

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2004



Prepared by the Finance Department

David B. Baker, Finance Director

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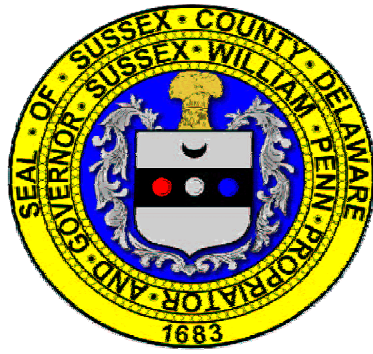
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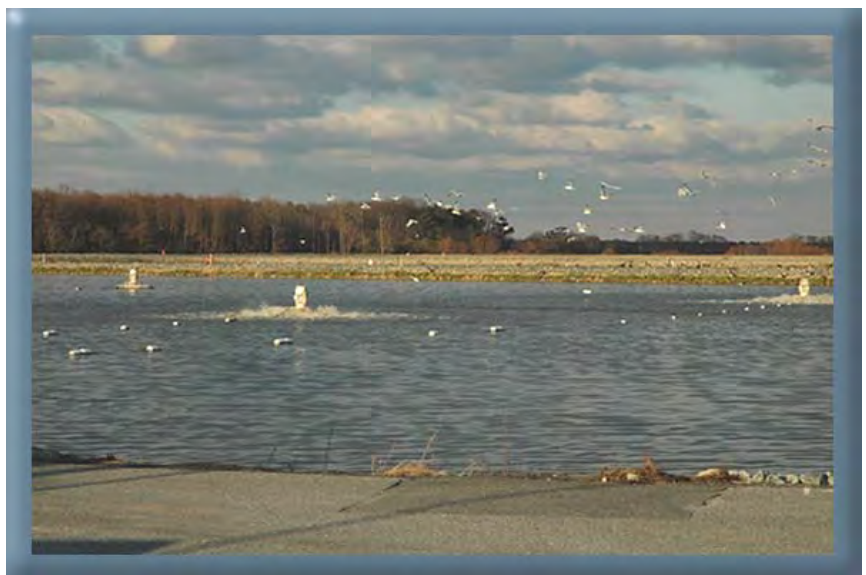
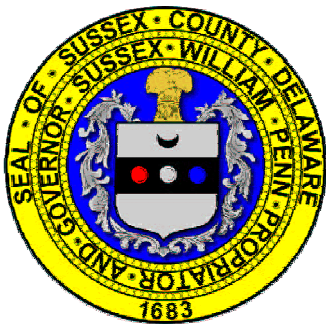
The Sussex County Emergency Command Post in Georgetown



State Police Helicopter, County Paramedics and Volunteer Ambulance Service



Delaware State Police at 9/11 Memorial Service in Georgetown



County sewer spray irrigation treatment lagoon – near Rehoboth Beach

INTRODUCTORY SECTION

ROBERT L. STICKELS
COUNTY ADMINISTRATOR



Sussex County

ADMINISTRATIVE OFFICE BUILDING
2 THE CIRCLE
P.O. BOX 589
GEORGETOWN, DELAWARE 19947
TEL: 302-855-7742
FAX: 302-855-7749

E-MAIL: administration@sussexcountyde.gov

December 21, 2004

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

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for the Sussex County Council for the fiscal year ended June 30, 2004. 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, 2004, 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, 2004, are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit section of this report includes these reports and related information.

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

Profile of Sussex County

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

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

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

The County Government provides a variety of services including sewage collection and treatment, paramedic services, planning and zoning, and the operation of libraries. The County also owns and maintains the Sussex County Airport in Georgetown, the operation of which is leased to an independent contractor. The County provides paramedic services for the entire county. The Department of Emergency Operations handles dispatching 911 nonpolice calls. The Department of Libraries includes three County-managed libraries and a bookmobile. The County has approximately 484 employees, of which 98 percent are full-time and 2 percent are part-time employees. The Clerk of the Peace office issues marriage licenses and is administered by an elected Clerk of the Peace. An elected official also manages the Recorder of Deeds, which handles the recording of deeds and other legal documents. Elected officials also direct the Register of Wills and Sheriff's Office. The Sheriff's Office is responsible for delivering court-related documents.

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

of 20 additional Delaware State Police in Sussex County. The County has entered an agreement with the State of Delaware to partially fund an additional 12 State Police in Sussex County over the next three years. This means that there will be 32 more State Police serving Sussex County in addition to the State of Delaware allotment.

County sewer and water districts compose a large portion of County expenditures. The County's growing sewage collection and treatment facilities handle over 44,000 current customers. There are 12 individual operating sewer and water districts managed directly by the County, in addition to various subdistricts and expansion projects. There are five additional approved sewer districts in design and/or construction phases. The number of sewer and water customers has increased 30 percent during the last five years, and 52 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 5-year capital project plan, with proposed financing for projects. Please see note "A" - Section 18 on pages 39 and 40, for additional budget information. Budget-to-actual comparisons, on pages 58 thru 67 (and on page 69), are also included.

Factors Affecting Financial Condition

Local Economy

Agriculture, tourism, healthcare, construction, retail sales and education are the leading industries in Sussex County. Sussex County is the largest poultry-producing county in the United States, as was the case in 1997, 1992, 1987, 1982, 1978, 1949 and 1944. Two of the twenty largest U. S. poultry companies, Allen's Family Foods, Inc. and Mountaire Farms, Inc., have headquarters in Sussex County. Perdue Farms, Inc. also has processing facilities in Sussex. Over 188 million broilers and meat-type chickens were produced in Sussex County in 1997. Soybeans, corn and other vegetables are also important agricultural products. There are 205 Agriculture Preservation Districts now in Sussex County protecting over 64,000 acres as agriculture working lands.

Residential home construction has boomed in Sussex County. During fiscal year 2004, approximately 2,797 permits for new dwellings were issued, which is more than double the number of permits issued ten years earlier during Fiscal 1995. This is 9 percent more than the 2,558 dwelling permits issued during Fiscal 2003. There has been a steady increase in construction permits and values. This residential housing boom can be partially attributed to the quality of life in Sussex County, the seashore, and the reasonable cost-of-living in the county. Low state, school and county property taxes are also factors. Sussex County attracts a growing number of retirees.

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

There are eight school districts in Sussex County, plus one Charter School and private schools. The Delaware Technical and Community College, at its 147-acre campus in Georgetown, offers Associate college degree programs in health, business, public service, engineering and industrial education. This Community College has established 39 connected degrees with various other institutions in the region that enables one to graduate with an Associates Degree and transfer to a four-year program at another college. Delaware Tech also provides an accelerated English and Math Program for Sussex County Middle and High School students. The University of Delaware, Delaware State University, and Wilmington College also offer courses in Georgetown at the Delaware Technical and Community College. Some four-year degrees, Master degrees, and a Doctoral Program are available there. The Sussex Technical School District and Delaware Technical & Community College also work closely with county employers to provide specialized training for employees. Delaware Tech is the number one provider of training for technicians at area hospitals.

The County is experiencing steady diversified growth in other industries. Significant other businesses located in the county include the Invista Nylon Plant in Seaford, Vlasic Foods, Inc. (a pickle processing plant) in Millsboro, and DeCrane Aircraft, Inc. (an airplane fuel tank and airplane services facility) in Georgetown. There has been significant growth at the County Industrial Park in Georgetown with the addition of the DeCrane Aircraft, Inc. facility, which services Boeing aircraft and manufactures patented auxiliary fuel tanks for Boeing. Approximately 200 skilled employees work at this facility. M & T Bank operates a call and consumer loan-processing center in Millsboro, employing approximately 400 employees. Other food processing companies include Sea Watch International (a seafood processing company) in Milford, Eastern Shore Poultry (a chicken processing plant) in Georgetown, and Burris Food, Inc. (a food distributor) in Milford. Other major employers include Barcroft Company (a pharmaceutical producer) in Lewes, Caulk Dentsply (a manufacturer of dental products) in Milford, Intervet (a poultry vaccine producer) in Millsboro, and Shoffner Industries (a manufacturer of roof trusses) in Georgetown.

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

Tourism is an important industry in Sussex County. Tourism is responsible for employing over 7,700 people in Sussex, per the Sussex County Tourism Office. An estimated 2.6 million people-visits to Sussex County occur each year, with an estimated economic impact of over \$420 million. Per a 2002 survey, 47 percent of visitors visit our beaches and 45 percent shop in Sussex. 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, New Jersey, and Virginia.

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

The economic outlook for Sussex County is promising. The population is expected to increase at over 2% per year for the next 5 years. New public schools are under construction. Beebe Hospital has completed a new outpatient facility near Lewes. Construction continues at a record pace with the estimated value of new construction of \$641 million, up 13 percent for Fiscal 2004 versus 2003. The State of Delaware Department of Transportation is projecting spending \$321 million over the next six years in Sussex County for road improvements.

Financial Planning

Sussex County has strengthened its financial condition, especially during the past several years. A County goal is to maintain a sufficient undesignated fund balance amount each fiscal year. As of June 30, 2004, the General Fund's undesignated fund balance of \$10.2 million was 20 percent of the Fiscal 2005 budget. This is net of reserves and designations for additional pension funding, landfill costs, sewer grants, airport projects, open space preservation, and funding for a new Emergency Operations Center.

The County is attempting to fund its non-sewer and water assets on a pay-as-you-go basis and avoid issuing debt for the same. As of June 30, 2004, the County had designated \$4.5 million toward the cost of a new Emergency Operations Center. \$2 million has been designated for a new County office building in response to the growth in the County. By designating these funds, the future construction of these projects will be from available resources. \$1.2 million has been set aside for landfill post-closure anticipated costs.

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

Major sewer project expansions are planned for the next few years. The Cedar Neck Sewer Project, serving approximately 922 customers, was completed during Fiscal 2005. Cedar Neck Sewer costs total over \$11 million. The Oak Orchard Sanitary Sewer District Project has begun construction. Approximately \$9 million of additional costs are anticipated to complete this project during Fiscal 2005 and 2006. Other projects in the design phase include the Bay View Estates, Sea Country Estates, Miller Creek, South Ocean View, and Millville

sewer projects. An expansion to increase the capacity of the South Coastal Regional Wastewater Facility by one-third has begun. This project will cost over \$20 million. The Fiscal 2005 Five Year Capital Improvement Plan includes \$134 million for sewer expansion and some upgrades. Funding for these projects includes State Revolving Fund loans, State grants, Federal USDA loans and grants, and County grants.

Cash Management Policies and Practices

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

Some investments from different County funds are pooled in bank accounts. Careful accounting records are maintained to track these investments. There are no pooled investments with statewide funds, except in the Pension Fund and the Pensioner Benefit account.

The County conservatively requires collateralization with U. S. Treasury and 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 40 thru 42, for additional information regarding cash and collateralization.

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

Risk Management

During Fiscal 2004, the County expensed \$998,718 for insurance covering liability, auto, workers compensation, property, public officials errors and omissions, flood insurance, and employee bonding. Insurance matters are reviewed with an independent insurance consultant. Every three years, the County rebids the insurance policies to obtain the best pricing available. Please see the Schedule of Insurance, on pages 154 and 155, for detail regarding individual policies. During Fiscal 2003, the County began self-insuring one major asset, an ocean outfall valued at about \$21,000,000. Since its construction in 1978, there have been no insurance claims regarding this Outfall. During Fiscal 2004, the County did not experience any major losses due to accidents or acts of nature.

Regarding the employee health plan, the County maintains a self-insured plan, whereby the County funds expenses per employee up to \$85,000 per year. Expenses over the \$85,000 threshold are covered under a reinsurance policy, subject to a maximum aggregate limit of \$7,521,407. The County deposits monies in the health fund each month to cover the health

plan cost. The County has successfully maintained this self-insured plan for over 10 years. Please refer to Note L, on pages 53 and 54, for additional information.

Pension and Other Post-Employment Benefits

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

The County is proud that it has made substantial contributions to the pension fund over the last few years. The value of the fund has increased from \$4 million in 1993 to \$24.3 million as of June 30, 2004. Our goal has been to fully fund the pension plan. As of January 1, 2004, the most recent actuarial study shows a deficit of \$2 million on an actuarial funding basis. This result is, primarily, due to the stock market downturn during 2000 thru 2002. The Fiscal 2005 Budget includes a 13.9 percent pension contribution of \$2,461,000, with a goal to pay off the unfunded amount within three years.

During Fiscal 2004, the County has contributed funds in addition to the required contribution. As noted in Note E on pages 44 thru 46, since Fiscal 1993, the County has contributed over \$880,000 per year to the Pension Fund to bring the fund up to the recommended level. Contributions prior to Fiscal 1993 were insufficient to fully fund the plan.

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

The County provides post-employment healthcare benefits to pensioners based on their years of service and status when they leave County employment. In anticipation of proposed accounting rule changes and in an effort to fund future liabilities, during Fiscal 2003, the County established a post-employment benefit account with \$500,000. During Fiscal 2004, the County deposited an additional \$1 million to this account, which was valued at \$1,713,000 as of June 30, 2004. Annual contributions to this account will begin funding County liability for pensioner healthcare benefits. During December 2004, the County deposited an additional \$886,000 to this account for post-employment benefits.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sussex County for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

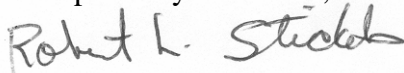
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of

Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Robert L. Stickels
County Administrator
RLS:DBB/nc



David B. Baker
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sussex County,
Delaware

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



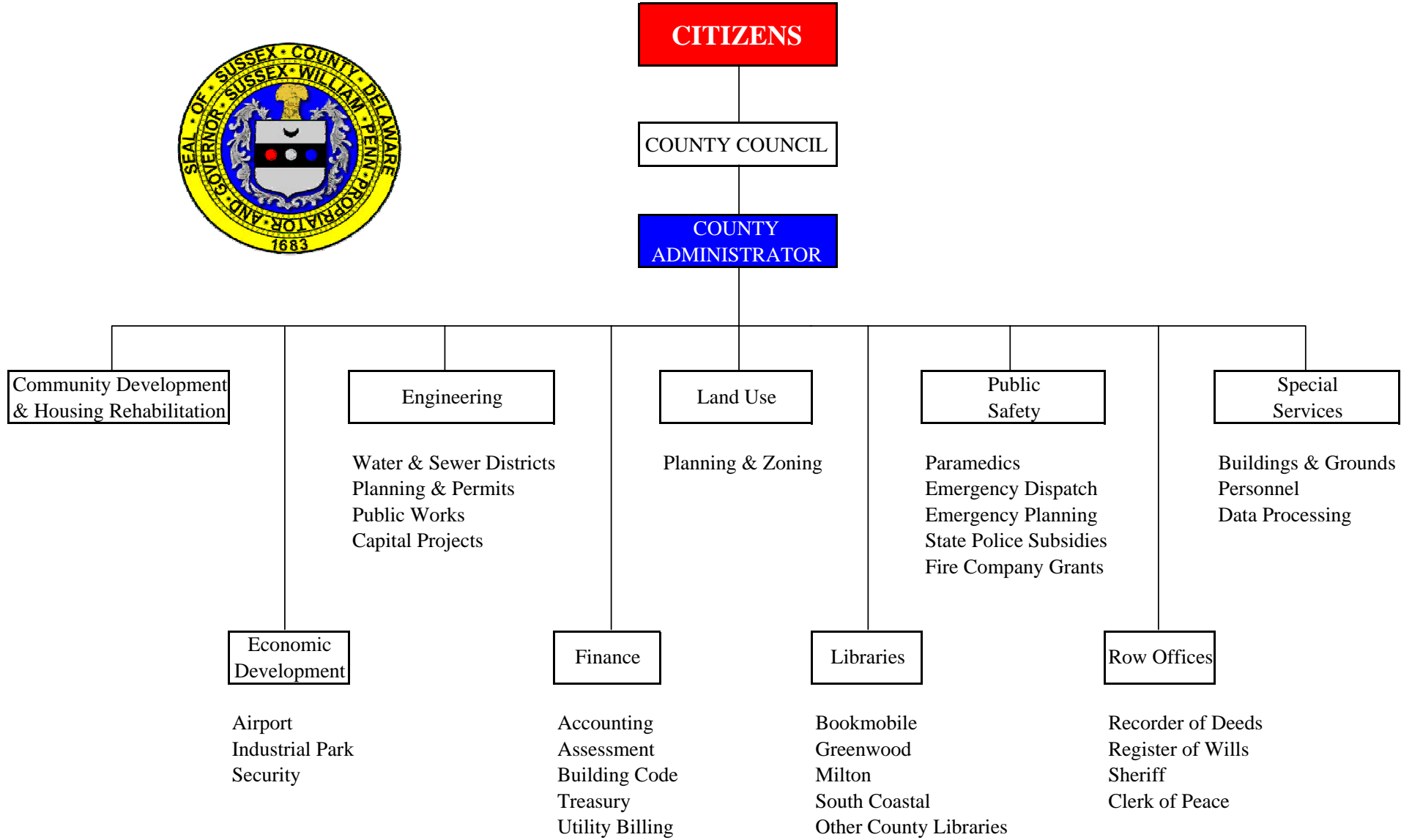
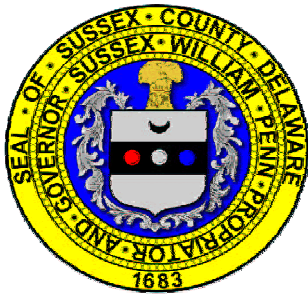
Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

**SUSSEX COUNTY, DELAWARE
ORGANIZATIONAL CHART
FOR THE FISCAL YEAR 2004**



SUSSEX COUNTY, DELAWARE

LIST OF ELECTED OFFICIALS

JUNE 30, 2004

<u>COUNCIL</u>	<u>Length of Service</u>	<u>Term Expires</u>
<i>District 1</i> - (President) Dale R. Dukes	16 Years	Jan. 2005
<i>District 2</i> - (Vice-President) Finley B. Jones, Jr.	8 Years	Jan. 2005
<i>District 3</i> Lynn J. Rogers	8 Years	Jan. 2005
<i>District 4</i> George B. Cole	18 Years	Jan. 2007
<i>District 5</i> Vance C. Phillips	6 Years	Jan. 2007

<i>Clerk of the Peace</i> Thelma Monroe	3 Months	Jan. 2005
<i>Recorder of Deeds</i> John F. Brady	2 Years	Jan. 2007
<i>Register of Wills</i> Howard Clendaniel	10 Years	Jan. 2007
<i>Sheriff</i> Robert L. Reed	6 Years	Jan. 2007

SUSSEX COUNTY, DELAWARE

COUNTY DEPARTMENT HEADS & OTHER OFFICIALS

JUNE 30, 2004

	<u>Length of Time in Position</u>	<u>Length of Service with the County</u>
<i>County Administrator</i> - Robert L. Stickels	17 yrs.	17 years
<i>County Attorney</i> - James D. Griffin, Esquire	1 yr	1 year
<i>Finance Director</i> - David B. Baker	13 yrs.	26 years
<i>County Engineer</i> - Michael A. Izzo, P.E.	8 yrs.	20 years
<i>Accounting Division Director</i> - Susan M. Webb	11 yrs.	11 years
<i>Assessment Division Director</i> - Eddy J. Parker	14 yrs.	24 years
<i>Facilities Manager</i> - Ray W. Webb	25 yrs.	27 years
<i>Community Development Program Director</i> - William C. Lecates	14 yrs.	25 years
<i>Data Processing Director</i> - Bonnie O. Smith	17 yrs.	35 years
<i>Economic Development Director</i> - Stephen T. Masten	2 yrs.	28 years
<i>Emergency Preparedness Director</i> - Joseph L. Thomas	7 yrs.	18 years
<i>Library Director</i> - Carol H. Fitzgerald	19 yrs.	19 years
<i>Paramedic Director</i> - Glenn H. Luedtke	4 yrs.	4 years
<i>Personnel Director</i> - Dennis V. Cordrey	24 yrs.	27 years
<i>Planning and Zoning Director</i> - Lawrence B. Lank	19 yrs.	35 years
<i>Treasury Division Director</i> - Joyce F. Lord	19 yrs.	36 years
<i>Utility Billing Division Director</i> - Leon Collins	19 yrs.	25 years



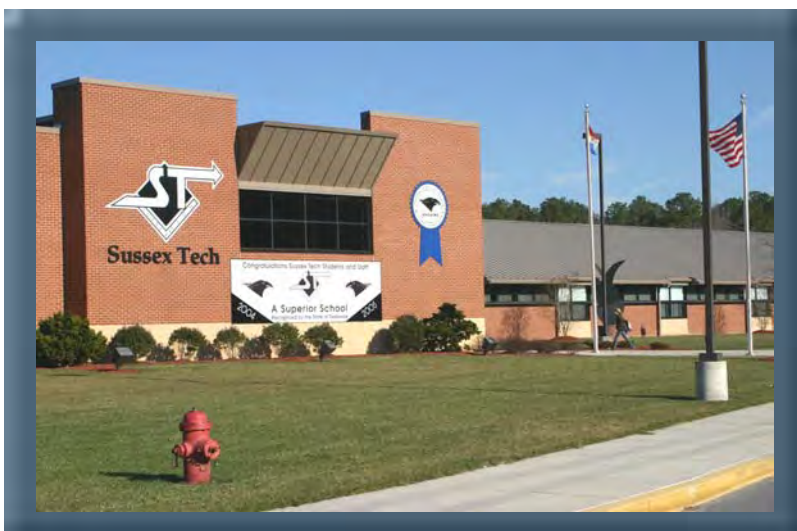
Seaford Industrial Park



Beebe Medical Center in Lewes



New home construction within the County



Sussex Tech, National Blue Ribbon School near Georgetown



Outlet Center shoppers near Rehoboth Beach

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
PENELOPE L.H. HOWE, CPA, PFS

TRUITT W. JEFFERSON, CPA, DIRECTOR
RETIRED

ELAINE E. GRAVES, CPA, DIRECTOR
ANITA Y. SMITH, MED, DIRECTOR

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sussex County, Delaware's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sussex County, Delaware as of June 30, 2004, 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 29, 2004, 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 56 and 57, 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 an opinion 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 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 29, 2004

SUSSEX COUNTY, DELAWARE

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

This section of the report offers an overview and analysis of the financial activity of Sussex County, Delaware, for the year ended June 30, 2004. 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, 2004, assets exceeded liabilities by \$216,901,313. Of this amount, \$53.2 million was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$48,346,457 during the year. The governmental activities portion, \$22.3 million, is attributable, primarily, to an increase in construction-related user fees, revenue from the realty transfer tax, and Recorder of Deeds fee income. The business-type activities increase in net assets of \$26 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, 2004, the County's Governmental Funds reported an ending fund balance of \$72.8 million. This increased \$20.3 million from the proceeding year. About 36 percent, or \$26.4 million, was unreserved or available for spending at the County's discretion.
- The undesignated fund balance as of June 30, 2004 for the Governmental Funds was \$10.2 million, or 16 percent of the Fiscal 2005 Budget for these funds.

Debt Offering

- During Fiscal 2004, the County issued \$24 million in general obligation debt for six sewer funds. The respective sewer funds will be responsible for paying the debt service for these bonds.

Overview of the Financial Statements

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



Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

- *Proprietary Funds* - Sussex County's Proprietary Funds are solely enterprise funds, which operate in a manner similar to private business enterprises. Sussex County's Proprietary Funds include five major funds for the Bethany, Long Neck, West Rehoboth, South Coastal Regional Wastewater Facility, and Inland Bays Regional Wastewater Facility Sewer Projects. They also include, combined in the Statements, fourteen other sewer and water projects.
- *Fiduciary Funds* - Sussex County has only one Fiduciary Fund, the Pension Trust Fund. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the Government-wide Financial Statement because the resources of these funds are not available to support the County's own programs. The separate accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The Fiduciary Fund Financial Statement can be found on pages 31 and 32 of this report.

Notes to the Financial Statements

Notes to the Financial Statements found on pages 33 through 55 of this report, provide additional information that is important for a better understanding of the data provided in the Financial Statements.

Other Information

Pages 56 and 57 include required supplementary information regarding pension funding progress. Following those schedules are General Fund and Capital Project budgetary comparison schedules, General Fund revenue and expenditure total schedules, combining proprietary fund schedules, capital asset schedules, and other information. These follow on pages 58 through 84. The Statistical Section follows on pages 85 through 155 with additional County information. The Single Audit, a separate federal grant audit, follows the Statistical section.

Government-wide Financial Analysis

As previously noted, assets exceed liabilities by \$216.9 million as of June 30, 2004. 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, 2004 and 2003

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$ 98,952,085	\$ 74,870,820	\$ 38,509,684	\$ 42,582,557	\$ 137,461,769	\$ 117,453,377
Capital Assets	22,045,381	20,929,531	236,694,269	187,989,397	258,739,650	208,918,928
Total Assets	\$ 120,997,466	\$ 95,800,351	\$ 275,203,953	\$ 230,571,954	\$ 396,201,419	\$ 326,372,305
Current and Other Liabilities	19,350,324	16,584,944	4,201,772	4,549,410	23,552,096	21,134,354
Long-term Liabilities Outstanding	8,008,569	7,944,527	147,739,441	128,738,568	155,748,010	136,683,095
Total Liabilities	\$ 27,358,893	\$ 24,529,471	\$ 151,941,213	\$ 133,287,978	\$ 179,300,106	\$ 157,817,449
Net Assets:						
Invested in Capital Assets, Net of Related Debt	21,778,122	20,520,112	79,179,482	60,012,101	100,957,604	80,532,213
Restricted	26,751,718	15,914,734	35,967,259	34,600,947	62,718,977	50,515,681
Unrestricted	45,108,733	34,836,034	8,115,999	2,670,928	53,224,732	37,506,962
Total Net Assets	\$ 93,638,573	\$ 71,270,880	\$ 123,262,740	\$ 97,283,976	\$ 216,901,313	\$ 168,554,856

A large portion of the County's net assets (47 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 \$20.4 million during Fiscal 2004, primarily due to the purchase of 2,264 acres of land for future sewer treatment spray irrigation.

Of the remaining \$115.9 million in net assets, \$36 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, \$26.8 million represents realty transfer taxes, 911 fees received, and grant funds on-hand, which are restricted for specific purposes. Realty transfer tax funds must be used for public safety, economic development, public works, capital projects, infrastructure projects, or debt reduction. Restricted realty transfer tax funds increased \$10.3 million due to the 53 percent transfer tax revenue increase during the year. Realty transfer tax restricted funds include reservations for sewer district contributions (\$10.3 million), library expansion projects (\$800,000), a new Emergency Operations

Center (\$5.5 million), Industrial Park infrastructure (\$1.9 million), and County Airport improvements (\$3.3 million). Available 911 fees are restricted for specific emergency dispatch purposes.

The remaining \$53.2 million in net assets is unrestricted and may be used for ongoing obligations to citizens and creditors. As of June 30, 2004, 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 2004 and 2003.

SUSSEX COUNTY'S CHANGES IN NET ASSETS
For the Years Ended June 30, 2004 and 2003

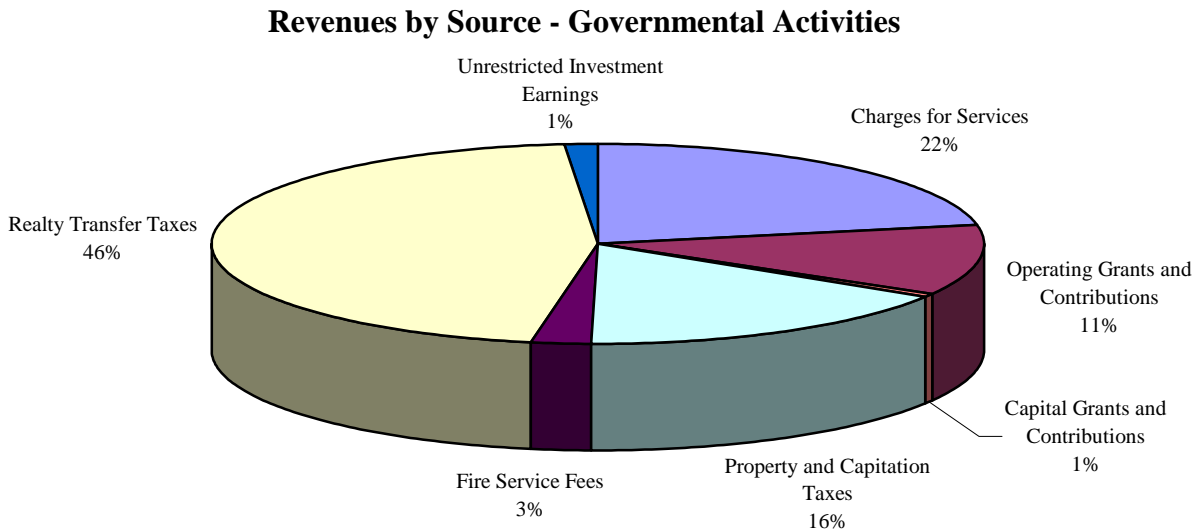
	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for Services	\$ 13,110,344	\$ 11,509,387	\$ 11,132,167	\$ 10,024,854	\$ 24,242,511	\$ 21,534,241
Operating Grants and Contributions	6,790,770	6,562,723	16,033,341	14,535,829	22,824,111	21,098,552
Capital Grants and Contributions	318,157	601,631	15,113,921	7,015,899	15,432,078	7,617,530
General Revenues						
Property Taxes	9,568,521	9,114,721	-	-	9,568,521	9,114,721
Capitation Taxes	237,282	221,690	-	-	237,282	221,690
Fire Service Taxes	1,510,691	1,285,885	-	-	1,510,691	1,285,885
Realty Transfer Taxes	27,399,572	17,917,521	-	-	27,399,572	17,917,521
Investment Income	892,938	890,505	198,309	190,215	1,091,247	1,080,720
Total Revenues	\$ 59,828,275	\$ 48,104,063	\$ 42,477,738	\$ 31,766,797	\$ 102,306,013	\$ 79,870,860
Expenses:						
Primary Government:						
General Government	\$ 9,622,999	\$ 8,416,614	\$ -	\$ -	\$ 9,622,999	\$ 8,416,614
Grant-in-aid Programs	6,892,065	4,120,039	-	-	6,892,065	4,120,039
Planning and Zoning	1,012,053	917,317	-	-	1,012,053	917,317
Paramedic Program	6,840,784	5,914,818	-	-	6,840,784	5,914,818
Emergency Preparedness	1,889,708	1,726,567	-	-	1,889,708	1,726,567
Economic Development and Public Works	428,025	423,154	-	-	428,025	423,154
County Engineer	1,079,543	1,418,560	-	-	1,079,543	1,418,560
Airport	532,414	375,629	-	-	532,414	375,629
Engineering - Solid Waste	33,544	1,956,518	-	-	33,544	1,956,518
Library	2,729,492	2,780,506	-	-	2,729,492	2,780,506
Community Development and Housing Programs	1,488,969	1,522,300	-	-	1,488,969	1,522,300
Constitutional Offices	1,985,946	1,728,453	-	-	1,985,946	1,728,453
Business-type Activities	-	-	19,424,014	20,036,103	19,424,014	20,036,103
Total Expenses	\$ 34,535,542	\$ 31,300,475	\$ 19,424,014	\$ 20,036,103	\$ 53,959,556	\$ 51,336,578
Increase in Net Assets Before Transfers						
Transfers	\$ 25,292,733	\$ 16,803,588	\$ 23,053,724	\$ 11,730,694	\$ 48,346,457	\$ 28,534,282
Transfers	(2,925,040)	(2,153,000)	2,925,040	2,153,000	-	-
Increase in Net Assets	\$ 22,367,693	\$ 14,650,588	\$ 25,978,764	\$ 13,883,694	\$ 48,346,457	\$ 28,534,282
Net Assets - Beginning	71,270,880	56,620,292	97,283,976	83,400,282	168,554,856	140,020,574
Net Assets - Ending	\$ 93,638,573	\$ 71,270,880	\$ 123,262,740	\$ 97,283,976	\$ 216,901,313	\$ 168,554,856

Governmental Activities

Governmental activities increased net assets by \$22,367,693 during Fiscal 2004. This represents 46 percent of the increase in net assets for the year. Governmental activities include the General Fund, Community Development and Block Grant Funds, Housing Rehabilitation Funds, and Capital Project Funds.

