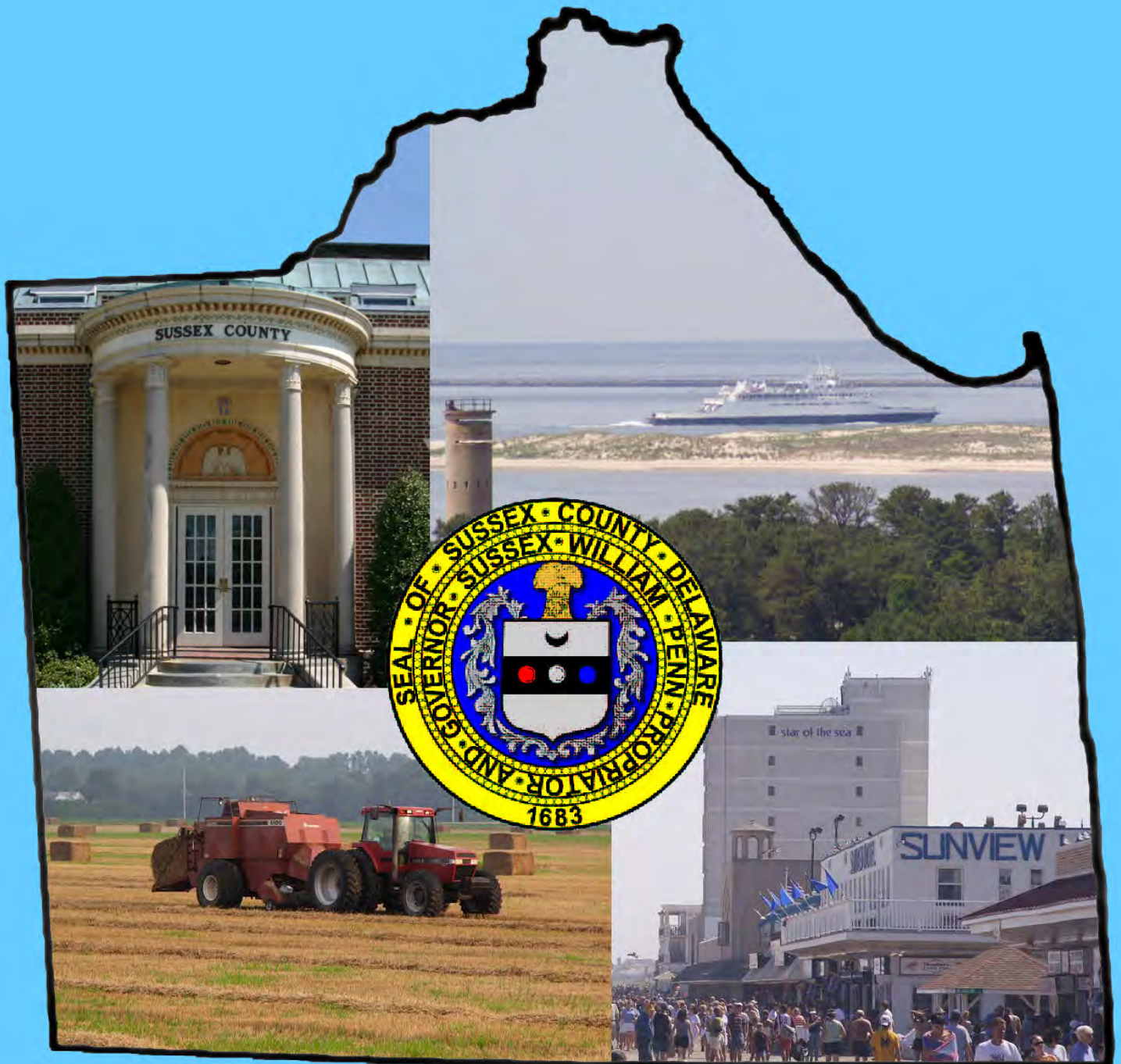


Comprehensive Annual Financial Report

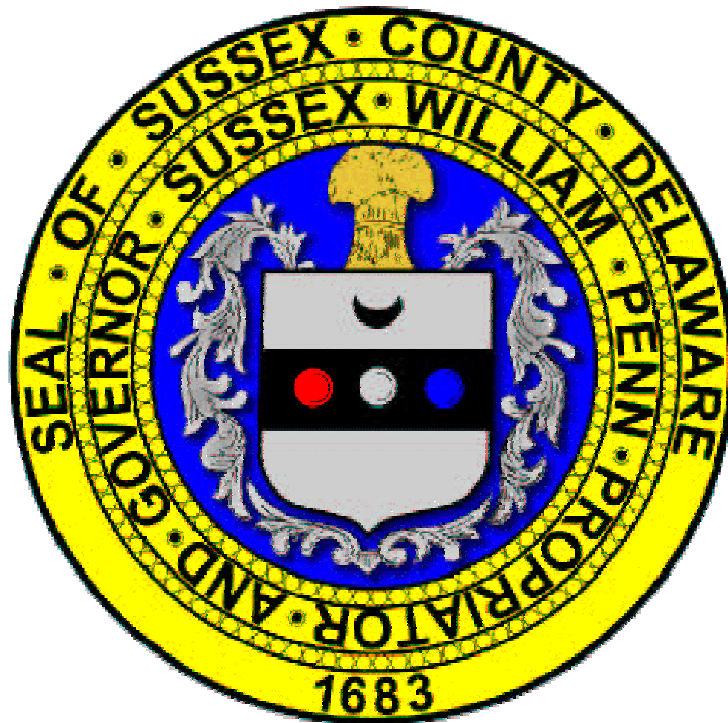
For Fiscal Year Ended June 30, 2006

Sussex County, Delaware



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2006



Prepared by the Finance Department

Susan M. Webb, Finance Director

**SUSSEX COUNTY, DELAWARE
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

**SUSSEX COUNTY, DELAWARE
TABLE OF CONTENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>PAGES</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
<u>General Fund</u>	
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual	60 - 61
Schedule of General Fund Expenditures and Other Financing Uses - Budget and Actual	62 - 69
Schedule of Revenues and Expenditures (Condensed) - General Fund	70
<u>Capital Projects Fund</u>	
Schedule of Capital Projects Fund Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	71
<u>Enterprise Funds</u>	
Combining Statement of Net Assets - Nonmajor Proprietary Funds	72 - 75
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Proprietary Funds	76 - 79
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	80 - 83
STATISTICAL SECTION	84
Net Assets by Component	85
Changes in Net Assets	86 - 87
Fund Balances, Governmental Funds	88
Changes in Fund Balances, Governmental Funds	89
Assessed Value and Estimated Actual Value of Taxable Property	90
Direct and Overlapping Property Tax Rates	91
Principal Property Tax Payers	92
Property Tax Levies and Collections	93
Ratios of Outstanding Debt by Type	94
Direct and Overlapping Governmental Activities Debt	95
Ratios of General Bonded Debt Outstanding and Legal Debt Margin	96
Pledged-Revenue Coverage	97
Demographic and Economic Statistics	98
Principal Employers	99
Full-time Equivalent City Government Employees by Function/Program	100
Operating Indicators by Function/Program	101

**SUSSEX COUNTY, DELAWARE
TABLE OF CONTENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>PAGES</u>
STATISTICAL SECTION - CONTINUED	
Capital Asset Statistics by Function/Program	102
Bonded Debt	103 - 152
Insurance	153 - 154
SINGLE AUDIT SUPPLEMENT	
Schedule of Expenditures of Federal Awards	155 - 156
Notes to Schedule of Expenditures of Federal Awards	157
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	158 - 159
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	160
Schedule of Findings and Questioned Costs	161

INTRODUCTORY SECTION



DAVID B. BAKER
COUNTY ADMINISTRATOR



Sussex County

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

December 11, 2006

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, 2006. 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, 2006, 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, 2006, 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 13 percent since the 2000 Census. Sussex County is a popular beach resort area and also a popular shopping attraction. Sussex County continues to be a desirable location for many people on the east coast. Year-round and seasonal population continues to bring increased requests for County government services.

The County Government provides a variety of services including sewage collection and treatment, paramedic services, planning and zoning, addressing and library services. 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 school taxes for eight school districts, as well as property taxes for the County government. The County also is the primary funding source for 11 local libraries, which are managed by independent library boards. The County also partially funds the cost of 28 additional Delaware State Police in Sussex County. The County has entered an agreement with the State of Delaware to partially fund an additional four State Police in Sussex County over the next year. 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 54,000 current customers. There are 15 individual operating sewer and water districts managed directly by the County, in addition to various subdistricts and expansion projects. The County has four sewer treatment plants. There are three additional approved sewer districts in design and/or construction phases and three became operational during fiscal 2006. The number of sewer and water customers has increased 25 percent during the last five years, and 62 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 40, for additional budget information. Budget-to-actual comparisons, on pages 60 through 69 and on page 71, are also included.

Factors Affecting Financial Condition

Local Economy

Agriculture, tourism, healthcare, construction, retail sales and education are leading industries in Sussex County. Sussex County is the largest poultry-producing county in the United States, as was the case in 2002, 1997, 1992, 1987, 1982, 1978, 1949 and 1944. Two of the twenty largest U. S. poultry companies, Allen's Family Foods, Inc. and Mountaire Farms, Inc., have headquarters in Sussex County. Perdue Farms, Inc. also has processing facilities in Sussex. Over 223 million broilers and meat-type chickens were produced in Sussex County in 2002. Soybeans, corn and other vegetables are also important agricultural products. Sussex County ranks 36th out of 3,075 counties in the United States for value of agricultural products sold, per the U. S. Department of Agriculture. There are 531 parcels covered by Agriculture Preservation easements now in Sussex County protecting over 50,454 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, but saw a leveling off in 2006. During fiscal year 2006, approximately 3,409 permits for new dwellings were issued, which is more than double the number of permits issued ten years earlier during fiscal year 1997. This is 3.6 percent more than the 3,288 dwelling permits issued during fiscal year 2005 and 21.9 percent more than the 2,797 for fiscal year 2004. 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. Milford Hospital is undertaking major expansions during the next few years to meet growing demand, while Nanticoke Hospital recently completed a major emergency room renovation, and Beebe hospital has completed a new outpatient facility near Lewes. Assisted living facilities and nursing homes are sited in Lewes, Georgetown, Milford, Seaford, Delmar, Millsboro, and Greenwood.

There are eight school districts in Sussex County, plus one Charter School and numerous private schools. The Delaware Technical and Community College, at its 146-acre campus in Georgetown, offers Associate college degree programs in health, business, public service, engineering and industrial education. This Community College has established connected degrees with various other institutions in the region that enables one to graduate with an Associates Degree and transfer to a four-year program at another college. Delaware Tech also provides an accelerated English and Math Program for Sussex County Middle and High School students. The University of Delaware, Delaware State University, and Wilmington 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 and 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 300 skilled employees work at this facility, which included the addition of approximately 50 employees at another building they are now leasing from the County. M & T Bank operates a call and consumer loan-processing center in Millsboro, employing approximately 420 employees. Other food processing companies include Sea Watch International (a seafood processing company) in Milford, Eastern Shore Poultry (a chicken processing plant) in Georgetown, and Burriss 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 and Rehoboth Beach, there are approximately 140 outlet stores offering products, such as clothing, tools, shoes, books, stereo equipment, gourmet food, kitchen supplies, camping equipment, restaurants, and even hot peppers. These outlets

have become a year-round attraction for out-of-state residents, especially for those who are attracted by reasonable prices and the lack of a Delaware sales tax. This Outlet Center is ranked the largest on the Delmarva Peninsula and the eleventh largest in the nation.

Tourism is an important industry in Sussex County. In a 2003 tourism study, an estimated 2.5 million people-visits to Sussex County occur each year, with an estimated economic impact of over \$636 million. Per the 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 as the fastest growing area in the state for the next 10 years. As noted, the attractiveness of Sussex County as a place to live, has provided the impetus for 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 strong. The population is expected to increase at about 2% per year through 2010 according to figures from the Delaware Population Consortium. New public schools are under construction. Construction continues at a record pace with the estimated value of new construction of \$891 million, up 21 percent for fiscal year 2006 versus 2005.

In Delaware there is no sales tax and property taxes are relatively low, and homeowners 65 or older qualify for a tax credit on half of their school taxes, up to \$500. Delaware is a tax-friendly state for seniors.

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, 2006, the General Fund's undesignated fund balance of \$13.3 million was 23 percent of the fiscal year 2007 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. As of June 30, 2006, the County has set aside \$6.8 million toward the cost of a new Emergency Operations Center. A new County Administrative building with an

estimated cost of \$7.5 million is needed in response to the growth in the County. For landfill post-disclosure anticipated costs, the County has designated \$1.6 million and another \$1.1 million is designated for libraries. 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.

Three sewer projects went into service during fiscal 2006. The Oak Orchard, Bayview Estates and Sea Country Estates projects, which serve approximately 1,300 customers, were completed during fiscal year 2006. Construction of the Millville Sanitary Sewer District should be completed by 2009. This district will serve approximately 1,500 customers. The South Ocean View Project is just beginning the design phase. This is in an environmentally sensitive area and will serve an additional 381 customers. An expansion to increase the capacity of the South Coastal Regional Wastewater Treatment Facility by one-third is in its second year. This project will cost over \$20 million. The fiscal year 2006 Five-Year Capital Improvement Plan includes \$143 million for sewer expansion and upgrades. Funding for these projects includes State Revolving Fund loans, State grants, Federal USDA loans and grants, and County contributions.

Cash Management Policies and Practices

Except for the fiduciary funds and West Rehoboth Sewer fund, the County invests available funds on a short-term basis with local Sussex County banks. The County solicits bids weekly for collateralized certificates of deposit with 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 41 and 42, for additional information regarding cash and collateralization.

The Sussex County Pension Trust fund is diversified with three different managers, Fidelity Investments, the State of Delaware Local Government Pension Investment Pool, and the Wilmington Trust Company. The Sussex County Pension Committee oversees the management of the Pension Trust fund and the Post-retirement Employee Benefit fund and is responsible for recommendations to the County Council regarding investments and funding. The Pension Committee's policy is to 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 2006, the County expensed \$1,202,601 for insurance. This covers liability, auto, workers compensation, property, public officials errors and omissions, flood insurance, and employee bonding. Insurance matters are reviewed with an independent insurance consultant. Every three years, the County solicits bids on the insurance policies to obtain the best pricing available. Please see the Schedule of Insurance, on pages 153 and 154, for detail regarding individual policies.

Regarding employee health insurance, the County maintains a self-insured plan, whereby the County funds expenses per insured up to \$200,000 per year. Expenses over the \$200,000 threshold are covered under a reinsurance policy, subject to a maximum aggregate limit of \$9,308,633. The County deposits monies in the health fund each month to cover the health plan cost. The County has successfully maintained this self-insured plan for over 10 years. Please refer to Note K, on page 55, for additional information.

Pension and Other Post-Retirement Benefits

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

The County is proud that it has made substantial contributions to the Pension Trust fund over the last few years. The value of the fund has increased from \$4 million in 1993 to \$35.7 million as of June 30, 2006. Our goal has been to fully fund the pension plan. As of January 1, 2006, the pension plan was 99.6% funded. This result is, primarily, due to the strong asset returns and high contribution levels made by the County for the last three years. The fiscal year 2007 budget includes a 9 percent pension contribution of \$1,975,136.

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

The County provides post-retirement employment benefits to pensioners based on their years of service and status when they leave County employment. In anticipation of 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. This fund was valued at \$4,730,162 as of June 30, 2006. The County plans to make annual contributions to fund the liability for pensioner healthcare benefits. During December 2006, the County deposited an additional \$4,791,892 to this account for post-retirement benefits.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sussex County for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the fourth 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,



David B. Baker
County Administrator



Susan M. Webb
Finance Director

DBB:SMW/nc

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sussex County Delaware

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

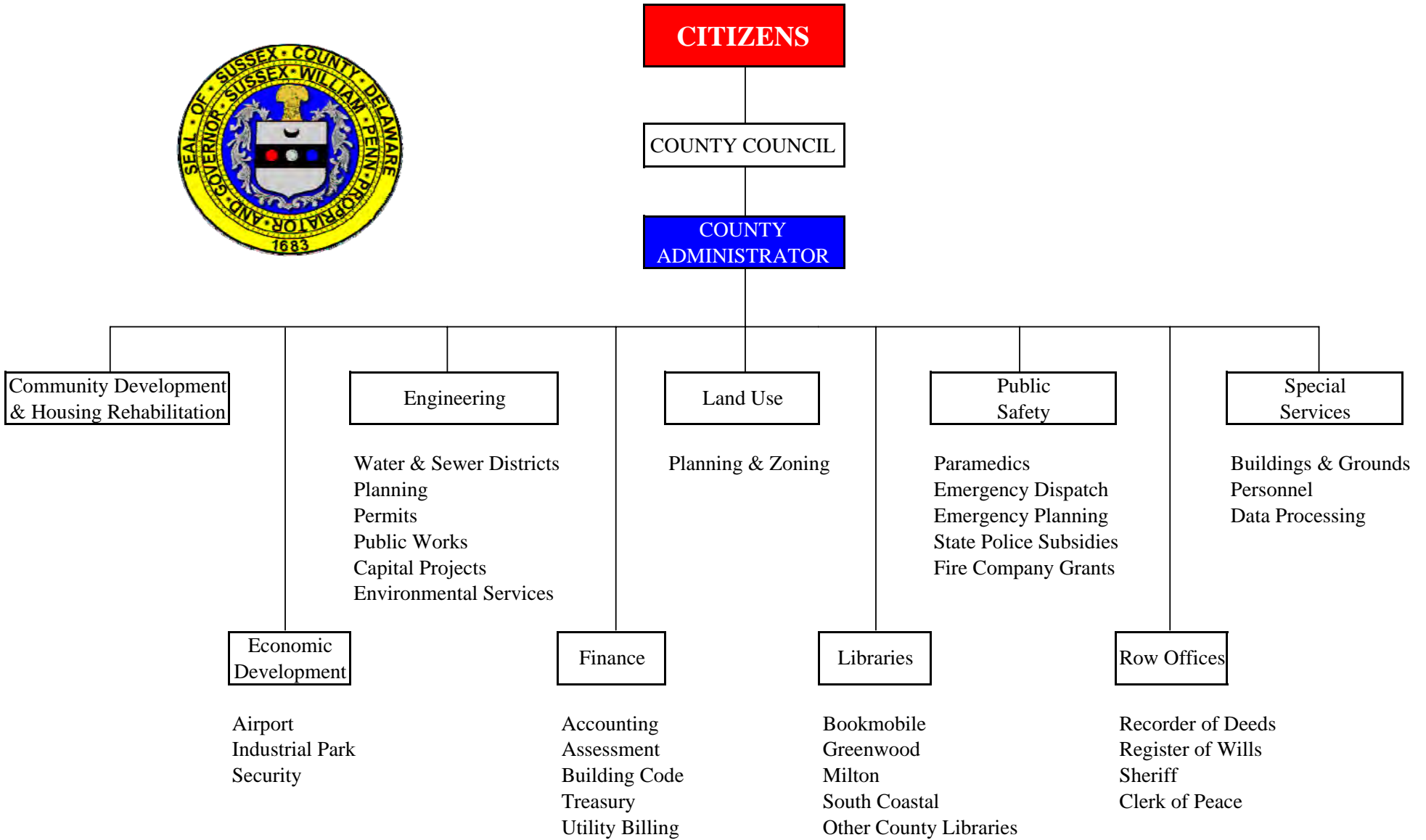
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**SUSSEX COUNTY, DELAWARE
ORGANIZATIONAL CHART
FOR THE FISCAL YEAR 2006**



SUSSEX COUNTY, DELAWARE

LIST OF ELECTED OFFICIALS

JUNE 30, 2006

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i> - (Vice-President) Dale R. Dukes	18 Years	Jan. 2009
<i>District 2</i> Finley B. Jones, Jr.	10 Years	Jan. 2009
<i>District 3</i> - (President) Lynn J. Rogers	10 Years	Jan. 2009
<i>District 4</i> George B. Cole	20 Years	Jan. 2007
<i>District 5</i> Vance C. Phillips	8 Years	Jan. 2007

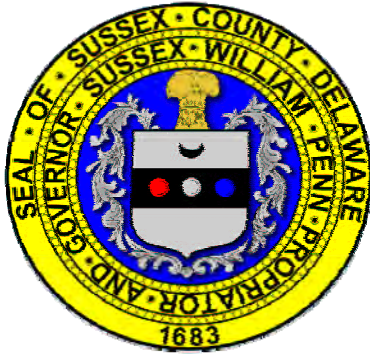
<i>Clerk of the Peace</i> George Parrish	1 Year	Jan. 2009
<i>Recorder of Deeds</i> John F. Brady	4 Years	Jan. 2007
<i>Register of Wills</i> Howard Clendaniel	12 Years	Jan. 2007
<i>Sheriff</i> Robert L. Reed	8 Years	Jan. 2007

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2006

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Robert L. Stickels	19 yrs.	19 years
<i>County Attorney</i> - James D. Griffin, Esquire	3 yrs.	3 years
<i>Finance Director</i> - David B. Baker	15 yrs.	28 years
<i>County Engineer</i> - Michael A. Izzo, P.E.	10 yrs.	22 years
<i>Accounting Division Director</i> - Susan M. Webb, CPA (not in public practice)	13 yrs.	13 years
<i>Assessment Division Director</i> - Eddy J. Parker	16 yrs.	26 years
<i>Facilities Manager</i> - Ray W. Webb	27 yrs.	29 years
<i>Community Development Program Director</i> - William C. Lecates	16 yrs.	27 years
<i>Data Processing Director</i> - Bonnie O. Smith	19 yrs.	37 years
<i>Economic Development Director</i> - Stephen T. Masten	4 yrs.	30 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	9 yrs.	20 years
<i>Library Director</i> - Carol H. Fitzgerald	21 yrs.	21 years
<i>Paramedic Director</i> - Glenn H. Luedtke	6 yrs.	6 years
<i>Personnel Director</i> - Dennis V. Cordrey	26 yrs.	29 years
<i>Planning and Zoning Director</i> - Lawrence B. Lank	21 yrs.	37 years
<i>Treasury Division Director</i> - Joyce F. Lord	21 yrs.	38 years
<i>Utility Billing Division Director</i> - Leon Collins	21 yrs.	27 years



FINANCIAL SECTION



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

TRUITT W. JEFFERSON, CPA, DIRECTOR
RETIRED

ANITA Y. SMITH, MED, DIRECTOR

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2006, 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, 2006, 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 30, 2006, on our consideration of Sussex County, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 17 and the required supplementary information on pages 58 and 59, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sussex County, Delaware's basic financial statements. The 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 30, 2006

SUSSEX COUNTY, DELAWARE

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2006. 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, 2006, assets exceeded liabilities by \$333.1 million. Of this amount, \$60.4 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$60.4 million during the year. The governmental activities portion, \$23 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 \$37.4 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, 2006, the County's governmental funds reported an ending fund balance of \$102 million. This increased \$14 million from the preceding year. About 24 percent, or \$24.5 million, was unreserved or available for spending at the County's discretion.
- The undesignated fund balance as of June 30, 2006 for the governmental funds was \$13.3 million, or 17 percent of the fiscal year 2007 budget for these funds.

Debt Offering

- During fiscal year 2006, the County issued \$7 million in general obligation debt for one sewer fund. The respective sewer fund will be responsible for paying the debt service for these bonds.
- In fiscal year 2006, Sussex County issued series 2005 revenue bonds for \$18.5 million. This is a refunding of the 1995 revenue 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 activity, is excluded from these statements because its resources are not available to finance other County programs.

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

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

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

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

The government-wide financial statements immediately follow this MD & A on pages 18 and 19 of this report.

Fund Financial Statements

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

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

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

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

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

- *Proprietary Funds* - Sussex County's proprietary funds are solely enterprise funds, which operate in a manner similar to private business enterprises. Sussex County's proprietary funds include 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 (see pages 24 through 31).
- *Fiduciary Funds* - Sussex County has two fiduciary funds, the Pension Trust fund and the Post-retirement Employee Benefit fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The separate accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on pages 32 and 33 of this report.

Notes to the Financial Statements

Notes to the financial statements found on pages 34 through 57 of this report, provide additional information that is important for a better understanding of the data provided in the financial statements.

Other Information

Pages 58 and 59 include required supplementary information regarding pension funding progress. Following those schedules are General fund and Capital Project fund budgetary comparison schedules, General fund revenue and expenditure schedules and combining proprietary fund schedules. These follow on pages 60 through 83. The statistical section follows on pages 84 through 154 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 \$333.1 million as of June 30, 2006. 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, 2006 and 2005

	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 135,911,975	\$ 119,321,983	\$ 80,435,124	\$ 56,844,784	\$ 216,347,099	\$ 176,166,767
Capital Assets	34,321,614	27,289,722	280,928,276	255,905,610	315,249,890	283,195,332
Total Assets	\$ 170,233,589	\$ 146,611,705	\$ 361,363,400	\$ 312,750,394	\$ 531,596,989	\$ 459,362,099
Current and Other Liabilities	23,969,900	23,987,460	6,930,855	6,608,653	30,900,755	30,596,113
Long-term Liabilities Outstanding	8,610,139	7,996,595	158,984,570	148,107,091	167,594,709	156,103,686
Total Liabilities	\$ 32,580,039	\$ 31,984,055	\$ 165,915,425	\$ 154,715,744	\$ 198,495,464	\$ 186,699,799
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	34,140,268	27,029,978	111,947,402	93,526,220	146,087,670	120,556,198
Restricted	65,642,834	47,805,783	60,903,962	45,585,060	126,546,796	93,390,843
Unrestricted	37,870,448	39,791,889	22,596,611	18,923,370	60,467,059	58,715,259
Total Net Assets	\$ 137,653,550	\$ 114,627,650	\$ 195,447,975	\$ 158,034,650	\$ 333,101,525	\$ 272,662,300

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 \$25.5 million during fiscal year 2006, primarily due to developer contributions of sewer infrastructure and County sewer project expansion.

Of the remaining \$187 million in net assets, \$60.9 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, \$65.6 million represents realty transfer taxes, 911 fees received, and grant funds on-hand, which are restricted for specific purposes. Realty transfer taxes must be used for public safety,

economic development, public works, capital projects, infrastructure projects, or debt reduction. Realty transfer taxes restricted funds include reservations for sewer district contributions (\$4.3 million), library expansion projects (\$1.1 million), a new Emergency Operations Center (\$6.8 million), Industrial Park infrastructure (\$3.9 million), landfill cleanup costs (\$2.2 million), and County Airport improvements (\$5.3 million). Available 911 fees are restricted for specific emergency dispatch purposes.

