

*State of Delaware
Comprehensive Annual Financial Report*



*Required Supplementary
Information*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

BUDGETARY BASIS VS. GAAP

While GAAP requires the use of the fund structure described in Note 1(b), the State's budget system uses only a General Fund and a Special Fund, each of which uses the basis of accounting described below. Additionally, the activities of certain component units of the State, which are not substantially supported by tax revenues, are not included in the budget data. Reconciliation of the accrual adjustments necessary to convert budgetary basis information to GAAP basis is presented in Required Supplementary Information.

The State Constitution requires the Governor to prepare and submit to the General Assembly a State budget for the ensuing year. The State budgets and controls its financial activities on the cash basis of accounting. In compliance with State law, the State records its financial transactions in either of two major categories -- the General Fund or the Special Fund. References to these two funds in this document include the terms "budgetary" or "budgetary basis" to differentiate them from the GAAP funds of the same name which encompass different funding categories. The General Assembly enacts the budget through the passage of specific line-item appropriations by department, the legal level of budgetary control, the sum of which must not exceed 98 percent of the estimated revenues and available unencumbered cash balance from the prior year pursuant to the State Constitution. The Governor has the power to approve or veto each appropriation passed by the General Assembly.

The budgetary General Fund provides for the cost of the State's general operations and is credited with all tax and other revenue of the State not dedicated to budgetary Special Funds. Certain Special Funds are subject to appropriation, referred to herein as budgetary or appropriated Special Funds. Unexpended appropriations at year-end are available for subsequent expenditure to the extent that they have been encumbered at that date or legislatively extended for another year. Budget data represents original appropriations modified by interdepartmental transfers, supplemental, continuing, and carried-over encumbered appropriations. Subsequent modifications to the budget require the approval of the Controller General and the Budget Director. Summary information regarding individual department budgets and the compliance with the legal level of budgetary control is presented on the following pages.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year-end do not constitute expenditures or liabilities and are reported as reservations of fund balances because the commitments will be honored during the subsequent year.

The Budget schedules in Required Supplemental Information a) reflect the adjustments made to increase the Special Fund's excess of revenues over expenditures for certain revenue sources not previously recognized; b) eliminates the net activity of certain operations that are accounted for within both the Special Fund and also in the separate accounts of certain component units or agency funds that are not principally accounted for within the Special Fund; and c) presents the accrual adjustments necessary to convert budgetary basis information to GAAP basis. Additional detailed information regarding compliance with the legal level on control can be obtained by contacting the Office of Management and Budget at (302) 739-4206.

Statutory/Budgetary Presentation

The Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Budgetary Basis) presented on the following pages provides a comparison of the original and final legally adopted budget with actual data on a budgetary basis.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriations bill as of June 30, 2004, and does not include encumbrances and multi-year projects budgetary carry-forwards from the prior fiscal year. Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “final budget” column, therefore updated revenue estimates available for appropriations as of the last Delaware Economic and Financial Advisory Council (DEFAC) meeting in June 2005, as well as the amounts shown in the original budget, are reported. The final legal budget also reflects encumbrances and multi-year projects budgetary carry-forwards from the prior fiscal year.

The tables on the following two pages represent the Budgetary Statements of Revenues, Expenditures and Changes in Fund Balance – General and Special Funds. Also included is a schedule showing the Budgetary Fund balance designations. Of the \$701.2 million Budgetary General Fund Balance at June 30, 2005, \$161.1 million is reserved for the Budget Reserve Account and \$327.8 million is designated as continuing and encumbered appropriations. The \$212.3 million of undesignated fund balance, for the most part, is not available for new spending as these funds have been committed based on State statutes.