As per the preceding schedule, tax revenues total \$38.7 million for Fiscal 2004 for governmental activities. This includes \$27.4 million received from realty transfer taxes reflecting major growth in the number of real estate transactions in the County. Realty transfer tax revenue was up 118 percent compared to two years ago, Fiscal 2002.

The below pie chart shows Realty Transfer Tax as the largest governmental revenue comprising 46 percent of total revenue, followed by Charges for Services (22%), and Property and Capitation taxes (16%).

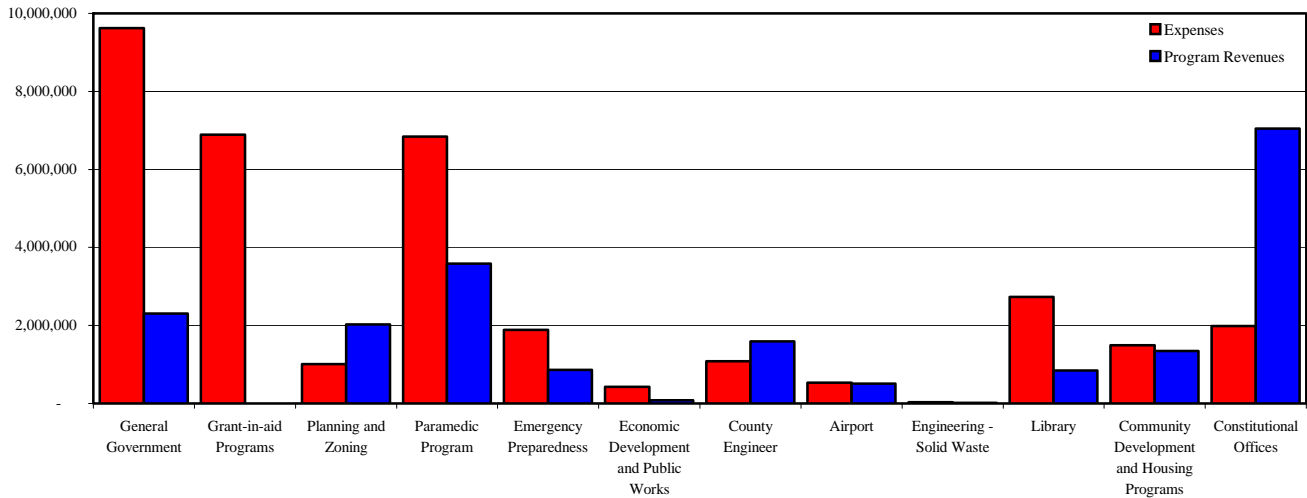


Charges for services reflect major increases in revenue from the Private Road Inspection and Design fees and Recorder of Deeds fees. These two revenues alone were up \$1.5 million, or 26 percent, from the previous year. They also reflect the strong housing and property sales market in Sussex County.

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

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

Expenses and Program Revenues - Governmental Activities



During Fiscal 2004, the Paramedic Program placed in service an additional unit in the western side of the County. This brought the County up to seven paramedic units. This is needed to meet the growing number of paramedic calls. Also, during 2004, the Paramedic program improved by adding an additional supervisor for each shift. This has improved emergency response times by providing additional backup support and better management. Also, during Fiscal 2004, the County contributed \$1.1 million to the State of Delaware to build and renovate buildings near Bridgeville, which will house a new paramedic station on the western side of the County. This new station will also improve response times by increasing the number of paramedic stations from two to three on the western side of the County. This contribution will also be used to partially fund a new facility for the State Police.

During Fiscal 2004, the County provided \$149,250 in grants for community improvements to local nonprofit organizations as part of a new program to benefit County residents. These grants included local historical societies, a youth soccer program, and agriculture programs. The County also expended \$890,971 for open space land preservation. These funds will protect approximately 853 acres of farmland from future development.

Sussex County's Grant-in-Aid Program for Fiscal 2004 reflected an increase in funding for police. The County partially funded 20 additional State Police to service our county. During the next 3 years, this will increase by 4 police officers per year, for a total of 32 State Police, which is in addition to the normal State allotment for our county.

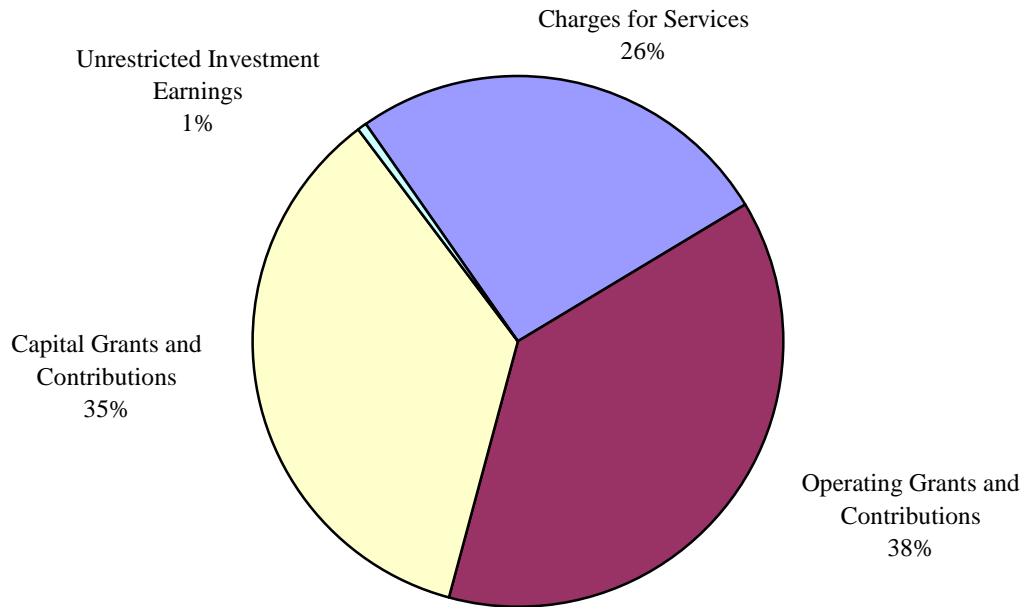
During Fiscal 2004, the County continued expansion projects at the County Airport. Four new T-hangars were in the construction phase. Design occurred for a new airport perimeter security fence. The County began negotiating and purchasing property needed to extend an airport runway which will enable businesses and employers at the airport to grow.

County transfer grants to sewer and water districts, totaling \$2,925,040, were made during Fiscal 2004. These grants help offset capital costs incurred and are a major factor in maintaining sewer user rates at reasonable levels.

Business-type Activities

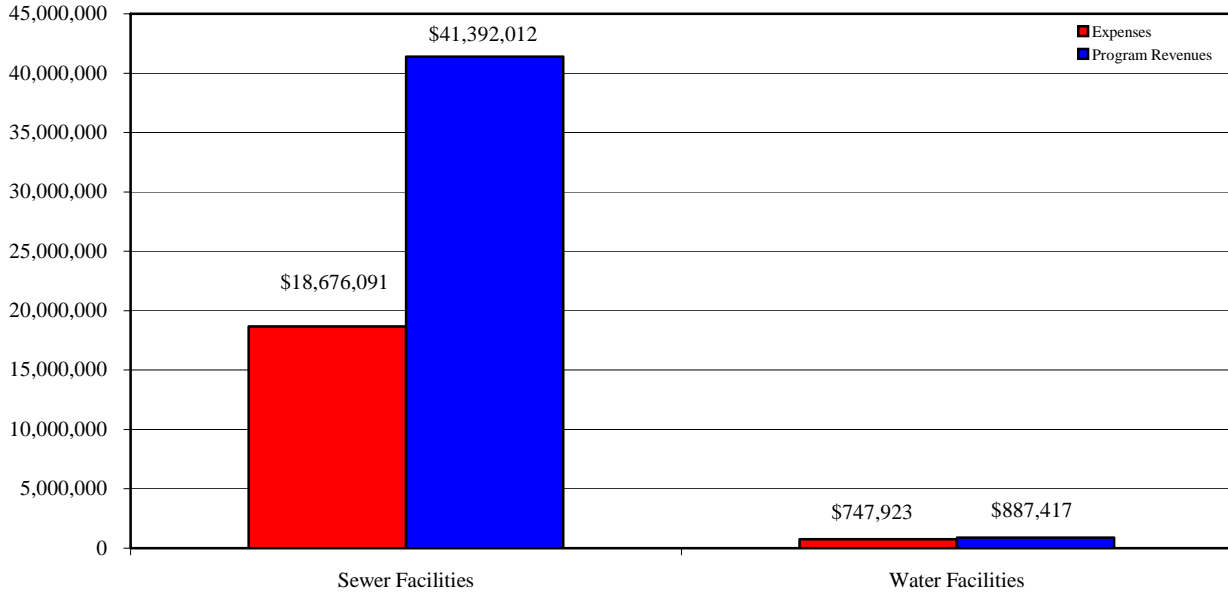
Sussex County's water and sewer funds recorded an increase in net assets of \$25,978,764 during Fiscal 2004. Income before capital contributions and transfers was \$7,939,803. The pie chart reflects the large amounts received from grants and contributions for capital costs.

Revenues by Source - Business-type Activities



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

Expenses and Program Revenues - Business-type Activities



- Capital contributions from developers totaled \$7,562,965 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 39 percent from \$5,450,000 during Fiscal 2003.
- The County also received \$7,271,975 in connection fees for new growth in the sewer and water districts. This was a 29 percent increase due to an increase in number of customers and an increase in connection fee rates. County sewer and water districts' EDUs grew by 6.3 percent, from 44,961 at the beginning of the year to 47,788 as of June 30, 2004.
- During Fiscal 2004, the Ellendale Sewer District began operations. As of June 30, 2004, 290 EDUs had connected to this new system serving the Ellendale community.
- The Cedar Neck Sewer Project also began operations. Final construction completion occurred during Fiscal 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 2004, the County's Governmental Fund balance increased \$20,294,342 to \$72,766,970. As noted previously, this is particularly due to strong residential housing demand in the County. The County's realty transfer tax revenue increased by \$9,482,051, or 53 percent. Related revenues from Recorder of Deeds, Building Permit and Zoning, Building Inspection, and Private Road Inspection and Design fees were also up 20 percent, or \$1,819,000, from the previous year.

Undesignated Fund Balance for the General Fund rose to \$10,169,005. This is net of designations for open space purchases (\$2,287,694), pension and pension benefit fund contributions (\$3,500,000), community grants (\$575,496), reassessment (\$530,000), and the Fiscal 2005 one-time property tax credit (\$2,500,000). 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, 2004, the General Fund Undesignated Fund Balance of \$10,169,005 is 20 percent of the Fiscal 2005 Budget.

The Governmental Funds include the General Fund and Capital Project Fund. General Fund includes County Administration, Finance, Personnel, Buildings and Grounds, Planning & Zoning, Emergency Preparedness (911), Paramedics, Economic Development and Industrial Park, Engineering Administration and Public Works, Solid Waste, County Airport, Libraries, and Constitutional Offices, including Recorder of Deeds, Register of Wills, Sheriff, and Clerk of Peace. The capital project fund includes funding for nonproprietary fund (non-sewer and water projects), such as the County Airport, Emergency Operations Center, 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 2004.

During Fiscal 2004, the County set aside an additional \$1,000,000 in an account to provide monies for pensioner benefits in the future. The County is anticipating an accounting rules change that will require changing the measurement of this liability in our financial report in the near future. During December 2004, an additional \$886,000 was added to this account, bringing total deposits for pensioner benefits to \$2,386,000.

During Fiscal 2004, the Sussex County Council adopted a revised Land Use Plan. The Council is now in the process of enacting ordinances, which reflect the new plan.

Proprietary Funds

The County's Proprietary Funds provide the same type of information as in the Government-wide Financial Statements for business-type activities. Net assets, exclusive of amounts invested in capital costs, total \$44,083,258. Of this amount, \$8,115,999 is unrestricted. Restricted net assets include amounts for West Rehoboth Sewer Revenue Bond Debt Service, as well as amounts set aside for construction costs and connection fee revenue received. Connection fees received are restricted to be used for capital costs and debt service cost.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue and Appropriation Budgets

Total budgeted revenues, expenditures, and other financing uses are equal to the original approved budget for Fiscal 2004. During the year, the County Administrator approved some budget amendments for expenditures from department heads. The approved budget amendments include increases in certain line items for requested expenditures, which were offset by decreases in other departmental line items and/or the budget for contingencies. This resulted in individual line item budget changes, but no change in the total General Fund expenditure budget. Some of the largest transfers from budgeted contingencies to individual line items, as approved by the County Administrator during the year, were for Emergency Operation Center dispatch equipment (\$60,000), Library costs funded by State grant overage (\$42,046), and Recorder of Deeds operations (\$40,000).

Budget to Actual - Revenue

General Fund revenues, and other financing sources, exceeded the budget by \$19,113,297. As previously noted, this is primarily due to the strong property market and strong building climate in Sussex County. Realty transfer tax revenue was \$17,399,572 over budget. Recorder of Deeds revenue was \$2,484,980 over budget. Building related fees, from building permits and zoning fees, building inspection fees, and private road fees, were also over budget by \$2,154,529. The State Paramedic Grant was \$604,002 over budget, primarily because the actual grant approved was at the 50 percent level versus the expected 40 percent. The State Library Grant overage of \$635,601 is attributable to a one-time construction grant for the Milton Library expansion project.

Budget to Actual - Expenditures

Expenditures and other financing uses exceeded the budget by \$7,691,207 as noted on page 69. This is, primarily, a result of additional transfers out to the Capital Improvement Fund. These include transfers for landfill liability costs (\$928,215), Industrial Park and Airport fire protection (\$253,000), Airport T-Hangar expansion (\$193,615) and County park lot expansions (\$138,225). Also, an additional \$3.6 million was transferred to the Capital Improvement Fund, primarily for costs anticipated for a new County Emergency Operations Center and a new County office building. By transferring funds to the Capital Improvement Fund, the County will be better able to meet its nonsewer and water needs, without issuing debt. Without tax supported debt, the County will be saving interest expense costs in the future.

Expenditures for most departments were within budget amounts. Under grants, the Fire Enhancement Fee payments to fire companies exceeded the budget by \$430,691 due to a corresponding increase in revenue. Under Engineering - Public Works, Other Expenditures for FEMA grant-funded project costs totaled \$71,116, which were not budgeted from County monies. They were paid from grant revenues and property owner contributions. Group hospital costs, through the County's self-funded plan, exceeded the budget by approximately \$712,722, which reflects the group hospital cost national trend. The County's Building Code inspection cost, performed by an outside contractor, exceeded budget estimates by \$123,245 due to the major increase in building activity as reflected in the corresponding increase in revenue.

Capital Asset and Debt Administration

Capital Assets

As per the below chart, capital assets (net of depreciation) are valued at \$258,739,650 as of June 30, 2004. Note D, on pages 42 and 43, includes additional information.

SUSSEX COUNTY'S CAPITAL ASSETS

As of June 30, 2004 and 2003

(net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 4,463,890	\$ 4,337,775	\$ 39,120,037	\$ 4,796,431	\$ 43,583,927	\$ 9,134,206
Construction in Progress	2,208,730	1,467,078	13,201,315	13,592,462	15,410,045	15,059,540
Buildings	9,864,245	10,075,485	5,496,924	5,827,340	15,361,169	15,902,825
Improvements Other Than Buildings	3,065,299	2,112,563	6,223,145	6,505,977	9,288,444	8,618,540
Machinery and Equipment	2,443,217	2,936,630	1,524,228	2,124,370	3,967,445	5,061,000
Infrastructure	-	-	171,128,620	155,142,817	171,128,620	155,142,817
Total	\$ 22,045,381	\$ 20,929,531	\$ 236,694,269	\$ 187,989,397	\$ 258,739,650	\$ 208,918,928

The governmental activity assets reflect additions of \$1,033,622 for a major expansion of the Milton Library. There was \$795,000 spent on improvements at the County Airport near Georgetown. This includes \$92,000 for completion of an apron paving project, and \$126,000 for a land purchase for airport expansion. A parking lot expansion at the South Coastal Library was completed costing \$130,000. A \$90,000 emergency dispatch communication tower at Gumboro was completed which will improve emergency response in the southern part of the County. Approximately \$355,000 was spent on Paramedic assets including vehicles, computer equipment and communication equipment to improve operations.

Sewer fund asset additions also include over \$7,534,000 worth of sewer collection lines that were paid for by developers and donated to the County for new developments within County sewer districts. A sludge upgrade project at the South Coastal Regional Wastewater Facility, near Bethany Beach, was underway that will cost approximately \$3,659,000.

During Fiscal 2004, the following highlights the major capital sewer projects underway, which will expand the County's sewer system to serve more residents and better protect the environment.

- The \$8,900,000 Ellendale Sewer District went online during July 2003. This project will provide sewer service for approximately 545 customers.
- Customers began connecting to the Cedar Neck Sewer Project, west of Bethany Beach, during April 2004. The completed portion of this project cost over \$4,821,000.
- The County purchased 2,083 acres of land for \$28,669,250 during Fiscal 2004. This land will be needed to expand the Inland Bays Regional Wastewater Facility near Long Neck. This land will be used for spray irrigation for Long Neck, Angola, Oak Orchard, and West Rehoboth sewer customers.

- \$4,641,000 was spent to purchase land for the Piney Neck Treatment Plant expansion. This spray irrigation facility will accommodate growth in the Dagsboro and Frankford areas.
- \$327,000 was expended for the Oak Orchard Sanitary Sewer District. This project is beginning the construction phase to serve approximately 890 additional County residents.
- Engineering work for planning and design was also underway for the Bay View Estates, Sea Country Estates, Millville, and South Ocean View projects. These projects will also include new infrastructure to serve individuals who have previously been connected to septic systems.

Long-term Debt

As of June 30, 2004, the County had \$149,289,555 in outstanding bonds payable. Of this amount, \$29,359,095 was backed by specific sewer district revenues. The remaining \$119,930,460 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, 2004 and 2003

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ -	\$ -	\$ 119,930,460	\$ 100,088,975	\$ 119,930,460	\$ 100,088,975
Revenue Bonds	-	-	29,359,095	30,609,794	29,359,095	30,609,794
Total	\$ -	\$ -	\$ 149,289,555	\$ 130,698,769	\$ 149,289,555	\$ 130,698,769

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

During Fiscal 2004, the County issued \$10,000,000 of debt to the State of Delaware to partially fund land purchases for the Inland Bays Regional Wastewater Facilities Expansion Project at 1.50 percent for 20 years. Also, a loan for \$6,910,700 was closed with the United States Department of Agriculture for the Cedar Neck Sewer Project. This loan is for 40 years at 4.375 percent. A \$1 million loan from the State of Delaware for the Ellendale Sewer District was also received at 0 percent for 40 years. A United States Department of Agriculture loan for \$1,965,000 for improvements at the South Coastal Regional Wastewater Facility was also received. This loan is for 40 years at 4.25 percent.

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, 2004, there was \$146,461,328 remaining as available general obligation debt margin (see page 95).

Additional information is included in note "H" on pages 47 thru 51 of the report.

Economic Factors in Next Year's Budgets and Rates

Economic Factors

- The County's economy is strong as evidenced by a 3.3 percent unemployment rate as of June 2004. This compares to 3.8 percent for the State of Delaware and 5.6 percent for the United States.
- The real estate and construction industries are strong. Per the U. S. Census Bureau for calendar 2004, as of October 31, 2004, the value of new construction exceeded that for the other 2 Delaware counties - Kent and New Castle. Approximately 50.3 percent of new construction value is occurring in Sussex County for the State of Delaware 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, and Montana, 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 broiler chicken production per the U. S. Department of Commerce. Four major poultry companies have facilities, or growers, in Sussex County. Corn, soybeans, and other vegetables are also grown in the County.
- Retail sales is a growing industry in Sussex County with major outlet shopping located on the East Coast corridor. These outlets attract customers from other counties and states. Per a 1997 study by the U. S. Census Bureau, retail sales per capita in Sussex County exceeds that for New Castle and Kent County, Delaware.

Fiscal 2005 Budget and Rates

The Fiscal 2005 General Fund Budget increased by 33 percent, reflecting growth in the County and corresponding increase in infrastructure expenditures. The budget includes \$9.6 million in funding for County sewer and water capital costs, compared to \$3 million during Fiscal 2004. It also includes \$1,533,166 for open space easement and land purchases, up from \$625,499 for the previous fiscal year. An additional \$400,000 in grants to volunteer fire companies for the Basic Life Support Ambulance operations is included. Paramedic Department spending increased 19 percent, reflecting the hiring of four additional paramedics and an increasing number of emergency calls. Grants to local libraries also increased by \$254,891, a 17 percent increase.

The capital budget program includes \$19,884,000 in estimated costs for sewer project expansions and upgrades. This includes \$9.1 million for the Oak Orchard Sewer District construction, \$2.7 million for expansion and upgrades of the Holts Landing Sewer District, and \$2.4 million to complete the new Cedar Neck Sewer Project. Estimated funding for County Airport improvements totals \$7.9 million, including funding to rehabilitate and extend an existing runway and install an airport perimeter fence. The Fiscal 2005 Five Year Capital Plan includes \$134 million for sewer expansion and upgrade costs. This aggressive schedule for sewer expansion projects will provide major environmental benefits to the County.

The County tax rate for Fiscal 2005 remained at 44-1/2 cents for the 15th straight year. There were no sewer and water operational charge rate increases during Fiscal 2005. The Fiscal 2005 Budget does include a one-time 25 percent property tax credit for current taxpayers. The Budget also includes a new grant to cap County sewer and water residential bills at 125 front feet for sewer and water charges. The Cedar Neck Sewer Project became operational during Fiscal 2004 and 2005, with rates at or below earlier projections due to lower costs.

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 28,768,701	\$ 12,362,395	\$ 41,131,096
Investments	1,712,790	-	1,712,790
Receivables, net of allowance for doubtful accounts:			
Taxes	661,765	-	661,765
Service charges	-	848,327	848,327
Assessment, impact, connection, and expansion	265,154	731,958	997,112
Accrued interest	20,208	62,805	83,013
Miscellaneous	75,106	169,210	244,316
Due from other governmental agencies	1,652,557	2,645,600	4,298,157
Unbilled taxes	10,083,812	-	10,083,812
Internal balances	18,057,044	(18,057,044)	-
Inventory	24,459	14,017	38,476
Prepaid items	387,638	-	387,638
Net pension asset	3,356,974	839,244	4,196,218
Restricted assets:			
Cash and cash equivalents	33,485,877	35,937,383	69,423,260
Investments	-	1,873,008	1,873,008
Mortgage receivable	400,000	-	400,000
Bond issue cost, net of amortization	-	1,082,781	1,082,781
Capital assets:			
Land, improvements, and construction in progress	6,672,620	52,321,352	58,993,972
Other capital assets, net of depreciation	15,372,761	184,372,917	199,745,678
TOTAL ASSETS	120,997,466	275,203,953	396,201,419
LIABILITIES			
Accounts payable and other current liabilities	2,360,120	2,618,761	4,978,881
Accrued interest payable	-	696,810	696,810
Employee health claims payable	539,124	-	539,124
Unearned revenue:			
Taxes	10,083,812	-	10,083,812
Other	155,376	-	155,376
Deposits	6,211,892	5,177	6,217,069
Notes payable	-	881,024	881,024
Long-term liabilities:			
Due within one year	1,538,431	5,731,715	7,270,146
Due in more than one year	6,470,138	142,007,726	148,477,864
TOTAL LIABILITIES	27,358,893	151,941,213	179,300,106
NET ASSETS			
Invested in capital assets, net of related debt	21,778,122	79,179,482	100,957,604
Restricted for:			
Realty transfer tax	24,726,518	-	24,726,518
911 Reporting	1,967,452	-	1,967,452
Grant funds	57,748	-	57,748
Construction and debt service	-	21,318,894	21,318,894
Revenue bond debt service	-	14,648,365	14,648,365
Unrestricted	45,108,733	8,115,999	53,224,732
TOTAL NET ASSETS	\$ 93,638,573	\$ 123,262,740	\$ 216,901,313

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 9,622,999	\$ 2,199,845	\$ 106,984	\$ -	\$ (7,316,170)	\$ -	\$ (7,316,170)
Grant-in-aid programs	6,892,065	-	-	-	(6,892,065)	-	(6,892,065)
Planning and zoning	1,012,053	2,024,755	-	-	1,012,702	-	1,012,702
Paramedic program	6,840,784	-	3,584,580	-	(3,256,204)	-	(3,256,204)
Emergency preparedness	1,889,708	29,543	834,071	-	(1,026,094)	-	(1,026,094)
Economic development and public works	428,025	85,527	-	-	(342,498)	-	(342,498)
County engineer	1,079,543	1,535,980	51,888	-	508,325	-	508,325
Airport	532,414	137,766	70,272	303,572	(20,804)	-	(20,804)
Engineering - solid waste	33,544	13,465	-	-	(20,079)	-	(20,079)
Library	2,729,492	33,664	799,601	14,585	(1,881,642)	-	(1,881,642)
Community development and housing programs	1,488,969	-	1,343,374	-	(145,595)	-	(145,595)
Constitutional offices	1,985,946	7,049,799	-	-	5,063,853	-	5,063,853
TOTAL GOVERNMENTAL ACTIVITIES	34,535,542	13,110,344	6,790,770	318,157	(14,316,271)	-	(14,316,271)
BUSINESS-TYPE ACTIVITIES							
Sewer facilities	18,676,091	10,548,270	15,758,724	15,085,018	-	22,715,921	22,715,921
Water facilities	747,923	583,897	274,617	28,903	-	139,494	139,494
TOTAL BUSINESS-TYPE ACTIVITIES	19,424,014	11,132,167	16,033,341	15,113,921	-	22,855,415	22,855,415
TOTAL PRIMARY GOVERNMENT	\$53,959,556	\$ 24,242,511	\$ 22,824,111	\$ 15,432,078	(14,316,271)	22,855,415	8,539,144
GENERAL REVENUES							
Taxes: Property					9,568,521	-	9,568,521
Capitation					237,282	-	237,282
Fire service					1,510,691	-	1,510,691
Realty transfer					27,399,572	-	27,399,572
Unrestricted investment earnings					892,938	198,309	1,091,247
TRANSFERS					(2,925,040)	2,925,040	-
TOTAL GENERAL REVENUES AND TRANSFERS					36,683,964	3,123,349	39,807,313
CHANGE IN NET ASSETS					22,367,693	25,978,764	48,346,457
NET ASSETS - BEGINNING					71,270,880	97,283,976	168,554,856
NET ASSETS - ENDING					\$ 93,638,573	\$ 123,262,740	\$ 216,901,313

