u>25,316</u>	<u>208,331</u>	<u>210,865</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(73,250)</u>	<u>(45,199)</u>	<u>(167,278)</u>	<u>295,799</u>
<b>CAPITAL CONTRIBUTIONS TRANSFERS IN</b>	<u>5,143</u> <u>91,114</u>	<u>-</u> <u>72,297</u>	<u>18,283</u> <u>1,689,974</u>	<u>-</u> <u>1,400,320</u>
<b>CHANGE IN NET ASSETS</b>	<u>23,007</u>	<u>27,098</u>	<u>1,540,979</u>	<u>1,696,119</u>
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>1,981,739</u>	<u>1,245,674</u>	<u>7,930,914</u>	<u>403,667</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 2,004,746</u>	<u>\$ 1,272,772</u>	<u>\$ 9,471,893</u>	<u>\$ 2,099,786</u>

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
 NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
<b>OPERATING REVENUES</b>				
Charges for services	\$ 102,254	\$ -	\$ -	\$ -
Other operating revenues	21,085	3,197	-	-
<b>TOTAL OPERATING REVENUES</b>	<u>123,339</u>	<u>3,197</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Amortization	759	-	-	-
Contract services	8,719	-	-	-
Depreciation	853,256	-	-	-
Employee benefits	18,655	-	-	-
Equipment and tools	523	-	-	-
Maintenance and repairs	2,983	-	-	-
Miscellaneous	228	-	-	-
Process chemicals	-	-	-	-
Professional services	178	-	-	-
Salaries	46,699	-	-	-
Shared costs - operating	6,815	-	-	-
Supplies	1,289	-	-	-
Training and travel	2,881	-	-	-
Wastewater treatment	37,183	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>980,168</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(856,829)</u>	<u>3,197</u>	<u>-</u>	<u>-</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	6,761	-	-	-
Assessment and connection fees	139,190	1,150	-	-
Miscellaneous	-	-	-	-
Interest expense	(112,156)	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>33,795</u>	<u>1,150</u>	<u>-</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(823,034)</u>	<u>4,347</u>	<u>-</u>	<u>-</u>
<b>CAPITAL CONTRIBUTIONS TRANSFERS IN</b>	<u>71,914</u> <u>184,881</u>	<u>2,077,283</u> <u>800,000</u>	<u>-</u> <u>78,000</u>	<u>-</u> <u>22,000</u>
<b>CHANGE IN NET ASSETS</b>	<u>(566,239)</u>	<u>2,881,630</u>	<u>78,000</u>	<u>22,000</u>
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>3,552,468</u>	<u>1,663,030</u>	<u>111,000</u>	<u>103,000</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 2,986,229</u>	<u>\$ 4,544,660</u>	<u>\$ 189,000</u>	<u>\$ 125,000</u>

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
 NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	Millers Creek Sewer	South Ocean View Sewer	Treatment Plant - IBRWF	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ 2,389,518
Other operating revenues	52,930	-	346,009	1,322,648
<b>TOTAL OPERATING REVENUES</b>	<u>52,930</u>	<u>-</u>	<u>346,009</u>	<u>3,712,166</u>
<b>OPERATING EXPENSES</b>				
Amortization	-	-	-	16,646
Contract services	-	-	-	493,417
Depreciation	966	-	-	2,263,119
Employee benefits	-	-	-	340,340
Equipment and tools	-	-	-	69,983
Maintenance and repairs	-	-	-	97,523
Miscellaneous	-	-	-	6,237
Process chemicals	-	-	-	2,672
Professional services	-	-	-	75,361
Salaries	-	-	-	783,381
Shared costs - operating	-	-	-	299,954
Supplies	-	-	-	37,443
Training and travel	-	-	-	66,208
Wastewater treatment	-	-	-	636,468
<b>TOTAL OPERATING EXPENSES</b>	<u>966</u>	<u>-</u>	<u>-</u>	<u>5,188,752</u>
<b>OPERATING INCOME (LOSS)</b>	<u>51,964</u>	<u>-</u>	<u>346,009</u>	<u>(1,476,586)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	487	-	2,869	265,416
Assessment and connection fees	-	-	-	1,956,101
Miscellaneous	1,500	-	6,385	49,013
Interest expense	-	-	-	(320,164)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>1,987</u>	<u>-</u>	<u>9,254</u>	<u>1,950,366</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	53,951	-	355,263	473,780
<b>CAPITAL CONTRIBUTIONS</b>	606,444	-	-	8,153,228
<b>TRANSFERS IN</b>	-	200,000	3,525,000	8,128,919
<b>CHANGE IN NET ASSETS</b>	660,395	200,000	3,880,263	16,755,927
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>65,700</u>	<u>50,000</u>	<u>9,942,097</u>	<u>48,501,195</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 726,095</u>	<u>\$ 250,000</u>	<u>\$ 13,822,360</u>	<u>\$ 65,257,122</u>

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 522,678	\$ 883,740	\$ 246,548	\$ 259,830
Payments to suppliers	(438,077)	(630,492)	(124,849)	(179,931)
Payments to employees	(188,804)	(76,854)	(227,556)	(295,113)
Other receipts (payments)	64,093	10,753	160,273	436,076
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(40,110)</u>	<u>187,147</u>	<u>54,416</u>	<u>220,862</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from (to) other funds, net	26,381	18,537	11,018	23,957
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(30,019)	(37,393)	(115,413)	-
Retirement of bonds and related costs	(298,913)	(178,089)	(94,316)	(96,559)
Bond proceeds	-	-	-	-
Assessment and connection fees	268,599	150,878	236,039	646,278
Capital contributions	-	-	-	2,356
Interest paid	(18,265)	(52,805)	(7,500)	(42,730)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	30,563	30,818	2,412	1,540
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(48,035)</u>	<u>(86,591)</u>	<u>21,222</u>	<u>510,885</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	28,662	36,891	44,601	52,884
<b>NET INCREASE (DECREASE) IN CASH</b>	(33,102)	155,984	131,257	808,588
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>1,118,301</u>	<u>1,148,549</u>	<u>2,039,831</u>	<u>2,576,592</u>
<b>CASH AND EQUIVALENTS - ENDING</b>	<u>\$ 1,085,199</u>	<u>\$ 1,304,533</u>	<u>\$ 2,171,088</u>	<u>\$ 3,385,180</u>
Cash and cash equivalents	\$ 609,269	\$ 299,892	\$ 1,242,827	\$ 1,774,172
Restricted cash and cash equivalents	475,930	1,004,641	928,261	1,611,008
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,085,199</u>	<u>\$ 1,304,533</u>	<u>\$ 2,171,088</u>	<u>\$ 3,385,180</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (217,854)	\$ (123,342)	\$ (129,972)	\$ (69,439)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	112,071	309,090	174,073	272,187
Miscellaneous income	39,900	-	-	-
Changes in assets and liabilities:				
Accounts receivable	3,637	10,813	1,756	26,462
Due from other governments	-	(11,588)	-	-
Inventory	(122)	-	-	-
Net pension asset	(11,286)	(5,130)	(22,104)	(21,328)
Compensated absences	2,865	981	11,364	9,175
Accounts payable	31,434	8,323	19,299	3,805
Deposits	(755)	(2,000)	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (40,110)</u>	<u>\$ 187,147</u>	<u>\$ 54,416</u>	<u>\$ 220,862</u>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ -	\$ 291,661	\$ 1,653,589	\$ 3,428,911

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

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	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 139,860	\$ 77,053	\$ 189,043	\$ 13,763
Payments to suppliers	(110,904)	(70,653)	(96,517)	(14,188)
Payments to employees	(40,024)	(24,822)	(130,324)	(126,262)
Other receipts (payments)	4,856	1,163	3,951	256,635
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(6,212)</b>	<b>(17,259)</b>	<b>(33,847)</b>	<b>129,948</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from (to) other funds, net	4,375	9,890	(767,916)	76,131
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(5,707)	(2,108)	(265,025)	(120,144)
Retirement of bonds and related costs	(12,397)	(22,304)	(25,000)	-
Bond proceeds	-	-	-	-
Assessment and connection fees	34,802	26,956	218,956	237,950
Capital contributions	-	-	-	-
Interest paid	(5,486)	(9,870)	(55,639)	-
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	91,114	72,297	1,689,974	1,400,320
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>102,326</b>	<b>64,971</b>	<b>1,563,266</b>	<b>1,518,126</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	15,218	2,373	46,204	13,063
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>115,707</b>	<b>59,975</b>	<b>807,707</b>	<b>1,737,268</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>402,669</b>	<b>69,737</b>	<b>1,922,263</b>	<b>514,496</b>
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 518,376</b>	<b>\$ 129,712</b>	<b>\$ 2,729,970</b>	<b>\$ 2,251,764</b>
Cash and cash equivalents	\$ 448,967	\$ 96,551	\$ 905,396	\$ 803,794
Restricted cash and cash equivalents	69,409	33,161	1,824,574	1,447,970
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 518,376</b>	<b>\$ 129,712</b>	<b>\$ 2,729,970</b>	<b>\$ 2,251,764</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (119,130)	\$ (70,515)	\$ (375,609)	\$ 84,934
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	98,883	54,647	347,538	56,295
Miscellaneous income	-	-	1,228	-
Changes in assets and liabilities:				
Accounts receivable	10,622	(191)	(7,189)	(659)
Due from other governments	-	(1,234)	-	-
Inventory	-	-	-	-
Net pension asset	(16,072)	(187)	(8,893)	(13,741)
Compensated absences	11,368	75	2,713	8,650
Accounts payable	8,117	146	6,365	(5,531)
Deposits	-	-	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (6,212)</b>	<b>\$ (17,259)</b>	<b>\$ (33,847)</b>	<b>\$ 129,948</b>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ 5,143	\$ -	\$ 18,283	\$ -

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

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	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 82,685	\$ -	\$ -	\$ -
Payments to suppliers	(41,084)	-	-	-
Payments to employees	(68,629)	-	-	-
Other receipts (payments)	21,085	3,197	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(5,943)</b>	<b>3,197</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from (to) other funds, net	(262,365)	2,297,313	1,336,589	358,966
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(210,256)	(3,614,438)	(1,418,477)	(432,004)
Retirement of bonds and related costs	(122,000)	-	-	-
Bond proceeds	-	103,305	-	-
Assessment and connection fees	139,190	1,150	-	-
Capital contributions	462,259	-	-	-
Interest paid	(111,965)	-	-	-
Payments for bond issue costs	-	(203)	-	-
Transfers from other funds for capital activities	184,881	800,000	78,000	22,000
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>342,109</b>	<b>(2,710,186)</b>	<b>(1,340,477)</b>	<b>(410,004)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	5,461	-	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>79,262</b>	<b>(409,676)</b>	<b>(3,888)</b>	<b>(51,038)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>171,494</b>	<b>435,132</b>	<b>4,292</b>	<b>55,815</b>
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 250,756</b>	<b>\$ 25,456</b>	<b>\$ 404</b>	<b>\$ 4,777</b>
Cash and cash equivalents	\$ 220,867	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	29,889	25,456	404	4,777
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 250,756</b>	<b>\$ 25,456</b>	<b>\$ 404</b>	<b>\$ 4,777</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (856,829)	\$ 3,197	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	854,015	-	-	-
Miscellaneous income	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(19,569)	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Net pension asset	(8,985)	-	-	-
Compensated absences	5,710	-	-	-
Accounts payable	19,715	-	-	-
Deposits	-	-	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (5,943)</b>	<b>\$ 3,197</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ -	\$ -	\$ -	\$ -

(continued)