**Budgetary Comparison Schedule-General Fund
Budget to Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005
(Expressed in Millions)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Personal income taxes	\$ 823.9	\$ 887.9	\$ 881.3	\$ (6.6)
Business Taxes	972.3	1,007.1	1,009.0	1.9
Other Taxes	181.0	201.3	200.0	(1.3)
License, Permits, Fines and Fees	202.4	187.4	175.7	(11.7)
Interest Earnings	12.0	9.0	9.1	0.1
Lottery Sales	231.4	233.6	234.0	0.4
Other Non-Tax Revenue	367.4	355.9	368.7	12.8
Total Revenue	<u>2,790.4</u>	<u>2,882.2</u>	<u>2,877.8</u>	<u>(4.4)</u>
Expenditures				
Legislature	12.7	15.4	11.6	3.8
Executive	110.4	199.0	123.8	75.2
Department of Technology & Information	32.0	35.8	31.8	4.0
Other Elective Offices	63.6	89.4	84.8	4.6
Department of State	15.5	29.3	17.1	12.2
Department of Finance	18.0	67.3	41.7	25.6
Department of Administrative Services	44.2	122.4	74.9	47.5
Department of Agriculture	6.7	8.7	7.1	1.6
Department of Elections	3.4	5.2	4.7	0.5
Advisory Council for Exceptional Citizens	0.1	0.1	0.1	0.0
Department of Health & Social Services	662.0	745.1	707.4	37.7
Department of Services to Child/Youth	97.5	108.4	104.2	4.2
Judicial	68.9	77.5	75.2	2.3
Legal	31.3	32.3	32.2	0.1
Department of Corrections	194.6	210.0	201.7	8.3
Department of Safety & Homeland Security	91.1	101.8	99.8	2.0
Fire Prevention Commission	4.0	4.4	4.3	0.1
Delaware National Guard	3.7	4.1	3.6	0.5
Natural Resources and Environmental Control	36.4	59.9	45.8	14.1
Labor	6.6	6.7	6.6	0.1
Higher Education	210.7	242.1	228.3	13.8
Department of Education	887.0	1,000.7	915.6	85.1
Total Expenditures	<u>2,600.4</u>	<u>3,165.6</u>	<u>2,822.3</u>	<u>343.3</u>
Excess (deficiency) of revenue over expenditures	190.0	(283.4)	55.5	338.9
Budgetary fund balance, beginning of year	<u>645.7</u>	<u>645.7</u>	<u>645.7</u>	<u>0.0</u>
Budgetary fund balance, end of year	<u>\$ 835.7</u>	<u>\$ 362.3</u>	<u>\$ 701.2</u>	<u>\$ 338.9</u>
Budgetary Fund Balance				
Designated:				
Budget Reserve Account			\$ 161.1	
Continuing and encumbered appropriations			327.8	
Undesignated			<u>212.3</u>	
Total			<u>\$ 701.2</u>	

In prior years, abandoned property was classified as business tax. For the current year, \$268 million in budget and \$265 million in actual revenues are shown in other non-tax revenue.

(See Budgetary Basis vs. GAAP in Notes to Required Supplementary Information)

Budgetary Comparison Schedule - Special Fund
Budget to Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2005

(Expressed in Millions)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Personal Income Taxes			\$ 1.4	\$ 1.4
Business Taxes	\$ 26.5	\$ 26.5	17.3	(9.2)
Other Taxes	4.0	4.0	14.6	10.6
License, Permits, Fines and Fees	63.9	63.9	92.2	28.3
Rentals and Sales	15.4	15.4	12.3	(3.1)
Interest Earnings	4.3	4.3	6.5	2.2
Grants	3.6	3.6	38.8	35.2
Other Non-Tax Revenue	554.3	554.3	369.2	(185.1)
Total Revenues	<u>672.0</u>	<u>672.0</u>	<u>552.3</u>	<u>(119.7)</u>
Expenditures				
Executive	129.1	117.7	67.4	50.3
Department of Technology & Information	26.1	31.1	16.4	14.7
Other Elective Offices	23.1	26.4	24.8	1.6
Department of State	16.0	21.1	14.8	6.3
Department of Finance	47.3	59.3	52.3	7.0
Department of Administrative Services	22.3	27.0	22.1	4.9
Department of Agriculture	4.5	4.8	3.8	1.0
Department of Elections	0.0	0.3	0.2	0.1
Department of Health & Social Services	74.9	92.8	60.2	32.6
Department of Services to Child/Youth/Families	24.2	31.3	18.7	12.6
Judicial	8.3	10.3	8.2	2.1
Legal	5.5	6.4	4.3	2.1
Department of Correction	3.7	5.4	2.2	3.2
Department of Safety & Homeland Security	7.9	9.0	7.1	1.9
Fire Prevention Commission	2.3	2.6	2.0	0.6
Natural Resources and Environmental Control	50.0	61.6	38.6	23.0
Transportation	277.4	177.4	205.3	(27.9)
Labor	16.3	17.7	14.8	2.9
Education	4.5	14.8	9.7	5.1
Total Expenditures	<u>743.4</u>	<u>717.0</u>	<u>572.9</u>	<u>144.1</u>
Excess (Deficiency) of Revenues Over Expenditures	(71.4)	(45.0)	(20.6)	24.4
Budgetary Fund Balance, Beginning of Year	<u>354.3</u>	<u>354.3</u>	<u>354.3</u>	<u>0.0</u>
Budgetary Fund Balance, End of Year	<u>\$ 282.9</u>	<u>\$ 309.3</u>	<u>\$ 333.7</u>	<u>\$ 24.4</u>

