



Comprehensive Annual Financial Report

For the Year ended
June 30, 2016



City of Wilmington, Delaware
Dennis P. Williams, Mayor



CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by the Department of Finance
Sheila Winfrey-Brown, Director of Finance



**CITY OF WILMINGTON, DELAWARE
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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DENNIS P. WILLIAMS
MAYOR

City of Wilmington
Delaware

LOUIS L. REDDING - CITY/COUNTY BUILDING
800 FRENCH STREET
WILMINGTON, DELAWARE
19801-3537
WWW.WILMINGTONDE.GOV



December 27, 2016

Honorable Dennis P. Williams, Mayor
Honorable Members of City Council
Citizens and Stakeholders of the City of Wilmington, Delaware

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wilmington, Delaware (the City) for the fiscal year, which ended on June 30, 2016 as required by the City Charter. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) for governmental units and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Belfint, Lyons and Shuman LLP, a firm of independent certified public accountants, audited the City's financial statements. The independent auditor expressed an opinion that the City's financial statements for the fiscal year 2016 are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is presented on pages 1 through 3.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate financial information is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements. We believe that the data presented is complete and reliable in all material respects.

The City is required to undergo an additional audit designed to meet the requirements of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, and related U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Information related to this Single Audit is issued in a separate report.

GAAP requires 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. The MD&A can be found immediately following the report of the independent auditor.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 27th consecutive year that the City has achieved this prestigious award. In order to be awarded a


Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.


The professionalism, dedication, and efficiency of the entire staff of the Accounting Division of the Department of Finance made the preparation of this report possible. We would like to express our appreciation to other Department of Finance staff and to other City departments for their assistance and contribution.

Credit must also be given to other professional contributors Citywide.

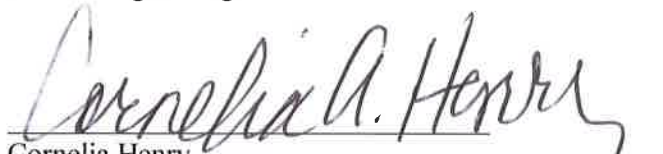
Respectfully submitted,



Sheila Winfrey-Brown, MBA
Director of Finance



Roseanne Prado
Accounting Manager



Cornelia Henry
Senior Accountant

LETTER OF TRANSMITTAL

The Comprehensive Annual Financial Report (CAFR) is published annually by the Accounting Division of Department of Finance on the City of Wilmington, Delaware's (City) financial condition and result of operation at the conclusion of the fiscal year. The CAFR is issued as part of the City Charter mandate to monitor and report on all matters relating to the City's fiscal health, keep the City's official financial records, and supervise expenditures of the City.

The CAFR contains three sections:

- Introductory - provides background and context to the information presented in the Financial section.
- Financial - contains the independent auditor's report, management discussion and analysis, the basic financial statements, required supplementary information, the combining and individual fund statements, and the combining budgetary comparison schedule.
- Statistical - provides a history of selected financial trends, revenue capacity, debt capacity, demographic and economic, and operating information.

The Letter of Transmittal complements the CAFR as it provides context for the City's financial statements in presenting basic information on the profile of the government, local economy, financial management policies, and major initiatives of the City government.

Profile of the Government

The City of Wilmington, located in the northern part of the State of Delaware, is the largest municipality in the State. Pursuant to Title 22, Delaware Code, 1953, the City was granted the right to exercise all expressed and implied powers and authority of local self-government and home rule under a Charter governed by the Delaware Constitution.

The Charter provides for a mayor and council form of government. Legislative authority is vested in a 13-member council. All members are elected to four-year terms. The City's Chief Executive and Administrative Officer is the Mayor, elected by citizens to a four-year term. The Mayor may veto any legislation passed by Council. A veto may be overridden by a two-thirds vote of all members of Council. The City Council fixes compensation of all City employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations and borrowings, licensing and regulating of businesses and trades, and other municipal purposes. The City of Wilmington provides a full range of services, such as police and fire protection, maintenance and repairs of infrastructure, recreational activities, and promotes cultural events. The water, sewer, and stormwater services are provided through the Water and Sewer Fund, which has been included as an integral part of the City of Wilmington's financial statements.

The annual budget serves as the foundation for the City of Wilmington's financial planning and control. All departments of the City of Wilmington are required to submit their budget requests to the Office of Management and Budget for inclusion in the comprehensive budget. Annual appropriated budgets are adopted for the General Fund, Water/Sewer Fund, and certain Non-Major Governmental Funds. Ninety days prior to the commencement of a new fiscal year, the Mayor must submit to City Council a proposed operating budget. City Council reviews the budget, conducts hearings, and may propose changes in expenditure levels. City Council cannot modify the Mayor's estimates of revenues, but may propose changes in the tax levy amount to balance total appropriations and estimated revenues.

Thirty days prior to the commencement of a new fiscal year, the annual operating budget must be enacted through legislation. Appropriations are legislated at the functional level. By legislative action, the annual appropriated budget may be amended. Budgetary transfers within a function at the expense category level (e.g., personal services or materials, supplies, equipment) may be made without legislative approval. Appropriation control is maintained through a budget-tracking process within the accounting system at the functional and object levels. Note 2-B presents expenditures and transfers over appropriations and the cause of these variances.

Economic Condition and Outlook

Looking Forward in City Government. The fiscal year 2017 (FY 2017) general fund operating budget represents a 1.54% increase over the fiscal year 2016 budget. The FY 2017 budget continues to focus on the direct City services most important to the citizens to ensure the safety of our neighborhoods, to support the growth of new and established businesses and to provide resources for our children's academic success. The FY 2017 General Fund Budget was crafted to strengthen the City's fiscal position and to ensure financial stability into the future without reductions to essential services or programs in the departments of police, fire, public works, licenses and inspections, and parks and recreation.

The fiscal year 2017 budget reflects the following:

- The FY 2017 general fund operating budget expenditures total \$154,038,640 – up \$2,341,782, or 1.54% from FY 2016. Despite the City having to absorb \$4.4 million in uncontrollable cost increases, and the loss of \$1.9 million in State public safety pension revenue, the Budget was balanced with no tax or fee increases through a broad and shared sacrifice by all Departments to reduce expenditures and create further efficiencies, along with strong fiscal management.
- **Key Major Funding Changes– General Fund**

Mayor's Office

To better meet the demands on the Constituent Service Division, the vacant Civil Appeals Director position was deleted and a new position of Constituent Services Representative was created. The position deletion and creation represent a total net decrease of \$45,226 in salaries and benefits, which helped offset increases as a result of COLAS and step increases. Pension costs are down \$31,186 while hospitalization costs are up \$88,471.

The Community Activities account group increased a net total of \$134,950. Funding in the amount of \$225,000 for the "Cease Violence" non-profit organization has been moved from the Department of Parks and Recreation into the Mayor's Office Community Activities allocation. Miscellaneous Projects was reduced by \$363,300, which includes a \$103,300 reduction to the annual allocation of funds to CityFest. The remaining \$260,000 was shifted from Miscellaneous Projects to Grants To Agencies to better adhere to accounting policies.

Consultant costs were increased by just over \$78,000. Cost reductions shared by the Administration and Cultural Affairs divisions of \$30,000, were offset by the \$100,000 increase in the budget of the Office of Management and Budget to fund departmental operational reviews requested by Council.

City Council

Personal Services increased a total of \$65,886. The largest portion of the General Fund increase is due to hospitalization costs increase of \$58,190. Other notable increases occurred in temporary salaries of \$2,691, pension healthcare of \$3,910, and a personal services adjustment of \$1,500 for staff development.

City Treasurer

Total Personal Services grew by \$27,502 or 4.1% across all funds due to cost of living adjustments, salary step increases, and increases in hospitalization.

The annual self-insurance funding target for retiree medical costs was increased by \$250,000, bringing the total funding for the program to \$3.0 million for FY 2017.

Department of Planning and Development

The Personal Services account group decreased a net \$37,871 across all funds from FY 2016. The decrease is mainly attributed to three personnel changes; deletion of the vacant Planning Aide position, reallocation costs of the Planner II position and an upgrade for the Planning Manager position.

Consultant costs increased by \$125,000 to provide matching funding for a City-wide Comprehensive Development Plan being partially supported by contributions from local businesses and non-profits.

Audit Department

Personal Services increased by \$4,241. The increases in regular salaries of \$10,534 were offset by savings in employee benefit costs of \$7,779 due to the newly hired Staff Auditor utilizing a lower cost health plan than previously budgeted.

Law Department

Personal Services increased \$7,841. An increase in regular salaries from salary step increases steps and COLAs of \$31,057 was offset by a net reduction of \$24,275 in pension contributions and \$7,154 savings in hospitalization costs.

Total Materials, Supplies & Equipment decreased \$17,235. The majority of the decrease is due to a High Intensity Drug Trafficking Area (HIDTA) grant for Operation Heat. As a result, the account was reduced \$16,967. Several smaller savings in the areas of court and notary fees, subscriptions and books, and miscellaneous services were mostly offset by a \$10,000 increase in legal fees for anticipated union negotiations.

Department of Finance

In Personal Services a net of .04 FTE was deleted. Through a reallocation, a net 2.10 FTE were transferred in from the Water/Sewer Fund as a result of the funding split of ten positions. More than offsetting this four vacant positions were deleted, eliminating a net 2.50 FTE. The four vacant deleted positions were a Senior Financial Analyst, an Assistant Billing Manager, a Contract Compliance Officer, and an Account

Entry Clerk. The net changes resulted in a savings of \$46,224 to salary and benefits.

Cost of living adjustments and salary step increases added \$35,418 to regular salaries and hospitalization and pension healthcare costs also increased a combined total of \$155,349. However, these increases were slightly offset by \$57,000 in pension savings.

Collection expense-parking citation commissions increased by \$67,500 to cover the cost of fees associated with Digital Residential Parking Permit utilizing license plate recognition technology. Collection expense-red light camera commissions decreased \$350,500 as a result of a new 3 year fixed rate contract.

Collection expense-wage and head audit increased by \$46,000 due to increased costs for a collection agency and a law firm that assist with the collection of Wage Taxes. Overtime increased by \$12,400, due to staffing needs during the Wage Tax filing season.

Department of Human Resources

Personal Services costs increased \$37,977. Regular Salaries increased as a result of step increases and COLAs, and Hospitalization increased as part of the city-wide spike in employee medical benefit costs. Pensions decreased due to changes in the actuarial targets.

Materials, Supplies & Equipment decreased \$8,774. Professional Fees were reduced \$9,209, as all background investigations, not related to residency, will now be charged to the Risk Management Fund.

Department of Licenses and Inspections

Personal Services increased a net total of \$98,827. Standby pay was previously budgeted as an overtime cost but has been broken out for better management in FY 2017. Increases in regular salaries of \$36,958, in overtime of \$17,000, and in hospitalization \$69,142 were slightly offset by savings in Pension Contributions of \$43,973.

Materials, Supplies & Equipment decreased a net total of \$2,450. An increase in property maintenance of \$40,000 was more than offset by savings in consultants, uniforms, and demolition costs. The increase in property maintenance costs is required to address the growing number of properties in need of immediate repair due to owners failing to comply with regulations.

Department of Parks and Recreation

Overtime has been increased by \$4,527 to meet additional demands for transportation to recreational and other City-sponsored events.

Temporary Salaries have risen by \$19,375. This increase, along with a restructuring of

program oversight personnel, will allow participants in the Summer Youth Program to work an additional week.

Pension Contributions have decreased by \$35,230, as the actuarial targets for the closed civilian pension plans were lowered. Hospitalization costs have increased \$153,314 which is a 25% increase over FY 2016.

Non-covered building repairs, along with repairs to park roads, have driven up contracted maintenance by \$16,475. Increased recycling has allowed for a \$10,000 decrease in landfill fees, budgeted within the Other Fees category.

Community activities will continue to fund the popular “Arts in the Parks” program at \$75,000. However, funding for the “Cease Violence” non-profit organization has been moved to the Mayor’s Office and will remain at \$225,000.

Department of Fire

Vacancies within uniformed staffing have contributed to rising Overtime costs. Total overtime appropriations have been increased by \$310,000 to meet the recent rate of expenditures. No grant funding is anticipated in FY 2017 to supplement the General Fund overtime appropriation.

A Fire recruit class is not expected to begin until mid-FY 2017, and, as such, attrition savings in the amount of \$160,000 has been budgeted, which will partially offset higher overtime costs.

A reduction of almost \$1.9 million in annual funding from the State of Delaware to support the City’s old Police and Fire pension plans led to a sizable increase in the actuarial funding target for the “Old Fire Plan”. As a part of this decrease, the State Pension Contribution in Fire is nearly \$1.25 million lower in FY 2017, and commensurately, the City’s Pension Contribution rose by \$1,178,381.

Hospitalization cost has gone up by almost \$560,000, or 19.4 percent. Overall, employee benefits have risen by \$535,000.

Department of Police

Due to the termination of the contract for a School Resource Officer (SRO), one special funded patrol officer position has been eliminated. Authorized uniformed strength will go to 319 sworn positions, with the number of civilian positions remaining at 62. There is no effect on the General Fund.

The overtime and comp time payout accounts were each increased by \$100,000 due to consistently higher utilization.

A reduction of almost \$1.9 million in annual funding from the State of Delaware to support the City's old Police and Fire pension plans is reflected in an almost \$636,000 decrease in the State Pension Fund Contribution. This would normally translate into an equal increase in the annual funding target set by the City's actuary. However, recent investment returns increases have offset the increase, and allowed for a reduction of \$209,000 in the Pension Contribution.

Hospitalization has gone up by \$945,000, or 15.4 percent, and more than offset the savings in the Pension Contribution. In total, employee benefits have risen by \$254,000.

Professional Fees have decreased by a net \$244,605. Consultant costs have decreased in FY 2017 by \$457,000 due to three factors: The biennial promotional exam will not occur; \$75,000 earmarked in FY 2016 for an assessment of the public safety camera system has been completed; and camera watch operators will now be paid through a temporary agency account at a cost of \$212,000.

Department of Public Works

In Personal Services, a net 0.50 FTE was deleted. A Contract & Fleet Administrator position was created to bring city-wide vehicle fleet management in-house. More than offsetting this increase was the elimination of two vacancies, one of which was split-funded, resulting in a decrease of 1.50 FTE. The long-vacant Utility Yard Mechanic position in the Street Cleaning Division was deleted, along with the vacant Purchasing Coordinator II position in the Administration Division that had been split-funded 50% General Fund and 50% Water/Sewer Fund. The net changes resulted in a savings of \$12,016 in salaries and benefits.

Regular Salaries rose by \$165,775 as a result of the Cost of Living Adjustments awarded in FY 2016 and employee anniversary step increases. Hospitalization and Pension Healthcare increased by \$293,607 and \$21,698 respectively.

Standby Pay increased by \$67,100 due to staffing needs after normal hours for emergency duty. In previous years, standby pay had been an unbudgeted expense charged against regular salaries.

In FY 2016, the City began a four-year phase-in to appropriately charge itself for water, sewer, and stormwater services used by General Fund departments. The Property Maintenance Division paid 25% of these charges in FY 2016. It will pay 50% in FY 2017, 75% in FY 2018, and 100% in FY 2019 and beyond. Starting with a base fee of just under \$1.05 million for water, sewer, and stormwater services, the 50% charge for FY 2017 to the Property Maintenance Division will be about \$527,000, an increase of almost \$264,000 from last year.

Material and Supplies-Roads costs increased by \$42,000 to cover additional salt, sand and brine needed for winter weather events. Roadway Markings increased by \$17,000 mostly due to the purchase of special paint epoxy used for road markings. Other Non-capitalized Equipment increased by \$13,000 to purchase grass mowers, and a cart washer for sanitation use.

Department of Real Estate and Housing

The reallocation of costs between the General Fund, NSP and CDBG for the split-funded Development Specialist position will net to a small increase to the General Fund. The potential reduction of NSP funds was offset by the savings from the elimination of the split-funded Property Manager position.

Material Supplies and Equipment increased \$17,100 which is solely attributable to increases in Disposition Costs. The department struggled to fund necessary maintenance and repairs to properties not supported by federal grants. This increase is restoring funding back to the FY 2015 level of \$125,000.

- **Key Major Funding Changes From the Prior Year – Water Fund**

Department of Finance

In Personal Services, staffing decreased by a net 1.60 FTE due to a review of 15 positions in the department. Through a reallocation that changed the funding split of ten positions, a net 2.10 FTE were transferred out to the General Fund. In addition, three vacant split-funded positions were deleted, eliminating a net 1.50 FTE. The three vacant split-funded positions deleted were a Senior Financial Analyst, an Assistant Billing Manager, and an Account Entry Clerk. Finally, offsetting these reductions was the 2.00 FTE addition that resulted from increasing the total number of Billing Analyst and Customer Service Consultant II positions by one each. The net changes resulted in a savings of \$146,182 to Salary and Benefits.

Printing Costs increased by \$19,400 because the department will convert from quarterly to monthly water billing, requiring additional envelopes, flyers, and inserts for billing and customer notifications.

Temporary Agencies increased by \$64,100, to cover the cost of three (3) temps to assist with monthly billing implementation. Collection Expense-Legal & Other increased by \$17,500, to cover personnel to assist with the collection of delinquent accounts.

Department of Public Works

In Personal Services, a total of 1.50 FTE was deleted. In the Administration Division, the vacant Purchasing Coordinator II position that had been split-funded 50% General Fund and 50% Water/Sewer Fund was eliminated. Also, as part of the final budget compromise with City Council, a vacant Plant Mechanic II position (1.00 FTE) in the Water System

Division was deleted. The net changes resulted in a savings of \$112,895 in salaries and benefits.

Regular salaries rose by \$79,287 as a result of the Cost of Living Adjustments awarded in FY 2016 and employee anniversary step increases. Hospitalization and Pension Healthcare increased by \$260,746 and \$16,421 respectively.

Standby Pay increased by \$169,800 due to staffing needs after normal hours to attend to emergency duty. In previous years, standby pay had been an unbudgeted expense charges against regular salaries.

Electricity costs increased by \$98,700 to support 18 divisional sites for power services. Fuel Oil decreased by \$220,000, reflecting expected savings for fuel costs.

In FY 2016, the City began a four-year phase-in to appropriately charge itself for water, sewer, and stormwater services used by Departments in the Water Sewer Fund. Starting with a base fee of \$233,592, the 50% charge for FY 2017 is \$116,796, an increase of \$58,398 from last year. The change is prorated through the Water System Division of the Department.

Repairs to Equipment rose by \$1,338,000. The goal is to replace at least 6,000 of the small meters per year, at a cost of roughly \$1 million each year. The total replacement of all small meters should be completed in five years. In addition, \$285,000 was added to the account in the Water System Division to proactively maintain the boiler feed pumps, condensate return systems, heat exchanges, and associated piping at the City's filter plants.

Repairs to Buildings and Structures increased by \$45,000 due to higher costs of maintaining structures, parking lots, sidewalks and driveways. Repairs to Water Lines rose by \$350,000, reflecting the expanded maintenance program for water valve maintenance and repair.

The City's Renewable Energy Bio-solids facility (REBF) is scheduled to become fully operational late in the First Quarter of Fiscal Year 2017. The REBF is a cutting edge, renewable energy facility that will lower the City's carbon emissions, produce energy from processed Cherry island Landfill gas to power the City's Wastewater Treatment Plant, and greatly reduce the tonnage of sewer sludge to be disposed. The operation and maintenance of the REBF will be managed through a 20-year guaranteed energy savings contract with Honeywell. The contracted maintenance services account in the Wastewater Treatment division increased by \$2.1 million to cover startup costs and contingencies related to the REBF.

The Agricultural and Landscaping account increased by \$365,000 to secure a complete environmental management services contractor to restore the pond at Cool Spring Park to its original condition and to keep it there.

The Indirect Cost expense to the Water/Sewer Fund rose by \$204,598, reflecting the budgeted increases in the supporting services provided to the Water/Sewer Fund's utility functions by the General fund.

Debt Service decreased by \$1,856,480. Good timing and a strong bond rating resulted in a record bond premium on the City's recent bond issuance that lowered the effective overall interest rate to just 3.18%. This is lower than the original FY 2016 budgeted interest rate of 3.5%.

- **Key Major Funding Changes From the Prior Year – Internal Services Fund**

Department of Human Resources

Personal Services increased \$255,281 across all three Internal Services Funds. Salary step and COLA adjustments led to increases in Regular Salaries of \$12,875 and Hospitalization of \$18,190. Those increases were partially offset by savings in Pensions. The bulk of the increase is the result of two new positions; an Employee Benefits Manager added to the Health & Welfare Fund for a total salary and benefits cost of \$110,794, and a Risk Manager split funded between the Risk Management Fund and the Workers' Compensation Fund for a total salary and benefit costs of \$119,970.

In the Risk Management Fund, total Insurance costs increased \$698,651. Insurance Claims were the bulk of the increase, up \$560,429, based on a new actuarial report. Insurance Claims-Legal Defense was increased \$131,000 on the recommendation of the Law Department based on expected litigation.

The account group for Professional Fees increased a net \$42,400. Consultants increased \$25,400, with an equal offset to Equipment. A previously budgeted set of fireproof cabinets for record storage were determined structurally unsafe for the floor, and as a result, the Department is moving forward with a digital file conversion plan. Additionally, Background Investigations increased \$17,000 to cover initial and ongoing background checks for employees.

In the Workers' Compensation Fund, total Self-Insurance Costs increased \$600,000. The self-insurer's tax increased \$30,000 as a result of a rate increase from the State and COLAs pushing up the wage base. Additionally, Workers' Compensation claims are on the rise, and expected to increase by \$570,000 for FY 2017. The Department is currently looking into ways to reduce the growth in claims.

In the Health and Welfare Fund, Self-Insurance Costs increased by \$4.6 million dollars. This account group encompasses the cost centers for employee Hospitalization, Prescription and Dental coverage, and Life Insurance. After several years of relatively modest employee medical benefit cost increases, inflationary pressure and increases in utilization have contributed to a 25.7% increase in Self-Insurance Costs in FY 2017. The Department is currently working with an insurance broker in an effort to greatly reduce the above trend. Two million dollars in fund balance was transferred from the Risk Management Fund to offset the effect on the operating budget.

Medical Administration Fees and fees associated with the Affordable Care Act have been broken out of Medical Costs into separate accounts for greater transparency and to better track expenditures by category.

- **Key Major Funding Changes From the Prior Year – Motor Vehicle Fund**

Department of Public Works

Repairs to Equipment increased by \$40,000, mostly due to the higher cost of repairs to fleet equipment. Motor Fuels and Lubricants decreased by \$404,000, reflecting expected savings for fuel costs.

Consultant Fees decreased by \$60,000. The newly created Contract & Fleet Administrator position will bring previously contracted fleet management in-house.

Contracted Maintenance Services increased by \$116,127, due to increases in motor vehicle fleet maintenance.

ECONOMIC DEVELOPMENT ACTIVITY

Wilmington continues to make steady progress toward a full recovery from the significant impact of the collapse of financial markets during the Great Recession. Since 2012, Wilmington's unemployment rate has dropped from an annual average of 9.7% to 6.9% (not seasonally adjusted) and hiring in Financial Services and Insurance (a core sector of Wilmington's economic base) has exceeded pre-recession levels, with nearly 12,000 jobs as of the end of 2015. The growth in this sector is due in part to the analytical skill-set of our workforce, which has its roots in the chemical and engineering industries, and was further developed by growth of the credit card industry.

Wilmington, in particular, is uniquely positioned to meet the growing demand for the next generation of financial, technical and predictive analytics jobs, and industries such as healthcare and energy, which will come to rely more heavily on information technology and analytical skills.

Business Incentive Program

The Office of Economic Development (OED) manages the City's Economic Development Strategic Fund, which is used to make contractually-based job creation and job retention incentive offers to private businesses. The Fund's incentive expenditures are recouped by the City's General Fund in two or three years by the wage taxes generated from the new or retained jobs. Each incentive is contractually memorialized, and contains performance requirements and claw-back terms.

Since the enabling legislation and initial appropriation of the Economic Development Strategic Fund in 2002, the City has executed over 35 contracts that have provided a total of \$12.2 million in incentive payments. These incentives have yielded over \$60 million of additional wage taxes to the City's General Fund between fiscal years 2002 and 2015. In FY 2015 alone, the jobs attributed to the Business Incentive Program accounted for over \$9 million of the City's wage tax base.

Strategic Fund highlights in FY 2016 include the execution of a Job Creation Incentive Agreement to assist a new Marriott Residence Inn hotel that will occupy a formerly vacant office building downtown near the Brandywine River and a \$2 million Job Retention Incentive offer to the Chemours Company. Chemours, after transitioning to an independent company spun off from Dupont in the summer of 2015, is finalizing its analysis as to where to locate its international headquarters.

While no official announcement has been made regarding its location decision, a major concern to the corporation about locating permanently in Wilmington was addressed through new State legislation passed in early 2016. This new legislation altered the methodology for calculating corporate income tax liabilities and made Delaware and Wilmington a more attractive and competitive candidate for Chemours. The State of Delaware has also offered a \$7.9 million incentive package to retain the Chemours Company in Wilmington.

Another highlight and major achievement of FY 2016 was the closing of the first Grow Wilmington Fund (GWF) loan which will support the expansion of a local small business. The Kitchen, a full-service film and video production and equipment rental house, was able to obtain a \$210,000 loan fixed at a 2.99% interest rate for 10 years through the GWF. This new tool was created in late 2014 as a partnership between the National Development Council, Discover Bank, and Wilmington Urban Development Action Grant (UDAG) Corporation. The GWF offers loans ranging from \$125,000 to \$4 million, and leverages the advantages of low interest rates and extended fixed-rate terms for new and existing businesses. This program is exclusive to Wilmington and increases our competitiveness and capacity to support the growth of small business.

Downtown Development

Since the 2014 establishment of Governor Markell's Downtown Development District (DDD), development projects within the City of Wilmington have received or been designated to receive over \$11 million in DDD funds. Combined, those projects leverage over \$130 million in private investment to construct or rehabilitate new and existing housing, retail, and commercial space in downtown Wilmington.

In the first two funding rounds alone, the program has produced 232 apartment units, 20 commercial units, and over 7,000 square feet of ground floor in the downtown area. Now in its third round of funding, the program is aimed at assisting Delaware cities in attracting private development to their downtown cores, and is modeled after similar successful programs in other states and cities. One recent notable project supported by the program is the Residences at Midtown Park & Garage, which broke ground in June 2016. This new landmark residential development of the previously vacant and deteriorating Midtown Parking Garage will provide 229 new apartment units, and 5 levels of underground parking. The project expands the heart of Wilmington's downtown residential core westward to Orange Street.

Several other residential buildings along Shipley Street and 9th Street are also targeted for redevelopment, and the creation of a new pedestrian plaza in the middle of the 800 block of Market Street will provide a new east-west connection between the Midtown project and the Market Street corridor. The new developments are in addition to the projects completed in the summer of 2015 at 608 & 627 N. Market, and at the three addresses comprising Market Street Village. These recently completed projects provided a total of 152 new units of market-rate and affordable housing for a total investment of \$41 million.

The Office of Economic Development, in partnership with the Planning and Development Department, is pursuing a National Register of Historic Places designation for an expanded area of the downtown Market Street corridor as an additional means of supporting downtown development. Currently, only buildings downtown with the Lower Market Historic District (which ends at 5th Street), and buildings with individual historic designations have access to the federal Historic Tax Credit program. Through this new district designation, buildings within a wider swath of the downtown area (extending all the way to 9th Street) will have access to this valuable financial tool that both supports historic preservation as well as economic development.

The Wilmington Renaissance Corp (WRC) is a public/private partnership funded by many of the leading businesses within the Downtown business district of the City. WRC has benchmarked best practices of other cities, and assembled local focus groups to come up with one "Big Idea" for Wilmington to adopt. The priority idea, which has garnered wide community support, is to transform the area bounded by Fourth, Ninth, Market and Washington Streets into a "Creative District" to serve as a hub for Wilmington's artistic, technological, and design communities. The project is a multi-year initiative involving real estate development, as well as programming and public art interventions. The project secured funding for the development of the first installment of artist housing in early 2015 and broke ground on seven one-bedroom live/work condominium units, and three single-family homes in June 2015. The first units will be available in summer of 2016.

The new \$10 million Marriott Residence Inn hotel locating in downtown Wilmington, near the Brandywine River, broke ground in the fall of 2015. The project converts a vacant, 67,000 square foot office building into a 96-room extended-stay hotel carrying the Marriott luxury brand. It is anticipated that the new hotel, once completed in spring of 2017, will create 20 full-time and 15 part-time employment positions.

The Riverfront

Phase II of III of the Residences at Harlan Flats broke ground in late 2015, and is projected to be complete in spring of 2017. The new phase of development adds an additional 76 apartment units (overtop of covered parking spaces) to the existing five-story 116-unit building that was completed in late 2014. The \$20 million project (both phases) features one- and two-bedroom apartments with balconies, river views, and an outdoor pool and terrace. The project covers 20-acres of the Justison Landing redevelopment site. Two sites approved for mixed-use development remain for future economic development opportunities.

The Delaware Department of Transportation has completed land acquisition, environmental permitting and concept design of the new multi-modal Christina River bridge crossing. This \$40 million project will connect US Route 13 on the east side of the Christina River to Wilmington's Riverfront on the west side, allowing for vehicular access to the area from I-495. The bridge is designed for bike and pedestrian use, and will create a greenway connection from the Riverwalk to the east side, where future north-south transportation connections are planned. Construction of the bridge is scheduled to start in late fall of 2016, and will be completed in 2019.

Neighborhood Improvements

The \$100 million redevelopment of a ten-acre neighborhood along Bancroft Parkway on Wilmington's west side is nearing completion of its first phase. Woodlawn Trustees, a 100-year old foundation created by the Wilmington industrialist and philanthropist William Bancroft, broke ground in May of 2015 on the first of a seven-phase, ten-year project that will result in the demolition of 430 obsolete residential units and the construction of 450 new units in their place. Phase I consists of 72 new energy-efficient units along Union Street, and represents a \$15.5 million initial investment in the community. The City is coordinating with the contractors to help leverage the employment of City residents on the project.

Authorizing legislation for the Neighborhood Conservancy and Land Bank (NCLB), championed by the City and a group of stakeholders in housing and neighborhood revitalization, was passed by the Delaware General Assembly and signed by the Governor in mid-2015. Land banks are a comprehensive tool used to acquire, hold, manage, and dispose of vacant and blighted properties in an effort to put them back into productive use more efficiently. The NCLB will allow the City to be more aggressive, strategic, and transparent in its effort to deal with vacancy and blight.

The City has also procured the services of The Reinvestment Fund, a national leader in the financing of neighborhood revitalization, to perform a Market Value Analysis (MVA) of the City's real estate market to guide future investments in stabilizing and strengthening the local housing market.

Economic Development Planning

OED has worked in coordination with New Castle County to develop a Comprehensive Economic Development Plan for the City. The Economic Development Strategic Action Plan was released in the fall of 2014 and adopted by City Council in spring of 2015. It outlines a number of recommendations to position the City for long-term economic growth. OED is seeking support from the business community as it implements various elements of the plan.

Conclusion

Wilmington continues to grow despite some recent setbacks. Strong hiring in the Financial Services and Insurance sector and declining unemployment are key indicators of Wilmington's economic recovery. Gains won through the Business Incentive Program demonstrate that Wilmington's business-friendly policies still meet the needs of the private sector and continue to draw investment. The continued transformation of the City's Downtown and Riverfront neighborhoods have generated activity, excitement, and a sense of pride in Wilmington. Thoughtful, data-driven planning processes that involve collaborations of the business community, nonprofits, neighborhood groups, and government, have set the course for continued future growth in the City.

Relevant financial policies.

The City of Wilmington balanced the budgets and practiced prudent financial planning in order to provide and maintain the quality of life that our residents expect for their tax dollars.