SUSSEX COUNTY, DELAWARE  
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

	Millers Creek Sewer	South Ocean View Sewer	Treatment Plant - IBRWF	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ -	\$ -	\$ -	\$ 2,415,200
Payments to suppliers	-	-	-	(1,706,695)
Payments to employees	-	-	-	(1,178,388)
Other receipts (payments)	54,430	-	352,394	1,368,906
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>54,430</b>	<b>-</b>	<b>352,394</b>	<b>899,023</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advances from (to) other funds, net	1,910	9,899	(3,000,000)	144,685
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(22,346)	(45,917)	(134,294)	(6,453,541)
Retirement of bonds and related costs	-	-	-	(849,578)
Bond proceeds	-	-	-	103,305
Assessment and connection fees	-	-	-	1,960,798
Capital contributions	-	-	-	464,615
Interest paid	-	-	-	(304,260)
Payments for bond issue costs	-	-	(11,184)	(11,387)
Transfers from other funds for capital activities	-	200,000	3,525,000	8,128,919
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(22,346)</b>	<b>154,083</b>	<b>3,379,522</b>	<b>3,038,871</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	453	-	2,869	248,679
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>34,447</b>	<b>163,982</b>	<b>734,785</b>	<b>4,331,258</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>39,730</b>	<b>18,270</b>	<b>27,537</b>	<b>10,544,708</b>
<b>CASH AND EQUIVALENTS - ENDING</b>	<b>\$ 74,177</b>	<b>\$ 182,252</b>	<b>\$ 762,322</b>	<b>\$ 14,875,966</b>
Cash and cash equivalents	\$ 35,379	\$ -	\$ 470,000	\$ 6,907,114
Restricted cash and cash equivalents	38,798	182,252	292,322	7,968,852
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 74,177</b>	<b>\$ 182,252</b>	<b>\$ 762,322</b>	<b>\$ 14,875,966</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 51,964	\$ -	\$ 346,009	\$ (1,476,586)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	966	-	-	2,279,765
Miscellaneous income	1,500	-	6,385	49,013
Changes in assets and liabilities:				
Accounts receivable	-	-	-	25,682
Due from other governments	-	-	-	(12,822)
Inventory	-	-	-	(122)
Net pension asset	-	-	-	(107,726)
Compensated absences	-	-	-	52,901
Accounts payable	-	-	-	91,673
Deposits	-	-	-	(2,755)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 54,430</b>	<b>\$ -</b>	<b>\$ 352,394</b>	<b>\$ 899,023</b>
<b>NONCASH TRANSACTIONS</b>				
Contributed property	\$ 606,444	\$ -	\$ -	\$ 6,004,031

**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, 2005 AND 2004

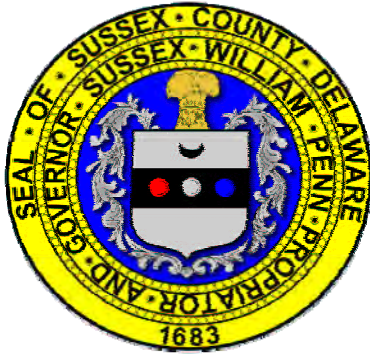
	<u>2005</u>	<u>2004</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 5,694,410	\$ 4,463,890
Buildings	15,275,866	11,796,947
Improvements other than buildings	8,467,256	7,975,844
Equipment	9,562,629	8,741,127
Construction in progress	<u>2,785,201</u>	<u>2,208,730</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$ 41,785,362</u>	<u>\$ 35,186,538</u>
<b>INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE</b>		
General fund	\$ 15,541,720	\$ 12,532,947
General obligation bonds	9,533,105	9,533,105
Federal grants	9,367,534	7,186,654
State grants	4,531,501	3,526,280
Donated	<u>2,811,502</u>	<u>2,407,552</u>
<b>TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$ 41,785,362</u>	<u>\$ 35,186,538</u>

SUSSEX COUNTY, DELAWARE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 AS OF JUNE 30, 2005

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
<b>GENERAL GOVERNMENT</b>					
General Administration	\$ 11,989,066	\$ 2,425,887	\$ 7,631,578	\$ 141,071	\$ 1,790,530
Planning and Zoning	159,387	-	-	-	159,387
<b>TOTAL GENERAL GOVERNMENT</b>	<u>12,148,453</u>	<u>2,425,887</u>	<u>7,631,578</u>	<u>141,071</u>	<u>1,949,917</u>
<b>PUBLIC SAFETY</b>					
Paramedic Program	3,175,530	-	108,028	8,365	3,059,137
Emergency Dispatch	3,583,229	-	737,057	263,390	2,582,782
<b>TOTAL PUBLIC SAFETY</b>	<u>6,758,759</u>	<u>-</u>	<u>845,085</u>	<u>271,755</u>	<u>5,641,919</u>
<b>SPECIAL SERVICES</b>					
Public Works and Industrial Park	4,060,035	1,062,955	5,125	2,645,685	346,270
Airport	11,293,200	1,830,568	4,162,079	5,027,033	273,520
<b>TOTAL SPECIAL SERVICES</b>	<u>15,353,235</u>	<u>2,893,523</u>	<u>4,167,204</u>	<u>7,672,718</u>	<u>619,790</u>
<b>COMMUNITY SERVICES</b>					
Library	4,432,809	375,000	2,631,999	381,712	1,044,098
Community Development	5,691	-	-	-	5,691
Constitutional Offices	301,214	-	-	-	301,214
<b>TOTAL COMMUNITY SERVICES</b>	<u>4,739,714</u>	<u>375,000</u>	<u>2,631,999</u>	<u>381,712</u>	<u>1,351,003</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS ALLOCATED TO FUNCTIONS</b>	39,000,161	<u>\$ 5,694,410</u>	<u>\$ 15,275,866</u>	<u>\$ 8,467,256</u>	<u>\$ 9,562,629</u>
<b>CONSTRUCTION IN PROGRESS</b>	<u>2,785,201</u>				
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$ 41,785,362</u>				

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, 2005

Function and Activity	Governmental Funds Capital Assets June 30, 2004	Additions	Deductions	Governmental Funds Capital Assets June 30, 2005
<b>GENERAL GOVERNMENT</b>				
General Administration	\$ 11,660,497	\$ 328,569	\$ -	\$ 11,989,066
Planning and Zoning	145,838	13,549	-	159,387
<b>TOTAL GENERAL GOVERNMENT</b>	<b>11,806,335</b>	<b>342,118</b>	<b>-</b>	<b>12,148,453</b>
<b>PUBLIC SAFETY</b>				
Paramedic Program	2,884,619	478,991	188,080	3,175,530
Emergency Dispatch	3,552,000	36,884	5,655	3,583,229
<b>TOTAL PUBLIC SAFETY</b>	<b>6,436,619</b>	<b>515,875</b>	<b>193,735</b>	<b>6,758,759</b>
<b>SPECIAL SERVICES</b>				
Public Works and Industrial Park	3,720,053	339,982	-	4,060,035
Airport	8,165,209	3,127,991	-	11,293,200
<b>TOTAL SPECIAL SERVICES</b>	<b>11,885,262</b>	<b>3,467,973</b>	<b>-</b>	<b>15,353,235</b>
<b>COMMUNITY SERVICES</b>				
Library	2,613,595	1,819,214	-	4,432,809
Community Development	5,691	-	-	5,691
Constitutional Offices	230,306	70,908	-	301,214
<b>TOTAL COMMUNITY SERVICES</b>	<b>2,849,592</b>	<b>1,890,122</b>	<b>-</b>	<b>4,739,714</b>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS ALLOCATED TO FUNCTIONS</b>	<b>32,977,808</b>	<b>6,216,088</b>	<b>193,735</b>	<b>39,000,161</b>
<b>CONSTRUCTION IN PROGRESS</b>	<b>2,208,730</b>	<b>2,518,743</b>	<b>1,942,272</b>	<b>2,785,201</b>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<b>\$ 35,186,538</b>	<b>\$ 8,734,831</b>	<b>\$ 2,136,007</b>	<b>\$ 41,785,362</b>





Agriculture is a large part of the economy in Sussex County.



Blue Herons and other wildlife are a common sight throughout Sussex County.



Chicken houses dot the landscape of Sussex County.



This Bison Farm adds diversity to the local agriculture community.

## **STATISTICAL SECTION**

SUSSEX COUNTY, DELAWARE  
 GOVERNMENT-WIDE EXPENSES BY FUNCTION  
 LAST THREE FISCAL YEARS

	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2003</u>
<b>EXPENSES</b>			
General government	\$ 11,592,273	\$ 9,622,999	\$ 8,416,614
Grant-in-aid programs	7,293,058	6,892,065	4,120,039
Planning and zoning	1,045,230	1,012,053	917,317
Paramedic program	8,467,637	6,840,784	5,914,818
Emergency preparedness	1,984,888	1,889,708	1,726,567
Economic development and public works	528,814	428,025	423,154
County engineer	2,025,846	1,079,543	1,418,560
Airport	601,236	565,958	2,332,147
Library	3,140,156	2,729,492	2,780,506
Community development and housing programs	1,829,012	1,488,969	1,522,300
Constitutional offices	2,268,066	1,985,946	1,728,453
Sewer facilities	21,327,548	18,676,091	19,264,562
Water facilities	770,503	747,923	771,541
<b>TOTAL EXPENSES</b>	<u>\$ 62,874,267</u>	<u>\$ 53,959,556</u>	<u>\$ 51,336,578</u>

Notes:

1. GASBS No. 34 was adopted in fiscal year 2003. Information is not available for fiscal year 1996 through 2002.
2. Government-wide expenses by function includes general, capital projects and enterprise funds.

**SUSSEX COUNTY, DELAWARE  
GOVERNMENT-WIDE REVENUES  
LAST THREE FISCAL YEARS**

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	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2003</u>
<b>PROGRAM REVENUES</b>			
Charges for services	\$ 26,637,227	\$ 24,242,511	\$ 21,534,241
Operating grants and contributions	24,871,703	22,824,111	21,098,552
Capital grants and contributions	18,587,753	15,432,078	7,617,530
Taxes	46,500,868	38,716,066	28,539,817
<b>GENERAL REVENUES</b>			
Unrestricted investment earnings	<u>2,037,703</u>	<u>1,091,247</u>	<u>1,080,720</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 118,635,254</u></u>	<u><u>\$ 102,306,013</u></u>	<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 1996 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
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%
2004	10,071,924	20.1%	6,892,065	13.8%	991,821	2.0%	6,884,569	13.8%	1,728,428	3.5%	1,569,011	3.1%	252,589	0.5%
2005	11,162,849	17.7%	7,293,058	11.6%	1,034,333	1.6%	8,603,643	13.7%	1,758,753	2.8%	2,729,952	4.3%	275,448	0.4%

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
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
2004	2,725,758	5.4%	1,488,969	3.0%	1,994,038	4.0%	1,982,196	4.0%	-	0.0%	13,452,552	26.8%	50,033,920
2005	3,102,598	4.9%	1,831,004	2.9%	2,307,731	3.7%	5,948,148	9.5%	-	0.0%	16,868,795	26.9%	62,916,312

Note 1: Includes General and Capital Projects Funds.

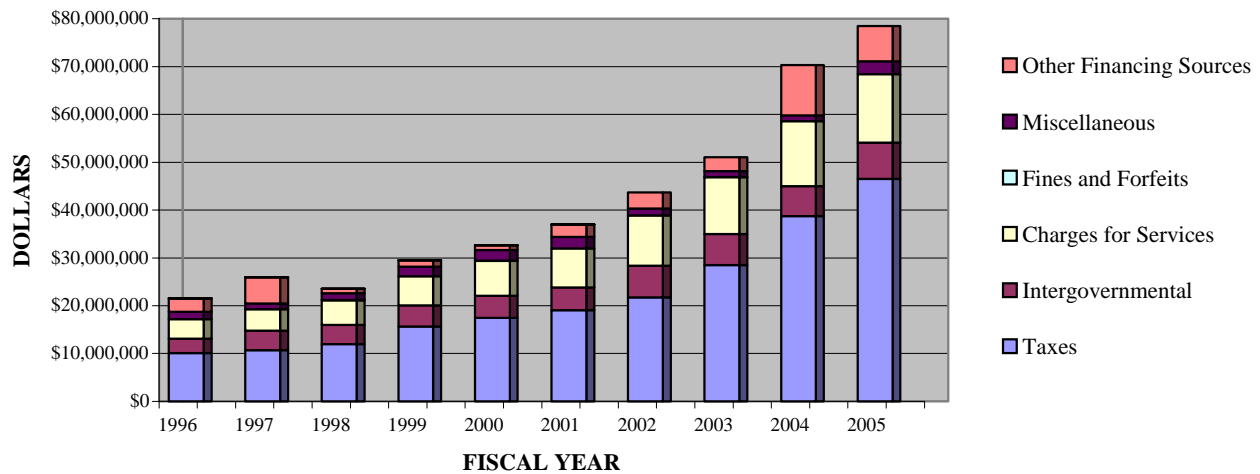
Source: Audited financial statements for the years ended June 30, 1996 through 2005

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

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Intergovernmental</b>	<b>Charges for Services</b>	<b>Fines and Forfeits</b>	<b>Miscellaneous</b>	<b>Other Financing Sources</b>	<b>Total</b>
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
2004	38,720,829	6,241,501	13,556,533	19,103	1,219,234	10,571,062	70,328,262
2005	46,489,369	7,572,581	14,309,619	22,197	2,634,424	7,432,301	78,460,491

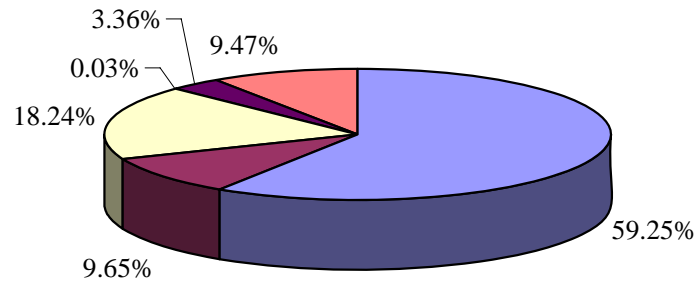
Note 1: Includes General and Capital Projects Funds.

