

*State of Delaware
Comprehensive Annual Financial Report*



Statistical Section

STATE OF DELAWARE
CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30:

(Expressed in Thousands)

	1996	1997	1998	1999	2000
REVENUES:					
Taxes (1)	\$ 1,540,565	\$ 1,566,922	\$ 1,797,295	\$ 1,864,867	\$ 1,925,457
Licenses, fines, permits and fees (10)	515,359	581,344	586,908	641,972	733,593
Rentals & sales	87,430	96,747	100,226	92,777	102,831
Federal government	104,380	72,575	58,381	6,144	66,473
Interest and other investment income	42,603	41,940	47,643	44,443	61,761
Other revenues (10)	163,503	164,056	217,116	306,106	227,463
TOTAL REVENUES	2,453,840	2,523,584	2,807,569	2,956,309	3,117,578
EXPENDITURES:					
General Government (2) (10)	443,165	473,140	528,965	795,965	816,346
Health and Children's Services (3)	530,187	534,840	563,689	599,021	664,909
Judicial and Public Safety (4)	241,873	263,195	274,368	310,939	352,344
Natural Resources and Environmental Control	120,993	77,484	80,932	104,788	105,847
Labor (6)					15,775
Transportation (8)	111,999	109,889	109,964	117,498	132,481
Education (5)	669,046	748,669	809,590	824,277	890,541
Payment to Component Unit - General Government (10)					
Education (10)					
Other (6)	39,254	64,802	67,178	88,785	
Debt service: (9)					
Principal					
Interest					
TOTAL EXPENDITURES	2,156,517	2,272,019	2,434,686	2,841,273	2,978,243
EXCESS OF REVENUES OVER EXPENDITURES	297,323	251,565	372,883	115,036	139,335
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers in	266,009	326,474	279,333	318,550	368,379
Operating transfers out	(491,794)	(484,481)	(430,367)	(447,595)	(474,086)
Other sources (uses)	646				
NET OTHER USES	(225,139)	(158,007)	(151,034)	(129,045)	(105,707)
SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	72,184	93,558	221,849	(14,009)	33,628
FUND BALANCE AT BEGINNING OF YEAR	506,231	578,415	671,973	893,822	879,813
RESIDUAL EQUITY TRANSFER OUT TO COMPONENT UNITS					(1,086)
FUND BALANCE AT END OF YEAR	\$ 578,415	\$ 671,973	\$ 893,822	\$ 879,813	\$ 912,355

- (1) Taxes includes Personal Income Taxes and Business Taxes
- (2) General Government summarizes the expenditures of the following General Government Departments; Legislative, Executive, Technology and Information, Other Elective Offices, State, Finance, Administrative Services, Agriculture, Elections and the Advisory Council for Exceptional Citizens.
- (3) Health and Children's Services summarizes the expenditures of the Departments of Health and Social Services and Services for Children, Youth and Their Families
- (4) Judicial and Public Safety summarizes the expenditures of the following Departments: Judicial, Legal, Corrections, Safety and Homeland Security, Fire Prevention and the Delaware National Guard.
- (5) Education summarizes the expenditures of the Departments of Higher Education and Public Education.
- (6) "Other" summarizes the expenditures of the following Departments: Labor, Agriculture, Elections, Fire Prevention, the Delaware National Guard and the Advisory Council for Exceptional Citizens. Effective fiscal year 2001 the category "Other" was eliminated and departments were grouped with similar or related functions. Fiscal year 2000 expenditures were restated for comparability purposes.
- (7) Fund Balance has been restated due to the implementation of GASB Statement No. 34.
- (8) The Department of Transportation is reported as an Enterprise Fund and is no longer part of the General Fund in 2002.
- (9) Debt service activities are accounted for in the General Fund starting in fiscal year 2002.
- (10) Reclassification of expenses in 2002 due to GASB 34