- The City Code requires the operating budget to be "balanced" or operating expenditures must be equal to revenues plus prior years' accumulated surplus.
- Wilmington's financial position shall be managed conservatively.
- A target of 80% or more of the General Fund or operating budget should represent direct essential services to the citizens such as Police, Fire, Public Works, Parks & Recreation and L & I.
- Cost containment shall be achieved by limiting growth of controllable expenses to no more than the increase in related cost indices such the Consumer Price Index (CPI) or Producer Price Index (PPI). Cost containment should be achieved without elimination of services or programs. New programs should be implemented only through cost savings from existing programs. Innovation and new technology must be utilized to achieve the most cost effective service delivery.
- Revenue generation will be derived from various sources with the primary focus on economic development activities. The broadening of the tax base rather than increases to tax rates is the objective; however, real estate tax rates and various user charges should be periodically adjusted to account for inflation. Collection and enforcement are vital components to our revenue generation program. All taxes, fees, and user charges shall have a collection rate of 95% or greater.
- All components of Wilmington's infrastructure, including roads, water/wastewater transmission lines, water and sewer treatment plants, traffic signals, parks, public property, bridges, street

lighting, reservoirs and other capital assets shall be reviewed quarterly and planned maintenance or replacement shall be approved by the Planning Commission and included in the City's Capital Budget and Program. Unexpended funds from previous Capital Budgets shall be reviewed quarterly to determine whether a former project has been temporarily delayed, altered or is no longer feasible. Based on this analysis, funds might then be transferred to current fiscal year projects in order to reduce the amount of new borrowing.

- Debt shall never be incurred to finance operating activities, except in the special case, as approved by City Council, where the issuance of tax anticipation notes are to be used to bridge timing gaps in cash flow from tax revenue sources. Capital borrowing shall be structured to create level debt service over the life of the bonds and be opportunistic in regard to market conditions and special issues. The City will take an aggressive position regarding special issues in order to generate interest savings, fee income, or economic development incentives. Total annual General Fund debt service cost as a percentage of the annual operating budget shall not exceed 17.5%, as mandated by Delaware State law.
- The City shall make maximum use of private resources. This includes the leveraging of non-public resources through public/private partnerships, as well as the privatization of services when those services can be provided more effectively, and at a reduced cost through the private sector.

Major Initiatives. Mayor Dennis P. Williams' vision is for Wilmington to be a thriving City where our communities are safe, where our businesses are eager to invest and grow, and where our citizens prefer to live. This vision will be achieved through:

- Effective City Government
- Strengthened Public Safety
- Promoting Economic Vitality
- Quality of Life

Public Service

The City will meet the service needs of our citizens in a professional, caring, and efficient manner by embracing a culture of service throughout the City workforce, increase accountability in the City workforce, enhance fiscal prudence, and ensure continued transparency.

Neighborhoods

The Administration will decrease crime and improve residents' and visitors' sense of security by preventing and deterring violent crime, cultivating a positive relationship between our law enforcement Officers and the communities that they serve and protect, promoting professionalism in all aspects of policing, and by successfully reintegrating formerly incarcerated individuals into our community.

Economic Prosperity

The City will increase economic opportunities for its citizens and businesses to achieve economic success for all by streamlining the business permitting processes, developing a skilled and motivated local workforce, encouraging and cultivating entrepreneurship, and attracting diversified new businesses to our city.

Quality of Life

We will be committed to enhancing Wilmington's image and position as a desirable City in which a growing number of people can live, work, and play by enhancing recreational opportunities throughout the city, strengthening our commitment to improving the quality of housing, and supporting existing and new enriching cultural experiences. Furthermore, the Mayor and his administration will remain committed to improve our City's services in order to maximize their positive impact on our

neighborhoods. Finally, the City as a whole must strive to inspire our young people to achieve success in all of their future endeavors.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington, Delaware, for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 27th consecutive year that the City of Wilmington has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. 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.

In addition, the City of Wilmington received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated for the fiscal year beginning July 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget documentation was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications medium.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium. The award is valid for a period of one year.

Acknowledgements

The preparation of this report would not have been accomplished without the efficient and dedicated services of the staff of the Department of Finance, Office of Management and Budget, City Treasurer, Audit, Law, other City departments, various elected and appointed officials, and the efforts of our independent auditors, Belfint, Lyons and Shuman P.A. We would like to express our sincere appreciation to everyone who assisted and contributed to the preparation of this report. We wish to acknowledge the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Wilmington.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

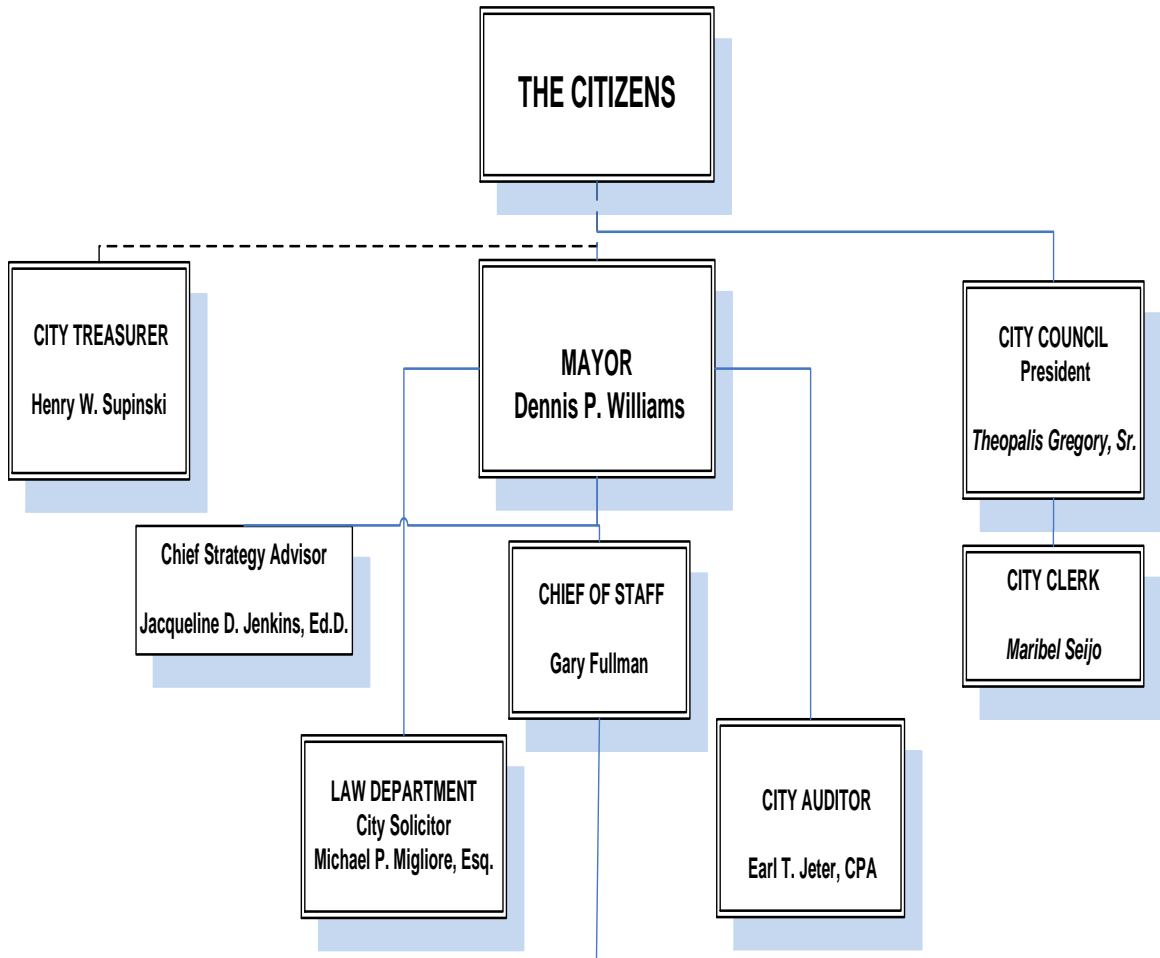
**City of Wilmington
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF WILMINGTON ORGANIZATION CHART



City of Wilmington
Listing of Principal Officials
June 30, 2016

Executive

Mayor
City Treasurer

Dennis P. Williams
Henry W. Supinski

City Council

President
1st District
2nd District
3rd District
4th District
5th District
6th District
7th District
8th District
Council Person at Large
Council Person at Large
Council Person at Large
Council Person at Large

Theopalis K. Gregory, Sr.
Nnamdi O. Chukwuocha
Ernest Congo, II
Darius J. Brown
Hanifa G.N. Shabazz
Samuel Prado
Sherry Dorsey Walker
Robert A. Williams
Charles M. Freel
Michael A. Brown, Sr.
Maria D. Cabrera
Loretta Walsh
Justen A. Wright

Department Heads

Chief of Staff
City Solicitor
City Auditor
Clerk of Council
Emergency Management
Finance
Fire
Human Resources
Licenses and Inspections
Parks and Recreation
Planning
Police
Public Works
Real Estate and Housing

Gary Fullman
Michael P. Migliore, Esquire
Earl T. Jeter, CPA
Maribel Seijo
George B. Giles
Sheila Winfrey-Brown
Anthony S. Goode
Charlotte B. Barnes
James “ Ray” Rhodes
James M. Lane
Leonard Sophrin
Bobby L. Cummings
Jeffrey J. Starkey
Nailah B. Gilliam

The Wilmington City Council is the legislative body of the City of Wilmington. Its 13-member leadership includes the Council President, eight district Council members representing different geographical districts within the city, and four Council Members-at-Large. This is the 106th Session of the City Council.



Theopalis K. Gregory, Sr.
City Council President



Nnamdi O. Chukwuocha,
1st District



Ernest "Trippi" Congo II
2nd District



Darius J. Brown
3rd District



Hanifa G. N. Shabazz
4th District



Samuel Prado
5th District



Sherry Dorsey-Walker
6th District



Robert A. Williams
7th District



Charles M. "Bud" Freel
8th District



Michael A. Brown, Sr.
At-Large



Marie D. Cabrera
At-Large



Loretta Walsh
At-Large



Justen A. Wright
At-Large



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Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Wilmington, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units: Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Corporation, Wilmington UDAG Corporation, and Riverfront Wilmington Business Improvement District, which represent 97.10%, 97.71%, and 67.85%, respectively, of assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Wilmington Park Trust Commission, a blended component unit, reported as a non-major special revenue fund, which represents 46.10%, 74.01%, and 1.33%, respectively, of assets, fund balance, and revenues, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Corporation, Wilmington UDAG Corporation, Riverfront Wilmington Business Improvement District, and Wilmington Park Trust Commission is based solely on the reports of the other auditors. 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 the Honorable Mayor and Members of City Council
City of Wilmington, Delaware

to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17, in 2016, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedules 1 through 5 on pages 4 through 16 and pages 90 through 98, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in

To the Honorable Mayor and Members of City Council
City of Wilmington, Delaware

accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016 on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

December 28, 2016
Wilmington, Delaware

CITY OF WILMINGTON, DELAWARE

Management's Discussion and Analysis

June 30, 2016

The Mayor and City Council of the City of Wilmington are pleased to present to readers of the financial statements of the City of Wilmington this narrative overview and analysis of the financial activities of the City of Wilmington for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented in conjunction with the additional information furnished in the letter of transmittal.

Financial Highlights

Government-wide

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$109,517,879 (net position). This was an increase in net position of \$15,982,607 from the previous year. The net assets of governmental activities increased \$3,784,090 from the prior year, while the net assets from business activities increased \$ 12,198,517 from the prior year.
- Discretely presented component units reported net position of \$51,683,883. This was an increase of \$600,160 from the previous year.
- The City's June 30, 2015 financial statements were restated on October 13, 2016 as a result of subsequently discovered misstatements related to workers' compensation claims and accounts receivable for parking citations

Fund Level

- As of the close of the current fiscal year, the City of Wilmington's governmental funds reported combined ending fund balances of \$79,429,440 an increase of \$16,388,601 from the previous year. The Fund Balance reported is: Non-spendable Fund Balance of \$4,090,110; Restricted Fund Balance of \$26,704,969; Committed Fund Balance of \$24,945,522; and an Unassigned Fund Balance totaling \$23,688,839 (see page 20 for detail breakdown).
- The Housing Strategic Fund had a committed fund balance in the amount of \$1,115,369.
- The Economic Strategic Fund had a combined fund balance of \$6,861,009 consisting of \$128,815 of restricted fund balance and \$6,732,194 of committed fund balance for current and future economic development activities.
- The Capital Projects Fund had a restricted fund balance in the amount of \$21,211,490 to fund current and future City capital improvements.
- The Other Governmental Funds have a combined fund balance of \$7,927,210 consisting of \$968,468 in non-spendable, \$5,364,664 of restricted fund balance and \$1,694,095 of committed fund balance and (\$100,017) in unassigned fund balance.

Long-Term Debt

- The City's total net general obligation debt increased to \$325,033,906 at June 30, 2016, an increase of \$30,973,468. Water and sewer projects had a net increase in debt of \$21,410,675 and governmental capital projects had a net increase in debt of \$9,562,794.

Overview of the Financial Statements

This discussion and analysis is an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Wilmington's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 18) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators as to whether the financial position of the City is improving or deteriorating.

The Statement of Activities (page 19) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statements also present financial information for the City's component units.

- *Governmental Activities* – Most of the City's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include General Governmental Services, Real Estate and Housing, Public Works, Parks and Recreation, and Public Safety. Also included is the Wilmington Park Trust Commission (The Trust) which is presented as a blended component unit. The Trust was organized for the purpose of financing the maintenance and improvements of the parks in and around the City of Wilmington.
- *Business-type Activities* – The City charges fees to customers to help cover all or most of the cost of certain services provided. The City provides water, wastewater, and storm water treatment services.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the City is financially accountable. The City includes the following component units in this report: Christina Gateway Corporation, Wilmington UDAG Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District (Downtown Visions), Riverfront Wilmington Business Improvement District, Cityfest, Inc., and the Rock Manor Golf Corporation (Rock Manor).

Fund Financial Statements. The fund financial statements begin on page 20 and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental Funds* – Most of the City's basic services are reported in the governmental funds, which focus on how cash flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, reconciliations are provided (page 21) to explain the differences between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities (page 23). These funds are reported using the modified accrual basis of accounting, which primarily measures cash and other financial assets, available to satisfy current liabilities. Governmental funds of the City include the General Fund, Housing Strategic Fund, Economic Strategic Fund, Special Revenue Funds (Other Governmental Funds), and the Capital Projects Fund.
- *Proprietary Funds* – When the City charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize the accrual basis of accounting, the same method used by private sector businesses. The Enterprise fund reports activities that provide supplies and services to the general public – water, sewer, and stormwater management services. The Internal Service Funds report activities that provide supplies and services for the City's other programs and activities - data processing services, word processing services, mail service, mapping and graphics, duplication and reproduction, motor vehicle charges, health insurance, workers' compensation and risk management.
- *Fiduciary Funds* – The City acts as a fiduciary to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Wilmington's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found beginning on page 32 of this report. These funds are used where the City holds assets in trust for others and includes the pension trust funds. Complete financial statements with accompanying notes of the Firefighter's Pension Plan and the Police Pension Plan can be obtained from the City of Wilmington, Treasurer's Office.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 36 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information can be found on page 90.

Other Information. Other information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and presented in a single column in

the basic financial statements, but they are not reported individually, as with major funds, on the governmental fund financial statements. Detailed General Fund budget information as well as combining and individual fund statements begin on page 99.

Statistical Section. The City provides certain unaudited informational and statistical schedules that begin on page 121.

Financial Analysis of the Government as a Whole

Net Position. A year-to-year comparison of net position is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other Assets	\$ 130,287,825	\$ 119,037,021	\$ 58,914,901	\$ 32,034,134	\$ 189,202,726	\$ 151,071,155
Capital Assets	189,662,187	187,262,223	307,254,735	296,275,321	496,916,922	483,537,544
Total Assets	<u>319,950,012</u>	<u>306,299,244</u>	<u>366,169,636</u>	<u>328,309,455</u>	<u>686,119,648</u>	<u>634,608,699</u>
Deferred outflows of resources	21,720,982	16,177,149	4,166,915	4,212,016	25,887,897	20,389,165
Long Term Liabilities	342,094,137	323,479,480	219,929,148	195,524,705	562,023,285	519,004,185
Other Liabilities	21,170,442	21,040,104	15,295,374	13,990,822	36,465,816	35,030,926
Total Liabilities	<u>363,264,579</u>	<u>344,519,584</u>	<u>235,224,522</u>	<u>209,515,527</u>	<u>598,489,101</u>	<u>554,035,111</u>
Deferred inflows of resources	3,780,575	7,115,061	219,988	312,420	4,000,563	7,427,481
Net Position:						
Net Investment in						
Capital Assets	73,262,924	74,784,855	117,697,946	116,858,039	190,960,870	191,642,894
Restricted	5,493,479	12,380,914	-	-	5,493,479	12,380,914
Unrestricted	(104,130,565)	(116,324,021)	17,194,095	5,835,485	(86,936,470)	(110,488,536)
Total Net Position	<u>\$ (25,374,162)</u>	<u>\$ (29,158,252)</u>	<u>\$ 134,892,041</u>	<u>\$ 122,693,524</u>	<u>\$ 109,517,879</u>	<u>\$ 93,535,272</u>

By far the largest portion of the City’s net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City’s net position are either restricted \$5,493,479 or unrestricted (\$86,936,470). Unrestricted net position may be used to meet the government’s ongoing obligations. At the end of the current fiscal year, the City's total net position was \$109,517,879.

Changes in Net Position.

A schedule of a comparison of year-to-year changes in activity follows. The combined net position of the City increased by \$15,982,607. Over the course of this year’s operations, the net position of governmental activities increased \$3,784,090, and the net position of business-type activities increased by \$12,198,517.

**City of Wilmington's Changes in Net Position
Year Ended June 30, 2016**

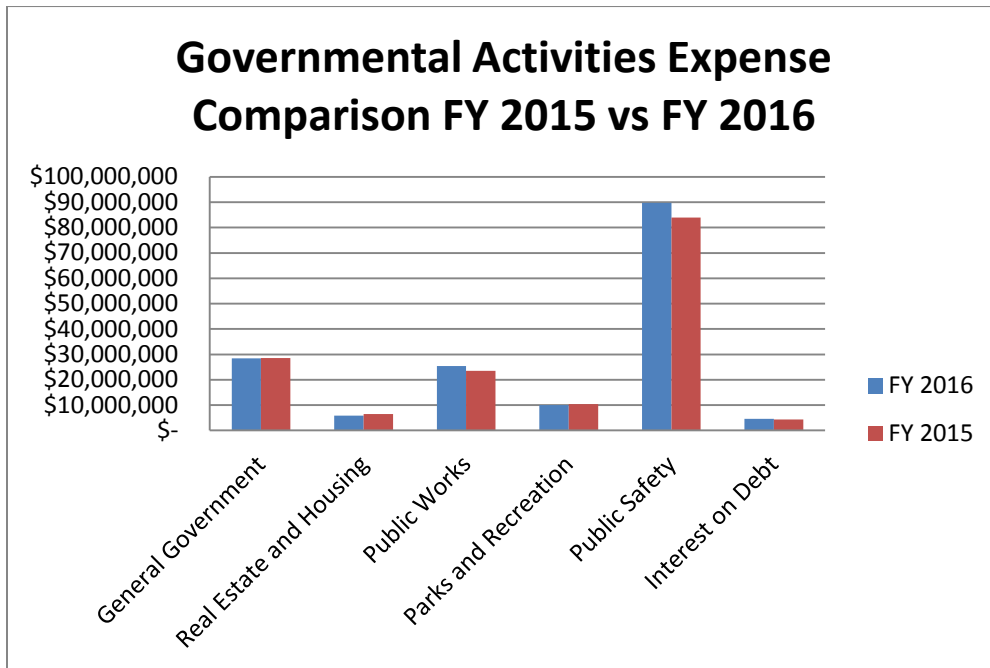
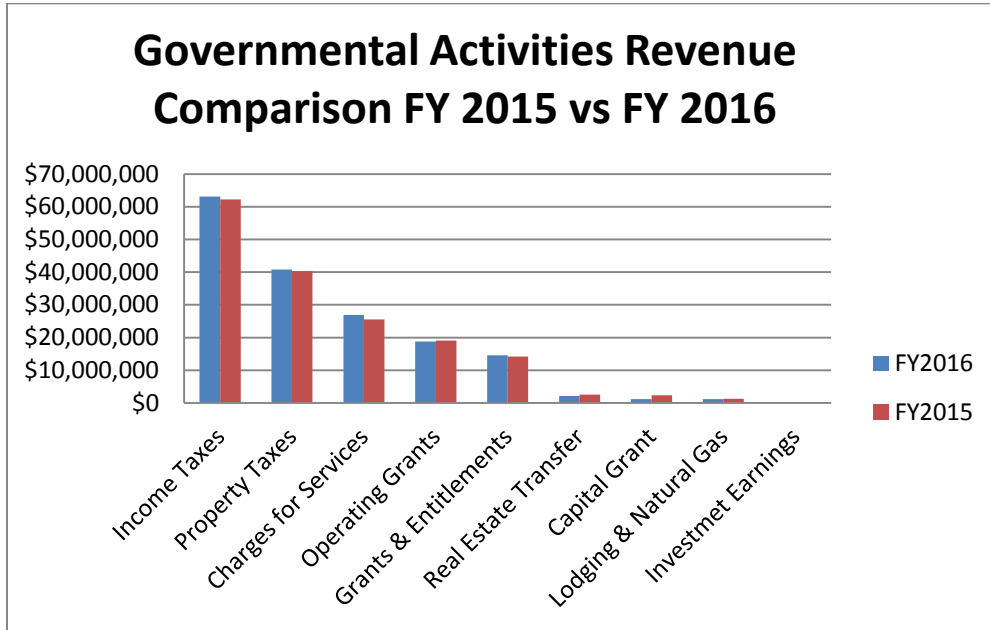
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 26,890,775	\$ 25,573,412	\$ 77,136,007	\$ 73,926,346	\$ 104,026,782	\$ 99,499,758
Operating Grants & Contributions	18,746,664	19,095,300	-	-	18,746,664	19,095,300
Capital Grants & Contributions	1,136,175	2,341,802	502,438	167,892	1,638,613	2,509,694
General Revenues:						
Total Taxes	107,220,933	106,347,831	-	-	107,220,933	106,347,831
Investment Earnings	270,511	324,461	3,647	3,502	274,158	327,963
Other Revenues	14,539,204	14,137,931	-	-	14,539,204	14,137,931
Total Revenues	<u>168,804,262</u>	<u>167,820,737</u>	<u>77,642,092</u>	<u>74,097,740</u>	<u>246,446,354</u>	<u>241,918,477</u>
EXPENSES						
General Government	28,460,217	28,495,073	-	-	28,460,217	28,495,073
Real Estate and Housing	6,874,842	6,434,211	-	-	6,874,842	6,434,211
Public Works	25,374,633	23,447,957	-	-	25,374,633	23,447,957
Parks and Recreation	9,939,326	10,317,892	-	-	9,939,326	10,317,892
Public Safety	89,768,212	83,938,497	-	-	89,768,212	83,938,497
Interest on Long Term Debt	4,602,942	4,342,767	5,842,292	4,833,333	10,445,234	9,176,100
Water/Sewer	-	-	59,601,283	59,259,574	59,601,283	59,259,574
Total Expenses	<u>165,020,172</u>	<u>156,976,397</u>	<u>65,443,575</u>	<u>64,092,907</u>	<u>230,463,747</u>	<u>221,069,304</u>
Subtotal	<u>3,784,090</u>	<u>10,844,340</u>	<u>12,198,517</u>	<u>10,004,833</u>	<u>15,982,607</u>	<u>20,849,173</u>
Transfers	-	2,976	-	-	-	2,976
Change in Net Position	<u>\$ 3,784,090</u>	<u>\$ 10,847,316</u>	<u>\$ 12,198,517</u>	<u>\$ 10,004,833</u>	<u>\$ 15,982,607</u>	<u>\$ 20,852,149</u>
Net Position - Beginning	<u>(29,158,252)</u>	<u>(40,005,568)</u>	<u>122,693,524</u>	<u>112,688,691</u>	<u>93,535,272</u>	<u>72,683,123</u>
Net Position - Ending	<u>\$ (25,374,162)</u>	<u>\$ (29,158,252)</u>	<u>\$ 134,892,041</u>	<u>\$ 122,693,524</u>	<u>\$ 109,517,879</u>	<u>\$ 93,535,272</u>

Governmental Activities

Revenues of governmental activities for fiscal year 2016 increased from 2015 by \$983,525. This net increase reflects an increase in charges for services of \$1,317,363 and increases in general revenues by \$1,220,425. Capital grants decreased by \$1,205,627 and operating grants decreased by \$348,636. The charges for services revenue, which reimburse the City for specific activities, are the second largest source of governmental activity revenue at 15.9%. The key revenue elements are discussed later in the fund statement comparisons. Expenses and transfers of governmental activities for fiscal year 2016 increased by \$8,040,799 compared to 2015. Key cost elements are discussed later in the fund statement comparison. The charts below depict a comparative view of the revenues and expenses of the governmental activities for fiscal year 2016 as compared to fiscal year 2015.

Business-type Activities

Net position of business-type activities increased by \$12,198,517 for the current fiscal year primarily as a result of increased revenues. Detail explanations of the variance are contained in the financial analysis of the City’s Funds - Proprietary Funds section on page 13.



Financial Analysis of the City’s Funds

As the City completed the fiscal year, its governmental funds reported fund balances of \$79,429,440. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB No. 54:

- \$4,090,110 is recorded as Nonspendable due to a \$3,121,642 advance to the Motor Vehicle Fund and \$968,468 in Wilmington Park Related Commissions;
- \$26,704,969 is recorded as Restricted; \$21,340,305 for capital projects, \$4,931,660 for park operations, \$433,004 for Other Purposes;

- \$24,945,522 is recorded as Committed; \$15,403,864 for the Budget Reserve Account, \$1,115,369 for Affordable Housing, \$6,732,194 for Economic Development, \$1,694,095 for other purposes; and
- \$23,688,839 is the remaining fund balance, thus this is classified as Unassigned.

Governmental Funds

General Fund – Comparison to Prior Year

The General Fund is the City's chief operating fund. At June 30, 2016, the fund balance composition included:

- \$3,121,642 is recorded as Nonspendable due to an advance to the Motor Vehicle Fund;
- \$15,403,864 is recorded as Committed for the Budget Reserve Account. The budget reserve account shall be determined at the end of each fiscal year and shall be equal to ten percent of the general fund operating budget (excluding extraordinary or one-time items) as authorized by city council as required by the City Code. The amount so designated as the budget reserve account shall only be accessed for adverse economic conditions or public emergency and when declared by council by ordinance enacted by a two-thirds vote (nine) of city council, following certification by the mayor of such economic conditions or public emergency.
- \$23,788,856 is recorded as Unassigned for purposes to be identified at a later date.

The schedule on the following page presents General Fund revenues and expenditures for fiscal year 2016 compared to budget and to fiscal year 2015.

The revenues for fiscal year 2016 increased \$237,937 compared to the prior fiscal year. The primary factors are:

- Fines and forfeitures are collected by the City for red light photo tickets, parking citations, criminal, and booting fines. The City recognizes revenues when the fine is imposed. These revenues are up \$501,950 from last fiscal year due to an increase in red light violations.
- Licenses and Permits increased \$532,731 due to an increase in rates.
- Wage, Net Profit and Head Taxes decreased by \$337,822, \$201,209, and \$333,199, respectively compared to 2015. The decrease in revenues is primarily due to a decline in wage tax audits and one large employer relocating from the city.

**City of Wilmington, Delaware
General Fund Activity vs Prior Year and Budget**

	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>2016 Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Taxes:						
Property	\$ 40,046,863	\$ 40,246,355	\$ 199,492	\$ 39,727,500	\$ 40,246,355	\$ 518,855
Wage	57,891,999	57,554,177	(337,822)	59,901,600	57,554,177	(2,347,423)
Net Profit	5,746,392	5,545,183	(201,209)	5,500,000	5,545,183	45,183
Franchise	899,239	952,421	53,182	916,631	952,421	35,790
Real Estate Transfer	2,501,244	2,174,189	(327,055)	2,300,000	2,174,189	(125,811)
Head	4,260,172	3,926,973	(333,199)	3,800,000	3,926,973	126,973
Lodging & Natural Gas	1,270,638	1,167,563	(103,075)	1,086,833	1,167,563	80,730
Intergovernmental	20,578,642	20,538,810	(39,832)	20,993,665	20,538,810	(454,855)
Licenses and Permits	4,296,561	4,829,292	532,731	4,590,900	4,829,292	238,392
Fines and Forfeitures	7,387,420	7,889,370	501,950	8,200,000	7,889,370	(310,630)
Charges for Services	6,440,237	6,672,709	232,472	6,557,946	6,672,709	114,763
Investment Earnings	176,237	236,539	60,302	232,037	236,539	4,502
Total Revenues	<u>151,495,644</u>	<u>151,733,581</u>	<u>237,937</u>	<u>153,807,112</u>	<u>151,733,581</u>	<u>(2,073,531)</u>
Expenditures:						
General Governmental Services:						
Mayor's Office	11,195,830	12,125,039	(929,209)	12,210,311	12,125,039	85,272
City Council	2,190,882	2,206,541	(15,659)	2,200,867	2,206,541	(5,674)
Audit	658,640	713,341	(54,701)	731,453	713,341	18,112
Law	3,075,308	2,919,490	155,818	3,035,316	2,919,490	115,826
Finance	9,300,988	9,419,436	(118,448)	10,307,091	9,419,436	887,655
Human Resources	1,991,441	2,041,958	(50,517)	2,165,572	2,041,958	123,614
Treasurer	471,311	490,452	(19,141)	471,123	490,452	(19,329)
Planning	1,591,373	1,505,606	85,767	1,741,789	1,505,606	236,183
Real Estate and Housing	1,839,410	1,434,238	405,172	1,860,509	1,434,238	426,271
Public Works	21,954,245	23,080,312	(1,126,067)	24,725,268	23,080,312	1,644,956
Parks and Recreation	9,307,964	8,710,667	597,297	9,386,016	8,710,667	675,349
Public Safety:					-	
Licenses and Inspection	4,945,232	5,248,683	(303,451)	5,379,368	5,248,683	130,685
Fire	24,568,989	24,645,620	(76,631)	23,959,900	24,645,620	(685,720)
Police	57,366,678	55,801,994	1,564,684	55,804,745	55,801,994	2,751
Total Expenditures	<u>150,458,291</u>	<u>150,343,377</u>	<u>114,914</u>	<u>153,979,328</u>	<u>150,343,377</u>	<u>3,635,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,037,353</u>	<u>1,390,204</u>	<u>352,851</u>	<u>(172,216)</u>	<u>1,390,204</u>	<u>1,562,420</u>
Other Financing Sources (Uses)						
Bonds Issued	-	-	-	-	-	-
Bond Premiums	-	-	-	-	-	-
Bond Payments to Escrow Agent	-	-	-	-	-	-
Transfers In	1,696	-	(1,696)	-	-	-
Transfers Out	-	(2,125,000)	-	(2,125,000)	(2,125,000)	-
Total Other Financing Sources (Uses)	<u>1,696</u>	<u>(2,125,000)</u>	<u>(1,696)</u>	<u>(2,125,000)</u>	<u>(2,125,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,039,049</u>	<u>\$ (734,796)</u>	<u>\$ (1,773,845)</u>	<u>\$ (2,297,216)</u>	<u>\$ (734,796)</u>	<u>\$ 1,562,420</u>

The current year's expenditures and transfers out increased by \$114,914 and \$2,125,000; respectively, compared to fiscal year 2015 spending levels. The expenditures increase resulted primarily from employee medical benefit cost increases, an actuarial adjustment in estimated outstanding losses, and general insurance costs. The transfers went to the Housing Strategic Fund, based on the fiscal year 2016 budget.