**GENERAL GOVERNMENTAL REVENUES**

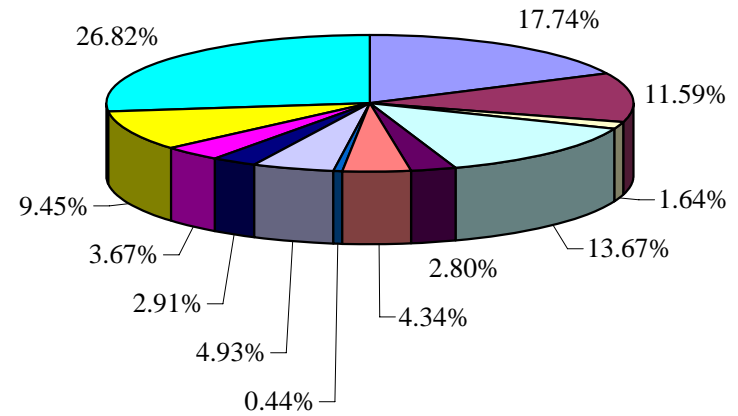


Source: Audited financial statements for the years ended June 30, 1996 through 2005

**REVENUES**



**EXPENDITURES**



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

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

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

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<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Taxes Collected</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
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%
2004	9,718,631	9,393,462	96.7%	263,416	9,656,878	99.4%	661,765	6.8%
2005	8,282,004	8,014,809	96.8%	245,963	8,260,772	99.7%	641,662	7.7%

Notes:

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

Source: Sussex County Treasury Division

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

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<b>Fiscal Year</b>	<b>Total Assessed Value</b>	<b>Exempt Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Ratio of Assessed Value to Estimated Actual Value</b>
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%
2004	2,117,840,800	22,417,573	2,095,423,227	26,192,790,338	8.0%
2005	2,234,181,648	23,887,036	2,210,294,612	31,575,637,314	7.0%

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 2005

<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	2.161	1.88	0.2293	4.7153	7.0%
Lewes	0.445	2.161	0.39	0.2293	3.2253	7.0
Milton	0.445	2.161	0.41	0.2293	3.2453	7.0
Rehoboth Beach	0.445	2.161	1.40	0.2293	4.2353	7.0
Dewey Beach	0.445	2.161	0.40	0.2293	3.2353	7.0
Delmar						
Delmar	0.445	3.210	1.31	0.2293	5.1943	7.0
Indian River (4)						
Bethany Beach	0.445	2.213	0.80	0.2293	3.6873	7.0
Dagsboro	0.445	2.213	0.38	0.2293	3.2673	7.0
Fenwick Island	0.445	2.213	1.60	0.2293	4.4873	7.0
Frankford	0.445	2.213	1.10	0.2293	3.9873	7.0
Georgetown	0.445	2.213	2.45	0.2293	5.3373	7.0
Millsboro	0.445	2.213	0.46	0.2293	3.3473	7.0
Millville	0.445	2.213	0.20	0.2293	3.0873	7.0
Ocean View	0.445	2.213	0.50	0.2293	3.3873	7.0
Selbyville	0.445	2.213	1.85	0.2293	4.7373	7.0
South Bethany	0.445	2.213	0.65	0.2293	3.5373	7.0
Laurel						
Bethel	0.445	2.390	0.40	0.2293	3.4643	7.0
Laurel	0.445	2.390	1.90	0.2293	4.9643	7.0
Milford						
Ellendale	0.445	2.793	1.00	0.2293	4.4673	7.0
Milford	0.445	2.793	0.41	0.2293	3.8773	7.0
Slaughter Beach	0.445	2.793	0.50	0.2293	3.9673	7.0
Seaford						
Blades	0.445	2.580	1.40	0.2293	4.6543	7.0
Seaford	0.445	2.580	0.52	0.2293	3.7743	7.0
Woodbridge						
Bridgeville	0.445	2.900	1.83	0.2293	5.4043	7.0
Greenwood	0.445	2.900	1.00	0.2293	4.5743	7.0

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 \$2.289 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 1996 THROUGH 2004

Fiscal Year	Rate Type	School Districts - Rate per \$100 assessment						
		Indian River	Laurel	Seaford	Milford	Woodbridge	Cape Henlopen	Delmar
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
2003	School Rate (2)	2.029	2.390	2.470	2.749	2.913	2.099	3.230
	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	2.702	3.063	3.143	3.422	3.586	2.772	3.903
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.620	3.981	4.061	4.340	4.504	3.690	4.821
2004	School Rate (2)	1.946	2.390	2.480	2.621	2.903	2.099	3.220
	Vo-Tech Rate	0.229	0.229	0.229	0.229	0.229	0.229	0.229
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.620	3.064	3.154	3.295	3.577	2.773	3.894
	Local Municipalities (3)	0.954	0.954	0.954	0.954	0.954	0.954	0.954
	Total Tax Rate	3.574	4.018	4.108	4.249	4.531	3.727	4.848

Notes:

1. The local municipalities rate is the average city tax rate for fiscal year 2003. Average city tax rates for fiscal years 1995 through 2002 are not available.
2. The Indian River School District charged \$1.903, \$1.950, \$2.087, \$2.115 and \$2.027 for non-residential properties in fiscal years 2000 through 2004 respectively.
3. The local municipalities rate is the average city tax rate for fiscal year 2004.

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, 2005**

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Assessed Value of Taxable property		\$	2,381,520,174
Less: Exempt Property			<u>22,770,013</u>
Total Taxable Assessment at June 30, 2005		\$	<u><u>2,358,750,161</u></u>
<b>DEBT LIMIT - 12% of Total Taxable Assessed Value</b>		\$	283,050,019
Amount of Debt Applicable to Debt Limit:			
Total Bonded Debt	\$	149,239,594	
Less: West Rehoboth Sewer Revenue Bonds		<u>28,076,986</u>	
<b>TOTAL DEBT APPLICABLE TO DEBT LIMIT</b>			<u><u>121,162,608</u></u>
<b>LEGAL DEBT MARGIN</b>		\$	<u><u>161,887,411</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>
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	-
2004	-	2,095,423,227	0.00%	171,923	-
2005	-	2,210,294,612	0.00%	175,818	-

## 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**

<b>Fiscal Year</b>	<b>Principal Payments (1)</b>	<b>Interest Payments (2)</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to Total General Governmental Expenditures</b>
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%
2004	-	-	-	50,033,920	0.00%
2005	-	-	-	62,916,312	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 1996 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, 2005

<u>Jurisdiction</u>	<u>Gross General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Sussex County</u>	<u>Amount Applicable to Sussex County</u>
<b>TOTAL DIRECT DEBT (1)</b>			
Sussex County Council	\$ 121,162,608	100%	\$ 121,162,608
<b>OTHER DEBT OF COUNTY POLITICAL SUBDIVISIONS</b>			
<b>School Districts: (2)</b>			
Cape Henlopen	7,860,590	100%	7,860,590
Delmar	3,082,105	100%	3,082,105
Indian River	37,928,924	100%	37,928,924
Laurel	840,070	100%	840,070
Milford	5,678,720	59%	3,350,445
Seaford	5,566,401	100%	5,566,401
Sussex Tech	3,966,210	100%	3,966,210
Woodbridge	5,748,044	99%	5,690,564
<b>Total School Districts</b>	<u>70,671,064</u>		<u>68,285,309</u>
<b>Municipalities: (3)</b>			
Bethany Beach	1,810,000	100%	1,810,000
Blades	493,365	100%	493,365
Bridgeville	2,169,744	100%	2,169,744
Dagsboro	1,439,519	100%	1,439,519
Frankford	1,230,544	100%	1,230,544
Georgetown	12,495,395	100%	12,495,395
Greenwood	60,919	100%	60,919
Henlopen Acres	198,333	100%	198,333
Laurel	6,674,519	100%	6,674,519
Lewes	20,530,406	100%	20,530,406
Milford	13,215,785	70%	9,251,050
Millsboro	990,594	100%	990,594
Milton	1,081,951	100%	1,081,951
Rehoboth Beach	2,967,372	100%	2,967,372
Seaford	6,168,000	100%	6,168,000
Selbyville	3,941,388	100%	3,941,388
<b>Total Municipalities</b>	<u>75,467,834</u>		<u>71,503,099</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$ 267,301,506</u>		<u>\$ 260,951,016</u>

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

Sources:

1. Sussex County Department of Finance
2. Delaware State Treasurer's Office
3. Delaware State Department of Finance 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>
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
2004	10,861,191	1,805,308	9,055,883	2,460,595	3.68
2005	10,799,139	1,985,003	8,814,136	2,457,812	3.59

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**

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<b>Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>Median Age</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
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	25,471	*	21,547	4.0%
2003	167,904	26,832	*	25,055	2.7%
2004	171,923	*	*	24,210	3.3%
2005	175,818	*	*	24,278	3.2%

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>	
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
2004	2,095,423,227	22,417,573	10,811	641,869,546	13,105
2005	2,210,294,612	23,887,036	11,075	728,614,497	18,726

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, 2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Verizon	Telephone Utility	\$ 35,639,325	1.61%
Delmarva Power & Light Co.	Public Utility	20,262,571	0.92%
Indian River Power LLC	Public Utility	12,737,071	0.58%
E. I. duPont de Nemours Company	Chemicals and Synthetics	9,261,400	0.42%
Delaware Electric Cooperative, Inc.	Public Utility	4,393,881	0.20%
Mountaire Farms of Delaware, Inc.	Poultry Industry	4,351,900	0.20%
Carl M. Freeman Associates Inc.	Developer	3,309,350	0.15%
Chesapeake Utilities Corporation	Public Utility	3,240,411	0.15%
Eastern Shore Natural Gas Co.	Public Utility	3,208,577	0.15%
M & T Bank	Banking	3,135,800	0.14%
Pinnacle Foods Corporation	Food Industry	2,798,600	0.13%
Tunnell Companies LP	Real Estate	2,676,150	0.12%
Rehoboth By The Sea Realty Co.	Real Estate	2,535,300	0.11%
Penco Corporation	Plumbing Retail	2,521,400	0.11%
		<u>\$ 110,071,736</u>	<u>4.99%</u>

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



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<b>Date of reorganization</b>	January 5, 1971
<b>Form of government</b>	Council-Executive
<b>County seat</b>	Georgetown
<b>Area</b>	946 square miles
<b>Density</b>	186 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	94
Paramedic Incidents Dispatched - fiscal year 2005	11,612
911 calls - fiscal year 2005	85,243
Volunteer fire and ambulance companies	24
Additional State Police officers funded by county	24

**Sewer and Water Services:**

Sewer customers, EDU's billed	47,524
Water customers, EDU's billed	3,530
Miles of underground sanitary sewer pipe	595
Number of feet of ocean outfall sewer pipe	6,500
Pump stations	357
Spray irrigated facilities	3
Secondary treatment plants	4

**Libraries:**

Directly administered	3
Number of county funded, with independent board	11
Bookmobiles	1
Circulation	1,182,767

**Sussex County Airport:**

Paved runway footage	7,330
Number of hangars	24
Number of landings fiscal year 2005	18,625

**Sussex County Industrial Park:**

Number of businesses	20
Number of jobs provided by businesses	752

**Population:**

Estimated population, 2005	175,818
Percent change, 2000 to 2005	12.2%
Census population, 2000	156,638
Percent change, 1990 to 2000	38.3%