	2001	2002	2003	2004	2005
REVENUES:					
Taxes (1)	\$ 2,023,671	\$ 2,032,305	\$ 2,093,993	\$ 2,382,877	\$ 2,521,051
Licenses, fines, permits and fees (10)	728,265	227,051	241,370	295,379	295,121
Rentals & sales	312,228	26,592	20,621	22,347	20,292
Federal government	46,333	52,279	61,966	70,735	35,583
Interest and other investment income	82,971	46,756	65,205	30,713	30,107
Other revenues (10)	112,388	186,374	216,068	253,259	233,251
TOTAL REVENUES	3,305,856	2,571,357	2,699,223	3,055,310	3,135,405
EXPENDITURES:					
General Government (2) (10)	881,189	454,186	398,653	406,179	482,826
Health and Children's Services (3)	737,169	781,383	839,173	847,665	866,193
Judicial and Public Safety (4)	374,342	386,457	395,086	410,876	435,735
Natural Resources and Environmental Control	108,086	100,218	97,951	131,469	130,759
Labor (6)	18,132	27,131	25,568	27,649	29,295
Transportation (8)	144,690				
Education (5)	1,007,084	1,023,968	1,003,769	1,023,950	1,115,589
Payments to Component Units -					
General Government (10)		8,821	5,947	1,952	0
Education (10)		40,571	53,633	67,900	57,433
Other (6)					
Debt service: (9)					
Principal		79,757	84,079	94,522	107,890
Interest		34,134	33,676	39,246	46,160
TOTAL EXPENDITURES	3,270,692	2,936,626	2,937,535	3,051,408	3,271,880
EXCESS OF REVENUES OVER EXPENDITURES	35,164	(365,269)	(238,312)	3,902	(136,475)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Operating transfers in	412,735	333,566	474,634	399,037	388,676
Operating transfers out	(597,693)	(30,020)	(31,180)	(56,198)	(104,204)
Other sources (uses)		(20,764)	(177,728)	(79,882)	(50,145)
NET OTHER USES	(184,958)	282,782	265,726	262,957	234,327
SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(149,794)	(82,487)	27,414	266,859	97,852
FUND BALANCE AT BEGINNING OF YEAR (7)	912,355	1,004,126	921,639	949,053	1,215,912
RESIDUAL EQUITY TRANSFER OUT TO COMPONENT UNITS					
FUND BALANCE AT END OF YEAR	\$ 762,561	\$ 921,639	\$ 949,053	\$ 1,215,912	\$ 1,313,764

STATE OF DELAWARE
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30:

(Expressed in Thousands)

	1996	1997	1998	1999	2000
REVENUES:					
Taxes (1)	\$ 1,720,945	\$ 1,758,772	\$ 1,999,391	2,077,462	\$ 2,141,475
Licenses, fees, permits & fines (9)	515,415	581,467	587,086	642,081	733,851
Rentals & sales	101,883	112,056	115,440	107,609	118,422
Federal government	587,288	599,263	635,114	621,069	790,201
Interest and other investment income	53,207	55,563	69,508	66,148	81,843
Other revenues (9)	217,218	187,924	244,453	329,515	231,997
TOTAL REVENUES	\$ 3,195,956	\$ 3,295,045	\$ 3,650,992	3,843,884	\$ 4,097,789
EXPENDITURES:					
General Government (2) (9)	\$ 480,946	\$ 526,490	\$ 576,910	857,308	\$ 865,673
Health and Children's Services (3)	810,489	830,907	874,074	933,107	1,050,181
Judicial and Public Safety (4)	250,834	270,105	292,775	327,254	372,274
Natural Resources & Environmental Control	147,916	106,274	104,251	123,479	128,222
Labor (6)					45,347
Transportation (7)	304,023	317,350	336,793	380,667	429,447
Education (5)	1,006,230	1,085,730	1,157,766	1,193,678	1,297,611
Payment to Component Unit -					
General Government (9)					
Education (9)					
Other (6)	72,353	98,017	102,390	126,077	
Capital outlay (8)					
Debt service -					
Principal (7)	88,827	92,778	102,244	108,175	115,961
Interest (7)	70,353	65,954	68,367	68,895	67,881
Costs of issuance of debt (10)					
TOTAL EXPENDITURES	\$ 3,231,971	\$ 3,393,605	\$ 3,615,570	4,118,640	\$ 4,372,597

(1) Taxes includes Personal Income Taxes and Business Taxes

(2) General Government summarizes the expenditures of the following General Government Departments; Legislative, Executive, Technology and Information, Other Elective Offices, State, Finance, Administrative Services, Agriculture, Elections, and the Advisory Council for Exceptional Citizens.

(3) Health and Children's Services summarizes the expenditures of the Departments of Health and Social Services and Services for Children, Youth and Their Families.

(4) Judicial and Public Safety summarizes the expenditures of the following Departments: Judicial, Legal, Corrections, Public Safety, Fire Prevention and the Delaware National Guard.

(5) Education summarizes the expenditures of the Departments of Higher Education and Public Education.