- Police expenditures, which represented 37% of the City's General Fund expenditures, decreased by \$1,564,684. This was primarily due to decline in overtime pay.
- General Governmental Service expenditures for the Mayor's Office for 2016, which were 8% of General Fund expenditures, experienced an increase of \$929,209. A primary driver was an increase in debt service and grants to agencies and for scholarships.
- Public Works, 15% of General Fund expenditures, saw expenditures increase by \$1,126,067 primarily attributable to an increase in rental costs of equipment and debt service.
- Parks and Recreation, 6% of General Fund expenditures, had decreased expenditures of \$597,297 primarily due to a decrease in insurance costs for general liability and workers' compensation.

Other Major Funds – Comparison to Prior Year

The Housing Strategic Fund reported an ending fund balance of \$1,115,369, an increase from the prior fiscal year due to the transfer of \$2,125,000 from the City's General Fund unassigned fund balance account to aid in the housing initiatives of the Real Estate and Housing Department. Housing Strategic Fund disbursements have decreased from \$1,036,935 to \$714,073; these costs tend to rise and fall as opportunities present themselves and as the impact of the expenditures can be enhanced through the use of grants and local partnerships.

Fund balance of the Economic Strategic Fund increased by \$1,617,986 in fiscal year 2016 as a result of the Westin LLC letter of credit being repaid. As total expenditures decreased from \$377,084 to \$86,243, the primary focus of the Economic Development Strategic Fund for fiscal year 2016 has been providing employment-based incentives to assist new employers to locate their workforce to the City of Wilmington, and providing other employment-based incentives to support small businesses and large-scale redevelopment projects across the city.

The fund balance of \$21,211,490 for the Capital Projects Fund was \$14,460,336 more than fiscal year 2015 due to an increase in unspent bond funds for the acquisition, construction, or improvement of capital facilities. The level of Capital Projects Fund expenditures increased to \$7,900,085 from \$7,620,331 compared to 2015.

Proprietary Funds

Water/Sewer Funds – Comparison to Prior Year

The operation of the Business-type activities increased the City's net position by \$12,198,517 versus an increase of \$10,004,833 in fiscal year 2015.

- Direct User charges for water, sewer, and storm water increased by \$547,048 primarily as the result of replacement of obsolete water meters.
- Capital Grant and Contribution revenue increased from \$167,892 in 2015 to \$502,438 in 2016.
- Compared to fiscal year 2015 results, total expenses increased by \$1,350,668. This was driven primarily by an increase in interest expense.

General Fund Budgetary Highlights

The City adopted the fiscal year 2016 budget on May 21, 2015, and amended it to meet operational needs during the year. The City's practice is to amend budgeted revenue only for grants or new revenue streams and amend budgeted expenditures primarily to approve new spending authority.

The final budget contained \$153,807,112 of revenues, \$153,979,328 of expenditures before other financing uses. The original expenditures and transfers out were increased by \$2,125,000 through mid-year budget amendments. The actual results were revenues before other financing sources (uses) of \$2,073,531 under budget, expenditures of \$3,635,952 under budget.

- Property Taxes, representing 36% of General Fund Tax revenues, were \$518,855 above expectations due to no property reassessments.
- Wage and Net Profit Tax revenues, representing 57% of General Fund Tax revenues, were under budget \$2,302,240, due to a large employer relocation out of the city.
- Real Estate Transfer Taxes were under budget by \$125,811 primarily due to the decline in commercial sales.
- Fines and forfeitures were under budget by \$310,630 due to a decline in the issuance of parking citations as a result of better driver behavior.
- Finance expenditures were under budget by \$887,655 due to a decrease in collection expense and salaries for vacant positions
- Public Works expenditures were under budget by \$1,644,956 due primarily to a decrease in debt service costs and in salaries and benefits.
- Parks and Recreation expenditures were under budget by \$675,349 primarily due to a decrease in material supplies and equipment and debt service.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2016, the City had invested \$496,891,117 net of accumulated depreciation, in a broad range of capital assets. The table below present's fiscal year 2016 asset balances

compared to fiscal year 2015 balances (further detail in Note 6 as required by GASB 34). Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Capital Improvements were primarily focused on streets and signals (\$70,758,098 invested) and in vehicle acquisitions and other equipment (\$24,650,224 invested).

Business-type Activities:

- Continued construction to modernize the Brandywine Water Filter Plant was a major part of \$4,407,106 of the Water Filter Facilities and Improvements (amounts noted relate to assets acquired or constructed not necessarily those placed in service during the year).
- Water Lines added \$4,223,568 as the City continues its efforts to reline or replace aging water lines.
- Sewer Line construction often related to combined sewer overflow remediation efforts added \$468,927 during FY 2016.
- \$4,080,022 Wastewater increase.

Additional information regarding the City’s capital assets is contained in Note 6 to the financial statements.

(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 24,090,181	\$ 24,090,181	\$ 4,060,443	\$ 4,060,443	\$ 28,150,624	\$ 28,150,624
Art	1,952,543	1,920,043	-	-	1,952,543	1,920,043
Construction in Progress	3,036,070	995,012	46,096,087	40,288,366	49,132,157	41,283,378
Buildings & Improvements	52,461,578	53,923,298	20,264,267	20,857,783	72,725,845	74,781,081
Parks & Recreation Facilities	12,687,688	12,134,555	-	-	12,687,688	12,134,555
Streets & Signals	70,758,098	69,850,174	-	-	70,758,098	69,850,174
Water Reservoirs, Facilities & Water Lines	-	-	144,164,247	139,442,611	144,164,247	139,442,611
Wastewater Facilities & Sewer Lines	-	-	92,669,690	91,626,118	92,669,690	91,626,118
Vehicles, Equipment & Other	24,650,224	24,348,960	-	-	24,650,224	24,348,960
Totals	<u>\$ 189,636,382</u>	<u>\$ 187,262,223</u>	<u>\$ 307,254,734</u>	<u>\$ 296,275,321</u>	<u>\$ 496,891,116</u>	<u>\$ 483,537,544</u>

Long-Term Debt. At the end of the current fiscal year, the City had total bonded (backed by the full faith and credit of the government) debt outstanding of \$325,033,906. Of this amount, \$121,516,271 comprises debt related to Governmental activities and \$203,517,635 is supported by Business-Type activities. New bond issues authorized during the fiscal year (further detailed in Note 9) include:

- General Obligation Bonds, Series 2015 totaling \$39,425,000 issued on November 19, 2015

The City is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature.

The City maintains an AA2 rating from Moody’s Investors Service, an AA rating from Standard & Poor’s Corporation and an AA from Fitch Ratings for general obligation debt. Additional information on the City’s long-term debt can be found in Note 9 to the financial statements.

**City of Wilmington's Outstanding Debt
General Obligations Bonds**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General						
Obligation Bonds	<u>\$ 121,516,271</u>	<u>\$ 111,953,477</u>	<u>\$ 203,517,635</u>	<u>\$ 182,106,961</u>	<u>\$ 325,033,906</u>	<u>\$ 294,060,438</u>

Economic Factors and 2016 Budgets and Rates

The City of Wilmington continues to show some modest growth through strong hiring in the Finance and Insurance sectors and declining unemployment, and the uplifting of its communities through residential development.

The Business Incentive program has contributed to some of the City of Wilmington’s gains. With its business-friendly policies, the City still meets the needs of the private sector and continues to draw investment. As an example, it is estimated that the City will receive \$260,000 annually from the Westin hotel which employees 100 people.

The continued transformation of the City’s Downtown, Riverfront, and neighborhoods has added to the City’s economic growth. Many new housing opportunities have been created across Wilmington such as the Market Street Village, Walnut Street Development Project, the Lofts at Clifford Brown Walk, and the expansion of the Harlan Flats. It is estimated that the City will bring in \$175,000 annually from the Harlan Flats project.

Since, most of the residential improvement and development projects have been completed; developers such as Buccini/Pollin have placed their emphasis on entertainment options. Building upon the success of the Riverfront, adding downtown shops, bars, and restaurants will go a long way to adding new residents to the City. The attractions to the younger demographic will cause a rise in future economic factors due to the increase of consumer disposable income.

As the City prepared its budget, the State of Delaware and New Castle County were also preparing budgets with stiff challenges for their citizens and employees. The City prepared its 2016 budget primarily with a mix of fiscal restraints which permits its citizens to receive the services they expect and deserve from their City government.

All of these economic factors were taken into account when adopting the General Fund budget for fiscal year 2016. The City's budget addresses economic development, public safety, and infrastructure needs.

The property tax and other taxes remained unchanged; however departments looked at charges for services to assure coverage of incurred costs. Water, sewer, and storm water rates also remained unchanged.

Requests for Information

This financial report is designed to provide a general overview of the City of Wilmington's finances to its citizens and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to the Director of Finance, 800 N. French Street, 5th Floor, City of Wilmington, Delaware 19801.

The component units issue their own audited financial statements. These statements may be obtained directly from the component units from sources listed in Note 1, page 37 and the financial statements of the discretely presented component units start on page 34.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

City of Wilmington, Delaware

Statement of Net Position

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments (Note 3)	\$ 60,792,890	\$ -	\$ 60,792,890	\$ 12,386,818
Receivables, Net (Note 4)	28,226,667	31,731,368	59,958,035	4,452,932
Internal Balances	(1,539,804)	1,539,804	-	-
Due from Other Funds	8,533,792	-	8,533,792	-
Due from Other Governments	3,864,961	839,736	4,704,697	-
Due from Component Unit	275,000	-	275,000	-
Other Assets	362,245	-	362,245	67,800
Net Pension Asset	1,757,355	-	1,757,355	-
Restricted Assets:				
Cash and Investments (Note 3)	28,040,523	24,803,993	52,844,516	1,049,825
Capital Assets, Net (Note 6)				
Land	24,090,181	4,060,443	28,150,624	19,044,863
Art	1,952,543	-	1,952,543	-
Intangible Assets	-	-	-	5,000,000
Construction in Progress	3,036,070	46,096,087	49,132,157	1,067,499
Buildings & Improvements	52,461,579	20,264,268	72,725,847	27,116,077
Parks & Recreation Facilities	12,687,689	-	12,687,689	-
Streets & Street Signals	70,758,098	-	70,758,098	-
Water & Sewer Systems	-	236,833,934	236,833,934	-
Vehicles, Equipment, and Other	24,650,223	-	24,650,223	642,725
Total Assets	319,950,012	366,169,633	686,119,645	70,828,539
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on pensions	18,709,223	1,188,113	19,897,336	89,371
Deferred on refunding of bonds	3,011,759	2,978,802	5,990,561	-
Total Deferred Outflows of Resources	21,720,982	4,166,915	25,887,897	89,371
LIABILITIES				
Accounts Payable & Accrued Expenses	8,730,096	10,027,204	18,757,300	1,527,601
Salaries and Benefits Payable	4,204,179	327,778	4,531,957	258,749
Unearned Revenue	2,520,012	4,940,389	7,460,401	182,787
Other Liabilities	5,716,157	-	5,716,157	275,000
Long Term Liabilities				
Due Within One Year:				
Bonds Payable	8,017,104	8,411,860	16,428,964	694,370
Capital Leases	2,483,729	-	2,483,729	-
Claims Liabilities	4,978,197	-	4,978,197	-
Compensated Absences	5,811,953	438,321	6,250,274	-
Due in More Than One Year:				
Bonds Payable	122,141,497	203,925,101	326,066,598	16,054,586
Capital Leases	5,518,747	-	5,518,747	-
Claims Liabilities	13,397,775	-	13,397,775	-
Compensated Absences	2,802,964	-	2,802,964	-
Other Post Employment Benefits Payable	35,647,320	-	35,647,320	-
Net Pension Liability	141,294,851	7,153,866	148,448,717	114,726
Total Liabilities	363,264,581	235,224,519	598,489,100	19,107,819
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on pensions	3,780,575	219,988	4,000,563	126,208
NET POSITION				
Net Investment in Capital Assets	73,262,924	117,697,946	190,960,870	36,775,082
Restricted for:				
Net Pension Asset	-	-	-	-
Capital Projects	128,815	-	128,815	1,928,401
Debt Service	-	-	-	549,825
Park Operations & Other - Expendable	4,931,660	-	4,931,660	-
Park Operations & Other - Nonexpendable	433,004	-	433,004	-
Unrestricted	(104,130,565)	17,194,095	(86,936,470)	12,430,575
Total Net Position	\$ (25,374,162)	\$ 134,892,041	\$ 109,517,879	\$ 51,683,883

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Grants and Contributions		Governmental Activities	Primary Government		
			Operating	Capital		Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Governmental Services	\$ 28,460,217	\$ 11,935,090	\$ 1,265,008	\$ -	\$ (15,260,119)	\$ -	\$ (15,260,119)	\$ -
Real Estate and Housing	6,874,842	339,598	4,536,993	-	(1,998,251)	-	(1,998,251)	-
Public Works	25,374,633	148,264	-	1,136,175	(24,090,194)	-	(24,090,194)	-
Parks and Recreation	9,939,326	20,714	1,739,258	-	(8,179,354)	-	(8,179,354)	-
Public Safety	89,768,212	14,447,109	11,205,405	-	(64,115,698)	-	(64,115,698)	-
Interest on Long-term Debt	4,602,942	-	-	-	(4,602,942)	-	(4,602,942)	-
Total Governmental Activities	165,020,172	26,890,775	18,746,664	\$ 1,136,175	(118,246,558)	-	(118,246,558)	-
Business-type Activities:								
Water/Sewer	65,443,575	77,136,007	-	502,438	-	12,194,870	12,194,870	-
Total Primary Governments	\$ 230,463,747	\$ 104,026,782	\$ 18,746,664	\$ 1,638,613	(118,246,558)	12,194,870	(106,051,688)	-
Component Units:								
Christina Gateway Corporation	\$ 97,099	\$ -	\$ -	\$ -	-	-	-	(97,099)
Wilmington UDAG Corporation	351,963	207,792	-	-	-	-	-	(144,171)
Wilmington Parking Authority	6,957,820	7,613,398	-	-	-	-	-	655,578
Downtown Visions	3,022,547	3,236,311	-	-	-	-	-	255,484
Riverfront Business Improvement District	402,897	514,740	-	-	-	-	-	111,843
Rock Manor Golf Corporation	169,358	198,998	-	-	-	-	-	29,640
Cityfest Inc.	700,651	231,932	-	-	-	-	-	(468,719)
Total Component Units	\$ 11,642,335	\$ 12,044,891	\$ -	\$ -	-	-	-	342,556
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					40,785,515	-	40,785,515	-
Income Taxes					63,093,666	-	63,093,666	-
Real Estate Transfer					2,174,189	-	2,174,189	-
Lodging & Natural Gas Taxes					1,167,563	-	1,167,563	-
Investment Earnings					270,511	3,647	274,158	178,385
Other Revenues including Capital Asset Gains					-	-	-	(363,426)
Loss on land held for development					-	-	-	-
Grants, Entitlements, and Contributions not Restricted to Specific Programs					14,539,204	-	14,539,204	442,645
Total General Revenues					122,030,648	3,647	122,034,295	257,604
Transfers					-	-	-	-
Total General Revenues after Transfers					122,030,648	3,647	122,034,295	257,604
Change in Net Position					3,784,090	12,198,517	15,982,607	600,160
Net Position - Beginning					(29,158,252)	122,693,524	93,535,272	51,083,723
Net Position - Ending					\$ (25,374,162)	\$ 134,892,041	\$ 109,517,879	\$ 51,683,883

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware

**Balance Sheet
Governmental Funds
June 30, 2016**

	<u>General</u>	<u>Housing Strategic</u>	<u>Economic Strategic</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 3)	\$ 29,082,542	\$ 1,095,369	\$ 6,793,309	\$ -	\$ 2,748,115	\$ 39,719,335
Receivables, Net (Note 4)	24,169,387	3,323,265	-	-	726,816	28,219,468
Due from Other Funds (Note 7)	9,744,015	-	-	407,707	-	10,151,722
Due from Component Unit	275,000	-	-	-	-	275,000
Due from Other Governments	-	-	-	4,201	3,860,760	3,864,961
Prepaid Items & Other Assets	-	-	-	-	7,245	7,245
Advances Due from Other Funds	3,121,642	-	-	-	-	3,121,642
Restricted Assets:						
Cash and Investments (Note 3)	-	-	128,815	21,588,426	5,637,273	27,354,514
TOTAL ASSETS	66,392,586	4,418,634	6,922,124	22,000,334	12,980,209	112,713,887
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	2,528,758	-	61,115	788,844	640,585	4,019,302
Salaries and Benefits Payable	3,755,196	-	-	-	351,728	4,106,924
Due to Other Funds	-	-	-	-	1,506,731	1,506,731
Prepaid Rent	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	2,520,012	2,520,012
Other Liabilities	2,378,950	3,303,265	-	-	33,943	5,716,158
Total Liabilities	8,662,904	3,303,265	61,115	788,844	5,052,999	17,869,127
Deferred Inflows of Resources:						
Unavailable Revenues	15,415,320	-	-	-	-	15,415,320
Fund Balances:						
Nonspendable						
Advance to Motor Vehicle Fund (Note 7)	3,121,642	-	-	-	-	3,121,642
Advance to Water/Sewer Fund (Note 7)	-	-	-	-	-	-
Trust for Park Operations	-	-	-	-	968,468	968,468
Restricted						
Capital Projects	-	-	128,815	21,211,490	-	21,340,305
Park Operations	-	-	-	-	4,931,660	4,931,660
Other Purposes	-	-	-	-	433,004	433,004
Committed						
Budget Reserve Account	15,403,864	-	-	-	-	15,403,864
Affordable Housing	-	1,115,369	-	-	-	1,115,369
Economic Development	-	-	6,732,194	-	-	6,732,194
Other Purposes	-	-	-	-	1,694,095	1,694,095
Unassigned	23,788,856	-	-	-	(100,017)	23,688,839
Total Fund Balances	42,314,362	1,115,369	6,861,009	21,211,490	7,927,210	79,429,440
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 66,392,586	\$ 4,418,634	\$ 6,922,124	\$ 22,000,334	\$ 12,980,209	\$ 112,713,887

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2016

The Total Net Position reported for governmental activities in the Statement of Position (Page 18) is different because:

Total Fund Balances for Government Funds (Page 20)	\$ 79,429,440
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in Note 6 are included in the Statement of Net Position. Also excluded are \$21,000,724 of internal service fund assets accounted for in the following line.	168,635,657
Internal Service funds are used by management to charge the costs of centrally managed services to using funds and departments. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The increase is equal to the internal service Net Position.	3,333,708
Net Pension Asset	1,757,355
Some of the city's taxes and other revenues will be collected after yearend, but are not available soon enough to pay current-year's expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.	15,415,320
Deferred Outflows of Resources:	
Deferred on refunding of bonds	2,833,325
Deferred amounts on pensions	18,709,223
Long-term liabilities applicable to the governmental activities including bonds payable are not due and payable in the current year and, accordingly, are not reported as fund liabilities.	
Compensated Absences	\$ (8,427,161)
Other Post Employment Benefit (OPEB) Liability	(35,647,320)
Accrued Interest on Long Term Debt	(604,292)
Capital Lease	(349,698)
Bond Premiums	(8,396,723)
Bonds and Notes Payable	(116,987,570)
Net Pension Liability	(141,294,851)
	(311,707,615)
Deferred Inflows of Resources:	
Deferred amounts on pensions	(3,780,575)
Total Net Position of Governmental Activities (Page 18)	\$ (25,374,162)

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Housing Strategic</u>	<u>Economic Strategic</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 40,246,355	\$ -	\$ -	\$ -	\$ -	\$ 40,246,355
Wage	57,554,177	-	-	-	-	57,554,177
Net Profit	5,545,183	-	-	-	-	5,545,183
Franchise	952,421	-	-	-	-	952,421
Real Estate Transfer	2,174,189	-	-	-	-	2,174,189
Head	3,926,973	-	-	-	-	3,926,973
Lodging & Natural Gas	1,167,563	-	-	-	-	1,167,563
Intergovernmental	20,538,810	-	-	1,136,175	13,838,471	35,513,456
Licenses and Permits	4,829,292	-	-	-	-	4,829,292
Fines and Forfeitures	7,889,370	-	-	-	-	7,889,370
Charges for Services	6,672,709	50,649	-	-	360,312	7,083,670
Other Revenues	-	-	1,704,229	-	-	1,704,229
Investment Earnings	236,539	-	-	-	89,699	326,238
Total Revenues	<u>151,733,581</u>	<u>50,649</u>	<u>1,704,229</u>	<u>1,136,175</u>	<u>14,288,482</u>	<u>168,913,116</u>
EXPENDITURES						
Current:						
General Governmental Services	25,708,607	-	86,243	120,359	1,858,595	27,773,804
Real Estate and Housing	596,855	663,424	-	-	5,589,533	6,849,812
Public Works	19,242,973	-	-	-	1,262,279	20,505,252
Parks and Recreation	6,984,369	-	-	-	1,876,764	8,861,133
Public Safety	84,732,358	-	-	-	4,037,318	88,769,676
Debt Service:						
Principal Retirement	8,041,584	-	-	-	-	8,041,584
Interest and Fiscal Charges	5,036,631	50,649	-	-	-	5,087,280
Capital Outlays	-	-	-	7,779,726	24,767	7,804,493
Total Expenditures	<u>150,343,377</u>	<u>714,073</u>	<u>86,243</u>	<u>7,900,085</u>	<u>14,649,256</u>	<u>173,693,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,390,204</u>	<u>(663,424)</u>	<u>1,617,986</u>	<u>(6,763,910)</u>	<u>(360,774)</u>	<u>(4,779,918)</u>
OTHER FINANCING SOURCES (USES)						
Bonds Issued	-	-	-	18,317,711	-	18,317,711
Bond Premiums	-	-	-	3,145,040	-	3,145,040
Bond Payments to Escrow Agent	-	-	-	(238,505)	-	(238,505)
Transfers In	-	2,125,000	-	-	-	2,125,000
Transfers Out	(2,125,000)	-	-	-	(55,727)	(2,180,727)
Total Other Financing Sources (Uses)	<u>(2,125,000)</u>	<u>2,125,000</u>	<u>-</u>	<u>21,224,246</u>	<u>(55,727)</u>	<u>21,168,519</u>
Net Change in Fund Balances	(734,796)	1,461,576	1,617,986	14,460,336	(416,501)	16,388,601
Fund Balance - Beginning	<u>43,049,158</u>	<u>(346,207)</u>	<u>5,243,023</u>	<u>6,751,154</u>	<u>8,343,711</u>	<u>63,040,839</u>
Fund Balance - Ending	<u>\$ 42,314,362</u>	<u>\$ 1,115,369</u>	<u>\$ 6,861,009</u>	<u>\$ 21,211,490</u>	<u>\$ 7,927,210</u>	<u>\$ 79,429,440</u>

The notes to the financial statements are an integral part of the statement

City of Wilmington, Delaware
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2016

Amounts reported for governmental activities in the Statement of Activities (Page 19) are different because:

Net Change in Fund Balances - Total Governmental Funds (Page 22) \$ 16,388,601

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.

The following is the amount by which capital asset acquisitions exceeded depreciation expense.

Capital Assets Acquisition	\$ 8,634,350	
Depreciation Expense	<u>(6,516,883)</u>	2,117,467

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The following are the net changes in these non-current resources.

Port of Wilmington Sale Proceeds (Note 5)	\$ (741,713)	
Property and Other Taxes	524,670	
Fees and Fines	<u>135,511</u>	(81,532)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

	<u>Debt Issued</u>	<u>Repayments</u>	
General Obligation Bonds	\$ (18,317,711)	\$ 8,041,584	
Bond Premiums	(3,145,040)	-	
Capital Lease	-	64,129	
Amortization of Premiums	-	591,513	
Net Adjustment	<u>\$ (21,462,751)</u>	<u>\$ 8,697,226</u>	(12,765,525)

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Other post employment benefit (OPEB) expenditures are reported in the Statement of Activities based on the Annual Required Contribution (ARC) regardless of the expended amount. In addition, interest on long-term debt is not recognized under the modified basis of accounting until due, rather than as it accrues. The following are the impact of the net changes in balances.

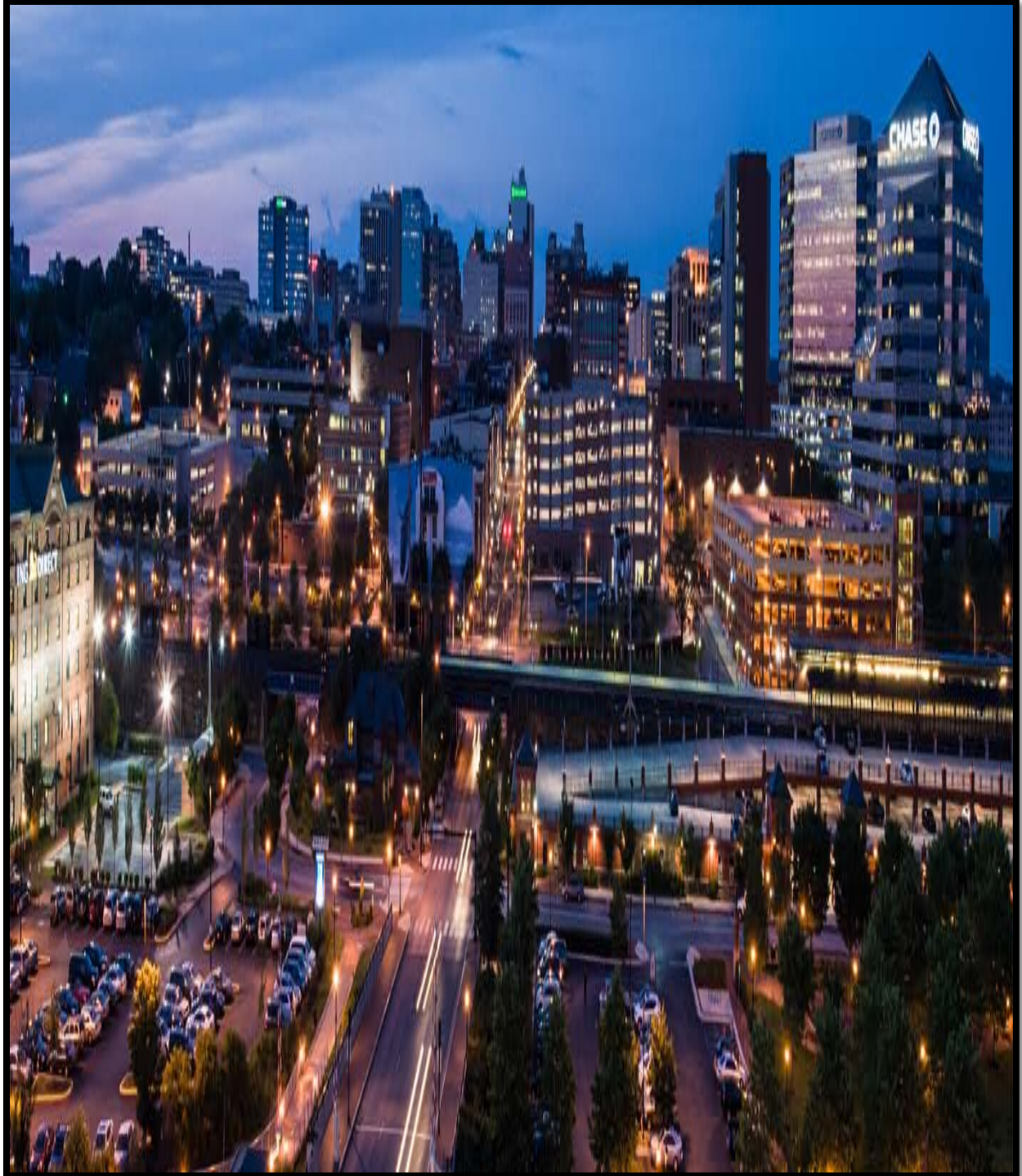
Compensated Absences	\$ (365,136)		
Other Post Employment Benefit (OPEB) Liability	(4,432,006)		
Accrued Interest on Long-Term Debt	<u>(107,174)</u>		(4,904,316)

The cost of pension benefits earned 3,029,395

Change in Net Position of governmental activities (page 19) \$ 3,784,090

The notes to the financial statements are an integral part of this statement.

COMETOWILMINGTON



City of Wilmington, Delaware

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Property	\$ 39,727,500	\$ 39,727,500	\$ 40,246,355	\$ 518,855
Wage	59,901,600	59,901,600	57,554,177	(2,347,423)
Net Profit	5,500,000	5,500,000	5,545,183	45,183
Franchise	916,631	916,631	952,421	35,790
Real Estate Transfer	2,300,000	2,300,000	2,174,189	(125,811)
Head	3,800,000	3,800,000	3,926,973	126,973
Lodging & Natural Gas	1,086,833	1,086,833	1,167,563	80,730
Intergovernmental	20,993,665	20,993,665	20,538,810	(454,855)
Licenses and Permits	4,590,900	4,590,900	4,829,292	238,392
Fines and Forfeitures	8,200,000	8,200,000	7,889,370	(310,630)
Charges for Services	6,557,946	6,557,946	6,672,709	114,763
Investment Earnings	232,037	232,037	236,539	4,502
Total Revenues	<u>153,807,112</u>	<u>153,807,112</u>	<u>151,733,581</u>	<u>(2,073,531)</u>
Expenditures:				
General Governmental Services:				
Mayor's Office	12,148,580	12,210,311	12,125,039	85,272
City Council	2,159,204	2,200,867	2,206,541	(5,674)
Audit	711,779	731,453	713,341	18,112
Law	2,935,346	3,035,316	2,919,490	115,826
Finance	9,999,973	10,307,091	9,419,436	887,655
Human Resources	2,089,349	2,165,572	2,041,958	123,614
Treasurer	453,004	471,123	490,452	(19,329)
Planning	1,688,491	1,741,789	1,505,606	236,183
Real Estate and Housing	1,794,399	1,860,509	1,434,238	426,271
Public Works	23,962,930	24,725,268	23,080,312	1,644,956
Parks and Recreation	9,186,463	9,386,016	8,710,667	675,349
Public Safety:				
Licenses and Inspection	5,167,315	5,379,368	5,248,683	130,685
Fire	23,911,325	23,959,900	24,645,620	(685,720)
Police	55,488,699	55,804,745	55,801,994	2,751
Total Expenditures	<u>151,696,857</u>	<u>153,979,328</u>	<u>150,343,377</u>	<u>3,635,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,110,255</u>	<u>(172,216)</u>	<u>1,390,204</u>	<u>1,562,420</u>
Other Financing Sources (Use)				
Transfer Out	-	(2,125,000)	(2,125,000)	-
Total Other Financing Sources (Use)	<u>-</u>	<u>(2,125,000)</u>	<u>(2,125,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 2,110,255</u>	<u>\$ (2,297,216)</u>	<u>(734,796)</u>	<u>\$ 1,562,420</u>
Fund Balance - Beginning			<u>43,049,158</u>	
Fund Balance - Ending			<u>\$ 42,314,362</u>	

The notes to the financial statements are an integral part of this statement.