The remaining \$60.4 million in net assets is unrestricted and may be used for ongoing obligations to citizens and creditors. As of June 30, 2006, 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 2006 and 2005.

SUSSEX COUNTY'S CHANGES IN NET ASSETS
For the Years Ended June 30, 2006 and 2005

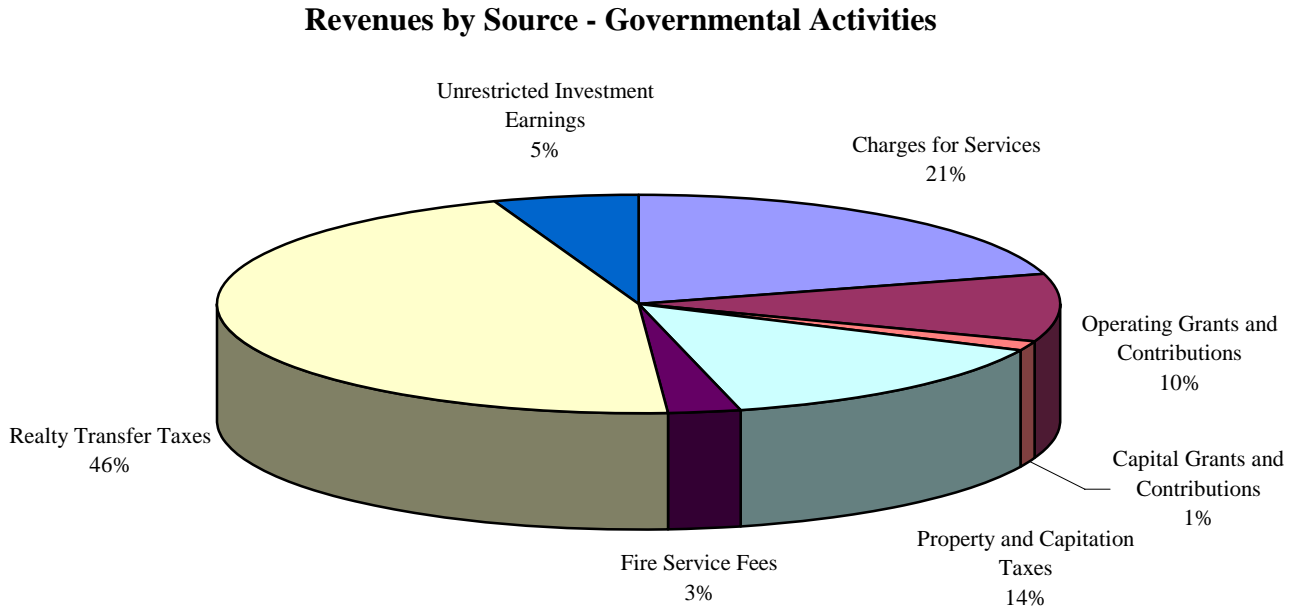
	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,966,913	\$ 13,980,435	\$ 14,183,585	\$ 12,656,792	\$ 30,150,498	\$ 26,637,227
Operating Grants and Contributions	7,510,097	6,065,343	22,841,920	18,806,360	30,352,017	24,871,703
Capital Grants and Contributions	1,166,791	3,001,477	17,112,386	15,586,276	18,279,177	18,587,753
General Revenues						
Property Taxes	10,692,069	8,161,118	-	-	10,692,069	8,161,118
Capitation Taxes	241,699	224,294	-	-	241,699	224,294
Fire Service Taxes	2,093,729	1,785,613	-	-	2,093,729	1,785,613
Realty Transfer Taxes	35,269,800	36,329,843	-	-	35,269,800	36,329,843
Investment Income	4,216,741	1,747,718	802,160	289,985	5,018,901	2,037,703
Total Revenues	\$ 77,157,839	\$ 71,295,841	\$ 54,940,051	\$ 47,339,413	\$ 132,097,890	\$ 118,635,254
Expenses:						
Primary Government:						
General Government	\$ 11,293,426	\$ 11,592,273	\$ -	\$ -	\$ 11,293,426	\$ 11,592,273
Grant-in-aid Programs	10,255,326	7,293,058	-	-	10,255,326	7,293,058
Planning and Zoning	1,208,841	1,045,230	-	-	1,208,841	1,045,230
Paramedic Program	9,963,348	8,467,637	-	-	9,963,348	8,467,637
Emergency Preparedness	2,263,691	1,984,888	-	-	2,263,691	1,984,888
Economic Development and						
Public Works	497,316	528,814	-	-	497,316	528,814
County Engineer	3,332,568	2,025,846	-	-	3,332,568	2,025,846
Airport	731,785	601,236	-	-	731,785	601,236
Library	3,354,026	3,140,156	-	-	3,354,026	3,140,156
Community Development and						
Housing Programs	2,561,943	1,829,012	-	-	2,561,943	1,829,012
Constitutional Offices	2,372,219	2,268,066	-	-	2,372,219	2,268,066
Business-type Activities	-	-	23,824,176	22,098,051	23,824,176	22,098,051
Total Expenses	\$ 47,834,489	\$ 40,776,216	\$ 23,824,176	\$ 22,098,051	\$ 71,658,665	\$ 62,874,267
Increase in Net Assets Before						
Transfers	\$ 29,323,350	\$ 30,519,625	\$ 31,115,875	\$ 25,241,362	\$ 60,439,225	\$ 55,760,987
Transfers	(6,297,450)	(9,530,548)	6,297,450	9,530,548	-	-
Increase in Net Assets	\$ 23,025,900	\$ 20,989,077	\$ 37,413,325	\$ 34,771,910	\$ 60,439,225	\$ 55,760,987
Net Assets – Beginning	114,627,650	93,638,573	158,034,650	123,262,740	272,662,300	216,901,313
Net Assets – Ending	\$ 137,653,550	\$ 114,627,650	\$ 195,447,975	\$ 158,034,650	\$ 333,101,525	\$ 272,662,300

Governmental Activities

Governmental activities increased net assets by \$23 million during fiscal year 2006. This represents 38 percent of the increase in net assets for the year. Governmental activities include the General fund and Capital Projects fund.

As per the preceding schedule, tax revenues total \$48.3 million for fiscal year 2006 for governmental activities. This includes \$35.3 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 has climbed sharply over recent years, but fiscal year 2006 saw a leveling off.

The below pie chart shows realty transfer taxes as the largest governmental revenue comprising 46 percent of total revenue, followed by charges for services (21%), and property and capitation taxes (14%).

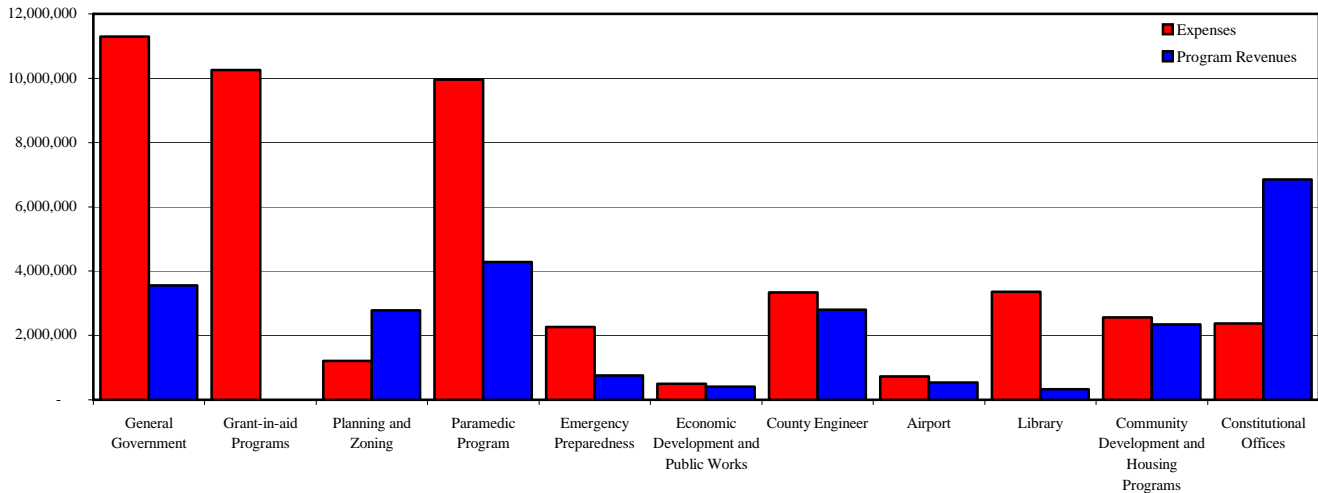


Charges for services reflect increases in revenue from the Private Road Inspection and Design fees, Building Permit, and Building Inspection fees. These revenues alone were up \$1.5 million, or 24 percent, from the previous year. They also reflect the strong housing and property sales market in Sussex County.

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

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

Expenses and Program Revenues - Governmental Activities



The population growth of the county has impacted the paramedic department more than any other county service. During fiscal year 2006, the new combination Paramedic/State Police facility in Bridgeville was operational. An eighth paramedic unit, the power unit, is deployed during times and in areas when increased resources are needed in response to high demand. Due to the shortage of qualified paramedics, the County has a paramedic training program with Delaware Technical and Community College.

During fiscal year 2006, the County provided \$396,000 in grants for community improvements to local nonprofit organizations as part of a program to benefit County residents. These grants included local historical societies, senior centers, and educational, recreation, arts, and agriculture programs. The County also granted \$250,000 towards a new Easter Seals Center to be constructed in Georgetown. This was the second year they received \$250,000, bringing the total grant to \$500,000. The County expended \$2,586,703 for open space land preservation. Cumulatively these funds will protect approximately 50,454 acres of farmland from future development.

The County partially funded 28 additional State Police to service our county. During the next year, this will increase by four police officers, 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 18 percent during fiscal year 2006. There was \$3.4 million granted to the fire service including over \$1,000,000 for Basic Life Support.

During fiscal year 2006, the County continued expansion projects at the County Airport. A new airport perimeter security fence was completed in fiscal year 2006. 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, which provides access for more hangars was completed in fiscal year 2006. Additional hangars will allow the airport to continue to grow. The county is also in the design phase for a runway rehabilitation project and expect to be in construction in 2007.

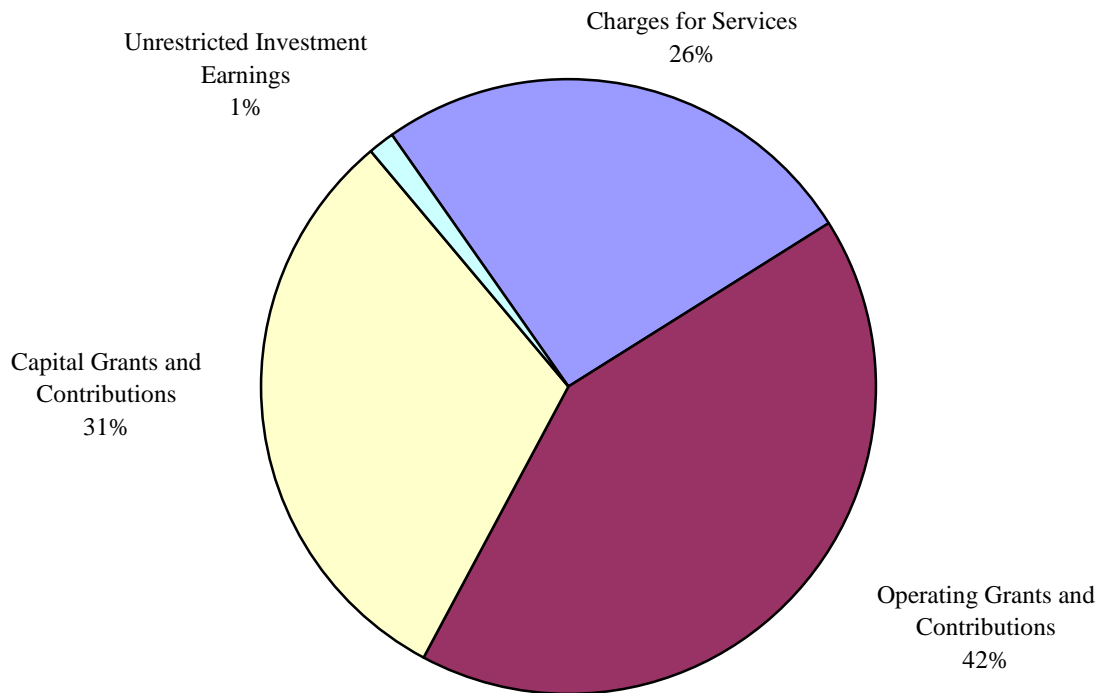
Construction began for a new Emergency Operations Center to provide additional space for the County's 911 Call Center. The new Emergency Operations Center is expected to cost \$12 million. The facility will have state-of-the-art communications equipment.

County transfers to the sewer and water districts, which net to \$6,297,450 were made during fiscal year 2006. These funds help offset capital costs incurred and help maintain sewer user rates at reasonable levels. This funding included \$384,428 for a program to fund front foot assessment bills exceeding 100 front feet for residential customers.

Business-type Activities

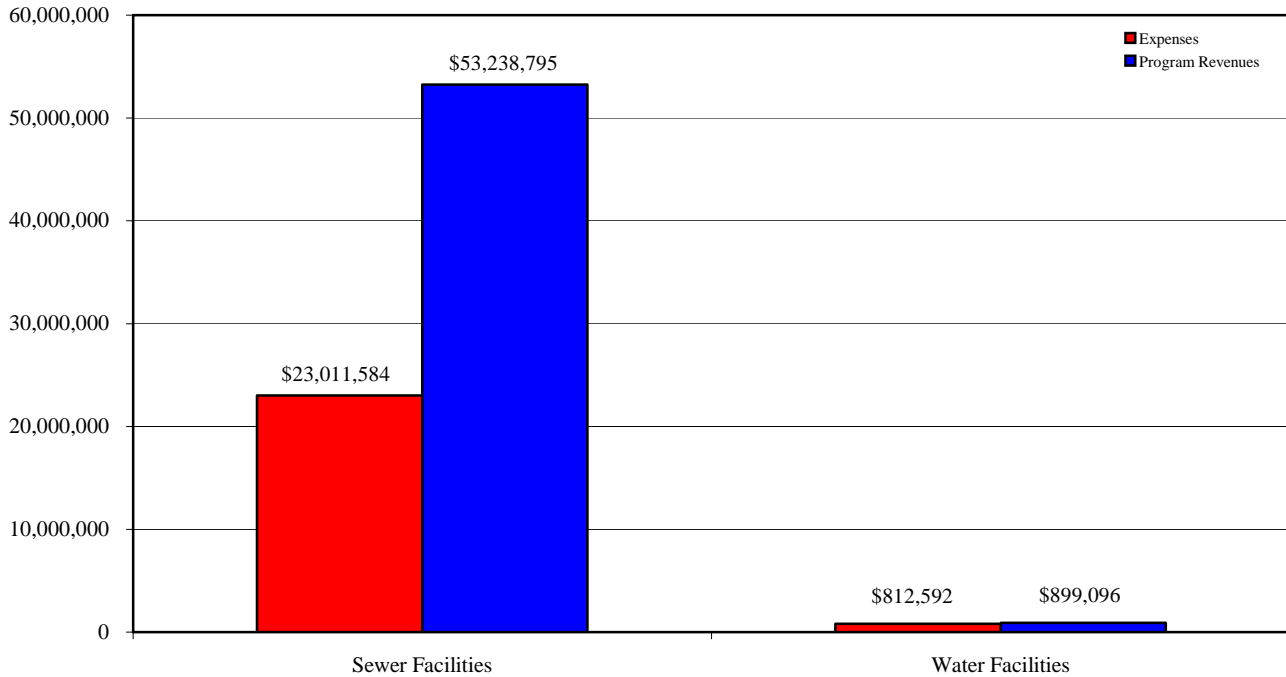
Sussex County's water and sewer funds recorded an increase in net assets of \$37.4 million during fiscal year 2006. Income before capital contributions and transfers was \$14 million. There are two significant increases in fund net assets for business-type activities. Capital contributions from developers have added to the proprietary funds capital assets and the County increase in connection fee revenue. Both reasons reflect the expansion of sewer service in the County during fiscal year 2006. The pie chart reflects the large amounts received from grants and contributions for capital costs.

Revenues by Source - Business-type Activities



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

Expenses and Program Revenues - Business-type Activities



- As noted earlier, capital contributions from developers totaled \$15.4 million during the year. This includes sewer facilities for new development as required by the County, which are deeded to the County upon project completion. This amount increased 24 percent from \$12.4 million during fiscal year 2005.
- The County also received \$12.2 million in connection fees for new growth in the sewer and water districts. This was a 38 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 7.6 percent, from 51,054 at the beginning of the year to 54,914 as of June 30, 2006. This reflects continued growth, after a 6.8 percent increase 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 2006, fund balances of the County's governmental funds increased \$14 million to \$102,276,671. As noted previously, this is particularly due to strong residential housing demand in the County. Some of the reasons for the significant changes in fund balances are as follows.

- In fiscal year 2006 property tax revenue increased by \$2.4 million. This was primarily due to the fact that in fiscal year 2005 there was a \$2 million property tax credit given. The other smaller increase is due to the assessment value increase.
- Unreserved Fund Balance decreased \$9 million while total fund balance increased \$13.9 million. This is because reservations for realty transfer tax increased \$18.4 million over fiscal year 2005. Realty transfer tax collected in fiscal year 2006 totaled \$35.3 million and these funds are being reserved to spend on allowable projects. This is also the reason restricted cash is up \$17.1 million, most of this cash is realty transfer cash.

Undesignated fund balance for the General fund dropped only 5 percent. Some of the more significant designations are for open space purchases (\$2.9 million), pension and pension benefit fund contributions (\$1.5 million), community grants (\$403,650), reassessment (\$530,000), and the Town Economic Stimulus Loan Program (\$1 million). 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, 2006, the General fund undesignated fund balance of \$13,254,683 is 22 percent of the fiscal year 2007 budget.

The governmental funds include the General fund and Capital Projects fund. General fund includes County Administration, Finance, Personnel, Buildings and Grounds, Planning and Zoning, Emergency Preparedness (911), Paramedics, Economic Development and Industrial Park, Engineering Administration and Public Works, Solid Waste, County Airport, Libraries, and Constitutional Offices, including Recorder of Deeds, Register of Wills, Sheriff, and Clerk of Peace. The Capital Projects fund includes funding for non-proprietary funds (non-sewer and non-water projects), such as the County Airport, Emergency Operations Center, Industrial Park, County Libraries, and County Administrative Buildings.

During fiscal year 2001, the County defeased all tax supported bonded debt. Since the County has not incurred any tax supported bonded debt since then, the County did not have a debt service fund during fiscal year 2006.

During fiscal year 2005, the County established an irrevocable fund for post-retirement employee benefits. The County is anticipating adopting GASB Statement No. 45 for fiscal year 2009. Monies in this account have been invested with the State of Delaware Local Government Retirement Investment Pool. As of June 30, 2006, net assets held in this account were valued at \$4.7 million. For fiscal year 2007, the contribution to this fund will be \$4.7 million.

Beginning in fiscal year 2008, the Sussex County Council will adopt a new Land Use Plan.

Proprietary Funds

The County's proprietary funds provide the same type of information as in the government-wide financial statements for business-type activities. Net assets, exclusive of amounts invested in capital costs, total \$83.5 million. Of this amount, \$22.6 million 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, with adjustments for any approved budget transfers, for fiscal year 2006. During the year, the County Administrator approved some budget amendments for expenditures from department heads. The approved budget amendments include increases in certain line items for requested expenditures, which were offset by decreases in other departmental line items and/or the budget for contingencies. Some of the largest transfers from budgeted contingencies to individual line items, as approved by the County Administrator during the year, were for library costs funded by State grant overage (\$38,779), Delaware Community Foundation Grant (\$85,000), Industrial Park pavement improvements (\$68,019), Treasury Department postage machine replacement (\$43,754), and Accounting and Finance Department new filing system (\$60,000).

Budget to Actual - Revenue

General fund revenues, and other financing sources, exceeded the budget by \$18.9 million. As previously noted, this is primarily due to the strong real estate market and strong building climate in Sussex County. Realty transfer taxes revenue exceeded the budget by \$17.3 million. Recorder of Deeds revenue exceeded the budget by \$219,093. Building related fees, from building permits and zoning fees, building inspection fees, and private road fees, also exceeded the budget by \$3 million. Real property taxes exceeded budget by \$1.6 million due to new homes being added to the tax rolls. Investment income exceeded budget by \$2.5 million due to the increased fund balances and return on investments.

Budget to Actual - Expenditures

Expenditures and other financing uses exceeded the budget by \$8 million as noted on page 69. This is partially a result of additional transfers to the sewer and water districts budgeted as appropriated reserves and a \$2.6 million grant to the Open Space Land Program, which was budgeted for in the previous fiscal years.

Soil Conservation and Agriculture Extension both received an additional \$100,000. Additional funding of \$392,500 was given to Community Improvements and \$200,560 was given to the Housing Assistance Program. The County acquired a parcel of land from the State of Delaware for future use, which resulted in Building and Grounds exceeding the budget by \$306,264. Personnel expenses exceeded budget by \$494,917 due, primarily, to the increased cost of health care coverage for employees. The Engineering department, specifically Public Works, budgeted \$2 million for various projects which have not started, resulting in a budget variance of \$786,910. The Community Development and Housing programs are grant programs. The grant year crosses over our fiscal year, resulting in a \$905,326 budget overage. On the revenue side of this, \$820,126 of grant funds exceeded the budget.

Capital Asset and Debt Administration

Capital Assets

As per the below chart, capital assets (net of depreciation) are valued at \$315 million as of June 30, 2006. Note D, on pages 43 and 44, includes additional information.

SUSSEX COUNTY'S CAPITAL ASSETS

As of June 30, 2006 and 2005

(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
Land	\$ 7,502,805	\$ 5,694,410	\$ 39,275,610	\$ 40,399,440	\$ 46,778,415	\$ 46,093,850
Construction in Progress	4,039,144	2,785,201	21,365,430	19,744,566	25,404,574	22,529,767
Buildings	16,383,196	13,077,705	5,036,633	5,183,598	21,419,829	18,261,303
Improvements Other Than Buildings	3,976,305	3,300,470	5,980,304	6,241,233	9,956,609	9,541,703
Machinery and Equipment	2,420,164	2,431,936	1,481,770	1,298,833	3,901,934	3,730,769
Infrastructure	-	-	207,788,529	183,037,940	207,788,529	183,037,940
Total	\$ 34,321,614	\$ 27,289,722	\$ 280,928,276	\$ 255,905,610	\$ 315,249,890	\$ 283,195,332

The following are highlights of the major governmental activities capital projects done in fiscal year 2006.

- A total of \$1.8 million of land was purchased for landfill buffers, airport expansion and future building expansion.
- There has been \$1.6 million spent on our Emergency Operations Center which is currently under construction.
- An airport hangar was purchased for \$3.6 million at our Industrial Park.

Sewer fund asset additions also include \$15.4 million 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 2006, which will expand the County's sewer system to serve more residents and better protect the environment.

- \$10.7 million was the cost for the new Oak Orchard Sanitary Sewer District which will serve 1,035 County residents. Completion and hookups for this project occurred during fiscal year 2006.
- \$3.5 million was the cost of the new Bayview Estates Sewer District, which was completed during fiscal year 2006, and will serve 243 properties.

- The \$609,000 Sea Country Estates Sewer District was also put in service during fiscal year 2006. This new district will serve approximately 50 new hookups.
- The South Coastal Regional Wastewater Treatment Facility continued with expansion during fiscal year 2006. A \$22.6 million construction project will expand the capacity of the plant from 6 million gallons per day to 9 million gallons per day of average daily flow. This project will also upgrade the plant, which was constructed in 1976 and upgraded in 1988. This project also includes construction of personnel offices and work areas.
- Engineering planning and design work was underway during the year for the Millville, South Ocean View, and Miller Creek Sewer projects.
- Angola and Johnson’s Corner areas are in the preliminary sewer planning phase. At this stage, the County is determining if sewer is needed in that area and what the cost would be.

Long-term Debt

As of June 30, 2006, the County had \$160,503,022 in outstanding bonds payable. Of this amount, \$26,953,295 was backed by specific sewer district revenues. The remaining \$133,549,727 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, 2006 and 2005

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ -	\$ -	\$ 133,549,727	\$ 121,162,608	\$ 133,549,727	\$ 121,162,608
Revenue Bonds	-	-	26,953,295	28,076,986	26,953,295	28,076,986
Total	\$ -	\$ -	\$ 160,503,022	\$ 149,239,594	\$ 160,503,022	\$ 149,239,594

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 2006, Bond Issue 1995 was refinanced with a new 2005 Bond Issue of \$18.5 million, which saves an estimated \$2.6 million in debt service costs. Also during the year, \$5.9 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. For the Oak Orchard Sanitary Sewer District, \$898,887 was borrowed as part of a \$1.5 million State of Delaware Revolving Fund Loan, which is a 20-year loan at 2 percent interest. For the Bay View Sanitary Sewer District, \$2.4 million was borrowed as part of a \$2.63 million State of Delaware

Revolving Fund Loan, which is a 20-year loan at 1.5 percent interest. The Inland Bay Wastewater Facility borrowed \$7 million from the USDA, at a rate of 4.12 percent for 40 years.

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, 2006, there was \$170,411,769 remaining as available general obligation debt margin.

Additional information is included in note "H" on pages 49 through 53 of the report.

Economic Factors in Next Year's Budgets and Rates

Economic Factors

- The County's economy is strong as evidenced by a 3.1 percent unemployment rate as of June 2006. This compares to 3.9 percent for the State of Delaware and 4.8 percent for the United States.
- The real estate and construction industries softened during fiscal 2006, but remains very strong. Per the U. S. Census Bureau as of June 2006, the value of new construction exceeded the total for the rest of the State. Approximately 52.9 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, North Dakota, Alaska, Montana, Vermont and Wyoming, 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 36th in the United States for total market value of agriculture products sold, 263rd for value of crops, and 29th 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 2002 study by the U. S. Census Bureau, retail sales per capita in Sussex County exceeds that for New Castle and Kent County, Delaware.

Fiscal Year 2007 Budget and Rates

The fiscal year 2007 General fund budget increased by 3.2 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. Paramedic Department funding increased 23 percent including additional staff needed to serve our growing population, which includes many retirees. The number of paramedic calls increased by 11 percent over the last year. The County also continues to help fund two programs for open space, which preserves land from development. This program includes the Delaware Agricultural Preservation and the Sussex County Land Trust.