(6) "Other" summarizes the expenditures of the following Departments: Labor, Agriculture, Elections, Fire Prevention, the Delaware National Guard and the Advisory Council for Exceptional Citizens. Effective fiscal year 2001, the category "Other" was eliminated and departments were grouped with similar or related functions. Fiscal year 2000 expenditures were restated for comparability purposes.

(7) The Department of Transportation, including debt service, is reported as an Enterprise Fund effective fiscal year 2002.

(8) Presented by Department and function prior to fiscal year 2002

(9) Reclassification of expenses in 2002 due to GASB 34

(10) Cost of Issuance of Debt reported as expense effective fiscal year 2004.

Source: Delaware's Comprehensive Annual Financial Report

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Taxes (1)	\$ 2,257,952	\$ 2,271,259	\$ 2,352,666	\$ 2,673,622	\$ 2,836,555
Licenses, fees, permits & fines (9)	728,414	228,599	241,663	296,238	296,011
Rentals & sales	333,747	49,576	43,461	51,793	57,246
Federal government	664,263	731,918	775,725	913,880	929,703
Interest and other investment income	111,374	58,624	73,911	36,109	35,624
Other revenues (9)	153,234	230,241	260,270	295,087	266,657
TOTAL REVENUES	<u>\$ 4,248,984</u>	<u>\$ 3,570,217</u>	<u>\$ 3,747,696</u>	<u>\$ 4,266,729</u>	<u>\$ 4,421,796</u>
General Government (2) (9)	\$ 938,328	\$ 466,848	\$ 413,096	\$ 422,785	\$ 503,097
Health and Children's Services (3)	1,175,376	1,261,128	1,372,705	1,407,976	1,480,000
Judicial and Public Safety	398,293	407,608	410,084	439,640	472,406
Natural Resources & Environmental Control	128,272	125,301	116,399	165,960	160,840
Labor (6)	49,228	60,572	59,500	62,716	68,156
Transportation (7)	293,358				
Education (5)	1,446,986	1,440,044	1,432,937	1,501,237	1,633,834
Payment to Component Unit -					
General Government (9)		8,821	5,927	1,952	0
Education (9)		40,571	68,850	73,361	73,279
Other (6)					
Capital outlay (8)		168,418	189,713	162,154	173,561
Debt service -					
Principal (7)	120,281	79,757	84,079	94,522	107,890
Interest (7)	70,012	34,134	33,676	39,246	46,160
Costs of issuance of debt (10)				515	533
TOTAL EXPENDITURES	<u>\$ 4,620,134</u>	<u>\$ 4,093,202</u>	<u>\$ 4,186,966</u>	<u>\$ 4,372,064</u>	<u>\$ 4,719,756</u>

Demographic and Economic Statistics

The following tables present pertinent demographic and economic statistics. These figures demonstrate that Delaware's growth in population surpassed the growth experienced by nearby states in the Mideast region (Maryland, New Jersey, New York and Pennsylvania) and the nation as a whole over the last ten years. State per capita personal income was 109% of U.S. per capita personal income in 2004. Delaware per capita personal income growth was greater than that of the mid-Atlantic region and the U.S. for the same year.

Population Statistics (Expressed in Thousands)

<u>Calendar</u> <u>Year</u>	<u>Delaware</u>		<u>Mid-Atlantic Region</u>		<u>United States</u>	
	<u>Population</u>	<u>Change</u>	<u>Population</u>	<u>Change</u>	<u>Population</u>	<u>Change</u>
1995	730	1.7%	45,186	0.6%	266,278	1.2%
1996	741	1.5%	45,384	0.4%	269,394	1.2%
1997	751	1.3%	45,580	0.4%	272,647	1.2%
1998	763	1.6%	45,822	0.5%	275,854	1.2%
1999	775	1.6%	46,106	0.6%	279,040	1.2%
2000	786	1.4%	45,817	-0.6%	282,192	1.1%
2001	796	1.3%	46,066	0.5%	285,102	1.0%
2002	806	1.3%	46,304	0.5%	287,941	1.0%
2003	818	1.5%	46,556	0.5%	290,789	1.0%
2004	830	1.5%	46,721	0.4%	293,655	1.0%