Wilmington's Historic Gardens





Tall Ships at Riverfront

City of Wilmington, Delaware
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ -	\$ 21,073,555
Receivables, Net (Note 4)	31,731,368	7,200
Prepaid Items & Other Assets	-	355,000
Restricted Cash and Investments (Note 3)	24,803,993	686,009
Due from Other Governments	839,736	-
Advances Due from Other Funds (Note 7)	3,779,944	2,240,140
Total Current Assets	61,155,041	24,361,904
Noncurrent Assets:		
Capital Assets, Net (Note 6)		
Land	4,060,443	-
Construction in Progress	46,096,087	1,822,589
Buildings & Improvements	20,264,268	3,205,621
Reservoirs and Water Filter Facilities	99,816,579	-
Water Lines	44,347,666	-
Wastewater Pump and Treatment Facilities	64,018,299	-
Sewer Lines	28,651,390	-
Vehicles, Machinery & Equipment	-	15,972,514
Total Noncurrent Assets	307,254,732	21,000,724
Total Assets	368,409,773	45,362,628
DEFERRED OUTFLOW OF RESOURCES		
Deferred amounts on pensions	1,188,113	-
Deferred amounts on refunding of bonds	2,978,802	178,434
Total Deferred Outflow of Resources	4,166,915	178,434
Current Liabilities:		
Accounts Payable	9,324,284	3,879,520
Salaries and Benefits Payable	327,778	97,254
Due to Other Funds	-	3,891,146
Unearned Revenue	4,940,389	-
Accrued Interest Payable	702,920	226,978
Bonds Payable	8,411,860	564,790
Capital Leases	-	2,401,031
Compensated Absences	438,321	187,756
Claims Liabilities	-	4,978,197
Advances Due to Other Funds (Note 7)	2,240,140	-
Total Current Liabilities	26,385,692	16,226,672
Noncurrent Liabilities:		
Advances Due to Other Funds (Note 7)	-	3,121,643
Bonds Payable	203,925,101	4,209,517
Capital Leases	-	5,251,747
Claims Liabilities	-	13,397,775
Net Pension Liabilities	7,153,866	-
Total Noncurrent Liabilities	211,078,967	25,980,682
Total Liabilities	237,464,659	42,207,354
DEFERRED INFLOW OF RESOURCES		
Deferred amounts on pensions	219,988	-
NET POSITION		
Net Investment in Capital Assets	117,697,946	6,316,439
Unrestricted	17,194,095	(2,982,731)
Total Net Position	\$ 134,892,041	\$ 3,333,708

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016**

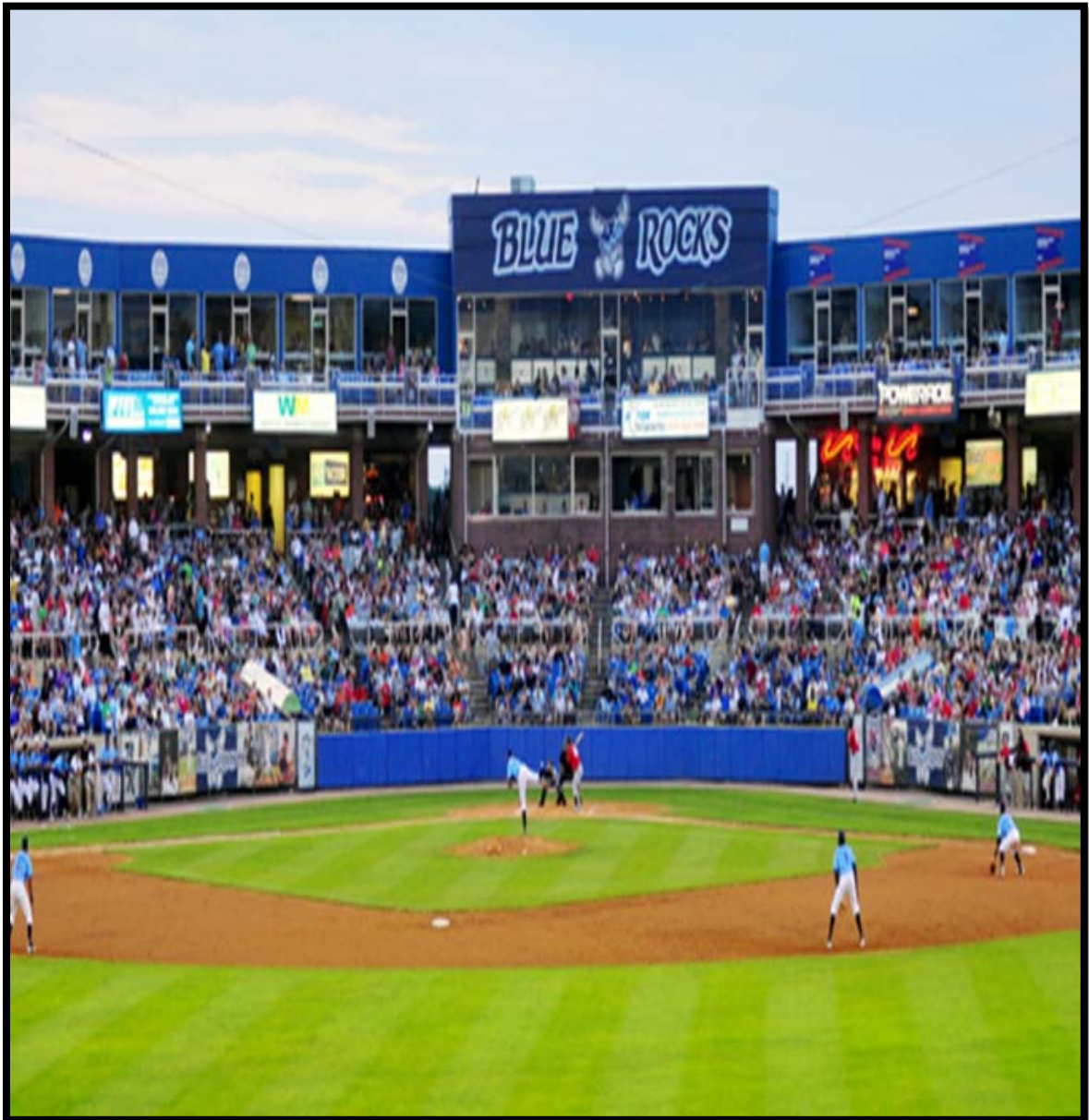
	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
OPERATING REVENUES		
Charges for Services		
Sewer Charges to New Castle County	\$ 18,837,158	\$ -
Water & Sewer Charges to Direct Users	52,152,476	-
Other Charges for Services	132,230	38,408,523
Employee Contributions	-	511,275
Other	6,014,144	40,707
Total Operating Revenues	77,136,008	38,960,505
OPERATING EXPENSES		
Personal Services	10,531,297	2,633,281
Materials, Supplies and Contractual Services	41,062,054	8,917,761
Depreciation and Amortization	8,007,932	4,159,990
Claims Expense	-	22,730,996
Insurance Premiums	-	424,901
Total Operating Expenses	59,601,283	38,866,929
Operating Income	17,534,725	93,576
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	3,647	30,554
Interest Expense	(5,842,293)	(213,883)
Amortization of Bond Issuance Costs	-	-
Gain on Sale of Assets	-	89,753
Total Non-Operating Revenues (Expenses)	(5,838,646)	(93,576)
Income (Loss) Before Capital Grants and Contributions and Transfers	11,696,079	-
Capital Grants and Contributions	502,438	-
Change in Net Position	12,198,517	-
Total Net Position - Beginning	122,693,524	3,333,708
Total Net Position - Ending	\$ 134,892,041	\$ 3,333,708

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 72,934,585	\$ -
Receipts from Interfund Services Provided	-	38,979,860
Payments to Suppliers	(39,946,166)	(35,424,910)
Payments to Employees	(10,598,112)	(2,567,492)
Net Cash Provided by Operating Activities	22,390,307	987,458
Cash Flows from Noncapital Financing Activities:		
Advances From Other Funds	-	(1,072,662)
Advances (To) Other Funds	(3,779,944)	2,706,788
Investment Earnings	-	30,554
Net Cash (Used in) Noncapital Financing Activities	(3,779,944)	1,664,680
Cash Flows From Capital and Related Financing Activities:		
Capital Grants and Contributions	502,438	-
Proceeds from Capital Debt	34,150,034	-
Acquisition and Construction of Capital Assets	(18,949,256)	(4,658,985)
Principal Paid on Bonds	(10,114,646)	(759,203)
Interest Paid on Bonds	(5,289,755)	(124,240)
Repayment of Advance from other funds	(2,706,788)	3,984,633
Principal Paid on Capital Leases	-	(2,260,342)
Interest Paid on Capital Leases	-	(86,136)
Proceeds from Sale of Capital Assets	-	329,776
Net Cash (Used in) Capital and Related Financing Activities	(2,407,973)	(3,574,497)
Cash Flows From Investing Activities:		
Interest Received on Unspent Bond Proceeds	3,647	-
Net Cash provided by Investing Activities	3,647	-
Net Increase (Decrease) in Cash and Cash Equivalents	16,206,037	(922,359)
Cash and Cash Equivalents - June 30, 2015 (including \$8,597,956 and \$702,709 respectively, reported in restricted accounts)	8,597,956	22,681,923
Cash and Cash Equivalents - June 30, 2016 (including \$24,803,993 and \$686,009, respectively, reported in restricted accounts)	\$ 24,803,993	\$ 21,759,564
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 17,534,725	\$ 93,576
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	8,007,932	4,159,990
Changes in Assets and Liabilities:		
Increase (decrease) in Receivables	(4,201,423)	19,355
Increase (decrease) Pension Assets	13,425	(100,000)
(Increase) decrease Pension Deferred Charges	(437,645)	-
Increase (decrease) in Accounts Payable	1,133,349	995,444
Decrease in Accrued Interest	-	-
Increase in Accrued Salaries	80,782	25,520
Decrease in Compensated Absences	18,780	15,429
Increase in Unearned Revenue	(17,461)	-
Increase (Decrease) in Claims Liability	-	(4,221,856)
Increase (decrease) Pension Liability	350,275	-
Increase(decrease) Pension Deferred Inflows	(92,432)	-
Net Cash Provided by Operating Activities	\$ 22,390,307	\$ 987,458

The notes to the financial statements are an integral part of this statement.



City of Wilmington
Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2016

	<u>Total Pension Trust Funds</u>
ASSETS	
Cash and Cash Equivalents (Note 3)	\$ 7,499,179
Receivables:	
Accrued Interest & Other Receivables	451,848
Total Receivables	451,848
Investments, at Fair Value:	
Money Market Mutual Funds	3,567,365
U.S. Treasury Obligations	27,594,038
U.S. Government Agencies - Guaranteed	3,775,158
U.S. Government Agencies - Other	6,034,903
Corporate & Foreign Bonds	29,734,703
Common Equity & Marketable Securities	63,041,969
Global & International Funds	35,910,358
Mutual Funds	53,516,704
Total Investments	223,175,198
Total Assets	<u>231,126,225</u>
LIABILITIES	
Accounts Payable	30,644
Salaries and Benefits Payable	203,598
Due to Other Funds	8,533,792
Compensated Absences	16,274
Liability for Stale-Dated Pension Checks	178,646
Total Liabilities	<u>8,962,954</u>
Net Position	
Held in Trust for	
Pension Benefits	<u>\$ 222,163,271</u>

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2016

	<u>Total Pension Trust Funds</u>
ADDITIONS	
Contributions:	
City	
Paid Directly by the City	\$ 16,723,899
Paid by the State	
On-Behalf of the City	6,107,194
Employees	1,517,299
Federal Drug Subsidies & Other	<u>146,681</u>
Total Contributions	<u>24,495,073</u>
Investment Income	
Investment Earnings	5,040,162
Net Appreciation in Fair Value	<u>288,057</u>
Total Investment Income	<u>5,328,219</u>
Less: Investment Expense	<u>(593,522)</u>
Net Investment Income (Loss)	<u>4,734,697</u>
Total Additions	<u>29,229,770</u>
DEDUCTIONS	
Benefits Paid	27,482,014
Administrative Expenses	<u>664,472</u>
Total Deductions	<u>28,146,486</u>
Net Increase (Decrease) in Plan Net Position	1,083,284
Net Position - Beginning	<u>221,079,987</u>
Net Position - Ending	<u>\$ 222,163,271</u>

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware
Combining Statement of Net Position (Deficit)
Discretely Presented Component Units
June 30, 2016

ASSETS	Christina Gateway Corporation	Wilmington UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Rock Manor Golf Corporation	Cityfest Inc.	Total
Cash and Cash Equivalents (Note 3)	\$ 66,131	\$ 2,178,436	\$ 1,038,819	\$ 815,192	\$ 170,719	\$ 737,609	\$ 124,689	5,131,595
Investments	-	-	7,255,223	-	-	-	-	7,255,223
Receivables, Net	481,500	3,646,258	41,819	271,106	12,249	-	-	4,452,932
Restricted Assets:								
Investments	-	500,000	549,825	-	-	-	-	1,049,825
Net Pension Asset	-	-	-	-	-	-	-	-
Deferred Charges & Other Assets	-	-	-	56,050	-	-	11,750	67,800
Capital Assets, Net:								
Land	2,725,805	-	16,319,058	-	-	-	-	19,044,863
Intangible Assets	-	-	5,000,000	-	-	-	-	5,000,000
Construction in Progress	-	683,640	383,859	-	-	-	-	1,067,499
Building and Improvements	735,840	-	22,303,602	582,036	-	3,494,599	-	27,116,077
Vehicles, Machinery & Equipment	-	-	403,354	188,585	43,269	-	7,517	642,725
Total Assets	4,009,276	7,008,334	53,295,559	1,912,969	226,237	4,232,208	143,956	70,828,539
DEFERRED OUTFLOWS OF RESOURCES	-	-	89,371	-	-	-	-	89,371
LIABILITIES								
Accounts Payable & Accrued Expenses	4,392	696,230	287,150	80,192	21,972	428,461	9,204	1,527,601
Due to Primary Government	-	-	275,000	-	-	-	-	275,000
Salaries and Benefits Payable	-	-	132,473	126,276	-	-	-	258,749
Unearned Revenue	-	-	-	34,912	13,000	134,875	-	182,787
Net Pension Liability	-	-	114,726	-	-	-	-	114,726
Long-term Liabilities								
Due within One Year								
Bonds Payable	-	-	560,321	33,673	50,000	50,376	-	694,370
Due in More than One Year								
Bonds Payable	900,000	-	13,524,109	589,473	178,549	862,455	-	16,054,586
Total Liabilities	904,392	696,230	14,893,779	864,526	263,521	1,476,167	9,204	19,107,819
DEFERRED INFLOWS OF RESOURCES	-	-	126,208	-	-	-	-	126,208
NET POSITION (DEFICIT)								
Net Investment in Capital Assets	3,133,445	683,640	30,325,443	-	43,269	2,581,768	7,517	36,775,082
Restricted for:								
Restricted for Net Pension Asset	-	-	-	-	-	-	-	-
Debt Service	-	-	549,825	-	-	-	-	549,825
Under Contractual Agreement	-	-	1,666,459	261,942	-	-	-	1,928,401
Unrestricted (Deficit)	(28,561)	5,628,464	5,823,216	786,501	(80,553)	174,273	127,235	12,430,575
Total Net Position (Deficit)	\$ 3,104,884	\$ 6,312,104	\$ 38,364,943	\$ 1,048,443	\$ (37,284)	\$ 2,756,041	\$ 134,752	\$ 51,683,883

The notes to the financial statements are an integral part of this statement.

City of Wilmington, Delaware
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2016

	Program Revenues		Net (Expense) Revenues and Changes in Net Position							
	Expenses	Charges for Services	Christina Gateway Corporation	UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Rock Manor Golf Corporation	Cityfest Inc.	Total
Christina Gateway Corporation	\$ 97,099	\$ -	\$ (97,099)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (97,099)
Wilmington UDAG Corporation	351,963	207,792	-	(144,171)	-	-	-	-	-	(144,171)
Wilmington Parking Authority	6,957,820	7,613,398	-	-	655,578	-	-	-	-	655,578
Downtown Visions	2,980,827	3,236,311	-	-	-	255,484	-	-	-	255,484
Riverfront Business										
Other	-	-	-	-	-	-	-	-	-	-
Improvement District	402,897	514,740	-	-	-	-	111,843	-	-	111,843
Rock Manor Golf Corporation	169,358	198,998	-	-	-	-	-	29,640	-	29,640
Cityfest Inc.	700,651	231,932	-	-	-	-	-	-	(468,719)	(468,719)
	<u>\$11,660,615</u>	<u>\$ 12,003,171</u>	<u>(97,099)</u>	<u>(144,171)</u>	<u>655,578</u>	<u>255,484</u>	<u>111,843</u>	<u>29,640</u>	<u>(468,719)</u>	<u>342,556</u>
General Revenues										
Investment Earnings			-	-	175,307	2,573	498	-	7	178,385
Grants, Entitlements, and Contributions			-	-	-	-	-	-	442,645	442,645
Other Revenues including Capital Asset Gains			-	-	(363,426)	-	-	-	-	(363,426)
Total General Revenues			-	-	(188,119)	2,573	498	-	442,652	257,604
Change in Net Position			(97,099)	(144,171)	467,459	258,057	112,341	29,640	(26,067)	600,160
Net Position (Deficit) - Beginning			<u>3,201,983</u>	<u>6,456,275</u>	<u>37,897,484</u>	<u>790,386</u>	<u>(149,625)</u>	<u>2,726,401</u>	<u>160,819</u>	<u>51,083,723</u>
Net Position (Deficit) - Ending			<u>\$ 3,104,884</u>	<u>\$ 6,312,104</u>	<u>\$ 38,364,943</u>	<u>\$ 1,048,443</u>	<u>\$ (37,284)</u>	<u>\$ 2,756,041</u>	<u>\$ 134,752</u>	<u>\$ 51,683,883</u>

The notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

Pursuant to Title 22, Delaware Code, 1953, the City of Wilmington, Delaware (the City), was granted the rights to exercise all expressed and implied powers and authority of local self-government and home rule under Charter governed by the Delaware Constitution. The City operates under a Mayor-Council form of government.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has adopted all applicable GASB statements through No. 76. The more significant of the City's accounting policies are described below. These policies should be recognized by the reader as integral to the preparation and use of the accompanying financial statements.

A. Financial Reporting Entity

For financial reporting purposes, the City's primary government includes activities of all elected officials, departments and agencies, bureaus, boards, commissions, and authorities that make up the City's legal entity. The City's reporting entity is also comprised of its component units, legally separate organizations for which the City's elected officials are financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

The City is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may also be financially accountable if an organization is fiscally dependent on the City regardless to whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Blended Component Unit

Wilmington Park Trust Commission (WPC) is a municipal trust. WPC was organized for the purpose of financing the maintenance and improvements of the parks in and around the City of Wilmington. WPC consists of three Commissioners: two appointed by the Mayor of the City of Wilmington, and the third is the Director of Parks and Recreation of the City.

Discretely Presented Component Units

The component units' columns in the entity-wide financial statements include the financial data of the City's seven other active component units. These units are reported in a separate column to emphasize that they are legally separate from the City's primary government operations.

Rock Manor Golf Corporation (Rock Manor) was organized for the purpose of assisting the City in the administration of the golf course operations of the Rock Manor Golf Course. The City appoints Rock Manor's entire governing board. The City has a significant influence over programs, projects, and activities of the Corporation. Rock Manor is reflected as a discretely presented component unit in the accompanying financial statements as its debt obligations are no longer expected to be repaid by the City.

Christina Gateway Corporation offers small business loans and other financial assistance within the City. The City appoints a majority of the governing body (most of whom are City officials), provides all

executive, administrative, and support services, and maintains the books and records. The City has significant influence over programs, projects, and activities of the Corporation.

Wilmington UDAG Corporation (UDAG) was organized to enhance urban development and educational, charitable, and philanthropic purposes within the boundaries of the City. The City appoints the corporation's entire governing board (most of whom are City officials), and provides all executive, administrative and support services, and maintains the books and records. The City has a significant influence over programs, projects, and activities of the Corporation.

Wilmington Parking Authority (WPA) owns and operates multistory and surface parking facilities within the boundaries of Wilmington. The Board of Directors of the WPA is appointed by the Mayor and confirmed by the Wilmington City Council. The authority operates within the boundaries of the City. Substantially all the WPA's outstanding revenue bonds are guaranteed by the City. The WPA is the general partner in 800 Garage Associates, L.P. and owns 80% interest in the limited partnership.

Wilmington Downtown Business Improvement District (WDBID) Management Company (d/b/a Downtown Visions) was organized to supplement City safety and cleaning service in the downtown business district. The City appoints the corporation's entire board. The corporation's services are funded by charges assessed on taxable property in the district at a rate approved by the City.

Riverfront Wilmington Business Improvement District (RWBID) was organized to supplement City safety and cleaning service in the Wilmington Riverfront area. The City appoints the corporation's entire board. The corporation's services are funded by charges assessed on taxable property in the district at a rate approved by the City. The corporation has a December 31 fiscal year end.

City Fest, Inc. was organized to supplement City contributions to arts and cultural programs. The City appoints the corporation's entire governing board (most of whom are City officials), and provides all executive, administrative and support services, and maintains the books and records. The City has a significant influence over programs, projects, and activities of the Corporation.

The financial information for the above component units is presented in the financial statements. Complete financial statements with accompanying notes pertaining to the individual component units can be obtained directly from their administrative offices:

Wilmington Park Trust Commission
c/o City of Wilmington
City Treasurer
800 French Street
Wilmington, Delaware 19801

Christina Gateway Corporation, and
Wilmington UDAG Corporation
c/o City of Wilmington
Economic Development Department
800 French Street
Wilmington, Delaware 19801

Riverfront Wilmington Business Improvement
District

800 South Madison Street
Wilmington, Delaware 19805

Wilmington Parking Authority
625 North Orange Street
Wilmington, Delaware 19801

City Fest Inc.
c/o City of Wilmington
Office of the Mayor
800 French Street
Wilmington, Delaware 19801

Wilmington Downtown Business Improvement
District

409 Orange Street
Wilmington, Delaware 19801

Rock Manor Golf Corporation
c/o City of Wilmington
City Treasurer
800 French Street
Wilmington, Delaware 19801

Related Organizations

Officials of the City's primary government appoint a voting majority of the governing board of the Wilmington Housing Partnership Corporation, the Wilmington Housing Authority, the Wilmington Economic Development Corporation, and the Hope Commission. Although the City appoints the majority of the governing board members, these members do not represent substantially the same governing body of the City. The City is not able to impose its will on the organizations and the organizations do not provide specific financial benefits or impose specific financial burdens to the City. Accordingly, the financial activities of the Wilmington Housing Partnership Corporation, the Wilmington Housing Authority, the Wilmington Economic Development Corporation, and the Hope Commission are not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City (the primary government) and its component units. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as offsetting internal balances and eliminated. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between government and business-type activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses relate to a given function or segment and amount of related program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. In addition, the fund financial statements present internal service funds and fiduciary funds by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (non-exchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes, wage taxes, parking citations, and business licenses as available if they are collected within 60 days after yearend. Revenues for 2015 include property taxes levied principally on July 1, 2014 and collected within 60 days. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants (when all applicable eligibility requirements have been met) and certain intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

Expenses are recorded when the related fund liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenses to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Long-term debt and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City except those resources required to be accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, employee wage taxes, and intergovernmental revenues. This fund accounts for expenditures for the general administrative services of the City, parks and recreation, public safety, public works, licenses and inspections, real estate and housing, and debt service on general long-term obligations.

The Housing Strategic Fund, a capital projects fund, is used to account for the City's efforts to assure affordable housing in the City of Wilmington. The revenue sources include a 2009 transfer from the General Fund, bond funds, and grant and project revenues. The fund makes capital grants and serves as the City funding source for federal and state grant housing capital projects that may be separately accounted for as special revenue projects. The classification of this fund was changed from special revenue fund to capital projects fund as of fiscal year 2011 in recognition of the fund's capital activities in promoting affordable housing with the City.

The Economic Strategic Fund, a capital projects fund, is used to account for the City's capital economic development capital activities and related economic incentives. Revenue sources include bond proceeds, grants and other project revenues, and a 2009 transfer from the General Fund. The classification of this fund was changed from special revenue fund to capital projects fund as of fiscal year 2011 in recognition of the fund's capital activities in promoting economic development with the City.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds or other Governmental Funds. Revenue sources include bond proceeds, state and federal grants, and project revenues.

The City reports the following major enterprise fund:

The Water and Sewer Fund reports City water and sewer utility operations and stormwater management activities that provide services financed primarily by user charges.

The City also reports the following fund types:

Internal Service Funds are used to account for goods or services provided by the City to other departments and funds or to other governmental units on a cost-reimbursement basis. The services accounted for in these funds include data processing, the motor vehicle pool, mail, mapping and graphics, duplication and reproduction, communications, word processing, self-insurance, workers' compensation, and health and welfare benefits.

Pension Trust Funds reports the City's six pension retirement funds and a pension healthcare trust fund which accumulate resources for pension benefit payments to qualified employees.

With limited exceptions, the effects of internal activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for various functions.

Amounts recorded as program revenues include a) charges to customers or applicants for materials, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions. Internally dedicated resources including all taxes are reported as general revenues.

The preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent items at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could differ from those estimates.

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 of the Water and Sewer fund and internal service funds are charges to customers for sales and services. The Water and Sewer fund recognizes as operating revenues the portion of connection fees related to the cost to connect customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

D. Assets, Liabilities and Fund Equity Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities within one year from the date of acquisition. The City and its component units invest all temporary cash surpluses except for funds managed and invested by outside custodians. These temporary investments consist of certificates of deposit, U.S. Government securities, and time deposits. It is the City's and its component units' policies that all repurchase agreements be secured with U.S. Government securities. It is also their policies to consider demand deposits and highly liquid investments with maturities of one year or less when purchased and not under management of custodians or restricted as "cash and cash equivalents." Accordingly, cash and cash equivalents do not include "pooled investments" and "restricted investments," discussed below, and therefore, the two latter categories are excluded from beginning and ending balances for cash and cash equivalents in the statements of cash flows although restricted cash and cash equivalents are included.

Pooled Investments include pension investments pooled under management of outside custodians, are external in nature, and not considered highly liquid. These pooled investments consist of individual

securities with identifiable street names, except for amounts invested in mutual funds as presented in Note 3.

Restricted Investments may occur in connection with various bond and trust agreements. Investments are deposited into restricted accounts for the purpose of constructing capital additions, or expenditures in a blended component unit. Earnings from these three cash and investment categories discussed above are credited to their respective funds. An analysis of the cash and investments is presented in Note 3.

Investments in the Fiduciary Funds are recorded at fair value as measured by quoted prices in an active market. The change for the fiscal year in the aggregate fair value of investments is reflected in the Statement of Changes in Fiduciary Net Position as "Net Appreciation (Depreciation) in Fair Value."

Investment Policies

Primary Government - Pooled Cash - The City's investment policy for surplus cash and investments is governed by the State of Delaware's Constitution. The City is authorized to make direct investments in:

- Certificates of Deposits from financial institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or, to the extent not insured, collateralized by U.S. Government securities,
- U.S. Government securities,
- Obligations issued or guaranteed by any U.S. Government agency,
- Collateralized repurchase agreements with respect to a U.S. Government securities or U.S. Government agency securities and,
- Obligations of States, Counties or Cities with a rating of "A" or better.

The City is not authorized to invest in:

- Any speculative type investments,
- Corporate equities,
- Corporate debt securities.

Primary Government - Fiduciary Funds - Deposits and Investments - The investment policy for the City's Pension Trust Funds is in accordance with the Investment Policy Statement of the City of Wilmington Board of Pensions and Retirement. The Investment Policy Statement's general policy is to apply the prudent person rule. Investments are made as a prudent person would act, with discretion and intelligence, to seek reasonable income, preserve capital and avoid speculative investments. The City's Pension Trust Funds may be invested in domestic equities, international equities, fixed income securities, U.S. Government securities, U.S. Government agency securities, U.S. certificates of deposit, bankers' acceptances, commercial paper or alternate investments.

The Investment Policy Statement of the City of Wilmington Board of Pensions and Retirement delineates the following asset mix, intended to meet the Funds' investment objectives while limiting investment risk by assuring an acceptable level of diversification in the portfolio. Domestic equity exposure must be maintained between 38% and 58%. International equity exposure must be maintained between 7% and 17%. Fixed income exposure must be maintained between 30% and 50%. Exposure in alternate investments must be maintained at or below 5%. (Although authorized, the Board has chosen not to invest any funds in alternate investments.) The Policy emphasizes having adequate liquidity to permit benefit payments when due, while at the same time fostering growth in response to the Funds' long-term liabilities through asset allocation and investment guidelines. The Policy seeks to optimize diversification through asset allocation and certain other constraints.

Component Units - The Wilmington Park Trust Fund Commission (a blended component unit) has authority to invest in corporate equities and debt through a 1935 Act of the State Legislature. The

Wilmington Parking Authority has authority to invest cash from operations and bond issues, and the assets of its pension funds under The Investment Policy Statement approved by its Board of Directors.

Receivables

Property Taxes are recorded as receivables at the time the tax is levied and billed on July 1 of each year and each quarter thereafter. The taxes become a lien when levied. Annual property taxes are due August 31. Penalty and interest on delinquent property taxes are recorded when imposed on September 15 at a nine percent (9%) penalty rate (\$10 minimum) and interest is imposed on October 1st at the rate of one percent (1%) for the first three (3) months, one and one-half percent (1 ½%) for the second three (3) months, two and one-half percent (2 ½%) for the third three (3) months, and three percent (3%) for each month thereafter on the unpaid balance.

Water, Sewer, and Stormwater Customer Charges are recorded when billed except that an estimated amount is recorded for services rendered but not yet billed as of the close of the fiscal year. Generally, this estimate is based on actual billings made subsequent to yearend after giving effect to charges for the subsequent reporting period. Thereafter, interest and penalty on delinquent water and sewer charges are recorded when imposed - fifteen (15) days after the due date and each first day of the month thereafter as long as the balance remains outstanding. Penalty and interest are charged at a nine percent (9%) penalty rate (\$10 minimum) and an interest rate of one percent (1%) for the first three (3) months, one and one-half percent (1 ½%) for the second three (3) months, two and one-half percent (2 ½%) for the third three (3) months, and three percent (3%) for each month thereafter on the unpaid balance.

Business License Fees are recorded when billed on January 1 of each year. Accounts become delinquent thirty (30) days after billing, at which time a one-time five percent (5%) penalty or a minimum of \$5 is imposed; this penalty becomes part of the base fee. Thereafter, interest and penalty are each assessed at a rate of one and one-half percent (1 ½ %) per month.

Wage Taxes are recorded when paid. Wage taxes withheld by employers and remittable to the City at yearend are recorded as receivables. Receivables are also recorded on a calendar year basis when employers' payments are reconciled to submitted employee W-2 information due January 31. A one-time penalty of five percent (5%) or a minimum of \$5 is imposed on receivables after February 1 with interest imposed at a rate of one and one-half percent (1 ½ %) per month until paid; in certain circumstances penalties of 5% per month may be applied. Additional fines and potential criminal penalties may be imposed under certain circumstances.

Parking Citations are recorded at the time the citation is issued. Accounts become delinquent 21 days after issuance; penalties of \$20 are added after 21 days, 45 days, and 90 days for a total penalty of \$60.

Revenues in the government-wide financial statements are susceptible to accrual in the period in which they become measurable unless accorded other treatment by GASB standards. All revenue and receivables in the government-wide and governmental fund statements are shown net of allowances for uncollectible accounts. Allowances are based on historic trends or specific evaluation as necessary.

Due to/Due from Other Funds which are recorded in the fund financial statements are the yearend outstanding balances of a variety of transactions between funds, including cash transactions, operating expenditures and transfers of resources to provide services, to construct assets and to service debt.

Due to/from Other Governments (or Component Units) primarily consist of amounts arising from transfer payments and amounts due from grantors. Certain revenues collected by the State and remitted to the City are recorded as derived revenue transactions; all amounts are remitted to the City within 60 days of yearend and are recorded as receivable.

Internal Balances are the residual balances outstanding between governmental activities and business-type activities as reported in the government-wide financial statements.

Prepaid Items

Significant prepayments to vendors are recorded as prepaid items and recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets are reported in the Government-wide and Proprietary Fund financial statements. The City has defined capital assets as assets with a minimum cost of \$5,000 (\$25,000 to \$50,000 for land improvements, buildings, and infrastructure) and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Collections of art (primarily sculptures) are capitalized but not depreciated if they are preserved and not held for investment. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the estimated useful lives of the related assets. The City records six months of depreciation in the year the asset is acquired. The City and its component units generally use the following estimated useful lives unless an asset's life has been adjusted based on actual experience:

<u>Asset Class</u>	<u>Years</u>
Streets & Street Signals	20 - 35
Buildings	50 - 60
Parks and Recreation Facilities	50 - 60
Reservoirs and Water Filter Facilities	50 - 60
Water/Sewer Lines	50 - 60
Wastewater Pump and Treatment Facilities	50 - 60
Machinery and Equipment	10 - 15
Vehicles	5 - 10

Unearned Revenue

Unearned revenue consists of revenues that have not met all requirements of revenue recognition. Unearned items primarily consist of reimbursement-type grants where costs have not yet been incurred; this includes instances where the City receives periodic advance funding, but has not expended the funds nor met all the criteria to claim the funds as revenue for the current fiscal period.