**Full-Time Positions**

485

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY)  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 9,054,927</u>	<u>\$ 7,338,211</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 SRF SUBORDINATE OBLIGATION - 1994  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	459,857	3,449
		<u>\$ 9,756,986</u>	<u>\$ 936,819</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT REVENUE BONDS - 1995  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 18,320,000</u>	<u>\$ 12,273,946</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 A  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 A  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 A  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 3,296,824</u>	<u>\$ 2,697,473</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 B  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 B  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 B  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 6,025,439</u>	<u>\$ 4,976,005</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 C  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 C  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 C  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 5,498,816</u>	<u>\$ 4,588,372</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 D  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2005	4.50 %	\$ 10,674	\$ 31,055
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	30,567
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	29,523
December 22, 2008	4.50	12,345	29,385
March 22, 2009	4.50	12,484	29,246
June 22, 2009	4.50	12,624	29,106
September 22, 2009	4.50	12,766	28,964
December 22, 2009	4.50	12,910	28,820
March 22, 2010	4.50	13,055	28,675
June 22, 2010	4.50	13,202	28,528
September 22, 2010	4.50	13,350	28,380
December 22, 2010	4.50	13,500	28,229
March 22, 2011	4.50	13,653	28,077
June 22, 2011	4.50	13,806	27,924
September 22, 2011	4.50	13,961	27,768
December 22, 2011	4.50	14,118	27,612
March 22, 2012	4.50	14,277	27,453
June 22, 2012	4.50	14,438	27,292
September 22, 2012	4.50	14,600	27,131
December 22, 2012	4.50	14,765	26,965
March 22, 2013	4.50	14,931	26,799
June 22, 2013	4.50	15,099	26,631
September 22, 2013	4.50	15,269	26,461
December 22, 2013	4.50	15,440	26,290
March 22, 2014	4.50	15,614	26,116
June 22, 2014	4.50	15,790	25,940
September 22, 2014	4.50	15,967	25,763
December 22, 2014	4.50	16,147	25,583
March 22, 2015	4.50	16,329	25,401
June 22, 2015	4.50	16,512	25,218
September 22, 2015	4.50	16,698	25,032
December 22, 2015	4.50	16,886	24,844
March 22, 2016	4.50	17,076	24,654
June 22, 2016	4.50	17,268	24,462
September 22, 2016	4.50	17,462	24,267
December 22, 2016	4.50	17,659	24,071
March 22, 2017	4.50	17,857	23,873
June 22, 2017	4.50	18,058	23,672
September 22, 2017	4.50	18,261	23,469
December 22, 2017	4.50	18,467	23,263
March 22, 2018	4.50	18,675	23,055
June 22, 2018	4.50	18,885	22,845
September 22, 2018	4.50	19,097	22,633

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 D  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	18,889
December 22, 2022	4.50	23,097	18,633
March 22, 2023	4.50	23,357	18,373
June 22, 2023	4.50	23,620	18,110
September 22, 2023	4.50	23,886	17,843
December 22, 2023	4.50	24,154	17,576
March 22, 2024	4.50	24,426	17,304
June 22, 2024	4.50	24,701	17,029
September 22, 2024	4.50	24,979	16,751
December 22, 2024	4.50	25,260	16,470
March 22, 2025	4.50	25,544	16,186
June 22, 2025	4.50	25,831	15,899
September 22, 2025	4.50	26,122	15,608
December 22, 2025	4.50	26,416	15,314
March 22, 2026	4.50	26,713	15,017
June 22, 2026	4.50	27,014	14,716
September 22, 2026	4.50	27,318	14,413
December 22, 2026	4.50	27,625	14,105
March 22, 2027	4.50	27,936	13,794
June 22, 2027	4.50	28,250	13,480
September 22, 2027	4.50	28,568	13,162
December 22, 2027	4.50	28,889	12,841
March 22, 2028	4.50	29,214	12,516
June 22, 2028	4.50	29,543	12,187
September 22, 2028	4.50	29,875	11,855
December 22, 2028	4.50	30,211	11,519
March 22, 2029	4.50	30,551	11,179
June 22, 2029	4.50	30,895	10,835
September 22, 2029	4.50	31,242	10,488
December 22, 2029	4.50	31,594	10,136
March 22, 2030	4.50	31,949	9,781
June 22, 2030	4.50	32,309	9,421
September 22, 2030	4.50	32,672	9,057
December 22, 2030	4.50	33,040	8,690
March 22, 2031	4.50	33,411	8,319
June 22, 2031	4.50	33,787	7,943
September 22, 2031	4.50	34,167	7,563
December 22, 2031	4.50	34,552	7,178

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1995 D  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2032	4.50 %	\$ 34,941	\$ 6,790
June 22, 2032	4.50	35,334	6,396
September 22, 2032	4.50	35,731	6,000
December 22, 2032	4.50	36,133	5,597
March 22, 2033	4.50	36,540	5,190
June 22, 2033	4.50	36,951	4,779
September 22, 2033	4.50	37,366	4,364
December 22, 2033	4.50	37,787	3,943
March 22, 2034	4.50	38,212	3,518
June 22, 2034	4.50	38,642	3,088
September 22, 2034	4.50	39,076	2,654
December 22, 2034	4.50	39,516	2,214
March 22, 2035	4.50	39,961	1,769
June 22, 2035	4.50	40,410	1,320
September 22, 2035	4.50	40,865	865
December 22, 2035	4.50	35,667	406
		<u>\$ 2,760,158</u>	<u>\$ 2,325,242</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1996  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

Date of Maturity	Coupon	Principal Maturity	Interest Payable
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1996  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1996  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	2,871	3
		\$ 420,327	\$ 363,503

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 1997  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	584,210	8,762
		<u>\$ 8,379,446</u>	<u>\$ 1,108,106</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2000  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2006	1.50 %	\$ 278,255	\$ 96,930
June 30, 2007	1.50	280,342	94,843
December 31, 2007	1.50	282,444	92,740
June 30, 2008	1.50	284,562	90,622
December 31, 2008	1.50	286,697	88,488
June 30, 2009	1.50	288,847	86,337
December 31, 2009	1.50	291,013	84,171
June 30, 2010	1.50	293,196	81,988
December 31, 2010	1.50	295,395	79,789
June 30, 2011	1.50	297,610	77,574
December 31, 2011	1.50	299,842	75,342
June 30, 2012	1.50	302,091	73,093
December 31, 2012	1.50	304,357	70,827
June 30, 2013	1.50	306,640	68,545
December 31, 2013	1.50	308,939	66,245
June 30, 2014	1.50	311,256	63,928
December 31, 2014	1.50	313,591	61,593
June 30, 2015	1.50	315,943	59,242
December 31, 2015	1.50	318,312	56,872
June 30, 2016	1.50	320,700	54,485
December 31, 2016	1.50	323,105	52,079
June 30, 2017	1.50	325,528	49,656
December 31, 2017	1.50	327,970	47,215
June 30, 2018	1.50	330,429	44,755
December 31, 2018	1.50	332,908	42,277
June 30, 2019	1.50	335,404	39,780
December 31, 2019	1.50	337,920	37,264
June 30, 2020	1.50	340,454	34,730
December 31, 2020	1.50	343,008	32,177
June 30, 2021	1.50	345,580	29,604
December 31, 2021	1.50	348,172	27,012
June 30, 2022	1.50	350,784	24,401
December 31, 2022	1.50	353,414	21,770
June 30, 2023	1.50	356,065	19,119
December 31, 2023	1.50	358,735	16,449
June 30, 2024	1.50	361,426	13,758
December 31, 2024	1.50	364,137	11,048
June 30, 2025	1.50	366,868	8,317
December 31, 2025	1.50	369,619	5,565
June 30, 2026	1.50	372,393	2,791
		\$ 12,923,951	\$ 2,083,421

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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2000  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2005	1.50 %	\$ 38,186	\$ 12,161
June 15, 2006	1.50	38,472	11,874
December 15, 2006	1.50	38,760	11,586
June 15, 2007	1.50	39,051	11,295
December 15, 2007	1.50	39,344	11,002
June 15, 2008	1.50	39,639	10,707
December 15, 2008	1.50	39,936	10,410
June 15, 2009	1.50	40,236	10,110
December 15, 2009	1.50	40,538	9,808
June 15, 2010	1.50	40,842	9,504
December 15, 2010	1.50	41,148	9,198
June 15, 2011	1.50	41,457	8,889
December 15, 2011	1.50	41,768	8,579
June 15, 2012	1.50	42,081	8,265
December 15, 2012	1.50	42,396	7,950
June 15, 2013	1.50	42,714	7,632
December 15, 2013	1.50	43,035	7,311
June 15, 2014	1.50	43,358	6,989
December 15, 2014	1.50	43,683	6,663
June 15, 2015	1.50	44,010	6,336
December 15, 2015	1.50	44,340	6,006
June 15, 2016	1.50	44,673	5,673
December 15, 2016	1.50	45,008	5,338
June 15, 2017	1.50	45,346	5,001
December 15, 2017	1.50	45,686	4,660
June 15, 2018	1.50	46,028	4,318
December 15, 2018	1.50	46,374	3,973
June 15, 2019	1.50	46,721	3,625
December 15, 2019	1.50	47,072	3,274
June 15, 2020	1.50	47,425	2,921
December 15, 2020	1.50	47,780	2,566
June 15, 2021	1.50	48,139	2,207
December 15, 2021	1.50	48,500	1,846
June 15, 2022	1.50	48,864	1,482
December 15, 2022	1.50	49,230	1,116
June 15, 2023	1.50	49,599	747
December 15, 2023	1.50	49,970	374
		\$ 1,621,409	\$ 241,396

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2001  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2001  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2001  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
		\$ 9,605,259	\$ 9,824,387

(continued)

SUSSEX COUNTY, DELAWARE  
BONDED DEBT GENERAL OBLIGATION - 2001  
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
JUNE 30, 2005

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2005	4.00 %	<u>\$ 2,790,000</u>	<u>\$ 55,800</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<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.

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<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
		\$ 44,714	\$ 7,393

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

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2002  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2005	3.175 %	\$ -	\$ 91,464
June 30, 2006	3.175	-	83,572
December 31, 2006	3.175	-	83,572
June 30, 2007	3.175	95,224	83,572
December 31, 2007	3.175	96,735	82,060
June 30, 2008	3.175	98,271	80,524
December 31, 2008	3.175	99,831	78,964
June 30, 2009	3.175	101,416	77,379
December 31, 2009	3.175	103,026	75,769
June 30, 2010	3.175	104,661	74,134
December 31, 2010	3.175	106,323	72,472
June 30, 2011	3.175	108,011	70,784
December 31, 2011	3.175	109,725	69,070
June 30, 2012	3.175	111,467	67,328
December 31, 2012	3.175	113,237	65,558
June 30, 2013	3.175	115,035	63,761
December 31, 2013	3.175	116,861	61,934
June 30, 2014	3.175	118,716	60,079
December 31, 2014	3.175	120,600	58,195
June 30, 2015	3.175	122,515	56,280
December 31, 2015	3.175	124,460	54,335
June 30, 2016	3.175	126,436	52,359
December 31, 2016	3.175	128,443	50,352
June 30, 2017	3.175	130,482	48,313
December 31, 2017	3.175	132,553	46,242
June 30, 2018	3.175	134,658	44,138
December 31, 2018	3.175	136,795	42,000
June 30, 2019	3.175	138,967	39,828
December 31, 2019	3.175	141,173	37,622
June 30, 2020	3.175	143,414	35,381
December 31, 2020	3.175	145,691	33,104
June 30, 2021	3.175	148,004	30,791
December 31, 2021	3.175	150,353	28,442
June 30, 2022	3.175	152,740	26,055
December 31, 2022	3.175	155,165	23,630
June 30, 2023	3.175	157,628	21,167
December 31, 2023	3.175	160,130	18,665
June 30, 2024	3.175	162,672	16,123
December 31, 2024	3.175	165,255	13,540
June 30, 2025	3.175	167,878	10,917
December 31, 2025	3.175	170,543	8,252
June 30, 2026	3.175	173,251	5,544
December 31, 2026	3.175	176,002	2,796
		<u>\$ 5,264,347</u>	<u>\$ 2,146,067</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2005	2.00 %	\$ -	\$ 6,746
June 30, 2006	2.00	13,506	6,011
December 31, 2006	2.00	13,641	5,876
June 30, 2007	2.00	13,777	5,740
December 31, 2007	2.00	13,915	5,602
June 30, 2008	2.00	14,054	5,463
December 31, 2008	2.00	14,195	5,322
June 30, 2009	2.00	14,337	5,180
December 31, 2009	2.00	14,480	5,037
June 30, 2010	2.00	14,625	4,892
December 31, 2010	2.00	14,771	4,746
June 30, 2011	2.00	14,919	4,598
December 31, 2011	2.00	15,068	4,449
June 30, 2012	2.00	15,219	4,298
December 31, 2012	2.00	15,371	4,146
June 30, 2013	2.00	15,525	3,992
December 31, 2013	2.00	15,680	3,837
June 30, 2014	2.00	15,837	3,680
December 31, 2014	2.00	15,995	3,522
June 30, 2015	2.00	16,155	3,362
December 31, 2015	2.00	16,317	3,200
June 30, 2016	2.00	16,480	3,037
December 31, 2016	2.00	16,644	2,872
June 30, 2017	2.00	16,811	2,706
December 31, 2017	2.00	16,979	2,538
June 30, 2018	2.00	17,149	2,368
December 31, 2018	2.00	17,320	2,197
June 30, 2019	2.00	17,494	2,023
December 31, 2019	2.00	17,668	1,849
June 30, 2020	2.00	17,845	1,672
December 31, 2020	2.00	18,024	1,493
June 30, 2021	2.00	18,204	1,313
December 31, 2021	2.00	18,386	1,131
June 30, 2022	2.00	18,570	947
December 31, 2022	2.00	18,755	761
June 30, 2023	2.00	18,943	574
December 31, 2023	2.00	19,132	385
June 30, 2024	2.00	19,322	196
		<u>\$ 601,113</u>	<u>\$ 127,761</u>