Source: U.S. Department of Commerce

Per Capita Personal Income

<u>Year</u>	<u>Delaware</u>	<u>Change</u>	<u>United States</u>	<u>Change</u>	<u>Delaware as a Percent of U.S.</u>
1994	\$ 24,218	2.7%	\$ 22,340	3.7%	108%
1995	\$ 24,992	3.2%	\$ 23,255	4.1%	107%
1996	\$ 26,140	4.6%	\$ 24,270	4.4%	108%
1997	\$ 26,807	2.6%	\$ 25,412	4.7%	105%
1998	\$ 28,662	6.9%	\$ 26,893	5.8%	107%
1999	\$ 29,312	2.3%	\$ 27,880	3.7%	105%
2000	\$ 30,869	5.3%	\$ 29,845	7.0%	103%
2001	\$ 32,097	4.0%	\$ 30,575	2.4%	105%
2002	\$ 33,085	3.1%	\$ 30,804	0.7%	107%
2003	\$ 34,199	3.4%	\$ 31,472	2.2%	109%
2004	\$ 35,861	4.9%	\$ 32,937	4.7%	109%

Source: U.S. Department of Commerce

In 2003, Delaware, along with all other U.S. states and territories, implemented the North American Industry Classification System (NAICS) for gathering and reporting economic data. NAICS is an improvement over the former method used since it more fully recognizes the rise in economy's service and information bases and makes distinctions within each firm. The change in the classification system means that any comparisons of historical information are likely to produce unreliable results. Accordingly, readers should be aware that such data is not based upon actual historical series and reliance thereon should be limited.

The following table presents trends in employment in the State by major categories for the last five years.

Composition of Delaware Labor Force

For the Calendar Year Ended December 31

(Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Civilian Labor Force Data					
Employed (1)	403.0	405.1	403.0	403.8	405.7
Unemployed	<u>13.8</u>	<u>14.7</u>	<u>15.8</u>	<u>16.7</u>	<u>17.3</u>
 Total	 <u>416.8</u>	 <u>419.8</u>	 <u>418.8</u>	 <u>420.5</u>	 <u>423.0</u>
NAICS Data					
Construction and Mining	24.6	24.5	24.2	24.4	26.4
Manufacturing	41.5	39.4	37.1	35.7	34.9
Wholesale	13.2	13.4	13.6	14.2	14.8
Retail Trade	51.4	50.6	51.1	51.8	52.5
Transportation, Warehousing and Utilities	14.2	12.8	12.3	12.7	13.5
Information	8.1	8.1	7.7	7.4	7.1
Financial Activities	46.4	46.8	46.4	45.3	44.7
Professional and Business Services	66.2	66.0	60.8	58.9	61.7
Education and Health Services	45.5	47.4	48.7	50.4	51.7
Leisure and Hospitality	35.8	36.4	37.6	38.4	40.1
Other Services	15.9	17.3	17.9	18.3	18.7
Government	<u>56.6</u>	<u>56.9</u>	<u>57.1</u>	<u>57.2</u>	<u>58.1</u>
Non-Agricultural Employment Total (2)	<u>420.0</u>	<u>419.4</u>	<u>414.5</u>	<u>414.7</u>	<u>424.2</u>

(1) This indicator reflects the number of Delaware residents 16 years of age or older, who worked at least one hour for pay or profit, and includes employment in agriculture, proprietors, self-employed, unpaid family workers and domestic workers.

(2) Based on reconstructed and restated data complying with the North American Industry Classification System (NAICS) (see discussion below). This indicator includes persons on Delaware non-agricultural establishment payrolls, regardless of their place of residence, and does not include proprietors, self-employed, unpaid family workers, domestic workers and military personnel. The total may not add due to rounding.

Source: Delaware Department of Labor

The following table depicts non-agricultural employment growth for Delaware, the Mideast region and the U.S. for 2000 – 2004.