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

SUSSEX COUNTY, DELAWARE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 23,323,699	\$ 5,445,002	\$ 28,768,701
Investments	1,712,790	-	1,712,790
Receivables, net of allowance for doubtful accounts:			
Taxes	661,765	-	661,765
Assessment, impact, connection, and expansion	265,154	-	265,154
Miscellaneous	95,314	-	95,314
Due from other governmental agencies	1,507,588	144,969	1,652,557
Unbilled taxes	10,083,812	-	10,083,812
Due from other funds	18,126,218	32,966	18,159,184
Inventory	24,459	-	24,459
Prepaid items	387,638	-	387,638
Restricted assets:			
Cash and cash equivalents	24,331,547	9,154,330	33,485,877
TOTAL ASSETS	<u><u>\$ 80,519,984</u></u>	<u><u>\$ 14,777,267</u></u>	<u><u>\$ 95,297,251</u></u>
LIABILITIES			
Accounts payable and other accrued expenditures	\$ 3,490,057	\$ 317,177	\$ 3,807,234
Due to other funds	100,815	1,325	102,140
Employee health claims payable	539,124	-	539,124
Deferred revenue:			
Taxes	10,675,916	-	10,675,916
Other	1,136,747	57,228	1,193,975
Deposits	6,211,892	-	6,211,892
TOTAL LIABILITIES	<u><u>22,154,551</u></u>	<u><u>375,730</u></u>	<u><u>22,530,281</u></u>
FUND BALANCES			
Reserved for:			
Encumbrances	731,660	649,169	1,380,829
Inventories and prepaid items	412,097	-	412,097
Non-current assets	17,927,392	-	17,927,392
911 funds	1,967,452	-	1,967,452
Realty transfer tax	15,572,188	9,154,330	24,726,518
Unreserved:			
Designated for subsequent years' expenditures	11,585,639	4,541,774	16,127,413
Undesignated	10,169,005	56,264	10,225,269
TOTAL FUND BALANCES	<u><u>58,365,433</u></u>	<u><u>14,401,537</u></u>	<u><u>72,766,970</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 80,519,984</u></u>	<u><u>\$ 14,777,267</u></u>	
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds			22,045,381
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds			3,756,974
Long-term liabilities, including deferred revenue, are not due and payable in the current period and therefore are not reported in the funds			<u>(4,930,752)</u>
Net Assets of Governmental Activities			<u><u>\$ 93,638,573</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 38,720,829	\$ -	\$ 38,720,829
Intergovernmental	6,002,230	239,271	6,241,501
Charges for services	13,556,533	-	13,556,533
Fines and forfeits	19,103	-	19,103
Miscellaneous	1,131,569	87,665	1,219,234
	<u>59,430,264</u>	<u>326,936</u>	<u>59,757,200</u>
TOTAL REVENUES			
	<u>59,430,264</u>	<u>326,936</u>	<u>59,757,200</u>
EXPENDITURES			
Current:			
General Government:			
General administration	697,459	-	697,459
Finance	4,589,215	-	4,589,215
Personnel	2,416,890	-	2,416,890
Buildings and grounds	1,444,302	-	1,444,302
Data processing	724,473	-	724,473
County constable	199,585	-	199,585
Grant-in-aid programs	6,892,065	-	6,892,065
Planning and zoning	991,821	-	991,821
Paramedic program	6,884,569	-	6,884,569
Emergency preparedness	1,728,428	-	1,728,428
Economic development and public works	391,173	-	391,173
County engineer	1,074,001	-	1,074,001
Airport	252,589	-	252,589
Engineering - solid waste	103,837	-	103,837
Library	2,725,758	-	2,725,758
Community development and housing programs	1,488,969	-	1,488,969
Constitutional offices	1,994,038	-	1,994,038
Capital projects	-	1,982,196	1,982,196
	<u>34,599,172</u>	<u>1,982,196</u>	<u>36,581,368</u>
TOTAL EXPENDITURES			
	<u>34,599,172</u>	<u>1,982,196</u>	<u>36,581,368</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,831,092</u>	<u>(1,655,260)</u>	<u>23,175,832</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capitalized leases	43,550	-	43,550
Transfers in	-	10,527,512	10,527,512
Transfers out	(13,452,552)	-	(13,452,552)
	<u>(13,409,002)</u>	<u>10,527,512</u>	<u>(2,881,490)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>(13,409,002)</u>	<u>10,527,512</u>	<u>(2,881,490)</u>
NET CHANGE IN FUND BALANCES	11,422,090	8,872,252	20,294,342
FUND BALANCES - BEGINNING	46,943,343	5,529,285	52,472,628
FUND BALANCES - ENDING	<u>\$ 58,365,433</u>	<u>\$ 14,401,537</u>	<u>\$ 72,766,970</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, 2004**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			\$ 20,294,342
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 (\$ 2,592,354) exceeded depreciation (\$ 1,429,559) in the current period.			1,162,795
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to increase (decrease) net assets.			(46,945)
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	\$	(18,965)	
Grants		136,985	118,020
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.			57,315
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		(285,606)	
Net pension obligation		995,772	
Postclosure landfill care costs		72,000	782,166
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u><u>\$ 22,367,693</u></u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 19,859,676	\$ 19,859,676	\$ 38,720,829	\$ 18,861,153
Intergovernmental	4,654,485	4,654,485	6,002,230	1,347,745
Charges for services	8,752,885	8,752,885	13,556,533	4,803,648
Fines and forfeits	15,500	15,500	19,103	3,603
Miscellaneous	822,982	822,982	1,131,569	308,587
TOTAL REVENUES	34,105,528	34,105,528	59,430,264	25,324,736
EXPENDITURES				
Current:				
General Government:				
General administration	728,578	743,881	697,459	46,422
Finance	4,409,630	4,462,673	4,589,215	(126,542)
Personnel	2,422,241	2,426,007	2,416,890	9,117
Buildings and grounds	1,515,499	1,574,610	1,444,302	130,308
Data processing	748,745	753,900	724,473	29,427
County constable	162,029	204,329	199,585	4,744
Grant-in-aid programs	5,347,140	5,347,640	6,892,065	(1,544,425)
Planning and zoning	921,224	958,024	991,821	(33,797)
Paramedic program	7,250,079	7,263,438	6,884,569	378,869
Emergency preparedness	1,635,891	1,761,966	1,728,428	33,538
Economic development and public works	379,715	440,890	391,173	49,717
County engineer	1,252,064	1,272,016	1,074,001	198,015
Airport	162,855	166,355	252,589	(86,234)
Engineering - solid waste	143,400	143,400	103,837	39,563
Library	2,636,343	2,755,925	2,725,758	30,167
Community development and housing programs	1,591,683	1,591,683	1,488,969	102,714
Constitutional offices	1,898,030	2,006,345	1,994,038	12,307
TOTAL EXPENDITURES	33,205,146	33,873,082	34,599,172	(726,090)
EXCESS OF REVENUES OVER EXPENDITURES	900,382	232,446	24,831,092	24,598,646
OTHER FINANCING SOURCES (USES)				
Proceeds from capitalized leases	-	-	43,550	43,550
Transfers out	-	-	(13,452,552)	(13,452,552)
Prior year surplus	6,254,989	6,254,989	-	(6,254,989)
Appropriated reserves	(6,254,989)	(6,254,989)	-	6,254,989
Reserved for contingencies	(900,382)	(232,446)	-	232,446
TOTAL OTHER FINANCING SOURCES (USES)	(900,382)	(232,446)	(13,409,002)	(13,176,556)
NET CHANGE IN FUND BALANCE	-	-	11,422,090	11,422,090
FUND BALANCE - BEGINNING	46,943,343	46,943,343	46,943,343	-
FUND BALANCE - ENDING	\$ 46,943,343	\$ 46,943,343	\$ 58,365,433	\$ 11,422,090

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2004

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ASSETS	Business-type Activities - Enterprise Funds			
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer	Treatment Plant - SCRWF
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,392,260	\$ 3,181,834	\$ 962,185	\$ 866,032
Receivables, net of allowance for doubtful accounts:				
Service charges	10,364	16,452	136,853	89,398
Assessment, impact, connection, and expansion	17,075	18,755	211,029	-
Accrued interest	5,131	7,358	23,899	15,582
Miscellaneous	3,034	8,520	107,670	12,748
Due from other governmental agencies	2,006,592	-	60	63,872
Due from other funds	321	552	4,517	3,091,435
Inventory	-	-	-	3,624
TOTAL CURRENT ASSETS	4,434,777	3,233,471	1,446,213	4,142,691
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	2,680,355	1,901,987	16,815,641	8,954,776
Investments	-	-	1,873,008	-
Bond issue cost, net of amortization	82,014	229,328	587,439	110,984
Net pension asset	49,515	143,511	202,258	275,272
Noncurrent accounts receivable:				
Service charges	6,109	10,492	162,916	50,779
Assessment, impact, connection, and expansion	8,456	19,829	398,795	-
Capital assets:				
Land, improvements, and construction in progress	6,211,371	297,167	3,394,270	5,358,685
Other capital assets, net of depreciation	26,404,345	19,330,253	81,107,449	19,779,019
TOTAL NONCURRENT ASSETS	35,442,165	21,932,567	104,541,776	34,529,515
TOTAL ASSETS	39,876,942	25,166,038	105,987,989	38,672,206
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	1,189,295	16,707	78,653	1,015,598
Accrued interest payable	166,288	162,469	111,936	131,196
Due to other funds	756,002	489,321	803,711	4,243,247
Deposits	2,422	-	-	-
Notes payable	34,967	-	-	430,159
Current portion of long-term liabilities	741,721	890,979	2,359,743	809,208
TOTAL CURRENT LIABILITIES	2,890,695	1,559,476	3,354,043	6,629,408
LONG-TERM LIABILITIES, LESS CURRENT PORTION	19,671,316	16,222,010	71,621,801	12,992,881
TOTAL LIABILITIES	22,562,011	17,781,486	74,975,844	19,622,289
NET ASSETS				
Invested in capital assets, net of related debt	12,155,603	2,657,963	10,723,212	8,324,530
Restricted for:				
Construction and debt service	1,855,790	1,901,888	3,992,820	8,121,077
Revenue bond debt service	-	-	14,648,365	-
Unrestricted	3,303,538	2,824,701	1,647,748	2,604,310
TOTAL NET ASSETS	\$ 17,314,931	\$ 7,384,552	\$ 31,012,145	\$ 19,049,917

(continued)

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - CONTINUED
JUNE 30, 2004

ASSETS	Business-type Activities - Enterprise Funds		
	Treatment Plant - IBRWF	Nonmajor Funds	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ 4,960,084	\$ 12,362,395
Receivables, net of allowance for doubtful accounts:			
Service charges	-	122,406	375,473
Assessment, impact, connection, and expansion	-	39,123	285,982
Accrued interest	-	10,835	62,805
Miscellaneous	-	37,238	169,210
Due from other governmental agencies	-	575,076	2,645,600
Due from other funds	-	3,174	3,099,999
Inventory	-	10,393	14,017
TOTAL CURRENT ASSETS	-	5,758,329	19,015,481
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	27,537	5,557,087	35,937,383
Investments	-	-	1,873,008
Bond issue cost, net of amortization	6,225	66,791	1,082,781
Net pension asset	-	168,688	839,244
Noncurrent accounts receivable:			
Service charges	-	242,558	472,854
Assessment, impact, connection, and expansion	-	18,896	445,976
Capital assets:			
Land, improvements, and construction in progress	28,669,250	8,390,609	52,321,352
Other capital assets, net of depreciation	-	37,751,851	184,372,917
TOTAL NONCURRENT ASSETS	28,703,012	52,196,480	277,345,515
TOTAL ASSETS	28,703,012	57,954,809	296,360,996
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	-	318,508	2,618,761
Accrued interest payable	-	124,921	696,810
Due to other funds	8,760,915	6,103,847	21,157,043
Deposits	-	2,755	5,177
Notes payable	-	415,898	881,024
Current portion of long-term liabilities	-	930,064	5,731,715
TOTAL CURRENT LIABILITIES	8,760,915	7,895,993	31,090,530
LONG-TERM LIABILITIES, LESS CURRENT PORTION	10,000,000	11,499,718	142,007,726
TOTAL LIABILITIES	18,760,915	19,395,711	173,098,256
NET ASSETS			
Invested in capital assets, net of related debt	14,908,335	30,409,839	79,179,482
Restricted for:			
Construction and debt service	27,537	5,419,782	21,318,894
Revenue bond debt service	-	-	14,648,365
Unrestricted	(4,993,775)	2,729,477	8,115,999
TOTAL NET ASSETS	\$ 9,942,097	\$ 38,559,098	\$ 123,262,740

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

SUSSEX COUNTY, DELAWARE
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	Business-type Activities - Enterprise Funds			
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer	Treatment Plant - SCRWF
OPERATING REVENUES				
Charges for services	\$ 273,499	\$ 795,312	\$ 2,527,740	\$ 2,761,223
Other operating revenue	199,079	915,368	406,819	288,792
TOTAL OPERATING REVENUES	472,578	1,710,680	2,934,559	3,050,015
OPERATING EXPENSES				
Amortization	11,797	18,873	27,281	11,670
Contractual services	25,127	145,587	280,169	357,498
Depreciation	535,762	939,685	2,032,635	1,365,548
Employee benefits	91,211	212,997	307,229	404,459
Equipment and tools	12,899	9,867	49,101	61,665
Maintenance and repairs	13,375	30,775	66,334	215,753
Miscellaneous	-	5,553	83,503	26,887
Process chemicals	-	11,703	17,761	37,890
Professional services	616	8,008	44,577	3,286
Salaries	172,179	485,687	685,512	946,927
Shared costs - operating	69,871	77,696	106,859	-
Supplies	129	20,953	47,551	67,192
Training and travel	11	37,231	89,431	125,244
Wastewater treatment	-	-	-	-
TOTAL OPERATING EXPENSES	932,977	2,004,615	3,837,943	3,624,019
OPERATING INCOME (LOSS)	(460,399)	(293,935)	(903,384)	(574,004)
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	55,709	60,802	109,162	106,041
Disposition of assets	(1,469)	(17,000)	-	(161,920)
Assessment and connection fees	1,660,653	2,215,229	7,817,470	2,307,125
Miscellaneous	-	7,500	-	113,020
Interest expense	(250,854)	(954,309)	(3,106,835)	(435,720)
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,464,039	1,312,222	4,819,797	1,928,546
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,003,640	1,018,287	3,916,413	1,354,542
CAPITAL CONTRIBUTIONS	3,559,491	1,026,376	3,884,131	69,577
TRANSFERS IN	510,040	275,000	325,000	613,200
TRANSFERS OUT	(40,200)	(1,159,607)	(5,507,490)	-
CHANGE IN NET ASSETS	5,032,971	1,160,056	2,618,054	2,037,319
TOTAL NET ASSETS - BEGINNING	12,281,960	6,224,496	28,394,091	17,012,598
TOTAL NET ASSETS - ENDING	\$ 17,314,931	\$ 7,384,552	\$ 31,012,145	\$ 19,049,917

(continued)

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Enterprise Funds		
	Treatment Plant - IBRWF	Nonmajor Funds	Total
OPERATING REVENUES			
Charges for services	\$ -	\$ 2,285,966	\$ 8,643,740
Other operating revenue	-	715,320	2,525,378
TOTAL OPERATING REVENUES	-	3,001,286	11,169,118
OPERATING EXPENSES			
Amortization	-	18,547	88,168
Contractual services	-	484,021	1,292,402
Depreciation	-	1,424,561	6,298,191
Employee benefits	-	246,862	1,262,758
Equipment and tools	-	44,611	178,143
Maintenance and repairs	-	118,590	444,827
Miscellaneous	-	13,751	129,694
Process chemicals	-	4,531	71,885
Professional services	-	11,502	67,989
Salaries	-	618,799	2,909,104
Shared costs - operating	-	233,598	488,024
Supplies	-	33,621	169,446
Training and travel	-	62,304	314,221
Wastewater treatment	-	649,159	649,159
TOTAL OPERATING EXPENSES	-	3,964,457	14,364,011
OPERATING INCOME (LOSS)	-	(963,171)	(3,194,893)
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	-	149,634	481,348
Disposition of assets	-	(14,862)	(195,251)
Assessment and connection fees	-	1,749,825	15,750,302
Miscellaneous	-	37,780	158,300
Interest expense	-	(312,285)	(5,060,003)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	1,610,092	11,134,696
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	-	646,921	7,939,803
CAPITAL CONTRIBUTIONS	3,000,000	3,574,346	15,113,921
TRANSFERS IN	6,942,097	967,000	9,632,337
TRANSFERS OUT	-	-	(6,707,297)
CHANGE IN NET ASSETS	9,942,097	5,188,267	25,978,764
TOTAL NET ASSETS - BEGINNING	-	33,370,831	97,283,976
TOTAL NET ASSETS - ENDING	<u>\$ 9,942,097</u>	<u>\$ 38,559,098</u>	<u>\$ 123,262,740</u>

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, 2004

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	Business-type Activities - Enterprise Funds		
	Bethany Sewer	Long Neck Sewer	West Rehoboth Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 276,435	\$ 777,245	\$ 2,438,493
Payments to suppliers	(122,028)	(394,267)	(796,549)
Payments to employees	(278,405)	(733,785)	(1,042,789)
Other receipts	192,119	922,868	399,211
NET CASH FLOWS FROM OPERATING ACTIVITIES	68,121	572,061	998,366
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	(532,179)	(13,816)	(25,989)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(7,081,227)	(214,523)	(89,618)
Net payments on line of credit	(8,000)	-	-
Retirement of bonds and related costs	(698,096)	(880,408)	(2,202,664)
Bond proceeds	6,922,541	-	-
Assessment and connection fees	1,667,514	2,223,605	7,753,522
Capital contributions	119,755	-	11,790
Interest paid	(314,501)	(789,549)	(3,030,293)
Payments for bond issue costs	(4,317)	-	-
Transfers from other funds for capital activities	510,040	275,000	325,000
Transfers to other funds for capital activities	(40,200)	(1,159,607)	(5,507,490)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	1,073,509	(545,482)	(2,739,753)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	51,560	55,465	309,440
NET INCREASE (DECREASE) IN CASH	661,011	68,228	(1,457,936)
CASH AND CASH EQUIVALENTS - BEGINNING	4,411,604	5,015,593	19,235,762
CASH AND CASH EQUIVALENTS - ENDING	\$ 5,072,615	\$ 5,083,821	\$ 17,777,826
Cash and cash equivalents	\$ 2,392,260	\$ 3,181,834	\$ 962,185
Restricted cash and cash equivalents	2,680,355	1,901,987	16,815,641
TOTAL CASH AND CASH EQUIVALENTS	\$ 5,072,615	\$ 5,083,821	\$ 17,777,826
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (460,399)	\$ (293,935)	\$ (903,384)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	547,559	958,558	2,059,916
Miscellaneous income	-	7,500	-
Changes in assets and liabilities:			
Accounts receivable	2,936	(18,067)	(89,247)
Due from other governmental agencies	-	2,799	-
Inventory	-	-	-
Net pension asset	(9,305)	(49,687)	(66,562)
Compensated absences	(5,710)	14,586	16,514
Accounts payable	-	(49,693)	(11,263)
Deposits	(6,960)	-	(7,608)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 68,121	\$ 572,061	\$ 998,366
NONCASH TRANSACTIONS			
Contributed property	\$ 1,440,979	\$ 1,026,376	\$ 3,876,081
Net depreciation in fair value of investments	-	-	(198,855)

(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, 2004

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	Business-type Activities	
	Enterprise Funds	
	Treatment Plant - SCRWF	Treatment Plant - IBRWF
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,764,532	\$ -
Payments to suppliers	(306,505)	-
Payments to employees	(1,419,049)	-
Other receipts	401,812	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,440,790</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from (to) other funds, net	<u>2,506,678</u>	<u>8,760,915</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(3,947,234)	(28,669,250)
Net payments on line of credit	(114,000)	-
Retirement of bonds and related costs	(712,942)	-
Bond proceeds	1,968,752	10,000,000
Assessment and connection fees	2,307,125	-
Capital contributions	10,552	3,000,000
Interest paid	(435,158)	-
Payments for bond issue costs	(2,354)	(6,225)
Transfers from other funds for capital activities	613,200	6,942,097
Transfers to other funds for capital activities	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(312,059)</u>	<u>(8,733,378)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>94,331</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	3,729,740	27,537
CASH AND CASH EQUIVALENTS - BEGINNING	<u>6,091,068</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 9,820,808</u>	<u>\$ 27,537</u>
Cash and cash equivalents	\$ 866,032	\$ -
Restricted cash and cash equivalents	8,954,776	27,537
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 9,820,808</u>	<u>\$ 27,537</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (574,004)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided:		
Depreciation and amortization	1,377,218	-
Miscellaneous income	113,020	-
Changes in assets and liabilities:		
Accounts receivable	3,309	-
Due from other governmental agencies	3,250	-
Inventory	-	-
Net pension asset	(92,442)	-
Compensated absences	24,779	-
Accounts payable	585,660	-
Deposits	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,440,790</u>	<u>\$ -</u>
NONCASH TRANSACTIONS		
Contributed property	\$ -	\$ -
Net depreciation in fair value of investment	-	-

(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, 2004

	Business-type Activities	
	Enterprise Funds	
	Nonmajor	
	Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,325,284	\$ 8,581,989
Payments to suppliers	(1,686,462)	(3,305,811)
Payments to employees	(902,993)	(4,377,021)
Other receipts	745,015	2,661,025
NET CASH FLOWS FROM OPERATING ACTIVITIES	480,844	3,560,182
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances from (to) other funds, net	(115,647)	10,579,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(8,067,423)	(48,069,275)
Net payments on line of credit	(128,000)	(250,000)
Retirement of bonds and related costs	(943,810)	(5,437,920)
Bond proceeds	5,137,413	24,028,706
Assessment and connection fees	1,747,808	15,699,574
Capital contributions	2,342,603	5,484,700
Interest paid	(308,783)	(4,878,284)
Payments for bond issue costs	(8,945)	(21,841)
Transfers from other funds for capital activities	967,000	9,632,337
Transfers to other funds for capital activities	-	(6,707,297)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	737,863	(10,519,300)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	141,405	652,201
NET INCREASE (DECREASE) IN CASH	1,244,465	4,273,045
CASH AND CASH EQUIVALENTS - BEGINNING	9,272,706	44,026,733
CASH AND CASH EQUIVALENTS - ENDING	\$ 10,517,171	\$ 48,299,778
Cash and cash equivalents	\$ 4,960,084	\$ 12,362,395
Restricted cash and cash equivalents	5,557,087	35,937,383
TOTAL CASH AND CASH EQUIVALENTS	\$ 10,517,171	\$ 48,299,778
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (963,171)	\$ (3,194,893)
Adjustments to reconcile operating income (loss) to net cash provided:		
Depreciation and amortization	1,443,108	6,386,359
Miscellaneous income	37,780	158,300
Changes in assets and liabilities:		
Accounts receivable	39,318	(61,751)
Due from other governmental agencies	(12,882)	(6,833)
Inventory	(118)	(118)
Net pension asset	(67,386)	(285,382)
Compensated absences	30,054	80,223
Accounts payable	(17,774)	506,930
Deposits	(8,085)	(22,653)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 480,844	\$ 3,560,182
NONCASH TRANSACTIONS		
Contributed property	\$ 1,219,529	\$ 7,562,965
Net depreciation in fair value of investment	-	(198,855)

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUND
JUNE 30, 2004

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	<u>Pension Trust Fund</u>
ASSETS	
Investments	\$ 24,275,056
Accrued interest	<u>15,577</u>
TOTAL ASSETS	<u>24,290,633</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 24,290,633</u></u>

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

SUSSEX COUNTY, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2004

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	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 2,670,566
Investment:	
Investment income	<u>2,665,229</u>
TOTAL ADDITIONS	5,335,795
DEDUCTIONS	
Beneficiary payments	<u>818,369</u>
NET INCREASE IN PLAN NET ASSETS	4,517,426
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING	<u>19,773,207</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - ENDING	<u><u>\$ 24,290,633</u></u>

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has 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; engineering - solid waste; library; community development and housing programs; and constitutional offices. The County's water and sewer services are classified as business-type activities.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

3. Basic Financial Statements - Fund Financial Statements

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

The following fund types are used by the County:

Governmental Funds

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

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

Capital projects fund is maintained to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). Capital projects expenditures in 2004 were mainly for airport and library projects. At June 30, 2004, the major projects being planned include a new \$ 4.5 million Emergency Operations Center, \$ 2 million for a new County office building primarily needed for the Engineering Department, \$ 1.5 million building at the County Industrial Park, \$ 1.3 million Airport clear zone land purchases, and \$ 1.2 million fire protection water system at the County Industrial Park and Airport.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basic Financial Statements - Fund Financial Statements - Continued

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basic Financial Statements - Fund Financial Statements - Continued

Major and Nonmajor Funds

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

4. Basis of Accounting

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

Accrual

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

Modified Accrual

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

5. Cash and Cash Equivalents

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

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

6. Investments

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Accounts Receivable

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

8. Inventory

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

9. Capital Assets

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

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

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

10. Bond Premiums, Discounts and Issuance Costs

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

11. Deposits and Deferred Revenue

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

12. Interest Capitalization

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Interest Capitalization - Continued

The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund's interest rate for the obligation incurred specifically to finance the construction of the capital asset. During fiscal 2004, Proprietary Fund interest expense is net of \$ 13,938 of capitalized interest.

13. Equity Classifications

Government-wide Statements

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

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

Fund Statements

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

14. Revenues

Those revenues susceptible to accrual are property taxes, special assessments, interest revenue and charges for services, intergovernmental, and miscellaneous. All other revenue items are considered to be measurable and available only when cash is received by the County. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Revenues - Continued

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

15. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

16. Compensated Absences

Employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to two times their yearly vacation and, for sick days, up to a maximum of 90 days. The County accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

17. Interfund Activity

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

18. Budgets and Budgetary Accounting

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

18. Budgets and Budgetary Accounting - Continued

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

The budgets for the County's general fund and capital projects fund have been prepared on a basis materially consistent with generally accepted accounting principles (GAAP). Final budgeted amounts are as amended through June 30, 2004. Unexpended appropriations in the operating budget lapse at year end, while encumbered amounts are reappropriated in the subsequent year.

19. Use of Estimates

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

NOTE B - CASH AND INVESTMENTS

All deposits are in various financial institutions and are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used.

The table presented below is designed to disclose the level of custody credit risk assumed by the County based upon how its deposits were insured or secured with collateral at June 30, 2004. The categories of credit risk are defined as follows:

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

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the County's name

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

Type of Deposits	Category			Total Bank Balance	Total Carrying Value
	1	2	3		
Demand deposits	\$ 400,000	\$ 64,244,303	\$ 1,762	\$ 64,646,065	\$ 61,958,199
Time deposits	-	25,400,000	-	25,400,000	25,400,000
TOTAL DEPOSITS	<u>\$ 400,000</u>	<u>\$ 89,644,303</u>	<u>\$ 1,762</u>	<u>\$ 90,046,065</u>	<u>\$ 87,358,199</u>

NOTE B - CASH AND INVESTMENTS - CONTINUED

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

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

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

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

Investment balances held in each risk category are as follows at June 30, 2004:

Type of Investment	Category			Reported Amount/ Fair Value
	1	2	3	
Obligations of U.S. Government/Agencies	\$ 17,141,733	\$ -	\$ -	\$ 17,141,733
Municipal obligations	178,109	-	-	178,109
Repurchase agreements	10,404,883	-	-	10,404,883
	<u>\$ 27,724,725</u>	<u>\$ -</u>	<u>\$ -</u>	27,724,725
Uncategorized				
Pooled securities				13,625,014
Mutual funds				9,689,593
TOTAL INVESTMENTS				<u>\$ 51,039,332</u>

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

NOTE B - CASH AND INVESTMENTS - CONTINUED

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

Cash on hand	\$ 17,679
Carrying amount of deposits	87,358,199
Carrying amount of investments	<u>51,039,332</u>
TOTAL	<u>\$ 138,415,210</u>
Cash and cash equivalents	\$ 41,131,096
Cash and cash equivalents - restricted	69,423,260
Investments	1,712,790
Investments - restricted	1,873,008
Pension trust cash and investments (not included in government-wide statement)	<u>24,275,056</u>
TOTAL	<u>\$ 138,415,210</u>

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables at June 30, 2004 is \$ 8,569 for service and \$ 7,394 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, 2004, was as follows:

	Balance at June 30, 2003	Increases	Decreases	Balance at June 30, 2004
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,337,775	\$ 126,115	\$ -	\$ 4,463,890
Construction in progress	1,467,078	1,608,438	866,786	2,208,730
Total capital assets, not being depreciated	<u>5,804,853</u>	<u>1,734,553</u>	<u>866,786</u>	<u>6,672,620</u>
Other capital assets:				
Buildings	11,776,347	54,468	33,868	11,796,947
Improvements	6,814,303	1,161,541	-	7,975,844
Machinery and equipment	8,747,739	508,579	515,191	8,741,127
Total other capital assets	<u>27,338,389</u>	<u>1,724,588</u>	<u>549,059</u>	<u>28,513,918</u>
Less accumulated depreciation for:				
Buildings	1,700,862	235,397	3,557	1,932,702
Improvements	4,701,740	208,805	-	4,910,545
Machinery and equipment	5,811,109	985,357	498,556	6,297,910
Total accumulated depreciation	<u>12,213,711</u>	<u>1,429,559</u>	<u>502,113</u>	<u>13,141,157</u>
Other capital assets, net	<u>15,124,678</u>	<u>295,029</u>	<u>46,946</u>	<u>15,372,761</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,929,531</u>	<u>\$ 2,029,582</u>	<u>\$ 913,732</u>	<u>\$ 22,045,381</u>

NOTE D - CAPITAL ASSETS - CONTINUED

	Balance at June 30, 2003	Increases	Decreases	Balance at June 30, 2004
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,796,431	\$ 34,323,606	\$ -	\$ 39,120,037
Construction in progress	13,592,462	13,859,874	14,251,021	13,201,315
Total capital assets, not being depreciated	<u>18,388,893</u>	<u>48,183,480</u>	<u>14,251,021</u>	<u>52,321,352</u>
Other capital assets:				
Buildings	10,501,746	-	15,770	10,485,976
Improvements	9,319,373	17,571	2,000	9,334,944
Machinery and equipment	4,989,954	274,880	73,542	5,191,292
Infrastructure	207,924,462	21,000,921	645,098	228,280,285
Total other capital assets	<u>232,735,535</u>	<u>21,293,372</u>	<u>736,410</u>	<u>253,292,497</u>
Less accumulated depreciation for:				
Buildings	4,674,406	319,073	4,427	4,989,052
Improvements	2,814,880	296,919	-	3,111,799
Machinery and equipment	2,906,428	760,636	-	3,667,064
Infrastructure	52,739,317	4,921,563	509,215	57,151,665
Total accumulated depreciation	<u>63,135,031</u>	<u>6,298,191</u>	<u>513,642</u>	<u>68,919,580</u>
Other capital assets, net	<u>169,600,504</u>	<u>14,995,181</u>	<u>222,768</u>	<u>184,372,917</u>
Business-type Activities Capital Assets, Net	<u>\$ 187,989,397</u>	<u>\$ 63,178,661</u>	<u>\$ 14,473,789</u>	<u>\$ 236,694,269</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 361,639
Planning and zoning	24,370
Paramedic program	367,455
Emergency preparedness	304,487
Economic development and public works	40,616
County engineer	23,581
Airport	227,383
Engineering - solid waste	1,707
Library	37,278
Constitutional offices	41,043
Total governmental activities depreciation expense	<u>\$ 1,429,559</u>

Business-type activities:

Water	\$ 115,990
Sewer	6,182,201
Total business-type activities depreciation expense	<u>\$ 6,298,191</u>

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN

Plan Description and Provisions

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

To be eligible for retirement benefits, a covered employee who shall have service with Sussex County in continuous employment for at least eight years shall be considered eligible for retirement benefits within the meaning of this Ordinance, except as otherwise provided. The age for normal retirement is 62 with eight years of service, 60 for early retirement with 15 years of service, or after 30 years of service regardless of age, for most employees. Effective June 6, 2000, the number of years of service for normal retirement is 25 for paramedic and emergency communication specialists. For the year ended June 30, 2004, total payroll was \$ 15,185,400. Covered payroll refers to all compensation by the County to active employees covered by the plan. Current membership in the plan (as of January 1, 2004) 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>
234	224	458	102	56	\$ 14,359,924