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
April 15, 2030	-	-	3,919
October 15, 2030	4.750	75,000	3,919

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 31,110,000</u>	<u>\$ 10,772,243</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 25, 2005	4.25 %	\$ 2,111	\$ 8,509
December 25, 2005	4.25	2,134	8,486
March 25, 2006	4.25	2,156	8,464
June 25, 2006	4.25	2,179	8,441
September 25, 2006	4.25	2,202	8,418
December 25, 2006	4.25	2,226	8,394
March 25, 2007	4.25	2,249	8,371
June 25, 2007	4.25	2,273	8,347
September 25, 2007	4.25	2,297	8,323
December 25, 2007	4.25	2,322	8,298
March 25, 2008	4.25	2,347	8,273
June 25, 2008	4.25	2,371	8,249
September 25, 2008	4.25	2,397	8,223
December 25, 2008	4.25	2,422	8,198
March 25, 2009	4.25	2,448	8,172
June 25, 2009	4.25	2,474	8,146
September 25, 2009	4.25	2,500	8,120
December 25, 2009	4.25	2,527	8,093
March 25, 2010	4.25	2,554	8,066
June 25, 2010	4.25	2,581	8,039
September 25, 2010	4.25	2,608	8,012
December 25, 2010	4.25	2,636	7,984
March 25, 2011	4.25	2,664	7,956
June 25, 2011	4.25	2,692	7,928
September 25, 2011	4.25	2,721	7,899
December 25, 2011	4.25	2,750	7,870
March 25, 2012	4.25	2,779	7,841
June 25, 2012	4.25	2,808	7,812
September 25, 2012	4.25	2,838	7,782
December 25, 2012	4.25	2,868	7,752
March 25, 2013	4.25	2,899	7,721
June 25, 2013	4.25	2,930	7,690
September 25, 2013	4.25	2,961	7,659
December 25, 2013	4.25	2,992	7,628
March 25, 2014	4.25	3,024	7,596
June 25, 2014	4.25	3,056	7,564
September 25, 2014	4.25	3,089	7,531
December 25, 2014	4.25	3,121	7,499
March 25, 2015	4.25	3,155	7,465
June 25, 2015	4.25	3,188	7,432
September 25, 2015	4.25	3,222	7,398
December 25, 2015	4.25	3,256	7,364
March 25, 2016	4.25	3,291	7,329
June 25, 2016	4.25	3,326	7,294
September 25, 2016	4.25	3,361	7,259
December 25, 2016	4.25	3,397	7,223
March 25, 2017	4.25	3,433	7,187
June 25, 2017	4.25	3,469	7,151
September 25, 2017	4.25	3,506	7,114
December 25, 2017	4.25	3,544	7,076
March 25, 2018	4.25	3,581	7,039
June 25, 2018	4.25	3,619	7,001
September 25, 2018	4.25	3,658	6,962

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 25, 2018	4.25 %	\$ 3,697	\$ 6,923
March 25, 2019	4.25	3,736	6,884
June 25, 2019	4.25	3,776	6,844
September 25, 2019	4.25	3,816	6,804
December 25, 2019	4.25	3,856	6,764
March 25, 2020	4.25	3,897	6,723
June 25, 2020	4.25	3,939	6,681
September 25, 2020	4.25	3,980	6,640
December 25, 2020	4.25	4,023	6,597
March 25, 2021	4.25	4,065	6,555
June 25, 2021	4.25	4,109	6,511
September 25, 2021	4.25	4,152	6,468
December 25, 2021	4.25	4,196	6,424
March 25, 2022	4.25	4,241	6,379
June 25, 2022	4.25	4,286	6,334
September 25, 2022	4.25	4,332	6,288
December 25, 2022	4.25	4,378	6,242
March 25, 2023	4.25	4,424	6,196
June 25, 2023	4.25	4,471	6,149
September 25, 2023	4.25	4,519	6,101
December 25, 2023	4.25	4,567	6,053
March 25, 2024	4.25	4,615	6,005
June 25, 2024	4.25	4,664	5,956
September 25, 2024	4.25	4,714	5,906
December 25, 2024	4.25	4,764	5,856
March 25, 2025	4.25	4,814	5,806
June 25, 2025	4.25	4,866	5,754
September 25, 2025	4.25	4,917	5,703
December 25, 2025	4.25	4,970	5,650
March 25, 2026	4.25	5,022	5,598
June 25, 2026	4.25	5,076	5,544
September 25, 2026	4.25	5,130	5,490
December 25, 2026	4.25	5,184	5,436
March 25, 2027	4.25	5,239	5,381
June 25, 2027	4.25	5,295	5,325
September 25, 2027	4.25	5,351	5,269
December 25, 2027	4.25	5,408	5,212
March 25, 2028	4.25	5,465	5,155
June 25, 2028	4.25	5,524	5,096
September 25, 2028	4.25	5,582	5,038
December 25, 2028	4.25	5,642	4,978
March 25, 2029	4.25	5,702	4,919
June 25, 2029	4.25	5,762	4,858
September 25, 2029	4.25	5,823	4,797
December 25, 2029	4.25	5,885	4,735
March 25, 2030	4.25	5,948	4,672
June 25, 2030	4.25	6,011	4,609
September 25, 2030	4.25	6,075	4,545
December 25, 2030	4.25	6,139	4,481
March 25, 2031	4.25	6,205	4,415
June 25, 2031	4.25	6,271	4,350
September 25, 2031	4.25	6,337	4,283
December 25, 2031	4.25	6,404	4,216

(continued)

SUSSEX COUNTY, DELAV  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 25, 2032	4.25 %	\$ 6,472	\$ 4,148
June 25, 2032	4.25	6,541	4,079
September 25, 2032	4.25	6,611	4,009
December 25, 2032	4.25	6,681	3,939
March 25, 2033	4.25	6,752	3,868
June 25, 2033	4.25	6,824	3,796
September 25, 2033	4.25	6,896	3,724
December 25, 2033	4.25	6,969	3,651
March 25, 2034	4.25	7,044	3,576
June 25, 2034	4.25	7,118	3,502
September 25, 2034	4.25	7,194	3,426
December 25, 2034	4.25	7,270	3,350
March 25, 2035	4.25	7,348	3,272
June 25, 2035	4.25	7,426	3,194
September 25, 2035	4.25	7,505	3,115
December 25, 2035	4.25	7,584	3,036
March 25, 2036	4.25	7,665	2,955
June 25, 2036	4.25	7,746	2,874
September 25, 2036	4.25	7,829	2,791
December 25, 2036	4.25	7,912	2,708
March 25, 2037	4.25	7,996	2,624
June 25, 2037	4.25	8,081	2,539
September 25, 2037	4.25	8,167	2,453
December 25, 2037	4.25	8,254	2,366
March 25, 2038	4.25	8,341	2,279
June 25, 2038	4.25	8,430	2,190
September 25, 2038	4.25	8,519	2,101
December 25, 2038	4.25	8,610	2,010
March 25, 2039	4.25	8,701	1,919
June 25, 2039	4.25	8,794	1,826
September 25, 2039	4.25	8,887	1,733
December 25, 2039	4.25	8,982	1,638
March 25, 2040	4.25	9,077	1,543
June 25, 2040	4.25	9,174	1,446
September 25, 2040	4.25	9,271	1,349
December 25, 2040	4.25	9,370	1,250
March 25, 2041	4.25	9,469	1,151
June 25, 2041	4.25	9,570	1,050
September 25, 2041	4.25	9,672	949
December 25, 2041	4.25	9,774	846
March 25, 2042	4.25	9,878	742
June 25, 2042	4.25	9,983	637
September 25, 2042	4.25	10,089	531
December 25, 2042	4.25	10,196	424
March 25, 2043	4.25	10,305	315
June 25, 2043	4.25	10,414	206
September 25, 2043	4.25	8,963	95
		\$ 800,830	\$ 822,471

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 25, 2005	4.25 %	\$ 3,238	\$ 13,050
December 25, 2005	4.25	3,272	13,016
March 25, 2006	4.25	3,307	12,981
June 25, 2006	4.25	3,342	12,946
September 25, 2006	4.25	3,377	12,911
December 25, 2006	4.25	3,413	12,875
March 25, 2007	4.25	3,450	12,838
June 25, 2007	4.25	3,486	12,802
September 25, 2007	4.25	3,523	12,765
December 25, 2007	4.25	3,561	12,727
March 25, 2008	4.25	3,599	12,689
June 25, 2008	4.25	3,637	12,651
September 25, 2008	4.25	3,675	12,613
December 25, 2008	4.25	3,714	12,574
March 25, 2009	4.25	3,754	12,534
June 25, 2009	4.25	3,794	12,494
September 25, 2009	4.25	3,834	12,454
December 25, 2009	4.25	3,875	12,413
March 25, 2010	4.25	3,916	12,372
June 25, 2010	4.25	3,958	12,330
September 25, 2010	4.25	4,000	12,288
December 25, 2010	4.25	4,042	12,246
March 25, 2011	4.25	4,085	12,203
June 25, 2011	4.25	4,129	12,159
September 25, 2011	4.25	4,172	12,116
December 25, 2011	4.25	4,217	12,071
March 25, 2012	4.25	4,262	12,026
June 25, 2012	4.25	4,307	11,981
September 25, 2012	4.25	4,353	11,935
December 25, 2012	4.25	4,399	11,889
March 25, 2013	4.25	4,446	11,842
June 25, 2013	4.25	4,493	11,795
September 25, 2013	4.25	4,541	11,747
December 25, 2013	4.25	4,589	11,699
March 25, 2014	4.25	4,638	11,650
June 25, 2014	4.25	4,687	11,601
September 25, 2014	4.25	4,737	11,551
December 25, 2014	4.25	4,787	11,501
March 25, 2015	4.25	4,838	11,450
June 25, 2015	4.25	4,889	11,399
September 25, 2015	4.25	4,941	11,347
December 25, 2015	4.25	4,994	11,294
March 25, 2016	4.25	5,047	11,241
June 25, 2016	4.25	5,100	11,188
September 25, 2016	4.25	5,155	11,133
December 25, 2016	4.25	5,209	11,079
March 25, 2017	4.25	5,265	11,023
June 25, 2017	4.25	5,321	10,967
September 25, 2017	4.25	5,377	10,911
December 25, 2017	4.25	5,434	10,854
March 25, 2018	4.25	5,492	10,796
June 25, 2018	4.25	5,550	10,738
September 25, 2018	4.25	5,609	10,679