(See Budgetary Basis vs. GAAP in Notes to Required Supplementary Information)

Statutory/Budgetary Reconciliations

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation is required of resulting basis, perspective and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations.

The following two schedules represent the accrual adjustments necessary to convert budgetary basis information to GAAP basis.

Budget vs. GAAP Revenue Reconciliation

For the Fiscal Year Ended June 30, 2005

(Expressed in Millions)

Budget Basis General and Special Fund Revenues for fiscal year 2005	\$ 3,430.1
Non Appropriated Revenue by Category:	
Other Revenue	\$ 207.3
License, Fees, Permits, and Fines	35.1
Personal, Business and Other Taxes	46.1
Federal Government	10.1
Rentals and Sales	9.3
Interest and Other Investment Income	7.9
Component Units	(32.6)
DelDOT Fund Revenues-Enterprise Activities	(203.0)
Appropriated Special Fund Revenues from Lottery-Reclassified to Transfers In	(67.7)
Lottery Sales	(234.0)
Local School District Debt Service Payments-Reclassified to Transfers In	(31.8)
Other Accruals and Adjustments	(41.4)
Total General Fund Revenues for the fiscal year ended June 30, 2005	3,135.4
Federal Fund Revenue	892.7
Local School District Funds Revenue	393.7
Capital Projects Fund Revenue	<u>0.0</u>
Total GAAP Basis Governmental Funds Revenue for the fiscal year ended June 30, 2005	<u><u>\$ 4,421.8</u></u>

Budget vs. GAAP Expenditure Reconciliation
For the Fiscal Year Ended June 30, 2005

(Expressed in Millions)

Total Budget Basis General and Special Fund Expenditures for fiscal year 2005		\$ 3,395.2
Non Appropriated Expenditures by Function:		
General Government	\$	857.4
Health & Children's Services		21.4
Judicial & Public Safety		10.7
Natural Resources and Environmental Control		50.1
Transportation		8.2
Labor		53.3
Education		8.9
Tax Refunds		(217.8)
Component Units		(1.0)
Lottery Adjustment		(0.8)
Transportation		(204.2)
Education-Delaware State University		(35.7)
Charter Schools		(33.8)
Health Insurance		(504.2)
Other Accruals and Adjustments		<u>(135.8)</u>
Total General Fund Expenditures for the fiscal year ended June 30, 2005		3,271.9
Federal Revenue Funds Expenditures		886.6
Local School District Funds Expenditures		387.2
Capital Projects Funds Expenditures		<u>174.1</u>
Total GAAP Basis Governmental Funds Expenditures for the fiscal year ended June 30, 2005		<u><u>\$ 4,719.8</u></u>

Required Supplementary Information

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 4,464 centerline miles and approximately 1,371 bridges that the State is responsible to maintain.

The condition of the State’s road pavement is measured using the Overall Pavement Condition (OPC) system, which is based on the extent and severity of various pavement distresses that are visually observed. The OPC system uses a measurement scale that is based on a condition index ranging from 0 for poor pavement to 5 for pavement in excellent condition.

The condition of bridges is measured using the “Bridge Condition Rating” (BCR) which is based on the Federal Highway Administration (FHWA) Coding Guide, “Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation’s Bridges.” The BCR uses a measurement scale that is based on a condition index ranging from 0-9, 0-4 for substandard bridges and 9 for bridges in perfect condition. For these reporting purposes, substandard bridges are classified as those with a rating of 4 or less. The good or better condition bridges were taken as those with ratings of between 6-9. A 5 rating is considered fair. The information is taken from past “Bridge Inventory Status” reports.

It is the State’s policy to maintain at least 75 percent of its highways and bridge system at a good or better condition level. No more than 10 percent of bridges and 15 percent of roads should be in substandard condition. The Department of Transportation will perform condition assessments of eligible infrastructure assets at least every three years. Currently, road condition assessments are conducted every year and bridge condition assessments are conducted, for the most part every two years.