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	\$ 1,241,364
Interest on net pension obligation	(233,205)
Adjustment to annual required contribution	357,908
Annual Pension Cost	1,366,067
Contributions made	(2,647,221)
Increase in Net Pension Asset	(1,281,154)
Net Pension Obligation (Asset), Beginning of Year	(2,915,064)
Net Pension Obligation (Asset), End of Year	\$ (4,196,218)

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

The County's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. Contributions made were 18 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, 2004 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 12 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>
2002	\$ 929,042	166.3 %	\$ (2,229,015)
2003	1,085,060	163.2	(2,915,064)
2004	1,366,067	193.8	(4,196,218)

The plan was funded with contributions as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1976	\$ 75,000	1993	\$ 890,882
1982	50,000	1994	950,736
1983	150,000	1995	1,040,285
1984	80,995	1996	1,175,078
1985	100,000	1997	1,157,975
1986	234,000	1998	896,732
1987	419,532	1999	881,820
1988	484,224	2000	1,946,139
1989	182,262	2001	1,440,572
1990	342,739	2002	1,544,934
1991	355,582	2003	2,034,321
1992	463,552	2004	2,670,566

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

Pension Trust Assets

The pension trust funds are invested in U.S. Treasury Notes, U.S. Government Agency Notes and Bonds, Sussex County Second Lien Revenue Bonds, the Delaware Local Government Retirement Investment Pool (DEL RIP), Wilmington Trust Company (WTC) mutual funds, and Fidelity Investments mutual funds. Wilmington Trust Company is the trustee of the Plan. DEL RIP was established to allow local governments the option to pool their pension assets with the Delaware Public Employees' Retirement System (DPERS). DEL RIP is in the custody of the Delaware Board of Pension Trustees and is subject to oversight of the DPERS' Investment Committee and not of the Securities and Exchange Commission (SEC). The WTC mutual funds are in the custody of the Wilmington Trust Company. The DEL RIP investments are stated at fair value, which is the same as the value of the DPERS' Master Trust shares. Further details of the DEL RIP investments are disclosed in the DPERS 33rd 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, 2004 consist of:

	Fair Value
Delaware Local Retirement Investment Pool	\$ 11,912,224
Fidelity Investments Short-Intermediate Government Portfolio	1,525,288
TOTAL	\$ 13,437,512

NOTE F - DEFERRED COMPENSATION PLAN

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

NOTE G - SHORT-TERM DEBT

Short-term financing is obtained from banks to provide working capital for the Enterprise Funds. Interest on the line of credit is variable; the interest rate was 2.56% at June 30, 2004. The County had \$ 24,118,976 of unused line of credit to be drawn upon as needed. Short-term debt activity for the year ended June 30, 2004, was as follows:

	June 30, 2003	Additions	Reductions	June 30, 2004
Notes payable	\$ 1,131,024	\$ -	\$ 250,000	\$ 881,024

NOTE H - LONG-TERM LIABILITIES

Description of Bonds Payable

At June 30, 2004, bonds payable consisted of the following individual issues:

	<u>Business-type</u>
1994 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 20, 2034, interest at 4.5%.	\$ 9,199,206
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.	10,529,095
1995 wastewater revenue bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2025, interest ranging from 4.75% to 5.5%. Debt service will be paid from user fee revenue generated by the West Rehoboth expansion sewer system. The revenue bonds require various project, construction, operating and depreciation accounts.	18,830,000
1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%.	3,348,710
1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%.	6,118,902
1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%.	5,582,793
1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%.	2,801,680
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.	426,323
1997 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2021, interest at 1.5%. Total bonds authorized are \$ 12,000,000.	8,839,821

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Description of Bonds Payable - Continued

	<u>Business-type</u>
2000 wastewater general obligation bonds (Ocean View, Holts Landing, Cedar Neck, North Millville and SCRWF projects), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2026. Total bonds authorized are \$ 13,752,100.	\$ 12,923,951
2000 wastewater general obligation bonds (Ellendale Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 15, 2023. Total bonds authorized are \$ 1,726,000.	1,696,929
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.	9,710,396
2001 wastewater general obligation bonds (1993 refunding), due in semi-annual installments, interest at 4%, final payment due October 15, 2005.	5,500,000
2002 wastewater general obligation bonds (Miller Creek Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2027. Total bonds authorized are \$ 3,300,000.	12,064
2002 wastewater general obligation bonds (Bayview Estates and Sea Country Estates Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due December 31, 2025. Total bonds authorized are \$ 2,636,000.	44,714
2002 wastewater general obligation bonds (SCRWF projects), due in semi-annual installments, interest at 3.175%, final payment due December 31, 2026. Total bonds authorized are \$ 13,000,000.	86,493
2003 wastewater general obligation bonds (Oak Orchard Sanitary Sewer District), due in semi-annual installments, interest at 2%, final payment due December 31, 2024. Total bonds authorized are \$ 1,500,000.	497,808
2003 wastewater general obligation bonds (1992 and 1993 refunding), due in semi-annual installments, interest ranging from 2.5% to 5%, final payment due October 15, 2032.	31,255,000
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.	809,055
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.	1,240,884

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Description of Bonds Payable - Continued

	<u>Business-type</u>
2004 wastewater general obligation bonds (Ellendale project), due in semi-annual installments, no stated interest rate, final payment due June 13, 2042. Total bonds authorized are \$ 1,000,000.	\$ 974,359
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.	6,910,700
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.	1,950,672
2004 wastewater general obligation bonds (Inland Bays project), due in semi-annual installments, interest 1.5%, final payment due December 31, 2027. Total bonds authorized are \$ 16,000,000.	<u>10,000,000</u>
Subtotal	149,289,555
Unamortized bond premium	1,382,682
Unamortized bond discount	(5,123)
Deferred amount on refunding, net of amortization	<u>(3,769,619)</u>
TOTAL BONDS PAYABLE	<u>\$ 146,897,495</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 \$ 513,288 and \$ 483,216 for fiscal year 2004 and 2003, respectively.

Defeasance of Debt

In prior years, the County defeased the general obligation bonds of 1975 and 1993 (partial) by placing the proceeds of the new debt in irrevocable trust funds to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the County's financial statements. At June 30, 2004, the amount of defeased debt outstanding but removed amounted to \$ 2,930,000.

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2004, the obligated unpaid amount was approximately \$ 14,002,617. 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, 2004, was as follows:

	June 30, 2003	Additions	Reductions	June 30, 2004	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 3,147,953	\$ 1,640,471	\$ 1,447,114	\$ 3,341,310	\$ 1,447,114
Capital lease obligations	324,574	43,550	100,865	267,259	91,317
Estimated liability for landfill postclosure care	4,472,000	-	72,000	4,400,000	-
Total Governmental Activities	\$ 7,944,527	\$ 1,684,021	\$ 1,619,979	\$ 8,008,569	\$ 1,538,431
Business-type Activities:					
General obligation bonds	\$ 100,088,975	\$ 24,028,706	\$ 4,187,221	\$ 119,930,460	\$ 4,049,465
Revenue bond debt	30,609,794	-	1,250,699	29,359,095	1,282,109
Unamortized bond premium	1,566,747	-	184,065	1,382,682	-
Unamortized bond discount	(5,281)	-	(158)	(5,123)	-
Deferred amount of refunding, net of amortization	(4,282,907)	-	(513,288)	(3,769,619)	-
Total bonds payable	127,977,328	24,028,706	5,108,539	146,897,495	5,331,574
Compensated absences	761,240	480,847	400,141	841,946	400,141
Total Business-type Activities	\$ 128,738,568	\$ 24,509,553	\$ 5,508,680	\$ 147,739,441	\$ 5,731,715

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
2005	\$ 4,049,464	\$ 3,976,415	\$ 8,025,879
2006	4,747,588	4,035,368	8,782,956
2007	3,978,488	3,898,967	7,877,455
2008	4,313,143	3,800,477	8,113,620
2009	4,693,844	3,591,824	8,285,668
2010 - 2014	25,932,154	15,205,436	41,137,590
2015 - 2019	22,685,488	11,130,378	33,815,866
2020 - 2024	17,637,984	7,876,483	25,514,467
2025 - 2029	11,612,372	5,568,965	17,181,337
2030 - 2034	10,897,703	3,325,249	14,222,952
2035 - 2039	5,865,042	1,313,572	7,178,614
2040 - 2044	3,517,190	321,092	3,838,282
TOTAL	\$ 119,930,460	\$ 64,044,226	\$ 183,974,686

NOTE H - LONG-TERM LIABILITIES - CONTINUED

Year ending June 30,	Business-type Activities - Revenue Bonds		
	Principal	Interest	Total
2005	\$ 1,282,109	\$ 1,175,703	\$ 2,457,812
2006	1,318,691	1,139,894	2,458,585
2007	1,355,446	1,102,191	2,457,637
2008	1,397,378	1,062,259	2,459,637
2009	1,439,488	1,020,059	2,459,547
2010 - 2014	7,920,557	4,380,686	12,301,243
2015 - 2019	7,005,426	2,968,698	9,974,124
2020 - 2024	6,190,000	1,457,228	7,647,228
2025	1,450,000	79,750	1,529,750
TOTAL	\$ 29,359,095	\$ 14,386,468	\$ 43,745,563

Bonds Authorized but Unissued

Bonds authorized but unissued at June 30, 2004 totaled \$ 43,111,544. Subsequent to year end, an additional \$ 1,000,000 of bonds was authorized. The bonds are to finance various sewer district construction and improvement projects.

Capital Lease Obligations

The County leases photocopiers under three to five year lease purchase agreements and a defibrillator under a five-year lease purchase agreement. Monthly lease payments range from \$ 40 to \$ 5,068, and expire from August 1, 2004 through October 31, 2007. Obligations under governmental activities capital leases are as follows:

Year ending June 30,	Governmental Activities
2005	\$ 99,658
2006	81,661
2007	67,053
2008	36,814
Total minimum lease payments	285,186
Less: Amount representing imputed interest costs	17,927
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	\$ 267,259

NOTE I - INTERFUND BALANCES

Interfund balances at June 30, 2004 consisted of the following:

Receivable Fund	Payable Fund	Total Amount	Long-term Amount
General fund	Long Neck sewer fund	\$ 46,859	\$ 46,859
	Bethany sewer fund	622,350	622,350
	West Rehoboth sewer fund	83,195	83,195
	Treatment plant - SCRWF	4,243,247	4,243,247
	Treatment plant - IBRWF	8,760,915	8,760,915
	Nonmajor enterprise funds	4,300,478	4,300,478
			<u>18,057,044</u>
Capital projects fund	General fund	31,641	31,641
Treatment plant - SCRWF	Long Neck sewer fund	441,910	441,910
	Bethany sewer fund	133,331	133,331
	West Rehoboth sewer fund	715,999	715,999
	Nonmajor enterprise funds	1,800,195	1,800,195
			<u>3,091,435</u>
TOTAL		<u>\$ 21,180,120</u>	<u>\$ 21,180,120</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, 2004, 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, 2004, consisted of the following:

TRANSFER TO:	TRANSFER FROM				
	General Fund	Bethany	Long Neck	West Rehoboth	Total
Capital projects fund	\$ 10,527,512	\$ -	\$ -	\$ -	\$ 10,527,512
Bethany sewer fund	510,040	-	-	-	510,040
Long Neck sewer fund	275,000	-	-	-	275,000
West Rehoboth sewer fund	325,000	-	-	-	325,000
Treatment plant - SCRWF	573,000	40,200	-	-	613,200
Treatment plant - IBRWF	275,000	-	1,159,607	5,507,490	6,942,097
Nonmajor enterprise funds	967,000	-	-	-	967,000
TOTAL	<u>\$ 13,452,552</u>	<u>\$ 40,200</u>	<u>\$ 1,159,607</u>	<u>5,507,490</u>	<u>20,159,849</u>

NOTE J - INTERFUND TRANSFERS - CONTINUED

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. During fiscal year 2004, Long Neck and West Rehoboth sewer funds transferred a total of \$ 6,667,097 to the new Inland Bays Regional Wastewater Facility Treatment Plant to acquire land.

NOTE K - POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note E, the County provides post-retirement health care benefits. For employees who begin employment with the County prior to July 1, 2001, the County policy is to provide post-retirement healthcare benefits immediately after they leave County employment if they receive a pension at that time. Retirees hired subsequent to June 30, 2001, with 15 to 24 years of service, are eligible for coverage upon receipt of a County pension, with the County paying 50 percent of the premium. Retirees hired subsequent to June 30, 2001, with at least 25 years of service, receive full post-retirement healthcare benefits when they receive their pension. Employees, who began work prior to July 1, 2001, may elect the coverage available as if hired after June 30, 2001. Currently, 102 retirees receive post-retirement healthcare benefits. Expenditures for post retirement health care benefits are recognized as retirees report claims. During the year, expenditures of \$ 560,990 were recognized in the general fund for post-retirement benefits. The County has authority to establish and amend post employment benefits.

NOTE L - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. Settlements have not exceeded coverage in the past three years. The following significant reduction in coverage occurred:

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

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2004, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$ 85,000. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$ 7,521,407 for the County's portion of medical expense liability, which is covered under a commercial policy. The County reports the risk management activity in the General Fund. The County recognizes expenditures/expenses in the General Fund, Water Fund and Sewer Funds. The employee health plan is administered by an outside agency.

NOTE L - RISK MANAGEMENT - CONTINUED

Employee Health Plan

Contributions from the County and employee withholdings are deposited into a reserve fund to pay prior-year and current-year claims. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported at June 30, 2004 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 2004 and 2003 were:

	<u>Beginning of Year Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Balance</u>
2002 - 2003	\$ 630,599	\$ 3,990,346	\$ (4,000,923)	\$ 620,022
2003 - 2004	620,022	4,930,459	(5,011,357)	539,124

NOTE M - PROPRIETARY FUNDS CONTRACTS

The County has a contract with the Town of Georgetown for the Town to provide wastewater treatment and disposal for the County's Ellendale Sewer Treatment System. The contract was executed on May 25, 2000 and is in effect for a period of 40 years unless both parties mutually agree to terminate the contract. The County has a contract with the City of Rehoboth Beach for the City to provide water for the County's Dewey Beach Water District. The contract was executed on April 1, 2000 and is in effect until March 31, 2005. The County has a contract with the City of Seaford for the purpose of discharging wastewater. The contract is in effect on January 1, 2004 for 10 years with an option to renew for an additional 10 years.

NOTE N - LANDFILL POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its six landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at these sites for 30 years after their closure. The estimated liability for landfill postclosure care of \$ 4,400,000 at June 30, 2004 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 2004. Actual cost may be higher because of inflation, changes in technology or changes in regulations.

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

NOTE O - RENT REVENUES

The County has entered into several long-term operating leases with local businesses to rent property, mainly located in the County's Industrial Park and Airport. These leases range in terms of one year to forty-five years and several of them are noncancelable. Buildings with a cost basis of \$ 1,832,972 and accumulated depreciation of \$ 362,005, equipment with a cost basis of \$ 55,058 and accumulated depreciation of \$ 22,942 and improvements of \$ 9,713 and accumulated depreciation of \$ 2,752 were being leased as of June 30, 2004. The minimum future rental revenue under leases as of June 30, 2004 for each of the next five years and in the aggregate are:

Year ending June 30,	Amount
2005	\$ 234,725
2006	198,533
2007	135,491
2008	101,219
2009	91,405
Thereafter	<u>1,069,523</u>
MINIMUM LEASE PAYMENTS RECEIVABLE	<u>\$ 1,830,896</u>

NOTE P - MORTGAGE RECEIVABLE

The County holds a mortgage receivable from the Patrick Family Foundation, Inc. at June 30, 2004 of \$ 400,000, which is not reflected on the governmental funds balance sheet. It bears interest of 3%, payable semi-annually, and is due on September 29, 2005. The proceeds were used to finance a portion of the costs of a new airplane hangar and the acquisition of related equipment at the County's airport.

NOTE Q - CONTINGENCIES

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

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

NOTE R - SUBSEQUENT EVENTS

Subsequent to year end, the County has committed to the following contracts: Oak Orchard Sanitary Sewer District collection and conveyance project for \$ 2,648,287; SCRWF treatment upgrade project for \$ 15,201,101; and preliminary feasibility study and engineering reports for the North Coastal Planning Area Regional Wastewater Facilities for \$ 1,281,225.



REQUIRED SUPPLEMENTARY INFORMATION

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2004

<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>
01/01/1999	\$ 13,236,957	\$ 15,196,127	\$ 1,959,170	87.1%	\$ 9,208,608	21.3%
01/01/2000	16,865,340	17,389,368	524,028	97.0	10,139,573	5.2
01/01/2001	19,162,538	19,365,325	202,787	99.0	10,835,061	1.9
01/01/2002	21,212,036	21,567,079	355,043	98.4	12,243,136	3.0
01/01/2003	22,625,644	24,379,883	1,754,239	92.8	13,299,716	13.2
01/01/2004	25,324,895	27,284,408	1,959,513	92.8	14,359,924	13.6

SUSSEX COUNTY, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1999	\$ 768,720	114.1%
2000	803,193	242.3
2001	752,825	191.4
2002	869,632	177.7
2003	996,026	177.8
2004	1,241,364	213.3



**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, 2004

- 58 -

	Final Budget	Actual	Variance - Over (Under)
TAXES			
Real property - County	\$ 7,568,266	\$ 8,513,842	\$ 945,576
Real property - library	886,410	917,601	31,191
Realty transfer	10,000,000	27,399,572	17,399,572
Capitation	215,000	234,096	19,096
Fire service	1,075,000	1,510,691	435,691
Penalties and interest	115,000	145,027	30,027
TOTAL TAXES	19,859,676	38,720,829	18,861,153
INTERGOVERNMENTAL REVENUES			
Federal grants:			
Emergency preparedness	54,417	102,772	48,355
Federal Emergency Management Agency	-	62,357	62,357
Historical planner	25,000	14,092	(10,908)
Housing and Urban Development	1,449,000	922,441	(526,559)
Housing preservation	-	42,012	42,012
Project income	-	51,190	51,190
Federal payments in lieu of taxes	7,200	10,543	3,343
State grants:			
Airport	-	7,073	7,073
Housing rehabilitation loan program	-	94,547	94,547
Library	164,000	799,601	635,601
Paramedic	2,900,031	3,504,033	604,002
Local emergency plan commission	54,837	47,742	(7,095)
Community Development	-	233,184	233,184
Other	-	110,643	110,643
TOTAL INTERGOVERNMENTAL REVENUES	4,654,485	6,002,230	1,347,745
CHARGES FOR SERVICES			
Constitutional Office Fees			
Clerk of the Peace	35,000	43,005	8,005
Prothonotary	2,500	2,214	(286)
Recorder of Deeds	3,350,000	5,834,980	2,484,980
Register of Wills	700,000	671,012	(28,988)
Sheriff	457,611	498,588	40,977
Total Constitutional Office Fees	4,545,111	7,049,799	2,504,688
General Government Fees			
Building permit and zoning fees	1,333,494	2,022,430	688,936
Industrial bonds fees	-	17,750	17,750
Building inspections	1,300,000	1,620,479	320,479
Security identification cards	1,500	1,412	(88)
Mobile home placement	341,000	356,860	15,860
911 reporting	550,000	658,996	108,996
Total General Government Fees	3,525,994	4,677,927	1,151,933

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
CHARGES FOR SERVICES - CONTINUED			
General Government Services			
Airport operations	\$ 135,000	\$ 137,766	\$ 2,766
Data processing	30,000	50,509	20,509
Private road inspections and design fees	290,000	1,435,114	1,145,114
Industrial park water and sewer	31,000	39,585	8,585
Sewer and water inspections	1,000	10,454	9,454
900 Line - Assessment Department	20,000	1,692	(18,308)
Total General Government Services	<u>507,000</u>	<u>1,675,120</u>	<u>1,168,120</u>
Other Charges			
Reimbursements from water and sewer funds for services	141,000	-	(141,000)
Miscellaneous	33,780	153,687	119,907
Total Other Charges	<u>174,780</u>	<u>153,687</u>	<u>(21,093)</u>
TOTAL CHARGES FOR SERVICES	<u>8,752,885</u>	<u>13,556,533</u>	<u>4,803,648</u>
FINES AND FORFEITS			
Library fines	13,000	16,778	3,778
Zoning violations	2,500	2,325	(175)
TOTAL FINES AND FORFEITS	<u>15,500</u>	<u>19,103</u>	<u>3,603</u>
MISCELLANEOUS			
Interest earnings	700,000	890,190	190,190
Rents			
Courthouse and family court	-	88,974	88,974
Industrial park	33,111	28,192	(4,919)
County office building	84,871	87,257	2,386
Other	5,000	5,120	120
Sale of assets	-	16,461	16,461
Library donations	-	14,585	14,585
Paramedic program donations	-	790	790
TOTAL MISCELLANEOUS	<u>822,982</u>	<u>1,131,569</u>	<u>308,587</u>
TOTAL REVENUES	<u>34,105,528</u>	<u>59,430,264</u>	<u>25,324,736</u>
OTHER FINANCING SOURCES			
Proceeds from capitalized leases	-	43,550	43,550
Prior year surplus	6,254,989	-	(6,254,989)
TOTAL OTHER FINANCING SOURCES	<u>6,254,989</u>	<u>43,550</u>	<u>(6,211,439)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 40,360,517</u>	<u>\$ 59,473,814</u>	<u>\$ 19,113,297</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
GENERAL ADMINISTRATION			
County Council			
Personal services	\$ 146,866	\$ 146,988	\$ (122)
Employee benefits	85,307	86,606	(1,299)
Contractual services	109,887	83,243	26,644
Supplies	20,162	16,915	3,247
Capital outlay	60,069	51,389	8,680
Other expenditures	3,888	1,725	2,163
Travel and training	18,500	12,272	6,228
Total County Council	<u>444,679</u>	<u>399,138</u>	<u>45,541</u>
County Administration			
Personal services	140,971	140,971	-
Employee benefits	46,516	38,328	8,188
Contractual services	3,350	2,170	1,180
Supplies	3,365	2,074	1,291
Capital outlay	1,000	-	1,000
Other expenditures	741	275	466
Travel and training	3,259	1,987	1,272
Total County Administration	<u>199,202</u>	<u>185,805</u>	<u>13,397</u>
Legal Department			
Professional services	100,000	112,516	(12,516)
TOTAL GENERAL ADMINISTRATION	<u>743,881</u>	<u>697,459</u>	<u>46,422</u>
FINANCE			
Financial Administration			
Personal services	251,676	223,095	28,581
Employee benefits	96,493	85,622	10,871
Professional services	22,009	22,009	-
Contractual services	118,423	112,460	5,963
Supplies	2,877	1,892	985
Capital outlay	3,400	2,296	1,104
Travel and training	1,550	829	721
Total Financial Administration	<u>496,428</u>	<u>448,203</u>	<u>48,225</u>
Assessment			
Personal services	768,374	796,413	(28,039)
Employee benefits	405,002	422,901	(17,899)
Professional services	2,000	1,949	51
Contractual services	56,674	52,500	4,174
Supplies	24,303	18,945	5,358
Capital outlay	15,323	3,483	11,840
Travel and training	2,974	1,728	1,246
Total Assessment	<u>1,274,650</u>	<u>1,297,919</u>	<u>(23,269)</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
FINANCE - CONTINUED			
Building Code			
Personal services	\$ 208,114	\$ 214,684	\$ (6,570)
Employee benefits	106,750	111,044	(4,294)
Professional services	4,700	2,100	2,600
Contractual services	471,787	596,650	(124,863)
Supplies	14,960	13,714	1,246
Capital outlay	4,000	3,517	483
Travel and training	5,890	2,510	3,380
Total Building Code	<u>816,201</u>	<u>944,219</u>	<u>(128,018)</u>
Mapping & Addressing			
Personal services	311,448	325,177	(13,729)
Employee benefits	183,504	182,888	616
Professional services	86,000	104,283	(18,283)
Contractual services	41,003	28,703	12,300
Supplies	16,250	11,042	5,208
Capital outlay	6,836	11,289	(4,453)
Other expenditures	-	33,299	(33,299)
Travel and training	24,450	11,484	12,966
Total Mapping & Addressing	<u>669,491</u>	<u>708,165</u>	<u>(38,674)</u>
Accounting			
Personal services	355,805	352,912	2,893
Employee benefits	173,404	173,418	(14)
Professional services	98,850	98,344	506
Contractual services	22,800	21,541	1,259
Supplies	6,980	7,091	(111)
Capital outlay	3,742	7,917	(4,175)
Travel and training	2,850	145	2,705
Total Accounting	<u>664,431</u>	<u>661,368</u>	<u>3,063</u>
Treasury			
Personal services	273,982	275,879	(1,897)
Employee benefits	138,510	138,673	(163)
Professional services	9,000	-	9,000
Contractual services	108,882	101,935	6,947
Supplies	4,962	4,746	216
Capital outlay	5,959	8,052	(2,093)
Travel and training	177	56	121
Total Treasury	<u>541,472</u>	<u>529,341</u>	<u>12,131</u>
TOTAL FINANCE	<u>4,462,673</u>	<u>4,589,215</u>	<u>(126,542)</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
PERSONNEL			
Personnel Administration			
Personal services	\$ 183,489	\$ 183,473	\$ 16
Employee benefits	83,096	86,199	(3,103)
Professional services	8,028	4,142	3,886
Contractual services	6,933	4,595	2,338
Supplies	3,575	2,749	826
Capital outlay	5,918	4,868	1,050
Other expenditures	60,072	59,072	1,000
Travel and training	400	23	377
Total Personnel Administration	<u>351,511</u>	<u>345,121</u>	<u>6,390</u>
General Personnel			
Employee benefits	130,900	692,410	(561,510)
Retirement Distributions			
Pension contribution	-	818,369	(818,369)
Pension distributions	848,472	-	848,472
Retiree benefits	1,094,124	560,990	533,134
Professional services	1,000	-	1,000
Total Retirement Distributions	<u>1,943,596</u>	<u>1,379,359</u>	<u>564,237</u>
TOTAL PERSONNEL	<u>2,426,007</u>	<u>2,416,890</u>	<u>9,117</u>
BUILDING AND GROUNDS			
Maintenance			
Personal services	420,643	362,083	58,560
Employee benefits	219,073	182,791	36,282
Contractual services	12,000	29,110	(17,110)
Supplies	28,450	24,746	3,704
Capital outlay	26,501	21,576	4,925
Total Maintenance	<u>706,667</u>	<u>620,306</u>	<u>86,361</u>
Operations - Administrative Buildings			
Personal services	326,567	304,356	22,211
Employee benefits	177,066	167,468	9,598
Contractual services	261,467	245,136	16,331
Supplies	71,350	70,025	1,325
Capital outlay	743	7,331	(6,588)
Other expenditures	30,000	29,680	320
Travel and training	750	-	750
Total Operations - Administrative Buildings	<u>867,943</u>	<u>823,996</u>	<u>43,947</u>
TOTAL BUILDING AND GROUNDS	<u>1,574,610</u>	<u>1,444,302</u>	<u>130,308</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
DATA PROCESSING			
Data Processing			
Personal services	\$ 246,959	\$ 242,207	\$ 4,752
Employee benefits	104,976	104,912	64
Contractual services	16,383	16,040	343
Supplies	16,250	11,459	4,791
Capital outlay	5,622	17,080	(11,458)
Other expenditures	30,000	-	30,000
Travel and training	1,550	800	750
Total Data Processing	<u>421,740</u>	<u>392,498</u>	<u>29,242</u>
Information Systems			
Personal services	148,032	157,539	(9,507)
Employee benefits	76,128	77,473	(1,345)
Contractual services	14,400	14,581	(181)
Supplies	14,722	9,953	4,769
Capital outlay	61,678	64,013	(2,335)
Travel and training	17,200	8,416	8,784
Total Information Systems	<u>332,160</u>	<u>331,975</u>	<u>185</u>
TOTAL DATA PROCESSING	<u>753,900</u>	<u>724,473</u>	<u>29,427</u>
COUNTY CONSTABLE			
Personal services	98,078	117,099	(19,021)
Employee benefits	47,496	56,889	(9,393)
Contractual services	20,540	16,704	3,836
Supplies	4,050	6,173	(2,123)
Capital outlay	25,665	2,231	23,434
Other expenditures	8,500	489	8,011
TOTAL COUNTY CONSTABLE	<u>204,329</u>	<u>199,585</u>	<u>4,744</u>
GRANT-IN-AID PROGRAMS			
Fire service grants	1,075,000	1,505,691	(430,691)
Future Farmers of America	1,000	-	1,000
Agriculture Extension Work (4-H)	160,206	160,206	-
Soil Conservation District tax ditch drainage	85,508	85,404	104
Conservation District salaries	24,517	24,274	243
Fire companies	450,707	450,707	-
Rescue trucks	56,339	56,337	2
Fire service discretionary	460,625	482,586	(21,961)
Cheers meal program	5,000	-	5,000
Ambulances	67,607	67,606	1
Ambulance stations (non-fire)	14,674	14,674	-
Sussex County Community Action Agency	10,000	10,000	-
Aerial devices	44,022	44,022	-
Small Business Development Center	5,000	-	5,000
Sussex state police program	906,000	843,095	62,905
Recreational youth programs	30,000	17,150	12,850
Human service grants	110,500	110,500	-
Councilmanic grants	50,000	54,346	(4,346)
Erosion technician	14,008	13,869	139
County wastewater relief program	100,000	58,705	41,295

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

	Final Budget	Actual	Variance - Over (Under)
GRANT-IN-AID PROGRAMS - CONTINUED			
Local library placement fee grants	\$ 341,000	\$ 358,941	\$ (17,941)
Town grants	135,000	45,000	90,000
Tax subsidy program	-	1,123	(1,123)
Local library grants	200,927	275,923	(74,996)
Economic Development stimulus grant	1,000,000	-	1,000,000
Laurel Redevelopment Corp grant	-	56,417	(56,417)
Community improvement grants	-	149,250	(149,250)
Open space land program grants	-	906,239	(906,239)
Public safety building grants	-	1,100,000	(1,100,000)
TOTAL GRANT-IN-AID PROGRAMS	5,347,640	6,892,065	(1,544,425)
PLANNING AND ZONING			
Administration			
Personal services	443,178	441,688	1,490
Employee benefits	218,796	213,336	5,460
Professional services	85,000	143,246	(58,246)
Contractual services	86,350	99,487	(13,137)
Supplies	19,250	16,168	3,082
Capital outlay	17,800	717	17,083
Other expenditures	1,000	-	1,000
Travel and training	4,150	2,679	1,471
Total Administration	875,524	917,321	(41,797)
Board of Adjustment			
Professional services	37,500	38,000	(500)
Commission			
Professional services	45,000	36,500	8,500
TOTAL PLANNING AND ZONING	958,024	991,821	(33,797)
PARAMEDIC PROGRAM			
Personal services	4,079,528	3,990,920	88,608
Employee benefits	1,792,322	1,760,549	31,773
Professional services	167,647	38,685	128,962
Contractual services	397,778	335,538	62,240
Supplies	298,430	246,079	52,351
Capital outlay	377,955	429,955	(52,000)
Other expenditures	93,766	44,082	49,684
Travel and training	56,012	38,761	17,251
TOTAL PARAMEDIC PROGRAM	7,263,438	6,884,569	378,869
EMERGENCY PREPAREDNESS			
Administration			
Personal services	107,754	85,428	22,326
Employee benefits	49,398	42,507	6,891
Contractual services	51,750	42,865	8,885
Supplies	10,500	7,153	3,347
Capital outlay	16,300	2,253	14,047
Other expenditures	22,200	21,947	253
Travel and training	6,200	1,426	4,774
Total Administration	264,102	203,579	60,523