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 25, 2018	4.25 %	\$ 5,669	\$ 10,619
March 25, 2019	4.25	5,729	10,559
June 25, 2019	4.25	5,790	10,498
September 25, 2019	4.25	5,852	10,436
December 25, 2019	4.25	5,914	10,374
March 25, 2020	4.25	5,977	10,311
June 25, 2020	4.25	6,040	10,248
September 25, 2020	4.25	6,104	10,184
December 25, 2020	4.25	6,169	10,119
March 25, 2021	4.25	6,235	10,053
June 25, 2021	4.25	6,301	9,987
September 25, 2021	4.25	6,368	9,920
December 25, 2021	4.25	6,435	9,853
March 25, 2022	4.25	6,504	9,784
June 25, 2022	4.25	6,573	9,715
September 25, 2022	4.25	6,643	9,645
December 25, 2022	4.25	6,713	9,575
March 25, 2023	4.25	6,785	9,503
June 25, 2023	4.25	6,857	9,431
September 25, 2023	4.25	6,930	9,358
December 25, 2023	4.25	7,003	9,285
March 25, 2024	4.25	7,078	9,210
June 25, 2024	4.25	7,153	9,135
September 25, 2024	4.25	7,229	9,059
December 25, 2024	4.25	7,306	8,982
March 25, 2025	4.25	7,383	8,905
June 25, 2025	4.25	7,462	8,826
September 25, 2025	4.25	7,541	8,747
December 25, 2025	4.25	7,621	8,667
March 25, 2026	4.25	7,702	8,586
June 25, 2026	4.25	7,784	8,504
September 25, 2026	4.25	7,867	8,421
December 25, 2026	4.25	7,950	8,338
March 25, 2027	4.25	8,035	8,253
June 25, 2027	4.25	8,120	8,168
September 25, 2027	4.25	8,206	8,082
December 25, 2027	4.25	8,294	7,994
March 25, 2028	4.25	8,382	7,906
June 25, 2028	4.25	8,471	7,817
September 25, 2028	4.25	8,561	7,727
December 25, 2028	4.25	8,652	7,636
March 25, 2029	4.25	8,744	7,544
June 25, 2029	4.25	8,837	7,451
September 25, 2029	4.25	8,930	7,358
December 25, 2029	4.25	9,025	7,263
March 25, 2030	4.25	9,121	7,167
June 25, 2030	4.25	9,218	7,070
September 25, 2030	4.25	9,316	6,972
December 25, 2030	4.25	9,415	6,873
March 25, 2031	4.25	9,515	6,773
June 25, 2031	4.25	9,616	6,672
September 25, 2031	4.25	9,718	6,570
December 25, 2031	4.25	9,822	6,466

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 25, 2032	4.25 %	\$ 9,926	\$ 6,362
June 25, 2032	4.25	10,031	6,257
September 25, 2032	4.25	10,138	6,150
December 25, 2032	4.25	10,246	6,042
March 25, 2033	4.25	10,355	5,933
June 25, 2033	4.25	10,465	5,823
September 25, 2033	4.25	10,576	5,712
December 25, 2033	4.25	10,688	5,600
March 25, 2034	4.25	10,802	5,486
June 25, 2034	4.25	10,916	5,372
September 25, 2034	4.25	11,032	5,256
December 25, 2034	4.25	11,150	5,138
March 25, 2035	4.25	11,268	5,020
June 25, 2035	4.25	11,388	4,900
September 25, 2035	4.25	11,509	4,779
December 25, 2035	4.25	11,631	4,657
March 25, 2036	4.25	11,755	4,533
June 25, 2036	4.25	11,880	4,408
September 25, 2036	4.25	12,006	4,282
December 25, 2036	4.25	12,133	4,155
March 25, 2037	4.25	12,262	4,026
June 25, 2037	4.25	12,393	3,895
September 25, 2037	4.25	12,524	3,764
December 25, 2037	4.25	12,657	3,631
March 25, 2038	4.25	12,792	3,496
June 25, 2038	4.25	12,928	3,360
September 25, 2038	4.25	13,065	3,223
December 25, 2038	4.25	13,204	3,084
March 25, 2039	4.25	13,344	2,944
June 25, 2039	4.25	13,486	2,802
September 25, 2039	4.25	13,629	2,659
December 25, 2039	4.25	13,774	2,514
March 25, 2040	4.25	13,920	2,368
June 25, 2040	4.25	14,068	2,220
September 25, 2040	4.25	14,218	2,070
December 25, 2040	4.25	14,369	1,919
March 25, 2041	4.25	14,522	1,766
June 25, 2041	4.25	14,676	1,612
September 25, 2041	4.25	14,832	1,456
December 25, 2041	4.25	14,989	1,299
March 25, 2042	4.25	15,149	1,139
June 25, 2042	4.25	15,310	978
September 25, 2042	4.25	15,472	816
December 25, 2042	4.25	15,637	651
March 25, 2043	4.25	15,803	485
June 25, 2043	4.25	15,971	317
September 25, 2043	4.25	13,886	157
		\$ 1,228,270	\$ 1,261,549

(continued)



SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 13, 2005	- %	\$ 12,820	\$ -
June 13, 2006	-	12,821	-
December 13, 2006	-	12,820	-
June 13, 2007	-	12,821	-
December 13, 2007	-	12,820	-
June 13, 2008	-	12,821	-
December 13, 2008	-	12,820	-
June 13, 2009	-	12,821	-
December 13, 2009	-	12,820	-
June 13, 2010	-	12,821	-
December 13, 2010	-	12,820	-
June 13, 2011	-	12,821	-
December 13, 2011	-	12,820	-
June 13, 2012	-	12,821	-
December 13, 2012	-	12,820	-
June 13, 2013	-	12,821	-
December 13, 2013	-	12,820	-
June 13, 2014	-	12,821	-
December 13, 2014	-	12,820	-
June 13, 2015	-	12,821	-
December 13, 2015	-	12,820	-
June 13, 2016	-	12,821	-
December 13, 2016	-	12,820	-
June 13, 2017	-	12,821	-
December 13, 2017	-	12,820	-
June 13, 2018	-	12,821	-
December 13, 2018	-	12,820	-
June 13, 2019	-	12,821	-
December 13, 2019	-	12,820	-
June 13, 2020	-	12,821	-
December 13, 2020	-	12,820	-
June 13, 2021	-	12,821	-
December 13, 2021	-	12,820	-
June 13, 2022	-	12,821	-
December 13, 2022	-	12,820	-
June 13, 2023	-	12,821	-
December 13, 2023	-	12,820	-
June 13, 2024	-	12,821	-
December 13, 2024	-	12,820	-
June 13, 2025	-	12,821	-
December 13, 2025	-	12,820	-
June 13, 2026	-	12,821	-
December 13, 2026	-	12,820	-
June 13, 2027	-	12,821	-
December 13, 2027	-	12,820	-
June 13, 2028	-	12,821	-
December 13, 2028	-	12,820	-
June 13, 2029	-	12,821	-
December 13, 2029	-	12,820	-
June 13, 2030	-	12,821	-
December 13, 2030	-	12,820	-
June 13, 2031	-	12,821	-
December 13, 2031	-	12,820	-

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2003  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 13, 2032	- %	\$ 12,821	\$ -
December 13, 2032	-	12,820	-
June 13, 2033	-	12,821	-
December 13, 2033	-	12,820	-
June 13, 2034	-	12,821	-
December 13, 2034	-	12,820	-
June 13, 2035	-	12,821	-
December 13, 2035	-	12,820	-
June 13, 2036	-	12,821	-
December 13, 2036	-	12,820	-
June 13, 2037	-	12,821	-
December 13, 2037	-	12,820	-
June 13, 2038	-	12,821	-
December 13, 2038	-	12,820	-
June 13, 2039	-	12,821	-
December 13, 2039	-	12,820	-
June 13, 2040	-	12,821	-
December 13, 2040	-	12,820	-
June 13, 2041	-	12,821	-
December 13, 2041	-	12,820	-
June 13, 2042	-	12,822	-
		<u>\$ 948,718</u>	<u>\$ -</u>

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2004  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2005	4.375 %	\$ 16,836	\$ 74,869
December 22, 2005	4.375	17,020	74,685
March 22, 2006	4.375	17,206	74,499
June 22, 2006	4.375	17,395	74,310
September 22, 2006	4.375	17,585	74,120
December 22, 2006	4.375	17,777	73,928
March 22, 2007	4.375	17,972	73,733
June 22, 2007	4.375	18,168	73,537
September 22, 2007	4.375	18,367	73,338
December 22, 2007	4.375	18,568	73,137
March 22, 2008	4.375	18,771	72,934
June 22, 2008	4.375	18,976	72,729
September 22, 2008	4.375	19,184	72,521
December 22, 2008	4.375	19,394	72,311
March 22, 2009	4.375	19,606	72,099
June 22, 2009	4.375	19,820	71,885
September 22, 2009	4.375	20,037	71,668
December 22, 2009	4.375	20,256	71,449
March 22, 2010	4.375	20,478	71,227
June 22, 2010	4.375	20,702	71,003
September 22, 2010	4.375	20,928	70,777
December 22, 2010	4.375	21,157	70,548
March 22, 2011	4.375	21,388	70,317
June 22, 2011	4.375	21,622	70,083
September 22, 2011	4.375	21,859	69,846
December 22, 2011	4.375	22,098	69,607
March 22, 2012	4.375	22,339	69,366
June 22, 2012	4.375	22,584	69,121
September 22, 2012	4.375	22,831	68,874
December 22, 2012	4.375	23,081	68,624
March 22, 2013	4.375	23,333	68,372
June 22, 2013	4.375	23,588	68,117
September 22, 2013	4.375	23,846	67,859
December 22, 2013	4.375	24,107	67,598
March 22, 2014	4.375	24,371	67,334
June 22, 2014	4.375	24,637	67,068
September 22, 2014	4.375	24,907	66,798
December 22, 2014	4.375	25,179	66,526
March 22, 2015	4.375	25,455	66,250
June 22, 2015	4.375	25,733	65,972
September 22, 2015	4.375	26,014	65,691
December 22, 2015	4.375	26,299	65,406
March 22, 2016	4.375	26,587	65,118
June 22, 2016	4.375	26,877	64,828
September 22, 2016	4.375	27,171	64,534
December 22, 2016	4.375	27,469	64,237
March 22, 2017	4.375	27,769	63,936
June 22, 2017	4.375	28,073	63,632
September 22, 2017	4.375	28,380	63,325
December 22, 2017	4.375	28,690	63,015
March 22, 2018	4.375	29,004	62,701
June 22, 2018	4.375	29,321	62,384
September 22, 2018	4.375	29,642	62,063

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2004  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 22, 2018	4.375 %	\$ 29,966	\$ 61,739
March 22, 2019	4.375	30,294	61,411
June 22, 2019	4.375	30,625	61,080
September 22, 2019	4.375	30,960	60,745
December 22, 2019	4.375	31,299	60,406
March 22, 2020	4.375	31,641	60,064
June 22, 2020	4.375	31,987	59,718
September 22, 2020	4.375	32,337	59,368
December 22, 2020	4.375	32,691	59,014
March 22, 2021	4.375	33,048	58,657
June 22, 2021	4.375	33,410	58,295
September 22, 2021	4.375	33,775	57,930
December 22, 2021	4.375	34,145	57,560
March 22, 2022	4.375	34,518	57,187
June 22, 2022	4.375	34,896	56,809
September 22, 2022	4.375	35,277	56,428
December 22, 2022	4.375	35,663	56,042
March 22, 2023	4.375	36,053	55,652
June 22, 2023	4.375	36,447	55,258
September 22, 2023	4.375	36,846	54,859
December 22, 2023	4.375	37,249	54,456
March 22, 2024	4.375	37,657	54,049
June 22, 2024	4.375	38,068	53,637
September 22, 2024	4.375	38,485	53,220
December 22, 2024	4.375	38,906	52,799
March 22, 2025	4.375	39,331	52,374
June 22, 2025	4.375	39,761	51,944
September 22, 2025	4.375	40,196	51,509
December 22, 2025	4.375	40,636	51,069
March 22, 2026	4.375	41,080	50,625
June 22, 2026	4.375	41,530	50,175
September 22, 2026	4.375	41,984	49,721
December 22, 2026	4.375	42,443	49,262
March 22, 2027	4.375	42,907	48,798
June 22, 2027	4.375	43,377	48,328
September 22, 2027	4.375	43,851	47,854
December 22, 2027	4.375	44,331	47,374
March 22, 2028	4.375	44,816	46,889
June 22, 2028	4.375	45,306	46,399
September 22, 2028	4.375	45,801	45,904
December 22, 2028	4.375	46,302	45,403
March 22, 2029	4.375	46,809	44,896
June 22, 2029	4.375	47,321	44,384
September 22, 2029	4.375	47,838	43,867
December 22, 2029	4.375	48,361	43,344
March 22, 2030	4.375	48,890	42,815
June 22, 2030	4.375	49,425	42,280
September 22, 2030	4.375	49,966	41,739
December 22, 2030	4.375	50,512	41,193
March 22, 2031	4.375	51,065	40,640
June 22, 2031	4.375	51,623	40,082
September 22, 2031	4.375	52,188	39,517
December 22, 2031	4.375	52,759	38,946