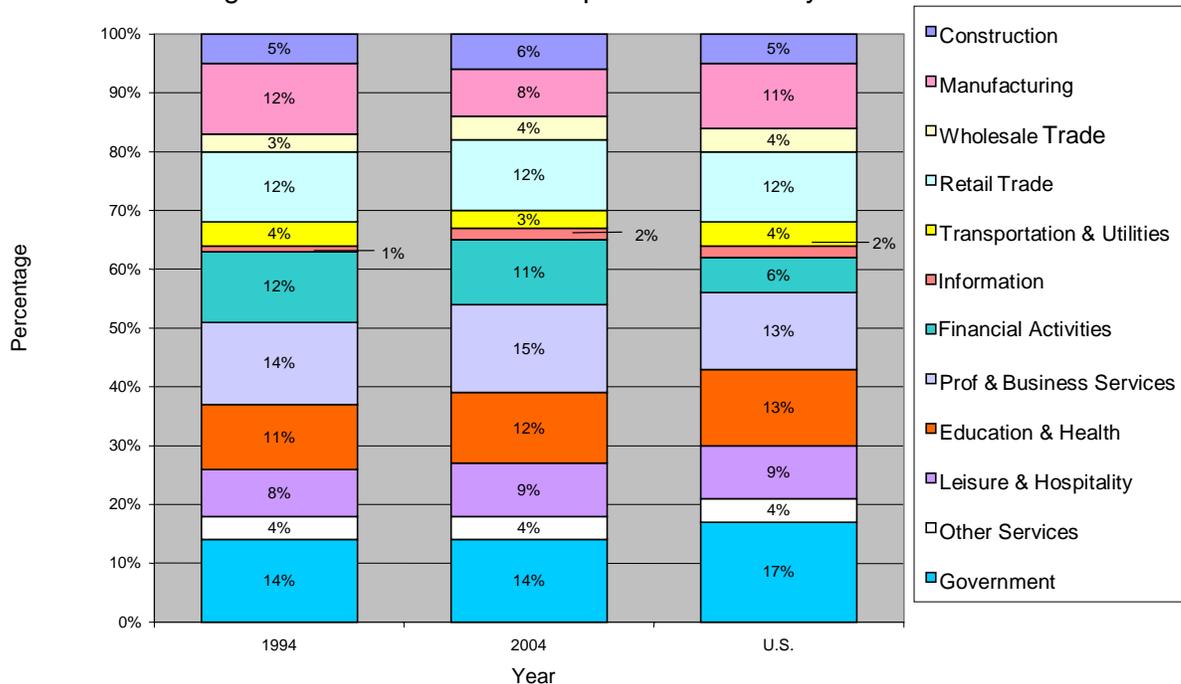
Non-Agricultural Employment Growth Rates

	2000	2001	2002	2003	2004
Delaware	1.7%	(0.1%)	(1.2%)	0.0%	2.3%
Mideast Region	2.2%	0.1%	(0.4)	(0.2%)	0.7%
United States	2.2%	0.0%	(1.1%)	(0.3%)	1.1%

Sources: U.S. Department of Labor and Delaware Department of Labor

Note: Delaware DOL revised rates for prior years due to Federal methodology changes; i.e., unemployment rates.

The chart below shows Delaware’s employment base has enjoyed vigorous growth in historically smaller sectors within the State. Once heavily reliant on the manufacturing base, Delaware has experienced gains in several of the service industries and now stands below the national average for dependence on manufacturing. The diversification of the State’s economic base will help Delaware to continue to weather the economic downturns and strengthen the State’s economic position in future years.



As of June 2005, Delaware’s unemployment rate was 4.1%. It was lower than the regional rate of 4.3% and the national rate of 5.0%, ranking the State among the 14th lowest in the U.S. The following table presents the average annual unemployment rates for Delaware, the Mideast region and the United States for the last ten years.

Unemployment Rates

Year	Delaware	Midwest Region	United States
1996	5.2% (1)	5.3%	5.4%
1997	4.0%	4.9%	4.9%
1998	3.8%	4.2%	4.5%
1999	3.5%	4.0%	4.2%
2000	3.9%	3.6%	4.0%
2001	3.4%	4.2%	4.8%
2002	4.2%	5.1%	5.8%
2003	4.4%	5.1%	6.0%
2004	3.7%	4.6%	5.6%
2005	4.1%	4.6%	5.3%

(1) Reflects the temporary closing of two automobile production plants

Sources: U.S. Department of Labor and Delaware Department of Labor

The table below lists the fifteen largest commercial and industrial employers in the State as of June 30, 2005.

Delaware's Largest Private Employers

Name	Nature	Number of Employees
MBNA America Bank	Commercial banking	10,100
E.I. duPont de Newmours & Co., Inc.	Chemicals and energy; corporate headquarters	9,500
Christiana Care Health Services	Hospital complex and home healthcare subsidiary	7,100
J.P. Morgan Chase & Co.	Commercial banking	5,500
AstraZeneca, Inc.	Pharmaceuticals and specialty chemicals; corporate headquarters	4,800
Wal-Mart Inc.	Retail chain	3,800
Mountaire Farms of Delmarva, Inc.	Food processor	3,600
Alfred I. duPont Institute	Children's health care facility	3,000
Perdue Farms, Inc.	Boilers, feed and grains	2,900
Bayhealth Medical Center	Hospital complex	2,700
Wilmington Trust Co.	Banking	2,200
Happy Harry's Inc.	Retail chain	2,200
DaimlerChrysler	Automotive assembly	2,100
General Motors	Automotive assembly	1,800
Acme Markets	Retail groceries	1,700

Each county within the State determines the assessed values of real estate for taxation purposes. The following table depicts the assessed and full valuation of all taxable real property of the State as well as a comparison of the total value of residential, commercial and non-building construction contracts and the total bank deposits for the years 1995

through 2004. The next table depicts public and higher education school enrollments for the last ten years.