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
EMERGENCY PREPAREDNESS - CONTINUED			
Emergency Operations Center			
Personal services	\$ 618,107	\$ 630,635	\$ (12,528)
Employee benefits	319,025	304,466	14,559
Contractual services	135,500	136,477	(977)
Supplies	12,800	9,046	3,754
Capital outlay	62,275	54,780	7,495
Other expenditures	-	2,000	(2,000)
Travel and training	28,000	21,283	6,717
Total Emergency Operations Center	<u>1,175,707</u>	<u>1,158,687</u>	<u>17,020</u>
Communications System			
Personal services	133,177	129,626	3,551
Employee benefits	54,393	59,149	(4,756)
Contractual services	12,350	9,808	2,542
Supplies	23,700	22,084	1,616
Capital outlay	22,000	95,374	(73,374)
Other expenditures	20,000	-	20,000
Travel and training	1,700	-	1,700
Total Communications System	<u>267,320</u>	<u>316,041</u>	<u>(48,721)</u>
Local Emergency Planning Community Program			
Personal services	32,118	32,118	-
Employee benefits	15,719	15,472	247
Professional services	1,500	-	1,500
Contractual services	1,700	788	912
Supplies	2,900	1,528	1,372
Travel and training	900	215	685
Total Local Emergency Planning Community Program	<u>54,837</u>	<u>50,121</u>	<u>4,716</u>
TOTAL EMERGENCY PREPAREDNESS	<u>1,761,966</u>	<u>1,728,428</u>	<u>33,538</u>
ECONOMIC DEVELOPMENT AND PUBLIC WORKS			
Economic Development			
Personal services	114,559	116,034	(1,475)
Employee benefits	50,735	50,691	44
Contractual services	15,300	12,036	3,264
Supplies	15,490	11,319	4,171
Capital outlay	23,965	15,226	8,739
Other expenditures	8,200	8,199	1
Travel and training	4,070	2,722	1,348
Total Economic Development	<u>232,319</u>	<u>216,227</u>	<u>16,092</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
ECONOMIC DEVELOPMENT AND PUBLIC WORKS - CONTINUED			
Industrial Park			
Personal services	\$ 15,075	\$ 12,147	\$ 2,928
Employee benefits	7,666	6,423	1,243
Contractual services	150,720	148,590	2,130
Supplies	3,310	2,936	374
Other expenditures	30,000	3,937	26,063
Travel and training	1,800	913	887
Total Industrial Park	<u>208,571</u>	<u>174,946</u>	<u>33,625</u>
TOTAL ECONOMIC DEVELOPMENT AND PUBLIC WORKS	<u>440,890</u>	<u>391,173</u>	<u>49,717</u>
COUNTY ENGINEER			
Administration			
Personal services	609,376	304,338	305,038
Employee benefits	265,567	262,673	2,894
Contractual services	4,800	26	4,774
Supplies	2,600	1,714	886
Capital outlay	500	7,953	(7,453)
Other expenditures	-	5,409	(5,409)
Travel and training	3,500	2,402	1,098
Total Administration	<u>886,343</u>	<u>584,515</u>	<u>301,828</u>
Public Works			
Personal services	236,490	234,439	2,051
Employee benefits	112,326	104,811	7,515
Professional services	-	43,744	(43,744)
Contractual services	5,150	5,835	(685)
Supplies	8,705	7,854	851
Capital outlay	19,952	21,100	(1,148)
Other expenditures	-	71,116	(71,116)
Travel and training	3,050	587	2,463
Total Public Works	<u>385,673</u>	<u>489,486</u>	<u>(103,813)</u>
TOTAL COUNTY ENGINEER	<u>1,272,016</u>	<u>1,074,001</u>	<u>198,015</u>
AIRPORT			
Personal services	45,000	94,488	(49,488)
Employee benefits	22,955	45,847	(22,892)
Professional services	1,500	5,272	(3,772)
Contractual services	76,900	82,732	(5,832)
Supplies	20,000	17,057	2,943
Capital outlay	-	2,985	(2,985)
Other expenditures	-	4,208	(4,208)
TOTAL AIRPORT	<u>166,355</u>	<u>252,589</u>	<u>(86,234)</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	Final Budget	Actual	Variance - Over (Under)
ENGINEERING - SOLID WASTE			
Professional services	\$ 5,000	\$ -	\$ 5,000
Contractual services	100	13	87
Supplies	2,100	1,900	200
Other expenditures	136,100	101,924	34,176
Travel and training	100	-	100
TOTAL ENGINEERING - SOLID WASTE	143,400	103,837	39,563
LIBRARY			
Library administration	640,599	645,992	(5,393)
Library facilities	1,228,887	1,193,327	35,560
Local libraries	886,439	886,439	-
TOTAL LIBRARY	2,755,925	2,725,758	30,167
COMMUNITY DEVELOPMENT AND HOUSING			
Administration			
Personal services	179,884	176,806	3,078
Employee benefits	91,795	91,490	305
Professional services	2,200	5,418	(3,218)
Contractual services	6,242	5,670	572
Supplies	3,635	1,995	1,640
Capital outlay	1,500	1,327	173
Travel and training	5,427	4,975	452
Total Administration	290,683	287,681	3,002
Rehabilitation			
Contractual services	1,301,000	1,201,288	99,712
TOTAL COMMUNITY DEVELOPMENT AND HOUSING	1,591,683	1,488,969	102,714
CONSTITUTIONAL OFFICES			
Clerk of the Peace	109,711	104,994	4,717
Recorder of Deeds	1,137,666	1,194,925	(57,259)
Register of Wills	263,681	284,496	(20,815)
Sheriff	495,287	409,623	85,664
TOTAL CONSTITUTIONAL OFFICES	2,006,345	1,994,038	12,307
TOTAL EXPENDITURES	33,873,082	34,599,172	(726,090)
OTHER FINANCING USES			
Reserved for contingencies	232,446	-	232,446
Appropriated reserves	6,254,989	-	6,254,989
Transfer out	-	13,452,552	(13,452,552)
TOTAL OTHER FINANCING USES	6,487,435	13,452,552	(6,965,117)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 40,360,517	\$ 48,051,724	\$ (7,691,207)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF REVENUES AND EXPENDITURES (CONDENSED) - GENERAL FUND
 FOR THE TWENTY-SEVEN YEARS THROUGH JUNE 30, 2004

<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

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

CAPITAL PROJECTS FUND

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

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 2,505,100	\$ 2,505,100	\$ -	\$ (2,505,100)
Intergovernmental	964,493	964,493	239,271	(725,222)
Miscellaneous	134,793	134,793	87,665	(47,128)
TOTAL REVENUES	3,604,386	3,604,386	326,936	(3,277,450)
EXPENDITURES				
Capital projects	3,604,386	3,604,386	1,982,196	1,622,190
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(1,655,260)	(1,655,260)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	10,527,512	10,527,512
NET CHANGE IN FUND BALANCE	-	-	8,872,252	8,872,252
FUND BALANCE - BEGINNING	5,529,285	5,529,285	5,529,285	-
FUND BALANCE - ENDING	\$ 5,529,285	\$ 5,529,285	\$ 14,401,537	\$ 8,872,252

ENTERPRISE FUNDS

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2004

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ASSETS	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>South Bethany Sewer</u>	<u>Fenwick Island Sewer</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 659,826	\$ 104,572	\$ 1,245,251	\$ 1,423,206
Receivables, net of allowance for doubtful accounts:				
Service charges	27,402	32,499	8,863	7,795
Assessment, impact, connection, and expansion	2,002	869	965	1,430
Accrued interest	1,273	2,952	2,073	3,187
Miscellaneous	-	-	-	32,619
Due from other governmental agencies	-	165,492	-	2,356
Due from other funds	852	1,003	496	472
Inventory	10,393	-	-	-
TOTAL CURRENT ASSETS	<u>701,748</u>	<u>307,387</u>	<u>1,257,648</u>	<u>1,471,065</u>
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	458,475	1,043,977	794,580	1,153,386
Bond issue cost, net of amortization	2,580	6,648	1,047	6,232
Net pension asset	27,695	12,589	31,052	43,641
Noncurrent accounts receivable:				
Service charges	22,314	56,494	2,112	7,815
Assessment, impact, connection, and expansion	1,944	933	28	253
Capital assets:				
Land, improvements, and construction in progress	35,766	99,480	92,523	76,849
Other capital assets, net of depreciation	1,896,075	3,671,082	5,357,412	6,644,038
TOTAL NONCURRENT ASSETS	<u>2,444,849</u>	<u>4,891,203</u>	<u>6,278,754</u>	<u>7,932,214</u>
TOTAL ASSETS	<u>3,146,597</u>	<u>5,198,590</u>	<u>7,536,402</u>	<u>9,403,279</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	50,396	4,630	8,025	1,643
Accrued interest payable	5,096	8,336	1,972	9,370
Due to other funds	139,247	123,738	83,019	91,992
Deposits	755	2,000	-	-
Notes payable	-	415,898	-	-
Current portion of long-term liabilities	312,225	184,252	109,023	117,336
TOTAL CURRENT LIABILITIES	<u>507,719</u>	<u>738,854</u>	<u>202,039</u>	<u>220,341</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>330,753</u>	<u>749,163</u>	<u>146,651</u>	<u>937,442</u>
TOTAL LIABILITIES	<u>838,472</u>	<u>1,488,017</u>	<u>348,690</u>	<u>1,157,783</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,316,859	2,434,210	5,225,189	5,709,803
Restricted for construction and debt service	458,475	1,043,977	794,580	1,153,386
Unrestricted	532,791	232,386	1,167,943	1,382,307
TOTAL NET ASSETS	<u>\$ 2,308,125</u>	<u>\$ 3,710,573</u>	<u>\$ 7,187,712</u>	<u>\$ 8,245,496</u>

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2004

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ASSETS	<u>Blades Sewer</u>	<u>Henlopen Sewer</u>	<u>Dagsboro- Frankford Sewer</u>	<u>Holts Landing Sewer</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 339,117	\$ 39,929	\$ 516,652	\$ 457,609
Receivables, net of allowance for doubtful accounts:				
Service charges	20,945	1,409	19,485	453
Assessment, impact, connection, and expansion	3,034	-	13,829	2,394
Accrued interest	161	88	843	225
Miscellaneous	-	1	4,618	-
Due from other governmental agencies	-	16,883	-	-
Due from other funds	166	37	104	17
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	<u>363,423</u>	<u>58,347</u>	<u>555,531</u>	<u>460,698</u>
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	63,552	29,808	1,405,611	56,887
Bond issue cost, net of amortization	793	1,334	17,606	2,527
Net pension asset	7,553	3,357	21,820	13,428
Noncurrent accounts receivable:				
Service charges	90,814	-	63,009	-
Assessment, impact, connection, and expansion	3,412	-	11,968	358
Capital assets:				
Land, improvements, and construction in progress	78,402	4,273	4,929,505	919,577
Other capital assets, net of depreciation	1,553,168	1,384,251	6,539,934	1,919,857
TOTAL NONCURRENT ASSETS	<u>1,797,694</u>	<u>1,423,023</u>	<u>12,989,453</u>	<u>2,912,634</u>
TOTAL ASSETS	<u>2,161,117</u>	<u>1,481,370</u>	<u>13,544,984</u>	<u>3,373,332</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	9,470	231	11,553	62,514
Accrued interest payable	1,203	2,164	11,750	83,147
Due to other funds	32,723	6,214	4,325,856	192,575
Deposits	-	-	-	-
Notes payable	-	-	-	-
Current portion of long-term liabilities	16,075	23,756	35,267	6,462
TOTAL CURRENT LIABILITIES	<u>59,471</u>	<u>32,365</u>	<u>4,384,426</u>	<u>344,698</u>
LONG-TERM LIABILITIES, LESS CURRENT PORTION	<u>119,907</u>	<u>203,331</u>	<u>1,229,644</u>	<u>2,624,967</u>
TOTAL LIABILITIES	<u>179,378</u>	<u>235,696</u>	<u>5,614,070</u>	<u>2,969,665</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,503,323	1,164,491	7,353,871	61,838
Restricted for construction and debt service	63,552	29,808	1,397,744	3,225
Unrestricted	414,864	51,375	(820,701)	338,604
TOTAL NET ASSETS	<u>\$ 1,981,739</u>	<u>\$ 1,245,674</u>	<u>\$ 7,930,914</u>	<u>\$ 403,667</u>

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2004

ASSETS	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
CURRENT ASSETS				
Cash and cash equivalents	\$ 145,230	\$ -	\$ -	\$ -
Receivables, net of allowance for doubtful accounts:				
Service charges	3,555	-	-	-
Assessment, impact, connection, and expansion	14,600	-	-	-
Accrued interest	26	-	-	-
Miscellaneous	-	-	-	-
Due from other governmental agencies	390,345	-	-	-
Due from other funds	27	-	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	553,783	-	-	-
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	26,264	435,132	4,292	55,815
Bond issue cost, net of amortization	14,423	5,896	3,116	346
Net pension asset	7,553	-	-	-
Noncurrent accounts receivable:				
Service charges	-	-	-	-
Assessment, impact, connection, and expansion	-	-	-	-
Capital assets:				
Land, improvements, and construction in progress	73,436	1,765,696	172,127	51,452
Other capital assets, net of depreciation	8,786,034	-	-	-
TOTAL NONCURRENT ASSETS	8,907,710	2,206,724	179,535	107,613
TOTAL ASSETS	9,461,493	2,206,724	179,535	107,613
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	111,399	41,305	11,942	3,981
Accrued interest payable	1,089	605	149	-
Due to other funds	1,067,595	3,976	11,730	632
Deposits	-	-	-	-
Notes payable	-	-	-	-
Current portion of long-term liabilities	125,668	-	-	-
TOTAL CURRENT LIABILITIES	1,305,751	45,886	23,821	4,613
LONG-TERM LIABILITIES, LESS CURRENT PORTION	4,603,274	497,808	44,714	-
TOTAL LIABILITIES	5,909,025	543,694	68,535	4,613
NET ASSETS				
Invested in capital assets, net of related debt	4,138,243	1,267,888	127,413	51,452
Restricted for construction and debt service	-	395,312	-	51,834
Unrestricted	(585,775)	(170)	(16,413)	(286)
TOTAL NET ASSETS	\$ 3,552,468	\$ 1,663,030	\$ 111,000	\$ 103,000

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 JUNE 30, 2004

ASSETS	Millers Creek Sewer	South Ocean View Sewer	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 28,692	\$ -	\$ 4,960,084
Receivables, net of allowance for doubtful accounts:			
Service charges	-	-	122,406
Assessment, impact, connection, and expansion	-	-	39,123
Accrued interest	7	-	10,835
Miscellaneous	-	-	37,238
Due from other governmental agencies	-	-	575,076
Due from other funds	-	-	3,174
Inventory	-	-	10,393
TOTAL CURRENT ASSETS	28,699	-	5,758,329
NONCURRENT ASSETS			
Restricted assets:			
Cash and cash equivalents	11,038	18,270	5,557,087
Bond issue cost, net of amortization	4,243	-	66,791
Net pension asset	-	-	168,688
Noncurrent accounts receivable:			
Service charges	-	-	242,558
Assessment, impact, connection, and expansion	-	-	18,896
Capital assets:			
Land, improvements, and construction in progress	59,185	32,338	8,390,609
Other capital assets, net of depreciation	-	-	37,751,851
TOTAL NONCURRENT ASSETS	74,466	50,608	52,196,480
TOTAL ASSETS	103,165	50,608	57,954,809
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	923	496	318,508
Accrued interest payable	40	-	124,921
Due to other funds	24,438	112	6,103,847
Deposits	-	-	2,755
Notes payable	-	-	415,898
Current portion of long-term liabilities	-	-	930,064
TOTAL CURRENT LIABILITIES	25,401	608	7,895,993
LONG-TERM LIABILITIES, LESS CURRENT PORTION	12,064	-	11,499,718
TOTAL LIABILITIES	37,465	608	19,395,711
NET ASSETS			
Invested in capital assets, net of related debt	22,921	32,338	30,409,839
Restricted for construction and debt service	10,115	17,774	5,419,782
Unrestricted	32,664	(112)	2,729,477
TOTAL NET ASSETS	\$ 65,700	\$ 50,000	\$ 38,559,098

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Dewey Water	Dewey Sewer	South Bethany Sewer	Fenwick Island Sewer
OPERATING REVENUES				
Charges for services	\$ 516,369	\$ 873,775	\$ 231,929	\$ 223,268
Other operating revenues	30,048	8,254	173,938	390,934
TOTAL OPERATING REVENUES	546,417	882,029	405,867	614,202
OPERATING EXPENSES				
Amortization	1,935	4,371	908	7,264
Contract services	356,672	25,186	21,569	19,564
Depreciation	115,990	309,248	157,948	214,637
Employee benefits	39,403	20,655	52,574	51,803
Equipment and tools	4,018	8,493	9,968	6,443
Maintenance and repairs	11,084	5,343	9,787	14,686
Miscellaneous	1,638	8,687	-	-
Process chemicals	-	-	809	1,002
Professional services	737	5,673	1,827	1,046
Salaries	109,093	42,827	107,363	169,995
Shared costs - operating	50,285	58,188	59,802	47,620
Supplies	12,011	10,884	217	340
Training and travel	24,376	24,807	-	7
Wastewater treatment	-	480,957	-	-
TOTAL OPERATING EXPENSES	727,242	1,005,319	422,772	534,407
OPERATING INCOME (LOSS)	(180,825)	(123,290)	(16,905)	79,795
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	18,918	25,744	24,649	30,667
Disposition of assets	-	-	(9,231)	(3,355)
Assessment and connection fees	266,283	150,321	235,961	290,296
Miscellaneous	37,480	-	-	-
Interest expense	(20,681)	(54,432)	(9,809)	(48,761)
TOTAL NON-OPERATING REVENUES (EXPENSES)	302,000	121,633	241,570	268,847
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	121,175	(1,657)	224,665	348,642
CAPITAL CONTRIBUTIONS TRANSFERS IN	28,903	6,545	560,959	628,021
	-	-	-	200,000
CHANGE IN NET ASSETS	150,078	4,888	785,624	1,176,663
TOTAL NET ASSETS - BEGINNING	2,158,047	3,705,685	6,402,088	7,068,833
TOTAL NET ASSETS - ENDING	\$ 2,308,125	\$ 3,710,573	\$ 7,187,712	\$ 8,245,496

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
OPERATING REVENUES				
Charges for services	\$ 129,162	\$ 77,366	\$ 199,680	\$ 13,264
Other operating revenues	2,268	678	23,545	28,270
TOTAL OPERATING REVENUES	131,430	78,044	223,225	41,534
OPERATING EXPENSES				
Amortization	929	1,604	637	140
Contract services	8,002	3,545	42,093	3,721
Depreciation	98,376	53,686	347,509	56,155
Employee benefits	11,610	4,888	35,529	21,473
Equipment and tools	500	7,935	7,039	-
Maintenance and repairs	70,106	725	4,550	2,243
Miscellaneous	1,025	422	1,867	-
Process chemicals	-	-	2,720	-
Professional services	-	322	1,623	-
Salaries	25,716	7,716	77,295	44,121
Shared costs - operating	5,836	875	8,710	903
Supplies	1,595	608	7,238	-
Training and travel	3,642	1,382	6,432	-
Wastewater treatment	109,387	52,251	-	-
TOTAL OPERATING EXPENSES	336,724	135,959	543,242	128,756
OPERATING INCOME (LOSS)	(205,294)	(57,915)	(320,017)	(87,222)
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	11,260	1,280	28,629	7,016
Disposition of assets	(2,276)	-	-	-
Assessment and connection fees	39,853	25,844	430,296	202,885
Miscellaneous	-	-	300	-
Interest expense	(6,498)	(3,915)	(56,631)	(30,120)
TOTAL NON-OPERATING REVENUES (EXPENSES)	42,339	23,209	402,594	179,781
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(162,955)	(34,706)	82,577	92,559
CAPITAL CONTRIBUTIONS	-	-	-	3,494
TRANSFERS IN	67,000	-	500,000	-
CHANGE IN NET ASSETS	(95,955)	(34,706)	582,577	96,053
TOTAL NET ASSETS - BEGINNING	2,077,694	1,280,380	7,348,337	307,614
TOTAL NET ASSETS - ENDING	\$ 1,981,739	\$ 1,245,674	\$ 7,930,914	\$ 403,667

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
OPERATING REVENUES				
Charges for services	\$ 21,153	\$ -	\$ -	\$ -
Other operating revenues	32,250	-	-	-
TOTAL OPERATING REVENUES	<u>53,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES				
Amortization	759	-	-	-
Contract services	3,669	-	-	-
Depreciation	71,012	-	-	-
Employee benefits	8,927	-	-	-
Equipment and tools	215	-	-	-
Maintenance and repairs	66	-	-	-
Miscellaneous	112	-	-	-
Process chemicals	-	-	-	-
Professional services	274	-	-	-
Salaries	34,673	-	-	-
Shared costs - operating	1,379	-	-	-
Supplies	728	-	-	-
Training and travel	1,658	-	-	-
Wastewater treatment	6,564	-	-	-
TOTAL OPERATING EXPENSES	<u>130,036</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(76,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	1,359	-	-	-
Disposition of assets	-	-	-	-
Assessment and connection fees	108,086	-	-	-
Miscellaneous	-	-	-	-
Interest expense	(81,438)	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>28,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(48,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL CONTRIBUTIONS TRANSFERS IN	2,045,595	300,829	-	-
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	2,196,969	300,829	-	-
TOTAL NET ASSETS - BEGINNING	<u>1,355,499</u>	<u>1,362,201</u>	<u>111,000</u>	<u>103,000</u>
TOTAL NET ASSETS - ENDING	<u>\$ 3,552,468</u>	<u>\$ 1,663,030</u>	<u>\$ 111,000</u>	<u>\$ 103,000</u>

(continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
 NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

	Millers Creek Sewer	South Ocean View Sewer	Totals
OPERATING REVENUES			
Charges for services	\$ -	\$ -	\$ 2,285,966
Other operating revenues	25,135	-	715,320
TOTAL OPERATING REVENUES	<u>25,135</u>	<u>-</u>	<u>3,001,286</u>
OPERATING EXPENSES			
Amortization	-	-	18,547
Contract services	-	-	484,021
Depreciation	-	-	1,424,561
Employee benefits	-	-	246,862
Equipment and tools	-	-	44,611
Maintenance and repairs	-	-	118,590
Miscellaneous	-	-	13,751
Process chemicals	-	-	4,531
Professional services	-	-	11,502
Salaries	-	-	618,799
Shared costs - operating	-	-	233,598
Supplies	-	-	33,621
Training and travel	-	-	62,304
Wastewater treatment	-	-	649,159
TOTAL OPERATING EXPENSES	<u>-</u>	<u>-</u>	<u>3,964,457</u>
OPERATING INCOME (LOSS)	<u>25,135</u>	<u>-</u>	<u>(963,171)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	112	-	149,634
Disposition of assets	-	-	(14,862)
Assessment and connection fees	-	-	1,749,825
Miscellaneous	-	-	37,780
Interest expense	-	-	(312,285)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>112</u>	<u>-</u>	<u>1,610,092</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	25,247	-	646,921
CAPITAL CONTRIBUTIONS TRANSFERS IN	-	-	3,574,346
	<u>-</u>	<u>-</u>	<u>967,000</u>
CHANGE IN NET ASSETS	25,247	-	5,188,267
TOTAL NET ASSETS - BEGINNING	<u>40,453</u>	<u>50,000</u>	<u>33,370,831</u>
TOTAL NET ASSETS - ENDING	<u>\$ 65,700</u>	<u>\$ 50,000</u>	<u>\$ 38,559,098</u>

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2004

	<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	\$ 536,783	\$ 908,453	\$ 232,248	\$ 226,399
Payments to suppliers	(453,912)	(659,604)	(98,604)	(101,212)
Payments to employees	(154,051)	(66,281)	(168,500)	(228,220)
Other receipts (payments)	63,788	3,909	173,938	390,934
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(7,392)</u>	<u>186,477</u>	<u>139,082</u>	<u>287,901</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	3,674	(8,006)	(29,554)	9,691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(14,376)	(17,624)	(3)	(3,709)
Net payments on line of credit	-	(128,000)	-	-
Retirement of bonds and related costs	(317,544)	(188,241)	(100,131)	(221,519)
Bond proceeds	-	-	-	-
Assessment and connection fees	267,095	150,565	235,317	290,535
Capital contributions	-	-	-	1,985
Interest paid	(29,994)	(53,599)	(11,194)	(53,152)
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	-	-	-	200,000
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(94,819)</u>	<u>(236,899)</u>	<u>123,989</u>	<u>214,140</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	17,935	23,503	23,139	28,164
NET INCREASE (DECREASE) IN CASH	(80,602)	(34,925)	256,656	539,896
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,198,903</u>	<u>1,183,474</u>	<u>1,783,175</u>	<u>2,036,696</u>
CASH AND EQUIVALENTS - ENDING	<u>\$ 1,118,301</u>	<u>\$ 1,148,549</u>	<u>\$ 2,039,831</u>	<u>\$ 2,576,592</u>
Cash and cash equivalents	\$ 659,826	\$ 104,572	\$ 1,245,251	\$ 1,423,206
Restricted cash and cash equivalents	458,475	1,043,977	794,580	1,153,386
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,118,301</u>	<u>\$ 1,148,549</u>	<u>\$ 2,039,831</u>	<u>\$ 2,576,592</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (180,825)	\$ (123,290)	\$ (16,905)	\$ 79,795
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	117,925	313,619	158,856	221,901
Miscellaneous income	37,480	-	-	-
Changes in assets and liabilities:				
Accounts receivable	20,414	34,678	319	3,131
Due from other governments	3,400	(18,665)	-	-
Inventory	(118)	-	-	-
Net pension asset	(11,965)	(4,170)	(8,510)	(26,250)
Compensated absences	6,410	1,371	(53)	19,828
Accounts payable	3,627	(12,721)	5,375	(10,504)
Deposits	(3,740)	(4,345)	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (7,392)</u>	<u>\$ 186,477</u>	<u>\$ 139,082</u>	<u>\$ 287,901</u>
NONCASH TRANSACTIONS				
Contributed property	\$ 28,903	\$ 6,545	\$ 560,959	\$ 623,122

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	Blades Sewer	Henlopen Sewer	Dagsboro- Frankford Sewer	Holts Landing Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 121,678	\$ 76,889	\$ 196,855	\$ 13,014
Payments to suppliers	(192,188)	(75,570)	(83,840)	(6,867)
Payments to employees	(39,012)	(14,222)	(119,463)	(69,806)
Other receipts (payments)	2,268	678	23,845	28,270
NET CASH FLOWS FROM OPERATING ACTIVITIES	(107,254)	(12,225)	17,397	(35,389)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	190	(5,716)	4,201,156	71,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,137)	(814)	(4,658,331)	(866,180)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(27,289)	(23,384)	(25,000)	-
Bond proceeds	-	-	-	743,887
Assessment and connection fees	40,627	25,844	428,202	201,537
Capital contributions	-	-	-	3,494
Interest paid	(6,759)	(10,715)	(56,262)	-
Payments for bond issue costs	-	-	-	-
Transfers from other funds for capital activities	67,000	-	500,000	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	71,442	(9,069)	(3,811,391)	82,738
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	11,150	1,215	28,013	6,848
NET INCREASE (DECREASE) IN CASH	(24,472)	(25,795)	435,175	126,190
CASH AND CASH EQUIVALENTS - BEGINNING	427,141	95,532	1,487,088	388,306
CASH AND EQUIVALENTS - ENDING	\$ 402,669	\$ 69,737	\$ 1,922,263	\$ 514,496
Cash and cash equivalents	\$ 339,117	\$ 39,929	\$ 516,652	\$ 457,609
Restricted cash and cash equivalents	63,552	29,808	1,405,611	56,887
TOTAL CASH AND CASH EQUIVALENTS	\$ 402,669	\$ 69,737	\$ 1,922,263	\$ 514,496
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (205,294)	\$ (57,915)	\$ (320,017)	\$ (87,222)
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	99,305	55,290	348,146	56,295
Miscellaneous income	-	-	300	-
Changes in assets and liabilities:				
Accounts receivable	(7,484)	(477)	(2,825)	(250)
Due from other governments	-	(1,718)	4,101	-
Inventory	-	-	-	-
Net pension asset	(2,513)	243	(4,761)	(1,907)
Compensated absences	827	(1,861)	(1,878)	(2,305)
Accounts payable	7,905	(5,787)	(5,669)	-
Deposits	-	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (107,254)	\$ (12,225)	\$ 17,397	\$ (35,389)
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ -	\$ -