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2004  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2032	4.375 %	\$ 53,336	\$ 38,369
June 22, 2032	4.375	53,919	37,786
September 22, 2032	4.375	54,509	37,196
December 22, 2032	4.375	55,105	36,600
March 22, 2033	4.375	55,708	35,997
June 22, 2033	4.375	56,317	35,388
September 22, 2033	4.375	56,933	34,772
December 22, 2033	4.375	57,556	34,149
March 22, 2034	4.375	58,185	33,520
June 22, 2034	4.375	58,822	32,883
September 22, 2034	4.375	59,465	32,240
December 22, 2034	4.375	60,115	31,590
March 22, 2035	4.375	60,773	30,932
June 22, 2035	4.375	61,438	30,268
September 22, 2035	4.375	62,110	29,596
December 22, 2035	4.375	62,789	28,916
March 22, 2036	4.375	63,476	28,229
June 22, 2036	4.375	64,170	27,535
September 22, 2036	4.375	64,872	26,833
December 22, 2036	4.375	65,581	26,124
March 22, 2037	4.375	66,299	25,406
June 22, 2037	4.375	67,024	24,681
September 22, 2037	4.375	67,757	23,948
December 22, 2037	4.375	68,498	23,207
March 22, 2038	4.375	69,247	22,458
June 22, 2038	4.375	70,004	21,701
September 22, 2038	4.375	70,770	20,935
December 22, 2038	4.375	71,544	20,161
March 22, 2039	4.375	72,327	19,378
June 22, 2039	4.375	73,118	18,588
September 22, 2039	4.375	73,917	17,788
December 22, 2039	4.375	74,726	16,979
March 22, 2040	4.375	75,543	16,162
June 22, 2040	4.375	76,369	15,336
September 22, 2040	4.375	77,205	14,500
December 22, 2040	4.375	78,049	13,656
March 22, 2041	4.375	78,903	12,802
June 22, 2041	4.375	79,766	11,939
September 22, 2041	4.375	80,638	11,067
December 22, 2041	4.375	81,520	10,185
March 22, 2042	4.375	82,412	9,293
June 22, 2042	4.375	83,313	8,392
September 22, 2042	4.375	84,225	7,480
December 22, 2042	4.375	85,146	6,559
March 22, 2043	4.375	86,077	5,628
June 22, 2043	4.375	87,018	4,687
September 22, 2043	4.375	87,970	3,735
December 22, 2043	4.375	88,932	2,773
March 22, 2044	4.375	89,905	1,800
June 22, 2044	4.375	74,640	818
		\$ 6,845,150	\$ 7,444,588

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2004  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 19, 2005	4.25 %	\$ 5,089	\$ 20,515
December 19, 2005	4.25	5,143	20,461
March 19, 2006	4.25	5,197	20,407
June 19, 2006	4.25	5,253	20,351
September 19, 2006	4.25	5,309	20,295
December 19, 2006	4.25	5,365	20,239
March 19, 2007	4.25	5,422	20,182
June 19, 2007	4.25	5,480	20,124
September 19, 2007	4.25	5,538	20,066
December 19, 2007	4.25	5,597	20,007
March 19, 2008	4.25	5,656	19,948
June 19, 2008	4.25	5,716	19,888
September 19, 2008	4.25	5,777	19,827
December 19, 2008	4.25	5,838	19,766
March 19, 2009	4.25	5,900	19,704
June 19, 2009	4.25	5,963	19,641
September 19, 2009	4.25	6,026	19,578
December 19, 2009	4.25	6,090	19,514
March 19, 2010	4.25	6,155	19,449
June 19, 2010	4.25	6,220	19,384
September 19, 2010	4.25	6,287	19,317
December 19, 2010	4.25	6,353	19,251
March 19, 2011	4.25	6,421	19,183
June 19, 2011	4.25	6,489	19,115
September 19, 2011	4.25	6,558	19,046
December 19, 2011	4.25	6,628	18,976
March 19, 2012	4.25	6,698	18,906
June 19, 2012	4.25	6,769	18,835
September 19, 2012	4.25	6,841	18,763
December 19, 2012	4.25	6,914	18,690
March 19, 2013	4.25	6,987	18,617
June 19, 2013	4.25	7,062	18,542
September 19, 2013	4.25	7,137	18,467
December 19, 2013	4.25	7,212	18,392
March 19, 2014	4.25	7,289	18,315
June 19, 2014	4.25	7,367	18,237
September 19, 2014	4.25	7,445	18,159
December 19, 2014	4.25	7,524	18,080
March 19, 2015	4.25	7,604	18,000
June 19, 2015	4.25	7,685	17,919
September 19, 2015	4.25	7,766	17,838
December 19, 2015	4.25	7,849	17,755
March 19, 2016	4.25	7,932	17,672
June 19, 2016	4.25	8,016	17,588
September 19, 2016	4.25	8,102	17,502
December 19, 2016	4.25	8,188	17,416
March 19, 2017	4.25	8,275	17,329
June 19, 2017	4.25	8,363	17,241
September 19, 2017	4.25	8,452	17,152
December 19, 2017	4.25	8,541	17,063
March 19, 2018	4.25	8,632	16,972
June 19, 2018	4.25	8,724	16,880
September 19, 2018	4.25	8,816	16,788

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2004  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 19, 2018	4.25 %	\$ 8,910	\$ 16,694
March 19, 2019	4.25	9,005	16,599
June 19, 2019	4.25	9,100	16,504
September 19, 2019	4.25	9,197	16,407
December 19, 2019	4.25	9,295	16,309
March 19, 2020	4.25	9,394	16,210
June 19, 2020	4.25	9,493	16,111
September 19, 2020	4.25	9,594	16,010
December 19, 2020	4.25	9,696	15,908
March 19, 2021	4.25	9,799	15,805
June 19, 2021	4.25	9,903	15,701
September 19, 2021	4.25	10,009	15,595
December 19, 2021	4.25	10,115	15,489
March 19, 2022	4.25	10,222	15,382
June 19, 2022	4.25	10,331	15,273
September 19, 2022	4.25	10,441	15,163
December 19, 2022	4.25	10,552	15,052
March 19, 2023	4.25	10,664	14,940
June 19, 2023	4.25	10,777	14,827
September 19, 2023	4.25	10,892	14,712
December 19, 2023	4.25	11,007	14,597
March 19, 2024	4.25	11,124	14,480
June 19, 2024	4.25	11,243	14,361
September 19, 2024	4.25	11,362	14,242
December 19, 2024	4.25	11,483	14,121
March 19, 2025	4.25	11,605	13,999
June 19, 2025	4.25	11,728	13,876
September 19, 2025	4.25	11,853	13,751
December 19, 2025	4.25	11,979	13,625
March 19, 2026	4.25	12,106	13,498
June 19, 2026	4.25	12,234	13,370
September 19, 2026	4.25	12,364	13,240
December 19, 2026	4.25	12,496	13,108
March 19, 2027	4.25	12,629	12,975
June 19, 2027	4.25	12,763	12,841
September 19, 2027	4.25	12,898	12,706
December 19, 2027	4.25	13,035	12,569
March 19, 2028	4.25	13,174	12,430
June 19, 2028	4.25	13,314	12,290
September 19, 2028	4.25	13,455	12,149
December 19, 2028	4.25	13,598	12,006
March 19, 2029	4.25	13,743	11,861
June 19, 2029	4.25	13,889	11,715
September 19, 2029	4.25	14,036	11,568
December 19, 2029	4.25	14,186	11,418
March 19, 2030	4.25	14,336	11,268
June 19, 2030	4.25	14,489	11,115
September 19, 2030	4.25	14,643	10,961
December 19, 2030	4.25	14,798	10,806
March 19, 2031	4.25	14,955	10,649
June 19, 2031	4.25	15,114	10,490
September 19, 2031	4.25	15,275	10,329
December 19, 2031	4.25	15,437	10,167

(continued)

SUSSEX COUNTY, DELAWARE  
 BONDED DEBT GENERAL OBLIGATION - 2004  
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED  
 JUNE 30, 2005

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 19, 2032	4.25 %	\$ 15,601	\$ 10,003
June 19, 2032	4.25	15,767	9,837
September 19, 2032	4.25	15,934	9,670
December 19, 2032	4.25	16,104	9,500
March 19, 2033	4.25	16,275	9,329
June 19, 2033	4.25	16,448	9,156
September 19, 2033	4.25	16,623	8,981
December 19, 2033	4.25	16,799	8,805
March 19, 2034	4.25	16,978	8,626
June 19, 2034	4.25	17,158	8,446
September 19, 2034	4.25	17,340	8,264
December 19, 2034	4.25	17,525	8,079
March 19, 2035	4.25	17,711	7,893
June 19, 2035	4.25	17,899	7,705
September 19, 2035	4.25	18,089	7,515
December 19, 2035	4.25	18,281	7,323
March 19, 2036	4.25	18,476	7,128
June 19, 2036	4.25	18,672	6,932
September 19, 2036	4.25	18,870	6,734
December 19, 2036	4.25	19,071	6,533
March 19, 2037	4.25	19,273	6,331
June 19, 2037	4.25	19,478	6,126
September 19, 2037	4.25	19,685	5,919
December 19, 2037	4.25	19,894	5,710
March 19, 2038	4.25	20,106	5,498
June 19, 2038	4.25	20,319	5,285
September 19, 2038	4.25	20,535	5,069
December 19, 2038	4.25	20,753	4,851
March 19, 2039	4.25	20,974	4,630
June 19, 2039	4.25	21,197	4,407
September 19, 2039	4.25	21,422	4,182
December 19, 2039	4.25	21,649	3,955
March 19, 2040	4.25	21,880	3,724
June 19, 2040	4.25	22,112	3,492
September 19, 2040	4.25	22,347	3,257
December 19, 2040	4.25	22,584	3,020
March 19, 2041	4.25	22,824	2,780
June 19, 2041	4.25	23,067	2,537
September 19, 2041	4.25	23,312	2,292
December 19, 2041	4.25	23,560	2,044
March 19, 2042	4.25	23,810	1,794
June 19, 2042	4.25	24,063	1,541
September 19, 2042	4.25	24,319	1,285
December 19, 2042	4.25	24,577	1,027
March 19, 2043	4.25	24,838	766
June 19, 2043	4.25	25,102	502
September 19, 2043	4.25	22,145	235
		\$ 1,930,846	\$ 1,983,342

(continued)



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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2005	1.50 %	\$ -	\$ 76,667
January 1, 2006	1.50	-	40,417
June 30, 2006	1.50	215,302	75,000
December 31, 2006	1.50	216,916	73,385
June 30, 2007	1.50	218,543	71,758
December 31, 2007	1.50	220,182	70,119
June 30, 2008	1.50	221,834	68,468
December 31, 2008	1.50	223,497	66,804
June 30, 2009	1.50	225,174	65,128
December 31, 2009	1.50	226,862	63,439
June 30, 2010	1.50	228,564	61,738
December 31, 2010	1.50	230,278	60,023
June 30, 2011	1.50	232,005	58,296
December 31, 2011	1.50	233,745	56,556
June 30, 2012	1.50	235,498	54,803
December 31, 2012	1.50	237,265	53,037
June 30, 2013	1.50	239,044	51,258
December 31, 2013	1.50	240,837	49,465
June 30, 2014	1.50	242,643	47,658
December 31, 2014	1.50	244,463	45,839
June 30, 2015	1.50	246,296	44,005
December 31, 2015	1.50	248,144	42,158
June 30, 2016	1.50	250,005	40,297
December 31, 2016	1.50	251,880	38,422
June 30, 2017	1.50	253,769	36,533
December 31, 2017	1.50	255,672	34,629
June 30, 2018	1.50	257,590	32,712
December 31, 2018	1.50	259,522	30,780
June 30, 2019	1.50	261,468	28,834
December 31, 2019	1.50	263,430	26,873
June 30, 2020	1.50	265,405	24,897
December 31, 2020	1.50	267,395	22,906
June 30, 2021	1.50	269,401	20,901
December 31, 2021	1.50	271,421	18,880
June 30, 2022	1.50	273,457	16,845
December 31, 2022	1.50	275,508	14,794
June 30, 2023	1.50	277,574	12,727
December 31, 2023	1.50	279,656	10,646
June 30, 2024	1.50	281,753	8,548
December 31, 2024	1.50	283,867	6,435
June 30, 2025	1.50	285,996	4,306
December 31, 2025	1.50	288,139	2,160
		<u>\$ 10,000,000</u>	<u>\$ 1,729,146</u>

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF ASSESSED VALUATION OF REAL ESTATE  
 FOR THE FIFTEEN YEARS THROUGH JUNE 30, 2005

<u>Assessment Date</u>	<u>Assessed Valuation</u>	<u>Rate Per \$ 100 (1)</u>	<u>Property Tax Levy (2)</u>
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
May 1, 2004	2,210,294,612	0.4017	6,956,246
May 1, 2005	2,345,398,177	0.4017	9,421,464

Notes:

1. 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.
2. The property tax levy for May 1, 2004 is shown net of \$ 1,922,507 credit applied to eligible taxpayers under the 25% property tax credit program.