The County property tax rate remained at 44.5 cents for the 17th straight year.

The fiscal year 2007 Sewer and Water budget for operations, maintenance and debt payments increased by 19.1 percent. Population increases, sewer expansion projects, and rising gas and electric costs have resulted in increasing total costs. The fiscal year 2007 revenue budget includes a service charge rate increase for most districts. The budget did include the residential front foot assessment cap program to provide a subsidy to current residential property owners with more than 100 billable front feet.

The new budget does include increases in sewer system connection charges. These charges are designed to recover costs needed for new expansion from new users. They are one-time charges for new sewer customers. The County's philosophy concerning growth is that new users should pay for growth.

The capital budget program of \$44.9 million includes \$19.1 million for water and sewer district expansion and major maintenance projects. \$9.1 million is projected to be spent for expansion and upgrading the South Coastal Regional Wastewater Facility treatment facility. \$6 million is estimated to complete the new Emergency Operations Center. Other sewer projects include the completion of the new Millville, South Ocean View, and Miller Creek sewer districts, rebuilding pump stations, expansion of the administrative and maintenance buildings at the South Coastal Regional Wastewater Facility, equipment replacements, and planning and engineering studies for future sewer expansion projects. The five-year capital improvement plan of \$246.7 million includes \$171.7 million for sewer and water projects and \$74.8 million for other projects such as airport expansion, emergency operations center building, County administrative office building, library building expansion, and property acquisition.

Requests for Information

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

Mrs. Susan M. Webb
Finance Director
Sussex County Council
2 The Circle
P.O. Box 589
Georgetown, DE 19947
Telephone: (302) 855-7741

BASIC FINANCIAL STATEMENTS

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS
JUNE 30, 2006

- 18 -

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,863,417	\$ 20,865,077	\$ 48,728,494
Receivables, net of allowance for doubtful accounts:			
Taxes	689,782	-	689,782
Service charges	-	844,488	844,488
Assessment, impact, connection, and expansion	267,056	623,462	890,518
Accrued interest	337,095	417,406	754,501
Miscellaneous	101,800	176,831	278,631
Due from other governmental agencies	2,832,940	1,069,778	3,902,718
Unbilled taxes	11,468,314	-	11,468,314
Internal balances	10,342,424	(10,342,424)	-
Inventory	22,022	13,913	35,935
Prepaid items	502,080	-	502,080
Net pension asset	6,947,248	1,736,810	8,684,058
Restricted assets:			
Cash and cash equivalents	74,137,797	64,296,362	138,434,159
Mortgage receivable	400,000	-	400,000
Bond issue cost, net of amortization	-	733,421	733,421
Capital assets:			
Land, improvements, and construction in progress	11,541,949	60,641,040	72,182,989
Other capital assets, net of depreciation	22,779,665	220,287,236	243,066,901
TOTAL ASSETS	170,233,589	361,363,400	531,596,989
LIABILITIES			
Accounts payable and other current liabilities	3,719,242	4,764,041	8,483,283
Accrued interest payable	-	1,486,790	1,486,790
Employee health claims payable	760,874	-	760,874
Unearned revenue:			
Taxes	11,468,314	-	11,468,314
Other	115,350	-	115,350
Deposits	7,906,120	-	7,906,120
Notes payable	-	680,024	680,024
Long-term liabilities:			
Due within one year	2,051,366	6,272,641	8,324,007
Due in more than one year	6,558,773	152,711,929	159,270,702
TOTAL LIABILITIES	32,580,039	165,915,425	198,495,464
NET ASSETS			
Invested in capital assets, net of related debt	34,140,268	111,947,402	146,087,670
Restricted for:			
Realty transfer tax	63,620,809	-	63,620,809
911 Reporting	1,962,392	-	1,962,392
Grant funds	59,633	-	59,633
Construction and debt service	-	38,228,700	38,228,700
Revenue bond debt service	-	22,675,262	22,675,262
Unrestricted	37,870,448	22,596,611	60,467,059
TOTAL NET ASSETS	\$ 137,653,550	\$ 195,447,975	\$ 333,101,525

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

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	
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 11,293,426	\$ 3,007,205	\$ 26,200	\$ 525,000	\$ (7,735,021)	\$ -	\$ (7,735,021)
Grant-in-aid programs	10,255,326	-	-	-	(10,255,326)	-	(10,255,326)
Planning and zoning	1,208,841	2,782,428	-	-	1,573,587	-	1,573,587
Paramedic program	9,963,348	-	3,994,520	289,352	(5,679,476)	-	(5,679,476)
Emergency preparedness	2,263,691	27,485	727,191	-	(1,509,015)	-	(1,509,015)
Economic development and public works	497,316	408,260	-	-	(89,056)	-	(89,056)
County engineer	3,332,568	2,681,308	116,410	-	(534,850)	-	(534,850)
Airport	731,785	182,375	-	351,399	(198,011)	-	(198,011)
Library	3,354,026	25,320	300,852	1,040	(3,026,814)	-	(3,026,814)
Community development and housing programs	2,561,943	-	2,344,924	-	(217,019)	-	(217,019)
Constitutional offices	2,372,219	6,852,532	-	-	4,480,313	-	4,480,313
TOTAL GOVERNMENTAL ACTIVITIES	47,834,489	15,966,913	7,510,097	1,166,791	(23,190,688)	-	(23,190,688)
BUSINESS-TYPE ACTIVITIES							
Sewer facilities	23,011,584	13,591,594	22,534,815	17,112,386	-	30,227,211	30,227,211
Water facilities	812,592	591,991	307,105	-	-	86,504	86,504
TOTAL BUSINESS-TYPE ACTIVITIES	23,824,176	14,183,585	22,841,920	17,112,386	-	30,313,715	30,313,715
TOTAL PRIMARY GOVERNMENT	\$ 71,658,665	\$ 30,150,498	\$ 30,352,017	\$ 18,279,177	(23,190,688)	30,313,715	7,123,027
GENERAL REVENUES							
Taxes: Property					10,692,069	-	10,692,069
Capitation					241,699	-	241,699
Fire service					2,093,729	-	2,093,729
Realty transfer					35,269,800	-	35,269,800
Unrestricted investment earnings					4,216,741	802,160	5,018,901
TRANSFERS					(6,297,450)	6,297,450	-
TOTAL GENERAL REVENUES AND TRANSFERS					46,216,588	7,099,610	53,316,198
CHANGE IN NET ASSETS					23,025,900	37,413,325	60,439,225
NET ASSETS - BEGINNING					114,627,650	158,034,650	272,662,300
NET ASSETS - ENDING					\$ 137,653,550	\$ 195,447,975	\$ 333,101,525

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

SUSSEX COUNTY, DELAWARE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 20,043,230	\$ 7,820,187	\$ 27,863,417
Receivables, net of allowance for doubtful accounts:			
Taxes	689,782	-	689,782
Assessment, impact, connection, and expansion	267,056	-	267,056
Accrued interest	225,050	112,045	337,095
Miscellaneous	101,800	-	101,800
Due from other governmental agencies	2,322,753	510,187	2,832,940
Unbilled taxes	11,468,314	-	11,468,314
Due from other funds	10,666,369	-	10,666,369
Inventory	22,022	-	22,022
Prepaid items	502,080	-	502,080
Restricted assets:			
Cash and cash equivalents	59,993,651	14,144,146	74,137,797
TOTAL ASSETS	<u>\$ 106,302,107</u>	<u>\$ 22,586,565</u>	<u>\$ 128,888,672</u>
LIABILITIES			
Accounts payable and other accrued expenditures	\$ 3,153,383	\$ 565,859	\$ 3,719,242
Due to other funds	-	323,945	323,945
Employee health claims payable	760,874	-	760,874
Deferred revenue:			
Taxes	12,102,634	-	12,102,634
Other	1,306,145	493,041	1,799,186
Deposits	7,906,120	-	7,906,120
TOTAL LIABILITIES	<u>25,229,156</u>	<u>1,382,845</u>	<u>26,612,001</u>
FUND BALANCES			
Reserved for:			
Encumbrances	865,061	7,059,574	7,924,635
Inventories and prepaid items	524,102	-	524,102
Non-current assets	3,732,096	-	3,732,096
911 funds	1,962,392	-	1,962,392
Realty transfer tax	49,476,663	14,144,146	63,620,809
Unreserved:			
Designated for subsequent years' expenditures	11,257,954	-	11,257,954
Undesignated	13,254,683	-	13,254,683
TOTAL FUND BALANCES	<u>81,072,951</u>	<u>21,203,720</u>	102,276,671
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 106,302,107</u>	<u>\$ 22,586,565</u>	
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			34,321,614
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.			9,665,404
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			(8,610,139)
Net Assets of Governmental Activities			<u>\$ 137,653,550</u>

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

SUSSEX COUNTY, DELAWARE
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 48,235,257	\$ -	\$ 48,235,257
Intergovernmental	6,635,191	271,459	6,906,650
Charges for services	16,295,120	-	16,295,120
Fines and forfeits	29,195	-	29,195
Miscellaneous	4,390,719	910,023	5,300,742
TOTAL REVENUES	<u>75,585,482</u>	<u>1,181,482</u>	<u>76,766,964</u>
EXPENDITURES			
Current:			
General Government:			
General administration	1,070,103	-	1,070,103
Finance	5,834,244	-	5,834,244
Personnel	3,025,671	-	3,025,671
Buildings and grounds	2,268,720	-	2,268,720
Data processing	1,201,991	-	1,201,991
County constable	252,585	-	252,585
Grant-in-aid programs	10,255,326	-	10,255,326
Planning and zoning	1,194,608	-	1,194,608
Paramedic program	10,196,835	-	10,196,835
Emergency preparedness	2,053,559	-	2,053,559
Economic development and public works	553,614	-	553,614
County engineer	3,010,396	-	3,010,396
Airport	371,608	-	371,608
Library	3,267,209	-	3,267,209
Community development and housing programs	2,563,573	-	2,563,573
Constitutional offices	2,387,371	-	2,387,371
Capital projects	<u>-</u>	<u>7,040,918</u>	<u>7,040,918</u>
TOTAL EXPENDITURES	<u>49,507,413</u>	<u>7,040,918</u>	<u>56,548,331</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>26,078,069</u>	<u>(5,859,436)</u>	<u>20,218,633</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capitalized leases	44,339	-	44,339
Transfers in	-	8,921,148	8,921,148
Transfers out	(15,218,598)	-	(15,218,598)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,174,259)</u>	<u>8,921,148</u>	<u>(6,253,111)</u>
NET CHANGE IN FUND BALANCES	10,903,810	3,061,712	13,965,522
FUND BALANCES - BEGINNING	<u>70,169,141</u>	<u>18,142,008</u>	<u>88,311,149</u>
FUND BALANCES - ENDING	<u>\$ 81,072,951</u>	<u>\$ 21,203,720</u>	<u>\$ 102,276,671</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, 2006**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			\$ 13,965,522
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 (\$ 8,772,472) exceeded depreciation (\$ 1,711,654) in the current period.			7,060,818
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase (decrease) net assets.			(28,926)
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	\$	50,301	
Grants		<u>369,501</u>	419,802
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.			78,397
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		(327,941)	
Net pension obligation		2,222,228	
Postclosure landfill care costs		<u>(364,000)</u>	<u>1,530,287</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u><u>\$ 23,025,900</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 28,634,940	\$ 28,634,940	\$ 48,235,257	\$ 19,600,317
Intergovernmental	5,938,573	5,938,573	6,635,191	696,618
Charges for services	12,720,630	12,720,630	16,295,120	3,574,490
Fines and forfeits	17,500	17,500	29,195	11,695
Miscellaneous	1,062,803	1,062,803	4,390,719	3,327,916
TOTAL REVENUES	48,374,446	48,374,446	75,585,482	27,211,036
EXPENDITURES				
Current:				
General Government:				
General administration	910,059	1,121,086	1,070,103	50,983
Finance	5,747,006	5,876,968	5,834,244	42,724
Personnel	2,530,754	2,530,754	3,025,671	(494,917)
Buildings and grounds	1,911,554	1,962,456	2,268,720	(306,264)
Data processing	1,236,932	1,260,932	1,201,991	58,941
County constable	251,297	263,649	252,585	11,064
Grant-in-aid programs	5,869,758	5,873,258	10,255,326	(4,382,068)
Planning and zoning	1,182,434	1,182,434	1,194,608	(12,174)
Paramedic program	10,041,898	10,058,638	10,196,835	(138,197)
Emergency preparedness	2,022,749	2,091,699	2,053,559	38,140
Economic development and public works	483,027	588,928	553,614	35,314
County engineer	3,494,601	3,461,215	3,010,396	450,819
Airport	182,453	208,797	371,608	(162,811)
Library	3,279,642	3,368,084	3,267,209	100,875
Community development and housing programs	1,658,247	1,658,247	2,563,573	(905,326)
Constitutional offices	2,430,804	2,436,100	2,387,371	48,729
TOTAL EXPENDITURES	43,233,215	43,943,245	49,507,413	(5,564,168)
EXCESS OF REVENUES OVER EXPENDITURES	5,141,231	4,431,201	26,078,069	21,646,868
OTHER FINANCING SOURCES (USES)				
Proceeds from capitalized leases	-	-	44,339	44,339
Transfers out	(4,150,000)	(4,150,000)	(15,218,598)	(11,068,598)
Prior year surplus	8,372,090	8,372,090	-	(8,372,090)
Appropriated reserves	(8,372,090)	(8,372,090)	-	8,372,090
Reserved for contingencies	(991,231)	(281,201)	-	281,201
TOTAL OTHER FINANCING SOURCES (USES)	(5,141,231)	(4,431,201)	(15,174,259)	(10,743,058)
NET CHANGE IN FUND BALANCE	-	-	10,903,810	10,903,810
FUND BALANCE - BEGINNING	70,169,141	70,169,141	70,169,141	-
FUND BALANCE - ENDING	\$ 70,169,141	\$ 70,169,141	\$ 81,072,951	\$ 10,903,810

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,640,338	\$ 4,232,807	\$ 2,299,964
Receivables, net of allowance for doubtful accounts:			
Service charges	20,713	15,673	127,330
Assessment, impact, connection, and expansion	31,128	11,656	127,878
Accrued interest	31,644	30,803	205,642
Miscellaneous	13,448	7,185	124,246
Due from other governmental agencies	36,717	-	-
Due from other funds	-	-	-
Inventory	-	-	-
TOTAL CURRENT ASSETS	3,773,988	4,298,124	2,885,060
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	5,198,490	4,153,271	27,177,279
Bond issue cost, net of amortization	67,314	194,837	312,601
Net pension asset	114,803	284,142	389,567
Noncurrent accounts receivable:			
Service charges	5,638	14,365	162,350
Assessment, impact, connection, and expansion	5,740	23,233	348,717
Capital assets:			
Land, improvements, and construction in progress	1,929,532	4,739	4,356,239
Other capital assets, net of depreciation	33,740,524	22,749,251	81,772,752
TOTAL NONCURRENT ASSETS	41,062,041	27,423,838	114,519,505
TOTAL ASSETS	44,836,029	31,721,962	117,404,565
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	116,908	28,743	118,061
Accrued interest payable	576,908	148,908	104,635
Due to other funds	191,600	556,880	940,879
Notes payable	16,967	-	-
Current portion of long-term liabilities	818,134	927,595	2,605,591
TOTAL CURRENT LIABILITIES	1,720,517	1,662,126	3,769,166
LONG-TERM LIABILITIES, LESS CURRENT PORTION	18,197,276	14,755,434	66,597,262
TOTAL LIABILITIES	19,917,793	16,417,560	70,366,428
NET ASSETS			
Invested in capital assets, net of related debt	16,698,155	7,220,567	17,131,263
Restricted for:			
Construction and debt service	5,081,582	4,125,615	4,418,457
Revenue bond debt service	-	-	22,675,262
Unrestricted	3,138,499	3,958,220	2,813,155
TOTAL NET ASSETS	\$ 24,918,236	\$ 15,304,402	\$ 47,038,137

(continued)

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2006

ASSETS	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 239,137	\$ 10,452,831	\$ 20,865,077
Receivables, net of allowance for doubtful accounts:			
Service charges	132,605	176,613	472,934
Assessment, impact, connection, and expansion	-	51,935	222,597
Accrued interest	63,383	85,934	417,406
Miscellaneous	6,855	25,097	176,831
Due from other governmental agencies	-	1,033,061	1,069,778
Due from other funds	3,948,095	-	3,948,095
Inventory	3,624	10,289	13,913
TOTAL CURRENT ASSETS	4,393,699	11,835,760	27,186,631
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	17,043,860	10,723,462	64,296,362
Bond issue cost, net of amortization	90,376	68,293	733,421
Net pension asset	597,984	350,314	1,736,810
Noncurrent accounts receivable:			
Service charges	35,706	153,495	371,554
Assessment, impact, connection, and expansion	-	23,175	400,865
Capital assets:			
Land, improvements, and construction in progress	17,479,811	36,870,719	60,641,040
Other capital assets, net of depreciation	18,498,114	63,526,595	220,287,236
TOTAL NONCURRENT ASSETS	53,745,851	111,716,053	348,467,288
TOTAL ASSETS	58,139,550	123,551,813	375,653,919
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	2,345,531	2,154,798	4,764,041
Accrued interest payable	351,093	305,246	1,486,790
Due to other funds	4,473,087	8,128,073	14,290,519
Notes payable	267,159	395,898	680,024
Current portion of long-term liabilities	1,009,480	911,841	6,272,641
TOTAL CURRENT LIABILITIES	8,446,350	11,895,856	27,494,015
LONG-TERM LIABILITIES, LESS CURRENT PORTION	22,671,988	30,489,969	152,711,929
TOTAL LIABILITIES	31,118,338	42,385,825	180,205,944
NET ASSETS			
Invested in capital assets, net of related debt	9,459,309	61,438,108	111,947,402
Restricted for:			
Construction and debt service	14,859,102	9,743,944	38,228,700
Revenue bond debt service	-	-	22,675,262
Unrestricted	2,702,801	9,983,936	22,596,611
TOTAL NET ASSETS	\$ 27,021,212	\$ 81,165,988	\$ 195,447,975

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, 2006**

	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
OPERATING REVENUES			
Charges for services	\$ 472,885	\$ 855,680	\$ 3,381,144
Other operating revenue	702,199	465,914	1,357,061
TOTAL OPERATING REVENUES	1,175,084	1,321,594	4,738,205
OPERATING EXPENSES			
Amortization	9,225	15,618	10,235
Contractual services	45,168	168,958	355,816
Depreciation	789,933	991,697	2,162,853
Employee benefits	161,794	352,575	440,561
Equipment and tools	22,472	68,405	30,737
Maintenance and repairs	15,987	31,820	74,625
Miscellaneous	-	10,999	77,091
Process chemicals	-	6,679	22,806
Professional services	11,083	8,466	57,480
Salaries	219,202	526,128	753,825
Shared costs - operating	109,564	104,270	139,860
Supplies	244	24,816	60,083
Training and travel	62	50,101	117,247
Wastewater treatment	-	-	-
TOTAL OPERATING EXPENSES	1,384,734	2,360,532	4,303,219
OPERATING INCOME (LOSS)	(209,650)	(1,038,938)	434,986
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	341,956	355,833	620,316
Assessment and connection fees	1,938,639	2,705,091	8,187,576
Miscellaneous	-	2,641	4,666
Interest expense	(960,529)	(795,302)	(2,899,466)
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,320,066	2,268,263	5,913,092
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,110,416	1,229,325	6,348,078
CAPITAL CONTRIBUTIONS	2,368,613	3,660,423	3,054,354
TRANSFERS IN	690,344	390,557	480,076
TRANSFERS OUT	-	(2,654,324)	-
CHANGE IN NET ASSETS	4,169,373	2,625,981	9,882,508
TOTAL NET ASSETS - BEGINNING	20,748,863	12,678,421	37,155,629
TOTAL NET ASSETS - ENDING	\$ 24,918,236	\$ 15,304,402	\$ 47,038,137

(continued)

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006**

	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
OPERATING REVENUES			
Charges for services	\$ 3,319,132	\$ 2,649,164	\$ 10,678,005
Other operating revenue	190,774	732,489	3,448,437
TOTAL OPERATING REVENUES	3,509,906	3,381,653	14,126,442
OPERATING EXPENSES			
Amortization	8,938	5,358	49,374
Contractual services	509,031	517,986	1,596,959
Depreciation	1,174,314	2,115,263	7,234,060
Employee benefits	698,040	478,737	2,131,707
Equipment and tools	56,703	89,251	267,568
Maintenance and repairs	115,029	99,330	336,791
Miscellaneous	18,232	4,841	111,163
Process chemicals	91,583	3,720	124,788
Professional services	180	276,609	353,818
Salaries	1,168,991	659,449	3,327,595
Shared costs - operating	19	367,072	720,785
Supplies	70,769	36,316	192,228
Training and travel	156,466	73,204	397,080
Wastewater treatment	-	775,611	775,611
TOTAL OPERATING EXPENSES	4,068,295	5,502,747	17,619,527
OPERATING INCOME (LOSS)	(558,389)	(2,121,094)	(3,493,085)
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	639,222	777,540	2,734,867
Assessment and connection fees	3,882,789	4,141,537	20,855,632
Miscellaneous	32,351	71,066	110,724
Interest expense	(815,210)	(734,142)	(6,204,649)
TOTAL NON-OPERATING REVENUES (EXPENSES)	3,739,152	4,256,001	17,496,574
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,180,763	2,134,907	14,003,489
CAPITAL CONTRIBUTIONS	-	8,028,996	17,112,386
TRANSFERS IN	1,645,834	5,744,963	8,951,774
TRANSFERS OUT	-	-	(2,654,324)
CHANGE IN NET ASSETS	4,826,597	15,908,866	37,413,325
TOTAL NET ASSETS - BEGINNING	22,194,615	65,257,122	158,034,650
TOTAL NET ASSETS - ENDING	\$ 27,021,212	\$ 81,165,988	\$ 195,447,975

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, 2006

- 28 -

	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 473,596	\$ 840,067	\$ 3,326,235
Payments to suppliers	(214,641)	(506,484)	(948,759)
Payments to employees	(416,486)	(973,879)	(1,334,147)
Other receipts	702,199	468,555	1,357,061
NET CASH FLOWS FROM OPERATING ACTIVITIES	544,668	(171,741)	2,400,390
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	(25,435)	48,833	96,744
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(547,692)	(240,515)	(463,856)
Net payments on line of credit	(8,000)	-	-
Retirement of bonds and related costs	(740,145)	(854,339)	(2,315,517)
Bond proceeds	-	-	-
Assessment and connection fees	1,936,702	2,713,762	8,219,622
Capital contributions	1,607	-	2,573
Interest paid	(539,577)	(725,574)	(2,848,165)
Payments for bond issue costs	(5,500)	-	(98,386)
Transfers from other funds for capital activities	690,344	390,557	480,076
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	787,739	1,283,891	2,976,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	1,537,901
Interest income	327,434	341,387	1,031,766
NET CASH FLOWS FROM INVESTING ACTIVITIES	327,434	341,387	2,569,667
NET INCREASE (DECREASE) IN CASH	1,634,406	1,502,370	8,043,148
CASH AND CASH EQUIVALENTS - BEGINNING	7,204,422	6,883,708	21,434,095
CASH AND CASH EQUIVALENTS - ENDING	\$ 8,838,828	\$ 8,386,078	\$ 29,477,243
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET			
Cash and cash equivalents	\$ 3,640,338	\$ 4,232,807	\$ 2,299,964
Restricted cash and cash equivalents	5,198,490	4,153,271	27,177,279
TOTAL CASH AND CASH EQUIVALENTS	\$ 8,838,828	\$ 8,386,078	\$ 29,477,243

(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, 2006

	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (209,650)	\$ (1,038,938)	\$ 434,986
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	799,158	1,007,315	2,173,088
Miscellaneous income	-	2,641	-
Changes in assets and liabilities:			
Accounts receivable	711	(15,613)	(54,909)
Due from other governmental agencies	-	-	-
Inventory	-	-	-
Net pension asset	(20,303)	(86,872)	(166,310)
Compensated absences	(15,187)	(8,304)	26,549
Accounts payable	(10,061)	(31,970)	(13,014)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 544,668	\$ (171,741)	\$ 2,400,390
NONCASH TRANSACTIONS			
Contributed property	\$ 2,330,289	\$ 3,660,423	\$ 3,051,781
Current refunding of bonds	-	-	(18,320,000)
Bonds issued in current refunding, net of discount	-	-	18,477,513
Bond current refunding related costs	-	-	(157,513)
Land transferred to general fund	-	-	-

(continued)

SUSSEX COUNTY, DELAWARE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,324,659	\$ 2,681,344	\$ 10,645,901
Payments to suppliers	(1,036,230)	(1,923,111)	(4,629,225)
Payments to employees	(2,072,286)	(1,249,751)	(6,046,549)
Other receipts	224,007	803,120	3,554,942
NET CASH FLOWS FROM OPERATING ACTIVITIES	440,150	311,602	3,525,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	2,447,078	(5,584,775)	(3,017,555)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(9,119,980)	(8,300,996)	(18,673,039)
Net payments on line of credit	(50,000)	(20,000)	(78,000)
Retirement of bonds and related costs	(697,891)	(924,644)	(5,532,536)
Bond proceeds	5,972,458	10,643,502	16,615,960
Assessment and connection fees	3,882,789	4,128,414	20,881,289
Capital contributions	-	2,882,950	2,887,130
Interest paid	(581,349)	(639,648)	(5,334,313)
Payments for bond issue costs	-	(5,895)	(109,781)
Transfers from other funds for capital activities	1,645,834	3,090,639	6,297,450
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	1,051,861	10,854,322	16,954,160
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	-	-	1,537,901
Interest income	613,174	719,178	3,032,939
NET CASH FLOWS FROM INVESTING ACTIVITIES	613,174	719,178	4,570,840
NET INCREASE (DECREASE) IN CASH	4,552,263	6,300,327	22,032,514
CASH AND CASH EQUIVALENTS - BEGINNING	12,730,734	14,875,966	63,128,925
CASH AND CASH EQUIVALENTS - ENDING	\$ 17,282,997	\$ 21,176,293	\$ 85,161,439
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET			
Cash and cash equivalents	\$ 239,137	\$ 10,452,831	\$ 20,865,077
Restricted cash and cash equivalents	17,043,860	10,723,462	64,296,362
TOTAL CASH AND CASH EQUIVALENTS	\$ 17,282,997	\$ 21,176,293	\$ 85,161,439

(continued)

SUSSEX COUNTY, DELAWARE
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

- 31 -

	Business-type Activities - Enterprise Funds		
	Treatment Plant - SCRWF	Nonmajor Funds	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (558,389)	\$ (2,121,094)	\$ (3,493,085)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	1,183,252	2,120,621	7,283,434
Miscellaneous income	33,233	71,111	106,985
Changes in assets and liabilities:			
Accounts receivable	5,527	32,180	(32,104)
Due from other governmental agencies	-	3,583	3,583
Inventory	-	226	226
Net pension asset	(208,170)	(73,900)	(555,555)
Compensated absences	2,915	(37,665)	(31,692)
Accounts payable	(18,218)	316,540	243,277
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 440,150	\$ 311,602	\$ 3,525,069
NONCASH TRANSACTIONS			
Contributed property	\$ -	\$ 6,420,886	\$ 15,463,379
Current refunding of bonds	-	-	(18,320,000)
Bonds issued in current refunding, net of discount	-	-	18,477,513
Bond current refunding related costs	-	-	(157,513)
Land transferred to general fund	-	(1,293,425)	(1,293,425)

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2006

- 32 -

	Pension and Other Employee Benefit Trusts
	<u> </u>
ASSETS	
Investments	\$ 40,485,393
Accrued interest	<u>24,146</u>
TOTAL ASSETS	<u>40,509,539</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS	<u><u>\$ 40,509,539</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, 2006

- 33 -

	Pension and Other Employee Benefit Trusts
	<u> </u>
ADDITIONS	
Employer contributions	\$ 6,963,709
Investment:	
Investment income	<u>3,719,820</u>
TOTAL ADDITIONS	10,683,529
DEDUCTIONS	
Beneficiary payments	<u>1,812,944</u>
NET INCREASE IN PLAN NET ASSETS	8,870,585
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - BEGINNING	<u>31,638,954</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - ENDING	<u><u>\$ 40,509,539</u></u>

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sussex County, Delaware (the County) was founded in 1683. Local government is provided by a five member elected County Council. The County principally provides general administrative services; emergency preparedness services; airport services; paramedics; Constitutional Row Offices; zoning; libraries; housing and economic development programs; and sewer and water services.