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	Ellendale Sewer	Oak Orchard Sewer	Bayview Estates Sewer	Sea Country Estates Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 12,965	\$ -	\$ -	\$ -
Payments to suppliers	(14,665)	-	-	-
Payments to employees	(43,438)	-	-	-
Other receipts (payments)	32,250	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(12,888)	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from (to) other funds, net	(4,334,418)	(2,296)	8,030	(5,289)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,806,679)	(545,608)	(108,627)	(38,531)
Net payments on line of credit	-	-	-	-
Retirement of bonds and related costs	(40,702)	-	-	-
Bond proceeds	4,349,525	44,001	-	-
Assessment and connection fees	108,086	-	-	-
Capital contributions	1,768,336	568,788	-	-
Interest paid	(86,693)	(415)	-	-
Payments for bond issue costs	(4,334)	(4,611)	-	-
Transfers from other funds for capital activities	200,000	-	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	4,487,539	62,155	(108,627)	(38,531)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	1,333	-	-	-
NET INCREASE (DECREASE) IN CASH	141,566	59,859	(100,597)	(43,820)
CASH AND CASH EQUIVALENTS - BEGINNING	29,928	375,273	104,889	99,635
CASH AND EQUIVALENTS - ENDING	\$ 171,494	\$ 435,132	\$ 4,292	\$ 55,815
Cash and cash equivalents	\$ 145,230	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	26,264	435,132	4,292	55,815
TOTAL CASH AND CASH EQUIVALENTS	\$ 171,494	\$ 435,132	\$ 4,292	\$ 55,815
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (76,633)	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided:				
Depreciation and amortization	71,771	-	-	-
Miscellaneous income	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	(8,188)	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Net pension asset	(7,553)	-	-	-
Compensated absences	7,715	-	-	-
Accounts payable	-	-	-	-
Deposits	-	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (12,888)	\$ -	\$ -	\$ -
NONCASH TRANSACTIONS				
Contributed property	\$ -	\$ -	\$ -	\$ -

(continued)

SUSSEX COUNTY, DELAWARE
 COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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	Millers Creek Sewer	South Ocean View Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ -	\$ 2,325,284
Payments to suppliers	-	-	(1,686,462)
Payments to employees	-	-	(902,993)
Other receipts (payments)	25,135	-	745,015
	<u>25,135</u>	<u>-</u>	<u>480,844</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from (to) other funds, net	(25,106)	4	(115,647)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,194)	(2,610)	(8,067,423)
Net payments on line of credit	-	-	(128,000)
Retirement of bonds and related costs	-	-	(943,810)
Bond proceeds	-	-	5,137,413
Assessment and connection fees	-	-	1,747,808
Capital contributions	-	-	2,342,603
Interest paid	-	-	(308,783)
Payments for bond issue costs	-	-	(8,945)
Transfers from other funds for capital activities	-	-	967,000
	<u>(2,194)</u>	<u>(2,610)</u>	<u>737,863</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	105	-	141,405
	<u>105</u>	<u>-</u>	<u>141,405</u>
NET INCREASE (DECREASE) IN CASH			
	(2,060)	(2,606)	1,244,465
CASH AND CASH EQUIVALENTS - BEGINNING			
	41,790	20,876	9,272,706
CASH AND EQUIVALENTS - ENDING			
	<u>\$ 39,730</u>	<u>\$ 18,270</u>	<u>\$ 10,517,171</u>
Cash and cash equivalents	\$ 28,692	\$ -	\$ 4,960,084
Restricted cash and cash equivalents	11,038	18,270	5,557,087
	<u>\$ 39,730</u>	<u>\$ 18,270</u>	<u>\$ 10,517,171</u>
TOTAL CASH AND CASH EQUIVALENTS			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 25,135	\$ -	\$ (963,171)
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation and amortization	-	-	1,443,108
Miscellaneous income	-	-	37,780
Changes in assets and liabilities:			
Accounts receivable	-	-	39,318
Due from other governments	-	-	(12,882)
Inventory	-	-	(118)
Net pension asset	-	-	(67,386)
Compensated absences	-	-	30,054
Accounts payable	-	-	(17,774)
Deposits	-	-	(8,085)
	<u>\$ 25,135</u>	<u>\$ -</u>	<u>\$ 480,844</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
NONCASH TRANSACTIONS			
Contributed property	\$ -	\$ -	\$ 1,219,529

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SUSSEX COUNTY, DELAWARE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCES
AS OF JUNE 30, 2004 AND 2003

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	<u>2004</u>	<u>2003</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 4,463,890	\$ 4,337,775
Buildings	11,796,947	11,776,347
Improvements other than buildings	7,975,844	6,814,303
Equipment	8,741,127	8,747,739
Construction in progress	<u>2,208,730</u>	<u>1,467,078</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 35,186,538</u>	<u>\$ 33,143,242</u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
General fund	\$ 12,532,947	\$ 11,677,517
General obligation bonds	9,533,105	9,533,105
Federal grants	7,186,654	6,232,999
State grants	3,526,280	3,298,450
Donated	<u>2,407,552</u>	<u>2,401,171</u>
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 35,186,538</u>	<u>\$ 33,143,242</u>

SUSSEX COUNTY, DELAWARE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 AS OF JUNE 30, 2004

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
GENERAL GOVERNMENT					
General Administration	\$ 11,660,497	\$ 2,324,526	\$ 7,631,579	\$ 141,071	\$ 1,563,321
Planning and Zoning	145,838	-	-	-	145,838
TOTAL GENERAL GOVERNMENT	<u>11,806,335</u>	<u>2,324,526</u>	<u>7,631,579</u>	<u>141,071</u>	<u>1,709,159</u>
PUBLIC SAFETY					
Paramedic Program	2,884,619	-	104,988	8,366	2,771,265
Emergency Dispatch	3,552,000	-	737,057	263,390	2,551,553
TOTAL PUBLIC SAFETY	<u>6,436,619</u>	<u>-</u>	<u>842,045</u>	<u>271,756</u>	<u>5,322,818</u>
SPECIAL SERVICES					
Public Works and Industrial Park	3,720,053	752,368	5,125	2,641,685	320,875
Airport	8,165,209	1,011,996	2,340,073	4,539,620	273,520
TOTAL SPECIAL SERVICES	<u>11,885,262</u>	<u>1,764,364</u>	<u>2,345,198</u>	<u>7,181,305</u>	<u>594,395</u>
COMMUNITY SERVICES					
Library	2,613,595	375,000	978,125	381,712	878,758
Community Development	5,691	-	-	-	5,691
Constitutional Offices	230,306	-	-	-	230,306
TOTAL COMMUNITY SERVICES	<u>2,849,592</u>	<u>375,000</u>	<u>978,125</u>	<u>381,712</u>	<u>1,114,755</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS ALLOCATED TO FUNCTIONS	32,977,808	<u>\$ 4,463,890</u>	<u>\$ 11,796,947</u>	<u>\$ 7,975,844</u>	<u>\$ 8,741,127</u>
CONSTRUCTION IN PROGRESS	<u>2,208,730</u>				
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 35,186,538</u>				

SUSSEX COUNTY, DELAWARE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2004

Function and Activity	Governmental Funds Capital Assets June 30, 2003	Additions	Deductions	Governmental Funds Capital Assets June 30, 2004
GENERAL GOVERNMENT				
General Administration	\$ 11,894,873	\$ 321,773	\$ 556,149	\$ 11,660,497
Planning and Zoning	133,845	11,993	-	145,838
TOTAL GENERAL GOVERNMENT	12,028,718	333,766	556,149	11,806,335
PUBLIC SAFETY				
Paramedic Program	2,649,195	355,431	120,007	2,884,619
Emergency Dispatch	3,439,001	144,091	31,092	3,552,000
TOTAL PUBLIC SAFETY	6,088,196	499,522	151,099	6,436,619
SPECIAL SERVICES				
Public Works and Industrial Park	3,693,578	55,169	28,694	3,720,053
Airport	7,110,335	1,054,874	-	8,165,209
TOTAL SPECIAL SERVICES	10,803,913	1,110,043	28,694	11,885,262
COMMUNITY SERVICES				
Library	2,484,712	162,751	33,868	2,613,595
Community Development	5,691	-	-	5,691
Constitutional Offices	264,934	31,315	65,943	230,306
TOTAL COMMUNITY SERVICES	2,755,337	194,066	99,811	2,849,592
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS ALLOCATED TO FUNCTIONS	31,676,164	2,137,397	835,753	32,977,808
CONSTRUCTION IN PROGRESS	1,467,078	1,608,438	866,786	2,208,730
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 33,143,242	\$ 3,745,835	\$ 1,702,539	\$ 35,186,538

Note: Capital asset additions and deductions include transfers of assets between activities.

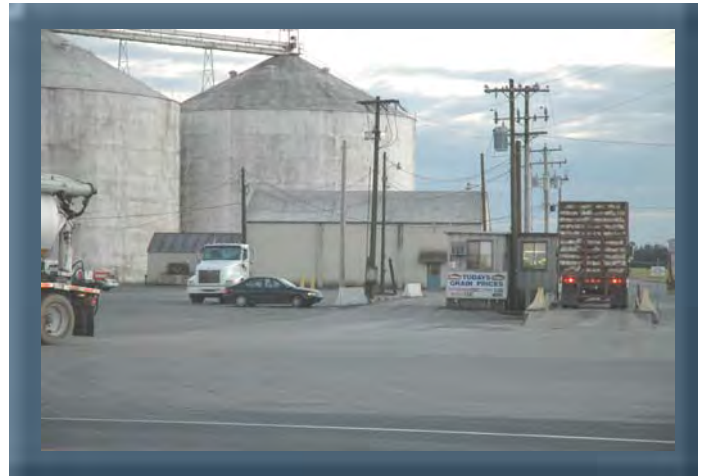




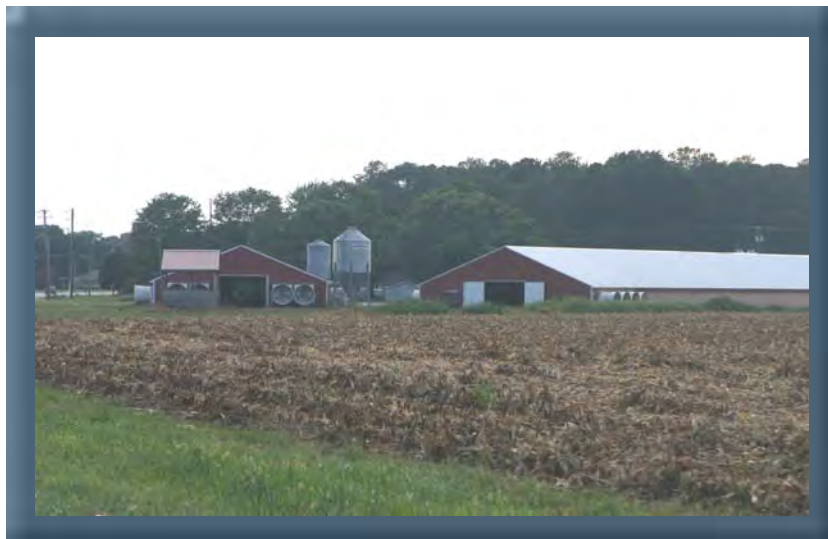
Fresh produce stand



Combine harvesting corn



Sussex granary at poultry processing plant



Sussex poultry house and farm

STATISTICAL SECTION

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

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	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2003</u>
EXPENSES		
General Government	\$ 9,622,999	\$ 8,416,614
Grant-in-aid programs	6,892,065	4,120,039
Planning and zoning	1,012,053	917,317
Paramedic program	6,840,784	5,914,818
Emergency preparedness	1,889,708	1,726,567
Economic development and public works	428,025	423,154
County engineer	1,079,543	1,418,560
Airport	532,414	375,629
Engineering - solid waste	33,544	1,956,518
Library	2,729,492	2,780,506
Community development and housing programs	1,488,969	1,522,300
Constitutional offices	1,985,946	1,728,453
Sewer facilities	18,676,091	19,264,562
Water facilities	747,923	771,541
TOTAL EXPENSES	<u>\$ 53,959,556</u>	<u>\$ 51,336,578</u>

Notes:

1. GASBS No. 34 was adopted in fiscal year 2003. Information is not available for fiscal year 1995 through 2002.
2. Government-wide expenses by function includes general, capital projects and enterprise funds.

SUSSEX COUNTY, DELAWARE
GOVERNMENT-WIDE REVENUES
LAST TWO FISCAL YEARS

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	<u>Fiscal Year</u> <u>2004</u>	<u>Fiscal Year</u> <u>2003</u>
PROGRAM REVENUES		
Charges for services	\$ 24,242,511	\$ 21,534,241
Operating grants and contributions	22,824,111	21,098,552
Capital grants and contributions	15,432,078	7,617,530
Taxes	38,716,066	28,539,817
GENERAL REVENUES		
Unrestricted investment earnings	<u>892,938</u>	<u>1,080,720</u>
TOTAL REVENUES	<u><u>\$ 102,107,704</u></u>	<u><u>\$ 79,870,860</u></u>

Notes:

1. GASBS No. 34 was adopted in fiscal year 2003. Information is not available for fiscal year 1995 through 2002.
2. Government-wide revenues includes general, capital projects and enterprise funds

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

Fiscal Year	General Administration	% of Total	Grant-In-Aid Programs	% of Total	Planning and Zoning	% of Total	Paramedic Program	% of Total	Emergency Preparedness	% of Total	Public Works and Industrial Park	% of Total	Airport	% of Total
1995	\$ 4,681,652	25.7%	\$ 1,000,020	5.5%	\$ 574,425	3.2%	\$ 2,975,603	16.3%	\$ 733,296	4.0%	\$ 1,451,795	8.0%	\$ 1,787,691	9.8%
1996	6,586,570	28.7%	1,481,279	6.5%	606,444	2.6%	3,503,883	15.3%	801,320	3.5%	1,126,697	4.9%	418,495	1.8%
1997	6,043,170	27.8%	1,707,114	7.8%	746,685	3.4%	3,401,002	15.6%	906,441	4.2%	1,697,142	7.8%	78,560	0.4%
1998	6,073,649	27.4%	1,862,687	8.5%	741,659	3.4%	3,496,269	15.9%	1,070,361	4.9%	1,603,616	7.3%	363,389	1.7%
1999	6,118,132	27.8%	2,440,555	11.1%	643,718	2.9%	3,717,452	16.9%	1,163,924	5.3%	1,278,507	5.8%	322,506	1.5%
2000	7,725,356	27.0%	3,403,300	11.9%	664,925	2.3%	4,220,049	14.7%	1,287,210	4.5%	1,322,991	4.6%	670,140	2.3%
2001	7,227,880	20.8%	3,459,386	10.0%	784,695	2.3%	5,145,550	14.8%	1,775,182	5.1%	1,861,327	5.4%	269,526	0.8%
2002	8,592,202	24.5%	3,519,133	10.1%	795,443	2.3%	5,656,071	16.2%	1,606,029	4.6%	1,811,328	5.2%	1,559,296	4.5%
2003	9,454,480	26.4%	4,120,039	11.6%	956,181	2.7%	6,153,005	17.3%	1,472,323	4.1%	1,898,765	5.3%	342,964	1.0%
2004	10,071,924	20.1%	6,892,065	13.8%	991,821	2.0%	6,884,569	13.8%	1,728,428	3.5%	1,569,011	3.1%	252,589	0.5%

Fiscal Year	Library	% of Total	Community Development	% of Total	Constitutional Offices	% of Total	Capital Projects	% of Total	Long-Term Debt Payments	% of Total	Other Financing Uses	% of Total	Total
1995	\$ 1,444,417	7.9%	\$ 1,078,608	5.9%	\$ 922,297	5.1%	\$ 976,340	5.4%	\$ 582,812	3.2%	\$ -	0.0%	\$ 18,208,956
1996	1,616,560	7.0%	1,240,079	5.4%	953,698	4.2%	4,039,758	17.6%	584,123	2.5%	-	0.0%	22,958,906
1997	2,089,282	9.6%	1,146,953	5.3%	1,070,852	4.9%	2,182,558	10.0%	705,134	3.2%	-	0.0%	21,774,893
1998	2,082,006	9.5%	1,136,839	5.2%	1,146,557	5.2%	657,694	3.0%	1,751,003	8.0%	-	0.0%	21,985,729
1999	2,013,709	9.2%	1,142,642	5.2%	1,252,479	5.7%	177,027	0.8%	751,251	3.4%	964,888	4.4%	21,986,790
2000	1,999,868	7.0%	1,323,608	4.6%	1,564,686	5.5%	64,389	0.2%	3,598,689	12.6%	800,000	2.8%	28,645,211
2001	2,168,159	6.2%	1,249,571	3.6%	1,475,404	4.2%	172,208	0.5%	3,696,831	10.6%	5,439,796	15.7%	34,725,515
2002	2,473,512	7.1%	1,628,246	4.7%	1,561,081	4.5%	763,553	2.2%	-	0.0%	4,919,683	14.1%	34,885,577
2003	2,750,499	7.7%	1,563,005	4.4%	1,730,535	4.9%	409,419	1.1%	-	0.0%	4,814,873	13.5%	35,666,088
2004	2,725,758	5.4%	1,488,969	3.0%	1,994,038	4.0%	1,982,196	4.0%	-	0.0%	13,452,552	26.8%	50,033,920

Note 1: Includes General and Capital Projects Funds.

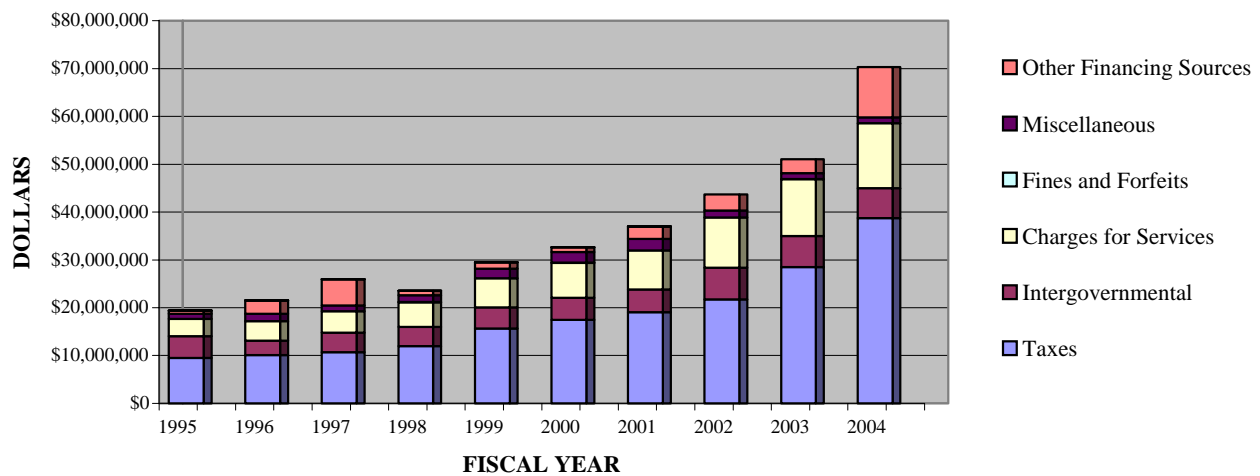
Source: Audited financial statements for the years ended June 30, 1995 through 2004

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

Fiscal Year	Taxes	Intergovernmental	Charges for Services	Fines and Forfeits	Miscellaneous	Other Financing Sources	Total
1995	\$ 9,483,782	\$ 4,547,479	\$ 3,629,986	\$ 5,566	\$ 1,074,913	\$ 676,849	\$ 19,418,575
1996	10,110,593	3,009,108	4,093,299	6,942	1,510,746	2,809,040	21,539,728
1997	10,733,885	4,036,872	4,488,759	6,964	1,222,942	5,444,203	25,933,625
1998	11,965,216	4,036,485	5,160,436	11,853	1,449,740	910,939	23,534,669
1999	15,667,681	4,379,574	6,079,047	14,038	2,021,511	1,330,245	29,492,096
2000	17,467,252	4,605,298	7,321,816	15,790	2,227,336	997,095	32,634,587
2001	19,060,041	4,781,102	8,140,748	16,946	2,388,416	2,579,039	36,966,292
2002	21,767,582	6,576,810	10,495,441	20,699	1,386,988	3,419,248	43,666,768
2003	28,528,761	6,466,985	11,847,057	15,826	1,219,214	2,942,479	51,020,322
2004	38,720,829	6,241,501	13,556,533	19,103	1,219,234	10,571,062	70,328,262

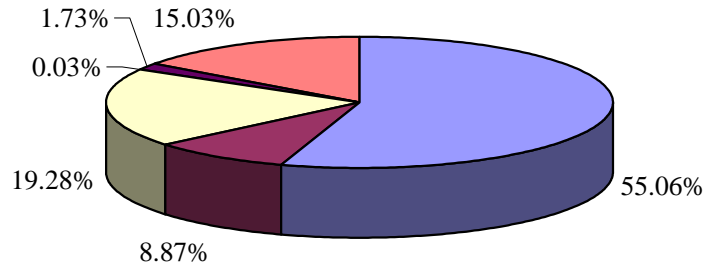
Note 1: Includes General and Capital Projects Funds.

GENERAL GOVERNMENTAL REVENUES

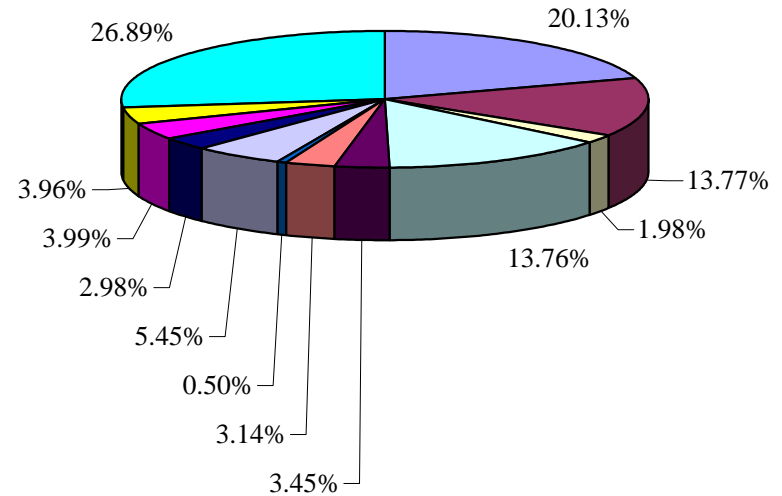


Source: Audited financial statements for the years ended June 30, 1995 through 2004

REVENUES



EXPENDITURES



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

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy	Delinquent Tax Collections	Total Taxes Collected	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1995	\$ 6,861,128	\$ 6,626,500	96.6%	\$ 222,125	\$ 6,848,625	99.8%	\$ 455,888	6.6%
1996	7,088,291	6,835,032	96.4%	185,418	7,020,450	99.0%	498,829	7.0%
1997	7,303,925	7,052,404	96.6%	189,759	7,242,163	99.2%	533,401	7.3%
1998	7,572,799	7,315,590	96.6%	210,652	7,526,242	99.4%	546,533	7.2%
1999	7,791,654	7,566,993	97.1%	200,523	7,767,516	99.7%	519,642	6.7%
2000	8,108,146	7,835,808	96.6%	161,998	7,997,806	98.6%	591,783	7.3%
2001	8,461,001	8,156,366	96.4%	241,732	8,398,098	99.3%	599,135	7.1%
2002	8,843,299	8,527,586	96.4%	218,947	8,746,533	98.9%	661,422	7.5%
2003	9,219,888	8,904,011	96.6%	280,024	9,184,035	99.6%	662,655	7.2%
2004	9,718,631	9,393,462	96.7%	263,416	9,656,878	99.4%	661,765	6.8%

Notes:

1. Total tax levy includes initial annual levy plus quarterly supplemental additions.

Source: Sussex County Treasury Division

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

Fiscal Year	Total Assessed Value	Exempt Assessed Value	Taxable Assessed Value	Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
1995	\$ 1,511,863,194	\$ 24,712,592	\$ 1,487,150,602	\$ 9,123,623,325	16.3%
1996	1,560,954,078	24,961,725	1,535,992,353	9,365,807,030	16.4%
1997	1,609,844,254	25,239,867	1,584,604,387	9,842,263,273	16.1%
1998	1,669,344,777	24,802,843	1,644,541,934	10,678,843,727	15.4%
1999	1,717,086,004	24,637,240	1,692,448,764	12,444,476,206	13.6%
2000	1,784,583,813	24,595,234	1,759,988,579	12,846,631,964	13.7%
2001	1,857,560,169	24,056,900	1,833,503,269	14,213,203,636	12.9%
2002	1,936,538,241	23,367,548	1,913,170,693	15,943,089,108	12.0%
2003	2,017,026,292	22,854,792	1,994,171,500	19,744,272,277	10.1%
2004	2,117,840,800	22,417,573	2,095,423,227	26,192,790,338	8.0%

Notes:

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

Sources: Sussex County Assessment Division and University of Delaware.

SUSSEX COUNTY, DELAWARE
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS
FOR THE FISCAL YEAR ENDED 2004

<u>School District/City</u>	<u>County Rate</u>	<u>School Rate</u>	<u>City Rate (1)</u>	<u>Vo-Tech Rate</u>	<u>Total Tax Rates/\$100 Assessment (2)</u>	<u>Tax Base Value as a Percent of Market Value (3)</u>
Cape Henlopen						
Henlopen Acres	0.445	2.099	1.45	0.2293	4.2233	8.0%
Lewes	0.445	2.099	0.26	0.2293	3.0333	8.0
Milton	0.445	2.099	0.41	0.2293	3.1833	8.0
Rehoboth Beach	0.445	2.099	1.40	0.2293	4.1733	8.0
Dewey Beach	0.445	2.099	0.40	0.2293	3.1733	8.0
Delmar						
Delmar	0.445	3.220	1.31	0.2293	5.2043	8.0
Indian River (4)						
Bethany Beach	0.445	1.946	0.80	0.2293	3.4203	8.0
Dagsboro	0.445	1.946	0.38	0.2293	3.0003	8.0
Fenwick Island	0.445	1.946	1.60	0.2293	4.2203	8.0
Frankford	0.445	1.946	1.10	0.2293	3.7203	8.0
Georgetown	0.445	1.946	2.15	0.2293	4.7703	8.0
Millsboro	0.445	1.946	0.46	0.2293	3.0803	8.0
Millville	0.445	1.946	0.50	0.2293	3.1203	8.0
Ocean View	0.445	1.946	0.50	0.2293	3.1203	8.0
Selbyville	0.445	1.946	1.85	0.2293	4.4703	8.0
South Bethany	0.445	1.946	0.65	0.2293	3.2703	8.0
Laurel						
Bethel	0.445	2.390	0.40	0.2293	3.4643	8.0
Laurel	0.445	2.390	1.90	0.2293	4.9643	8.0
Milford						
Ellendale	0.445	2.621	1.00	0.2293	4.2953	8.0
Milford	0.445	2.621	0.41	0.2293	3.7053	8.0
Slaughter Beach	0.445	2.621	0.50	0.2293	3.7953	8.0
Seaford						
Blades	0.445	2.480	1.50	0.2293	4.6543	8.0
Seaford	0.445	2.480	0.48	0.2293	3.6343	8.0
Woodbridge						
Bridgeville	0.445	2.903	1.83	0.2293	5.4073	8.0
Greenwood	0.445	2.903	0.60	0.2293	4.1773	8.0

Notes:

1. The city rate shown for Bethany, Lewes, Milton, Rehoboth, Delmar, Dagsboro, Millsboro, Ocean View, Milford, Seaford and Blades are based on assessments established by the individual towns. The other city tax rates are based on County assessments.
2. The total tax rates shown here are based on a combined rate regardless of differing assessment methods used by Towns and the County.
3. Market value is compared to assessed values (which are based on 50% of 1974 values).
4. The Indian River School District charges \$2.027 as its school rate for non-residential properties.