Property Valuation, Construction and Bank Deposits

(Expressed in Millions)

Calendar Year	Assessed Valuation (1)	Full Valuation	Value of Construction Contracts (2)	Bank Deposits (3)
1995	\$ 17,894	\$ 39,319	\$ 863	\$ 40,746
1996	\$ 18,212	\$ 41,793	\$ 800	\$ 42,720
1997	\$ 18,663	\$ 43,264	\$ 934	\$ 62,149
1998	\$ 19,132	\$ 45,961	\$ 892	\$ 63,837
1999	\$ 19,519	\$ 47,431	\$ 1,036	\$ 73,226
2000	\$ 19,940	\$ 51,998	\$ 982	\$ 88,733
2001	\$ 20,303	\$ 55,367	\$ 934	\$ 94,413
2002	\$ 20,750	\$ 59,595	\$ 824	\$ 102,456
2003	\$ 21,312	\$ 68,987	\$ 823	\$ 108,675
2004	\$ 21,874	\$ 75,154	\$ 1,174	\$ 222,110

(1) The assessed and full valuation of all taxable real property as of June 30 of each year.

(2) The total value of construction contracts awarded as of December 31 of each year.

(3) The total value of bank deposits as of December 31 of each year.

Sources: Delaware Department of Education
Delaware State Banking Commission
F.W. Dodge Division, McGraw-Hill

School Enrollment

School Year	Public School Enrollment (1)	Public and Private Higher Education Enrollment	Total
1995	105,619	42,940	148,559
1996	107,348	44,537	151,885
1997	109,538	45,241	154,779
1998	112,160	46,155	158,315
1999	112,262	46,476	158,738
2000	113,699	45,563	159,262
2001	114,693	47,031	161,724
2002	115,566	48,842	164,408
2003	117,055	48,720	165,775
2004	118,413	49,804	168,217

(1) Excludes children of military personnel living on Dover Air Force Base who attend Base schools and whose education is federally funded.

Sources: Delaware Department of Education
Delaware Higher Education Commission

Debt Limits

There is no Constitutional debt limit of the State.

In 1991, the General Assembly passed legislation to replace the prior statutory debt limits with a three-part debt limit, as follows:

- 1) The aggregate principal amount of new “tax-supported obligations of the State” (hereinafter defined) which may be authorized in any one fiscal year (excluding refunding bonds) may not exceed 5% of estimated net budgetary General Fund revenue for that fiscal year. This is determined by a joint resolution approved by a majority of the members elected to each house of the General Assembly and signed by the Governor in connection with the adoption of the annual Budget Appropriation Bill for that fiscal year (the 5% Rule). The June 2005 budgetary General Fund revenue estimate for fiscal year 2006 was \$3,006.4 million, thus a total of \$150.3 million of new general obligation debt was permissible under the 5% Rule. For fiscal year 2006, \$150.3 million was authorized. The authorization for the issuance of the bonds consists of authorizations from fiscal 2005 as well as prior years.

The level of new tax-supported debt authorization permitted under the 5% Rule is set out in the following table. The figures assume the September 2005 budgetary General Fund revenue DEFAC projections for fiscal 2007. From the DEFAC’s fiscal 2006 estimate, the figures assume 2.7% annual revenue growth for fiscal 2007, 4.0% annual growth for fiscal 2008, and 4.6% annual growth for 2009 and 2010, respectively.

The 5% Rule

(Expressed in Millions)

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Estimated Net Budgetary General Fund Revenue	\$ 3,006.4	\$ 3,088.9	\$ 3,212.5	\$ 3,360.2	\$ 3,514.9
Projected New Tax-Supported Debt Authorizations	\$ 150.3	\$ 154.4	\$ 160.6	\$ 168.0	\$ 175.7

- (2) No “tax-supported obligations of the State” and no “Transportation Trust Fund (“Trust Fund” or “TTF”) debt obligations” (hereinafter defined) of the Delaware Transportation Authority may be incurred if the aggregate maximum annual payments on all such outstanding obligations exceed 15% of the estimated budgetary General Fund revenue plus Transportation Trust Fund revenue for the fiscal year following the fiscal year in which such obligation is incurred (the “15% Test”). As of Fiscal 2005, this ratio stands at 7.5%.