Compensated Absences

City employees are granted vacation, sick leave and compensatory time in varying amounts based on length of service and bargaining unit. A limited number of vacation, sick days, and compensatory time may be carried forward from year to year, and upon termination, employees are paid accumulated vacation, sick days, and compensatory time at the appropriate rates. Other than for Governmental Funds, the unpaid vested vacation, sick pay, and compensatory time liabilities have been accrued. In the Governmental Funds, (General Fund and Special Revenue Funds) compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate unpaid vacation, sick leave, and compensatory time at June 30 from future resources (typically, of the General Fund) rather than from currently available, expendable resources.

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Upon adoption of GASB No. 65, bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows and Outflows

The statements of net position report a separate section for deferred outflows or deferred inflows of resources. Deferred inflows of resources represent acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had unavailable revenues, which qualifies as a deferred inflow of resources. This arises under the modified accrual basis of accounting and therefore only reported in the governmental funds balance sheet. The City also had deferred inflows of resources related to pensions that are occurring primarily as a result from changes in the components of the net pension liability. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has a deferred charge on refunding reported in the government-wide statement of net position and proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also had deferred outflows of resources related to pensions that are occurring primarily as a result from changes in the components of the net pension liability.

Self-Insurance

The City is exposed to various risks of losses relating to general liability, commercial automobile liability, law enforcement liability, employee benefits liability, employment practices liability, management liability, and abuse/molestation liability (hereinafter "Commercial General Liability"); and inland marine liability. The City has commercial general liability and excess/umbrella insurance to cover these risks, after self-insured retentions, which are covered with Internal Service Funds.

The City also maintains commercial insurance coverage for its commercial property, large value commercial automobiles, inland marine hull, flood, crime, and certain other insurable losses. The City is self-insured for workers compensation and general health claims, which are covered by Internal Service Funds; the City has medical stop loss insurance for large general health claims.

The claims liabilities included in the Risk Management, Workers' Compensation and Health and Welfare Funds are based on the results of actuarial studies, and include amounts for claims previously incurred, and including both reported and unreported claims. Claims liabilities are calculated considering the effects of inflation, multi-year loss development trends, and other economic and social factors. It is the City's practice to obtain actuarial studies annually. Costs are charged back to other funds by these three internal service funds using various allocation methods.

Net Position and Fund Equity

The difference between fund assets, deferred outflows and inflows of resources, and liabilities is “Net Position” on the government-wide, proprietary, and fiduciary fund statements and “Fund Balance” on governmental fund statements. Net position is comprised of three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The first component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets reflect those assets whose use is restricted by outside parties or legal consultants. The unrestricted component of net position consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed** – Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council’s formal action to establish committed funds, and to rescind committed funds, is through passage of an ordinance.
- **Assigned** – Amounts that are allocated for a future use by the Mayor but are not spendable until a budget ordinance is passed by City Council.
- **Unassigned** – All amounts not included in other spendable classifications.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed. When committed resources, assigned resources, and unassigned resources are available for use, it is the City’s policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

2. Stewardship, Compliance, and Accountability

A. Legally Adopted Governmental Fund Budgets

Governmental funds, for which budgets have been legally adopted for the year ended June 30, 2016, included the General Fund and non-major funds included on page 112. Special revenue funds adopt budgets equal to the expenditures available for reimbursement by grants.

All budgets for the above funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary comparison schedules for the General Fund are presented as part of the Basic Statements. Such comparison schedules for the non-major funds and more detail on General Fund expenditures are presented in the combining and individual fund financial statements and schedule section of this report. More detailed information on the budgeting process is included on pages 100 and 101.

B. Expenditures Over Appropriations

During the year ended June 30, 2016, expenditures of the City Council, City Treasurer, and Fire of the General Fund exceeded budget by \$5,674, \$19,329, \$685,720, respectively. The overage is primarily due to medical costs being higher than budgeted due to an unexpected increase despite cost containment measures. All unbudgeted expenditures and transfers are included in a Reconciliation Ordinance submitted annually to City Council for their approval at the time the audited financial statements are also submitted to Council.

3. Deposits and Investments

The City pools surplus cash and investments of all funds for investment purposes with the City Treasurer. The City also separately pools pension funds with the City Treasurer. Pension funds are held by the City Treasurer and outside custodians; they are managed by the City Treasurer and outside investment managers. Component units use both internal and external management of deposits and investments. Some component units consider certificates of deposit to be investments.

	<u>Primary Government</u>	<u>Pension Funds</u>	<u>Discretely Presented Component Units</u>
<u>Deposits</u>			
Insured Deposits (FDIC)	\$ 6,805,797	\$ 1,711,086	\$ 1,289,935
Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name	13,106	-	487,609
Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name	101,181,230	5,788,093	7,409,223
Certificate of Deposits due within 2-5 Years - Collateral held by pledging bank's agent in the City or Unit's name	-	-	-
Uninsured and Uncollateralized	-	-	1,354,011
Total Deposits	<u>\$ 108,000,133</u>	<u>\$ 7,499,179</u>	<u>\$ 10,540,778</u>
<u>Investments</u>			
Repurchase Agreements	\$ -	\$ -	\$ -
Money Market Mutual Funds	1,393,334	3,567,365	256,635
U.S. Government Obligations	50,227	27,594,039	948,506
U.S. Agencies - Government Guaranteed	-	3,775,160	-
U.S. Agencies - Other	-	6,034,903	-
Municipal Bonds	-	-	882,317
Corporate & Foreign Bonds	-	29,734,704	-
Common Equity & Marketable Securities	-	63,041,967	-
Global & International Funds	-	35,910,357	-
Mutual Funds	4,193,712	53,516,704	808,407
Total Investments	<u>\$ 5,637,273</u>	<u>\$ 223,175,199</u>	<u>\$ 2,895,865</u>
Total Deposits and Investments	<u>\$ 113,637,406</u>	<u>\$ 230,674,378</u>	<u>\$ 13,436,643</u>

Custodial Credit Risk – Deposits

Primary Government and Fiduciary Funds - Custodial credit risk for deposits exists when, in the event of a failure of a depository financial institution, the City may be unable to recover deposits or recover collateral deposits that are in the possession of an outside party. All City deposits are required by law to be federally insured or, to the extent not insured, collateralized by direct obligations of the United States of America.

Custodial Credit Risk – Investments

Primary Government and Fiduciary Funds - Custodial credit risk for investments exists when, in the event of a failure the counterparty to a transaction, a government may be unable to recover the value of investments or collateral securities that are in the possession of an outside party. The table below (the same table provides custodial credit risk and interest rate risk data) provides information about the custodial credit risk associated with the Fiduciary Funds' investments. The investments disclosed in the table are uninsured and uncollateralized and held by the City's brokerage firm or bank trust department which is also the counterparty for the securities. The government's investment policy calls for annual reviews of investment custodians and managers.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value.

Primary Government - Park Trust (a blended component) is exposed to this risk in that it held money market mutual fund assets amounting to \$1,393,334 and U.S. Treasury Notes amounting to \$50,227 due within three years.

Component Units - The component units are exposed to this risk in that they held money market mutual fund assets amounting to \$948,506 U.S. Treasury Notes amounting to \$948,506 due within three years, and municipal bonds amounting to \$882,317.

Fiduciary Funds - The Investment Policy Statement's policy with regards to interest rate risk is that the average duration of fixed income securities held shall never be more than nine months greater or less than the most recently published average duration of the Barclays Capital Intermediate Government/Credit Index. The City invests in various collateralized mortgage obligations classified as U.S. Government Agencies not explicitly guaranteed by the government; as of June 30, 2016, the portfolio included \$6,559,583 of these securities. These securities are based on cash flows from interest payments on underlying mortgages and are sensitive to prepayments specifically during periods of declining interest rates. The following is a maturity schedule summarizing fixed income and short-term investments as of June 30, 2016.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>< 1 year</u>	<u>1-4.9</u>	<u>5-9.9</u>	<u>10-19.9</u>	<u>> 20</u>
U.S. Treasuries	\$ 27,594,039	\$ 205,461	\$ 17,016,435	\$ 10,372,143	\$ -	\$ -
U.S. Govt. Agencies - Guaranteed	3,775,160	795,295	1,631,954	483,380	273,362	591,169
U.S. Govt. Agencies - Other	6,034,903	-	3,477,520	796,315	385,601	-
Corporate Bonds	29,734,704	1,292,010	18,804,757	8,770,132	-	867,805
Total	\$ 67,138,806	\$ 3,668,233	\$ 40,930,666	\$ 20,421,970	\$ 658,963	\$ 1,458,974

Fair Value Measurements

The Organization follows the provisions of GASBS 72, *Fair Value Measurement and Application*. Under GASBS 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASBS 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The City has the following recurring fair value measurements as of June 30, 2016:

	<u>June 30, 2016</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Other Governmental Funds				
Money Market Funds	\$ 1,393,334	\$ 1,393,334	\$ -	\$ -
U.S. Treasury Obligations	50,227	50,227	-	-
Mutual Funds	1,210,314	1,210,314	-	-
Exchange Traded Funds	2,983,398	2,983,398	-	-
	<u>\$ 5,637,273</u>	<u>\$ 5,637,273</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Funds Investments				
Money Market Funds	\$ 3,567,365	\$ 3,567,365	\$ -	\$ -
Debt Securities				
U.S. Treasury Obligations	27,594,038	27,594,038	-	-
U.S. Government Agencies				
Guaranteed	3,775,160	3,775,160	-	-
Other	6,034,903	6,034,903	-	-
Corporate Bonds	29,878,763	29,878,763	-	-
Total Debt Securities	<u>67,282,864</u>	<u>67,282,864</u>	<u>-</u>	<u>-</u>

	<u>June 30, 2016</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common Equity Securities				
Materials	\$ 2,981,967	\$ 2,981,967	\$ -	\$ -
Industrials	8,835,582	8,835,582	-	-
Telecommunication Services	1,387,532	1,387,532	-	-
Consumer Discretionary	8,273,754	8,273,754	-	-
Consumer Staples	5,127,046	5,127,046	-	-
Energy	3,980,986	3,980,986	-	-
Financial	9,202,610	9,202,610	-	-
Health Care	8,964,842	8,964,842	-	-
Information Technology	12,065,276	12,065,276	-	-
Utilities	2,078,313	2,078,313	-	-
Total Common Equity Securities	<u>62,897,908</u>	<u>62,897,908</u>	<u>-</u>	<u>-</u>
Global & International Funds	<u>35,910,357</u>	<u>35,910,357</u>	<u>-</u>	<u>-</u>
Mutual Funds	<u>53,516,704</u>	<u>53,516,704</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds Investments	<u>\$223,175,198</u>	<u>\$ 223,175,198</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

The Investment Policy Statement requires that the average quality of fixed income investments in any fixed income manager's portfolio shall equal or exceed Moody's Aa or equivalent rating and the minimum quality of any single fixed income investment purchased or retained shall equal Moody's Baa or equivalent rating. As of June 30, 2016, the Pension Trust Funds' fixed income and short-term investments had the following risk characteristics.

<u>Moody's Ratings or Comparable</u>	<u>Percent of Total Benefit</u>	
	<u>Trust Funds</u>	<u>Market Value</u>
Baa and higher	13.32%	\$ 29,734,704
Government	<u>15.38%</u>	<u>34,327,563</u>
	<u>28.70%</u>	<u>\$ 64,062,267</u>

Concentration of Credit Risk

When investments are concentrated in one issuer (excluding the U.S. Government), this concentration presents a heightened risk of loss. As of June 30, 2016, there were no investments with a fair value in excess of 5% of the Funds' net position invested in any one particular issue.

Foreign Currency Risk

The Pension Funds' exposure to foreign currency risk derives from its positions in foreign currency-denominated equity investments. All fixed income securities of foreign governments are denominated in U.S. dollars. The Funds' exposure to foreign currency risk is summarized as follows:

Currency	Fair Value in U.S. Dollars	Equities
Euros	\$ 205,828	\$ 205,828
Total in Foreign Denominated Investments	\$ 205,828	\$ 205,828

The Pension Funds' investment policy permits them to invest up to 10% of total benefit trust funds in foreign currency-denominated investments. The system's current position is 0.001%.

Investment Commitments

The Pension Funds had no investment commitments at June 30, 2016.

The following provides a reconciliation between amounts disclosed above and the amounts presented in the Statements of Net Position.

	Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents	\$ 108,000,133	\$ 7,499,179	\$ 6,181,420
Investments	5,637,273	223,175,198	7,255,223
	\$ 113,637,406	\$ 230,674,377	\$ 13,436,643
Unrestricted	\$ 60,792,890	\$ -	\$ 12,386,818
Restricted	52,844,516	-	1,049,825
Fiduciary Funds	-	230,674,377	-
	\$ 113,637,406	\$ 230,674,377	\$ 13,436,643

Restricted Cash and Investments

At June 30, 2016, the City had \$5,637,273 of investments in a non-major special revenue fund. These are shown as restricted assets in the Statement of Net Position as they are in separate accounts within a blended component unit and are available only for park operations.

The City also had \$46,976,844 in temporarily restricted cash at June 30, 2016. The components were: \$3,388,151 related to Water and Sewer Fund contractual requirements, and \$43,819,091 related to unspent proceeds of bond offerings (\$21,415,841 in the Water and Sewer Fund, \$21,588,426 in the Capital Projects Fund, \$128,815 in the Economic Strategic Fund, \$683,500 in the Data Processing Fund, and \$2,509 in the Motor Vehicle Fund). The proceeds are invested primarily in certificates of deposit and are tracked and managed separately from operating cash by the City Treasurer. The funds can only be spent on capital projects. In 2010, the City started to classify these as restricted funds due to the source, the management of the funds, and the expenditure restrictions. Because the bonds do not have restricting indentures and could have been temporarily used as operating funds, the funds were previously not classified as restricted. The funds have never been used for temporary purposes and City policies prevent this from occurring. The change in presentation resulted had no effect on total net position.

4. Receivables**Primary Government**

Receivables as of yearend for the Government's major and nonmajor funds (including applicable allowances for uncollectible accounts) are as follows (no differences exist between government-wide and fund basis receivables):

	<u>Governmental Activities</u>			<u>Business-type</u>	
	<u>General</u>	<u>Housing Strategic</u>	<u>Nonmajor Funds</u>	<u>Water and Sewer</u>	
Receivables:					
Property Taxes	\$ 6,931,565	\$ -	\$ -	\$ 6,931,565	\$ -
Wage Taxes	10,540,815	-	-	10,540,815	-
Parking & Redlight Citations	19,786,408	-	-	19,786,408	-
Business Licenses	1,039,938	-	-	1,039,938	-
Signs and Licenses	7,803,453	-	-	7,803,453	-
Other	1,814,148	3,323,265	726,816	5,864,229	-
Utility Billings	-	-	-	-	42,328,072
Notes - Current	683,008	-	-	683,008	-
Notes - Noncurrent	<u>2,845,056</u>	-	-	<u>2,845,056</u>	-
Gross Receivables	<u>51,444,391</u>	<u>3,323,265</u>	<u>726,816</u>	<u>55,494,472</u>	<u>42,328,072</u>
Less: Allowance for Uncollectibles	<u>(27,267,805)</u>	-	-	<u>(27,267,805)</u>	<u>(10,596,703)</u>
Net Total Receivables	<u>\$ 24,176,586</u>	<u>\$ 3,323,265</u>	<u>\$ 726,816</u>	<u>\$ 28,226,667</u>	<u>\$ 31,731,368</u>

Internal Service Fund receivables amounting to \$7,200 are included in Governmental Activities receivables in the Statement of Net Position. Revenues of the Water and Sewer Fund are reported net of the change in uncollectible amounts; the change in 2016 increased revenues by \$4,033,726.

Discretely Presented Component Units

Receivables as of yearend for the Component Units are as follows:

	<u>Christina Gateway Corporation</u>	<u>Wilmington UDAG Corporation</u>	<u>Wilmington Parking Authority</u>	<u>Other Component Units</u>	<u>Total</u>
Receivables:					
Accounts	\$ 31,500	\$ -	\$ 41,819	\$ 283,355	\$ 356,674
Mortgages and Loans	<u>450,000</u>	<u>3,646,258</u>	<u>-</u>	<u>-</u>	<u>4,096,258</u>
Total Receivables	<u>\$ 481,500</u>	<u>\$ 3,646,258</u>	<u>\$ 41,819</u>	<u>\$ 283,355</u>	<u>\$ 4,452,932</u>

5. Notes Receivable

Primary Government

On September 1, 1995, the City entered into an agreement with the Diamond State Port Corporation (DSPC), selling the assets of the Port of Wilmington. In exchange for the assets sold (net book value of \$71.9 million), DSPC agreed to make payments to the City under deferred payment notes totaling \$115.5 million over 30 years, discounted at 7% interest rate. The note receivable at June 30, 2016, in the amount of \$3,528,064 is included in the government-wide statement of net position and governmental funds balance sheet; the current and non-current amounts are disclosed in the schedule in Note 4 and are accounted for as assets of the General Fund.

The City of Wilmington provides a line of construction funding to the Wilmington Housing Partnership Corporation up to a maximum of \$4,000,000 outstanding at any one time. The funding is provided as part of the proceeds of a \$4,000,000 line of credit with JP Morgan Chase, further discussed in Note 8. The receivable at June 30, 2016, in the amount of \$3,303,265 is included in the government-wide statement of net position and governmental funds balance sheet. The amount is considered currently due and is disclosed in the receivable schedule in Note 4 as an asset of the Housing Strategic Fund. On September 29, 2016, the line of construction funding agreement was replaced. The new line has substantially the same terms with a maximum of \$3,378,372 outstanding at any one time.

6. Capital Assets

A. Primary Government

The capital asset activity for Governmental Activities for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 24,090,181	\$ -	\$ -	\$ 24,090,181
Art	1,920,043	32,500	-	1,952,543
Construction-In-Progress	995,013	2,244,294	(203,237)	3,036,070
Total Capital Assets not being Depreciated	<u>27,005,237</u>	<u>2,276,794</u>	<u>(203,237)</u>	<u>29,078,794</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	77,876,741	113,057	-	77,989,798
Parks and Recreation Facilities	29,650,727	1,313,062	-	30,963,789
Streets and Street Signals	119,518,389	4,666,696	(2,866,929)	121,318,156
Vehicles, Equipment and Other Assets	63,426,337	5,126,963	(2,479,036)	66,074,264
Total Capital Assets Being Depreciated	<u>290,472,194</u>	<u>11,219,779</u>	<u>(5,345,965)</u>	<u>296,346,007</u>
Less Accumulated Depreciation For:				
Buildings	(23,953,443)	(1,574,777)	-	(25,528,220)
Parks and Recreation Facilities	(17,516,172)	(759,929)	-	(18,276,101)
Streets and Street Signals	(49,668,216)	(3,758,771)	2,866,929	(50,560,058)
Vehicles, Equipment and Other Assets	(39,077,377)	(4,583,397)	2,236,735	(41,424,040)
Total Accumulated Depreciation	<u>(130,215,208)</u>	<u>(10,676,874)</u>	<u>5,103,664</u>	<u>(135,788,418)</u>
Total Capital Assets Being Depreciated, Net	<u>160,256,986</u>	<u>542,905</u>	<u>(242,302)</u>	<u>160,557,589</u>
Governmental Activities Capital Assets, Net	<u>\$ 187,262,223</u>	<u>\$ 2,819,699</u>	<u>\$ (445,539)</u>	<u>\$ 189,636,383</u>

The capital asset activity for Business-type Activities for the year ended June 30, 2016 was as follows:

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,060,443	\$ -	\$ -	\$ 4,060,443
Construction-In-Progress	40,288,366	18,987,345	(13,179,624)	46,096,087
Total Capital Assets not being Depreciated	<u>44,348,809</u>	<u>18,987,345</u>	<u>(13,179,624)</u>	<u>50,156,530</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	24,420,878	-	-	24,420,878
Reservoirs and Water Filter Facilities	127,107,112	4,407,106	-	131,514,218
Water Lines	61,585,683	4,223,568	(828,151)	64,981,100
Wastewater Pump and Treatment Facilities	144,465,098	4,080,022	-	148,545,120
Sewer Lines	36,012,645	468,927	(91,949)	36,389,623
Total Capital Assets Being Depreciated	<u>393,591,416</u>	<u>13,179,624</u>	<u>(920,100)</u>	<u>405,850,940</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(3,563,096)	(593,515)	-	(4,156,611)
Reservoirs and Water Filter Facilities	(29,529,343)	(2,168,295)	-	(31,697,638)
Water Lines	(19,720,841)	(1,740,744)	828,151	(20,633,434)
Wastewater Pump and Treatment Facilities	(81,745,828)	(2,780,991)	-	(84,526,819)
Sewer Lines	(7,105,796)	(724,387)	91,947	(7,738,236)
Total Accumulated Depreciation	<u>(141,664,904)</u>	<u>(8,007,932)</u>	<u>920,098</u>	<u>(148,752,738)</u>
Total Capital Assets Being Depreciated, Net	<u>251,926,512</u>	<u>5,171,692</u>	<u>(2)</u>	<u>257,098,202</u>
Business-type Activities Capital Assets, Net	<u>\$ 296,275,321</u>	<u>\$ 24,159,036</u>	<u>\$ (13,179,626)</u>	<u>\$ 307,254,732</u>

Interest costs related to Proprietary Fund construction is capitalized as part of the capitalized value of the asset constructed. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds. The amount capitalized in 2016 was \$830,809.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General Government	\$ 1,750,056
Real Estate and Housing	18,546
Public Works	5,687,860
Parks and Recreation	1,085,464
Public Safety	<u>2,134,948</u>

Total Depreciation Expense - Governmental Activities \$ 10,676,874

Business-type Activities

Water/Sewer	<u>\$ 8,007,932</u>
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Total Depreciation Expense - Business-type Activities \$ 8,007,932

Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2016. The programs include street paving, an emergency communications system, and a reservoir and other water and wastewater facilities.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
General Capital Projects	\$ 53,627,306	\$ 3,172,720
Reservoirs & Other Water and Wastewater Projects	<u>114,684,875</u>	<u>3,617,312</u>
Total	<u>\$ 168,312,181</u>	<u>\$ 6,790,032</u>

B. Component Units

Capital asset activity for the City's component units for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 19,044,863	\$ -	\$ -	\$ 19,044,863
Intangible Assets		5,000,000		5,000,000
Construction-In-Progress	<u>1,390,249</u>	<u>34,447</u>	<u>(357,197)</u>	<u>1,067,499</u>
Total Capital Assets Not Being Depreciated	<u>20,435,112</u>	<u>5,034,447</u>	<u>(357,197)</u>	<u>25,112,362</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	63,828,038	3,192,258	-	67,020,296
Machinery and Equipment	3,827,026	184,192	-	4,011,218
Vehicles & Other Assets	<u>227,636</u>	<u>-</u>	<u>(2,589)</u>	<u>225,047</u>
Total Capital Assets Being Depreciated	<u>67,882,700</u>	<u>3,376,450</u>	<u>(2,589)</u>	<u>71,256,561</u>
Less Accumulated Depreciation For:				
Buildings	(38,054,689)	(1,917,778)		(39,972,468)
Machinery and Equipment	(3,285,182)	(119,932)		(3,405,114)
Vehicles & Other Assets	<u>(114,413)</u>	<u>(5,764)</u>	<u>-</u>	<u>(120,177)</u>
Total Accumulated Depreciation	<u>(41,454,284)</u>	<u>(2,043,474)</u>	<u>-</u>	<u>(43,497,759)</u>
Total Capital Assets Being Depreciated, Net	<u>26,428,416</u>	<u>1,332,976</u>	<u>(2,589)</u>	<u>27,758,802</u>
Capital Assets, Net	<u>\$ 46,863,528</u>	<u>\$ 6,367,423</u>	<u>\$ (359,786)</u>	<u>\$ 52,871,164</u>

7. Interfund Balances and Transfers

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disbursing agent of cash. The payable from the Internal Service Funds (primarily the Motor Vehicle Fund) arises from vehicle purchases that will be collected through charges to the General and other funds. Interfund balances are expected to be repaid within one year.

The General Fund is owed \$8,533,792 by the Fiduciary Funds at June 30, 2016. The liability relates to the pension payments disbursed from the General Fund on behalf of the Fiduciary Funds during the year. On November 29, 2016, \$7,313,533 of the liability was repaid.

In FY 2010, the Water and Sewer Fund entered into a transaction with the Risk Management and Workers Compensation internal service funds whereby each internal service fund advanced \$7,500,000 to the Water and Sewer Fund. The Advance totaling \$2,240,140 at June 30, 2016 includes \$1,614,468 to finance capital construction that was previously financed from working capital, and \$625,672 also due to the Workers Compensation internal service fund for premiums billed. The Advances are payable in various amounts in fiscal years 2014 through 2017 with 1% interest.

The General Fund is owed \$4,535,770 by the Motor Vehicle Fund at June 30, 2016; the liability relates to the acquisition of garage assets and motor vehicles and is shown as an advance to Other Funds as management intends to repay this advance from internal service charges based in part on depreciation incurred over the life of the assets.

The composition of interfund balances as of June 30, 2016, is as follows:

	Payable Funds					
	General	Non Major Governmental Funds	Internal Service Funds	Water & Sewer	Fiduciary Funds	Total
Receivable Funds						
General Fund	\$ -	\$ 1,506,731	\$ 7,012,789	\$ -	\$ 8,533,792	\$ 17,053,312
Capital Projects	407,707	-	-	-	-	407,707
Internal Service Funds (Advances)	-	-	-	2,240,140	-	2,240,140
Water & Sewer Fund	3,779,944	-	-	-	-	3,779,944
Total	\$ 4,187,651	\$ 1,506,731	\$ 7,012,789	\$ 2,240,140	\$ 8,533,792	\$ 23,481,103

8. Short Term Debt**Line of Credit**

The City has a Line of Credit with JP Morgan Chase Bank in the amount of \$4,000,000. The proceeds of the line are to be used to develop housing within the City. The funds will provide a line of construction financing of up to \$4,000,000 to the Wilmington Housing Partnership (See Note 5) and enables housing projects managed by the City. The line supplements grants and internal funds used for land acquisition and housing construction. Draws on the line occur as construction activity occurs and repayments occur as housing is sold. The loan bears interest at variable interest rates; the rate on the balance outstanding is the Adjusted London Interbank Offered Rate (LIBOR) plus 0.25%; the interest rate at June 30, 2016, was 1.75%. The line of credit is classified as other liability in the Housing Strategic Fund. An analysis of the activity of the credit line is presented below:

	Beginning Fiscal Year Liability		Draws		Repayments		Ending Fiscal Year Liability
	<u> </u>		<u> </u>		<u> </u>		<u> </u>
2015 - 2016	\$ 3,203,265	\$	200,000	\$	(100,000)	\$	3,303,265

On September 29, 2016, the City replaced the line of credit agreement with J.P. Morgan Chase Bank, N.A. The line of credit agreement is in the amount of \$3,378,372 and bears interest at the Adjusted LIBO rate plus 1.25% per annum.

9. Long-Term Debt – Primary Government**A. Changes in Long-Term Liabilities**

The following is a summary of debt transactions of the City (primary government) for the year ended June 30, 2016.

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2016</u>	Due Within <u>One Year</u>
Government Activities:					
Bonds Payable	\$ 111,953,478	\$ 18,317,711	\$ (8,754,918)	\$ 121,516,271	\$ 8,017,104
Premium on Debts Issued	<u>6,601,116</u>	<u>3,145,040</u>	<u>(1,103,826)</u>	<u>8,642,330</u>	<u>-</u>
Total Bonds Payable	118,554,594	21,462,751	(9,858,744)	130,158,601	8,017,104
Capital Leases	6,342,316	3,984,663	(2,324,333)	8,002,646	2,483,729
Insurance Claims Payables	22,597,828	22,684,665	(26,906,521)	18,375,972	4,978,197
Compensated Absences	8,234,351	5,624,197	(5,243,631)	8,614,917	5,811,953
Net Pension Liability	136,948,907	4,345,944	-	141,294,851	-
Other Post Employment Benefits Payable	<u>31,215,314</u>	<u>7,740,267</u>	<u>(3,308,261)</u>	<u>35,647,320</u>	<u>-</u>
Government Activity Long-Term Liabilities	<u>\$ 323,893,310</u>	<u>\$ 65,842,487</u>	<u>\$ (47,641,490)</u>	<u>\$ 342,094,307</u>	<u>\$ 21,290,983</u>
Business-type Activities:					
Bonds Payable	\$ 182,106,960	\$ 30,546,799	\$ (9,136,124)	\$ 203,517,635	\$ 8,411,860
Premium on Debt Issue	<u>6,194,611</u>	<u>3,603,234</u>	<u>(978,519)</u>	<u>8,819,326</u>	<u>-</u>
Total Bonds Payable	188,301,571	34,150,033	(10,114,643)	212,336,961	8,411,860
Net Pension Liability	6,803,591	350,275	-	7,153,866	-
Compensated Absences	<u>419,541</u>	<u>556,004</u>	<u>(537,224)</u>	<u>438,321</u>	<u>438,321</u>
Business-type Activity Long-Term Liabilities	<u>\$ 195,524,703</u>	<u>\$ 35,056,312</u>	<u>\$ (10,651,867)</u>	<u>\$ 219,929,148</u>	<u>\$ 8,850,181</u>
Discretely Presented Component Units					
Wilmington Parking Authority	\$ 16,329,479	\$ 14,862,664	\$ (17,107,713)	\$ 14,084,430	\$ 560,321
Downtown Visions	633,884	21,136	(31,874)	623,146	33,673
Christina Gateway Corporation	900,000	-	-	900,000	-
Rock Manor	-	925,000	(12,169)	912,831	50,376
Riverfront Business Improvement District	<u>285,688</u>	<u>-</u>	<u>(57,139)</u>	<u>228,549</u>	<u>50,000</u>
Component Units Long-Term Liabilities	<u>\$ 18,203,886</u>	<u>\$ 15,808,800</u>	<u>\$ (17,208,895)</u>	<u>\$ 16,748,956</u>	<u>\$ 694,370</u>

B. General Obligation Bonds

The City of Wilmington issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General Fund revenues are used to satisfy general obligation bonds payable recorded in the governmental activities section of the government-wide statement of net position, bonds issued on behalf of the Port of Wilmington are payable from payments made to the City by the State of Delaware as part of the Sale agreement discussed in Note 5, and bonds recorded in the business-type activities section are payable from revenues of the Water & Sewer Fund. General obligation bonds are secured by the full faith and credit of the City. Bonds issued by the Wilmington Parking Authority (a discretely presented component unit) are guaranteed by the City in the event that resources of the Authority are insufficient to cover debt service on the bonds. The City is subject to the rules and regulations established by the Internal Revenue Code and the U.S. Treasury that, under certain conditions, may create an arbitrage rebate to be paid to the federal government. The City's debt service payments of \$13,078,215 in fiscal year 2016 was within the statutory debt limit of \$26,935,488.