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to State and Local governments (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

1. Reporting Entity

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

2. Basic Financial Statements - Government-wide Statements

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

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column. The County's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County utilizes restricted resources to finance qualifying activities, to the extent permitted by laws, regulations, contracts and grants.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

3. Basic Financial Statements - Fund Financial Statements

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

Governmental Funds

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

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

Capital projects fund is maintained to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). These projects typically take longer than one year to complete. Capital projects expenditures in fiscal year 2006 were mainly for airport improvement and expansion, a new Emergency Operations Center building and land purchases. As of June 30, 2006, the major projects being planned include \$ 4.9 million for airport for continuation of expansion \$ 7.5 million for a new County administrative building, \$ 2.5 million for property acquisition and \$ 1.1 million for library expansion projects.

Proprietary Funds

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basic Financial Statements - Fund Financial Statements - Continued

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

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

Fiduciary Funds

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

The County's fiduciary funds are presented in the fiduciary funds financial statements. Combining financial statements for the fiduciary funds are presented in Note E to the financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Major and Nonmajor Funds

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary and fiduciary fund statements. Revenues are recognized when earned and expenses are recognized when incurred.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period that, for the County's purposes, is considered to be within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

5. Cash and Cash Equivalents

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

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

6. Investments

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

7. Accounts Receivable

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

8. Inventory

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Capital Assets

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

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

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

10. Bond Premiums, Discounts and Issuance Costs

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

11. Deposits and Deferred Revenue

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

12. Interest Capitalization

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

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

The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund's interest rate for the obligation incurred specifically to finance the construction of the capital asset. During fiscal 2006, Proprietary Fund interest expense is net of \$ 93,070 of capitalized interest.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Equity reservations and restrictions for grant funds, debt service and realty transfer tax are enforced by outside source enabling legislation. All other equity reservations and restrictions are enforced by the Sussex County code.

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.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. 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, 2006. Unexpended appropriations in the operating budget lapse at year end, while encumbered amounts are reappropriated in the subsequent year.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2006, the carrying amount of the County's deposits was \$ 144,188,439 and the bank balance was \$ 149,214,426, of which \$ 88,252 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.

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 (21.9%).

NOTE B - CASH AND INVESTMENTS - CONTINUED

The County's investment policy authorizes the following investments:

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

The County had the following investments at June 30, 2006:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 25,660,089	\$ 24,688,978	\$ 874,185	\$ 96,926	\$ -
Federal Home Loan Bank Federal Home Loan Mortgage Corporation	384,406 392,661	- 198,140	384,406 194,521	-	-
Federal National Mortgage Association	98,094	98,094	-	-	-
Municipal obligations	213,416	-	-	213,416	-
Repurchase agreements	19,153,150	19,153,150	-	-	-
Delaware Local Government Retirement Investment Pool	25,910,731	25,910,731	-	-	-
Mutual funds	11,625,880	11,625,880	-	-	-
Total Investments	\$ 83,438,427	\$ 81,674,973	\$ 1,453,112	\$ 310,342	\$ -

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

Cash on hand	\$ 21,180
Carrying amount of deposits	144,188,439
Carrying amount of investments	83,438,427
TOTAL	\$ 227,648,046
Cash and cash equivalents	\$ 48,728,494
Cash and cash equivalents - restricted	138,434,159
Fiduciary funds cash and investments (not included in government-wide statement)	40,485,393
TOTAL	\$ 227,648,046

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables at June 30, 2006 is \$ 8,530 for service and \$ 6,298 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, 2006, was as follows:

	Balance at June 30, 2005	Increases	Decreases	Balance at June 30, 2006
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,694,410	\$ 1,808,395	\$ -	\$ 7,502,805
Construction in progress	2,785,201	2,099,499	845,556	4,039,144
Total capital assets, not being depreciated	<u>8,479,611</u>	<u>3,907,894</u>	<u>845,556</u>	<u>11,541,949</u>
Other capital assets:				
Buildings	15,275,866	3,653,652	-	18,929,518
Improvements	8,467,256	993,097	-	9,460,353
Machinery and equipment	9,562,629	1,063,385	587,969	10,038,045
Total other capital assets	<u>33,305,751</u>	<u>5,710,134</u>	<u>587,969</u>	<u>38,427,916</u>
Less accumulated depreciation for:				
Buildings	2,198,161	348,161	-	2,546,322
Improvements	5,166,786	317,262	-	5,484,048
Machinery and equipment	7,130,693	1,046,231	559,043	7,617,881
Total accumulated depreciation	<u>14,495,640</u>	<u>1,711,654</u>	<u>559,043</u>	<u>15,648,251</u>
Other capital assets, net	<u>18,810,111</u>	<u>3,998,480</u>	<u>28,926</u>	<u>22,779,665</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,289,722</u>	<u>\$ 7,906,374</u>	<u>\$ 874,482</u>	<u>\$ 34,321,614</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 40,399,440	\$ 169,592	\$ 1,293,422	\$ 39,275,610
Construction in progress	19,744,566	17,904,203	16,283,339	21,365,430
Total capital assets, not being depreciated	<u>60,144,006</u>	<u>18,073,795</u>	<u>17,576,761</u>	<u>60,641,040</u>
Other capital assets:				
Buildings	10,485,976	167,959	1,200	10,652,735
Improvements	9,676,036	30,497	21,712	9,684,821
Machinery and equipment	5,665,935	930,811	336,603	6,260,143
Infrastructure	246,172,240	30,648,555	49,697	276,771,098
Total other capital assets	<u>272,000,187</u>	<u>31,777,822</u>	<u>409,212</u>	<u>303,368,797</u>
Less accumulated depreciation for:				
Buildings	5,302,378	314,394	670	5,616,102
Improvements	3,434,803	287,266	17,552	3,704,517
Machinery and equipment	4,367,102	743,443	332,172	4,778,373
Infrastructure	63,134,300	5,888,957	40,688	68,982,569
Total accumulated depreciation	<u>76,238,583</u>	<u>7,234,060</u>	<u>391,082</u>	<u>83,081,561</u>
Other capital assets, net	<u>195,761,604</u>	<u>24,543,762</u>	<u>18,130</u>	<u>220,287,236</u>
Business-type Activities Capital Assets, Net	<u>\$ 255,905,610</u>	<u>\$ 42,617,557</u>	<u>\$ 17,594,891</u>	<u>\$ 280,928,276</u>

NOTE D - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 386,481
Planning and zoning	18,749
Paramedic program	450,265
Emergency preparedness	236,852
Economic development and public works	35,358
County engineer	25,189
Airport	403,996
Engineering - solid waste	1,462
Library	106,169
Constitutional offices	47,133

Total governmental activities depreciation expense	\$ 1,711,654
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Business-type activities:

Water	\$ 110,103
Sewer	7,123,957

Total business-type activities depreciation expense	\$ 7,234,060
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NOTE E - PENSION AND OTHER POST-RETIREMENT EMPLOYEE BENEFIT TRUSTS

Pension Plan Description and Provisions

The County established and administers a single-employer defined benefit pension plan for its employees. The Plan provides for retirement, disability and death benefits to plan members and their beneficiaries. Employees are not required to contribute to the plan. The pension plan is reported in the pension trust fiduciary fund in the County's financial statements. 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, 2006, total payroll was \$ 19,041,198. Covered payroll refers to all compensation by the County to active employees covered by the plan.

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

Current membership in the plan (as of January 1, 2006) 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>
232	268	500	113	60	\$ 17,401,966

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	\$ 1,484,177
Interest on net pension obligation	(472,502)
Adjustment to annual required contribution	743,725
Annual Pension Cost	<u>1,755,400</u>
Contributions made	<u>(4,533,183)</u>
Increase in Net Pension Asset	(2,777,783)
Net Pension Obligation (Asset), Beginning of Year	<u>(5,906,275)</u>
Net Pension Obligation (Asset), End of Year	<u><u>\$ (8,684,058)</u></u>

The County's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. Contributions made were 26 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, 2006 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 10 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>
2004	\$ 1,366,067	193.8 %	\$ (4,196,218)
2005	1,594,387	207.2	(5,906,275)
2006	1,755,398	258.3	(8,684,058)

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

The pension plan was funded with contributions as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1976	\$ 75,000	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	2006	4,590,808

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 (DELRIP), 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 35th 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, 2006 consist of:

	<u>Fair Value</u>
Delaware Local Retirement Investment Pool	\$ 21,180,569
Fidelity Investments Short-Intermediate Government Portfolio	<u>4,691,064</u>
TOTAL	<u>\$ 25,871,633</u>

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

Post-retirement Employee Benefits

In addition to the pension benefits described above, the County provides post-retirement health care benefits. During fiscal year 2005, the County established the "Sussex County Employment Benefit Plan" by Ordinance No. 1783. The plan is reported in the pension and other employee benefit trusts in the County's financial 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, 115 retirees receive post-retirement healthcare benefits. During fiscal year 2006, expenditures of \$ 821,813 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.

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2006**

	<u>Pension Trust</u>	<u>Post-retirement Employee Benefit Trust</u>	<u>Total</u>
ASSETS			
Investments	\$ 35,755,231	\$ 4,730,162	\$ 40,485,393
Accrued interest	<u>24,146</u>	<u>-</u>	<u>24,146</u>
TOTAL ASSETS	<u>35,779,377</u>	<u>4,730,162</u>	<u>40,509,539</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS	<u>\$ 35,779,377</u>	<u>\$ 4,730,162</u>	<u>\$ 40,509,539</u>

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

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Pension Trust</u>	<u>Post-retirement Employee Benefit Trust</u>	<u>Total</u>
ADDITIONS			
Employer contributions	\$ 4,590,808	\$ 2,372,901	\$ 6,963,709
Investment:			
Investment income	<u>3,308,248</u>	<u>411,572</u>	<u>3,719,820</u>
TOTAL ADDITIONS	7,899,056	2,784,473	10,683,529
DEDUCTIONS			
Beneficiary payments	<u>991,131</u>	<u>821,813</u>	<u>1,812,944</u>
NET INCREASE IN PLAN NET ASSETS	6,907,925	1,962,660	8,870,585
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - BEGINNING	<u>28,871,452</u>	<u>2,767,502</u>	<u>31,638,954</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS - ENDING	<u>\$ 35,779,377</u>	<u>\$ 4,730,162</u>	<u>\$ 40,509,539</u>

NOTE F - DEFERRED COMPENSATION PLAN

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

NOTE G - SHORT-TERM DEBT

Short-term financing is obtained from banks to provide working capital for the Enterprise Funds. Interest on the line of credit is variable; the interest rate was 5.28% at June 30, 2006. The County had \$ 29,319,975 of unused line of credit to be drawn upon as needed. Short-term debt activity for the year ended June 30, 2006, was as follows:

	<u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2006</u>
Notes payable	\$ 758,024	\$ -	\$ 78,000	\$ 680,024

NOTE H - LONG-TERM LIABILITIES

Description of Bonds Payable

At June 30, 2006, bonds payable consisted of the following individual issues:

	<u>Business-type</u>
1994 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 20, 2034, interest at 4.5%.	\$ 8,903,573
1994 SRF Subordinate Obligations (West Rehoboth Phase I and II); interest at 1.5%, final payment due December 2016. Repayment over 21 years beginning December 1995 from gross revenues of the West Rehoboth Expansion of the Dewey Beach Sanitary Sewer District but on a subordinate basis for the first 13 years to operations and management expenses, 1994 Series Bonds (\$ 19 million), Rural Development Administration loan, other project borrowings and SRF loans. Repayment the last 7 years based on equal installments. The subordinate obligations require various construction, operating and depreciation accounts.	8,973,295
1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%.	3,242,565
1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%.	5,927,698
1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%.	5,410,995
1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%.	2,716,737
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.	414,045
1997 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2021, interest at 1.5%. Total bonds authorized are \$ 12,000,000.	7,912,166
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, 2023. Total bonds authorized are \$ 13,752,100.	13,077,280
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.	1,544,752

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Description of Bonds Payable - Continued

	<u>Business-type</u>
2001 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in quarterly installments of \$ 135,087 principal and interest, interest at 4.5%, final payment due June 1, 2041.	\$ 9,495,309
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.	2,636,000
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.	11,236,805
2002 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.	923,077
2003 wastewater general obligation bonds (Oak Orchard Sanitary Sewer District), due in semi-annual installments, interest at 2%, final payment due December 31, 2024. Total bonds authorized are \$ 1,500,000.	1,500,000
2003 wastewater general obligation bonds (1992 and 1993 refunding), due in semi-annual installments, interest ranging from 3.25% to 5%, final payment due October 15, 2032.	30,955,000
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.	792,250
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.	1,215,113
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.	1,910,164
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.	6,776,700

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Description of Bonds Payable - Continued

	<u>Business-type</u>
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.	\$ 10,000,000
2005 wastewater general obligation bonds (Inland Bays), due in quarterly installments, interest 4.125%, final payment due July 21, 2045. Total bonds authorized are \$ 7,000,000.	6,947,434
2005 wastewater revenue refunding bonds (West Rehoboth 1995 refunding), due in semi-annual installments through June 15, 2025, interest ranging from 3.5% to 4.5%. The bonds are secured by and payable solely from the gross revenues of the West Rehoboth expansion sewer system. The revenue bonds require various project, construction, operating and depreciation accounts.	<u>17,980,000</u>
Subtotal	160,503,022
Unamortized bond premium	1,069,210
Unamortized bond discount	(26,730)
Deferred amount on refunding, net of amortization	<u>(3,475,636)</u>
TOTAL BONDS PAYABLE	<u>\$ 158,069,866</u>

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 \$ 304,254 for fiscal year 2006.

Defeasance of Debt

In fiscal year 2006, Sussex County issued Series 2005 revenue bonds dated December 15, 2005 of \$ 18,500,000, with an interest rate ranging from 3.5% to 4.5%, in a current refunding of \$ 18,320,000 of the 1995 revenue bonds. The 2005 series bonds were issued with a discount of \$ 22,487. The transaction resulted in an economic gain of \$ 1,836,337 and a reduction in future debt service payments of \$ 2,639,196. Bond issues costs of \$ 505,414 for the 1995 bonds were reclassified to deferred amount on refunding.

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2006, the obligated unpaid amount was approximately \$ 21,270,542. 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, 2006, was as follows:

	June 30, 2005	Additions	Reductions	June 30, 2006	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 3,542,852	\$ 2,266,025	\$ 1,938,084	\$ 3,870,793	\$ 1,938,084
Capital lease obligations	259,743	44,338	122,735	181,346	113,282
Estimated liability for landfill postclosure care	4,194,000	364,000	-	4,558,000	-
Total Governmental Activities	<u>\$ 7,996,595</u>	<u>\$ 2,674,363</u>	<u>\$ 2,060,819</u>	<u>\$ 8,610,139</u>	<u>\$ 2,051,366</u>
Business-type Activities:					
General obligation bonds	\$ 121,162,608	\$ 16,615,960	\$ 4,228,841	\$ 133,549,727	\$ 4,342,796
Revenue bond debt	28,076,986	18,500,000	19,623,691	26,953,295	1,455,446
Unamortized bond premium	1,200,540	-	131,330	1,069,210	-
Unamortized bond discount	(4,964)	(22,487)	(721)	(26,730)	-
Deferred amount of refunding, net of amortization	(3,274,476)	(505,414)	(304,254)	(3,475,636)	-
Total bonds payable	147,160,694	34,588,059	23,678,887	158,069,866	5,798,242
Compensated absences	946,397	442,706	474,399	914,704	474,399
Total Business-type Activities	<u>\$ 148,107,091</u>	<u>\$ 35,030,765</u>	<u>\$ 24,153,286</u>	<u>\$ 158,984,570</u>	<u>\$ 6,272,641</u>

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

Debt Maturity

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

Year ending June 30,	Business-type Activities - General Obligation		
	Principal	Interest	Total
2007	\$ 4,342,796	\$ 4,511,900	\$ 8,854,696
2008	5,298,661	4,451,583	9,750,244
2009	5,486,818	4,261,686	9,748,504
2010	5,697,206	4,063,298	9,760,504
2011	5,895,180	3,856,198	9,751,378
2012 - 2016	29,903,044	16,217,697	46,120,741
2017 - 2021	27,571,360	11,837,916	39,409,276
2022 - 2026	18,117,827	8,251,009	26,368,836
2027 - 2031	11,244,318	5,586,650	16,830,968
2032 - 2036	10,947,326	3,060,267	14,007,593
2037 - 2041	6,177,156	1,312,933	7,490,089
2042 - 2046	2,868,035	228,238	3,096,273
TOTAL	<u>\$ 133,549,727</u>	<u>\$ 67,639,375</u>	<u>\$ 201,189,102</u>

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Year ending June 30,	Business-type Activities - Revenue Bonds		
	Principal	Interest	Total
2007	\$ 1,455,446	\$ 860,325	\$ 2,315,771
2008	1,492,378	825,293	2,317,671
2009	1,529,488	789,209	2,318,697
2010	1,561,781	752,066	2,313,847
2011	1,609,258	712,214	2,321,472
2012 - 2016	8,680,087	2,913,933	11,594,020
2017 - 2021	5,629,857	1,764,841	7,394,698
2022 - 2025	4,995,000	562,610	5,557,610
TOTAL	\$ 26,953,295	\$ 9,180,491	\$ 36,133,786

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2006 totaled \$ 46,794,950. The bonds are to finance various sewer district construction and improvement projects.

Capital Lease Obligations

The County leases equipment under three to five year lease purchase agreements. Monthly lease payments range from \$ 66 to \$ 5,068, and expire from August 25, 2006 through September 1, 2010. Obligations under governmental activities capital leases are as follows:

Year ending June 30,	Governmental Activities
2007	\$ 113,282
2008	60,265
2009	6,329
2010	3804
2011	951
Total minimum lease payments	184,631
Less: Amount representing imputed interest costs	3,285
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	\$ 181,346

NOTE I - INTERFUND BALANCES

Interfund balances at June 30, 2006 consisted of the following:

Receivable Fund	Payable Fund	Total Amount	Long-term Amount
General fund	Long Neck sewer fund	\$ 22,827	\$ -
	Bethany sewer fund	17,071	-
	West Rehoboth sewer fund	38,453	-
	Treatment plant - SCRWF	4,473,087	833,013
	Nonmajor enterprise funds	5,790,986	2,610,027
	Capital projects fund	323,945	-
		<u>10,666,369</u>	<u>3,443,040</u>
Treatment plant - SCRWF	Long Neck sewer fund	534,053	-
	Bethany sewer fund	174,529	-
	West Rehoboth sewer fund	902,426	-
	Nonmajor enterprise funds	<u>2,337,087</u>	<u>2,000,000</u>
	<u>3,948,095</u>	<u>2,000,000</u>	
TOTAL		<u>\$ 14,614,464</u>	<u>\$ 5,443,040</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, 2006, 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, 2006, consisted of the following:

Transfer to:	Transfer from		
	General Fund	Long Neck Sewer	Total
Capital projects fund	\$ 8,921,148	\$ -	\$ 8,921,148
Bethany sewer fund	690,344	-	690,344
Long Neck sewer fund	390,557	-	390,557
West Rehoboth sewer fund	480,076	-	480,076
Treatment plant - SCRWF	1,645,834	-	1,645,834
Nonmajor enterprise funds	<u>3,090,639</u>	<u>2,654,324</u>	<u>5,744,963</u>
TOTAL	<u>\$ 15,218,598</u>	<u>\$ 2,654,324</u>	<u>\$ 17,872,922</u>

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

NOTE K - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in coverage from the prior year end. Settlements have not exceeded coverage in the past three years.

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2006, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$ 200,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$ 9,308,633 for the County's portion of medical expense liability, which is covered under a commercial policy. The County reports the risk management activity in the General Fund. The County recognizes expenditures/expenses in the General Fund, Water Fund and Sewer Funds. The employee health plan is administered by an outside agency.

Employee Health Plan

Contributions from the County and employee withholdings are deposited into a reserve fund to pay prior-year and current-year claims. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported at June 30, 2006 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 2006 and 2005 were as follows:

	<u>Beginning of Year Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Balance</u>
2004 - 2005	\$ 539,124	\$ 5,325,472	\$ (5,456,150)	\$ 408,446
2005 - 2006	408,446	6,926,024	(6,573,596)	760,874

NOTE L - PROPRIETARY FUNDS CONTRACTS

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

NOTE M - LANDFILL POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its six landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at these sites. The estimated liability for landfill postclosure care of \$ 4,558,000 at June 30, 2006 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 2006. Actual cost may be higher because of inflation, changes in technology or changes in regulations.

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

NOTE N - RENT REVENUES

The County has entered into several long-term operating leases with local businesses to rent property, mainly located in the County's Industrial Park and Airport. These leases range in terms of one year to forty-five years and several of them are noncancelable. Buildings with a cost basis of \$ 5,779,763 and accumulated depreciation of \$ 543,540, equipment with a cost basis of \$ 55,058 and accumulated depreciation of \$ 43,903 and improvements of \$ 9,713 and accumulated depreciation of \$ 3,723 were being leased as of June 30, 2006.

The minimum future rental revenue under leases as of June 30, 2006 for each of the next five years and in the aggregate are:

Year ending June 30,	Amount
2007	\$ 537,100
2008	536,314
2009	511,306
2010	512,697
2011	484,620
Thereafter	<u>3,835,360</u>
MINIMUM LEASE PAYMENTS RECEIVABLE	<u>\$ 6,417,397</u>

NOTE O - MORTGAGE RECEIVABLE

The County holds a mortgage receivable at June 30, 2006 of \$ 400,000, which is not reflected on the governmental funds balance sheet. It bears interest of 3%, payable monthly. 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 P - CONTINGENCIES

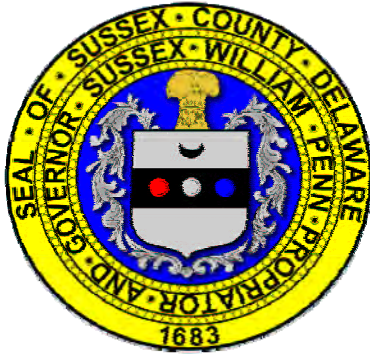
The County is currently involved in a number of lawsuits involving construction projects, zoning ordinances, and other civil lawsuits. The amount of any contingent liability related to these suits either cannot be estimated or the outcome is uncertain.

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

NOTE Q - SUBSEQUENT EVENTS

Major Capital Contracts

The County has approved the award of contracts totaling \$ 7,700,000 for the Miller Creek sewer project and the South Ocean View sewer project, subsequent to June 30, 2006.