- (3) No general obligation debt (with certain exclusions) may be incurred if the maximum annual debt service payable in any fiscal year on all such outstanding obligations will exceed the estimated cumulative cash balances (including all reserves) for the fiscal year following the fiscal year in which such obligation is incurred (the "Cash Balances Test") as estimated by the Secretary of Finance. As of Fiscal 2005, the debt service payable represents 25.0% of the estimated cumulative cash balance.

"Tax-supported obligations of the State" include:

- a) all obligations of the State or any agency or authority thereof to which the State's full faith and credit is pledged and;
- b) all obligations of the State or any agency or authority thereof extending beyond one year with respect to the lease, occupancy or acquisition of property which are incurred in connection with debt financing transactions, and which are payable from taxes, fees, permits, licenses and fines imposed or approved by the General Assembly.

Tax-supported obligations do not include:

- a) obligations incurred to acquire a like principal amount of full faith and credit obligations issued by a local school district to the extent local school district obligations are not in default;
- b) any obligation notes of the Delaware Transportation Authority;
- c) any tax or other revenue anticipation notes or bonds of the State; and
- d) obligations to the extent that the debt service is reasonably expected to be offset (as determined by the Secretary of Finance) by lease payments, user fees, federal grants or other payments from a non-budgetary General Fund source.

"Transportation Trust Fund debt obligations" includes all debt obligations of the Delaware Transportation Authority, including all obligations extending beyond one year with respect to the lease, occupancy or acquisition of property which are incurred in connection with debt financing transactions (for example, certificates of participation), and which in any case are payable from the Trust Fund. Trust Fund debt obligations do not include any obligations to the extent that the debt service with respect thereto is reasonably expected to be offset (as determined by the Secretary of Finance) by lease payments, user fees, federal grants or other payments from a non-State source.

General Obligation Debt

The following tables reflect the outstanding general obligation debt of the State as of June 30, 2005, of which a portion is supported by budgetary General Fund revenue and a portion of which is supported by budgetary Special Funds.

Outstanding General Obligation Debt

(Expressed in Millions)

General Obligation Debt Supported by Budgetary General Fund Revenue		
State Facilities	\$	428.3
School Facilities (State Share)		260.6
Subtotal		688.9
General Obligation Debt Supported by Budgetary Special Funds		
Highway and Other Transportation Improvements		4.8
School Facilities (Local Share)		332.6
Housing Authority Loans		0.6
Subtotal	\$	338.0
Total General Obligation Debt Outstanding	\$	1,026.9

Debt Burden Comparison

The State's general obligation debt is \$1,026.9 million as of June 30, 2005. Approximately 80% of the debt is scheduled to mature within ten years and approximately 93% is scheduled to mature within fifteen years. Total general obligation debt per capita is \$1,229 as of June 30, 2005.

The following table outlines the State's outstanding general obligation debt balance and bond ratings and demonstrates the changes in the State's general obligation debt burden since fiscal year 1996.

Ratio of Annual General Obligation Debt Service to Total Revenues and Expenditures All Governmental Funds

(Expressed in Thousands)

Fiscal Year	Total Debt Service	Total Revenues	Ratio of Debt Service to Total Revenues	Total Expenditures	Ratio of Debit Service to Total Expenditures
1996	\$ 92,564	\$ 3,195,956	2.9 %	\$ 3,231,971	2.9 %
1997	92,374	3,295,045	2.8	3,393,605	2.7
1998	103,876	3,650,992	2.8	3,615,570	2.9
1999	109,990	3,843,884	2.9	4,118,640	2.7
2000	116,935	4,097,789	2.9	4,372,597	2.7
2001	120,443	4,248,984	2.8	4,620,134	2.6
2002	113,664	3,570,217	3.2	4,093,202	2.8
2003	117,755	3,747,696	3.1	4,186,966	2.8
2004	133,768	4,266,729	3.1	4,372,064	3.1
2005	154,050	4,421,796	3.5	4,719,756	3.3

Sources: Delaware's Comprehensive Annual Financial Report

**Ratio of General Obligation Bonded Debt Per Capita and
Debt as a Percentage of Personal Income**

(Expressed in Thousands)