The following is a summary of general obligation bonds outstanding as of June 30, 2016:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2016
1993/2020	\$ 20,000,000	Series of 1993 - DNREC	3.25%	\$ 654,681
2002/2025	11,000,000	Series of 2002 - DDWSRF	2.96%	6,221,326
2005/2016	18,785,000	Series of 2005	4.00%	1,605,000
2005/2028	13,700,000	Series of 2005C - DDWSRF	2.37%	10,475,016
2006/2025	46,465,000	Series of 2006A	3.5% - 5.0%	245,000
2006/2019	46,510,000	Series of 2007A	4.25% - 5.0%	23,230,000
2007/2028	2,548,501	Series of 2006 - DDWSRF	2.50%	1,974,895
2007/2028	1,246,499	Series of 2006B - DDWSRF	2.50%	965,942
2007/2028	3,185,000	Series of 2007 - DDWSRF	2.69%	2,477,253
2008/2028	75,215,000	Series of 2008A	4.0% - 5.0%	46,245,000
2009/2030	18,975,000	Series of 2008 DDWSRF	2.92%	17,196,660
2009/2030	5,000,000	Series of 2008B DDWSRF	2.92%	4,097,877
2009/2031	4,450,000	Series of 2009 ARRA/SRF	3.24%	3,605,979
2009/2031	2,800,000	Series of 2009C DDWSRF	2.00%	2,310,678
2010/2025	43,490,000	Series of 2010A	2.25% - 5.0%	35,595,000
2011/2031	26,505,000	Series of 2011A	2.0% - 5.0%	25,410,000
2011/2020	17,460,000	Series of 2011B	0.888% - 3.258%	11,565,000
2011/2030	2,700,000	Series of 2011CREB	4.63%	2,700,000
2011/2032	2,500,000	Series of 2011 DDWSRF	2.92%	2,500,000
2011/2032	2,500,000	Series of 2011A DDWSRF	2.33%	2,175,611
2012/2033	2,500,000	Series of 2012A DDWSRF	2.41%	2,481,695
2012/2022	1,555,195	Series of 2011SEU DNREC	1.99%	1,057,597
2012/2034	2,000,000	Series of 2012B DDWSRF	2.41%	1,915,878
2012/2035	1,200,000	Series of 2012C DDWSRF (Only \$1,152,019 drawn at June 30, 2016)	2.41%	1,152,019
2012/2032	1,500,000	Series of 2012D DDWSRF	3.00%	43,702
2014/2034	40,429,740	Series of 2014 SRF CO-GEN (Only \$33,670,265 drawn at June 30, 2016)	3.00%	33,670,265
2013/2025	37,885,000	Series of 2013A	2.09% - 4.68%	37,675,036
2014/2036	2,500,000	Series of 2014 SRF (Only \$2,491,954 drawn at June 30, 2016)	1.5%	2,491,954
2014/2036	4,000,000	Series of 2014A SRF	2.22	3,869,843
2015/2035	39,425,000	Series 2015	2.00% - 5.00%	39,425,000
Total General Obligation Bonds Payable				<u>\$ 325,033,906</u>

Primary Government

On November 19, 2008, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$18,975,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's Brandywine Water Filter Plant. Cash draws against the loans will be made periodically; as of June 30, 2016, \$17,196,660 was outstanding. The loan bears an interest and administrative fee rate of 2.92%. Payments are due every six months, with final payments due March 1, 2030. The 2008 SRF bond is recorded in the Water and Sewer Fund.

On May 11, 2011, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,500,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water filter plants. Cash draws against the loans will be made periodically; as of June 30, 2016, \$2,500,000 was outstanding. The loan bears an interest and administrative fee rate of 2.92%. Payments are due every six months, with final payments due October 1, 2032. The 2011 SRF bond is recorded in the Water and Sewer Fund.

On May 11, 2011, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,500,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water main system. Cash draws against the loans will be made periodically; as of June 30, 2016, \$2,175,611 was outstanding. The loan bears an interest and administrative fee rate of 2.0%. Payments are due every six months, with final payments due October 1, 2031. The 2011A SRF bond is recorded in the Water and Sewer Fund.

On March 24, 2012, the City entered into a General Obligation Financing agreement with the Delaware Department of Natural Resources & Environmental Control, Division of Energy & Climate for \$1,555,195. The agreement consists of a promissory note and security agreement related to water system pump station upgrades. As of June 30, 2016, \$1,057,597 was outstanding. The loan bears an interest rate of 1.99%. Payments are due quarterly starting January 1, 2013, with the final payment due April 1, 2022. The 2011 SEU bond is recorded in the Water and Sewer Fund.

On May 11, 2012, the City entered into a General Obligation Financing agreement with the Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,000,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water main system. Cash draws against the loan will be made periodically; as of June 30, 2016, \$1,915,878 was outstanding. The loan bears an interest and administrative fee rate of 3.0%. Payments are due every six months, with final payments due October 1, 2034. The 2012 SRF Bond is recorded in the Water and Sewer Fund.

On July 6, 2012, the City issued a General Obligation Bond Anticipation Note (Renewable Energy Biosolids Facility Project), Series of 2012, due July 6, 2014, in the amount of \$39,000,000. The funding was drawn as needed and the interest rate was 65% of (the Adjusted London Interbank Offered Rate (LIBOR) plus 0.55) plus 0.19%, not to exceed 8%. As of June 28, 2014, the BAN outstanding balance of \$28,429,754 was paid off with permanent financing from the Delaware Water Pollution Control Revolving Fund (DWPCRF) acting by and through the Delaware Department of Natural Resources and Environmental Control. The bond was originally authorized in the amount of \$36,060,000 at an interest rate of 3.0%. On March 27, 2014, an additional \$4,369,740 was authorized to supplement this bond and the 3% interest rate was adjusted down to 2%. As of June 30, 2016 \$33,670,265 was outstanding.

On February 28, 2013, the City issued \$37,885,000 of General Obligation Bonds, Series of 2013A. The bond matures in varying amounts between October 1, 2013 and December 1, 2025, and bears interest rates between 3.5% and 5.0%. The net proceeds were used to partially advance refund the City's General Obligation Bonds Series of 2006A-1 and 2008A. As of June, 30 2015 balance outstanding on this loan is \$37,675,036.

On November 19, 2015, the City issued General Obligation Bonds, Series 2015 totaling \$39,425,000. The proceeds of the 2015 Bonds will be applied to: (i) fund the costs of various capital projects undertaken by the City, (ii) repay the City's General Obligation Bond Anticipation Note (Street Repairs Project for \$4,000,000) Series of 2014, and (iii) pay the costs of issuance and tax compliance of 2015 Bonds.

The City has entered into General Obligation Financing agreements with the Delaware Drinking Water State Revolving Fund (DDWSRF) acting through the Delaware Department of Health & Social Services, Division of Public Health and also the Delaware Water Pollution Control Revolving Fund (DWPCRF) of the Delaware Department of Natural Resources and Environmental Control, but loan amounts have not yet been drawn down and thus are not included in the schedule of outstanding debt. The program related to the loan must start construction within one year of the agreement date. A final loan closing will occur at the end of each project. Unless noted below, the loans bears an interest rate at the time the loan is drawn down. Payments are due every six months, with a term of twenty years. The loans supplement other funding for the costs for the projects specified and are recorded in the Water and Sewer Fund.

- A DDWSRF agreement dated January 20, 2012, for an amount not to exceed \$2,500,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's Brandywine Water Filter Plant.
- A DWPCRF agreement dated February 10, 2012, for an amount not to exceed \$1,200,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's storm water drainage and wastewater treatment systems.
- A DWPCRF agreement dated February 10, 2012, for an amount not to exceed \$2,500,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's wastewater treatment system.
- A DDWSRF agreement dated February 10, 2012, for an amount not to exceed \$1,500,000 at an interest rate of 3.0% is related to costs associated with the construction cost of the City's Wastewater Treatment Plant Influent Flow Metering Project.
- A DWPCRF agreement dated April 10, 2014, for an amount not to exceed \$40,429,740 at an interest rate of 2.0% is related to costs associated with the construction cost of the City's South Wilmington Wetlands Restoration and Conservation Project.
- A DDWSRF agreement dated April 30, 2014, for an amount not to exceed \$2,500,000 at an interest rate of 2.22% is related to costs associated with Water Main Upgrade.
- A DDWSRF agreement dated October 21, 2014, for an amount not to exceed \$4,000,000 at an interest rate of 1.50% is related to costs associated with the Transmission Main Improvements.

Annual debt service requirements to maturity for general obligation bonds including the Delaware Drinking Water State Revolving Funds are as follows:

Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 8,460,597	\$ 5,321,477	\$ 8,411,860	\$ 6,101,787
2018	8,561,814	4,519,756	9,333,986	5,251,772
2019	9,193,288	4,154,385	9,476,675	4,921,507
2020	9,514,417	3,830,188	9,852,431	4,614,926
2021	9,994,888	3,444,114	9,606,664	4,267,491
2022	8,126,497	3,087,995	11,172,578	3,910,120
2023	7,916,921	2,761,798	10,958,796	3,519,850
2024-2027	27,663,414	7,881,776	46,602,826	9,710,276
2028-2032	26,754,579	4,303,266	34,228,378	4,464,365
2033-2036	5,329,856	549,474	8,073,927	635,581
	121,516,271	\$ 39,854,229	157,718,121	\$ 47,397,675
Add: Funds Not Drawn	-		45,799,514	
Total	\$ 121,516,271		\$ 203,517,635	

Component Units

Annual debt service requirements to maturity for general obligation bonds of component units are as follows:

Year Ending June 30	Component Units' Debt Service Schedule							
	Wilmington Parking Authority		Downtown Visions		Riverfront Business Improvement District		Rock Manor	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 595,000	\$ 485,965	\$ 33,673	\$ 29,719	\$ 50,000	\$ -	\$ 50,376	\$ -
2018	610,000	474,065	35,238	28,302	50,000	-	51,882	-
2019	625,000	455,765	33,955	26,919	50,000	-	53,433	-
2020	650,000	430,765	520,280	25,506	50,000	-	55,030	-
2021	680,000	404,765	-	-	28,549	-	56,676	-
2022-2026	3,920,000	1,503,725	-	-	-	-	322,717	-
2027-2031	4,655,000	773,063	-	-	-	-	322,717	-
2032-2033	1,770,000	88,025	-	-	-	-	-	-
Total	\$ 13,505,000	\$ 4,616,138	\$ 623,146	\$ 110,446	\$ 228,549	\$ -	\$ 912,831	\$ -

C. Prior Year Defeasance of Debt

In prior years, the City defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2016 \$57,155,000 of bonds outstanding are considered defeased.

D. Conduit Debt Obligations

From time to time, the City has issued revenue bonds for the express purpose of providing capital financing to third parties that are not part of the City or its component units. Although the debt bears the City's name, the City has no obligation for this debt beyond the resources of the third party or the related project as provided for in the bonds. Because the City has no liability for this debt, it is not recorded in the City's financial statements. As of June 30, 2016, seven issues with debt of \$45,045,000 remain outstanding.

E. Compensated Absences

The compensated absences liability, attributable to governmental activities will be liquidated by the City's governmental and internal service funds. In the past, approximately 92% has been paid by the General Fund and the remainder by other governmental and internal service funds.

10. Leases**A. Capital Lease – Lessee - Primary Government**

The City has a Master Equipment Lease/Purchase Agreement with PNC Bank N.A. The agreements allow the City to purchase equipment at an adjustable market rate of interest. As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net position. As of June 30, 2016, payments under these capital leases are as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>		
	<u>Motor Vehicle</u>	<u>Communication</u>	<u>General</u>
2017	\$ 2,164,288	\$ 196,702	\$ 90,530
2018	2,096,916	147,526	90,530
2019	1,743,885	-	90,530
2020	824,309	-	90,530
2021	806,639	-	-
Total Minimum Lease Payments	7,636,037	344,228	362,120
Less: Amount Representing Interest	(304,387)	(23,130)	(12,392)
Present Value of Lease Payments	<u>\$ 7,331,650</u>	<u>\$ 321,098</u>	<u>\$ 349,728</u>

Capitalized leases for the City at June 30, 2016, consist of the following capital assets shown at original costs as summarized below:

<u>Type of Property</u>	<u>Primary Government</u>		
	<u>Motor Vehicle</u>	<u>Communication</u>	<u>General</u>
Vehicles	\$ 12,024,064	\$ -	\$ -
Equipment	-	913,333	413,828
Total	12,024,064	913,333	413,828
Less: Accumulated Depreciation	(3,723,068)	(213,111)	(41,384)
Net Assets Under Lease	<u>\$ 8,300,996</u>	<u>\$ 700,222</u>	<u>\$ 372,444</u>

B. Operating Leases - Lessee - Component Unit

Downtown Visions maintains a copier under a long-term operating lease which ended on October 12, 2015. At June 30, 2016, the rental expense under the lease was \$1,277 for the year ended June 30, 2016.

On May 31, 2016 this organization signed a 5 year operating lease agreement for 4,000 square feet of warehouse space in Wilmington, Delaware. The lease requires Downtown Visions to pay \$1 per month.

Finally, Downtown Vision has a month-to-month operating lease agreement to lease office space in Wilmington, Delaware at \$0 per month. The value of the total donated warehouse and office space was \$12,492 for the fiscal year ended June 30, 2016.

C. Operating Leases - Lessor - Component Unit

The Wilmington Parking Authority leases space to commercial tenants at its Brandywine Gateway and Corporate Plaza facilities. All such leases are classified as operating leases. Rental income from these leases during fiscal year 2016 was \$142,488. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Wilmington Parking Authority</u>
2017	\$ 127,727
2018	114,789
2019	28,908
2020	-
2021	-
Total Minimum Future Rental Income	<u>\$ 271,424</u>

11. Deferred Revenues

Governmental Funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In the government-wide statement, deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

	Governmental Fund Financial Statements	Government-wide Financial Statements
<u>Unavailable Revenues</u>		
General Fund		
Property and Wage Taxes	\$ 8,679,517	
Permits and Other Revenues	3,207,739	
Revenue on Notes Receivable	<u>3,528,064</u>	
	\$ 15,415,320	\$ -
<u>Unearned Revenues</u>		
Non-Major Funds		
Unearned Grant Revenues		
Delaware Criminal Justice Planning	1,007,279	1,007,279
Municipal Street Aid	77,716	77,716
Special Projects	1,065,510	1,065,510
Park Recreation Assistance	149,786	149,786
Community Development Block Grants	30,331	30,331
Home Partnership Program	51,412	51,412
HUD Emergency Shelter Grant	2,140	2,140
HUD Homes for People with AIDS Grant	-	-
Delaware Neighborhood Stabilization Program	129,981	129,981
Historic Restoration Loan Grant	<u>5,857</u>	<u>5,857</u>
	<u>2,520,012</u>	<u>2,520,012</u>
Total	<u>\$ 17,935,332</u>	<u>\$ 2,520,012</u>
Water & Sewer Fund		
Unearned Service Charges		<u>\$ 4,940,389</u>

12. Fund Balance

The details of the fund balances are included in the Balance Sheet of Governmental Funds (page 20). As noted in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund had Unassigned Fund Balance of \$23,788,856 at June 30, 2016. Of the \$4,535,770 due from the Motor Vehicle Fund, \$3,121,642 related to the acquisition of garage assets and motor vehicles is considered an Advance (discussed in Note 7) and therefore is classified as Nonspendable Fund Balance.

The General Fund has Committed Funds consisting of the Budget Reserve Account of \$15,403,864. The Budget Reserve Account was legislated to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions or public emergency. This is equal to 10% of \$154,038,640 of fiscal year 2017 expenditures budgeted as of the end of June 30, 2016.

Other Major Funds

The Housing Strategic Fund has Committed Fund Balance of \$1,115,369. The Economic Strategic Fund had Restricted Fund Balance of \$128,815 consisting of unspent bond funds used for infrastructure incentives and Committed Fund Balance of \$6,732,194 to fulfill the City's economic incentive programs. The Capital Project Fund has Restricted Fund Balance of \$21,211,490 at June 30, 2016 consisting primarily of unspent bond funds.

Other Funds

The following fund has Fund Balances designated for specific purposes: the Non major Fund Wilmington Park Related Commissions (including one blended component) has Park Maintenance Nonspendable Fund Balance of \$968,468 and Restricted Fund Balance of \$4,931,660. Restricted Fund Balance for Other Purposes totals \$433,004.

The Special Revenue Funds report Committed Fund Balances of \$1,694,095 related to cable television and internal capital and related programs.

13. Self Insurance Funds**A. Risk Management**

The City is self-insured for actuarially determined exposure of general liability, automotive liability, law enforcement liability, employee benefits liability, employment practices liability, management liability, abuse/molestation liability, and inland marine liability. Resources are allocated to the Risk Management Fund (an Internal Service Fund) from the operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. The claims liability includes amounts for incremental claim adjustment expenses and estimates of subrogation. An actuarial valuation is performed on an annual basis. These amounts were not discounted and were adjusted by a risk margin calculated to provide a statistical confidence level of 80%. An analysis of claims liabilities recorded in the Risk Management Fund is presented below:

	Beginning Liability	Claims and		Ending Liability
	Fiscal Year	Changes in	Claim Payments	Fiscal Year
		Estimates		
2014 - 2015	\$ 6,153,347	\$ 4,229,223	\$ (1,244,847)	\$ 9,137,723
2015 - 2016	9,137,723	(88,555)	(2,954,011)	6,095,157

B. Workers' Compensation

The City is also self-insured for workers' compensation. The City's compensation payments are calculated based upon the Workers' Compensation Law of the State of Delaware. Resources are allocated to the Workers' Compensation Fund (an Internal Service Fund) from operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. An actuarial valuation is performed on an annual basis. This valuation is not discounted and is adjusted by a risk margin calculated to provide a statistical confidence level of 55%. An analysis of the claims liabilities recorded in the Workers' Compensation Fund is presented below:

	Beginning Liability	Claims and		Ending Liability
	Fiscal Year	Changes in	Claim Payments	Fiscal Year
		Estimates		
2014 - 2015	\$ 12,343,939	\$ 3,117,867	\$ (3,175,954)	\$ 12,285,852
2015 - 2016	12,285,852	1,878,700	(3,000,178)	11,164,374

C. Health Insurance

The City is also self-insured under an employee health and welfare plan administered by Blue Cross/Blue Shield of Delaware. The City has medical stop loss insurance for large general health claims. Resources are allocated to the Health and Welfare Fund (an Internal Service Fund) from the operating funds to provide for expected future payments on claims previously incurred including both reported and unreported claims. Blue Cross/Blue Shield of Delaware calculates the City's claims exposure annually. An analysis of claims liabilities recorded in the Health and Welfare Fund is presented below:

	Beginning Liability	Claims and		Ending Liability
	Fiscal Year	Changes in	Claim Payments	Fiscal Year
		Estimates		
2014 - 2015	\$ 1,212,998	\$ 19,535,376	\$ (19,574,121)	\$ 1,174,253
2015 - 2016	1,174,253	20,940,656	(20,998,468)	1,116,441

14. Commitments and Contingencies**A. Grant Compliance**

The City receives Federal and State funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on the filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustment resulting from subsequent examinations is recognized in the year in which the results of such examinations become known. City officials do not expect any significant adjustment as a result of these examinations.

B. Litigation – Primary Government

The City had been identified as a potentially responsible party along with two other parties for environmental liabilities related to the contamination of Fox Point Park. The City and DNREC have reached settlement and a proposed agreement to resolve this matter has been submitted to the court and is presently awaiting signature by the court. There is no exposure to the City financially as a result of settlement.

The City was required by the Delaware Department of Natural Resources and Environmental Control (DNREC) to be included as a co-permittee on the Post-Closure Permit for the Pigeon Point Landfill operated by the Delaware Solid Waste Authority (DSWA). In 2009, the City requested that it be removed as a co-permittee since the City has no control over the facility and DSWA is contractually and statutorily responsible for the Landfill. Management is of the opinion that the outcome of this matter will not have a material adverse effect on the City's financial position.

The City also is involved in numerous additional lawsuits arising in the ordinary course of business, including claims for property damage, personal injury, discriminatory personnel practices, and suits contesting the legality of certain rates and charges. Based on the advice of the City Solicitor, City management is of the opinion that the outcome of this pending litigation will not have a material adverse effect on the City's financial position at June 30, 2016.

15. Pension Trust Funds - Retirement Funds**General Description of the Plans**

The City of Wilmington covers substantially all full-time employees by one of its five single-employer plans and a plan of the Wilmington Parks Trust Fund Commission blended component unit (collectively the "City Sponsored Plans"), as well as Delaware's County and Municipal Police/Firefighter and Other Employees' Pension Plans (collectively the "State Plans"), two cost-sharing, multi-employer defined benefit pension plans discussed below. The City's current-year covered payroll and membership of the City Sponsored Plans consisted of the following:

	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
Number of Retirees & Beneficiaries Receiving Benefits	307	485	149	172	274	2
Number of Terminated Employees Entitled to Benefits	0	0	0	144	87	0
Number of Fully Vested, Partially Vested, & Non-Vested Active Employees	42	54	16	81	453	1
Current Year Annual Covered Payroll	\$ 2,512,968	\$ 4,050,903	\$ -	\$ 154,882	\$ 21,315,013	\$ 49,790

The City's current-year total payroll for all employees was \$77,136,221.

City Council is responsible for setting benefits and contributions and amending plan provisions of the City Sponsored Plans, which are authorized according to provisions of Chapter 39 of the City Code.

The funding policy, annual pension costs, and funding status and funding progress are presented in a schedule on pages 81 through 84 of the Notes. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future; examples include assumptions about future employment, mortality, and investment rate of return. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The pension funding status and progress for the last three fiscal years of the City Sponsored Plans is reported as Required Supplementary Information (RSI) immediately following the Notes to the Financial Statements. The RSI schedule presents multiyear trend information that shows whether the actual value of plan assets is increasing or decreasing over time relative to the actual accrued liabilities for benefits.

Cash and Investments

The Board of Pension and Retirement (Trustees) of the Pension Funds receives contributions from the City and State and is responsible for the funding policy. The City Treasurer is the custodian of the Funds' investment assets, effects disbursements from the Funds, and executes other transactions therein. The City Treasurer and outside custodians, both under the direction of the Board of Trustees, manage the Funds' investments. The Trustees have authorized certain cash and investments of the Funds to be pooled for investing by outside custodians. The Funds' portion is reported on the balance sheet as "pooled investments." Funds under outside management at June 30, 2016, represented 99% of all available funds. The investment policy of the funds is in accordance with the Objectives and Guidelines Statement and is adopted by the Trustees (Note 3).

As of June 30, 2016, there were no cash or investments in excess of 5% of the individual plans' net positions.

Membership, Benefit and Contribution Provisions

A description of the individual plans including eligibility provisions, types of benefits, and contribution requirements is presented below in general terms on the following pages. The City Board of Pensions and Retirements, various boards of trustees, and the City Treasurer administer the City Sponsored Plans. Financial statements for the City Firefighters' and Police Pension Plans are available from the City Treasurer's Office, Louis L. Redding Building, 800 French Street, Wilmington, Delaware 19801. The State Board of Pension Trustees and the State Office of Pensions administer the State Plans. Benefit provisions of the plans are established under the provisions of the State law and may be amended by an act of the State legislature. The State Plans provide retirement, disability, and death benefits to plans' members and beneficiaries. Ten-year historical trend and solvency test information has not been included in the City's basic financial statements. This information is included in the publicly available Comprehensive Annual Financial Report of the Delaware Public Employees' Retirement System. This can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19904-2402 or website at www.delawarepensions.com.

Member pension benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan administrative costs are paid from plan assets as approved by the Pension Trustees. Contributions to the City Sponsored Plans by the State of Delaware on behalf of the City are recorded as intergovernmental revenue in the City's fund and government-wide statements and as a pension expense. The contributions (Firefighters - \$4,158,243; Police - \$1,944,213; Plan I - \$4,739) are included in the pension statements as separately presented component of City contributions to the trusts.

Separate pension fund financial statements have not been issued for the Non-Uniformed Pension plans, and the Wilmington Parks Trust Fund Commission; accordingly, they are presented below as required by GASB Statement No. 34.

City of Wilmington, Delaware
Statements of Fiduciary Net Position
For the Year Ended June 30, 2016

	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension
ASSETS				
Cash and Cash Equivalents	\$ 716	\$ 1,252	\$ 4,107,537	\$ -
Receivables:				
Contributions Receivable	-	-	-	-
Accrued Interest & Other Receivables	12,575	28,911	132,740	-
Total Receivables	<u>12,575</u>	<u>28,911</u>	<u>132,740</u>	<u>-</u>
Investments, at Fair Value:				
Money Market Funds	92,346	212,304	1,133,463	80,882
U.S. Treasury Obligations	732,957	1,685,061	8,996,339	-
U.S. Government Agencies - Other	260,576	599,062	3,198,323	-
Corporate & Foreign Bonds	789,818	1,815,783	9,694,249	-
Common Equity & Marketable Securities	1,670,705	3,840,932	20,506,275	144,059
Global & International Funds	886,163	2,037,279	10,876,786	-
Mutual Funds	1,080,944	2,485,078	13,267,536	74,843
Total Investments	<u>5,513,509</u>	<u>12,675,499</u>	<u>67,672,971</u>	<u>299,784</u>
Total Assets	<u>5,526,800</u>	<u>12,705,662</u>	<u>71,913,248</u>	<u>299,784</u>
LIABILITIES				
Accounts Payable	600	1,070	5,510	8,910
Salaries and Benefits Payable	8,839	8,960	6,345	-
Due to Other Pension Trust Fund	-	-	8,533,792	-
Due to Other Funds	-	-	400,926	-
Compensated Absences	-	-	16,274	-
Liability for Stale-dated Pension Checks	38,911	8,517	8,453	-
Total Liabilities	<u>48,350</u>	<u>18,547</u>	<u>8,971,300</u>	<u>8,910</u>
Net Position				
Held in Trust for Pension Benefits	<u>\$ 5,478,450</u>	<u>\$ 12,687,115</u>	<u>\$ 62,941,948</u>	<u>\$ 290,874</u>

City of Wilmington, Delaware
Statements of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension
ADDITIONS				
Contributions:				
City				
Paid Directly by the City	\$ 176,336	\$ 344,868	\$ 5,281,751	\$ 14,147
Paid by the State				
On Behalf of the City	4,739	-	-	-
Employees	-	-	442,476	-
Other Contributions	-	17,820	6,242	-
Total Contributions	181,075	362,688	5,730,469	14,147
Investment Income				
Investment Earnings	124,482	280,056	1,538,564	5,567
Net Appreciation				
(Depreciation) in Fair Value	6,306	14,189	77,720	(7,879)
Total Investment Earnings	130,788	294,245	1,616,284	(2,312)
Less: Investment Expense	(15,684)	(35,285)	(193,275)	-
Net Investment Income	115,104	258,960	1,423,009	(2,312)
Total Additions	296,179	621,648	7,153,478	11,835
DEDUCTIONS				
Benefits Paid	629,168	952,272	4,504,066	17,820
Administrative Expenses	64,379	97,808	238,998	3,058
Total Deductions	693,547	1,050,080	4,743,064	20,878
Net Increase in Plan Net Position	(397,368)	(428,432)	2,410,414	(9,043)
Net Position - Beginning	5,875,818	13,115,547	60,531,534	299,917
Net Position - Ending	\$ 5,478,450	\$ 12,687,115	\$ 62,941,948	\$ 290,874
Change in Total Pension Liability				
Service Cost	\$ (2,224)	\$ (17,301)	\$ (1,617,572)	\$ (7,512)
Interest	(443,380)	(1,070,180)	(7,223,825)	(17,927)
Benefit Payments	629,168	952,272	4,504,066	17,820
Net Change	183,564	(135,209)	(4,337,331)	(7,619)
Pension Liability - Beginning	(6,218,404)	(14,719,293)	(96,911,421)	(277,052)
Pension Liability - Ending	(6,034,840)	(14,854,502)	(101,248,752)	(284,671)
Net Pension Liability	\$ (556,390)	\$ (2,167,387)	\$ (38,306,804)	\$ 6,203

Firefighters Pension Plan (Closed) and Police Pension Plan (Closed)

Plans' Description and Eligibility: The Firefighters Pension Plan and Police Pension Plans are single-employer defined benefit plans covering all firefighters and police officers, respectively, employed by the City of Wilmington hired before August 1, 1991. The plans are each split into two benefit groups: pre-1984 and 1984. The 1984 groups include firefighters and police officers hired after June 30, 1984 and pre-July 1, 1984, firefighters and police officers who opted to participate in the new plans. The pre-1984 groups include those firefighters and police officers hired prior to July 1, 1984 that did not opt to participate in the new plans. The Firefighters Pension Plan and Police Pension Plans are administered by boards of trustees comprised of Chief of Fire and Chief of Police, respectively, the City Treasurer, the Director of Finance, the Human Resources Director, the Chairman of the Finance Committee of the City Council, the Chairman of the Public Safety Committee of the City Council, and five members of the Fire and Police Departments of the City, respectively.

Service Benefits: For pre-1984 groups, 50% of final salary plus 2% of final earnings for each year of credited service beyond 20 years; for 1984 groups, 50% of final earnings plus 2.5% of final earnings for each year of credited service beyond 20 years with a total benefit limit of 62.5% of final earnings.

Vesting: 50% with 5 years of credited service, 10% more for each additional full year, with 100% at 10 years.

Retirement: Normal - 20 years of credited service. Early - for the 1984 group only, 15 years of credited service; benefit equal to 2.5% of final salary for each year of credited service reduced by 0.4% for each month benefits commence before normal retirement date.

Disability Benefits: Duty-related total disability - 75% of salary. Ordinary with 7 years of credited service, for the pre-1984 groups, 50% of salary and for the 1984 groups, a benefit equal to 2.5% of salary for each year of credited service times the vesting percentage.

Survivor Benefit: On death of a retiree, 50% of the pension the participant was receiving. For the pre-1984 groups, this is a minimum of \$1,344 monthly; if retiree has no surviving spouse, the benefit is payable to the sole surviving dependent parent.

Contributions: Employee - 6% of compensation. Employer - actuarially determined.

Death Benefit: Duty - for the pre-1984 groups, surviving spouse receives a lump sum equal to 100% of the final full-year salary and a pension of 50% of final annual salary until death or remarriage. Each child under the age of 18 shall receive \$30 a month starting one year after the employee's death; there is a \$90 family maximum and benefits discontinue at age 18. If the employee is not survived by a spouse, a pension equal to 50% is paid to the sole surviving dependent parent. For the 1984 groups, benefits are the same except the amounts change to \$50 a month per child with a maximum of \$150 per family.

Changes in the Plans' Net Pension Liability: Changes in the Plans' net pension liability for the year ended June 30, 2016 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Firefighters Plan			
Balance June 30, 2015	\$ 86,200,531	\$ 44,534,821	\$ 41,665,710
Changes for the Year			
Service Cost	500,997	-	500,997
Interest	6,237,408	-	6,237,408
Contributions - State		4,158,242	(4,158,242)
Contributions - Employees	-	157,144	(157,144)
Contributions - Employer	-	1,605,363	(1,605,363)
Net Investment Income	-	877,188	(877,188)
Benefit Payments	(7,202,381)	(7,202,381)	-
Administrative Expense	-	(100,096)	100,096
Net Changes	<u>(463,976)</u>	<u>(504,540)</u>	<u>40,564</u>
Balance June 30, 2016	<u>\$ 85,736,555</u>	<u>\$ 44,030,281</u>	<u>\$ 41,706,274</u>
Police Plan			
Balance June 30, 2015	\$ 146,147,633	\$ 82,387,064	\$ 63,760,569
Changes for the Year			
Service Cost	1,066,300	-	1,066,300
Interest	10,636,025	-	10,636,025
Contributions - State		1,944,213	(1,944,213)
Contributions - Employer	-	6,007,320	(6,007,320)
Contributions - Employees	-	253,095	(253,095)
Net Investment Income	-	1,668,329	(1,668,329)
Benefit Payments	(10,999,382)	(10,999,382)	-
Administrative Expense	-	(112,632)	112,632
Net Changes	<u>702,943</u>	<u>(1,239,057)</u>	<u>1,942,000</u>
Balance June 30, 2016	<u>\$ 146,850,576</u>	<u>\$ 81,148,007</u>	<u>\$ 65,702,569</u>

Nonuniformed Employees Plan I (Closed)

Plan Description and Eligibility: The Nonuniformed Employees Plan I is a single-employer defined benefit plan that covers all Nonuniformed City employees hired before July 1, 1979, who have not opted to convert to a later plan. The Plan is administered by the City's Board of Pensions and Retirement which consists of the following: the Director of Finance, the Mayor's Chief of Staff, the City Auditor, the City Solicitor, the Human Resources Director, the City Treasurer, a Member of Council, chosen by the Council, and four other employees who shall be appointed by the Mayor and confirmed by the City Council.

Service Benefits: 2½% of final average earnings (five consecutive years out of the last ten that produce the highest average) times years of service; benefit is not less than \$1,000 or more than \$4,500 annually.

Vesting/Retirement: 20 years of credited service; age 60 and 15 years of credited service; or age 65.