REQUIRED SUPPLEMENTARY INFORMATION

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2006

<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>
01/01/2001	\$ 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
01/01/2006	34,091,663	34,224,683	133,020	99.6	17,401,966	0.8

SUSSEX COUNTY, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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
2006	1,484,177	305.4

**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, 2006

- 60 -

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
TAXES			
Real property - County	\$ 7,891,534	\$ 9,488,314	\$ 1,596,780
Real property - library	972,656	1,024,222	51,566
Realty transfer	18,000,000	35,269,800	17,269,800
Capitation	225,750	235,270	9,520
Fire service	1,400,000	2,093,729	693,729
Penalties and interest	145,000	123,922	(21,078)
TOTAL TAXES	28,634,940	48,235,257	19,600,317
INTERGOVERNMENTAL			
Federal grants:			
Emergency preparedness	88,892	83,504	(5,388)
Library	-	8,000	8,000
Historical planner	15,000	22,871	7,871
Housing and Urban Development	1,443,000	2,263,126	820,126
Project income	-	81,798	81,798
Federal payments in lieu of taxes	7,200	8,445	1,245
State grants:			
Library	240,742	279,771	39,029
Paramedic	4,016,759	3,705,509	(311,250)
Local emergency plan commission	62,980	59,134	(3,846)
State sewer study	50,000	93,539	43,539
Department of Health - rodents	10,000	10,000	-
Other	4,000	19,494	15,494
TOTAL INTERGOVERNMENTAL	5,938,573	6,635,191	696,618
CHARGES FOR SERVICES			
Constitutional Office Fees			
Clerk of the Peace	42,000	42,421	421
Prothonotary	2,500	497	(2,003)
Recorder of Deeds	5,270,000	5,489,093	219,093
Register of Wills	750,000	904,617	154,617
Sheriff	562,080	415,904	(146,176)
Total Constitutional Office Fees	6,626,580	6,852,532	225,952
General Government Fees			
Building permit and zoning fees	1,945,000	2,775,513	830,513
Industrial bond fees	-	244,425	244,425
Building inspections	1,850,000	2,413,769	563,769
Security identification cards	1,500	1,040	(460)
Mobile home placement	358,050	358,959	909
911 reporting	520,000	584,553	64,553
Total General Government Fees	4,674,550	6,378,259	1,703,709

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

- 61 -

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
CHARGES FOR SERVICES - CONTINUED			
General Government Services			
Airport operations	\$ 185,000	\$ 182,375	\$ (2,625)
Data processing	40,000	49,197	9,197
Private road inspections and design fees	975,000	2,612,910	1,637,910
Industrial park water and sewer	40,000	28,999	(11,001)
Sewer and water inspections	5,000	61,228	56,228
Total General Government Services	<u>1,245,000</u>	<u>2,934,709</u>	<u>1,689,709</u>
Other Charges			
Miscellaneous	174,500	129,620	(44,880)
TOTAL CHARGES FOR SERVICES	<u>12,720,630</u>	<u>16,295,120</u>	<u>3,574,490</u>
FINES AND FORFEITS			
Library fines	15,000	22,280	7,280
Zoning violations	2,500	6,915	4,415
TOTAL FINES AND FORFEITS	<u>17,500</u>	<u>29,195</u>	<u>11,695</u>
MISCELLANEOUS			
Interest earnings	800,000	3,306,718	2,506,718
Rents			
Industrial park	75,000	134,836	59,836
County office building	90,000	90,249	249
Other	92,803	5,670	(87,133)
Sale of assets	-	25,323	25,323
Library donations	5,000	13,081	8,081
Other donations	-	814,352	814,352
Paramedic program donations	-	490	490
TOTAL MISCELLANEOUS	<u>1,062,803</u>	<u>4,390,719</u>	<u>3,327,916</u>
TOTAL REVENUES	<u>48,374,446</u>	<u>75,585,482</u>	<u>27,211,036</u>
OTHER FINANCING SOURCES			
Proceeds from capitalized leases	-	44,339	44,339
Prior year surplus	8,372,090	-	(8,372,090)
TOTAL OTHER FINANCING SOURCES	<u>8,372,090</u>	<u>44,339</u>	<u>(8,327,751)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 56,746,536</u>	<u>\$ 75,629,821</u>	<u>\$ 18,883,285</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
GENERAL ADMINISTRATION			
County Council			
Personal services	\$ 165,595	\$ 171,538	\$ (5,943)
Employee benefits	121,939	131,559	(9,620)
Contractual services	120,630	84,826	35,804
Supplies	20,015	16,479	3,536
Capital outlay	28,367	24,844	3,523
Other expenditures	175,500	166,649	8,851
Travel and training	23,903	23,344	559
Total County Council	<u>655,949</u>	<u>619,239</u>	<u>36,710</u>
County Administration			
Personal services	206,996	221,117	(14,121)
Employee benefits	97,794	89,763	8,031
Contractual services	4,794	4,958	(164)
Supplies	7,000	3,625	3,375
Capital outlay	9,050	7,332	1,718
Other expenditures	1,803	1,761	42
Travel and training	2,700	1,067	1,633
Total County Administration	<u>330,137</u>	<u>329,623</u>	<u>514</u>
Legal Department			
Professional services	135,000	121,241	13,759
TOTAL GENERAL ADMINISTRATION	<u>1,121,086</u>	<u>1,070,103</u>	<u>50,983</u>
FINANCE			
Financial Administration			
Personal services	283,987	289,186	(5,199)
Employee benefits	144,902	161,237	(16,335)
Professional services	18,500	8,892	9,608
Contractual services	141,287	129,964	11,323
Supplies	4,450	5,012	(562)
Capital outlay	32,250	28,162	4,088
Travel and training	1,350	461	889
Total Financial Administration	<u>626,726</u>	<u>622,914</u>	<u>3,812</u>
Assessment			
Personal services	948,230	967,060	(18,830)
Employee benefits	657,491	699,879	(42,388)
Professional services	2,000	1,976	24
Contractual services	54,290	46,837	7,453
Supplies	31,920	28,226	3,694
Capital outlay	24,700	10,827	13,873
Other expenditures	-	236	(236)
Travel and training	1,250	204	1,046
Total Assessment	<u>1,719,881</u>	<u>1,755,245</u>	<u>(35,364)</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
FINANCE - CONTINUED			
Building Code			
Personal services	\$ 267,529	\$ 244,282	\$ 23,247
Employee benefits	176,442	186,622	(10,180)
Professional services	5,000	1,900	3,100
Contractual services	657,039	697,910	(40,871)
Supplies	18,850	14,880	3,970
Capital outlay	5,361	7,744	(2,383)
Travel and training	9,500	3,930	5,570
Total Building Code	<u>1,139,721</u>	<u>1,157,268</u>	<u>(17,547)</u>
Mapping and Addressing			
Personal services	356,362	330,994	25,368
Employee benefits	263,482	263,271	211
Professional services	86,000	82,591	3,409
Contractual services	33,200	32,428	772
Supplies	22,950	17,670	5,280
Capital outlay	22,218	21,403	815
Other expenditures	30,956	4,982	25,974
Travel and training	10,600	7,126	3,474
Total Mapping and Addressing	<u>825,768</u>	<u>760,465</u>	<u>65,303</u>
Accounting			
Personal services	407,969	381,956	26,013
Employee benefits	254,503	277,741	(23,238)
Professional services	109,250	105,715	3,535
Contractual services	21,027	9,334	11,693
Supplies	10,400	10,725	(325)
Capital outlay	43,600	50,252	(6,652)
Other expenditures	200	3,794	(3,594)
Travel and training	4,140	2,976	1,164
Total Accounting	<u>851,089</u>	<u>842,493</u>	<u>8,596</u>
Treasury			
Personal services	317,157	323,963	(6,806)
Employee benefits	203,298	218,983	(15,685)
Professional services	10,000	2,210	7,790
Contractual services	127,699	93,022	34,677
Supplies	6,629	6,680	(51)
Capital outlay	48,687	51,001	(2,314)
Travel and training	313	-	313
Total Treasury	<u>713,783</u>	<u>695,859</u>	<u>17,924</u>
TOTAL FINANCE	<u>5,876,968</u>	<u>5,834,244</u>	<u>42,724</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
PERSONNEL			
Personnel Administration			
Personal services	\$ 230,707	\$ 230,375	\$ 332
Employee benefits	141,245	149,213	(7,968)
Professional services	12,500	4,069	8,431
Contractual services	8,909	8,934	(25)
Supplies	4,400	3,802	598
Capital outlay	5,400	4,547	853
Other expenditures	154,716	84,093	70,623
Travel and training	400	21	379
Total Personnel Administration	<u>558,277</u>	<u>485,054</u>	<u>73,223</u>
General Employment and Retirement			
Employee and retiree benefits	1,017,842	1,514,211	(496,369)
Pension	953,635	1,026,406	(72,771)
Professional services	1,000	-	1,000
Total General Employment and Retirement	<u>1,972,477</u>	<u>2,540,617</u>	<u>(568,140)</u>
TOTAL PERSONNEL	<u>2,530,754</u>	<u>3,025,671</u>	<u>(494,917)</u>
BUILDING AND GROUNDS			
Maintenance			
Personal services	485,916	413,745	72,171
Employee benefits	319,733	295,004	24,729
Contractual services	19,179	35,392	(16,213)
Supplies	51,700	38,885	12,815
Capital outlay	20,462	525,000	(504,538)
Other expenditures	1,500	3,000	(1,500)
Total Maintenance	<u>898,490</u>	<u>1,311,026</u>	<u>(412,536)</u>
Operations - Administrative Buildings			
Personal services	372,922	320,646	52,276
Employee benefits	268,392	247,290	21,102
Contractual services	293,679	271,801	21,878
Supplies	90,886	86,649	4,237
Capital outlay	30,742	13,814	16,928
Other expenditures	7,345	17,494	(10,149)
Total Operations - Administrative Buildings	<u>1,063,966</u>	<u>957,694</u>	<u>106,272</u>
TOTAL BUILDING AND GROUNDS	<u>1,962,456</u>	<u>2,268,720</u>	<u>(306,264)</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
DATA PROCESSING			
Data Processing			
Personal services	\$ 278,883	\$ 276,352	\$ 2,531
Employee benefits	155,529	166,746	(11,217)
Contractual services	28,700	25,024	3,676
Supplies	17,450	14,587	2,863
Capital outlay	16,000	38,453	(22,453)
Other expenditures	40,000	-	40,000
Travel and training	6,800	6,439	361
Total Data Processing	<u>543,362</u>	<u>527,601</u>	<u>15,761</u>
Information Systems			
Personal services	246,772	248,809	(2,037)
Employee benefits	158,148	165,180	(7,032)
Contractual services	65,950	52,904	13,046
Supplies	32,725	27,418	5,307
Capital outlay	193,475	161,029	32,446
Travel and training	20,500	19,050	1,450
Total Information Systems	<u>717,570</u>	<u>674,390</u>	<u>43,180</u>
TOTAL DATA PROCESSING	<u>1,260,932</u>	<u>1,201,991</u>	<u>58,941</u>
COUNTY CONSTABLE			
Personal services	134,915	134,915	-
Employee benefits	88,562	95,076	(6,514)
Contractual services	12,786	11,705	1,081
Supplies	5,934	6,569	(635)
Capital outlay	12,352	-	12,352
Other expenditures	9,000	4,320	4,680
Travel and training	100	-	100
TOTAL COUNTY CONSTABLE	<u>263,649</u>	<u>252,585</u>	<u>11,064</u>
GRANT-IN-AID PROGRAMS			
Fire service grants	1,400,000	1,582,821	(182,821)
Future Farmers of America	1,000	-	1,000
Agriculture Extension Work (4-H)	115,782	215,782	(100,000)
Soil Conservation District tax ditch drainage	86,039	186,039	(100,000)
Conservation District salaries	25,758	25,758	-
Fire companies	494,538	494,538	-
Rescue trucks	61,818	61,816	2
Fire service discretionary	1,070,625	1,073,179	(2,554)
Cheers meal program	10,000	60,000	(50,000)
Ambulances	74,181	74,181	-
Ambulance stations (non-fire)	16,101	16,101	-
Sussex County Community Action Agency	-	10,000	(10,000)
Aerial devices	52,903	57,504	(4,601)
Small Business Development Center	7,500	7,500	-
Sussex state police program	1,210,000	1,161,449	48,551
Recreational youth programs	30,000	52,925	(22,925)
Sussex local police grants	-	496,312	(496,312)
Human service grants	110,000	104,900	5,100

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
GRANT-IN-AID PROGRAMS - CONTINUED			
Councilmanic grants	\$ 50,000	\$ 52,175	\$ (2,175)
Town grants	105,000	15,000	90,000
Erosion technician	14,717	14,717	-
Housing assistance program	-	200,560	(200,560)
Local library placement fee grants	358,050	365,332	(7,282)
Tax subsidy program	-	675	(675)
Local library grants	515,746	515,745	1
Easter Seals Center	-	250,000	(250,000)
County wastewater relief program	50,000	109,123	(59,123)
Open space land program grants	-	2,586,703	(2,586,703)
First State Community Action	10,000	68,491	(58,491)
Community improvement grants	3,500	396,000	(392,500)
	<u>5,873,258</u>	<u>10,255,326</u>	<u>(4,382,068)</u>
TOTAL GRANT-IN-AID PROGRAMS			
PLANNING AND ZONING			
Administration			
Personal services	516,525	520,438	(3,913)
Employee benefits	323,109	344,915	(21,806)
Professional services	125,000	126,435	(1,435)
Contractual services	100,350	94,164	6,186
Supplies	23,750	19,567	4,183
Capital outlay	2,200	2,298	(98)
Other expenditures	1,000	-	1,000
Travel and training	8,000	5,541	2,459
	<u>1,099,934</u>	<u>1,113,358</u>	<u>(13,424)</u>
Total Administration			
Board of Adjustment			
Professional services	37,500	37,750	(250)
Commission			
Professional services	45,000	43,500	1,500
	<u>1,182,434</u>	<u>1,194,608</u>	<u>(12,174)</u>
TOTAL PLANNING AND ZONING			
PARAMEDIC PROGRAM			
Personal services	5,247,617	5,195,332	52,285
Employee benefits	3,063,180	3,289,182	(226,002)
Professional services	139,839	36,520	103,319
Contractual services	450,145	380,807	69,338
Supplies	368,727	305,699	63,028
Capital outlay	577,150	826,015	(248,865)
Other expenditures	119,367	100,332	19,035
Travel and training	92,613	62,948	29,665
	<u>10,058,638</u>	<u>10,196,835</u>	<u>(138,197)</u>
TOTAL PARAMEDIC PROGRAM			

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EMERGENCY PREPAREDNESS			
Administration			
Personal services	\$ 84,011	\$ 82,639	\$ 1,372
Employee benefits	49,189	51,936	(2,747)
Contractual services	54,850	48,714	6,136
Supplies	12,900	10,285	2,615
Capital outlay	5,000	2,300	2,700
Other expenditures	3,000	2,040	960
Travel and training	8,200	2,193	6,007
Total Administration	<u>217,150</u>	<u>200,107</u>	<u>17,043</u>
Emergency Operations Center			
Personal services	701,245	733,884	(32,639)
Employee benefits	462,859	493,160	(30,301)
Contractual services	181,200	152,739	28,461
Supplies	14,000	8,696	5,304
Capital outlay	27,639	30,572	(2,933)
Other expenditures	4,000	456	3,544
Travel and training	48,100	21,055	27,045
Total Emergency Operations Center	<u>1,439,043</u>	<u>1,440,562</u>	<u>(1,519)</u>
Communications System			
Personal services	165,741	174,479	(8,738)
Employee benefits	97,685	105,336	(7,651)
Contractual services	31,500	23,738	7,762
Supplies	37,800	28,754	9,046
Capital outlay	34,800	15,840	18,960
Travel and training	2,500	-	2,500
Total Communications System	<u>370,026</u>	<u>348,147</u>	<u>21,879</u>
Local Emergency Planning Community Program			
Personal services	36,205	36,205	-
Employee benefits	22,875	24,896	(2,021)
Professional services	500	-	500
Contractual services	900	778	122
Supplies	1,200	736	464
Capital outlay	2,900	1,630	1,270
Travel and training	900	498	402
Total Local Emergency Planning Community Program	<u>65,480</u>	<u>64,743</u>	<u>737</u>
TOTAL EMERGENCY PREPAREDNESS	<u>2,091,699</u>	<u>2,053,559</u>	<u>38,140</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
ECONOMIC DEVELOPMENT AND PUBLIC WORKS			
Economic Development			
Personal services	\$ 132,623	\$ 133,748	\$ (1,125)
Employee benefits	75,743	81,625	(5,882)
Contractual services	15,975	13,278	2,697
Supplies	12,425	7,955	4,470
Capital outlay	1,500	22,122	(20,622)
Other expenditures	22,600	18,019	4,581
Travel and training	8,950	7,390	1,560
Total Economic Development	<u>269,816</u>	<u>284,137</u>	<u>(14,321)</u>
Industrial Park			
Personal services	17,694	17,992	(298)
Employee benefits	11,317	11,944	(627)
Contractual services	186,947	150,307	36,640
Supplies	3,100	2,109	991
Capital outlay	73,004	72,513	491
Other expenditures	25,000	13,941	11,059
Travel and training	2,050	671	1,379
Total Industrial Park	<u>319,112</u>	<u>269,477</u>	<u>49,635</u>
TOTAL ECONOMIC DEVELOPMENT AND PUBLIC WORKS	<u>588,928</u>	<u>553,614</u>	<u>35,314</u>
COUNTY ENGINEER			
Administration			
Personal services	907,149	525,803	381,346
Employee benefits	505,700	523,643	(17,943)
Professional services	-	685,465	(685,465)
Contractual services	2,089	2,050	39
Supplies	2,700	1,924	776
Capital outlay	45,185	58,857	(13,672)
Other expenditures	475	1,551	(1,076)
Travel and training	1,886	1,982	(96)
Total Administration	<u>1,465,184</u>	<u>1,801,275</u>	<u>(336,091)</u>
Public Works			
Personal services	409,523	369,882	39,641
Employee benefits	254,964	251,958	3,006
Professional services	236,000	238,176	(2,176)
Contractual services	10,028	12,095	(2,067)
Supplies	20,450	18,906	1,544
Capital outlay	45,866	59,283	(13,417)
Other expenditures	1,019,000	258,684	760,316
Travel and training	200	137	63
Total Public Works	<u>1,996,031</u>	<u>1,209,121</u>	<u>786,910</u>
TOTAL COUNTY ENGINEER	<u>3,461,215</u>	<u>3,010,396</u>	<u>450,819</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

- 69 -

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
AIRPORT			
Personal services	\$ 45,000	\$ 115,674	\$ (70,674)
Employee benefits	31,553	71,942	(40,389)
Professional services	900	264	636
Contractual services	93,350	97,436	(4,086)
Supplies	22,000	21,819	181
Capital outlay	15,394	63,162	(47,768)
Other expenditures	600	1,311	(711)
TOTAL AIRPORT	208,797	371,608	(162,811)
LIBRARY			
Library administration	774,362	759,919	14,443
Library facilities	1,621,066	1,534,634	86,432
Local libraries	972,656	972,656	-
TOTAL LIBRARY	3,368,084	3,267,209	100,875
COMMUNITY DEVELOPMENT AND HOUSING PROGRAMS			
Administration			
Personal services	210,427	209,836	591
Employee benefits	135,220	140,625	(5,405)
Professional services	2,600	70	2,530
Contractual services	5,497	6,141	(644)
Supplies	6,188	2,822	3,366
Capital outlay	6,315	7,164	(849)
Total Administration	366,247	366,658	(411)
Rehabilitation			
Contractual services	1,292,000	2,196,915	(904,915)
TOTAL COMMUNITY DEVELOPMENT AND HOUSING PROGRAMS	1,658,247	2,563,573	(905,326)
CONSTITUTIONAL OFFICES			
Clerk of the Peace	135,220	136,900	(1,680)
Recorder of Deeds	1,375,975	1,339,130	36,845
Register of Wills	357,529	362,077	(4,548)
Sheriff	567,376	549,264	18,112
TOTAL CONSTITUTIONAL OFFICES	2,436,100	2,387,371	48,729
TOTAL EXPENDITURES	43,943,245	49,507,413	(5,564,168)
OTHER FINANCING USES			
Reserved for contingencies	281,201	-	281,201
Appropriated reserves	8,372,090	-	8,372,090
Transfer out	4,150,000	15,218,598	(11,068,598)
TOTAL OTHER FINANCING USES	12,803,291	15,218,598	(2,415,307)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 56,746,536	\$ 64,726,011	\$ (7,979,475)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF REVENUES AND EXPENDITURES (CONDENSED) - GENERAL FUND
 FOR THE TWENTY-NINE YEARS THROUGH JUNE 30, 2006

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

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

CAPITAL PROJECTS FUND

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF CAPITAL PROJECTS FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,868,086	\$ 8,868,086	\$ -	\$ (8,868,086)
Intergovernmental	2,285,050	2,285,050	271,459	(2,013,591)
Miscellaneous	138,000	138,000	910,023	772,023
TOTAL REVENUES	11,291,136	11,291,136	1,181,482	(10,109,654)
EXPENDITURES				
Capital projects	14,341,136	14,341,136	7,040,918	7,300,218
EXCESS OF REVENUES OVER EXPENDITURES	(3,050,000)	(3,050,000)	(5,859,436)	(2,809,436)
OTHER FINANCING SOURCES (USES)				
Prior year surplus	3,050,000	3,050,000	-	(3,050,000)
Transfers in	-	-	8,921,148	8,921,148
NET CHANGE IN FUND BALANCE	-	-	3,061,712	3,061,712
FUND BALANCE - BEGINNING	18,142,008	18,142,008	18,142,008	-
FUND BALANCE - ENDING	<u>\$ 18,142,008</u>	<u>\$ 18,142,008</u>	<u>\$ 21,203,720</u>	<u>\$ 3,061,712</u>

ENTERPRISE FUNDS

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2006

- 72 -

ASSETS	Dewey Water	Dewey Sewer	South Bethany Sewer	Fenwick Island Sewer
CURRENT ASSETS				
Cash and cash equivalents	\$ 666,433	\$ 389,320	\$ 1,084,149	\$ 2,442,085
Receivables, net of allowance for doubtful accounts:				
Service charges	28,809	48,718	11,244	12,464
Assessment, impact, connection, and expansion	2,318	907	551	1,662
Accrued interest	5,314	6,865	7,217	13,117
Miscellaneous	400	-	657	3,175
Due from other governmental agencies	-	173,889	39,004	-
Inventory	10,289	-	-	-
TOTAL CURRENT ASSETS	713,563	619,699	1,142,822	2,472,503
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	516,059	1,080,852	943,303	2,028,260
Bond issue cost, net of amortization	-	-	-	-
Net pension asset	56,967	20,494	71,036	88,056
Noncurrent accounts receivable:				
Service charges	3,576	7,749	1,594	5,314
Assessment, impact, connection, and expansion	809	366	-	362
Capital assets:				
Land, improvements, and construction in progress	35,766	99,480	492,672	101,849
Other capital assets, net of depreciation	1,871,975	3,464,990	7,636,351	11,530,710
TOTAL NONCURRENT ASSETS	2,485,152	4,673,931	9,144,956	13,754,551
TOTAL ASSETS	3,198,715	5,293,630	10,287,778	16,227,054
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	225,320	119,622	-	10,632
Accrued interest payable	-	5,319	365	7,737
Due to other funds	174,698	142,433	98,099	104,368
Notes payable	-	395,898	-	-
Current portion of long-term liabilities	15,540	47,079	23,963	121,045
TOTAL CURRENT LIABILITIES	415,558	710,351	122,427	243,782
LONG-TERM LIABILITIES, LESS CURRENT PORTION	14,422	526,145	46,151	734,368
TOTAL LIABILITIES	429,980	1,236,496	168,578	978,150
NET ASSETS				
Invested in capital assets, net of related debt	1,907,741	2,606,103	8,096,290	10,823,553
Restricted for construction and debt service	503,012	1,080,852	943,303	2,028,260
Unrestricted	357,982	370,179	1,079,607	2,397,091
TOTAL NET ASSETS	\$ 2,768,735	\$ 4,057,134	\$ 10,119,200	\$ 15,248,904

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2006

- 73 -

ASSETS	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
CURRENT ASSETS				
Cash and cash equivalents	\$ 646,408	\$ 103,384	\$ 1,687,452	\$ 1,031,260
Receivables, net of allowance for doubtful accounts:				
Service charges	18,747	1,091	20,606	563
Assessment, impact, connection, and expansion	2,580	-	8,540	1,257
Accrued interest	1,878	237	35,395	3,564
Miscellaneous	-	-	11,669	-
Due from other governmental agencies	-	17,725	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	669,613	122,437	1,763,662	1,036,644
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	102,248	29,054	2,617,142	1,093,102
Bond issue cost, net of amortization	-	-	16,332	2,246
Net pension asset	16,847	10,768	44,636	27,268
Noncurrent accounts receivable:				
Service charges	73,722	-	59,556	-
Assessment, impact, connection, and expansion	4,703	-	11,757	1,183
Capital assets:				
Land, improvements, and construction in progress	98,402	4,273	3,879,393	2,424,587
Other capital assets, net of depreciation	1,680,942	1,287,678	5,922,461	4,680,924
TOTAL NONCURRENT ASSETS	1,976,864	1,331,773	12,551,277	8,229,310
TOTAL ASSETS	2,646,477	1,454,210	14,314,939	9,265,954
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	12,277	10,827	128,777	661,329
Accrued interest payable	995	1,787	11,487	163,913
Due to other funds	45,834	13,302	2,281,339	295,515
Notes payable	-	-	-	-
Current portion of long-term liabilities	17,048	25,363	37,215	78,639
TOTAL CURRENT LIABILITIES	76,154	51,279	2,458,818	1,199,396
LONG-TERM LIABILITIES, LESS CURRENT PORTION	94,547	155,178	1,180,020	2,706,852
TOTAL LIABILITIES	170,701	206,457	3,638,838	3,906,248
NET ASSETS				
Invested in capital assets, net of related debt	1,676,614	1,117,123	6,429,594	4,072,586
Restricted for construction and debt service	102,248	29,054	2,488,365	434,787
Unrestricted	696,914	101,576	1,758,142	852,333
TOTAL NET ASSETS	\$ 2,475,776	\$ 1,247,753	\$ 10,676,101	\$ 5,359,706

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2006

- 74 -

ASSETS	<u>Ellendale Sewer</u>	<u>Oak Orchard Sewer</u>	<u>Bayview Estates Sewer</u>	<u>Sea Country Estates Sewer</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 302,056	\$ 137,309	\$ 141,712	\$ 44,345
Receivables, net of allowance for doubtful accounts:				
Service charges	34,236	10	98	27
Assessment, impact, connection, and expansion	19,021	6,119	6,759	2,221
Accrued interest	6,173	-	-	-
Miscellaneous	7,761	1,106	-	-
Due from other governmental agencies	-	169,616	534,922	97,905
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	<u>369,247</u>	<u>314,160</u>	<u>683,491</u>	<u>144,498</u>
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	149,438	121,879	25,743	26,166
Bond issue cost, net of amortization	12,904	6,032	3,077	332
Net pension asset	13,200	1,042	-	-
Noncurrent accounts receivable:				
Service charges	1,984	-	-	-
Assessment, impact, connection, and expansion	3,995	-	-	-
Capital assets:				
Land, improvements, and construction in progress	45,005	10,384	725	216
Other capital assets, net of depreciation	7,865,114	10,677,870	3,472,780	608,452
TOTAL NONCURRENT ASSETS	<u>8,091,640</u>	<u>10,817,207</u>	<u>3,502,325</u>	<u>635,166</u>
TOTAL ASSETS	<u>8,460,887</u>	<u>11,131,367</u>	<u>4,185,816</u>	<u>779,664</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	68,478	855,557	3,425	812
Accrued interest payable	1,280	1,833	12,419	2,271
Due to other funds	924,339	3,068,489	969,156	431
Notes payable	-	-	-	-
Current portion of long-term liabilities	129,757	68,024	51,179	9,035
TOTAL CURRENT LIABILITIES	<u>1,123,854</u>	<u>3,993,903</u>	<u>1,036,179</u>	<u>12,549</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>4,352,427</u>	<u>1,432,523</u>	<u>2,176,994</u>	<u>398,798</u>
TOTAL LIABILITIES	<u>5,476,281</u>	<u>5,426,426</u>	<u>3,213,173</u>	<u>411,347</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,545,928	6,139,625	277,293	200,841
Restricted for construction and debt service	148,860	-	22,498	25,355
Unrestricted	289,818	(434,684)	672,852	142,121
TOTAL NET ASSETS	<u>\$ 2,984,606</u>	<u>\$ 5,704,941</u>	<u>\$ 972,643</u>	<u>\$ 368,317</u>