Source:

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

(continued)

SUSSEX COUNTY, DELAWARE
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS - CONTINUED
FISCAL YEARS 1995 THROUGH 2003

Fiscal Year	Rate Type	School Districts - Rate per \$100 assessment						
		Indian River	Laurel	Seaford	Milford	Woodbridge	Cape Henlopen	Delmar
1995	School Rate	1.420	1.937	2.055	1.800	2.126	1.600	1.550
	Vo-Tech Rate	0.213	0.213	0.213	0.213	0.213	0.213	0.213
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.078	2.595	2.713	2.458	2.784	2.258	2.208
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	2.996	3.513	3.631	3.376	3.702	3.176	3.126
1996	School Rate	1.529	2.190	2.090	2.002	2.258	1.585	1.750
	Vo-Tech Rate	0.212	0.212	0.212	0.212	0.212	0.212	0.212
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.186	2.847	2.747	2.659	2.915	2.242	2.407
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.104	3.765	3.665	3.577	3.833	3.160	3.325
1997	School Rate	1.733	2.390	2.320	2.041	2.229	1.585	1.810
	Vo-Tech Rate	0.211	0.211	0.211	0.211	0.211	0.211	0.211
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.389	3.046	2.976	2.697	2.885	2.241	2.466
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.307	3.964	3.894	3.615	3.803	3.159	3.384
1998	School Rate	1.916	2.390	2.300	2.156	1.897	1.652	2.560
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.589	3.063	2.973	2.829	2.570	2.325	3.233
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.507	3.981	3.891	3.747	3.488	3.243	4.151
1999	School Rate	1.873	2.390	2.200	2.236	1.897	1.692	3.450
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.546	3.063	2.873	2.909	2.570	2.365	4.123
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.464	3.981	3.791	3.827	3.488	3.283	5.041
2000	School Rate (2)	1.799	2.390	2.200	2.909	2.101	1.695	3.400
	Vo-Tech Rate	0.216	0.216	0.216	0.216	0.216	0.216	0.216
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.460	3.051	2.861	3.570	2.762	2.356	4.061
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.378	3.969	3.779	4.488	3.680	3.274	4.979
2001	School Rate (2)	1.854	2.390	2.310	2.697	2.200	1.800	3.350
	Vo-Tech Rate	0.231	0.231	0.231	0.231	0.231	0.231	0.231
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.530	3.066	2.986	3.373	2.876	2.476	4.026
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.448	3.984	3.904	4.291	3.794	3.394	4.944
2002	School Rate (2)	1.997	2.390	2.390	2.669	2.400	1.981	3.250
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.670	3.063	3.063	3.342	3.073	2.654	3.923
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.588	3.981	3.981	4.260	3.991	3.572	4.841
2003	School Rate (2)	2.029	2.390	2.470	2.749	2.913	2.099	3.230
	Vo-Tech Rate	0.228	0.228	0.228	0.228	0.228	0.228	0.228
	County Rate	0.445	0.445	0.445	0.445	0.445	0.445	0.445
	Total	2.702	3.063	3.143	3.422	3.586	2.772	3.903
	Local Municipalities (1)	0.918	0.918	0.918	0.918	0.918	0.918	0.918
	Total Tax Rate	3.620	3.981	4.061	4.340	4.504	3.690	4.821

Notes:

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

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

**SUSSEX COUNTY, DELAWARE
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2004**

Assessed Value of Taxable property		\$ 2,243,460,883
Less: Exempt Property		<u>23,529,320</u>
Total Taxable Assessment at June 30, 2004		<u><u>\$ 2,219,931,563</u></u>
DEBT LIMIT - 12% of Total Taxable Assessed Value		\$ 266,391,788
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	\$ 149,289,555	
Less: West Rehoboth Sewer Revenue Bonds	<u>29,359,095</u>	
TOTAL DEBT APPLICABLE TO DEBT LIMIT		<u><u>119,930,460</u></u>
LEGAL DEBT MARGIN		<u><u>\$ 146,461,328</u></u>

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

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

<u>Fiscal Year</u>	<u>Net Bonded Debt</u>	<u>Taxable Assessed Value (A)</u>	<u>Percentage of Net General Bonded Debt to Assessed Value</u>	<u>Population (B)</u>	<u>Net General Bonded Debt Per Capita</u>
1995	\$ 5,243,865	\$ 1,487,150,602	0.35%	127,671	\$ 41.07
1996	4,915,712	1,535,992,353	0.32%	131,078	37.50
1997	7,570,782	1,584,604,387	0.48%	133,661	56.64
1998	7,199,603	1,644,541,934	0.44%	136,707	52.66
1999	6,807,575	1,692,448,764	0.40%	140,308	48.52
2000	3,494,353	1,759,988,579	0.20%	156,638	22.31
2001	-	1,833,503,269	0.00%	160,172	-
2002	-	1,913,170,693	0.00%	163,085	-
2003	-	1,994,171,500	0.00%	167,904	-
2004	-	2,095,423,227	0.00%	171,923	-

Notes:

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

Sources:

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

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

Fiscal Year	Principal Payments (1)	Interest Payments (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1995	\$ 319,599	\$ 263,213	\$ 582,812	\$ 18,208,956	3.20%
1996	331,623	252,500	584,123	22,958,906	2.54%
1997	357,506	347,628	705,134	21,774,893	3.24%
1998	1,344,460	406,543	1,751,003	21,985,729	7.96%
1999	392,028	359,223	751,251	21,986,790	3.42%
2000	3,313,223	285,466	3,598,689	28,645,211	12.56%
2001	3,494,353	202,478	3,696,831	34,725,515	10.65%
2002	-	-	-	34,885,577	0.00%
2003	-	-	-	35,666,088	0.00%
2004	-	-	-	50,033,920	0.00%

Notes:

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

SUSSEX COUNTY, DELAWARE
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 JUNE 30, 2004

Jurisdiction	Gross General Obligation Debt Outstanding	Percentage Applicable to Sussex County	Amount Applicable to Sussex County
TOTAL DIRECT DEBT (1)			
Sussex County Council	\$ 119,930,460	100%	\$ 119,930,460
OTHER DEBT OF COUNTY POLITICAL SUBDIVISIONS			
School Districts: (2)			
Cape Henlopen	8,420,625	100%	8,420,625
Delmar	2,967,325	100%	2,967,325
Indian River	30,823,194	100%	30,823,194
Laurel	969,313	100%	969,313
Milford	6,137,050	59%	3,620,860
Seaford	5,987,421	100%	5,987,421
Sussex Tech	4,339,044	100%	4,339,044
Woodbridge	5,156,524	99%	5,104,959
Total School Districts	64,800,496		62,232,742
Municipalities: (3)			
Bethany Beach	2,070,000	100%	2,070,000
Blades	526,602	100%	526,602
Bridgeville	2,297,987	100%	2,297,987
Dagsboro	167,830	100%	167,830
Frankford	920,948	100%	920,948
Georgetown	10,190,122	100%	10,190,122
Greenwood	932,000	100%	932,000
Henlopen Acres	281,667	100%	281,667
Laurel	3,026,162	100%	3,026,162
Milford	12,085,000	70%	8,459,500
Millsboro	5,443,200	100%	5,443,200
Milton	803,704	100%	803,704
Rehoboth Beach	2,890,469	100%	2,890,469
Seaford	6,589,453	100%	6,589,453
Selbyville	3,994,708	100%	3,994,708
Total Municipalities	52,219,852		48,594,352
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 236,950,808		\$ 230,757,553

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

Sources:

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

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

West Rehoboth Expansion Sewer System

<u>Fiscal Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Available For Debt Service</u>	<u>Debt Service Requirements</u>	<u>Coverage Ratio</u>
1995	N/A	N/A	N/A	N/A	N/A
1996	\$ 1,935,148	\$ 468,084	\$ 1,467,064	\$ 761,354	1.93
1997	5,277,608	1,132,265	4,145,343	1,859,245	2.23
1998	6,352,519	1,093,404	5,259,115	2,202,693	2.39
1999	5,863,597	1,081,311	4,782,286	2,202,693	2.17
2000	7,426,137	1,265,139	6,160,998	2,357,693	2.61
2001	8,321,294	1,556,882	6,764,412	2,587,891	2.61
2002	9,455,029	1,458,191	7,996,838	2,554,266	3.13
2003	11,006,550	1,694,092	9,312,458	2,461,746	3.78
2004	10,861,191	1,805,308	9,055,883	2,460,595	3.68

Notes:

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

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

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

Year	Population (1)	Per Capita Income (2)	Median Age	Public School Enrollment (3)	Unemployment Rate (4)
1995	127,671	\$ 18,901	*	20,549	6.7%
1996	131,078	19,895	*	20,887	5.3%
1997	133,661	20,222	*	21,073	3.7%
1998	136,707	21,163	38.0	21,246	3.7%
1999	140,308	21,423	36.0	21,432	3.9%
2000	156,638	22,185	41.1	21,781	2.9%
2001	160,172	23,232	*	21,878	3.9%
2002	163,085	25,471	*	21,547	4.0%
2003	167,904	*	*	25,055	2.7%
2004	171,923	*	*	24,210	3.3%

Sources:

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

* Figures not available

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

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<u>Fiscal Year</u>	<u>Assessed Property Value</u>		<u>Construction</u>		<u>Bank Deposits (in millions)</u>
	<u>Taxable</u>	<u>Non-Taxable</u>	<u>Number of Permits</u>	<u>Estimated Value of Permits</u>	
1995	\$ 1,487,150,602	\$ 24,712,592	6,896	\$ 238,825,589	\$ 1,749
1996	1,535,992,353	24,961,725	7,185	227,687,698	7,223
1997	1,584,604,387	25,239,867	7,544	295,103,655	8,692
1998	1,644,541,934	24,802,843	7,877	310,884,342	9,729
1999	1,692,448,764	24,637,240	8,640	390,761,657	11,058
2000	1,759,988,579	24,595,234	8,511	370,747,700	14,796
2001	1,833,503,269	24,056,900	8,459	392,619,923	15,232
2002	1,913,170,693	23,367,548	9,388	463,462,847	15,183
2003	1,994,171,500	22,854,792	9,741	570,288,251	15,550
2004	2,095,423,227	22,417,573	10,811	641,869,546	13,105

Notes:

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

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

**SUSSEX COUNTY, DELAWARE
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Verizon	Telephone Utility	\$ 35,638,175	1.70%
Conectiv Power Delivery	Public Utility	19,734,824	0.94%
Indian River Power LLC	Public Utility	12,737,071	0.61%
E. I. duPont de Nemours Company	Chemicals and Synthetics	9,484,250	0.45%
Mountaire Farms of Delaware, Inc.	Poultry Industry	4,351,900	0.21%
Delaware Electric Cooperative, Inc.	Public Utility	4,311,801	0.21%
Chesapeake Utilities Corporation	Public Utility	3,230,327	0.15%
Eastern Shore Natural Gas Co.	Public Utility	3,147,733	0.15%
M & T Bank	Banking	3,135,800	0.15%
Pinnacle Foods Corporation	Food Industry	2,798,600	0.13%
Rehoboth By The Sea Realty Co.	Real Estate	2,525,300	0.12%
Penco Corporation	Plumbing Retail	2,521,400	0.12%
		<u>\$ 103,617,181</u>	<u>4.94%</u>

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

Date of reorganization	January 5, 1971
Form of government	Council-Executive
County seat	Georgetown
Area	946 square miles
Density	182 per square mile

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

Public Safety:

Paramedic stations	7
Paramedic staff	94
Paramedic Incidents Dispatched - fiscal year 2004	11,018
911 calls - fiscal year 2004	89,446
Volunteer fire and ambulance companies	24
Additional State Police officers funded by county	20

Sewer and Water Services:

Sewer customers, EDU's billed	44,240
Water customers, EDU's billed	3,548
Miles of underground sanitary sewer pipe	554
Number of feet of ocean outfall sewer pipe	6,500
Pump stations	256
Spray irrigated facilities	3
Secondary treatment plants	4

Libraries:

Directly administered	3
Number of county funded, with independent board	11
Bookmobiles	1
Circulation	1,197,367

Sussex County Airport:

Paved runway footage	7,300
Number of hangars	20
Number of landings fiscal year 2004	16,306

Sussex County Industrial Park:

Number of businesses	18
Number of jobs provided by businesses	681

Population:

Estimated population, 2004	171,923
Percent change, 2000 to 2004	9.8%
Census population, 2000	156,638
Percent change, 1990 to 2000	38.3%

Full-Time Positions

472

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY)
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 20, 2031	4.50 %	\$ 116,461	\$ 22,626
June 20, 2031	4.50	117,771	21,316
September 20, 2031	4.50	119,096	19,991
December 20, 2031	4.50	120,436	18,651
March 20, 2032	4.50	121,791	17,296
June 20, 2032	4.50	123,161	15,926
September 20, 2032	4.50	124,546	14,541
December 20, 2032	4.50	125,947	13,140
March 20, 2033	4.50	127,364	11,723
June 20, 2033	4.50	128,797	10,290
September 20, 2033	4.50	130,246	8,841
December 20, 2033	4.50	131,711	7,376
March 20, 2034	4.50	133,193	5,894
June 20, 2034	4.50	134,692	4,395
September 20, 2034	4.50	136,207	2,880
December 20, 2034	4.50	118,161	1,139
		<u>\$ 9,199,206</u>	<u>\$ 7,749,832</u>

(continued)

SUSSEX COUNTY, DELAWARE
 SRF SUBORDINATE OBLIGATION - 1994
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2005	1.50 %	\$ 772,109	\$ 157,937
June 15, 2006	1.50	783,691	146,354
June 15, 2007	1.50	795,446	134,599
June 15, 2008	1.50	807,378	122,667
June 15, 2009	1.50	819,488	110,557
June 15, 2010	1.50	831,781	98,264
June 15, 2011	1.50	844,258	85,788
June 15, 2012	1.50	856,921	73,125
June 15, 2013	1.50	869,775	60,271
June 15, 2014	1.50	882,822	47,224
June 15, 2015	1.50	896,064	33,981
June 15, 2016	1.50	909,505	20,540
December 15, 2016	1.50	459,857	3,449
		<u>\$ 10,529,095</u>	<u>\$ 1,094,756</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT REVENUE BONDS - 1995
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2004	- %	\$ -	\$ 508,883
June 15, 2005	4.75	510,000	508,883
December 15, 2005	-	-	496,770
June 15, 2006	4.85	535,000	496,770
December 15, 2006	-	-	483,796
June 15, 2007	5.00	560,000	483,796
December 15, 2007	-	-	469,796
June 15, 2008	5.10	590,000	469,796
December 15, 2008	-	-	454,751
June 15, 2009	5.20	620,000	454,751
December 15, 2009	-	-	438,631
June 15, 2010	5.30	650,000	438,631
December 15, 2010	-	-	421,406
June 15, 2011	5.40	690,000	421,406
December 15, 2011	-	-	402,776
June 15, 2012	5.45	725,000	402,776
December 15, 2012	-	-	383,020
June 15, 2013	5.45	765,000	383,020
December 15, 2013	-	-	362,174
June 15, 2014	5.45	805,000	362,174
December 15, 2014	-	-	340,238
June 15, 2015	5.45	850,000	340,238
December 15, 2015	-	-	317,075
June 15, 2016	5.50	895,000	317,075
December 15, 2016	-	-	292,463
June 15, 2017	5.50	945,000	292,463
December 15, 2017	-	-	266,475
June 15, 2018	5.50	995,000	266,475
December 15, 2018	-	-	239,113
June 15, 2019	5.50	1,055,000	239,113
December 15, 2019	-	-	210,100
June 15, 2020	5.50	1,105,000	210,100
December 15, 2020	-	-	179,713
June 15, 2021	5.50	1,170,000	179,713
December 15, 2021	-	-	147,538
June 15, 2022	5.50	1,235,000	147,538
December 15, 2022	-	-	113,575
June 15, 2023	5.50	1,305,000	113,575
December 15, 2023	-	-	77,688
June 15, 2024	5.50	1,375,000	77,688
December 15, 2024	-	-	39,875
June 15, 2025	5.50	1,450,000	39,875
		<u>\$ 18,830,000</u>	<u>\$ 13,291,712</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 A
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 9, 2031	4.50 %	\$ 41,751	\$ 8,673
June 9, 2031	4.50	42,221	8,203
September 9, 2031	4.50	42,696	7,728
December 9, 2031	4.50	43,176	7,248
March 9, 2032	4.50	43,662	6,762
June 9, 2032	4.50	44,153	6,271
September 9, 2032	4.50	44,650	5,774
December 9, 2032	4.50	45,152	5,272
March 9, 2033	4.50	45,660	4,764
June 9, 2033	4.50	46,174	4,250
September 9, 2033	4.50	46,693	3,731
December 9, 2033	4.50	47,219	3,205
March 9, 2034	4.50	47,750	2,674
June 9, 2034	4.50	48,287	2,137
September 9, 2034	4.50	48,830	1,594
December 9, 2034	4.50	49,380	1,044
March 9, 2035	4.50	43,775	490
		<u>\$ 3,348,710</u>	<u>\$ 2,847,283</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 B
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 27, 2031	4.50 %	\$ 75,208	\$ 16,598
June 27, 2031	4.50	76,054	15,752
September 27, 2031	4.50	76,909	14,897
December 27, 2031	4.50	77,775	14,031
March 27, 2032	4.50	78,649	13,157
June 27, 2032	4.50	79,534	12,272
September 27, 2032	4.50	80,429	11,377
December 27, 2032	4.50	81,334	10,472
March 27, 2033	4.50	82,249	9,557
June 27, 2033	4.50	83,174	8,632
September 27, 2033	4.50	84,110	7,696
December 27, 2033	4.50	85,056	6,750
March 27, 2034	4.50	86,013	5,793
June 27, 2034	4.50	86,981	4,825
September 27, 2034	4.50	87,959	3,847
December 27, 2034	4.50	88,949	2,857
March 27, 2035	4.50	89,949	1,857
June 27, 2035	4.50	75,684	846
		<u>\$ 6,118,902</u>	<u>\$ 5,249,766</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 C
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 26, 2031	4.50 %	\$ 67,575	\$ 15,885
June 26, 2031	4.50	68,335	15,125
September 26, 2031	4.50	69,104	14,356
December 26, 2031	4.50	69,881	13,579
March 26, 2032	4.50	70,667	12,793
June 26, 2032	4.50	71,462	11,998
September 26, 2032	4.50	72,266	11,194
December 26, 2032	4.50	73,079	10,381
March 26, 2033	4.50	73,901	9,559
June 26, 2033	4.50	74,733	8,727
September 26, 2033	4.50	75,573	7,887
December 26, 2033	4.50	76,424	7,036
March 26, 2034	4.50	77,283	6,177
June 26, 2034	4.50	78,153	5,307
September 26, 2034	4.50	79,032	4,428
December 26, 2034	4.50	79,921	3,539
March 26, 2035	4.50	80,820	2,640
June 26, 2035	4.50	81,730	1,730
September 26, 2035	4.50	71,177	810
		<u>\$ 5,582,793</u>	<u>\$ 4,838,235</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

Date of Maturity	Coupon	Principal Maturity	Interest Payable
December 22, 2017	4.50 %	\$ 18,467	\$ 23,263
March 22, 2018	4.50	18,675	23,055
June 22, 2018	4.50	18,885	22,845
September 22, 2018	4.50	19,097	22,633
December 22, 2018	4.50	19,312	22,418
March 22, 2019	4.50	19,529	22,201
June 22, 2019	4.50	19,749	21,981
September 22, 2019	4.50	19,971	21,759
December 22, 2019	4.50	20,196	21,534
March 22, 2020	4.50	20,423	21,307
June 22, 2020	4.50	20,653	21,077
September 22, 2020	4.50	20,885	20,845
December 22, 2020	4.50	21,120	20,610
March 22, 2021	4.50	21,358	20,372
June 22, 2021	4.50	21,598	20,132
September 22, 2021	4.50	21,841	19,889
December 22, 2021	4.50	22,087	19,643
March 22, 2022	4.50	22,335	19,395
June 22, 2022	4.50	22,586	19,144
September 22, 2022	4.50	22,840	18,890
December 22, 2022	4.50	23,097	18,633
March 22, 2023	4.50	23,357	18,373
June 22, 2023	4.50	23,620	18,110
September 22, 2023	4.50	23,886	17,844
December 22, 2023	4.50	24,154	17,576
March 22, 2024	4.50	24,426	17,304
June 22, 2024	4.50	24,701	17,029
September 22, 2024	4.50	24,979	16,751
December 22, 2024	4.50	25,260	16,470
March 22, 2025	4.50	25,544	16,186
June 22, 2025	4.50	25,831	15,899
September 22, 2025	4.50	26,122	15,608
December 22, 2025	4.50	26,416	15,314
March 22, 2026	4.50	26,713	15,017
June 22, 2026	4.50	27,014	14,716
September 22, 2026	4.50	27,318	14,412
December 22, 2026	4.50	27,625	14,105
March 22, 2027	4.50	27,936	13,794
June 22, 2027	4.50	28,250	13,480
September 22, 2027	4.50	28,568	13,162
December 22, 2027	4.50	28,889	12,841
March 22, 2028	4.50	29,214	12,516
June 22, 2028	4.50	29,543	12,187
September 22, 2028	4.50	29,875	11,855
December 22, 2028	4.50	30,211	11,519
March 22, 2029	4.50	30,551	11,179
June 22, 2029	4.50	30,895	10,835
September 22, 2029	4.50	31,242	10,488
December 22, 2029	4.50	31,594	10,136
March 22, 2030	4.50	31,949	9,781
June 22, 2030	4.50	32,309	9,421
September 22, 2030	4.50	32,672	9,058
December 22, 2030	4.50	33,040	8,690

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1995 D
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2031	4.50 %	\$ 33,411	\$ 8,319
June 22, 2031	4.50	33,787	7,943
September 22, 2031	4.50	34,167	7,563
December 22, 2031	4.50	34,552	7,178
March 22, 2032	4.50	34,941	6,789
June 22, 2032	4.50	35,334	6,396
September 22, 2032	4.50	35,731	5,999
December 22, 2032	4.50	36,133	5,597
March 22, 2033	4.50	36,540	5,190
June 22, 2033	4.50	36,951	4,779
September 22, 2033	4.50	37,366	4,364
December 22, 2033	4.50	37,787	3,943
March 22, 2034	4.50	38,212	3,518
June 22, 2034	4.50	38,642	3,088
September 22, 2034	4.50	39,076	2,654
December 22, 2034	4.50	39,516	2,214
March 22, 2035	4.50	39,961	1,769
June 22, 2035	4.50	40,410	1,320
September 22, 2035	4.50	40,865	865
December 22, 2035	4.50	35,667	405
		<u>\$ 2,801,680</u>	<u>\$ 2,450,641</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1996
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
January 17, 2031	4.50 %	\$ 4,834	\$ 1,422
April 17, 2031	4.50	4,888	1,368
July 17, 2031	4.50	4,943	1,313
October 17, 2031	4.50	4,999	1,257
January 17, 2032	4.50	5,055	1,201
April 17, 2032	4.50	5,112	1,144
July 17, 2032	4.50	5,170	1,086
October 17, 2032	4.50	5,228	1,028
January 17, 2033	4.50	5,287	969
April 17, 2033	4.50	5,346	910
July 17, 2033	4.50	5,406	850
October 17, 2033	4.50	5,467	789
January 17, 2034	4.50	5,528	728
April 17, 2034	4.50	5,590	665
July 17, 2034	4.50	5,654	602
October 17, 2034	4.50	5,717	539
January 17, 2035	4.50	5,781	475
April 17, 2035	4.50	5,847	409
July 17, 2035	4.50	5,912	344
October 17, 2035	4.50	5,979	277
January 17, 2036	4.50	6,046	210
April 17, 2036	4.50	6,114	142
July 17, 2036	4.50	5,141	73
October 17, 2036	4.50	2,860	3
		<u>\$ 426,323</u>	<u>\$ 382,520</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 1997
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2005	1.50 %	\$ 460,375	\$ 132,597
June 15, 2006	1.50	467,280	125,692
June 15, 2007	1.50	474,290	118,682
June 15, 2008	1.50	481,404	111,568
June 15, 2009	1.50	488,625	104,347
June 15, 2010	1.50	495,954	97,018
June 15, 2011	1.50	503,394	89,578
June 15, 2012	1.50	510,945	82,027
June 15, 2013	1.50	518,609	74,363
June 15, 2014	1.50	526,388	66,584
June 15, 2015	1.50	534,284	58,688
June 15, 2016	1.50	542,298	50,674
June 15, 2017	1.50	550,432	42,540
June 15, 2018	1.50	558,689	34,283
June 15, 2019	1.50	567,069	25,903
June 15, 2020	1.50	575,575	17,397
June 15, 2021	1.50	584,210	8,762
		<u>\$ 8,839,821</u>	<u>\$ 1,240,703</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2000
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2005	1.50 %	\$ 278,255	\$ 96,930
June 30, 2006	1.50	280,342	94,843
December 31, 2006	1.50	282,444	92,740
June 30, 2007	1.50	284,562	90,622
December 31, 2007	1.50	286,697	88,488
June 30, 2008	1.50	288,847	86,337
December 31, 2008	1.50	291,013	84,171
June 30, 2009	1.50	293,196	81,988
December 31, 2009	1.50	295,395	79,789
June 30, 2010	1.50	297,610	77,574
December 31, 2010	1.50	299,842	75,342
June 30, 2011	1.50	302,091	73,093
December 31, 2011	1.50	304,357	70,827
June 30, 2012	1.50	306,640	68,545
December 31, 2012	1.50	308,939	66,245
June 30, 2013	1.50	311,256	63,928
December 31, 2013	1.50	313,591	61,593
June 30, 2014	1.50	315,943	59,242
December 31, 2014	1.50	318,312	56,872
June 30, 2015	1.50	320,700	54,485
December 31, 2015	1.50	323,105	52,079
June 30, 2016	1.50	325,528	49,656
December 31, 2016	1.50	327,970	47,215
June 30, 2017	1.50	330,429	44,755
December 31, 2017	1.50	332,908	42,277
June 30, 2018	1.50	335,404	39,780
December 31, 2018	1.50	337,920	37,264
June 30, 2019	1.50	340,454	34,730
December 31, 2019	1.50	343,008	32,177
June 30, 2020	1.50	345,580	29,604
December 31, 2020	1.50	348,172	27,012
June 30, 2021	1.50	350,784	24,401
December 31, 2021	1.50	353,414	21,770
June 30, 2022	1.50	356,065	19,119
December 31, 2022	1.50	358,735	16,449
June 30, 2023	1.50	361,426	13,758
December 31, 2023	1.50	364,137	11,048
June 30, 2024	1.50	366,868	8,317
December 31, 2024	1.50	369,619	5,565
June 30, 2025	1.50	372,393	2,791
		\$ 12,923,951	\$ 2,083,421

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2000
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2004	1.50 %	\$ 37,619	\$ 12,727
June 15, 2005	1.50	37,901	12,445
December 15, 2005	1.50	38,186	12,161
June 15, 2006	1.50	38,472	11,874
December 15, 2006	1.50	38,760	11,586
June 15, 2007	1.50	39,051	11,295
December 15, 2007	1.50	39,344	11,002
June 15, 2008	1.50	39,639	10,707
December 15, 2008	1.50	39,936	10,410
June 15, 2009	1.50	40,236	10,110
December 15, 2009	1.50	40,538	9,808
June 15, 2010	1.50	40,842	9,504
December 15, 2010	1.50	41,148	9,198
June 15, 2011	1.50	41,457	8,889
December 15, 2011	1.50	41,768	8,579
June 15, 2012	1.50	42,081	8,265
December 15, 2012	1.50	42,396	7,950
June 15, 2013	1.50	42,714	7,632
December 15, 2013	1.50	43,035	7,311
June 15, 2014	1.50	43,358	6,989
December 15, 2014	1.50	43,683	6,663
June 15, 2015	1.50	44,010	6,336
December 15, 2015	1.50	44,340	6,006
June 15, 2016	1.50	44,673	5,673
December 15, 2016	1.50	45,008	5,338
June 15, 2017	1.50	45,346	5,001
December 15, 2017	1.50	45,686	4,660
June 15, 2018	1.50	46,028	4,318
December 15, 2018	1.50	46,374	3,973
June 15, 2019	1.50	46,721	3,625
December 15, 2019	1.50	47,072	3,274
June 15, 2020	1.50	47,425	2,921
December 15, 2020	1.50	47,780	2,566
June 15, 2021	1.50	48,139	2,207
December 15, 2021	1.50	48,500	1,846
June 15, 2022	1.50	48,864	1,482
December 15, 2022	1.50	49,230	1,116
June 15, 2023	1.50	49,599	747
December 15, 2023	1.50	49,970	374
		\$ 1,696,929	\$ 266,568

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 - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 1, 2031	4.50 %	\$ 84,602	\$ 50,485
June 1, 2031	4.50	85,554	49,533
September 1, 2031	4.50	86,517	48,570
December 1, 2031	4.50	87,490	47,597
March 1, 2032	4.50	88,474	46,613
June 1, 2032	4.50	89,469	45,618
September 1, 2032	4.50	90,476	44,611
December 1, 2032	4.50	91,494	43,593
March 1, 2033	4.50	92,523	42,564
June 1, 2033	4.50	93,564	41,523
September 1, 2033	4.50	94,617	40,470
December 1, 2033	4.50	95,681	39,406
March 1, 2034	4.50	96,757	38,330
June 1, 2034	4.50	97,846	37,241
September 1, 2034	4.50	98,947	36,140
December 1, 2034	4.50	100,060	35,027
March 1, 2035	4.50	101,186	33,901
June 1, 2035	4.50	102,324	32,763
September 1, 2035	4.50	103,475	31,612
December 1, 2035	4.50	104,639	30,448
March 1, 2036	4.50	105,816	29,271
June 1, 2036	4.50	107,007	28,080
September 1, 2036	4.50	108,211	26,876
December 1, 2036	4.50	109,428	25,659
March 1, 2037	4.50	110,659	24,428
June 1, 2037	4.50	111,904	23,183
September 1, 2037	4.50	113,163	21,924
December 1, 2037	4.50	114,436	20,651
March 1, 2038	4.50	115,723	19,364
June 1, 2038	4.50	117,025	18,062
September 1, 2038	4.50	118,342	16,745
December 1, 2038	4.50	119,673	15,414
March 1, 2039	4.50	121,019	14,068
June 1, 2039	4.50	122,381	12,706
September 1, 2039	4.50	123,758	11,329
December 1, 2039	4.50	125,150	9,937
March 1, 2040	4.50	126,558	8,529
June 1, 2040	4.50	127,982	7,105
September 1, 2040	4.50	129,421	5,666
December 1, 2040	4.50	130,877	4,210
March 1, 2041	4.50	132,350	2,737
June 1, 2041	4.50	110,955	1,250
		\$ 9,710,396	\$ 10,259,598

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2001
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2004	4.00 %	\$ 2,710,000	\$ 110,000
April 15, 2005	-	-	55,800
October 15, 2005	4.00	<u>2,790,000</u>	<u>55,800</u>
		<u>\$ 5,500,000</u>	<u>\$ 221,600</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2002
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 31, 2004	2.00 %	\$ -	\$ 4,978
June 30, 2005	2.00	-	4,978
December 31, 2005	2.00	-	4,978
June 30, 2006	2.00	10,833	4,978
December 31, 2006	2.00	10,941	4,870
June 30, 2007	2.00	11,051	4,760
December 31, 2007	2.00	11,161	4,650
June 30, 2008	2.00	11,273	4,538
December 31, 2008	2.00	11,386	4,425
June 30, 2009	2.00	11,500	4,312
December 31, 2009	2.00	11,615	4,197
June 30, 2010	2.00	11,731	4,080
December 31, 2010	2.00	11,848	3,963
June 30, 2011	2.00	11,966	3,845
December 31, 2011	2.00	12,086	3,725
June 30, 2012	2.00	12,207	3,604
December 31, 2012	2.00	12,329	3,482
June 30, 2013	2.00	12,452	3,359
December 31, 2013	2.00	12,577	3,234
June 30, 2014	2.00	12,703	3,109
December 31, 2014	2.00	12,830	2,982
June 30, 2015	2.00	12,958	2,853
December 31, 2015	2.00	13,088	2,724
June 30, 2016	2.00	13,218	2,593
December 31, 2016	2.00	13,351	2,461
June 30, 2017	2.00	13,484	2,327
December 31, 2017	2.00	13,619	2,192
June 30, 2018	2.00	13,755	2,056
December 31, 2018	2.00	13,893	1,918
June 30, 2019	2.00	14,032	1,780
December 31, 2019	2.00	14,172	1,639
June 30, 2020	2.00	14,314	1,498
December 31, 2020	2.00	14,457	1,354
June 30, 2021	2.00	14,601	1,210
December 31, 2021	2.00	14,747	1,064
June 30, 2022	2.00	14,895	916
December 31, 2022	2.00	15,044	767
June 30, 2023	2.00	15,194	617
December 31, 2023	2.00	15,346	465
June 30, 2024	2.00	15,500	312
December 31, 2024	2.00	15,651	156
		<u>\$ 497,808</u>	<u>\$ 117,949</u>