State of Delaware
 Department of Transportation
 Supplementary Information for Government That Use the
 Modified Approach for Infrastructure Assets

Structural Rating Numbers and Percentages for Bridges

Calendar Year Ended December 31

		2004		2003		2002	
BCR Condition	Rating	Number	Percent	Number	Percent	Number	Percent
	Good	6-9	1,029	75.1	1,012	74.5	1,011
Fair	5	256	18.6	259	19.0	273	19.7
Poor	1-4	86	6.3	89	6.5	102	7.4
Totals		<u>1,371</u>	<u>100.0</u>	<u>1,360</u>	<u>100.0</u>	<u>1,386</u>	<u>100.0</u>

Deck Rating Numbers and Percentages for Bridges

Calendar Year Ended December 31

		2004		2003		2002	
OPC Condition	Rating	Square Meters	Percent	Square Meters	Percent	Square Meters	Percent
	Good	6-9	6,731,463	94.0	6,932,464	97.0	6,522,812
Fair	5	399,554	5.6	172,061	2.4	1,650,368	19.2
Poor	1-4	31,983	0.4	40,677	.6	480,228	5.4
Totals		<u>7,163,000</u>	<u>100.0</u>	<u>7,145,202</u>	<u>100.0</u>	<u>8,653,408</u>	<u>100.0</u>

Center-Line Mile Numbers and Percentages for Road Pavement

Calendar Year Ended December 31

		2004		2003		2002	
OPC Condition	Rating	Center-Line Mile	Percent	Center-Line Mile	Percent	Center-Line Mile	Percent
	Good	3.0-5.0	3,296	73.8	3,459	77.5	3,196
Fair	2.5-3.0	775	17.4	641	14.4	568	13.6
Poor	Below 2.5	393	8.8	364	8.1	411	9.8
Totals		<u>4,464</u>	<u>100.0</u>	<u>4,464</u>	<u>100.0</u>	<u>4,175</u>	<u>100.0</u>

Comparison of Estimated-to-Actual Maintenance/Preservation

(Expressed In Thousands)

	Fiscal Year				
	2005	2004	2003	2002	2001
Estimated	<u>\$ 138,517</u>	<u>\$122,662</u>	<u>\$ 129,180</u>	<u>\$ 97,341</u>	<u>\$ 51,275</u>
Actual	<u>\$ 311,397</u>	<u>\$133,765</u>	<u>\$ 146,352</u>	<u>\$126,540</u>	<u>\$132,454</u>

Required Supplementary Information – Pensions

The following tables present additional information related to funding status and progress, annual pension costs and actuarial methods and assumptions. It is intended to help readers assess the individual plans' funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

Delaware Public Employees' Retirement System (DPERS)

The amount shown below as "actuarial accrued liability" is a measure of the difference between the actuarial present value of future plan benefits, and the actuarial present value of future normal cost.

Delaware Public Employees' Retirement System Schedule of Funding Status and Progress

(Expressed in Thousands)