Disability Benefits: Eligible with 15 years of credited service, benefit same as retirement reduced by workers' compensation and the excess of earnings over the last rate of pay, if the participant is gainfully employed.

Survivor Benefit: Eligible if actively employed with 20 years of credited service or age 60 and 15 years of credited service; benefit to surviving spouse equal to 50% of retirement as if retirement commenced the day before death; payments continue until death or remarriage.

Death Benefit: Same as Survivor Benefit.

Contributions: Employee - none. Employer - actuarially determined.

Nonuniformed Employees Plan II (Closed)

Plan Description and Eligibility: The Nonuniformed Employees Plan II is a single-employer defined benefit plan that covers all nonuniformed City employees hired after June 30, 1979, and before January 1, 1991, employees hired before June 30, 1979, but not eligible for Plan I, employees who have opted to convert from Plan I, and not employees who have opted to convert to a later plan. The Plan is administered by the City's Board of Pensions and Retirement which consists of the following: the Director of Finance, the Mayor's Chief of Staff, the City Auditor, the City Solicitor, the Human Resources Director, the City Treasurer, a Member of Council, chosen by the Council, and four other employees who shall be appointed by the Mayor and confirmed by the City Council.

Service Benefits: 1.75% of final average earnings (five consecutive years out of the last ten that produce the highest average) times credited years of service (maximum 25 years) with a maximum benefit of \$11,000; a credited year of service for every year with 1,500 hours of service.

Vesting: 50% with 5 years of credited service, 10% more for each additional full year, with 100% at 10 years.

Retirement: Normal - Age 65 and 5 years of credited service. Early - retirement at age 60 with 5 years of credited service; benefits reduced by .4% for each month benefits commence before age 65.

Disability Benefits: Eligible with 15 years of credited service, benefit same as early retirement (without reduction for early commencement) reduced by workers' compensation and the excess of earnings over the last rate of pay, if the participant is gainfully employed.

Survivor Benefit: Eligible if actively employed, attained age 60 and 5 years of credited service; benefit to surviving spouse equals to 50% of retirement as if retirement commenced the day before death (without reduction for early commencement); payments continue until death or remarriage. If employee is unmarried, a designated beneficiary receives a total equal to 120 monthly payments.

Contributions: Employee - none. Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

Nonuniformed Employees Plan III (Closed)

Plan Description and Eligibility: The Nonuniformed Employees Plan III is a single-employer defined benefit plan that covers all Nonuniformed City employees hired after December 31, 1990, and employees who have opted to convert from Plan I or Plan II. As of July 1, 2011, this plan became closed to new employees. The Plan is administered by the City's Board of Pensions and Retirement which consists of the following: the Director of Finance, the Mayor's Chief of Staff, the City Auditor, the City Solicitor, the Human Resources Director, the City Treasurer, a Member of Council, chosen by the Council, and four other employees who shall be appointed by the Mayor and confirmed by the City Council.

Service Benefits: Effective July 1, 2008, 2.0% of final average earnings (five consecutive years out of the last ten that produce the highest average) times credited years of service (maximum 35 years); a credited year of service for every year with 1,500 hours of service after hire, buyback or December 31, 1990. Previously, this was 1.85% of final average earnings with a maximum service of 30 years.

Vesting: 50% with 5 years of credited service, 10% more for each additional full year, with 100% at 10 years. Contributions and interest are refunded for less than 5 years of credited service.

Retirement: Normal - Age 65 and 5 years of credited service; age plus years of service equal 85. Early - retirement at age 55 with 5 years of credited service; benefits reduced by .4% for each month benefits commence before age 65.

Disability Benefits: Eligible with 15 years of credited service, benefit same as early retirement (without reduction for early commencement) reduced by workers' compensation and the excess of earnings over the last rate of pay, if the participant is gainfully employed.

Survivor Benefit: Eligible if actively employed, attained age 55 and 5 years of credited service; benefit to surviving spouse equal to 50% of retirement, if retirement commenced the day before death (without reduction for early commencement); payments continue until death or remarriage. If employee is unmarried, a designated beneficiary receives a total equal to 120 monthly payments.

Contributions: Employee - 2% of compensation. Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

Wilmington Parks Trust Commission Pension Plan

Plan Description and Eligibility: The Park Trust Commission Employees Plan III is a single-employer defined benefit plan that covers all Park Trust Commission employees. The Plan is managed by three commissioners who are appointed by the Mayor of the City of Wilmington.

Service Benefits: 2.0% of average monthly earnings multiplied by total years of service (maximum 35 years); a credited year of service for every year with 1,500 hours of service after hire, buyback or December 31, 1990.

Vesting: 50% with 5 years of credited service, 10% more for each additional full year, with 100% at 10 years. Contributions and interest are refunded for less than 5 years of credited service.

Retirement: Normal - Age 65 and 5 years of credited service: age plus years of service, equal 85. Early - retirement at age 55 with 5 years of credited service; benefits reduced by .4% for each month benefits commence before age 65.

Disability Benefits: Eligible with 15 years of credited service, benefit same as early retirement (without reduction for early commencement) reduced by workers' compensation and the excess of earnings over the last rate of pay, if the participant is gainfully employed.

Survivor Benefit: Eligible if actively employed, attained age 55 and 5 years of credited service; benefit to surviving spouse equal to 50% of retirement as if retirement commenced the day before death (without reduction for early commencement); payments continue until death or remarriage. If employee is unmarried, a designated beneficiary receives a total equal to 120 monthly payments.

Contributions: Employee - 2% of compensation. Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

State of Delaware's County and Municipal Police and Firefighters' Pension Plan

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Pension Trustees (the Board). The plan, which is the Delaware's County and Municipal Police and Firefighter Pension Plan, covers City police and firefighter employees hired on or after February 1, 1993. The State of Delaware General Assembly is responsible for setting benefits and amending plan provisions. The State Board of Pension Trustees determines the contributions required. The board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members.

Service Benefits: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. The final monthly compensation is the monthly average of the highest three years of compensation.

Vesting: 5 years of credited service.

Retirement: Normal - Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits: Duty - Total Disability - 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents. Duty - Partial Disability - Same as Service Benefits, subject to minimum 50% of final average compensation. Non-Duty - Same as Service Benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.

Contributions: Employee - 7% of compensation. Employer - determined annually by the Board of Pension Trustees.

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2016 was 13.85% of covered payroll.

State of Delaware's County and Municipal Other Employees' Pension Plan

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Pension Trustees. The plan, which is the Delaware's County and Municipal Other Employees' Pension Plan, covers all full-time non-uniformed and uniformed City employees hired on or after July 1, 2011, and all officials who are elected or appointed on or after July 1, 2011. The State of Delaware General Assembly is responsible for setting benefits and amending plan provisions. The State Board of Pension Trustees determines the contributions required. The board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members.

Service Benefits: 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting: 5 years of credited service.

Retirement: Normal - Age 62 with 5 years of service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions: Employee - 3% of earnings in excess of \$6,000. Employer - determined annually by the Board of Pension Trustees.

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2016 was 6.21% of covered payroll.

Component Units (Wilmington Parking Authority)

The Wilmington Parking Authority has a noncontributory single-employer defined benefit pension plan covering substantially all of its employees. The annual required contribution was \$72,883 for the year ended June 30, 2016. This contribution was computed using the aggregate cost method, assuming a 6.75% annual return on investments and 4.5% projected salary increases. The City is neither trustee nor manager of the Wilmington Parking Authority's plan and has no legal responsibility to make contributions to the pension plan, and no City employee participates in the Authority's pension plan. Because the Authority's pension plan is not significant in comparison to the financial statements of the City, full pension disclosures for the Authority are not presented, but are presented in the Authority's financial statements.

Funding Policy, Annual Pension Cost, and Funded Status and Funding Progress

The following are the annual pension costs, actuarial methods, assumptions and funding status and funding progress of the City Sponsor Plans and the multi-employer plans administered by the Delaware Public Employees' Retirement System (1)

	Firefighters Pension	Police Pension	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension	County & Municipal Police and Firefighters	County & Municipal Other Employees
Plan Type	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Multi- Employer	Multi- Employer
Annual Required								
Required Contribution	\$ 4,976,363	\$ 7,924,320	\$ 191,336	\$ 344,868	\$ 5,281,751	\$ 12,370	\$ 3,343,522	\$ 483,619
Contribution	5,763,606	7,951,533	181,075	344,868	5,281,751	14,147	3,343,522	483,619
Contribution Excess (Deficiency)	\$ 787,243	\$ 27,213	\$ (10,261)	\$ -	\$ -	\$ 1,777	\$ -	\$ -
Actuarial Valuation Date	July 1, 2014 (2)	July 1, 2014 (2)	July 1, 2014 (2)	July 1, 2014 (2)	July 1, 2014 (2)	July 1, 2014 (2)	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Net Pension Liability								
Total Pension Liability	\$ 85,736,555	\$ 146,850,576	\$ 6,034,840	\$ 14,854,502	\$ 101,248,752	\$ 277,052	\$ 88,607,143	\$ 8,250,837
Plan Fiduciary Net Position	44,030,281	81,148,007	5,478,450	12,687,115	62,941,948	290,874	90,350,577	8,241,472
Net Pension Liability (Asset)	\$ 41,706,274	\$ 65,702,569	\$ 556,390	\$ 2,167,387	\$ 38,306,804	\$ (13,822)	\$ (1,743,434)	\$ 9,365
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	51.36%	55.26%	90.78%	85.41%	62.17%	104.99%	101.97%	99.89%
City's Proportionate Share of the Net Pension Liability	100%	100%	100%	100%	100%	100%	33%	22%

Funding Policy, Annual Pension Cost, and Funded Status and Funding Progress - Continued

The following are the annual pension costs, actuarial methods, assumptions and funding status and funding progress of the City Sponsor Plans and the multi-employer plans administered by the Delaware Public Employees' Retirement System (1)

	Firefighters Pension	Police Pension	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension	County & Municipal Police and Firefighters	County & Municipal Other Employees
Deferred Outflows of Resources								
Net Difference Due to Change in Proportion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,755	\$ 212,408
Net Difference Between Projected and Actual Earnings on Plan Investments	3,484,142	6,317,569	449,839	1,011,537	4,491,051	26,194	-	-
Contributions Made After the Measurement Date	-	-	-	-	-	-	3,343,522	483,619
	<u>\$ 3,484,142</u>	<u>\$ 6,317,569</u>	<u>\$ 449,839</u>	<u>\$ 1,011,537</u>	<u>\$ 4,491,051</u>	<u>\$ 26,194</u>	<u>\$ 3,435,277</u>	<u>\$ 696,027</u>

Deferred Inflows of Resources

Net Difference Between Projected and Actual Earnings on Plan Investments Proportion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,997	\$ 1,704,606	\$ 145,799
Differences Between Expected and Actual Experience	-	-	-	-	972,804	-	995,104	133,154
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,804</u>	<u>\$ 1,997</u>	<u>\$ 2,746,144</u>	<u>\$ 278,953</u>

Amortization of Net Difference Between Projected and Actual Earnings on Plan Investments

2017	\$ 1,000,577	\$ 1,812,280	\$ 129,500	\$ 290,552	\$ 962,535	\$ 6,626	\$ (866,270)	\$ (66,783)
2018	1,000,577	1,812,280	129,500	290,552	962,535	6,626	(866,270)	(66,783)
2019	1,000,579	1,812,280	129,498	290,554	962,536	6,626	(866,270)	(66,783)
2020	482,409	880,729	61,341	139,879	630,641	4,319	512,637	55,697
2021	-	-	-	-	-	-	(95,390)	288
Thereafter	-	-	-	-	-	-	(472,826)	77,819
Total	<u>\$ 3,484,142</u>	<u>\$ 6,317,569</u>	<u>\$ 449,839</u>	<u>\$ 1,011,537</u>	<u>\$ 3,518,247</u>	<u>\$ 24,197</u>	<u>\$ (2,654,389)</u>	<u>\$ (66,545)</u>

Funding Policy, Annual Pension Cost, and Funded Status and Funding Progress - Continued

The following are the annual pension costs, actuarial methods, assumptions and funding status and funding progress of the City Sponsor Plans and the multi-employer plans administered by the Delaware Public Employees' Retirement System (1)

	Firefighters Pension	Police Pension	Plan I Non-uniformed Pension	Plan II Non-uniformed Pension	Plan III Non-uniformed Pension	Wilmington Park Trust Pension	County & Municipal Police and Firefighters	County & Municipal Other Employees
Actuarial Assumptions								
Discount Rate (3)	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%	7.20%	7.20%
Investment Rate of Return (4)	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%	7.20%	7.20%
Asset Class:								
Domestic Equity	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%	5.70%	5.70%
International Equity	8.30%	8.30%	8.30%	8.30%	8.30%	6.50%	5.70%	5.70%
Fixed Income	1.50%	1.50%	1.50%	1.50%	1.50%	6.50%	2.00%	2.00%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	n/a	7.80%	7.80%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Projected Salary Increases	5.5% (5)	5.5% (5)	5.5% (6)	5.5% (6)	5.5% (6)	4.00%	4%-11.5% (7)	3.5%-11.5% (7)
Includes Inflation Rate of	3.00%	3.00%	3.00%	3.00%	3.00%	n/a	3.00%	3.50%
Cost-of-Living Adjustments	None	None	None	None	None	None	n/a	n/a
Mortality Rates	<i>Healthy Lives:</i> RP-2000 Mortality Table projected with Scale AA for 15 years						<i>RP - 2000 Combined Mortality Table</i>	
	<i>Disabled Lives:</i> 2011 Sex Distinct PBGC Disability Mortality Table blended 50%/50% for Social Security Eligible Participants and Non-Social Security Eligible Participants (except for Park Trust Pension)						Projected to 2015 using scale AA for males or females, as appropriate, for mortality improvement.	
Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate								
1% Decrease	\$ 48,593,379	\$ 78,975,336	\$ 954,334	\$ 3,594,839	\$ 49,829,102	\$ 29,222	\$ 7,565,247	\$ 748,789
Discount Rate	41,706,274	65,702,569	556,390	2,167,387	38,306,804	(13,822)	(1,743,434)	9,365
1% Increase	35,727,299	54,353,612	205,143	949,848	28,489,398	(36,266)	(15,733,583)	(1,294,155)
Money-Weighted Rate of Return	2.27%	2.27%	2.48%	2.22%	2.42%	6.50%	n/a	n/a

Funding Policy, Annual Pension Cost, and Funded Status and Funding Progress - Continued
Explanations to Funding Policy, Annual Pension Cost, and Funded Status and Funding Progress Schedule

1. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, therefore actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.
2. The actuarial valuation is done every other year. The last valuation completed was the July 1, 2012 valuation for the fiscal year ended June 30, 2014. The valuation calculates an Annual Required Contribution for each of the following two years; this may be recalculated to reflect significant changes in staff levels or salary increases. Actual contributions are based on the higher of percentage of pay (actual amounts may vary based on actual payroll) or level dollar. The Total Pension Liability as of June 30, 2016 was determined by a rollforward of the actuarial valuations.
3. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plans' investments was applied to all periods of projected benefit payments to determine the total pension liability.
4. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized by plan on page 84.
5. Based on a service dependent scale, with 5.5% for service of less than 19 years, 4.5% thereafter. The assumptions used are based on the results of an actuarial experience study conducted in 2005. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.
6. For employees under 30, 5.5%; 5% thereafter. The assumptions used are based on the results of an actuarial experience study conducted in 2005. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.
7. The assumptions used are based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

16. Post-Retirement Healthcare Benefit Fund (Other Post-Employment Benefits - OPEB)**General Description of the Plan**

The City under City Code Section 39-5, provides post-retirement health care benefits (the Retired City Employees Medical Program) to all active full-time employees employed by the City as of and after January 1, 2000 who are eligible for a City pension or retired employees receiving a pension pursuant to the State "County and Municipal Pension" with not less than 20 years of service as city employees. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. Eligibility and healthcare benefits are different based on certain criteria significantly based on employee's hire date.

- a. Benefits for employees employed with the City as of January 1, 2000, or hired after January 1, 2000 and before July 1, 2011, are provided healthcare coverage including: the Program pays not less than 80% of the blended rate up to a maximum of \$8,000 for eligible retirees who are less than 65 years of age. The Program pays not less than 80% of the blended rate up to \$4,000 for retirees who are 65 years or older. The blended rate is the average cost of medical coverage to the City for all active participants in the medical coverage program.
- b. Benefits for employees hired on or after July 1, 2011 are provided healthcare coverage including: the Program pays not less than 80% of the actual cost of insuring the employee up to a maximum of \$4,000 for eligible retirees. Enrollment in Medicare when eligible is required.
- c. Eligible retirees may participate in the dental program, but the retiree pays the full premium.

Separate financial statements are not issued and accordingly are included here. At June 30, 2016, the number of retirees currently receiving benefits under the plan was 369.

Statement of Fiduciary Net Position

	<u>2016</u>
ASSETS	
Cash and Cash Equivalents	\$ 54,816
Accrued Interest & Other Receivables	26
Investments, at Fair Value:	
Money Market Funds	9,866
Global & International Funds	2,548,514
Mutual Funds	<u>12,746,988</u>
Total Investments	15,305,368
Due from Other Pension Trust Fund	<u>400,926</u>
Total Assets	<u>15,761,136</u>
LIABILITIES	
Accounts Payable	3,834
Accrued Expenses	<u>170,706</u>
Total Liabilities	<u>174,540</u>
Net Position	
Held in Trust for OPEB Benefits	<u><u>\$ 15,586,596</u></u>

Statement of Changes in Fiduciary Net Position

	2016
ADDITIONS	
Contribution:	
Paid Directly by the City	\$ 3,308,261
Employees	664,584
Federal Drug Subsidies & Other	108,472
Total Contributions	4,081,317
Investment Income	
Investment Earnings	338,984
Net Appreciation in Fair Value	58,502
Total Investment Earnings	397,486
Less: Investment Expense	(3,067)
Net Investment Income	394,419
Total Additions	4,475,736
DEDUCTIONS	
Benefits Paid	3,176,925
Administrative Expenses	47,501
Total Deductions	3,224,426
Net Increase in Plan Net Position	1,251,310
Net Position - Beginning	14,335,286
Net Position - Ending	\$ 15,586,596

Funding Policy

The City's funding policy is for its governmental activities to fund at least the actuarially determined Annual Required Contribution (ARC) of the explicit liability and the City's business-activities fund its full ARC. The City recognizes the full ARC in the government-wide financial statements and recorded a liability for unfunded contributions as of June 30, 2016. (The General Fund will be the source to fund this obligation.) In fiscal year 2016, the City contributed \$3,308,261 and retiree premium sharing added \$664,584.

The City's annual OPEB cost is calculated based on the ARC actuarially determined in accordance with GASB No. 45 on Other Post-Employment Benefits (OPEB), which the City implemented in 2008 using biennial valuations. The ARC represents a level of funding, that if paid on an ongoing basis would cover the value of benefits earned during the year by participants, referred to as the normal cost, as well as amortize the unfunded actuarial liability over an initial period of 30 years. The net OPEB obligation was set at zero at the time the plan was created and will change only to the extent that actual annual contributions are more or less than the ARC plus interest on the net OPEB obligation.

As of June 30, 2014, the most recent valuation, the actuarial value of assets was \$13,587,802 and actuarially accrued liability for benefits was \$114,852,117, leaving \$101,264,315 unfunded. The covered payroll (annual payroll of the 1,050 active employees covered by the plan) was \$61,671,451, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 164.2 percent as of June 30, 2016. The Schedule of Funding Progress in the Required Supplementary Information immediately following the

notes repeats this information along with past valuation information to present trends showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL of benefits.

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net OPEB Obligation at June 30, 2015	\$ 31,215,314	\$ 31,215,314	\$ -
Annual Required Contribution	7,528,128	6,660,226	867,902
Interest on Net OPEB Obligation	1,492,092	1,492,092	-
Adjustment to Annual Required Contribution	(1,279,953)	(1,279,953)	-
Annual OPEB Cost	<u>7,740,267</u>	<u>6,872,365</u>	<u>867,902</u>
Less: Employer Contributions	<u>(3,308,261)</u>	<u>(2,440,359)</u>	<u>(867,902)</u>
Net OPEB Obligation at June 30, 2016	<u>\$ 35,647,320</u>	<u>\$ 35,647,320</u>	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 6,017,190	42.6%	\$ 27,825,861
2015	6,260,186	58.1%	31,215,314
2016	7,740,267	42.7%	35,647,320

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in the value of actuarial assets and liabilities. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Significant methods and assumptions are as follows:

Actuarial Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Cost
Amortization Method	Level Percent Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Smoothed Market

Actuarial Assumptions:

Investment Rate of Return	7.5%
Projected Salary Increases	4.0%
Discount Rate	4.78%
Ultimate Rate of Medical Inflation	4.5%
Mortality Rates	RP-2000 projected with Scale AA 15 years
Administrative Expenses	
Per Person Cost Trends:	Average monthly per capita cost of \$38.05

To Year Beginning July 1,	Annual Increase	
	Pre-Medicare	Medicare Eligible
2016	8.10%	5.70%
2017	7.80%	5.60%
2018	7.50%	5.50%
2019	7.20%	5.40%
2020	6.90%	5.30%
2021	6.60%	5.20%
2022	6.30%	5.10%
2023	6.00%	5.00%
2024	5.70%	4.90%
2025	5.40%	4.80%
2026	5.10%	4.70%
2027	4.80%	4.60%
2028+	4.50%	4.50%

Annual Blended Rates - The following annual blended rates are applied for the fiscal year beginning July 1, 2014 and are assumed to increase at the same rates as the per-person cost trends as shown above:

	Pre-Medicare	Post Medicare
Plan 241		
- Retiree Only	\$ 9,129	\$ 2,748
- Retiree and Spouse	\$ 16,426	\$ 5,496
Plan 240		
- Retiree Only	\$ 9,129	\$ 2,691
- Retiree and Spouse	\$ 16,426	\$ 5,383

Employer Contributions for Plan 241 - Employer contributions for employees employed with the City as of January 1, 2000, or hired after January 1, 2000 and before July 1, 2011 are based on the blended rate. The Program pays not less than 80% of the blended rate up to a maximum of \$8,000 for eligible retirees who are less than 65 years of age. The Program pays not less than 80% of the blended rate up to \$4,000 for retirees who are 65 years or older. The blended rate is the average cost of medical coverage to the City for all active participants in the medical coverage program. For valuation purposes, the maximums are assumed to remain constant. Retirees are assumed to cover any amount in excess of the maximums up to the blended rate.

Contributions for employees hired on or after July 1, 2011 are based on the actual cost of insuring the employee. The Program pays not less than 80% of the actual cost of insuring the employee up to a maximum of \$4,000 for eligible retirees. Enrollment in Medicare when eligible is required. For valuation purposes, the maximums are assumed to remain constant. Retirees are assumed to cover any amount in excess of the maximums up to the actual cost.

Changes Since Last Valuation - The administrative expenses and annual blended rates have been updated based upon the data provided for the July 1, 2014 valuation.

17. Implementation of New Pronouncements

For the year ended June 30, 2016, the City has implemented Governmental Accounting Standards Board Statement Number 72 (GASBS No. 72), "Fair Value Measurement and Application." This statement expands financial reporting requirements for investments held by state and local governments. This statement provides clear definitions of an investment and a hierarchy of valuation techniques used to measure fair value for disclosure purposes. Note 3 to the financial statements includes the disclosures required by GASBS No. 72.

18. Subsequent Events

In September 2016, the City's Fire Department responded to a house fire in which two firefighters were killed and two firefighters sustained serious injuries. One of the injured firefighters later died from her injuries. The City is self-insured for health care and workers' compensation (Note 13). Medical costs relating to the firefighters' injuries are estimated to be in excess of \$7 million.

Management has evaluated subsequent events through the date of the independent auditor's report, which was the date that the financial statements were available to be issued, for possible adjustment to the financial statements or disclosure in the notes to the financial statements.

Schedule 1 - Post-Retirement Funding Status and Progress

In accordance with GASB No. 45, the following required supplementary information is provided with regard to pension funding progress. The Pension Healthcare Fund has a valuation performed every two years, and the schedule presents the last four completed valuations covering eight years.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered Payroll</u>
	1	2	(2-1)	(1 / 2)	5	((2-1) / 5)
Pension Healthcare						
7/1/2008	\$ 4,916,523	\$ 55,083,567	\$ 50,167,044	8.9%	\$ 64,850,293	77.40%
7/1/2010	7,214,969	65,321,683	58,106,714	11.0%	65,744,569	88.4%
7/1/2012	10,033,538	83,238,324	73,204,786	12.1%	63,501,676	115.3%
7/1/2014	13,587,802	114,852,117	101,264,315	13.4%	54,224,527	186.8%

Schedule 2 - Schedule of Contributions

In accordance with GASB No. 67 and 68, the following required supplementary information is provided with respect to historical contributions. Information prior to 2014 is not readily available.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
Firefighters	2016	\$ 4,976,363	\$ 5,763,606	\$ (787,243)	\$ 2,512,968	229.35%
Police	2016	7,924,320	7,951,533	(27,213)	4,050,903	196.29%
Plan I	2016	191,336	181,075	10,261	-	0.00%
Plan II	2016	344,868	344,868	-	154,882	222.66%
Plan III	2016	5,281,751	5,281,751	-	21,315,013	24.78%
County & Municipal						
Police and Firefighters	2016	3,343,522	3,343,522	-	24,141,030	13.85%
Other Employees	2016	483,619	483,619	-	7,787,744	6.21%
Park Trust	2016	12,370	14,147	(1,777)	49,790	28.41%
Firefighters	2015	4,715,554	4,250,239	465,315	3,057,532	139.01%
Police	2015	7,949,984	7,806,453	143,531	4,900,751	159.29%

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
Plan I	2015	\$ 260,008	\$ 193,527	\$ 66,481	\$ 42,426	456.15%
Plan II	2015	420,806	341,395	79,411	189,905	179.77%
Plan III	2015	5,504,662	5,436,184	68,478	21,571,117	25.20%
County & Municipal						
Police and Firefighters*	2015	3,348,608	3,348,608	-	23,615,373	14.18%
Other Employees*	2015	363,062	363,062	-	5,527,605	6.57%
Park Trust	2015	12,370	48,765	(36,395)	47,875	101.86%
Firefighters	2014	4,715,554	4,715,554	-	3,527,279	133.70%
Police	2014	7,949,984	7,949,984	-	5,496,728	144.60%
Plan I	2014	260,008	260,008	-	86,057	302.10%
Plan II	2014	420,806	420,806	-	286,614	146.80%
Plan III	2014	5,504,662	5,504,662	-	22,807,717	24.10%
Park Trust	2014	12,370	24,740	(12,370)	47,875	51.68%

* Information prior to 2015 is not readily available.

Schedule 3 - Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

In accordance with GASB No. 67 and 68, the following required supplementary information is provided with respect to the City's Net Pension Liability. Information prior to 2014 is not readily available

<i>Fiscal Year Ended June 30,</i>	<u>Firefighters</u> <i>2016</i>	<u>Police</u> <i>2016</i>	<u>Plan I Non- uniformed</u> <i>2016</i>	<u>Plan II Non- uniformed</u> <i>2016</i>	<u>Plan III Non- uniformed</u> <i>2016</i>	<u>Park Trust</u> <i>2016</i>
Total Pension Liability						
Service Cost	\$ 500,997	\$ 1,066,300	\$ 2,224	\$ 17,301	\$ 1,617,572	\$ 7,512
Interest Cost	6,237,408	10,636,025	443,380	1,070,180	7,223,825	17,927
Benefit Payments	<u>(7,202,381)</u>	<u>(10,999,382)</u>	<u>(629,168)</u>	<u>(952,272)</u>	<u>(4,504,066)</u>	<u>(17,820)</u>
Net Change in Total Pension Liability	(463,976)	702,943	(183,564)	135,209	4,337,331	7,619
Total Pension Liability, beginning	<u>86,200,531</u>	<u>146,147,633</u>	<u>6,218,404</u>	<u>14,719,293</u>	<u>96,911,421</u>	<u>277,052</u>
Total Pension Liability, ending (a)	<u>\$ 85,736,555</u>	<u>\$ 146,850,576</u>	<u>\$ 6,034,840</u>	<u>\$ 14,854,502</u>	<u>\$ 101,248,752</u>	<u>\$ 284,671</u>
Plan Fiduciary Net Position						
Contributions from Employer	\$ 1,605,363	\$ 6,007,320	\$ 176,336	\$ 344,868	\$ 5,281,751	\$ 14,147
Contributions from Member	157,144	253,095	-	-	442,476	-
Contributions from State / Other	4,158,242	1,944,213	4,739	17,820	6,242	-
Net Investment Income	877,188	1,668,329	115,105	258,960	1,434,763	(2,312)
Administrative Expenses	(100,096)	(112,632)	(64,380)	(97,803)	(250,752)	(3,058)
Benefit Payments	<u>(7,202,381)</u>	<u>(10,999,382)</u>	<u>(629,168)</u>	<u>(952,272)</u>	<u>(4,504,066)</u>	<u>(17,820)</u>
Net Change in Fiduciary Net Position	(504,540)	(1,239,057)	(397,368)	(428,427)	2,410,414	(9,043)
Plan Fiduciary Net Position, Beginning	<u>44,534,821</u>	<u>82,387,064</u>	<u>5,875,818</u>	<u>13,115,547</u>	<u>60,531,534</u>	<u>299,917</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 44,030,281</u>	<u>\$ 81,148,007</u>	<u>\$ 5,478,450</u>	<u>\$ 12,687,120</u>	<u>\$ 62,941,948</u>	<u>\$ 290,874</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 41,706,274</u>	<u>\$ 65,702,569</u>	<u>\$ 556,390</u>	<u>\$ 2,167,382</u>	<u>\$ 38,306,804</u>	<u>\$ (6,203)</u>
Plan Fiduciary Net Position as a % of						
Total Pension Liability	51.36%	55.26%	90.78%	85.41%	62.17%	102.18%
Covered Employee Payroll	\$ 2,512,968	\$ 4,050,903	\$ -	\$ 154,882	\$ 21,315,013	\$ 49,790
Net Pension Liability as a % of						
Covered Employee Payroll	1659.64%	1621.92%	0.00%	1399.38%	179.72%	-12.46%

<i>Fiscal Year Ended June 30,</i>	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
	<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>
Total Pension Liability						
Service Cost	\$ 493,756	\$ 1,066,523	\$ 4,490	\$ 31,183	\$ 1,640,457	\$ 7,512
Interest Cost	6,263,481	10,575,592	457,445	1,061,258	6,916,987	17,462
Differences between Actual and Expected Experience	(1,493,659)	(3,633,046)	(333,954)	(97,011)	(1,621,340)	(3,327)
Benefit Payments	<u>(7,025,062)</u>	<u>(10,678,644)</u>	<u>(664,604)</u>	<u>(966,673)</u>	<u>(4,384,851)</u>	<u>(17,820)</u>
Net Change in Total Pension Liability	<u>(1,761,484)</u>	<u>(2,669,575)</u>	<u>(536,623)</u>	<u>28,757</u>	<u>2,551,253</u>	<u>3,827</u>
Total Pension Liability, beginning	<u>87,962,015</u>	<u>148,817,208</u>	<u>6,755,027</u>	<u>14,690,536</u>	<u>94,360,168</u>	<u>273,225</u>
Total Pension Liability, ending (a)	<u>\$ 86,200,531</u>	<u>\$ 146,147,633</u>	<u>\$ 6,218,404</u>	<u>\$ 14,719,293</u>	<u>\$ 96,911,421</u>	<u>\$ 277,052</u>
Plan Fiduciary Net Position						
Contributions from Employer	\$ 435,261	\$ 5,904,595	\$ 240,339	\$ 435,503	\$ 5,719,954	\$ 48,765
Contributions from Member	177,087	295,781	-	-	430,845	-
Contributions from State / Other	3,814,978	1,901,858	14,574	17,820	20,895	-
Net Investment Income	791,946	1,510,221	109,348	235,490	1,115,920	3,485
Administrative Expenses	(75,866)	(100,852)	(52,508)	(85,230)	(229,666)	(3,207)
Benefit Payments	<u>(7,025,062)</u>	<u>(10,678,644)</u>	<u>(664,605)</u>	<u>(966,673)</u>	<u>(4,384,850)</u>	<u>(17,820)</u>
Net Change in Fiduciary Net Position	<u>(1,881,656)</u>	<u>(1,167,041)</u>	<u>(352,852)</u>	<u>(363,090)</u>	<u>2,673,098</u>	<u>31,223</u>
Plan Fiduciary Net Position, Beginning	<u>46,416,477</u>	<u>83,554,105</u>	<u>6,228,670</u>	<u>13,478,637</u>	<u>57,858,436</u>	<u>268,694</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 44,534,821</u>	<u>\$ 82,387,064</u>	<u>\$ 5,875,818</u>	<u>\$ 13,115,547</u>	<u>\$ 60,531,534</u>	<u>\$ 299,917</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 41,665,710</u>	<u>\$ 63,760,569</u>	<u>\$ 342,586</u>	<u>\$ 1,603,746</u>	<u>\$ 36,379,887</u>	<u>\$ (22,865)</u>
Plan Fiduciary Net Position as a % of						
Total Pension Liability	51.66%	56.37%	94.49%	89.10%	62.46%	108.25%
Covered Employee Payroll	\$ 3,057,532	\$ 4,900,751	\$ 42,426	\$ 189,905	\$ 21,571,117	\$ 47,875
Net Pension Liability as a % of						
Covered Employee Payroll	1362.72%	1301.04%	807.49%	844.50%	168.65%	-47.76%