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 - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2004	2.500 %	\$ 145,000	\$ 687,181
April 15, 2005	-	-	685,369
October 15, 2005	2.500	155,000	685,369
April 15, 2006	-	-	683,431
October 15, 2006	3.250	2,115,000	683,431
April 15, 2007	-	-	649,063
October 15, 2007	5.000	2,185,000	649,063
April 15, 2008	-	-	594,438
October 15, 2008	5.000	2,295,000	594,438
April 15, 2009	-	-	537,063
October 15, 2009	5.000	2,425,000	537,063
April 15, 2010	-	-	476,438
October 15, 2010	5.000	2,540,000	476,438
April 15, 2011	-	-	412,938
October 15, 2011	5.000	2,670,000	412,938
April 15, 2012	-	-	346,188
October 15, 2012	4.000	2,810,000	346,188
April 15, 2013	-	-	289,988
October 15, 2013	4.000	2,570,000	289,988
April 15, 2014	-	-	238,588
October 15, 2014	4.000	1,945,000	238,588
April 15, 2015	-	-	199,688
October 15, 2015	4.000	1,790,000	199,688
April 15, 2016	-	-	163,888
October 15, 2016	4.125	1,875,000	163,888
April 15, 2017	-	-	125,216
October 15, 2017	4.250	1,185,000	125,216
April 15, 2018	-	-	100,034
October 15, 2018	4.250	1,235,000	100,034
April 15, 2019	-	-	73,791
October 15, 2019	4.375	1,290,000	73,791
April 15, 2020	-	-	45,572
October 15, 2020	4.375	1,345,000	45,572
April 15, 2021	-	-	16,150
October 15, 2021	4.750	45,000	16,150
April 15, 2022	-	-	15,081
October 15, 2022	4.750	50,000	15,081
April 15, 2023	-	-	13,894
October 15, 2023	4.750	50,000	13,894
April 15, 2024	-	-	12,706
October 15, 2024	4.750	55,000	12,706
April 15, 2025	-	-	11,400
October 15, 2025	4.750	55,000	11,400
April 15, 2026	-	-	10,094
October 15, 2026	4.750	60,000	10,094
April 15, 2027	-	-	8,669
October 15, 2027	4.750	65,000	8,669
April 15, 2028	-	-	7,125
October 15, 2028	4.750	65,000	7,125
April 15, 2029	-	-	5,581
October 15, 2029	4.750	70,000	5,581
April 15, 2030	-	-	3,919
October 15, 2030	4.750	75,000	3,919

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
April 15, 2031	- %	\$ -	\$ 2,138
October 15, 2031	4.750	75,000	2,138
April 15, 2032	-	-	356
October 15, 2032	4.750	15,000	356
		<u>\$ 31,255,000</u>	<u>\$ 12,144,793</u>

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 25, 2004	4.25 %	\$ 2,024	\$ 8,596
December 25, 2004	4.25	2,045	8,575
March 25, 2005	4.25	2,067	8,553
June 25, 2005	4.25	2,089	8,531
September 25, 2005	4.25	2,111	8,509
December 25, 2005	4.25	2,134	8,486
March 25, 2006	4.25	2,156	8,464
June 25, 2006	4.25	2,179	8,441
September 25, 2006	4.25	2,202	8,418
December 25, 2006	4.25	2,226	8,394
March 25, 2007	4.25	2,249	8,371
June 25, 2007	4.25	2,273	8,347
September 25, 2007	4.25	2,297	8,323
December 25, 2007	4.25	2,322	8,298
March 25, 2008	4.25	2,347	8,273
June 25, 2008	4.25	2,371	8,249
September 25, 2008	4.25	2,397	8,223
December 25, 2008	4.25	2,422	8,198
March 25, 2009	4.25	2,448	8,172
June 25, 2009	4.25	2,474	8,146
September 25, 2009	4.25	2,500	8,120
December 25, 2009	4.25	2,527	8,093
March 25, 2010	4.25	2,554	8,066
June 25, 2010	4.25	2,581	8,039
September 25, 2010	4.25	2,608	8,012
December 25, 2010	4.25	2,636	7,984
March 25, 2011	4.25	2,664	7,956
June 25, 2011	4.25	2,692	7,928
September 25, 2011	4.25	2,721	7,899
December 25, 2011	4.25	2,750	7,870
March 25, 2012	4.25	2,779	7,841
June 25, 2012	4.25	2,808	7,812
September 25, 2012	4.25	2,838	7,782
December 25, 2012	4.25	2,868	7,752
March 25, 2013	4.25	2,899	7,721
June 25, 2013	4.25	2,930	7,690
September 25, 2013	4.25	2,961	7,659
December 25, 2013	4.25	2,992	7,628
March 25, 2014	4.25	3,024	7,596
June 25, 2014	4.25	3,056	7,564
September 25, 2014	4.25	3,089	7,531
December 25, 2014	4.25	3,121	7,499
March 25, 2015	4.25	3,155	7,465
June 25, 2015	4.25	3,188	7,432
September 25, 2015	4.25	3,222	7,398
December 25, 2015	4.25	3,256	7,364
March 25, 2016	4.25	3,291	7,329
June 25, 2016	4.25	3,326	7,294
September 25, 2016	4.25	3,361	7,259
December 25, 2016	4.25	3,397	7,223
March 25, 2017	4.25	3,433	7,187
June 25, 2017	4.25	3,469	7,151
September 25, 2017	4.25	3,506	7,114

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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
		\$ 809,055	\$ 856,726

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 25, 2004	4.25 %	\$ 3,104	\$ 13,184
December 25, 2004	4.25	3,137	13,151
March 25, 2005	4.25	3,170	13,118
June 25, 2005	4.25	3,204	13,084
September 25, 2005	4.25	3,238	13,050
December 25, 2005	4.25	3,272	13,016
March 25, 2006	4.25	3,307	12,981
June 25, 2006	4.25	3,342	12,946
September 25, 2006	4.25	3,377	12,911
December 25, 2006	4.25	3,413	12,875
March 25, 2007	4.25	3,450	12,838
June 25, 2007	4.25	3,486	12,802
September 25, 2007	4.25	3,523	12,765
December 25, 2007	4.25	3,561	12,727
March 25, 2008	4.25	3,599	12,689
June 25, 2008	4.25	3,637	12,651
September 25, 2008	4.25	3,675	12,613
December 25, 2008	4.25	3,714	12,574
March 25, 2009	4.25	3,754	12,534
June 25, 2009	4.25	3,794	12,494
September 25, 2009	4.25	3,834	12,454
December 25, 2009	4.25	3,875	12,413
March 25, 2010	4.25	3,916	12,372
June 25, 2010	4.25	3,958	12,330
September 25, 2010	4.25	4,000	12,288
December 25, 2010	4.25	4,042	12,246
March 25, 2011	4.25	4,085	12,203
June 25, 2011	4.25	4,129	12,159
September 25, 2011	4.25	4,172	12,116
December 25, 2011	4.25	4,217	12,071
March 25, 2012	4.25	4,262	12,026
June 25, 2012	4.25	4,307	11,981
September 25, 2012	4.25	4,353	11,935
December 25, 2012	4.25	4,399	11,889
March 25, 2013	4.25	4,446	11,842
June 25, 2013	4.25	4,493	11,795
September 25, 2013	4.25	4,541	11,747
December 25, 2013	4.25	4,589	11,699
March 25, 2014	4.25	4,638	11,650
June 25, 2014	4.25	4,687	11,601
September 25, 2014	4.25	4,737	11,551
December 25, 2014	4.25	4,787	11,501
March 25, 2015	4.25	4,838	11,450
June 25, 2015	4.25	4,889	11,399
September 25, 2015	4.25	4,941	11,347
December 25, 2015	4.25	4,994	11,294
March 25, 2016	4.25	5,047	11,241
June 25, 2016	4.25	5,100	11,188
September 25, 2016	4.25	5,155	11,133
December 25, 2016	4.25	5,209	11,079
March 25, 2017	4.25	5,265	11,023
June 25, 2017	4.25	5,321	10,967
September 25, 2017	4.25	5,377	10,911

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

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

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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	13,885	158
		\$ 1,240,884	\$ 1,314,087

(continued)

SUSSEX COUNTY, DELAWARE
 BONDED DEBT GENERAL OBLIGATION - 2003
 (PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
 JUNE 30, 2004

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 13, 2004	- %	\$ 12,821	\$ -
June 13, 2005	-	12,821	-
December 13, 2005	-	12,820	-
June 13, 2006	-	12,821	-
December 13, 2006	-	12,820	-
June 13, 2007	-	12,821	-
December 13, 2007	-	12,820	-
June 13, 2008	-	12,821	-
December 13, 2008	-	12,820	-
June 13, 2009	-	12,821	-
December 13, 2009	-	12,820	-
June 13, 2010	-	12,821	-
December 13, 2010	-	12,820	-
June 13, 2011	-	12,821	-
December 13, 2011	-	12,820	-
June 13, 2012	-	12,821	-
December 13, 2012	-	12,820	-
June 13, 2013	-	12,821	-
December 13, 2013	-	12,820	-
June 13, 2014	-	12,821	-
December 13, 2014	-	12,820	-
June 13, 2015	-	12,821	-
December 13, 2015	-	12,820	-
June 13, 2016	-	12,821	-
December 13, 2016	-	12,820	-
June 13, 2017	-	12,821	-
December 13, 2017	-	12,820	-
June 13, 2018	-	12,821	-
December 13, 2018	-	12,820	-
June 13, 2019	-	12,821	-
December 13, 2019	-	12,820	-
June 13, 2020	-	12,821	-
December 13, 2020	-	12,820	-
June 13, 2021	-	12,821	-
December 13, 2021	-	12,820	-
June 13, 2022	-	12,821	-
December 13, 2022	-	12,820	-
June 13, 2023	-	12,821	-
December 13, 2023	-	12,820	-
June 13, 2024	-	12,821	-
December 13, 2024	-	12,820	-
June 13, 2025	-	12,821	-
December 13, 2025	-	12,820	-
June 13, 2026	-	12,821	-
December 13, 2026	-	12,820	-
June 13, 2027	-	12,821	-
December 13, 2027	-	12,820	-
June 13, 2028	-	12,821	-
December 13, 2028	-	12,820	-
June 13, 2029	-	12,821	-
December 13, 2029	-	12,820	-
June 13, 2030	-	12,821	-
December 13, 2030	-	12,820	-

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 13, 2031	-	\$ 12,821	\$ -
December 13, 2031	-	12,820	-
June 13, 2032	-	12,821	-
December 13, 2032	-	12,820	-
June 13, 2033	-	12,821	-
December 13, 2033	-	12,820	-
June 13, 2034	-	12,821	-
December 13, 2034	-	12,820	-
June 13, 2035	-	12,821	-
December 13, 2035	-	12,820	-
June 13, 2036	-	12,821	-
December 13, 2036	-	12,820	-
June 13, 2037	-	12,821	-
December 13, 2037	-	12,820	-
June 13, 2038	-	12,821	-
December 13, 2038	-	12,820	-
June 13, 2039	-	12,821	-
December 13, 2039	-	12,820	-
June 13, 2040	-	12,821	-
December 13, 2040	-	12,820	-
June 13, 2041	-	12,821	-
December 13, 2041	-	12,820	-
June 13, 2042	-	12,821	-
		<u>\$ 974,359</u>	<u>\$ -</u>

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2004	4.375 %	\$ 16,119	\$ 75,586
December 22, 2004	4.375	16,296	75,409
March 22, 2005	4.375	16,474	75,231
June 22, 2005	4.375	16,654	75,051
September 22, 2005	4.375	16,836	74,869
December 22, 2005	4.375	17,020	74,685
March 22, 2006	4.375	17,206	74,499
June 22, 2006	4.375	17,395	74,310
September 22, 2006	4.375	17,585	74,120
December 22, 2006	4.375	17,777	73,928
March 22, 2007	4.375	17,972	73,733
June 22, 2007	4.375	18,168	73,537
September 22, 2007	4.375	18,367	73,338
December 22, 2007	4.375	18,568	73,137
March 22, 2008	4.375	18,771	72,934
June 22, 2008	4.375	18,976	72,729
September 22, 2008	4.375	19,184	72,521
December 22, 2008	4.375	19,394	72,311
March 22, 2009	4.375	19,606	72,099
June 22, 2009	4.375	19,820	71,885
September 22, 2009	4.375	20,037	71,668
December 22, 2009	4.375	20,256	71,449
March 22, 2010	4.375	20,478	71,227
June 22, 2010	4.375	20,702	71,003
September 22, 2010	4.375	20,928	70,777
December 22, 2010	4.375	21,157	70,548
March 22, 2011	4.375	21,388	70,317
June 22, 2011	4.375	21,622	70,083
September 22, 2011	4.375	21,859	69,846
December 22, 2011	4.375	22,098	69,607
March 22, 2012	4.375	22,339	69,366
June 22, 2012	4.375	22,584	69,121
September 22, 2012	4.375	22,831	68,874
December 22, 2012	4.375	23,081	68,624
March 22, 2013	4.375	23,333	68,372
June 22, 2013	4.375	23,588	68,117
September 22, 2013	4.375	23,846	67,859
December 22, 2013	4.375	24,107	67,598
March 22, 2014	4.375	24,371	67,334
June 22, 2014	4.375	24,637	67,068
September 22, 2014	4.375	24,907	66,798
December 22, 2014	4.375	25,179	66,526
March 22, 2015	4.375	25,455	66,250
June 22, 2015	4.375	25,733	65,972
September 22, 2015	4.375	26,014	65,691
December 22, 2015	4.375	26,299	65,406
March 22, 2016	4.375	26,587	65,118
June 22, 2016	4.375	26,877	64,828
September 22, 2016	4.375	27,171	64,534
December 22, 2016	4.375	27,469	64,237
March 22, 2017	4.375	27,769	63,936
June 22, 2017	4.375	28,073	63,632
September 22, 2017	4.375	28,380	63,325

(continued)

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

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

(continued)

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

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

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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	819
		<u>\$ 6,910,700</u>	<u>\$ 7,745,866</u>

(continued)

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

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Date of Maturity	Coupon	Principal Maturity	Interest Payable
September 19, 2004	4.25 %	\$ 4,878	\$ 20,726
December 19, 2004	4.25	4,930	20,674
March 19, 2005	4.25	4,982	20,622
June 19, 2005	4.25	5,035	20,569
September 19, 2005	4.25	5,089	20,515
December 19, 2005	4.25	5,143	20,461
March 19, 2006	4.25	5,197	20,407
June 19, 2006	4.25	5,253	20,351
September 19, 2006	4.25	5,309	20,295
December 19, 2006	4.25	5,365	20,239
March 19, 2007	4.25	5,422	20,182
June 19, 2007	4.25	5,480	20,124
September 19, 2007	4.25	5,538	20,066
December 19, 2007	4.25	5,597	20,007
March 19, 2008	4.25	5,656	19,948
June 19, 2008	4.25	5,716	19,888
September 19, 2008	4.25	5,777	19,827
December 19, 2008	4.25	5,838	19,766
March 19, 2009	4.25	5,900	19,704
June 19, 2009	4.25	5,963	19,641
September 19, 2009	4.25	6,026	19,578
December 19, 2009	4.25	6,090	19,514
March 19, 2010	4.25	6,155	19,449
June 19, 2010	4.25	6,220	19,384
September 19, 2010	4.25	6,287	19,317
December 19, 2010	4.25	6,353	19,251
March 19, 2011	4.25	6,421	19,183
June 19, 2011	4.25	6,489	19,115
September 19, 2011	4.25	6,558	19,046
December 19, 2011	4.25	6,628	18,976
March 19, 2012	4.25	6,698	18,906
June 19, 2012	4.25	6,769	18,835
September 19, 2012	4.25	6,841	18,763
December 19, 2012	4.25	6,914	18,690
March 19, 2013	4.25	6,987	18,617
June 19, 2013	4.25	7,062	18,542
September 19, 2013	4.25	7,137	18,467
December 19, 2013	4.25	7,212	18,392
March 19, 2014	4.25	7,289	18,315
June 19, 2014	4.25	7,367	18,237
September 19, 2014	4.25	7,445	18,159
December 19, 2014	4.25	7,524	18,080
March 19, 2015	4.25	7,604	18,000
June 19, 2015	4.25	7,685	17,919
September 19, 2015	4.25	7,766	17,838
December 19, 2015	4.25	7,849	17,755
March 19, 2016	4.25	7,932	17,672
June 19, 2016	4.25	8,016	17,588
September 19, 2016	4.25	8,102	17,502
December 19, 2016	4.25	8,188	17,416
March 19, 2017	4.25	8,275	17,329
June 19, 2017	4.25	8,363	17,241
September 19, 2017	4.25	8,452	17,152

(continued)

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

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

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
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
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	22,146	234
		\$ 1,950,672	\$ 2,065,932

(continued)

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

<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2004	1.50 %	\$ -	\$ 59,583
March 26, 2005	1.50	-	75,417
September 26, 2005	1.50	-	76,667
March 26, 2006	1.50	-	75,417
September 26, 2006	1.50	-	76,667
March 26, 2007	1.50	-	75,417
September 26, 2007	1.50	-	76,667
December 31, 2007	1.50	-	39,583
June 30, 2008	1.50	215,302	75,000
December 31, 2008	1.50	216,916	73,385
June 30, 2009	1.50	218,543	71,758
December 31, 2009	1.50	220,182	70,119
June 30, 2010	1.50	221,834	68,468
December 31, 2010	1.50	223,497	66,804
June 30, 2011	1.50	225,174	65,128
December 31, 2011	1.50	226,862	63,439
June 30, 2012	1.50	228,564	61,738
December 31, 2012	1.50	230,278	60,023
June 30, 2013	1.50	232,005	58,296
December 31, 2013	1.50	233,745	56,556
June 30, 2014	1.50	235,498	54,803
December 31, 2014	1.50	237,265	53,037
June 30, 2015	1.50	239,044	51,258
December 31, 2015	1.50	240,837	49,465
June 30, 2016	1.50	242,643	47,658
December 31, 2016	1.50	244,463	45,839
June 30, 2017	1.50	246,296	44,005
December 31, 2017	1.50	248,144	42,158
June 30, 2018	1.50	250,005	40,297
December 31, 2018	1.50	251,880	38,422
June 30, 2019	1.50	253,769	36,533
December 31, 2019	1.50	255,672	34,629
June 30, 2020	1.50	257,590	32,712
December 31, 2020	1.50	259,522	30,780
June 30, 2021	1.50	261,468	28,834
December 31, 2021	1.50	263,429	26,873
June 30, 2022	1.50	265,405	24,897
December 31, 2022	1.50	267,395	22,906
June 30, 2023	1.50	269,401	20,901
December 31, 2023	1.50	271,422	18,880
June 30, 2024	1.50	273,457	16,845
December 31, 2024	1.50	275,508	14,794
June 30, 2025	1.50	277,574	12,727
December 31, 2025	1.50	279,656	10,646
June 30, 2026	1.50	281,753	8,548
December 31, 2026	1.50	283,867	6,435
June 30, 2027	1.50	285,996	4,306
December 31, 2027	1.50	288,139	2,156
		<u>\$ 10,000,000</u>	<u>\$ 2,167,476</u>

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF ASSESSED VALUATION OF REAL ESTATE
 FOR THE FIFTEEN YEARS THROUGH JUNE 30, 2004

<u>Assessment Date</u>	<u>Assessed Valuation</u>	<u>Rate Per \$ 100 *</u>	<u>Property Tax Levy</u>
May 1, 1990	\$ 1,281,490,880	0.3484	\$ 4,464,714
May 1, 1991	1,341,864,218	0.3484	4,675,055
May 1, 1992	1,395,229,750	0.3697	5,158,164
May 1, 1993	1,438,309,091	0.3697	5,317,429
May 1, 1994	1,487,150,602	0.3697	5,497,996
May 1, 1995	1,535,992,333	0.3697	5,678,564
May 1, 1996	1,584,604,387	0.3697	5,858,282
May 1, 1997	1,644,541,934	0.3697	6,079,872
May 1, 1998	1,692,448,764	0.3697	6,256,983
May 1, 1999	1,759,988,579	0.3697	6,506,678
May 1, 2000	1,833,503,269	0.3697	6,778,462
May 1, 2001	1,913,170,693	0.3697	7,072,992
May 1, 2002	1,994,171,500	0.4017	8,010,587
May 1, 2003	2,095,423,227	0.4017	8,417,315
May 1, 2004	2,210,228,837	0.4017	8,878,489

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

SUSSEX COUNTY, DELAWARE
SCHEDULE OF INSURANCE
JUNE 30, 2004

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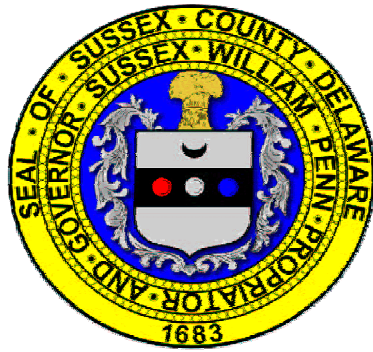
<u>Agent</u>	<u>Company</u>	<u>Policy Number</u>	<u>Term</u>	<u>Coverage - Amount</u>	<u>Cost</u>	<u>Expense</u>	<u>Prepaid</u>
Gordy Insurance Agency	Western Surety Company	B69174030	01/07/03 - 01/07/04 01/07/04 - 01/07/05	Bond - David Baker - \$ 50,000	\$ 225 450	\$ 225 225	\$ - 225
The Insurance Market, Inc.	Selective Insurance Co. of America	B830584	01/05/03 - 01/05/07	Bond - Robert Reed - \$ 12,000	466	133	333
The Insurance Market, Inc.	Selective Insurance Co. of America	B89100	01/04/03 - 01/04/07 03/23/04 - 01/04/07	Bond - Ray Ellerman - \$ 5,000 Bond - Thelma Monroe - \$ 5,000	394 33	89 33	305 -
The Insurance Market, Inc.	Selective Insurance Co. of America	196206	01/05/03 - 01/05/07	Bond - John Brady - \$ 5,000	427	122	305
The Insurance Market, Inc.	Selective Insurance Co. of America	B830508	01/05/03 - 01/05/07	Bond - H. Clendaniel - \$ 5,000	427	122	305
Commerce National Ins.	Selective Insurance Co. of America	49211	04/18/03 - 04/18/04 04/18/04 - 04/18/05	National Flood Insurance Program for South Coastal Library \$500,000 Building; \$500,000 Contents	2,500 3,326	2,500 665	- 2,661
Commerce National Ins.	Selective Insurance Co. of America	49211	04/18/03 - 04/18/04 04/18/04 - 04/18/05	National Flood Insurance Program for Milton Library \$ 500,000 Building, \$ 500,000 Contents	22,666 28,787	22,666 5,757	- 23,030
L & W Insurance Company	Old Republic Insurance, Co.	PR139305	07/01/03 - 07/01/04	Airport and Hangerkeeper's Liability Extended Coverage \$20,000,000	23,668	23,668	-
Marsh USA, Inc.	AIG	2993927	07/01/03 - 07/01/04	Public Officials Liability Liability - \$ 5,000,000	66,164	66,164	-
Pratt Insurance Co., Inc.	Liberty Mutual Insurance Co.	WC533S308019013	07/01/03 - 07/01/04 07/01/04 - 07/01/05	Worker's Compensation \$100/100/500 (millions)	288,043 72,292	288,043 -	- 72,292
Pratt Insurance Co., Inc.	CNA Insurance Company	BM1072359831	07/01/03 - 07/01/04 07/01/04 - 07/01/05	Boiler & Machinery	13,731 14,818	13,731 -	- 14,818
Pratt Insurance Co., Inc.	CNA Insurance Company	C2025672805	07/01/03 - 07/01/04 07/01/04 - 07/01/05	Automobile Liability - \$1,000,000	238,528 60,934	238,528 -	- 60,934
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	PKS0000117	07/01/03 - 07/01/04 07/01/04 - 07/01/05	Emergency Dispatcher's Liability \$1,000,000	7,036 6,961	7,036 -	- 6,961

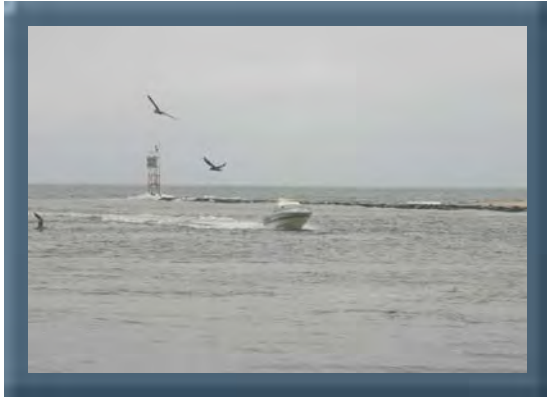
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SUSSEX COUNTY, DELAWARE
SCHEDULE OF INSURANCE - CONTINUED
JUNE 30, 2004

- 155 -

<u>Agent</u>	<u>Company</u>	<u>Policy Number</u>	<u>Term</u>	<u>Coverage - Amount</u>	<u>Cost</u>	<u>Expense</u>	<u>Prepaid</u>
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	PKS0000118	07/01/03 - 07/01/04 07/01/04 - 07/01/05	Law Enforcement Liability \$1,000,000	\$ 17,065 17,871	\$ 17,065 -	\$ - 17,871
Pratt Insurance Co., Inc.	AIG	UMS0008590	07/01/03 - 07/01/04	Umbrella Liability \$5,000,000	56,003	56,003	-
Pratt Insurance Co., Inc.	Scottsdale Insurance Company	UMS0014015	07/01/04 - 07/01/05	Umbrella Liability \$5,000,000	67,236	-	67,236
Pratt Insurance Co., Inc.	National Casualty Company	WL0000022	07/01/03 - 07/01/04 07/01/04 - 07/01/05	General Liability \$1,000,000	42,323 48,174	42,323 -	- 48,174
Marsh USA, Inc.	Great American Insurance Company	GVT217138801	07/01/03 - 07/01/04	Crime Coverage	4,345	4,345	-
Pratt Insurance Co., Inc.	CNA Insurance Company	C2055506172	07/01/03 - 07/01/04 07/01/04 - 07/01/05	Commercial Package	209,275 56,020	209,275 -	- 56,020
TOTALS					<u>\$ 1,370,188</u>	<u>\$ 998,718</u>	<u>\$ 371,470</u>





Indian River Inlet and Atlantic Ocean – north of Bethany Beach



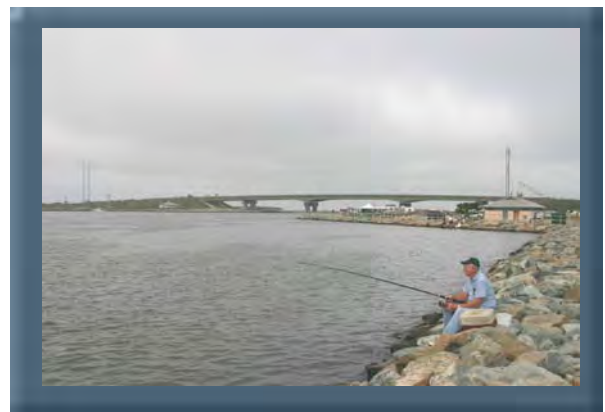
Lewes Beach and the Cape May – Lewes Ferry



The Nanticoke Indian Association annual Pow-Wow near Oak Orchard



Recreational boats along Lewes-Rehoboth Canal



Fisherman on the Indian River Bay

SINGLE AUDIT SUPPLEMENT

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2004

<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 02 HPG 03	\$ 42,012
Water and Waste Disposal Systems for Rural Communities	10.760		<u>15,001,466</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>15,043,478</u>
U.S. DEPARTMENT OF COMMERCE			
Passed through State - Department of Natural Resources and Environmental Control:			
Coastal Zone Management Administration Awards	11.419	NA170Z2329	<u>15,000</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State - Delaware State Housing Authority:			
Community Development Block Grants/State's Program	14.228	DRI 03-98 CDBG 03-01 CDBG 03-02 CDBG 03-03	<u>1,633,838</u>
U.S. DEPARTMENT OF THE INTERIOR			
Passed through State - Delaware State Historic Preservation Office:			
Historic Preservation Fund Grants-In-Aid	15.904	10-03-18207 10-02-17537	<u>14,810</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through State - Delaware Emergency Management Agency:			
State Domestic Preparedness Equipment Support Program	16.007	2002-TE-CX-0126	<u>5,528</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Airport Improvement Program	20.106	3-10-0007-11 3-10-0007-12 3-10-0007-13 3-10-0007-14 3-10-0007-15 3-10-0007-16 3-10-0007-17 3-10-0007-18	480,179
Passed through State - Delaware Department of Transportation:			
Highway Planning and Construction	20.205	96-112-01	3,708
Passed through State - Delaware Emergency Management Agency:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMEDE2030110	<u>1,196</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>485,083</u>

*Denotes major program.

(continued)

SUSSEX COUNTY, DELAWARE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2004

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<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. ENVIRONMENTAL PROTECTION AGENCY			
Passed through State - Department of Natural Resources and Environmental Control:			
Capitalization Grants for Clean Water State Revolving Funds*	66.458	S-2006 S-2012 S-2015 S-2016 S-2022 S-2023 S-2028	<u>\$ 12,681,804</u>
U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through State - Delaware Emergency Management Agency:			
Flood Mitigation Assistance	83.536	EMP-2001-GR-3322 EMP-2002-GR-3433	71,116
Emergency Management Performance Grants	83.552	EMP-2003-GR-3501	27,405
State and Local All Hazards Emergency Operations Planning	83.562	EMP-2003-GR-3509	<u>20,717</u>
TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>119,238</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through State - Delaware Emergency Management Agency:			
Public Assistance Grants	97.036	FEMA-1494-DR-DE	28,682
Emergency Management Performance Grants	97.042	EMP-2004-GR-3601	<u>52,582</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>81,264</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 30,080,043</u></u>

*Denotes major program.

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting

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

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, 2004.

<u>Cluster/Program Title</u>	<u>Federal CFDA Number</u>	<u>Loan Amount</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 14,724,417
Capitalization Grants for Clean Water State Revolving Funds	66.458	12,681,804

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RETIRED

ELAINE E. GRAVES, CPA, DIRECTOR
ANITA Y. SMITH, MED, DIRECTOR

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

To the County Council
Sussex County, Delaware
Georgetown, Delaware

Compliance

We have audited the compliance of Sussex County, Delaware with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. 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, 2004.

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 29, 2004

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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, 2004, which collectively comprise Sussex County, Delaware's basic financial statements and have issued our report thereon dated November 29, 2004. 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 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Sussex County, Delaware in a separate letter dated November 29, 2004.

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 matters that we reported to management of Sussex County in a separate letter dated November 29, 2004.

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 29, 2004

PART A. - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Sussex County, Delaware.
2. No reportable conditions relating to the audit of the basic financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Sussex County, Delaware, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Sussex County, Delaware expresses an unqualified opinion on all major federal programs.
6. No audit findings are required to be reported in accordance with Section 510(a) of OMB Circular A-133 relative to the major federal awards program for Sussex County, Delaware.
7. The programs tested as major programs include:

<u>PROGRAM NAME</u>	<u>CFDA #</u>
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