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL		(4) Funded Ratio (1) / (2)	(5) Annual Covered Payroll	(6) UAAL/ (Excess) as % of Covered Payroll (3) / (5)
				AAL	AAL (Excess of Assets over Liabilities) (2) - (1)			
State Employees' *	6/30/05	\$ 5,660,057	\$ 5,572,719	\$ (87,338)		101.6%	\$ 1,471,931	(5.9%)
	6/30/04	5,387,560	5,229,927	(157,633)		103.0%	1,399,279	(11.3%)
	6/30/03	5,125,442	4,794,944	(330,498)		106.9%	1,355,800	(24.4%)
Special	6/30/05	\$ 855	\$ 791	\$ (64)		108.1%	N/A	N/A
	6/30/04	933	785	(148)		118.9%	N/A	N/A
	6/30/03	1,009	768	(241)		131.4%	N/A	N/A
Closed State Police +	6/30/05	\$ 749	\$ 283,902	\$ 283,153		0.3%	\$ 2,579	10,979.2%
	6/30/04	2,979	285,044	282,065		1.0%	2,608	10,815.4%
	6/30/03	2,322	318,250	315,928		0.7%	2,869	11,011.8%
New State Police *	6/30/05	\$ 150,209	\$ 149,657	\$ (552)		100.4%	\$ 39,645	(1.4%)
	6/30/04	134,507	128,932	(5,575)		104.3%	36,718	(15.2%)
	6/30/03	120,457	106,272	(14,185)		113.3%	31,778	(44.6%)
Judiciary*	6/30/05	\$ 35,112	\$ 44,079	\$ 8,967		79.7%	\$ 8,475	105.8%
	6/30/04	32,841	38,864	6,023		84.5%	7,672	78.5%
	6/30/03	30,961	32,319	1,358		95.8%	7,173	18.9%
Diamond State Port Corporation	6/30/05	\$ 8,948	\$ 9,732	\$ 784		91.9%	\$ 9,248	8.5%
	6/30/04	8,140	9,049	909		89.9%	8,950	10.2%
	6/30/03	7,328	7,056	(272)		103.9%	8,636	(3.1%)
County and Municipal Police and Firefighters'	6/30/05	\$ 59,711	\$ 61,335	\$ 1,624		97.4%	\$ 33,389	4.9%
	6/30/04	48,893	45,204	(3,689)		108.2%	27,930	(13.2%)
	6/30/03	41,228	36,698	(4,530)		112.3%	24,128	(18.8%)
County and Municipal Other Employees'	6/30/05	\$ 7,048	\$ 6,722	\$ (326)		104.8%	\$ 9,737	(3.3%)
	6/30/04	4,275	3,340	(935)		128.0%	7,474	(12.5%)
	6/30/03	3,602	3,332	(270)		108.1%	6,209	(4.3%)
Volunteer Firemen's	6/30/05	\$ 10,665	\$ 22,913	\$ 12,248		46.5%	5,106	\$ 2,399
	6/30/04	10,121	21,950	11,829		46.1%	5,055	2,340
	6/30/03	9,644	15,619	5,975		61.7%	4,933	1,211

* Excludes liability and amortization payments due to ad hoc benefit adjustments. This liability is funded from the Post-Retirement Increase Fund and is funded over five years.

+ The Closed State Police Pension Plan is a pay-as-you-go pension plan.

++ Not expressed in thousands.

Annual Pension Cost, Actuarial Methods and Assumptions - DPERs

The schedules below provide information concerning annual pension costs. Annual pension cost for each plan, except the Closed State Police Plan, is equal to the respective plan's required and actual contributions for the fiscal year ended June 30, 2005.

Annual Pension Cost, Actuarial Methods and Assumptions

(Expressed in Thousands)

Plan	State Employees'	Special	Closed State Police	New State Police	Judiciary
Annual Pension Cost	\$ 70,638	N/A	\$ 24,358	\$ 3,785	\$ 1,391
Actuarial Valuation Date	6/30/05	6/30/05	6/30/05	6/30/05	6/30/05
Actuarial Cost Method	Entry Age Normal	N/A	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed for Plan Bases & Open for Aggregate Gain/Loss	N/A	Level Dollar Closed	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	21.2 years	N/A	31 years	14.8 years	15.8 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:					
Investment rate of return	8.0%	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases*	4.3% to 10.1%	N/A	4.8% to 5.3%	4.8% to 16.7%	4.3% to 13.1%
Cost-of-living adjustments	Ad Hoc	Ad Hoc	Based on CPI	Ad Hoc	Ad Hoc

Plan	Diamond State Port Corporation	County & Municipal Police & Firefighters'	County & Municipal Other Employees	Volunteer Firemen's
Annual Pension Cost	\$ 352	\$ 5,627	\$ 2,271	\$ 1,403
Actuarial Valuation Date	6/30/05	6/30/05	6/30/05	6/30/05
Actuarial Cost Method	Entry Age Normal	Entry Age Normal**	Entry Age Normal**	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Open	Level Percent Open	Level Dollar Closed
Remaining Amortization Period	17 years	10 years	10 years	22 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases*	4.8%	4.3% to 15.7%	4.3% to 10.1%	N/A
Cost-of-living adjustments	Ad Hoc	Ad Hoc	Ad Hoc	Ad Hoc

* Projected Salary Increases include an inflation component of 3.75% for all Plans.