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF INSURANCE  
JUNE 30, 2005

Agent	Company	Policy Number	Term	Coverage - Amount	Cost	Expense	Prepaid
Gordy Insurance Agency	Western Surety Company	B69174030	01/07/04 - 01/07/05 01/07/05 - 01/07/06	Bond - David Baker - \$ 50,000	\$ 225 450	\$ 225 225	\$ - 225
The Insurance Market, Inc.	Selective Insurance Co. of America	B830584	01/05/03 - 01/05/07	Bond - Robert Reed - \$ 12,000	333	133	200
The Insurance Market, Inc.	Selective Insurance Co. of America	B89100	03/23/04 - 01/04/07 01/04/05 - 01/04/07	Bond - Thelma Moore - \$ 5,000 Bond - George S. Parish - \$ 5,000	33 272	33 89	- 183
The Insurance Market, Inc.	Selective Insurance Co. of America	196206	01/05/03 - 01/05/07	Bond - John Brady - \$ 5,000	305	122	183
The Insurance Market, Inc.	Selective Insurance Co. of America	B830508	01/05/03 - 01/05/07	Bond - H. Clendaniel - \$ 5,000	305	122	183
Commerce National Ins.	Selective Insurance Co. of America	49211	04/18/04 - 04/18/05 04/18/05 - 04/18/06	National Flood Insurance Program for South Coastal Library \$ 500,000 Building; \$ 500,000 Contents	2,661 3,326	2,661 665	- 2,661
Commerce National Ins.	Selective Insurance Co. of America	49211	04/18/04 - 04/18/05 04/18/05 - 04/18/06	National Flood Insurance Program for Milton Library \$ 500,000 Building, \$ 500,000 Contents	23,030 29,394	23,030 5,879	- 23,515
L & W Insurance Company	Old Republic Insurance, Co.	PR139306	07/01/04 - 07/01/05	Airport and Hangerkeeper's Liability Extended Coverage \$ 20,000,000	23,668	23,668	-
Marsh USA, Inc.	AIG	4499569	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Public Officials Liability Liability - \$ 5,000,000	68,295 68,295	68,295 -	- 68,295
Pratt Insurance Co., Inc.	Liberty Mutual Insurance Co.	WC533S308019013	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Worker's Compensation \$ 100/100/500 (thousands)	362,063 109,957	362,063 -	- 109,957
Pratt Insurance Co., Inc.	CNA Insurance Company	BM1072359831	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Boiler & Machinery	14,818 15,000	14,818 -	- 15,000
Pratt Insurance Co., Inc.	CNA Insurance Company	C2025672805	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Automobile Liability - \$ 1,000,000	252,660 71,726	252,660 -	- 71,726
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	PKS0000117	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Emergency Dispatcher's Liability \$ 1,000,000	\$6,961 6,886	\$6,961 -	- 6,886

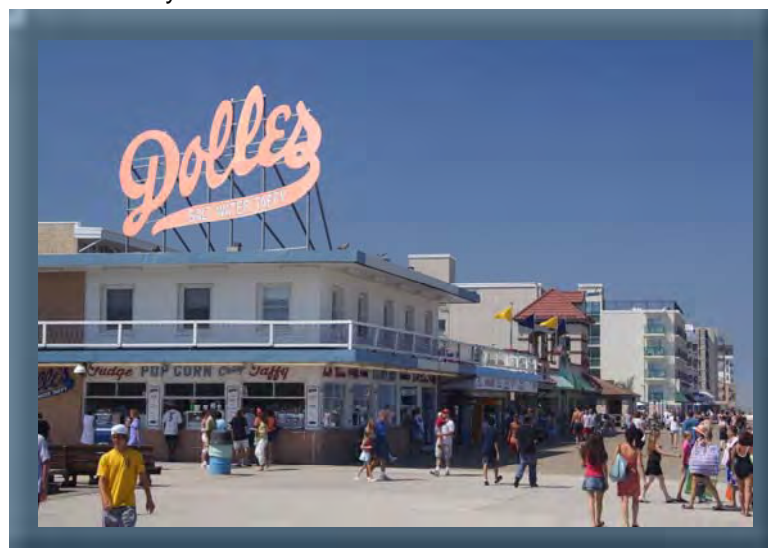
(continued)

SUSSEX COUNTY, DELAWARE  
SCHEDULE OF INSURANCE - CONTINUED  
JUNE 30, 2005

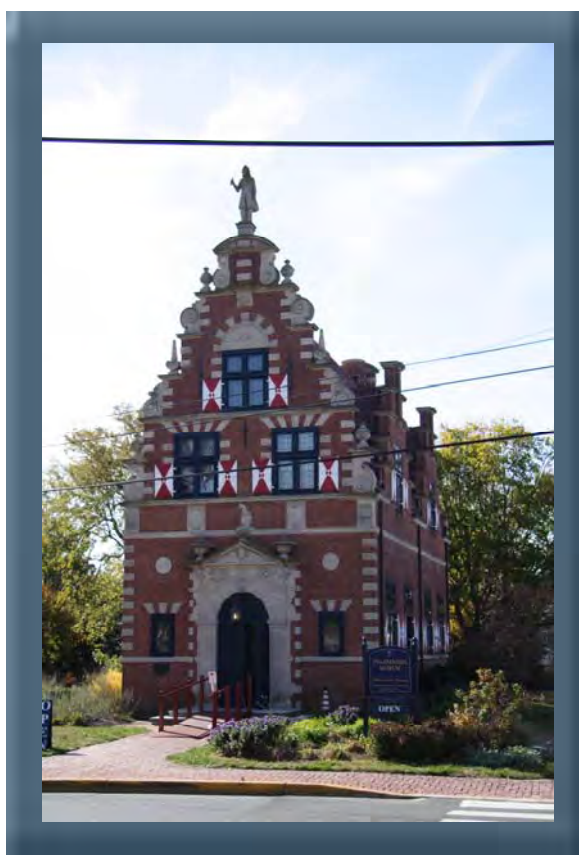
<u>Agent</u>	<u>Company</u>	<u>Policy Number</u>	<u>Term</u>	<u>Coverage - Amount</u>	<u>Cost</u>	<u>Expense</u>	<u>Prepaid</u>
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	PKS0000118	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Law Enforcement Liability \$ 1,000,000	\$ 17,871 14,298	\$ 17,871 -	\$ - 14,298
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	UMS0014015 UMS0016083	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Umbrella Liability \$ 5,000,000	67,236 74,772	67,236 -	- 74,772
Pratt Insurance Co., Inc.	National Casualty Company	WLO0000022	07/01/04 - 07/01/05 07/01/05 - 07/01/06	General Liability \$ 1,000,000	48,174 55,270	48,174 -	- 55,270
Marsh USA, Inc.	Great American Insurance Company	GVT217138802	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Crime Coverage	7,157 8,483	7,157 -	- 8,483
Pratt Insurance Co., Inc.	CNA Insurance Company	C2055506172	07/01/04 - 07/01/05 07/01/05 - 07/01/06	Commercial Package	235,865 50,001	235,865 -	- 50,001
<b>TOTALS</b>					<u>\$ 1,639,790</u>	<u>\$ 1,137,952</u>	<u>\$ 501,838</u>



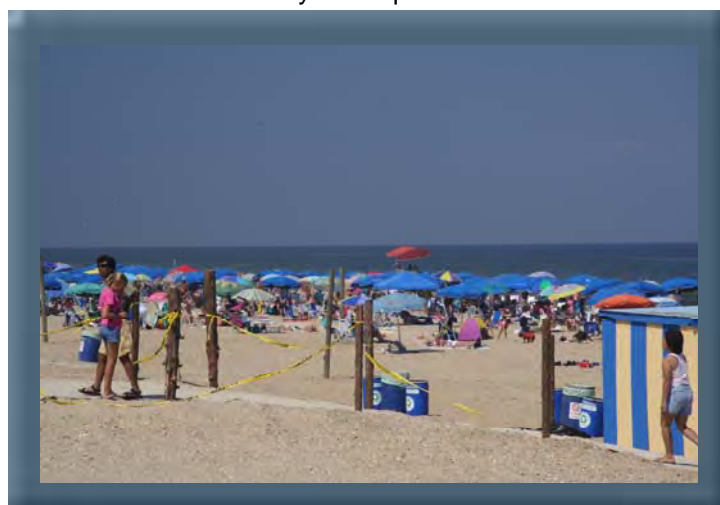
The Lewes & Rehoboth Canal is a convenient passage between the Atlantic Ocean and Inland Bays.



The Rehoboth Beach Boardwalk is one of Sussex County's marquee attractions.



The historic Zwaanendael Museum is one of the many attractions for tourists in Lewes and Sussex County.



Sussex County's beaches attract millions of visitors every summer.

**SINGLE AUDIT SUPPLEMENT**

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Programs:			
Rural Housing Preservation Grants	10.433	HPG 02 HPG 03 HPG 04	\$ 52,376
Water and Waste Disposal Systems for Rural Communities*	10.760		<u>1,948,359</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>2,000,735</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through State - Delaware State Housing Authority:			
Community Development Block Grants Program	14.228	CDBG 03-03 CDBG 03-04	1,028,783
Home Investment Program*	14.239	HM-04	<u>387,393</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>1,416,176</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Passed through State - Delaware State Historic Preservation Office:			
Historic Preservation Fund Grants-In-Aid	15.904	10-03-18207 10-04-19308	<u>21,369</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through State - Delaware Emergency Management Agency			
State Domestic Preparedness Equipment Support Program	16.007		<u>217,913</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct Program:			
Airport Improvement Program*	20.106	3-10-0007-11 3-10-0007-12 3-10-0007-13 3-10-0007-14 3-10-0007-15 3-10-0007-16 3-10-0007-17 3-10-0007-18	2,104,366
Passed through State - Delaware Emergency Management Agency:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMEDE2030110	<u>887</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>2,105,253</u>

(continued)

\*Denotes major program.

SUSSEX COUNTY, DELAWARE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2005

<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>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through State - Department of Natural Resources and Environmental Control:			
Capitalization Grants for State Revolving Funds	66.458	S-2006 S-2012 S-2015 S-2016 S-2022 S-2023 S-2028	<u>\$ 5,638,992</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through State - Delaware Emergency Management Agency:			
Emergency Management Performance Grants	97.042	EMP-2004-GR-3601	18,258
Homeland Security Grant Program	97.067	2005-GE-T5-0011	<u>51,806</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>70,064</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 11,470,502</u></u>

\*Denotes major program.



**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.

**NOTE B - LOANS**

The County had the following federal expenditures funded by loans from the U.S. Department of Agriculture and the U.S. Environmental Protection Agency during the year ended June 30, 2005.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Amount</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,877,696
Capitalization Grants for State Revolving Funds	66.458	5,638,992

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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, 2005. 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, 2005.

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 the 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 reportable 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 caused by error or fraud 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  
November 28, 2005

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

To the County Council  
Sussex County, Delaware  
Georgetown, Delaware

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2005, which collectively comprise Sussex County, Delaware's basic financial statements and have issued our report thereon dated November 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sussex County, Delaware's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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

However, we noted certain other matters that we reported to management of Sussex County in a separate letter dated November 28, 2005.

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

Georgetown, Delaware  
November 28, 2005

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

**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 basic financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
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 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 are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
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
Home Investment Program	14.239
Airport Improvement Program	20.106

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