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2006

- 75 -

ASSETS	Millers Creek Sewer	South Ocean View Sewer	Treatment Plant - IBRWF	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 61,522	\$ -	\$ 1,715,396	\$ 10,452,831
Receivables, net of allowance for doubtful accounts:				
Service charges	-	-	-	176,613
Assessment, impact, connection, and expansion	-	-	-	51,935
Accrued interest	39	-	6,135	85,934
Miscellaneous	329	-	-	25,097
Due from other governmental agencies	-	-	-	1,033,061
Inventory	-	-	-	10,289
TOTAL CURRENT ASSETS	61,890	-	1,721,531	11,835,760
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	526,643	163,237	1,300,336	10,723,462
Bond issue cost, net of amortization	4,243	5,230	17,897	68,293
Net pension asset	-	-	-	350,314
Noncurrent accounts receivable:				
Service charges	-	-	-	153,495
Assessment, impact, connection, and expansion	-	-	-	23,175
Capital assets:				
Land, improvements, and construction in progress	217,787	241,185	29,218,995	36,870,719
Other capital assets, net of depreciation	567,222	-	2,259,126	63,526,595
TOTAL NONCURRENT ASSETS	1,315,895	409,652	32,796,354	111,716,053
TOTAL ASSETS	1,377,785	409,652	34,517,885	123,551,813
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	12,203	42,093	3,446	2,154,798
Accrued interest payable	40	-	95,800	305,246
Due to other funds	2,511	7,559	-	8,128,073
Notes payable	-	-	-	395,898
Current portion of long-term liabilities	-	-	287,954	911,841
TOTAL CURRENT LIABILITIES	14,754	49,652	387,200	11,895,856
LONG-TERM LIABILITIES, LESS CURRENT PORTION	12,064	-	16,659,480	30,489,969
TOTAL LIABILITIES	26,818	49,652	17,046,680	42,385,825
NET ASSETS				
Invested in capital assets, net of related debt	772,945	241,185	14,530,687	61,438,108
Restricted for construction and debt service	514,689	122,325	1,300,336	9,743,944
Unrestricted	63,333	(3,510)	1,640,182	9,983,936
TOTAL NET ASSETS	\$ 1,350,967	\$ 360,000	\$ 17,471,205	\$ 81,165,988

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Dewey Water	Dewey Sewer	South Bethany Sewer	Fenwick Island Sewer
OPERATING REVENUES				
Charges for services	\$ 534,998	\$ 870,146	\$ 307,980	\$ 305,466
Other operating revenues	17,162	9,359	29,335	404,504
TOTAL OPERATING REVENUES	<u>552,160</u>	<u>879,505</u>	<u>337,315</u>	<u>709,970</u>
OPERATING EXPENSES				
Amortization	645	2,277	204	312
Contract services	368,198	25,131	23,254	22,761
Depreciation	110,103	299,321	200,090	364,443
Employee benefits	78,598	33,110	87,273	114,413
Equipment and tools	7,118	25,368	24,655	16,767
Maintenance and repairs	7,679	44,707	11,509	14,522
Miscellaneous	1,828	1,870	-	-
Process chemicals	-	-	-	-
Professional services	391	3,492	4,320	47,502
Salaries	125,281	37,593	130,403	164,549
Shared costs - operating	71,617	85,710	87,726	72,532
Supplies	12,263	10,246	100	-
Training and travel	27,676	28,115	49	-
Wastewater treatment	-	582,106	-	-
TOTAL OPERATING EXPENSES	<u>811,397</u>	<u>1,179,046</u>	<u>569,583</u>	<u>817,801</u>
OPERATING INCOME (LOSS)	<u>(259,237)</u>	<u>(299,541)</u>	<u>(232,268)</u>	<u>(107,831)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	54,559	71,735	94,026	157,049
Assessment and connection fees	275,173	199,025	141,401	610,645
Miscellaneous	39,831	-	-	16,720
Interest expense	(1,195)	(49,735)	(3,226)	(37,022)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>368,368</u>	<u>221,025</u>	<u>232,201</u>	<u>747,392</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	109,131	(78,516)	(67)	639,561
CAPITAL CONTRIBUTIONS	-	-	1,114,661	2,072,689
TRANSFERS IN	<u>207,832</u>	<u>88,156</u>	<u>12,755</u>	<u>263,190</u>
CHANGE IN NET ASSETS	316,963	9,640	1,127,349	2,975,440
TOTAL NET ASSETS - BEGINNING	<u>2,451,772</u>	<u>4,047,494</u>	<u>8,991,851</u>	<u>12,273,464</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,768,735</u>	<u>\$ 4,057,134</u>	<u>\$ 10,119,200</u>	<u>\$ 15,248,904</u>

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
OPERATING REVENUES				
Charges for services	\$ 138,473	\$ 80,871	\$ 205,451	\$ 19,389
Other operating revenues	45,616	1,370	20,410	72,384
TOTAL OPERATING REVENUES	<u>184,089</u>	<u>82,241</u>	<u>225,861</u>	<u>91,773</u>
OPERATING EXPENSES				
Amortization	39	47	637	140
Contract services	8,258	3,217	49,389	4,846
Depreciation	99,812	52,875	347,936	90,949
Employee benefits	31,122	7,129	54,774	42,966
Equipment and tools	1,953	1,389	11,035	-
Maintenance and repairs	1,623	3,376	9,959	5,425
Miscellaneous	292	105	454	-
Process chemicals	-	-	3,720	-
Professional services	3,849	191	206,374	4,980
Salaries	24,466	22,114	90,798	41,584
Shared costs - operating	10,149	10,403	12,277	1,464
Supplies	1,612	582	8,735	106
Training and travel	4,453	1,576	6,884	33
Wastewater treatment	94,574	54,857	-	-
TOTAL OPERATING EXPENSES	<u>282,202</u>	<u>157,861</u>	<u>802,972</u>	<u>192,493</u>
OPERATING INCOME (LOSS)	<u>(98,113)</u>	<u>(75,620)</u>	<u>(577,111)</u>	<u>(100,720)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	31,278	6,108	164,574	90,368
Assessment and connection fees	59,144	27,500	844,147	355,476
Miscellaneous	-	-	1,213	-
Interest expense	(4,965)	(10,647)	(55,055)	(40,950)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>85,457</u>	<u>22,961</u>	<u>954,879</u>	<u>404,894</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(12,656)</u>	<u>(52,659)</u>	<u>377,768</u>	<u>304,174</u>
CAPITAL CONTRIBUTIONS	322,226	-	14,000	2,897,310
TRANSFERS IN	<u>161,460</u>	<u>27,640</u>	<u>812,440</u>	<u>58,436</u>
CHANGE IN NET ASSETS	471,030	(25,019)	1,204,208	3,259,920
TOTAL NET ASSETS - BEGINNING	<u>2,004,746</u>	<u>1,272,772</u>	<u>9,471,893</u>	<u>2,099,786</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,475,776</u>	<u>\$ 1,247,753</u>	<u>\$ 10,676,101</u>	<u>\$ 5,359,706</u>

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
OPERATING REVENUES				
Charges for services	\$ 118,162	\$ 60,034	\$ 1,901	\$ 1,224
Other operating revenues	7,400	32,195	13,400	3,600
TOTAL OPERATING REVENUES	<u>125,562</u>	<u>92,229</u>	<u>15,301</u>	<u>4,824</u>
OPERATING EXPENSES				
Amortization	759	67	39	15
Contract services	8,248	1,129	333	-
Depreciation	314,536	64,452	47,856	11,842
Employee benefits	28,793	555	-	4
Equipment and tools	966	-	-	-
Maintenance and repairs	530	-	-	-
Miscellaneous	292	-	-	-
Process chemicals	-	-	-	-
Professional services	100	-	120	-
Salaries	18,020	4,619	-	22
Shared costs - operating	15,194	-	-	-
Supplies	1,628	330	430	108
Training and travel	4,418	-	-	-
Wastewater treatment	44,074	-	-	-
TOTAL OPERATING EXPENSES	<u>437,558</u>	<u>71,152</u>	<u>48,778</u>	<u>11,991</u>
OPERATING INCOME (LOSS)	<u>(311,996)</u>	<u>21,077</u>	<u>(33,477)</u>	<u>(7,167)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	19,290	73	66	11
Assessment and connection fees	252,707	6,119	65,405	11,410
Miscellaneous	-	-	-	-
Interest expense	(160,274)	(6,765)	(14,912)	(2,789)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>111,723</u>	<u>(573)</u>	<u>50,559</u>	<u>8,632</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(200,273)</u>	<u>20,504</u>	<u>17,082</u>	<u>1,465</u>
CAPITAL CONTRIBUTIONS	-	962,260	545,928	99,922
TRANSFERS IN	<u>198,650</u>	<u>177,517</u>	<u>220,633</u>	<u>141,930</u>
CHANGE IN NET ASSETS	<u>(1,623)</u>	<u>1,160,281</u>	<u>783,643</u>	<u>243,317</u>
TOTAL NET ASSETS - BEGINNING	<u>2,986,229</u>	<u>4,544,660</u>	<u>189,000</u>	<u>125,000</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,984,606</u>	<u>\$ 5,704,941</u>	<u>\$ 972,643</u>	<u>\$ 368,317</u>

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

	Millers Creek Sewer	South Ocean View Sewer	Treatment Plant - IBRWF	Totals
OPERATING REVENUES				
Charges for services	\$ 5,069	\$ -	\$ -	\$ 2,649,164
Other operating revenues	19,950	-	55,804	732,489
TOTAL OPERATING REVENUES	<u>25,019</u>	<u>-</u>	<u>55,804</u>	<u>3,381,653</u>
OPERATING EXPENSES				
Amortization	-	-	177	5,358
Contract services	2	-	3,220	517,986
Depreciation	11,596	-	99,452	2,115,263
Employee benefits	-	-	-	478,737
Equipment and tools	-	-	-	89,251
Maintenance and repairs	-	-	-	99,330
Miscellaneous	-	-	-	4,841
Process chemicals	-	-	-	3,720
Professional services	-	-	5,290	276,609
Salaries	-	-	-	659,449
Shared costs - operating	-	-	-	367,072
Supplies	-	-	176	36,316
Training and travel	-	-	-	73,204
Wastewater treatment	-	-	-	775,611
TOTAL OPERATING EXPENSES	<u>11,598</u>	<u>-</u>	<u>108,315</u>	<u>5,502,747</u>
OPERATING INCOME (LOSS)	<u>13,421</u>	<u>-</u>	<u>(52,511)</u>	<u>(2,121,094)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	1,136	-	87,267	777,540
Assessment and connection fees	-	-	1,293,385	4,141,537
Miscellaneous	315	-	12,987	71,066
Interest expense	-	-	(346,607)	(734,142)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,451</u>	<u>-</u>	<u>1,047,032</u>	<u>4,256,001</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	14,872	-	994,521	2,134,907
CAPITAL CONTRIBUTIONS TRANSFERS IN	-	-	-	8,028,996
	<u>610,000</u>	<u>110,000</u>	<u>2,654,324</u>	<u>5,744,963</u>
CHANGE IN NET ASSETS	624,872	110,000	3,648,845	15,908,866
TOTAL NET ASSETS - BEGINNING	<u>726,095</u>	<u>250,000</u>	<u>13,822,360</u>	<u>65,257,122</u>
TOTAL NET ASSETS - ENDING	<u>\$ 1,350,967</u>	<u>\$ 360,000</u>	<u>\$ 17,471,205</u>	<u>\$ 81,165,988</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

- 80 -

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 549,427	\$ 892,426	\$ 303,732	\$ 306,171
Payments to suppliers	(353,054)	(696,885)	(217,941)	(168,901)
Payments to employees	(222,764)	(76,665)	(240,467)	(308,511)
Other receipts (payments)	56,993	9,359	29,335	421,224
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>30,602</u>	<u>128,235</u>	<u>(125,341)</u>	<u>249,983</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	9,922	1,161	4,558	(11,109)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(166,120)	(68,894)	(168,744)	(40,782)
Net payments on line of credit	-	(20,000)	-	-
Retirement of bonds and related costs	(306,622)	(182,702)	(96,826)	(100,701)
Bond proceeds	-	-	-	-
Assessment and connection fees	275,577	199,223	141,383	611,006
Capital contributions	-	-	-	-
Interest paid	(6,133)	(48,124)	(3,674)	(38,841)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	207,832	88,156	12,755	263,190
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>4,534</u>	<u>(32,341)</u>	<u>(115,106)</u>	<u>693,872</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	52,235	68,584	92,253	152,419
NET INCREASE (DECREASE) IN CASH	97,293	165,639	(143,636)	1,085,165
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,085,199</u>	<u>1,304,533</u>	<u>2,171,088</u>	<u>3,385,180</u>
CASH AND EQUIVALENTS - ENDING	<u>\$ 1,182,492</u>	<u>\$ 1,470,172</u>	<u>\$ 2,027,452</u>	<u>\$ 4,470,345</u>
Cash and cash equivalents	\$ 666,433	\$ 389,320	\$ 1,084,149	\$ 2,442,085
Restricted cash and cash equivalents	516,059	1,080,852	943,303	2,028,260
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,182,492</u>	<u>\$ 1,470,172</u>	<u>\$ 2,027,452</u>	<u>\$ 4,470,345</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (259,237)	\$ (299,541)	\$ (232,268)	\$ (107,831)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	110,748	301,598	200,294	364,755
Miscellaneous income	39,831	-	-	16,720
Changes in assets and liabilities:				
Accounts receivable	14,429	22,280	(4,248)	705
Due from other governmental agencies	-	3,191	-	-
Inventory	226	-	-	-
Net pension asset	(17,986)	(2,775)	(17,880)	(23,087)
Compensated absences	(899)	(3,187)	(4,911)	(6,462)
Accounts payable	143,490	106,669	(66,328)	5,183
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 30,602</u>	<u>\$ 128,235</u>	<u>\$ (125,341)</u>	<u>\$ 249,983</u>
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ 1,114,661	\$ 2,072,689
Land transferred to general fund	-	-	-	-

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

- 81 -

	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 145,850	\$ 81,381	\$ 208,132	\$ 19,113
Payments to suppliers	(131,593)	(64,854)	(190,101)	(16,854)
Payments to employees	(59,048)	(33,883)	(160,251)	(92,566)
Other receipts (payments)	45,136	1,370	21,666	72,384
NET CASH FLOWS FROM OPERATING ACTIVITIES	345	(15,986)	(120,554)	(17,923)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	8,902	(2,765)	16,928	26,826
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(12,649)	(7,554)	(31,236)	(791,377)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(12,929)	(23,261)	(25,001)	-
Bond proceeds	-	-	-	153,329
Assessment and connection fees	59,925	27,500	844,848	355,027
Capital contributions	-	-	-	-
Interest paid	(4,984)	(8,971)	(55,012)	-
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	161,460	27,640	812,440	58,436
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	190,823	15,354	1,546,039	(224,585)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	30,210	6,123	132,211	88,280
NET INCREASE (DECREASE) IN CASH	230,280	2,726	1,574,624	(127,402)
CASH AND CASH EQUIVALENTS - BEGINNING	518,376	129,712	2,729,970	2,251,764
CASH AND EQUIVALENTS - ENDING	\$ 748,656	\$ 132,438	\$ 4,304,594	\$ 2,124,362
Cash and cash equivalents	\$ 646,408	\$ 103,384	\$ 1,687,452	\$ 1,031,260
Restricted cash and cash equivalents	102,248	29,054	2,617,142	1,093,102
TOTAL CASH AND CASH EQUIVALENTS	\$ 748,656	\$ 132,438	\$ 4,304,594	\$ 2,124,362
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (98,113)	\$ (75,620)	\$ (577,111)	\$ (100,720)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	99,851	52,922	348,573	91,089
Miscellaneous income	-	-	1,256	-
Changes in assets and liabilities:				
Accounts receivable	7,377	510	2,681	(276)
Due from other governmental agencies	-	392	-	-
Inventory	-	-	-	-
Net pension asset	6,778	(7,224)	(13,923)	(99)
Compensated absences	(10,238)	2,584	(756)	(7,917)
Accounts payable	(5,310)	10,450	118,726	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 345	\$ (15,986)	\$ (120,554)	\$ (17,923)
NONCASH TRANSACTIONS				
Contributed property	\$ 322,226	\$ -	\$ 14,000	\$ 2,897,310
Land transferred to general fund	-	-	(1,293,425)	-

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

- 82 -

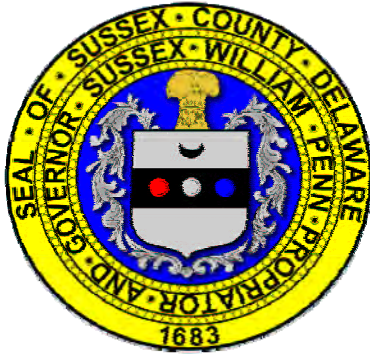
	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 88,889	\$ 78,483	\$ 1,803	\$ 1,197
Payments to suppliers	(34,706)	(1,459)	(883)	(108)
Payments to employees	(49,907)	(5,669)	-	(20)
Other receipts (payments)	7,400	32,195	13,400	3,600
NET CASH FLOWS FROM OPERATING ACTIVITIES	11,676	103,550	14,320	4,669
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	119,136	767,200	(379,163)	(359,167)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(111,564)	(4,576,657)	(1,927,004)	(140,224)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(124,036)	-	-	-
Bond proceeds	-	898,887	2,183,459	407,827
Assessment and connection fees	252,707	-	58,646	9,189
Capital contributions	-	2,869,927	11,006	2,017
Interest paid	(160,274)	(6,765)	(14,912)	(518)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	198,650	177,517	220,633	141,930
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	55,483	(637,091)	531,828	420,221
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	14,443	73	66	11
NET INCREASE (DECREASE) IN CASH	200,738	233,732	167,051	65,734
CASH AND CASH EQUIVALENTS - BEGINNING	250,756	25,456	404	4,777
CASH AND EQUIVALENTS - ENDING	\$ 451,494	\$ 259,188	\$ 167,455	\$ 70,511
Cash and cash equivalents	\$ 302,056	\$ 137,309	\$ 141,712	\$ 44,345
Restricted cash and cash equivalents	149,438	121,879	25,743	26,166
TOTAL CASH AND CASH EQUIVALENTS	\$ 451,494	\$ 259,188	\$ 167,455	\$ 70,511
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (311,996)	\$ 21,077	\$ (33,477)	\$ (7,167)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	315,295	64,519	47,895	11,857
Miscellaneous income	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(29,273)	18,449	(98)	(27)
Due from other governmental agencies	-	-	-	-
Inventory	-	-	-	-
Net pension asset	3,338	(1,042)	-	-
Compensated absences	(6,432)	547	-	6
Accounts payable	40,744	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 11,676	\$ 103,550	\$ 14,320	\$ 4,669
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ -	\$ -
Land transferred to general fund	-	-	-	-

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

- 83 -

	Millers Creek Sewer	South Ocean View Sewer	Treatment Plant - IBRWF	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,740	\$ -	\$ -	\$ 2,681,344
Payments to suppliers	(2,321)	-	(43,451)	(1,923,111)
Payments to employees	-	-	-	(1,249,751)
Other receipts (payments)	20,265	-	68,793	803,120
NET CASH FLOWS FROM OPERATING ACTIVITIES	22,684	-	25,342	311,602
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	(23,837)	(2,452)	(5,760,915)	(5,584,775)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(95,997)	(121,333)	(40,861)	(8,300,996)
Net payments on line of credit	-	-	-	(20,000)
Retirement of bonds and related costs	-	-	(52,566)	(924,644)
Bond proceeds	-	-	7,000,000	10,643,502
Assessment and connection fees	-	-	1,293,383	4,128,414
Capital contributions	-	-	-	2,882,950
Interest paid	-	-	(291,440)	(639,648)
Payments for bond issue costs	-	(5,230)	(665)	(5,895)
Transfers from other funds for capital activities	610,000	110,000	-	3,090,639
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	514,003	(16,563)	7,907,851	10,854,322
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	1,138	-	81,132	719,178
NET INCREASE (DECREASE) IN CASH	513,988	(19,015)	2,253,410	6,300,327
CASH AND CASH EQUIVALENTS - BEGINNING	74,177	182,252	762,322	14,875,966
CASH AND EQUIVALENTS - ENDING	\$ 588,165	\$ 163,237	\$ 3,015,732	\$ 21,176,293
Cash and cash equivalents	\$ 61,522	\$ -	\$ 1,715,396	\$ 10,452,831
Restricted cash and cash equivalents	526,643	163,237	1,300,336	10,723,462
TOTAL CASH AND CASH EQUIVALENTS	\$ 588,165	\$ 163,237	\$ 3,015,732	\$ 21,176,293
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 13,421	\$ -	\$ (52,511)	\$ (2,121,094)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	11,596	-	99,629	2,120,621
Miscellaneous income	315	-	12,989	71,111
Changes in assets and liabilities:				
Accounts receivable	(329)	-	-	32,180
Due from other governmental agencies	-	-	-	3,583
Inventory	-	-	-	226
Net pension asset	-	-	-	(73,900)
Compensated absences	-	-	-	(37,665)
Accounts payable	(2,319)	-	(34,765)	316,540
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 22,684	\$ -	\$ 25,342	\$ 311,602
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ -	\$ 6,420,886
Land transferred to general fund	-	-	-	(1,293,425)



STATISTICAL SECTION



This part of Sussex County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Pages</u>
<p>Financial Trends <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i></p>	85 - 89
<p>Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.</i></p>	90 - 93
<p>Debt Capacity <i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i></p>	94 - 97
<p>Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time with other governments.</i></p>	98 - 99
<p>Operating Information <i>These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</i></p>	100 - 102
<p>Bonded Debt Information <i>These schedules contain information about the County's principal and interest payments on bonded debt outstanding at the fiscal year end.</i></p>	103 - 152
<p>Insurance Information <i>This schedule contains information about insurance policies that cover the County's assets and officials.</i></p>	153 - 154

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement Number 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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

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

Note: Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement Number 34 was implemented.

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

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

(continued)

Note: Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement Number 34 was implemented.

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

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

Note: Accrual basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement Number 34 was implemented.

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 3,962,687	\$ 3,235,251	\$ 7,439,155	\$ 12,814,987	\$ 18,704,187	\$ 17,578,416	\$ 23,135,130	\$ 36,610,789	\$ 41,702,138	\$ 56,560,314
Unreserved										
Designated	2,480,712	4,852,917	7,027,239	6,295,718	2,490,323	9,100,374	14,023,982	11,585,639	14,509,355	11,257,954
Undesignated	5,059,727	6,586,487	7,135,873	6,373,575	6,962,181	7,732,890	9,784,231	10,169,005	13,957,648	13,254,683
Total general fund	<u>\$ 11,503,126</u>	<u>\$ 14,674,655</u>	<u>\$ 21,602,267</u>	<u>\$ 25,484,280</u>	<u>\$ 28,156,691</u>	<u>\$ 34,411,680</u>	<u>\$ 46,943,343</u>	<u>\$ 58,365,433</u>	<u>\$ 70,169,141</u>	<u>\$ 81,072,951</u>
All Other Governmental Funds										
Reserved	\$ 943,459	\$ 226,969	\$ -	\$ 9,403	\$ 121,097	\$ 167,543	\$ 2,427,669	\$ 9,803,499	\$ 12,800,198	\$ 21,203,720
Unreserved										
Designated	450,114	322,490	381,495	446,638	59,415	2,539,171	2,454,184	4,541,774	5,341,810	-
Undesignated	-	(778,475)	(32,817)	-	-	-	647,432	56,264	-	-
Total all other governmental funds	<u>\$ 1,393,573</u>	<u>\$ (229,016)</u>	<u>\$ 348,678</u>	<u>\$ 456,041</u>	<u>\$ 180,512</u>	<u>\$ 2,706,714</u>	<u>\$ 5,529,285</u>	<u>\$ 14,401,537</u>	<u>\$ 18,142,008</u>	<u>\$ 21,203,720</u>