** Actuarial cost method changed to Entry Age Normal from Frozen Initial Liability effective June 30, 2002.

DeIDOT - Delaware Transit Corporation – Pension Data

The most recent information available for Delaware Transit Corporation's annual pension cost and related information for each plan is as follows (note - the current year information is not available for each plan):

Funding Status and Progress

(Expressed in Dollars)

Plan	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL)	(c) Unfunded AAL (UAAL) (Excess of Assets over AAL) (a-b)	(d) Funded Ratio (a / b)	(e) Annual Covered Payroll	(f) UAAL (Excess) as % of Covered Payroll (c / e)
DTC Pension Plan	07/01/2004	\$ 6,450,349	\$ 6,874,823	\$ (424,474)	93.83%	\$ 7,350,742	(5.77%)
	07/01/2003	5,187,005	5,536,310	(349,305)	93.69%	8,120,967	(4.30%)
	07/01/2002	4,355,464	4,727,035	(371,571)	92.14%	7,690,602	(4.83%)
Contributory Pension Plan	01/01/2005	\$ 20,266,978	20,670,312	(403,334)	98.05%	\$ 14,580,133	(2.77%)
	01/01/2004	17,654,095	18,866,345	(1,212,250)	93.57%	14,478,473	(8.37%)
	01/01/2003	14,914,835	18,110,449	(3,195,614)	82.35%	16,185,321	(19.74%)

Annual Pension Cost, Actuarial Methods and Assumptions

(Expressed in Dollars)

Plan	DTC Pension Plan	Contributory Pension Plan
Contribution Rates:		
Employer	Actuarially Determined	5.00%
Participants	N/A	5.00%
Annual Pension Cost	\$ 612,886	\$ 601,299
Contributions Made	\$ 763,558	\$ 916,604
Actuarial Valuation Date	7/1/2004	01/01/2004
Actuarial Cost Method	Frozen Initial Liability	N/A
Remaining Amortization Period	21	17
Asset Valuation Method	Market	Market
Actuarial Assumptions:		
Investment rate of return	7.50%	7.00%
Projected Salary Increases	4.50%	4.00%

N/A = Not Applicable

*State of Delaware
Comprehensive Annual Financial Report*



*Supplementary Information
Combining Statements*

STATE OF DELAWARE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 JUNE 30, 2005
 (Expressed in Thousands)

	State Employees' Pension Plan	Special Pensions Plan	New State Police Plan	Judiciary Pension Plan	Volunteer Firemen's Pension Plan
Assets					
Cash	\$ 2,009	\$ 15	\$ 419	\$ 32	\$ 35
Receivables:					
Employer contributions	3,565		186	75	
Member contributions	1,748		102	11	
Total receivables	5,313		288	86	
Investments at fair value:					
Domestic fixed income	1,026,616	148	27,129	6,351	1,922
Domestic equities	1,572,719	227	41,560	9,728	2,944
Pooled equity and fixed income	1,604,592	231	42,403	9,926	3,003
Alternative investments	582,513	84	15,394	3,603	1,090
Short term and money markets	213,108	29	5,562	1,306	377
Foreign equities	602,627	87	15,925	3,728	1,128
Total investments	5,602,175	806	147,973	34,642	10,464
Total assets	\$ 5,609,497	\$ 821	\$ 148,680	\$ 34,760	\$ 10,499
Liabilities					
Transfer of assets outside the system					
Benefits payable	\$ 682		\$ 16		\$ 12
Accrued administrative expenses	306		7		
Total liabilities	988		23		12
Assets held in trust for pension benefits	\$ 5,608,509	\$ 821	\$ 148,657	\$ 34,760	\$ 10,487

Diamond State Port Corporation Fund	County and Municipal Police and Firefighters' Plan	County and Municipal Police and Firefighters' Cola Fund	County and Municipal Other Plans	DPERS Post Retirement Increase Fund	SEPP Post Retirement Health Care Premium Fund	Closed State Police Plan	Totals
\$ 32	\$ 724	\$ 1,930	\$ 89	\$ 269		\$ 638	\$ 6,192
26	172		39	1,576			5,639
13	86		23			2	1,985
39	258		62	1,576		2	7,624
1,612	10,669	1,240	1,254	423	\$ 2,304		1,079,668
2,470	16,343	1,899	1,921	648	3,531		1,653,990
2,520	16,675	1,937	1,960	661	3,603		1,687,511
915	6,053	703	711	240	1,308		612,614
240	2,139	257	231	88	477		223,814
947	6,262	727	736	248	1,353		633,768
8,704	58,141	6,763	6,813	2,308	12,576		5,891,365
<u>\$ 8,775</u>	<u>\$ 59,123</u>	<u>\$ 8,693</u>	<u>\$ 6,964</u>	<u>\$ 4,153</u>	<u>\$ 12,576</u>	<u>\$ 640</u>	<u>\$ 5,905,181</u>
							\$ -
	\$ 47		\$ 3			\$ 14	774
\$ 5	7		2			3	330
5	54		5			17	1,104
<u>\$ 8,770</u>	<u>\$ 59,069</u>	<u>\$ 8,693</u>	<u>\$ 6,959</u>	<u>\$ 4,153</u>	<u>\$ 12,576</u>	<u>\$ 623</u>	<u>\$ 5,904,077</u>