Fiscal Year	Population	Total Principal Outstanding	Bonded Debt per Capita	Debt as % Personal Income	Bond Ratings		
					Moody's	Standard & Poor's	Fitch Ratings
1996	741	572,956	773	3.0%	Aa1	AA+	
1997	751	654,676	872	3.2%	Aa1	AA+	
1998	763	686,116	899	3.1%	Aa1	AA+	
1999	775	720,171	929	3.2%	Aa1	AA+	
2000	787	738,176	938	3.0%	Aaa	AAA	AAA
2001	797	653,701	820	2.6%	Aaa	AAA	AAA
2002	807	709,958	880	2.7%	Aaa	AAA	AAA
2003	818	(1) 854,262	1,044	3.2%	Aaa	AAA	AAA
2004	829	(1) 1,012,544	1,221	3.7%	Aaa	AAA	AAA
2005	839	(1) 1,026,947	1,224	3.9%	Aaa	AAA	AAA

(1) Estimated - Assumes 1.3% growth.

Sources: U.S. Census Bureau and Delaware Department of Finance

Revenue Bond Coverage

Oversight responsibility for the issuance of debt by the State and its authorities is centralized under the Secretary of Finance. The following table sets forth certain indebtedness of the Delaware Transportation Authority. Data for the State's Component Units – Delaware Housing Authority and Delaware State University is also outlined in the following tables. The State is not directly or contingently liable for any indebtedness of the Delaware State Housing Authority or the Delaware State University. Further information for these authorities may be found in the Notes to the Financial Statements, Revenue Bonds and Notes Payable.

Delaware Transportation Authority

(Expressed in Thousands)

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (3)	Coverage
1996	\$ 229,771	\$ 95,859	\$ 133,912	\$ 67,704	1.98
1997	233,913	105,371	128,542	67,064	1.92
1998	254,887	119,428	135,459	61,761	2.19
1999	272,398	119,816	152,582	66,018	2.31
2000	284,167	118,739	165,428	66,139	2.50
2001	299,962	147,065	152,897	72,852	2.10
2002	297,894	140,940	156,954	74,834	2.10
2003	298,536	156,394	142,142	86,447	1.64
2004	314,205	177,545	136,660	85,816	1.59
2005	324,962	192,738	132,224	93,290	1.42

Source: Delaware Department of Transportation

Delaware State University

(Expressed in Thousands)

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements(3)	Coverage
1996	\$ 21,043	\$ 18,756	\$ 2,287	\$ 1,381	1.66
1997	21,688	18,226	3,462	1,678	2.06
1998	23,702	19,770	3,932	1,665	2.36
1999	26,262	20,203	6,059	1,429	4.24
2000	29,899	14,757	15,142	864	17.53
2001	28,858	14,689	14,169	1,546	9.16
2002	32,170	15,447	16,723	1,614	10.36
2003	34,504	20,992	13,512	1,612	8.38
2004	39,191	24,104	15,087	2,390	6.31
2005	43,695	26,227	17,468	2,380	7.34

(1) Gross revenues represent total revenues less State appropriations.

(2) Direct Operating Expenses represent total unrestricted educational and general expenditures, less State appropriations.

(3) Debt Service Requirements for 2004 and 2005 include the DSU Student Housing Foundation

Source: Delaware State University

Delaware State Housing Authority

(Expressed in Thousands)

Fiscal Year	Gross Revenue *	Direct Operating Expenses	Net Available for Debt Service	Debt Service Requirements	Coverage
1996	\$ 85,703	\$ 2,985	\$ 82,718	\$ 78,317	1.06
1997	76,155	2,831	73,324	75,881	0.97 **
1998	77,098	3,102	73,996	61,805	1.20
1999	80,079	1,825	78,254	77,961	1.00
2000 ***	128,207	56,582	71,625	69,104	1.04
2001	106,381	34,772	71,609	67,091	1.07
2002	179,672	40,731	138,941	130,908	1.06
2003	143,526	43,370	100,156	88,786	1.13
2004	191,127	40,838	150,290	148,475	1.01
2005	132,745	41,613	91,132	90,127	1.01

* Gross revenue represents total operating revenues, interest income on investments, mortgage principle repayments and bond proceeds.

** Shortages are the result of timing differences between revenue receipts and actual date of debt service payments.

*** Reflects reclassification of federal special revenue funds to enterprise fund in fiscal 2000.

Source: Delaware State Housing Authority



State of Delaware
Comprehensive Annual Financial Report

For the Year Ended June 30, 2005