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$10,733,885	\$11,965,216	\$15,667,681	\$17,467,252	\$19,060,041	\$21,767,582	\$28,528,761	\$38,720,829	\$46,489,369	\$48,235,257
Intergovernmental	4,036,872	4,036,485	4,379,574	4,605,298	4,781,102	6,576,810	6,466,985	6,241,501	7,572,581	6,906,650
Charges for services	4,488,759	5,160,436	6,079,047	7,321,816	8,140,748	10,495,441	11,847,057	13,556,533	14,309,619	16,295,120
Fines and forfeits	6,964	11,853	14,038	15,790	16,946	20,699	15,826	19,103	22,197	29,195
Miscellaneous	1,222,942	1,449,740	2,021,511	2,227,336	2,388,416	1,386,988	1,219,214	1,219,234	2,634,424	5,300,742
Total revenues	<u>20,489,422</u>	<u>22,623,730</u>	<u>28,161,851</u>	<u>31,637,492</u>	<u>34,387,253</u>	<u>40,247,520</u>	<u>48,077,843</u>	<u>59,757,200</u>	<u>71,028,190</u>	<u>76,766,964</u>
Expenditures										
General government	6,043,170	6,073,649	6,118,132	7,725,356	7,227,880	8,592,202	9,454,480	10,071,924	11,162,849	13,653,314
Grant-in-aid programs	1,707,114	1,862,687	2,440,555	3,403,300	3,459,386	3,519,133	4,120,039	6,892,065	7,293,058	10,255,326
Planning and zoning	746,685	741,659	643,718	664,925	784,695	795,443	956,181	991,821	1,034,333	1,194,608
Paramedic program	3,401,002	3,496,269	3,717,452	4,220,049	5,145,550	5,656,071	6,153,005	6,884,569	8,603,643	10,196,835
Emergency preparedness	906,441	1,070,361	1,163,924	1,287,210	1,775,182	1,606,029	1,472,323	1,728,428	1,758,753	2,053,559
Economic development and public works	504,494	829,941	402,644	377,087	796,962	387,747	383,265	391,173	492,606	553,614
County engineer	831,223	685,581	774,932	841,986	936,446	1,275,187	1,396,688	1,074,001	2,237,346	3,010,396
Airport	78,560	363,389	322,506	670,140	269,526	1,559,296	342,964	252,589	275,448	371,608
Engineering - solid waste	361,425	88,094	100,931	103,918	127,919	148,394	118,812	103,837	-	-
Library	2,089,282	2,082,006	2,013,709	1,999,868	2,168,159	2,473,512	2,750,499	2,725,758	3,102,598	3,267,209
Community development and housing programs	1,146,953	1,136,839	1,142,642	1,323,608	1,249,571	1,628,246	1,563,005	1,488,969	1,831,004	2,563,573
Constitutional offices	1,070,852	1,146,557	1,252,479	1,564,686	1,475,404	1,561,081	1,730,535	1,994,038	2,307,731	2,387,371
Capital projects	2,182,558	657,694	177,027	64,389	172,208	763,553	409,419	1,982,196	5,948,148	7,040,918
Interest and amortization	347,628	406,543	359,223	285,466	202,478	-	-	-	-	-
Long-term debt - retirement	357,506	1,344,460	392,028	3,313,223	3,494,353	-	-	-	-	-
Total expenditures	<u>21,774,893</u>	<u>21,985,729</u>	<u>21,021,902</u>	<u>27,845,211</u>	<u>29,285,719</u>	<u>29,965,894</u>	<u>30,851,215</u>	<u>36,581,368</u>	<u>46,047,517</u>	<u>56,548,331</u>
Excess of revenues over (under) expenditures	<u>(1,285,471)</u>	<u>638,001</u>	<u>7,139,949</u>	<u>3,792,281</u>	<u>5,101,534</u>	<u>10,281,626</u>	<u>17,226,628</u>	<u>23,175,832</u>	<u>24,980,673</u>	<u>20,218,633</u>
Other Financing Sources (Uses)										
Reimbursements from funds for services	494,203	560,939	595,357	597,095	601,103	532,610	-	-	-	-
Gain from sale of courthouse	1,600,000	-	-	-	-	-	-	-	-	-
Proceeds of notes	3,000,000	-	-	-	-	-	-	-	-	-
Proceeds from capitalized leases	-	-	-	-	-	-	280,606	43,550	94,054	44,339
Transfers in	350,000	350,000	734,888	400,000	1,977,936	2,886,638	2,661,873	10,527,512	7,338,247	8,921,148
Transfers out	-	-	(764,888)	(275,000)	(4,692,481)	(4,193,683)	(4,814,873)	(13,452,552)	(16,868,795)	(15,218,598)
Total other financing sources (uses)	<u>5,444,203</u>	<u>910,939</u>	<u>565,357</u>	<u>722,095</u>	<u>(2,113,442)</u>	<u>(774,435)</u>	<u>(1,872,394)</u>	<u>(2,881,490)</u>	<u>(9,436,494)</u>	<u>(6,253,111)</u>
Residual equity transfers	-	-	(200,000)	(525,000)	(747,315)	(726,000)	-	-	-	-
Prior period adjustment	-	-	-	-	156,105	-	-	-	-	-
Net change in fund balances	<u>\$ 4,158,732</u>	<u>\$ 1,548,940</u>	<u>\$ 7,505,306</u>	<u>\$ 3,989,376</u>	<u>\$ 2,396,882</u>	<u>\$ 8,781,191</u>	<u>\$15,354,234</u>	<u>\$20,294,342</u>	<u>\$15,544,179</u>	<u>\$13,965,522</u>
Debt service as a percentage of noncapital expenditures	3.60%	8.21%	3.60%	12.95%	12.70%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Residential Property	Business Property	Agriculture Property	Trailer	Other	Less: Tax - Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1997	\$ 1,151,007,034	\$ 278,408,540	\$ 96,372,450	\$ 85,420,878	\$ 167,117,072	\$ 193,721,587	\$ 1,584,604,387	\$0.445	\$9,842,263,273	16.1%
1998	1,193,404,888	290,564,109	97,906,450	88,834,228	168,639,322	194,807,063	1,644,541,934	0.445	10,678,843,727	15.4%
1999	1,232,229,514	296,189,430	99,152,650	90,925,508	171,167,822	197,216,160	1,692,448,764	0.445	12,444,476,206	13.6%
2000	1,285,161,590	306,304,813	100,901,800	93,596,708	173,549,797	199,526,129	1,759,988,579	0.445	12,846,631,964	13.7%
2001	1,342,992,942	319,903,005	100,151,600	95,787,671	175,547,479	200,879,428	1,833,503,269	0.445	14,213,203,636	12.9%
2002	1,409,687,109	326,990,073	103,165,650	98,085,008	179,958,129	204,715,276	1,913,170,693	0.445	15,943,089,108	12.0%
2003	1,480,149,764	333,231,570	104,807,150	99,705,208	182,243,422	205,965,614	1,994,171,500	0.445	19,744,272,277	10.1%
2004	1,564,853,342	346,300,218	105,925,330	102,131,908	184,584,322	208,371,893	2,095,423,227	0.445	26,192,790,338	8.0%
2005	1,668,856,812	349,668,986	109,717,513	107,313,408	189,749,972	215,012,079	2,210,294,612	0.445	31,575,637,314	7.0%
2006	1,788,672,680	358,027,255	111,038,978	112,213,158	191,692,422	216,246,316	2,345,398,177	0.445	36,083,048,877	6.5%

Notes:

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

Sources: Sussex County Assessment Division and University of Delaware.

**SUSSEX COUNTY, DELAWARE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS**

	Year Taxes Are Payable									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
County Direct										
County Tax	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.3697	\$ 0.4017	\$ 0.4017	\$ 0.4017	\$ 0.4017
County Bond	0.0320	0.0320	0.0320	0.0320	0.0320	0.0320	-	-	-	-
Library	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433	0.0433
Total direct rate	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450	0.4450
School Districts										
Cape Henlopen	1.5850	1.6520	1.6920	1.6950	1.8000	1.9810	2.0990	2.0990	2.1610	2.2360
Delmar	1.8100	2.5600	3.4500	3.4000	3.3500	3.2500	3.2300	3.2200	3.2100	3.2000
Indian River (3)	1.7330	1.9160	1.8730	1.9030	1.8540	1.9970	2.0290	1.9460	2.2130	2.2400
Laurel	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900	2.3900
Milford	2.0410	2.1560	2.2360	2.9090	2.6970	2.6690	2.7490	2.6210	2.7930	3.2897
Seaford	2.3200	2.3000	2.2000	2.2000	2.3100	2.3900	2.4700	2.4800	2.5800	2.5800
Woodbridge	2.2290	1.8970	1.8970	2.1010	2.2000	2.4000	2.9130	2.9030	2.9000	2.9990
Vo-Tech	0.2113	0.2283	0.2283	0.2155	0.2312	0.2277	0.2277	0.2293	0.2293	0.2293
Town Rates (2)										
Bethany Beach	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	0.0800	0.0800	0.0800	0.0800
Bethel	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Blades	1.2500	1.2500	1.2500	1.2500	1.2500	1.2500	1.4000	1.4000	1.4000	1.4000
Bridgeville	1.8000	1.8300	1.8300	1.8300	1.8300	1.8300	1.8300	1.8300	1.8300	1.7300
Dagsboro	*	*	*	*	*	*	0.3800	0.3800	0.3800	0.3800
Delmar	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	1.3100	1.3100	1.3100
Dewey Beach	*	*	*	*	*	*	0.4000	0.4000	0.4000	0.4000
Ellendale	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Fenwick Island	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.6000	1.6000	1.9200
Frankford	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500	1.7500
Georgetown	1.6500	1.6500	1.6500	1.6500	1.6500	2.1500	2.1500	2.1500	2.4500	2.5300
Greenwood	*	*	*	*	*	*	0.6000	0.6000	1.0000	1.2000
Henlopen Acres	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.8800	1.8800
Laurel	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100	1.9100
Lewes	0.3200	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.2600	0.3900	0.3900
Milford	0.3100	0.3100	0.3100	0.3100	0.3100	0.3100	0.4100	0.4100	0.4100	0.4100
Millsboro	0.4100	0.4100	0.4100	0.4100	0.4600	0.4600	0.4600	0.4600	0.4600	0.5100
Millville	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Milton	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100
Ocean View	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Rehoboth Beach	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.5500
Seaford	0.3900	0.3900	0.3900	0.4500	0.4500	0.4800	0.4800	0.5200	0.5200	0.5700
Selbyville	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500
Slaughter Beach	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
South Bethany	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500

Notes:

1. The above rates are per \$100 of assessed value.
2. The town rate shown for Bethany Beach, Blades, Dagsboro, Delmar, Lewes, Milford, Millsboro, Milton, Ocean View, Rehoboth Beach, and Seaford are based on assessments established by the individual towns. The other town rates are based on County assessments.
3. The Indian River School District charged \$1.903, \$1.950, \$2.087, \$2.115, \$2.027, and \$2.289 for non-residential properties in fiscal years 2000 through 2005 respectively.

Source:

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

* Figures not available

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

Taxpayer	Fiscal Year 2006			Fiscal Year 2003		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Verizon	\$ 35,344,775	1	1.38%	\$ 35,639,325	1	1.69%
Delmarva Power & Light Co. (2)	20,640,356	2	0.81	19,734,824	2	0.94
Indian River Power LLC	12,765,771	3	0.50	12,737,071	3	0.60
E. I. duPont de Nemours Company	9,261,400	4	0.36	9,484,250	4	0.45
Delaware Electric Cooperative, Inc.	4,573,843	5	0.18	4,308,748	6	0.20
Mountaire Farms of Delaware, Inc.	4,354,200	6	0.17	4,355,000	5	0.21
Chesapeake Utilities Corporation	3,371,666	7	0.13	3,230,324	8	0.15
Carl M. Freeman Associates Inc.	-	-	-	3,327,600	7	0.16
Eastern Shore Natural Gas Co.	3,231,922	8	0.13	3,147,731	9	0.15
M & T Bank	3,135,800	9	0.12	3,135,800	10	0.15
Pinnacle Foods	2,798,600	10	0.11	-	-	-
	<u>\$ 99,478,333</u>		<u>3.89%</u>	<u>\$ 99,100,673</u>		<u>4.70%</u>

Notes:

1. Fiscal year 2003 is as far back as this information is available.
2. Taxpayer's name changed in Fiscal Year 2005 from Conectiv Power Delivery to Delmarva Power & Light, Co.

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

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

Fiscal Year	Taxes Levied for Fiscal Year (Original Levy)	Adjustments	Total Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Current Tax Collections	Percent of Levy		Amount	Percentage of Adjusted Levy
1997	\$ *	\$ *	\$ 7,303,925	\$ 7,052,404	96.6%	\$ 239,037	\$ 7,291,441	99.8%
1998	7,493,168	79,631	7,572,799	7,315,590	96.6	240,567	7,556,157	99.8
1999	7,704,299	87,355	7,791,654	7,566,993	97.1	202,272	7,769,265	99.7
2000	8,013,922	94,224	8,108,146	7,835,808	96.6	243,492	8,079,300	99.6
2001	8,351,274	109,727	8,461,001	8,156,366	96.4	268,508	8,424,874	99.6
2002	8,740,663	102,636	8,843,299	8,527,586	96.4	267,746	8,795,332	99.5
2003	9,113,367	106,521	9,219,888	8,904,011	96.6	252,858	9,156,869	99.3
2004	9,578,379	140,252	9,718,631	9,393,462	96.7	245,162	9,638,624	99.2
2005	8,161,305	120,699	8,282,004	8,014,809	96.8	160,516	8,175,325	98.7
2006	10,686,666	175,555	10,862,221	10,584,949	97.4	-	10,584,949	97.4

Notes:

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

Source: Sussex County Treasury Division

* Figures not available

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

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sewer Revenue Bonds			
1997	\$ 76,517,773	\$ 36,032,030	\$ 112,549,803	3.66%	\$ 842
1998	75,963,734	35,411,809	111,375,543	3.34	815
1999	76,262,212	34,779,886	111,042,098	3.14	791
2000	80,647,661	33,981,148	114,628,809	3.00	732
2001	96,831,574	34,288,385	131,119,959	3.22	819
2002	100,745,953	31,829,251	132,575,204	3.11	813
2003	100,088,975	30,609,794	130,698,769	2.88	778
2004	119,930,460	29,359,095	149,289,555	3.03	868
2005	121,162,608	28,076,986	149,239,594	*	849
2006	133,549,727	26,953,295	160,503,022	*	890

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

* Figures not available

SUSSEX COUNTY, DELAWARE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
School Districts:			
Cape Henlopen	\$ 7,358,405	100%	\$ 7,358,405
Delmar	2,866,135	100%	2,866,135
Indian River	43,028,710	100%	43,028,710
Laurel	710,827	100%	710,827
Milford	5,220,390	59%	3,080,030
Seaford	7,061,681	100%	7,061,681
Sussex Tech	4,408,276	100%	4,408,276
Woodbridge	5,354,140	99%	5,300,599
Total School Districts			<u>73,814,663</u>
Municipalities:			
Bethany Beach	1,810,000	100%	1,810,000
Blades	476,858	100%	476,858
Bridgeville	2,169,744	100%	2,169,744
Dagsboro	1,977,655	100%	1,977,655
Frankford	990,576	100%	990,576
Georgetown	11,259,186	100%	11,259,186
Henlopen Acres	115,000	100%	115,000
Laurel	7,276,000	100%	7,276,000
Lewes	37,599,360	100%	37,599,360
Milford	11,745,000	70%	8,221,500
Millsboro	990,594	100%	990,594
Seaford	5,676,404	100%	5,676,404
Selbyville	6,184,851	100%	6,184,851
Total Municipalities			<u>84,747,728</u>
Subtotal, overlapping debt			158,562,391
County direct debt			<u>133,549,727</u>
Total direct and overlapping debt			<u><u>\$ 292,112,118</u></u>

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

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

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

Legal debt margin calculation for fiscal year 2006	
Assessed value	\$ 2,533,012,465
Debt limit (12% of assessed value)	303,961,496
Total net debt applicable to limit	<u>133,549,727</u>
Legal debt margin	<u>\$ 170,411,769</u>

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General obligation bonds	\$ 76,517,773	\$ 75,963,734	\$ 76,262,212	\$ 80,647,661	\$ 96,831,574	\$ 100,745,953	\$ 100,088,975	\$ 119,930,460	\$ 121,162,608	\$ 133,549,727
Percentage of estimated actual property value	0.78%	0.71%	0.61%	0.63%	0.68%	0.63%	0.51%	0.46%	0.38%	0.37%
Per capita	572	556	544	515	605	618	596	698	689	741
Total net debt applicable to debt limit	76,517,773	75,963,734	76,262,212	80,647,661	96,831,574	100,745,953	100,088,975	119,930,460	121,162,608	133,549,727
Legal debt limit	<u>197,735,530</u>	<u>203,828,298</u>	<u>211,827,213</u>	<u>221,083,093</u>	<u>230,935,967</u>	<u>239,653,693</u>	<u>252,815,042</u>	<u>266,391,788</u>	<u>283,050,019</u>	<u>303,961,496</u>
Legal debt margin	<u>\$ 121,217,757</u>	<u>\$ 127,864,564</u>	<u>\$ 135,565,001</u>	<u>\$ 140,435,432</u>	<u>\$ 134,104,393</u>	<u>\$ 138,907,740</u>	<u>\$ 152,726,067</u>	<u>\$ 146,461,328</u>	<u>\$ 161,887,411</u>	<u>\$ 170,411,769</u>
Total net debt applicable to the limit as a percentage of debt limit	38.70%	37.27%	36.00%	36.48%	41.93%	42.04%	39.59%	45.02%	42.81%	43.94%

Source: Sussex County Assessment Division

Note:

1. The statutory limitation for debt is 12% of the assessed value of taxable property.
2. The personal income and population data information is presented on the demographic and economic statistics schedule.

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

Fiscal Year	Sewer Revenue Bonds					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
1997	\$ 5,277,608	\$ 1,132,265	\$ 4,145,343	\$ 339,472	\$ 1,519,773	2.23
1998	6,352,519	1,093,404	5,259,115	660,989	1,541,704	2.39
1999	5,863,597	1,081,311	4,782,286	707,397	1,495,296	2.17
2000	7,426,137	1,265,139	6,160,998	879,231	1,478,462	2.61
2001	8,321,294	1,556,882	6,764,412	1,199,777	1,388,114	2.61
2002	9,455,029	1,458,191	7,996,838	1,819,103	735,163	3.13
2003	11,006,550	1,694,092	9,312,458	1,219,457	1,242,289	3.78
2004	10,861,191	1,805,308	9,055,883	1,250,698	1,209,897	3.68
2005	10,799,139	1,985,003	8,814,136	1,282,109	1,175,703	3.59
2006	13,550,763	2,140,366	11,410,397	1,293,972	991,553	4.99

Notes:

1. Operating expenses do not include depreciation or interest expense, as per the bond indenture.
2. Utility service charges do not include capitalization fees, or capital contributions.
3. Debt service requirement reflects minimum amounts due for revenue bonds. It does not include any debt service amounts for additional bonds which are paid from district funds and are general obligation bonds. It does not include accrued interest. It does not include interest capitalized prior to the initial date of operations, December 29, 1995.
4. The coverage requirement per Bond resolutions is 1.25.
5. In April 1994, the County issued \$19,000,000 in revenue bonds which were advance refunded in December 1995 by revenue bonds totaling \$20,825,000. In 2006 the County refinanced the December 1995 issue for the Series 2005 revenue bond issue for \$18,500,000.
6. In April 1994, the County issued \$13,000,000 and \$4,000,000 in revenue bonds to the State of Delaware program. Debt service for these SRF bonds is based on level debt service payments.
7. The West Rehoboth system was under construction during fiscal year 1993, 1994 and 1995 and was placed in service on December 29, 1995. Receipt of revenues began during fiscal year 1996. Debt service paid prior to then was paid from capital funding. Interest was capitalized until fiscal year 1996.
8. The following revenue bond issues are included here as part of the debt service requirements:

	<u>Issuance Amount</u>
a. Series 2005 revenue bonds	\$ 18,500,000
b. Bond Issue 1995	20,825,000
c. Subordinated Obligations 1994 SRF-A	13,000,000
d. Subordinated Obligations 1994 SRF-B	4,000,000

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1997	133,661	\$ 3,072,349	\$ 20,222	*	21,073	3.7%
1998	136,707	3,339,450	21,163	38.0	21,246	3.7%
1999	140,308	3,538,564	21,423	36.0	21,432	3.9%
2000	156,638	3,816,094	22,185	41.1	21,781	2.9%
2001	160,172	4,077,122	23,232	*	21,878	3.9%
2002	163,085	4,263,433	25,471	*	21,547	4.0%
2003	167,904	4,533,723	26,832	*	25,055	2.7%
2004	171,923	4,927,085	28,609	42.4	24,210	3.3%
2005	175,818	*	*	*	24,278	3.2%
2006	180,275	*	*	*	24,531	3.1%

Sources:

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

Note: Total personal income is in thousands of dollars

* Figures not available

**SUSSEX COUNTY, DELAWARE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Mountaire Farms	3,550	1	5.2%	1,480	3	2.8%
Perdue Farms, Inc.	2,748	2	4.0	2,273	1	4.3
Beebe Hospital Sussex County Inc.	1,480	3	2.2	1,009	5	1.9
Indian River School District	1,284	4	1.9	979	6	1.9
Allen Family Foods	1,182	5	1.7	802	7	1.5
Bayhealth Medical Center	999	6	1.5	669	8	1.3
Nanticoke Memorial Hospital	926	7	1.4	636	9	1.2
Cape Henlopen School District	891	8	1.3	633	10	1.2
Food Lion, Inc.	889	9	1.3	-	-	-
Invista Nylon Plant	653	10	1.0	-	-	-
Dupont Seaford Plant	-	-	-	1,409	4	2.7
Townsend's, Inc	-	-	-	1,820	2	3.4
	<u>14,602</u>		<u>21.5%</u>	<u>11,710</u>		<u>22.2%</u>

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

Note: Data reported is for March of the respective year.

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
General administration	8	8	8	8	8	8	8	8	8	10
Finance	49	51	55	61	64	68	76	83	82	90
Personnel	4	4	3	3	3	4	4	5	4	5
Buildings and grounds	24	21	23	25	25	26	27	27	28	31
Data processing	6	6	6	6	6	5	8	9	11	13
County constable	-	-	4	4	4	3	3	4	4	4
Planning and zoning	11	11	11	13	14	13	15	15	15	16
Paramedic program	58	57	60	67	69	80	82	94	98	109
Emergency preparedness	17	19	19	20	24	24	27	26	27	29
Economic development and public works	7	7	8	8	8	8	8	9	13	13
County engineer	72	74	80	79	87	100	104	109	117	129
Airport	1	1	1	1	1	1	1	1	1	1
Library	23	21	23	26	29	33	34	37	38	36
Community development and housing programs	5	5	5	5	6	7	6	6	6	6
Constitutional offices	23	24	26	30	30	27	28	32	30	34
Total	308	309	332	356	378	407	431	465	482	526

Source: County Personnel Office

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

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Planning and Zoning										
Permits issued	7,544	7,877	8,641	8,511	8,459	9,388	9,741	10,811	11,075	11,299
Public Safety										
Paramedic incidents dispatched	11,504	12,519	12,757	13,677	11,207	12,236	10,421	11,018	11,612	11,955
911 calls	50,972	60,691	65,604	66,448	78,594	78,594	91,511	89,446	85,243	94,858
Sewer and Water Services										
Sewer customers, EDU's billed	29,869	30,923	32,264	34,516	36,640	40,786	41,431	44,240	47,524	50,809
Water customers, EDU's billed	3,175	3,255	3,344	3,427	3,504	3,523	3,530	3,548	3,530	3,543
Libraries										
Circulation	833,042	821,699	855,273	890,573	928,640	1,003,652	915,491	1,197,367	1,182,767	1,137,880
Airport										
Number of landings (1)	*	*	*	*	*	16,811	15,106	16,306	18,625	17,508
Industrial Park										
Number of businesses	12	12	12	12	12	19	18	18	20	20
Number of jobs provided by business (1)	*	*	*	*	665	715	650	681	752	860

Source: Individual County Departments

Notes:

1. The number of landings and number of jobs provided are unavailable prior to fiscal years 2002 and 2001 respectively.

* Figures not available

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

<u>Function/Program</u>	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public Safety										
Paramedic stations	6	6	6	6	6	6	7	7	7	7
Volunteer fire and ambulance companies	24	24	24	24	24	24	24	24	24	24
Additional state police officers funded by County	12	12	12	12	12	16	16	20	24	28
Sewer and Water Services										
Miles of underground sanitary sewer pipe	435	435	448	474	481	506	517	554	595	655
Number of feet of ocean outfall sewer pipe	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Pump stations	200	200	201	223	237	252	261	256	357	370
Lagoon treatment facilities with land application	3	3	3	3	3	3	3	3	3	3
Tertiary treatment facility with ocean discharge	1	1	1	1	1	1	1	1	1	1
Libraries										
Directly administered	3	3	3	3	3	3	3	3	3	3
Number of County funded, with independent board	11	11	11	11	11	11	11	11	11	11
Bookmobiles	1	1	1	1	1	1	1	1	1	1
Airport										
Paved runway footage	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,330	7,330
Number of hangars	17	17	17	17	17	20	20	20	24	27
Number of runways	2	2	2	2	2	2	2	2	2	2

Source: Individual County Departments

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY)
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 8,903,573</u>	<u>\$ 6,933,217</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SRF SUBORDINATE OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 8,973,295</u>	<u>\$ 790,465</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 3,242,565</u>	<u>\$ 2,550,036</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	845
		<u>\$ 5,927,698</u>	<u>\$ 4,706,521</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

Date of Maturity	Coupon	Principal Maturity	Interest Payable
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
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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	809
		<u>\$ 5,410,995</u>	<u>\$ 4,342,352</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

- 116 -

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 2,716,737</u>	<u>\$ 2,201,744</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
		<u>\$ 414,045</u>	<u>\$ 344,761</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1997
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 7,912,166</u>	<u>\$ 982,414</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2000
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 30, 2007	1.50 %	\$ 339,101	\$ 98,080
December 31, 2007	1.50	341,644	95,536
June 30, 2008	1.50	344,206	92,974
December 31, 2008	1.50	346,788	90,392
June 30, 2009	1.50	349,389	87,792
December 31, 2009	1.50	352,009	85,171
June 30, 2010	1.50	354,649	82,531
December 31, 2010	1.50	357,309	79,871
June 30, 2011	1.50	359,989	77,191
December 31, 2011	1.50	362,689	74,491
June 30, 2012	1.50	365,409	71,771
December 31, 2012	1.50	368,150	69,031
June 30, 2013	1.50	370,911	66,270
December 31, 2013	1.50	373,693	63,488
June 30, 2014	1.50	376,495	60,685
December 31, 2014	1.50	379,319	57,861
June 30, 2015	1.50	382,164	55,016
December 31, 2015	1.50	385,030	52,150
June 30, 2016	1.50	387,918	49,263
December 31, 2016	1.50	390,827	46,353
June 30, 2017	1.50	393,759	43,422
December 31, 2017	1.50	396,712	40,469
June 30, 2018	1.50	399,687	37,493
December 31, 2018	1.50	402,685	34,496
June 30, 2019	1.50	405,705	31,476
December 31, 2019	1.50	408,748	28,433
June 30, 2020	1.50	411,813	25,367
December 31, 2020	1.50	414,902	22,279
June 30, 2021	1.50	418,014	19,167
December 31, 2021	1.50	421,149	16,032
June 30, 2022	1.50	424,307	12,873
December 31, 2022	1.50	427,490	9,691
June 30, 2023	1.50	430,696	6,485
December 31, 2023	1.50	433,924	3,254
		\$ 13,077,280	\$ 1,786,854

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, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	49,971	374
		\$ 1,544,752	\$ 217,361

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

- 126 -

Date of Maturity	Coupon	Principal Maturity	Interest Payable
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
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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	110,955	1,250
		\$ 9,495,309	\$ 9,393,989