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	State Employees' Pension Plan	Special Pensions Plan	New State Police Plan	Judiciary Pension Plan	Volunteer Firemen's Pension Plan
Additions					
Contributions:					
Employer contributions	\$ 70,638		\$ 3,785	\$ 1,391	\$ 810
Transfer of assets from Pension Retirement Increase Fund	33,839		81	294	
Transfer of assets from outside the system					
Member contributions	37,857		2,636	275	213
Other			36		
Total contributions:	<u>142,334</u>		<u>6,538</u>	<u>1,960</u>	<u>1,023</u>
Investments:					
Investment income	80,315	\$ 11	2,123	497	150
Net increase (decrease) in fair value	<u>437,425</u>	<u>69</u>	<u>11,146</u>	<u>2,678</u>	<u>772</u>
Total investment income:	<u>517,740</u>	<u>80</u>	<u>13,269</u>	<u>3,175</u>	<u>922</u>
Less investment manager/advisor/custody fees	(17,587)	(2)	(465)	(109)	(33)
Less investment administrative expenses	<u>(305)</u>		<u>(8)</u>	<u>(2)</u>	<u>(1)</u>
Net investment income:	<u>499,848</u>	<u>78</u>	<u>12,796</u>	<u>3,064</u>	<u>888</u>
Total additions	<u>642,182</u>	<u>78</u>	<u>19,334</u>	<u>5,024</u>	<u>1,911</u>
Deductions:					
Transfer of Assets from Pension Retirement Increase Fund					
Transfer of assets outside the system					
Pension payments	271,281	122	1,254	2,209	1,172
Refunds of contributions to members	2,408		99		43
Group life payments	4,454	14			
Administrative expenses	4,554				
Allocation of administrative expenses	<u>(344)</u>	<u>3</u>	<u>61</u>	<u>9</u>	<u>20</u>
Total deductions	<u>282,353</u>	<u>139</u>	<u>1,414</u>	<u>2,218</u>	<u>1,235</u>
Change in net assets increase/(decrease)	<u>359,829</u>	<u>(61)</u>	<u>17,920</u>	<u>2,806</u>	<u>676</u>
Net assets held in trust for pension benefits					
Balance - beginning of year	<u>5,248,680</u>	<u>882</u>	<u>130,737</u>	<u>31,954</u>	<u>9,811</u>
Balance - end of year	<u>\$ 5,608,509</u>	<u>\$ 821</u>	<u>\$ 148,657</u>	<u>\$ 34,760</u>	<u>\$ 10,487</u>

