

NOTE 8. LEASE COMMITMENTS

PRIMARY GOVERNMENT

The State has entered into various property and equipment operating leases (terms in excess of one year) with aggregate future rentals approximating \$135.7 million, of which \$110.3 million relates to property leases and \$25.4 million relates to equipment leases. Operating leases contain various renewal options. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures of the related fund when paid. Appropriations of approximately \$27.1 million were made by the General Assembly to meet the rental payments in fiscal 2003, of which \$16.2 million was for office space and \$10.9 million was for equipment consisting mainly of computers, data processing equipment and fleet vehicles.

Significant annual equipment rentals include \$4.6 million for computers and data processing equipment for the Executive Department and \$3.7 million for fleet

vehicles with the Department of Administrative Services. Significant annual real estate rentals include \$5.1 million for leases for Health and Social Services facilities, \$2.3 million for the Department of Labor and \$1.8 million for office space of the Department of Services for Children, Youth and Their Families.

Future minimum lease commitments for operating leases as of June 30, 2003 are shown in the following table.

State of Delaware Lease Commitments

(Expressed in Thousands)

Year Ending June 30	Operating Leases
2004	\$ 25,826
2005	20,390
2006	15,384
2007	10,782
2008	9,170
2009-2013	26,341
2014-2018	11,321
2019-2023	2,634
2024- 2028	2,325
2029- 2033	1,704
Thereafter	9,860
	\$ 135,737