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2006	- %	\$ -	\$ 90
June 30, 2007	-	-	90
December 31, 2007	-	-	90
June 30, 2008	1.50	260	90
December 31, 2008	1.50	262	89
June 30, 2009	1.50	264	87
December 31, 2009	1.50	266	85
June 30, 2010	1.50	268	83
December 31, 2010	1.50	270	81
June 30, 2011	1.50	272	79
December 31, 2011	1.50	274	77
June 30, 2012	1.50	276	74
December 31, 2012	1.50	278	72
June 30, 2013	1.50	280	70
December 31, 2013	1.50	282	68
June 30, 2014	1.50	284	66
December 31, 2014	1.50	286	64
June 30, 2015	1.50	288	62
December 31, 2015	1.50	291	60
June 30, 2016	1.50	293	57
December 31, 2016	1.50	295	55
June 30, 2017	1.50	297	53
December 31, 2017	1.50	299	51
June 30, 2018	1.50	302	48
December 31, 2018	1.50	304	46
June 30, 2019	1.50	306	44
December 31, 2019	1.50	308	42
June 30, 2020	1.50	311	39
December 31, 2020	1.50	313	37
June 30, 2021	1.50	315	35
December 31, 2021	1.50	318	32
June 30, 2022	1.50	320	30
December 31, 2022	1.50	323	28
June 30, 2023	1.50	325	25
December 31, 2023	1.50	327	23
June 30, 2024	1.50	330	20
December 31, 2024	1.50	332	18
June 30, 2025	1.50	335	15
December 31, 2025	1.50	337	13
June 30, 2026	1.50	340	10
December 31, 2026	1.50	342	8
June 30, 2027	1.50	345	5
December 31, 2027	1.50	346	5
		<u>\$ 12,064</u>	<u>\$ 2,216</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 11, 2006	- %	\$ -	\$ 19,770
April 11, 2007	1.50	60,210	19,770
October 11, 2007	1.50	60,662	19,318
April 11, 2008	1.50	61,117	18,863
October 11, 2008	1.50	61,575	18,405
April 11, 2009	1.50	62,037	17,943
October 11, 2009	1.50	62,502	17,478
April 11, 2010	1.50	62,971	17,009
October 11, 2010	1.50	63,443	16,537
April 11, 2011	1.50	63,919	16,061
October 11, 2011	1.50	64,399	15,582
April 11, 2012	1.50	64,882	15,099
October 11, 2012	1.50	65,368	14,612
April 11, 2013	1.50	65,859	14,122
October 11, 2013	1.50	66,352	13,628
April 11, 2014	1.50	66,850	13,130
October 11, 2014	1.50	67,352	12,629
April 11, 2015	1.50	67,857	12,124
October 11, 2015	1.50	68,366	11,615
April 11, 2016	1.50	68,878	11,102
October 11, 2016	1.50	69,395	10,586
April 11, 2017	1.50	69,915	10,065
October 11, 2017	1.50	70,440	9,541
April 11, 2018	1.50	70,968	9,012
October 11, 2018	1.50	71,500	8,480
April 11, 2019	1.50	72,037	7,944
October 11, 2019	1.50	72,577	7,404
April 11, 2020	1.50	73,121	6,859
October 11, 2020	1.50	73,670	6,311
April 11, 2021	1.50	74,222	5,758
October 11, 2021	1.50	74,779	5,202
April 11, 2022	1.50	75,340	4,641
October 11, 2022	1.50	75,905	4,076
April 11, 2023	1.50	76,474	3,507
October 11, 2023	1.50	77,047	2,933
April 11, 2024	1.50	77,625	2,355
October 11, 2024	1.50	78,207	1,773
April 11, 2025	1.50	78,794	1,186
October 11, 2025	1.50	79,385	595
		<u>\$ 2,636,000</u>	<u>\$ 423,025</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 13, 2006	- %	\$ -	\$ 178,384
June 13, 2007	3.175	203,256	178,384
December 13, 2007	3.175	206,483	175,158
June 13, 2008	3.175	209,761	171,880
December 13, 2008	3.175	213,090	168,550
June 13, 2009	3.175	216,473	165,167
December 13, 2009	3.175	219,910	161,730
June 13, 2010	3.175	223,401	158,239
December 13, 2010	3.175	226,947	154,693
June 13, 2011	3.175	230,550	151,090
December 13, 2011	3.175	234,210	147,430
June 13, 2012	3.175	237,928	143,712
December 13, 2012	3.175	241,705	139,935
June 13, 2013	3.175	245,542	136,098
December 13, 2013	3.175	249,440	132,200
June 13, 2014	3.175	253,400	128,240
December 13, 2014	3.175	257,423	124,217
June 13, 2015	3.175	261,510	120,131
December 13, 2015	3.175	265,661	115,979
June 13, 2016	3.175	269,878	111,762
December 13, 2016	3.175	274,163	107,477
June 13, 2017	3.175	278,515	103,125
December 13, 2017	3.175	282,936	98,704
June 13, 2018	3.175	287,428	94,212
December 13, 2018	3.175	291,991	89,649
June 13, 2019	3.175	296,636	85,014
December 13, 2019	3.175	301,335	80,305
June 13, 2020	3.175	306,119	75,521
December 13, 2020	3.175	310,979	70,662
June 13, 2021	3.175	315,915	65,725
December 13, 2021	3.175	320,931	60,710
June 13, 2022	3.175	326,025	55,615
December 13, 2022	3.175	331,201	50,439
June 13, 2023	3.175	336,459	45,181
December 13, 2023	3.175	341,800	39,840
June 13, 2024	3.175	347,226	34,414
December 13, 2024	3.175	352,738	28,902
June 13, 2025	3.175	358,338	23,302
December 13, 2025	3.175	364,027	17,613
June 13, 2026	3.175	369,806	11,835
December 13, 2026	3.175	375,669	5,963
		<u>\$ 11,236,805</u>	<u>\$ 4,207,187</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	-
June 13, 2032	-	12,821	-
December 13, 2032	-	12,820	-

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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>\$ 923,077</u>	<u>\$ -</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2006	2.00 %	\$ 33,702	\$ 15,000
June 30, 2007	2.00	34,039	14,663
December 31, 2007	2.00	34,379	14,323
June 30, 2008	2.00	34,723	13,979
December 31, 2008	2.00	35,071	13,632
June 30, 2009	2.00	35,421	13,281
December 31, 2009	2.00	35,775	12,927
June 30, 2010	2.00	36,133	12,569
December 31, 2010	2.00	36,495	12,208
June 30, 2011	2.00	36,859	11,843
December 31, 2011	2.00	37,228	11,474
June 30, 2012	2.00	37,600	11,102
December 31, 2012	2.00	37,976	10,726
June 30, 2013	2.00	38,356	10,346
December 31, 2013	2.00	38,740	9,962
June 30, 2014	2.00	39,127	9,575
December 31, 2014	2.00	39,518	9,184
June 30, 2015	2.00	39,914	8,789
December 31, 2015	2.00	40,313	8,389
June 30, 2016	2.00	40,716	7,986
December 31, 2016	2.00	41,123	7,579
June 30, 2017	2.00	41,534	7,168
December 31, 2017	2.00	41,950	6,753
June 30, 2018	2.00	42,369	6,333
December 31, 2018	2.00	42,793	5,909
June 30, 2019	2.00	43,221	5,481
December 31, 2019	2.00	43,653	5,049
June 30, 2020	2.00	44,089	4,613
December 31, 2020	2.00	44,530	4,172
June 30, 2021	2.00	44,976	3,727
December 31, 2021	2.00	45,425	3,277
June 30, 2022	2.00	45,880	2,823
December 31, 2022	2.00	46,338	2,364
June 30, 2023	2.00	46,802	1,900
December 31, 2023	2.00	47,270	1,432
June 30, 2024	2.00	47,742	960
December 31, 2024	2.00	48,220	479
		\$ 1,500,000	\$ 301,977

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
April 15, 2031	-	-	2,138
October 15, 2031	4.750	75,000	2,138

(continued)

SUSSEX COUNTY, DELAWARE
BONDED DEBT GENERAL OBLIGATION - 2003
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
April 15, 2032	- %	\$ -	\$ 356
October 15, 2032	4.750	15,000	356
		<u>\$ 30,955,000</u>	<u>\$ 9,403,443</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

Date of Maturity	Coupon	Principal Maturity	Interest Payable
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
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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

Date of Maturity	Coupon	Principal Maturity	Interest Payable
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
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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
		\$ 792,250	\$ 788,571

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

- 140 -

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	13,888	156
		\$ 1,215,113	\$ 1,209,555

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

Date of Maturity	Coupon	Principal Maturity	Interest Payable
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
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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
		\$ 1,910,164	\$ 1,901,608

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2004
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2004
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

- 146 -

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2004
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	74,647	818
		\$ 6,776,700	\$ 7,146,225

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2004
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2006	- %	\$ -	\$ 76,667
March 26, 2007	1.50	215,302	75,000
September 26, 2007	1.50	216,916	73,385
March 26, 2008	1.50	218,543	71,758
September 26, 2008	1.50	220,182	70,119
March 26, 2009	1.50	221,834	68,468
September 26, 2009	1.50	223,497	66,804
March 26, 2010	1.50	225,174	65,128
September 26, 2010	1.50	226,862	63,439
March 26, 2011	1.50	228,564	61,738
September 26, 2011	1.50	230,278	60,023
March 26, 2012	1.50	232,005	58,296
September 26, 2012	1.50	233,745	56,556
March 26, 2013	1.50	235,498	54,803
September 26, 2013	1.50	237,265	53,037
March 26, 2014	1.50	239,044	51,258
September 26, 2014	1.50	240,837	49,465
March 26, 2015	1.50	242,643	47,658
September 26, 2015	1.50	244,463	45,839
March 26, 2016	1.50	246,296	44,005
September 26, 2016	1.50	248,144	42,158
March 26, 2017	1.50	250,005	40,297
September 26, 2017	1.50	251,880	38,422
March 26, 2018	1.50	253,769	36,533
September 26, 2018	1.50	255,672	34,629
March 26, 2019	1.50	257,590	32,712
September 26, 2019	1.50	259,522	30,780
March 26, 2020	1.50	261,468	28,834
September 26, 2020	1.50	263,429	26,873
March 26, 2021	1.50	265,405	24,897
September 26, 2021	1.50	267,395	22,906
March 26, 2022	1.50	269,401	20,901
September 26, 2022	1.50	271,421	18,880
March 26, 2023	1.50	273,457	16,845
September 26, 2023	1.50	275,508	14,794
March 26, 2024	1.50	277,574	12,727
September 26, 2024	1.50	279,656	10,646
March 26, 2025	1.50	281,753	8,548
September 26, 2025	1.50	283,867	6,435
March 26, 2026	1.50	285,996	4,306
September 26, 2026	1.50	288,140	2,159
		<u>\$ 10,000,000</u>	<u>\$ 1,688,728</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2005
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

- 149 -

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
July 21, 2006	4.125 %	\$ 17,885	\$ 71,645
October 21, 2006	4.125	18,069	71,461
January 21, 2007	4.125	18,255	71,275
April 21, 2007	4.125	18,444	71,086
July 21, 2007	4.125	18,634	70,896
October 21, 2007	4.125	18,826	70,704
January 21, 2008	4.125	19,020	70,510
April 21, 2008	4.125	19,216	70,314
July 21, 2008	4.125	19,414	70,116
October 21, 2008	4.125	19,615	69,915
January 21, 2009	4.125	19,817	69,713
April 21, 2009	4.125	20,021	69,509
July 21, 2009	4.125	20,228	69,302
October 21, 2009	4.125	20,436	69,094
January 21, 2010	4.125	20,647	68,883
April 21, 2010	4.125	20,860	68,670
July 21, 2010	4.125	21,075	68,455
October 21, 2010	4.125	21,292	68,238
January 21, 2011	4.125	21,512	68,018
April 21, 2011	4.125	21,734	67,796
July 21, 2011	4.125	21,958	67,572
October 21, 2011	4.125	22,184	67,346
January 21, 2012	4.125	22,413	67,117
April 21, 2012	4.125	22,644	66,886
July 21, 2012	4.125	22,878	66,652
October 21, 2012	4.125	23,114	66,416
January 21, 2013	4.125	23,352	66,178
April 21, 2013	4.125	23,593	65,937
July 21, 2013	4.125	23,836	65,694
October 21, 2013	4.125	24,082	65,448
January 21, 2014	4.125	24,330	65,200
April 21, 2014	4.125	24,581	64,949
July 21, 2014	4.125	24,835	64,695
October 21, 2014	4.125	25,091	64,439
January 21, 2015	4.125	25,350	64,180
April 21, 2015	4.125	25,611	63,919
July 21, 2015	4.125	25,875	63,655
October 21, 2015	4.125	26,142	63,388
January 21, 2016	4.125	26,412	63,118
April 21, 2016	4.125	26,684	62,846
July 21, 2016	4.125	26,959	62,571
October 21, 2016	4.125	27,237	62,293
January 21, 2017	4.125	27,518	62,012
April 21, 2017	4.125	27,802	61,728
July 21, 2017	4.125	28,089	61,441
October 21, 2017	4.125	28,378	61,152
January 21, 2018	4.125	28,671	60,859
April 21, 2018	4.125	28,967	60,563
July 21, 2018	4.125	29,265	60,265
October 21, 2018	4.125	29,567	59,963
January 21, 2019	4.125	29,872	59,658
April 21, 2019	4.125	30,180	59,350
July 21, 2019	4.125	30,491	59,039

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2005
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

- 150 -

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 21, 2019	4.125 %	\$ 30,806	\$ 58,724
January 21, 2020	4.125	31,123	58,407
April 21, 2020	4.125	31,444	58,086
July 21, 2020	4.125	31,769	57,761
October 21, 2020	4.125	32,096	57,434
January 21, 2021	4.125	32,427	57,103
April 21, 2021	4.125	32,762	56,768
July 21, 2021	4.125	33,100	56,430
October 21, 2021	4.125	33,441	56,089
January 21, 2022	4.125	33,786	55,744
April 21, 2022	4.125	34,134	55,396
July 21, 2022	4.125	34,486	55,044
October 21, 2022	4.125	34,842	54,688
January 21, 2023	4.125	35,201	54,329
April 21, 2023	4.125	35,564	53,966
July 21, 2023	4.125	35,931	53,599
October 21, 2023	4.125	36,301	53,229
January 21, 2024	4.125	36,676	52,854
April 21, 2024	4.125	37,054	52,476
July 21, 2024	4.125	37,436	52,094
October 21, 2024	4.125	37,822	51,708
January 21, 2025	4.125	38,212	51,318
April 21, 2025	4.125	38,606	50,924
July 21, 2025	4.125	39,004	50,526
October 21, 2025	4.125	39,407	50,123
January 21, 2026	4.125	39,813	49,717
April 21, 2026	4.125	40,224	49,306
July 21, 2026	4.125	40,638	48,892
October 21, 2026	4.125	41,058	48,472
January 21, 2027	4.125	41,481	48,049
April 21, 2027	4.125	41,909	47,621
July 21, 2027	4.125	42,341	47,189
October 21, 2027	4.125	42,778	46,752
January 21, 2028	4.125	43,219	46,311
April 21, 2028	4.125	43,664	45,866
July 21, 2028	4.125	44,115	45,415
October 21, 2028	4.125	44,570	44,960
January 21, 2029	4.125	45,029	44,501
April 21, 2029	4.125	45,494	44,036
July 21, 2029	4.125	45,963	43,567
October 21, 2029	4.125	46,437	43,093
January 21, 2030	4.125	46,916	42,614
April 21, 2030	4.125	47,399	42,131
July 21, 2030	4.125	47,888	41,642
October 21, 2030	4.125	48,382	41,148
January 21, 2031	4.125	48,881	40,649
April 21, 2031	4.125	49,385	40,145
July 21, 2031	4.125	49,894	39,636
October 21, 2031	4.125	50,409	39,121
January 21, 2032	4.125	50,929	38,601
April 21, 2032	4.125	51,454	38,076
July 21, 2032	4.125	51,985	37,545
October 21, 2032	4.125	52,521	37,009

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2005
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
January 21, 2033	4.125 %	\$ 53,062	\$ 36,468
April 21, 2033	4.125	53,609	35,921
July 21, 2033	4.125	54,162	35,368
October 21, 2033	4.125	54,721	34,809
January 21, 2034	4.125	55,285	34,245
April 21, 2034	4.125	55,855	33,675
July 21, 2034	4.125	56,431	33,099
October 21, 2034	4.125	57,013	32,517
January 21, 2035	4.125	57,601	31,929
April 21, 2035	4.125	58,195	31,335
July 21, 2035	4.125	58,795	30,735
October 21, 2035	4.125	59,402	30,128
January 21, 2036	4.125	60,014	29,516
April 21, 2036	4.125	60,633	28,897
July 21, 2036	4.125	61,258	28,272
October 21, 2036	4.125	61,890	27,640
January 21, 2037	4.125	62,528	27,002
April 21, 2037	4.125	63,173	26,357
July 21, 2037	4.125	63,825	25,705
October 21, 2037	4.125	64,483	25,047
January 21, 2038	4.125	65,148	24,382
April 21, 2038	4.125	65,820	23,710
July 21, 2038	4.125	66,499	23,032
October 21, 2038	4.125	67,184	22,346
January 21, 2039	4.125	67,877	21,653
April 21, 2039	4.125	68,577	20,953
July 21, 2039	4.125	69,284	20,246
October 21, 2039	4.125	69,999	19,531
January 21, 2040	4.125	70,721	18,809
April 21, 2040	4.125	71,450	18,080
July 21, 2040	4.125	72,187	17,343
October 21, 2040	4.125	72,931	16,599
January 21, 2041	4.125	73,683	15,847
April 21, 2041	4.125	74,443	15,087
July 21, 2041	4.125	75,211	14,319
October 21, 2041	4.125	75,986	13,544
January 21, 2042	4.125	76,770	12,760
April 21, 2042	4.125	77,562	11,968
July 21, 2042	4.125	78,362	11,168
October 21, 2042	4.125	79,170	10,360
January 21, 2043	4.125	79,986	9,544
April 21, 2043	4.125	80,811	8,719
July 21, 2043	4.125	81,644	7,886
October 21, 2043	4.125	82,486	7,044
January 21, 2044	4.125	83,337	6,193
April 21, 2044	4.125	84,196	5,334
July 21, 2044	4.125	85,065	4,465
October 21, 2044	4.125	85,942	3,588
January 21, 2045	4.125	86,828	2,702
April 21, 2045	4.125	87,724	1,806
July 21, 2045	4.125	87,449	895
		<u>\$ 6,947,434</u>	<u>\$ 7,107,591</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT REVENUE BONDS - 2005
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2006

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2006	- %	\$ -	\$ 362,863
June 15, 2007	3.500	660,000	362,863
December 15, 2007	-	-	351,313
June 15, 2008	3.500	685,000	351,313
December 15, 2008	-	-	339,326
June 15, 2009	3.500	710,000	339,326
December 15, 2009	-	-	326,901
June 15, 2010	3.750	730,000	326,901
December 15, 2010	-	-	313,213
June 15, 2011	3.750	765,000	313,213
December 15, 2011	-	-	298,869
June 15, 2012	3.750	790,000	298,869
December 15, 2012	-	-	284,057
June 15, 2013	3.750	820,000	284,057
December 15, 2013	-	-	268,682
June 15, 2014	3.750	850,000	268,682
December 15, 2014	-	-	252,744
June 15, 2015	4.000	885,000	252,744
December 15, 2015	-	-	235,044
June 15, 2016	4.000	920,000	235,044
December 15, 2016	-	-	216,644
June 15, 2017	4.000	955,000	216,644
December 15, 2017	-	-	197,544
June 15, 2018	4.000	990,000	197,544
December 15, 2018	-	-	177,744
June 15, 2019	4.250	1,035,000	177,744
December 15, 2019	-	-	155,751
June 15, 2020	4.250	1,070,000	155,751
December 15, 2020	-	-	133,013
June 15, 2021	4.250	1,120,000	133,013
December 15, 2021	-	-	109,213
June 15, 2022	4.250	1,170,000	109,213
December 15, 2022	-	-	84,351
June 15, 2023	4.350	1,220,000	84,351
December 15, 2023	-	-	57,816
June 15, 2024	4.375	1,275,000	57,816
December 15, 2024	-	-	29,925
June 15, 2025	4.500	1,330,000	29,925
		<u>\$ 17,980,000</u>	<u>\$ 8,390,026</u>

SUSSEX COUNTY, DELAWARE
SCHEDULE OF INSURANCE
JUNE 30, 2006

<u>Agent</u>	<u>Company</u>	<u>Policy Number</u>	<u>Term</u>	<u>Coverage - Amount</u>	<u>Cost</u>	<u>Expense</u>	<u>Prepaid</u>
Gordy Insurance Agency	Western Surety Company	69174030	01/07/05 - 01/07/06 01/07/06 - 01/07/07	Bond - David Baker - \$ 50,000	\$ 225 450	\$ 225 225	\$ - 225
The Insurance Market, Inc.	Selective Insurance	B830584	01/05/03 - 01/05/07	Bond - Robert Reed - \$ 12,000	200	133	67
The Insurance Market, Inc.	Selective Insurance	B89100	01/04/05 - 01/04/07	Bond - George S. Parish - \$ 5,000	183	122	61
The Insurance Market, Inc.	Selective Insurance	B830509	01/05/03 - 01/05/07	Bond - John Brady - \$ 5,000	183	122	61
The Insurance Market, Inc.	Selective Insurance	B830508	01/05/03 - 01/05/07	Bond - H. Clendaniel - \$ 5,000	183	122	61
Commerce National Insurance	Selective Insurance	49211	04/18/05 - 04/18/06	National Flood Insurance Program for South Coastal Library \$ 500,000 Building; \$ 500,000 Contents	2,661	2,661	-
Pratt Insurance, Inc.	Harleysville Mutual Insurance Company	88000004921100	04/18/06 - 04/18/07	National Flood Insurance Program for South Coastal Library \$ 500,000 Building; \$ 500,000 Contents	2,300	460	1,840
Commerce National Insurance	Selective Insurance	49211	04/18/05 - 04/18/06	National Flood Insurance Program for Milton Library \$ 500,000 Building, \$ 500,000 Contents	23,515	23,515	-
Pratt Insurance, Inc.	Harleysville Mutual Insurance Company	88000004921000	04/18/06 - 04/18/07	National Flood Insurance Program for Milton Library \$ 500,000 Building, \$ 500,000 Contents	10,469	2,094	8,375
L & W Insurance Agency	Old Republic Insurance Company	PR139307	07/01/05 - 07/01/08	Airport and Hangerkeeper's Liability Extended Coverage \$ 20,000,000	23,668	23,668	-
Pratt Insurance, Inc.	National Union Fire Insurance Company of Pittsburgh, PA	4925174	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Public Officials Liability Liability - \$ 5,000,000	68,295 70,623	68,295 -	- 70,623
Pratt Insurance, Inc.	Liberty Mutual Insurance Group	WC533S308019015	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Worker's Compensation \$ 100/100/500 (millions)	439,823 118,103	439,823 -	- 118,103
Pratt Insurance, Inc.	CNA Insurance Company	R1072359831	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Boiler & Machinery	15,000 15,158	15,000 -	- 15,158

(continued)

SUSSEX COUNTY, DELAWARE
SCHEDULE OF INSURANCE - CONTINUED
JUNE 30, 2006

<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, Inc.	Great American Insurance Company of NY	CAP6076406	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Automobile Liability - \$ 1,000,000	\$ 199,791 67,866	\$ 199,791 -	\$ - 67,866
Pratt Insurance, Inc.	Scottsdale Insurance Company	PKS0000117	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Emergency Dispatcher's Liability \$ 1,000,000	6,886 6,260	6,886 -	- 6,260
Pratt Insurance, Inc.	Scottsdale Insurance Company	PKS0000118	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Law Enforcement Liability \$ 1,000,000	14,298 12,998	14,298 -	- 12,998
Pratt Insurance, Inc.	Scottsdale Insurance Company	UMS0016083 UMS0018119	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Umbrella Liability \$ 5,000,000	74,772 72,386	74,772 -	- 72,386
Pratt Insurance, Inc.	National Casualty Company	WLO0000035 WLO0000049	07/01/05 - 07/01/06 07/01/06 - 07/01/07	General Liability \$ 1,000,000	55,270 58,540	55,270 -	- 58,540
Pratt Insurance, Inc.	Great American Insurance Company of NY	GVT217138803	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Crime Coverage	8,483 8,483	8,483 -	- 8,483
Pratt Insurance, Inc.	ACE Fire Underwriters Insurance Company	I20799985001	09/01/05 - 09/01/06	Ocean Outfall Insurance Reserve	57,887	57,887	-
Pratt Insurance, Inc.	CNA Insurance Company	C2055506172	07/01/05 - 07/01/06 07/01/06 - 07/01/07	Commercial Package	208,749 <u>54,611</u>	208,749 <u>-</u>	- <u>54,611</u>
TOTALS					<u>\$ 1,698,319</u>	<u>\$ 1,202,601</u>	<u>\$ 495,718</u>

SINGLE AUDIT SUPPLEMENT



SUSSEX COUNTY, DELAWARE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs:			
Rural Housing Preservation Grants	10.433	HPG 04 HPG 05-06	\$ 25,220
Water and Waste Disposal Systems for Rural Communities	10.760		<u>5,005,883</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>5,031,103</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State - Delaware State Housing Authority:			
Community Development Block Grants/ State's Program*	14.228	CDBG 04 CDBG 05	1,858,825
HOME Investment Partnerships Program	14.239	HM-04 HM-05	<u>302,156</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,160,981</u>
U.S. DEPARTMENT OF THE INTERIOR			
Passed through State - Delaware State Historic Preservation Office:			
Historic Preservation Fund Grants-In-Aid	15.904	10-05-20409	<u>22,871</u>
U.S. DEPARTMENT OF THE JUSTICE			
Passed through State - Delaware Emergency Management Agency:			
State Domestic Preparedness Equipment Support Program	16.007		<u>11,852</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Airport Improvement Program	20.106	3-10-0007-12 3-10-0007-15 3-10-0007-16 3-10-0007-17 3-10-0007-18 3-10-0007-18 3-10-0007-19	<u>314,444</u>

(continued)

*Denotes major program.

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through State - Department of Natural Resources and Environmental Control:			
Capitalization Grants for Clean Water State Revolving Funds*	66.458	S-2003 S-2006 S-2012 S-2015 S-2016 S-2022 S-2023 S-2028 S-2030	\$ 5,005,028
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through State - Delaware Emergency Management Agency:			
State Domestic Preparedness Equipment Support Program	97.004		140,088
Emergency Management Performance Grants	97.042	2006-EM-E6-004	43,391
Homeland Security Grant Program	97.067	2005-GE-T5-0011	177,524
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			361,003
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 12,907,282

*Denotes major program.

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting

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

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, 2006.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Amount</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 4,426,966
Capitalization Grants for Clean Water State Revolving Funds	66.458	5,005,028

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**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, 2006. 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, 2006.

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 30, 2006

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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, 2006, which collectively comprise Sussex County, Delaware's basic financial statements and have issued our report thereon dated November 30, 2006. 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 30, 2006.

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 30, 2006

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 the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sussex County, Delaware expresses an unqualified opinion on all major federal programs.
6. No audit findings 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>
Community Development Block Grants Program	14.228
Capitalization Grants for Clean Water State Revolving Funds	66.458

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