Diamond State Port Corporation Fund	County and Municipal Police and Firefighters' Plan	County and Municipal Police and Firefighters' Cola Fund	County and Municipal Other Plans	DPERS Post Retirement Increase Fund	SEPP Post Retirement Health Care Premium Fund	Closed State Police Plan	Totals
\$ 352	\$ 5,627		\$ 2,271	\$ 35,824		\$ 17,020	\$ 137,718 34,214
		\$ 2,546					2,546
173	2,003		215			49	43,421
						1	37
<u>525</u>	<u>7,630</u>	<u>2,546</u>	<u>2,486</u>	<u>35,824</u>		<u>17,070</u>	<u>217,936</u>
127	835	96	97	33	\$ 180	79	84,543
<u>662</u>	<u>4,110</u>	<u>625</u>	<u>362</u>	<u>140</u>	<u>967</u>		<u>458,956</u>
<u>789</u>	<u>4,945</u>	<u>721</u>	<u>459</u>	<u>173</u>	<u>1,147</u>	<u>79</u>	<u>543,499</u>
(28)	(183)	(21)	(21)	(7)	(39)		(18,495)
<u>(1)</u>	<u>(3)</u>				<u>(1)</u>		<u>(321)</u>
<u>760</u>	<u>4,759</u>	<u>700</u>	<u>438</u>	<u>166</u>	<u>1,107</u>	<u>79</u>	<u>524,683</u>
<u>1,285</u>	<u>12,389</u>	<u>3,246</u>	<u>2,924</u>	<u>35,990</u>	<u>1,107</u>	<u>17,149</u>	<u>742,619</u>
				34,214			34,214
		2,224					2,224
212	524		84			19,234	296,092
21	235		13				2,819
						133	4,601
							4,554
<u>99</u>	<u>76</u>		<u>30</u>			<u>46</u>	
<u>332</u>	<u>835</u>	<u>2,224</u>	<u>127</u>	<u>34,214</u>		<u>19,413</u>	<u>344,504</u>
<u>953</u>	<u>11,554</u>	<u>1,022</u>	<u>2,797</u>	<u>1,776</u>	<u>1,107</u>	<u>(2,264)</u>	<u>398,115</u>
<u>7,817</u>	<u>47,515</u>	<u>7,671</u>	<u>4,162</u>	<u>2,377</u>	<u>11,469</u>	<u>2,887</u>	<u>5,505,962</u>
<u>\$ 8,770</u>	<u>\$ 59,069</u>	<u>\$ 8,693</u>	<u>\$ 6,959</u>	<u>\$ 4,153</u>	<u>\$ 12,576</u>	<u>\$ 623</u>	<u>\$ 5,904,077</u>

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

Child Support Collection:	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Assets				
Cash and cash equivalents	\$ 883	\$ 261,055	\$ 261,249	\$ 689
Investments	286	3,664	2,683	1,267
Receivables, net	652	821	1,171	302
Total assets	<u>\$ 1,821</u>	<u>\$ 265,540</u>	<u>\$ 265,103</u>	<u>\$ 2,258</u>
Liabilities				
Accounts payable	\$ 1,821	\$ 265,540	\$ 265,103	\$ 2,258
Total liabilities	<u>\$ 1,821</u>	<u>\$ 265,540</u>	<u>\$ 265,103</u>	<u>\$ 2,258</u>

Court Fines and Restitution:	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Assets				
Cash and cash equivalents	\$ 11,248	\$ 17,253	\$ 14,530	\$ 13,971
Investments	1,008	5,759	5,743	1,024
Receivables, net	17,689	27,418	20,709	24,398
Total assets	<u>\$ 29,945</u>	<u>\$ 50,430</u>	<u>\$ 40,982</u>	<u>\$ 39,393</u>
Liabilities				
Accounts payable	\$ 29,945	\$ 50,430	\$ 40,982	\$ 39,393
Total liabilities	<u>\$ 29,945</u>	<u>\$ 50,430</u>	<u>\$ 40,982</u>	<u>\$ 39,393</u>

All Other Agency Funds	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Assets				
Cash and cash equivalents	\$ 9,488	\$ 29,873	\$ 30,067	\$ 9,294
Investments	7,218	16,278	15,970	7,526
Receivables, net	1,668	3	1,667	4
Total assets	<u>\$ 18,374</u>	<u>\$ 46,154</u>	<u>\$ 47,704</u>	<u>\$ 16,824</u>
Liabilities				
Accounts payable	\$ 18,374	\$ 46,154	\$ 47,704	\$ 16,824
Total liabilities	<u>\$ 18,374</u>	<u>\$ 46,154</u>	<u>\$ 47,704</u>	<u>\$ 16,824</u>

Totals - All Agency Funds	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Assets				
Cash and cash equivalents	\$ 21,619	\$ 308,181	\$ 305,846	\$ 23,954
Investments	8,512	25,701	24,396	9,817
Receivables, net	20,009	28,242	23,547	24,704
Total assets	<u>\$ 50,140</u>	<u>\$ 362,124</u>	<u>\$ 353,789</u>	<u>\$ 58,475</u>
Liabilities				
Accounts payable	\$ 50,140	\$ 362,124	\$ 353,789	\$ 58,475
Total liabilities	<u>\$ 50,140</u>	<u>\$ 362,124</u>	<u>\$ 353,789</u>	<u>\$ 58,475</u>