<i>Fiscal Year Ended June 30,</i>	<u>Firefighters</u> <i>2014</i>	<u>Police</u> <i>2014</i>	<u>Plan I Non-uniformed</u> <i>2014</i>	<u>Plan II Non-uniformed</u> <i>2014</i>	<u>Plan III Non-uniformed</u> <i>2014</i>	<u>Park Trust</u> <i>2014</i>
Total Pension Liability						
Service Cost	\$ 544,286	\$ 1,262,636	\$ 4,283	\$ 45,238	\$ 1,660,717	\$ 12,370
Interest Cost	6,377,517	10,744,572	496,446	1,059,722	6,726,838	-
Benefit Payments	<u>(6,775,622)</u>	<u>(10,192,392)</u>	<u>(708,583)</u>	<u>(979,921)</u>	<u>(4,042,603)</u>	<u>(17,820)</u>
Net Change in Total Pension Liability	146,181	1,814,816	(207,854)	125,039	4,344,952	(5,450)
Total Pension Liability, beginning	<u>87,815,834</u>	<u>147,002,392</u>	<u>6,962,881</u>	<u>14,565,497</u>	<u>90,015,216</u>	<u>278,675</u>
Total Pension Liability, ending (a)	<u>\$ 87,962,015</u>	<u>\$ 148,817,208</u>	<u>\$ 6,755,027</u>	<u>\$ 14,690,536</u>	<u>\$ 94,360,168</u>	<u>\$ 273,225</u>
Plan Fiduciary Net Position						
Contributions from Employer	\$ 1,344,979	\$ 6,032,692	\$ 260,008	\$ 420,806	\$ 5,504,662	\$ 24,740
Contributions from Member	212,787	331,729	-	-	461,160	-
Contributions from State / Other	3,370,575	1,917,292	14,577	17,820	-	-
Net Investment Income	5,917,714	10,962,467	813,026	1,828,188	7,781,613	38,926
Administrative Expenses	(72,399)	(91,948)	(47,420)	(81,679)	(212,481)	(3,017)
Benefit Payments	<u>(6,775,622)</u>	<u>(10,192,392)</u>	<u>(708,583)</u>	<u>(979,921)</u>	<u>(4,042,603)</u>	<u>(17,820)</u>
Net Change in Fiduciary Net Position	3,998,034	8,959,840	331,608	1,205,214	9,492,351	42,829
Plan Fiduciary Net Position, Beginning	<u>42,418,443</u>	<u>74,594,265</u>	<u>5,897,062</u>	<u>12,273,423</u>	<u>48,366,085</u>	<u>225,865</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 46,416,477</u>	<u>\$ 83,554,105</u>	<u>\$ 6,228,670</u>	<u>\$ 13,478,637</u>	<u>\$ 57,858,436</u>	<u>\$ 268,694</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 41,545,538</u>	<u>\$ 65,263,103</u>	<u>\$ 526,357</u>	<u>\$ 1,211,899</u>	<u>\$ 36,501,732</u>	<u>\$ 4,531</u>
Plan Fiduciary Net Position as a % of						
Total Pension Liability	52.77%	56.15%	92.21%	91.75%	61.32%	98.34%
Covered Employee Payroll	\$ 3,527,279	\$ 5,496,728	\$ 86,057	\$ 286,614	\$ 22,807,717	\$ 47,875
Net Pension Liability as a % of						
Covered Employee Payroll	1177.84%	1187.31%	611.64%	422.83%	160.04%	9.46%

**Schedule of Net Pension Liability of Pension Plans Administered by the Delaware Public
Employees Retirement System**

	Proportion of Collective Net Pension Asset	Proportion of Total Pension Asset (Liability)	Covered - Employee Payroll	Net Pension Asset as a Percentage of Covered- Employee Payroll	Plan's Fiduciary Net Position as a Percentage of Total Pension Asset / Liability
County & Municipal Pension Plans as of June 30, 2015					
Police and Firefighters	33.08%	\$ 1,743,533	\$ 24,141,030	-7.22%	101.97%
Other Employees	21.78%	(9,293)	7,787,744	0.12%	99.89%
County & Municipal Pension Plans as of June 30, 2014					
Police and Firefighters	33.96%	3,698,693	23,615,373	-15.66%	104.47%
Other Employees	20.75%	76,367	5,527,605	-1.38%	101.07%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

Note 1 - Methods and Assumptions Used to Determine Contributions Rates

	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
June 30, 2016						
Actuarial Valuation Date	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014
Measurement Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal					
Amortization Method	Level Percent of Pay					Level Dollar
Remaining Amortization	Fully amortized on June 30, 2029					15 years
Asset Valuation Method	5 Year Smoothed Market					Market Value
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%
Asset Class:						
Domestic Equity	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%
Non-U.S. Equity	8.30%	8.30%	8.30%	8.30%	8.30%	6.50%
Fixed Income	1.50%	1.50%	1.50%	1.50%	1.50%	6.50%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	6.50%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Projected Salary Increases	5.50% (1)	5.50% (1)	5.50% (1)	5.50% (2)	5.50% (2)	4.00%
Includes Inflation Rate of	3.00%	3.00%	3.00%	3.00%	3.00%	Not Provided
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None
Mortality Rates	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years Disabled Lives: 2011 Sex Distinct PBGC Disability Mortality Table blended 50%/50% for Social Security Eligible Participants and Non-Social Security Eligible Participants					

June 30, 2015						
Actuarial Valuation Date	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014
Measurement Date	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Normal					Aggregate Cost
Amortization Method	Level Percent Closed Period					n/a
Remaining Amortization	14 years					n/a
Asset Valuation Method	5 Year Smoothed Market					Market Value
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%
Asset Class:						
Domestic Equity	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%
Non-U.S. Equity	8.30%	8.30%	8.30%	8.30%	8.30%	6.50%
Fixed Income	1.50%	1.50%	1.50%	1.50%	1.50%	6.50%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	6.50%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Projected Salary Increases	5.50% (1)	5.50% (1)	5.50% (1)	5.50% (2)	5.50% (2)	4.00%
Includes Inflation Rate of	3.00%	3.00%	3.00%	3.00%	3.00%	Not Provided
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None
Mortality Rates	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years Disabled Lives: 2011 Sex Distinct PBGC Disability Mortality Table blended 50%/50% for Social Security Eligible Participants and Non-Social Security Eligible Participants					

Note 1 - Methods and Assumptions Used to Determine Contributions Rates (Continued)

	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
June 30, 2014						
Actuarial Valuation Date	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Aggregate Entry Age					Aggregate Cost
Amortization Method	Level Percent Closed Period					n/a
Remaining Amortization	17 years					n/a
Asset Valuation Method	5 Year Smoothed Market					Market Value
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%	6.50%
Asset Class:						
Domestic Equity	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%
Non-U.S. Equity	8.30%	8.30%	8.30%	8.30%	8.30%	6.50%
Fixed Income	1.50%	1.50%	1.50%	1.50%	1.50%	6.50%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	6.50%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Projected Salary Increases	5.50% (1)	5.50% (1)	5.50% (1)	5.50% (2)	5.50% (2)	4.00%
Includes Inflation rate of	3.00%	3.00%	3.00%	3.00%	3.00%	Not Provided
Cost of Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None
Mortality Rates	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years Disabled Lives: 2011 Sex Distinct PBGC Disability Mortality Table blended 50%/50% for Social Security Eligible Participants and Non-Social Security Eligible Participants					

(1) Based on a service dependent scale, with 5.5% for service of less than 19 years, 4.5% thereafter.

(2) For employees under 30, 5.5%; 5% thereafter

Note 2 - Methods and Assumptions Used to Determine Contributions Rates

For the periods presented, there were no changes in benefit terms, changes in size or composition of the population covered or changes in assumptions which significantly affect trends in the amounts reported.

Schedule 4 - Schedule of Investment Returns

In accordance with GASB No. 67, the following required supplementary information is provided indicating the annual money-weighted rate of return, net of investment expense. Information prior to 2014 is not readily available.

<u>Year Ended</u> <u>June 30</u>	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-</u> <u>uniformed</u>	<u>Plan II Non-</u> <u>uniformed</u>	<u>Plan III Non-</u> <u>uniformed</u>	<u>Park</u> <u>Trust</u>
2016	2.27%	2.27%	2.48%	2.22%	2.42%	6.50%
2015	2.27%	2.37%	2.25%	2.31%	2.15%	6.50%
2014	11.80%	11.60%	2.80%	11.50%	24.60%	6.50%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF WILMINGTON, DELAWARE

MAJOR GOVERNMENTAL FUND

GENERAL FUND

The General Fund is the general operating fund of the City of Wilmington. It is used to account for all financial resources except those required to be recorded in another fund.

The following budget and actual schedule presents General Fund activity at its lowest level of legal budgetary control – the department.

Budgetary Accounting Control

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General Fund and certain Non-major Funds and, in addition, the annual appropriated Capital Budget is adopted. Unexpended appropriations in the operating budget of the General Fund lapse at year-end. Annual budgets are adopted on the basis that revenue estimates and/or accumulated unreserved fund balance are sufficient to fully fund appropriations. Budgets presented in these financial schedules include all amendments adopted during the year. Legally adopted Governmental Fund Budgets are discussed in Note 2 A.

Budgets for the other Special Revenue Funds, which are non-major funds, are appropriated based on grant agreements with various State, Federal, and private agencies. Based on the duration of these agreements, budget appropriations often overlap the City's fiscal year and remain open until completion of the grant. Therefore, the Special Revenue Funds' actual results of operations also represent the Funds' final appropriations through June 30, 2016, with the unspent appropriations becoming the succeeding year's authorization. The Director of Finance has the authority to re-appropriate these unspent appropriations into the succeeding fiscal year. Consequently, the budgeted appropriations for Special Revenue Funds represent the City's final appropriations for the fiscal year supported by the corresponding grant revenues. Budgetary comparison schedules for non-major special revenue funds with legally adopted budgets are presented in the combining and individual fund financial statements and schedules section of this report.

Ninety (90) days prior to the commencement of a new fiscal year, the Mayor must submit to City Council a proposed operating budget. City Council reviews the budget, conducts hearings, and proposes changes in expenditure levels. City Council cannot modify the Mayor's estimates of revenues, but may propose changes in the tax levy in the amount necessary, in the Mayor's estimate, to balance total appropriations and estimated revenues. The annual budget may not be adopted until City Council has enacted required revenue measures.

Thirty (30) days prior to the commencement of a new fiscal year, the annual operating budget is enacted through legislation. Appropriations are legislated at the functional level. By legislative action, the annual appropriated budget may be amended. Budgetary transfers within a function at the expense category (e.g., personal services or travel, materials, supplies) may be made without legislative approval. Appropriation control is maintained through a budget-tracking process within the accounting system at both the functional and object levels.

CITY OF WILMINGTON, DELAWARE

MAJOR GOVERNMENTAL FUND

GENERAL FUND

Budgetary Accounting Control (continued)

The actual results of operations as compared to the City Council-adopted appropriations at the functional level are presented in the Schedule of Revenues, Expenditures and Changes in Fund Balances. Budget and Actual (GAAP Basis) is presented for the General Fund to provide a meaningful comparison of actual results with the budget.

Appropriations for the Capital Projects Fund that remain open and carry over to succeeding years until the related expenditures are made, modified or canceled are adopted on a multi-year basis. Appropriations for this fund are controlled on a project basis, and therefore, budgetary comparison schedules on an annual basis do not provide meaningful information and, accordingly, are not presented.

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
MAYOR'S OFFICES				
Office of the Mayor				
Personal Services	\$ 1,500,082	\$ 1,579,031	\$ 1,685,547	\$ (106,516)
Materials, Supplies and Equipment	1,133,115	1,408,115	1,178,899	229,216
Special Purpose	542,000	117,000	117,000	-
Debt Service	<u>1,400,703</u>	<u>1,400,703</u>	<u>1,478,487</u>	<u>(77,784)</u>
Office of the Mayor	<u>4,575,900</u>	<u>4,504,849</u>	<u>4,459,933</u>	<u>44,916</u>
Management and Budget				
Personal Services	515,185	542,919	594,018	(51,099)
Materials, Supplies and Equipment	<u>73,123</u>	<u>73,123</u>	<u>65,757</u>	<u>7,366</u>
Management and Budget	<u>588,308</u>	<u>616,042</u>	<u>659,775</u>	<u>(43,733)</u>
Office of Emergency Management				
Personal Services	65,447	69,970	69,276	694
Materials, Supplies and Equipment	328,405	328,405	309,189	19,216
Debt Service	<u>61,683</u>	<u>61,683</u>	<u>61,141</u>	<u>542</u>
Office of Emergency Management	<u>455,535</u>	<u>460,058</u>	<u>439,606</u>	<u>20,452</u>
Economic Development				
Personal Services	808,357	840,786	744,874	95,912
Materials, Supplies and Equipment	181,235	181,235	161,807	19,428
Special Purpose	-	-	-	-
Debt Service	<u>3,994,871</u>	<u>3,994,871</u>	<u>3,999,922</u>	<u>(5,051)</u>
Economic Development	<u>4,984,463</u>	<u>5,016,892</u>	<u>4,906,603</u>	<u>110,289</u>
Cultural Affairs				
Personal Services	279,927	292,781	294,193	(1,412)
Materials, Supplies and Equipment	572,331	594,331	653,897	(59,566)
Special Purpose	-	-	-	-
Cultural Affairs	<u>852,258</u>	<u>887,112</u>	<u>948,090</u>	<u>(60,978)</u>
Constituent Services				
Personal Services	537,263	567,505	568,805	(1,300)
Materials, Supplies and Equipment	<u>154,853</u>	<u>157,853</u>	<u>142,227</u>	<u>15,626</u>
Constituent Services	<u>692,116</u>	<u>725,358</u>	<u>711,032</u>	<u>14,326</u>
Mayor's Offices Total				
Personal Services	3,706,261	3,892,992	3,956,713	(63,721)
Materials, Supplies and Equipment	2,443,062	2,743,062	2,511,776	231,286
Special Purpose	542,000	117,000	117,000	-
Debt Service	<u>5,457,257</u>	<u>5,457,257</u>	<u>5,539,550</u>	<u>(82,293)</u>
Mayor's Offices Total	<u>\$ 12,148,580</u>	<u>\$ 12,210,311</u>	<u>\$ 12,125,039</u>	<u>\$ 85,272</u>
CITY COUNCIL				
City Council				
Personal Services	\$ 603,445	\$ 603,445	\$ 670,975	\$ (67,530)
Materials, Supplies and Equipment	637,144	645,177	596,403	48,774
Special Purpose	19,000	19,000	18,512	488
Debt Service	<u>664</u>	<u>664</u>	<u>664</u>	<u>-</u>
City Council	<u>\$ 1,260,253</u>	<u>\$ 1,268,286</u>	<u>\$ 1,286,554</u>	<u>\$ (18,268)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CITY COUNCIL (Continued)				
City Clerk				
Personal Services	\$ 815,338	\$ 857,001	\$ 861,865	\$ (4,864)
Materials, Supplies and Equipment	83,613	75,580	58,122	17,458
City Clerk	<u>898,951</u>	<u>932,581</u>	<u>919,987</u>	<u>12,594</u>
City Council Offices Total				
Personal Services	1,418,783	1,460,446	1,532,840	(72,394)
Materials, Supplies and Equipment	720,757	720,757	654,525	66,232
Special Purpose	19,000	19,000	18,512	488
Debt Service	664	664	664	-
City Council Offices Total	<u>\$ 2,159,204</u>	<u>\$ 2,200,867</u>	<u>\$ 2,206,541</u>	<u>\$ (5,674)</u>
AUDIT				
Audit Department				
Personal Services	\$ 419,257	\$ 438,931	\$ 440,377	\$ (1,446)
Materials, Supplies and Equipment	292,522	292,522	272,964	19,558
Audit Department	<u>\$ 711,779</u>	<u>\$ 731,453</u>	<u>\$ 713,341</u>	<u>\$ 18,112</u>
LAW				
Law Department				
Personal Services	\$ 2,224,013	\$ 2,323,983	\$ 2,257,398	\$ 66,585
Materials, Supplies and Equipment	711,333	711,333	662,092	49,241
Law Department	<u>\$ 2,935,346</u>	<u>\$ 3,035,316</u>	<u>\$ 2,919,490</u>	<u>\$ 115,826</u>
FINANCE				
Finance Administrative				
Personal Services	\$ 354,172	\$ 377,731	\$ 365,825	\$ 11,906
Materials, Supplies and Equipment	172,660	114,660	109,188	5,472
Debt Service	49,049	49,049	18,061	30,988
Finance Administrative	<u>575,881</u>	<u>541,440</u>	<u>493,074</u>	<u>48,366</u>
Earned Income Tax				
Personal Services	1,435,939	1,514,295	1,460,016	54,279
Materials, Supplies and Equipment	1,048,908	1,013,908	727,282	286,626
Debt Service	-	-	-	-
Earned Income Tax	<u>2,484,847</u>	<u>2,528,203</u>	<u>2,187,298</u>	<u>340,905</u>
Accounting				
Personal Services	956,372	1,011,871	918,901	92,970
Materials, Supplies and Equipment	211,448	298,248	253,545	44,703
Accounting	<u>\$ 1,167,820</u>	<u>\$ 1,310,119</u>	<u>\$ 1,172,446</u>	<u>\$ 137,673</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
FINANCE (Continued)				
Procurement and Records				
Personal Services	\$ 477,377	\$ 506,318	\$ 384,079	\$ 122,239
Materials, Supplies and Equipment	141,190	141,190	86,676	54,514
Procurement and Records	<u>618,567</u>	<u>647,508</u>	<u>470,755</u>	<u>176,753</u>
Delinquent Accounts Division				
Personal Services	49,978	53,031	61,184	(8,153)
Materials, Supplies and Equipment	85,669	70,669	65,288	5,381
Delinquent Accounts Division	<u>135,647</u>	<u>123,700</u>	<u>126,472</u>	<u>(2,772)</u>
Central Cashier				
Personal Services	425,977	457,025	443,609	13,416
Materials, Supplies and Equipment	284,716	404,716	375,815	28,901
Central Cashier	<u>710,693</u>	<u>861,741</u>	<u>819,424</u>	<u>42,317</u>
Billing & Customer Service				
Personal Services	168,590	180,003	159,165	20,838
Materials, Supplies and Equipment	88,161	63,161	75,015	(11,854)
Billing & Customer Service	<u>256,751</u>	<u>243,164</u>	<u>234,180</u>	<u>8,984</u>
Finance Parking				
Personal Services	1,309,406	1,384,655	1,366,171	18,484
Materials, Supplies and Equipment	2,740,361	2,666,561	2,549,616	116,945
Finance Parking	<u>4,049,767</u>	<u>4,051,216</u>	<u>3,915,787</u>	<u>135,429</u>
Finance Department Total				
Personal Services	5,177,810	5,484,928	5,158,950	325,978
Materials, Supplies and Equipment	4,773,114	4,773,114	4,242,425	530,689
Debt Service	49,049	49,049	18,061	30,988
Finance Department Total	<u>\$ 9,999,973</u>	<u>\$ 10,307,091</u>	<u>\$ 9,419,436</u>	<u>\$ 887,655</u>
HUMAN RESOURCES				
Personnel - Admin				
Personal Services	\$ 346,500	\$ 368,151	\$ 360,695	\$ 7,456
Materials, Supplies and Equipment	273,585	265,225	178,821	86,404
Personnel - Admin	<u>620,085</u>	<u>633,376</u>	<u>539,516</u>	<u>93,860</u>
Human Resource and Services				
Personal Services	980,958	1,035,530	1,052,001	(16,471)
Materials, Supplies and Equipment	463,632	471,992	425,984	46,008
Debt Service	24,674	24,674	24,457	217
Human Resource and Services	<u>1,469,264</u>	<u>1,532,196</u>	<u>1,502,442</u>	<u>29,754</u>
Human Resources Department Total				
Personal Services	1,327,458	1,403,681	1,412,696	(9,015)
Materials, Supplies and Equipment	737,217	737,217	604,805	132,412
Debt Service	24,674	24,674	24,457	217
Human Resources Department Total	<u>\$ 2,089,349</u>	<u>\$ 2,165,572</u>	<u>\$ 2,041,958</u>	<u>\$ 123,614</u>
TREASURER				
Treasurer's Office				
Personal Services	\$ 315,465	\$ 333,584	\$ 344,991	\$ (11,407)
Materials, Supplies and Equipment	137,539	137,539	145,461	(7,922)
Treasurer's Office Department Total	<u>\$ 453,004</u>	<u>\$ 471,123</u>	<u>\$ 490,452</u>	<u>\$ (19,329)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
PLANNING				
Planning				
Personal Services	\$ 1,035,522	\$ 1,088,820	\$ 1,041,904	\$ 46,916
Materials, Supplies and Equipment	413,750	413,750	333,180	80,570
Debt Service	239,219	239,219	130,522	108,697
Planning	<u>\$ 1,688,491</u>	<u>\$ 1,741,789</u>	<u>\$ 1,505,606</u>	<u>\$ 236,183</u>
REAL ESTATE & HOUSING				
Real Estate and Housing - Admin				
Personal Services	\$ 74,858	\$ 120,384	\$ 145,952	\$ (25,568)
Materials, Supplies and Equipment	180,093	196,683	147,095	49,588
Debt Service	1,183,291	1,183,291	815,091	368,200
Real Estate and Housing - Admin	<u>1,438,242</u>	<u>1,500,358</u>	<u>1,108,138</u>	<u>392,220</u>
Real Estate and Housing - Rehabilitation				
Personal Services	71,646	75,637	122,087	(46,450)
Materials, Supplies and Equipment	194,004	194,007	181,721	12,286
Debt Service	90,507	90,507	22,292	68,215
Real Estate and Housing - Rehabilitation	<u>356,157</u>	<u>360,151</u>	<u>326,100</u>	<u>34,051</u>
Real Estate & Housing Department Total				
Personal Services	146,504	196,021	268,039	(72,018)
Materials, Supplies and Equipment	374,097	390,690	328,816	61,874
Debt Service	1,273,798	1,273,798	837,383	436,415
Real Estate & Housing Department Total	<u>\$ 1,794,399</u>	<u>\$ 1,860,509</u>	<u>\$ 1,434,238</u>	<u>\$ 426,271</u>
PUBLIC WORKS				
Public Works - Admin				
Personal Services	\$ 755,492	\$ 805,284	\$ 672,101	\$ 133,183
Materials, Supplies and Equipment	598,378	629,878	583,234	46,644
Debt Service	427,014	427,014	293,305	133,709
Public Works - Admin	<u>1,780,884</u>	<u>1,862,176</u>	<u>1,548,640</u>	<u>313,536</u>
Street Maintenance				
Personal Services	55,599	59,748	57,841	1,907
Materials, Supplies and Equipment	348,916	406,965	387,330	19,635
Debt Service	1,825,920	1,825,920	1,692,518	133,402
Street Maintenance	<u>2,230,435</u>	<u>2,292,633</u>	<u>2,137,689</u>	<u>154,944</u>
Transportation/WILDOT				
Personal Services	1,244,270	1,327,917	1,352,353	(24,436)
Materials, Supplies and Equipment	1,286,177	1,158,177	790,573	367,604
Debt Service	1,104,705	1,104,705	1,127,713	(23,008)
Transportation/WILDOT	<u>\$ 3,635,152</u>	<u>\$ 3,590,799</u>	<u>\$ 3,270,639</u>	<u>\$ 320,160</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS (Continued)				
Street Cleaning				
Personal Services	\$ 3,160,922	\$ 3,364,157	\$ 2,930,379	\$ 433,778
Materials, Supplies and Equipment	<u>2,013,649</u>	<u>2,648,149</u>	<u>2,432,285</u>	<u>215,864</u>
Street Cleaning	<u>5,174,571</u>	<u>6,012,306</u>	<u>5,362,664</u>	<u>649,642</u>
Rubbish Collection				
Personal Services	3,455,404	3,692,380	3,693,667	(1,287)
Materials, Supplies and Equipment	<u>4,504,243</u>	<u>4,224,743</u>	<u>4,089,316</u>	<u>135,427</u>
Rubbish Collection	<u>7,959,647</u>	<u>7,917,123</u>	<u>7,782,983</u>	<u>134,140</u>
Property Maintenance				
Personal Services	297,676	320,665	389,804	(69,139)
Materials, Supplies and Equipment	2,210,240	2,055,240	1,864,090	191,150
Debt Service	<u>674,325</u>	<u>674,325</u>	<u>723,803</u>	<u>(49,478)</u>
Property Maintenance	<u>3,182,241</u>	<u>3,050,230</u>	<u>2,977,697</u>	<u>72,533</u>
Public Works Department Total				
Personal Services	8,969,363	9,570,151	9,096,144	474,007
Materials, Supplies and Equipment	10,961,603	11,123,153	10,146,828	976,325
Debt Service	<u>4,031,964</u>	<u>4,031,964</u>	<u>3,837,340</u>	<u>194,624</u>
Public Works Department Total	<u>\$ 23,962,930</u>	<u>\$ 24,725,268</u>	<u>\$ 23,080,312</u>	<u>\$ 1,644,956</u>
PARKS & RECREATION				
Parks and Recreation - Admin				
Personal Services	\$ 565,124	\$ 601,996	\$ 553,073	\$ 48,923
Materials, Supplies and Equipment	627,903	627,903	512,293	115,610
Debt Service	<u>992,625</u>	<u>992,625</u>	<u>940,187</u>	<u>52,438</u>
Parks and Recreation - Admin	<u>2,185,652</u>	<u>2,222,524</u>	<u>2,005,553</u>	<u>216,971</u>
Park Maintenance				
Personal Services	1,767,422	1,872,125	1,972,108	(99,983)
Materials, Supplies and Equipment	1,178,447	1,178,447	988,781	189,666
Debt Service	<u>937,752</u>	<u>937,752</u>	<u>706,312</u>	<u>231,440</u>
Park Maintenance	<u>3,883,621</u>	<u>3,988,324</u>	<u>3,667,201</u>	<u>321,123</u>
Recreation				
Personal Services	508,448	528,523	555,444	(26,921)
Materials, Supplies and Equipment	<u>361,372</u>	<u>361,372</u>	<u>367,655</u>	<u>(6,283)</u>
Recreation	<u>\$ 869,820</u>	<u>\$ 889,895</u>	<u>\$ 923,099</u>	<u>\$ (33,204)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
PARKS & RECREATION (Continued)				
William Hicks Anderson Center				
Personal Services	\$ 774,482	\$ 802,571	\$ 735,576	\$ 66,995
Materials, Supplies and Equipment	471,580	471,580	374,403	97,177
Debt Service	<u>73,601</u>	<u>73,601</u>	<u>79,799</u>	<u>(6,198)</u>
William Hicks Anderson Center	<u>1,319,663</u>	<u>1,347,752</u>	<u>1,189,778</u>	<u>157,974</u>
Youth and Families				
Personal Services	704,087	714,221	651,137	63,084
Materials, Supplies and Equipment	223,301	223,301	273,900	(50,599)
Youth and Families	<u>927,388</u>	<u>937,522</u>	<u>925,037</u>	<u>12,485</u>
Parks and Recreation Department Total				
Personal Services	4,319,562	4,519,435	4,467,337	52,098
Materials, Supplies and Equipment	2,862,603	2,862,603	2,517,032	345,571
Debt Service	<u>2,003,978</u>	<u>2,003,978</u>	<u>1,726,298</u>	<u>277,680</u>
Parks and Recreation Department Total	<u>\$ 9,186,143</u>	<u>\$ 9,386,016</u>	<u>\$ 8,710,667</u>	<u>\$ 675,349</u>
LICENSE & INSPECTION				
License and Inspection				
Personal Services	\$ 3,404,473	\$ 3,616,526	\$ 3,656,441	\$ (39,915)
Materials, Supplies and Equipment	1,158,183	1,158,183	1,000,083	158,100
Special Purpose	600,000	600,000	587,500	12,500
Debt Service	<u>4,659</u>	<u>4,659</u>	<u>4,659</u>	<u>-</u>
License and Inspection	<u>\$ 5,167,315</u>	<u>\$ 5,379,368</u>	<u>\$ 5,248,683</u>	<u>\$ 130,685</u>
FIRE DEPARTMENT				
Fire - Admin				
Personal Services	\$ 6,112,279	\$ 6,147,336	\$ 5,822,003	\$ 325,333
Materials, Supplies and Equipment	778,177	781,177	500,454	280,723
Debt Service	<u>649,059</u>	<u>649,059</u>	<u>610,265</u>	<u>38,794</u>
Fire - Admin	<u>7,539,515</u>	<u>7,577,572</u>	<u>6,932,722</u>	<u>644,850</u>
Fire - Suppression				
Personal Services	13,252,932	13,252,932	14,840,094	(1,587,162)
Materials, Supplies and Equipment	<u>1,692,230</u>	<u>1,688,280</u>	<u>1,294,197</u>	<u>394,083</u>
Fire - Suppression	<u>14,945,162</u>	<u>14,941,212</u>	<u>16,134,291</u>	<u>(1,193,079)</u>
Fire - Prevention				
Personal Services	1,135,711	1,149,229	1,347,493	(198,264)
Materials, Supplies and Equipment	<u>290,937</u>	<u>291,887</u>	<u>231,114</u>	<u>60,773</u>
Fire - Prevention	<u>1,426,648</u>	<u>1,441,116</u>	<u>1,578,607</u>	<u>(137,491)</u>
Fire Department Total				
Personal Services	20,500,922	20,549,497	22,009,590	(1,460,093)
Materials, Supplies and Equipment	2,761,344	2,761,344	2,025,765	735,579
Debt Service	<u>649,059</u>	<u>649,059</u>	<u>610,265</u>	<u>38,794</u>
Fire Department Total	<u>\$ 23,911,325</u>	<u>\$ 23,959,900</u>	<u>\$ 24,645,620</u>	<u>\$ (685,720)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
POLICE DEPARTMENT				
Police - Admin				
Personal Services	\$ 5,626,164	\$ 5,651,419	\$ 5,044,222	\$ 607,197
Materials, Supplies and Equipment	1,544,438	1,518,707	1,490,637	28,070
Debt Service	-	-	-	-
Police - Admin	<u>7,170,602</u>	<u>7,170,126</u>	<u>6,534,859</u>	<u>635,267</u>
Police - Patrol				
Personal Services	21,963,270	21,968,626	22,565,469	(596,843)
Materials, Supplies and Equipment	2,742,244	2,742,244	2,195,167	547,077
Debt Service	289,482	289,482	243,390	46,092
Police - Patrol	<u>24,994,996</u>	<u>25,000,352</u>	<u>25,004,026</u>	<u>(3,674)</u>
Police - Special Operations				
Personal Services	4,810,997	4,821,056	4,793,145	27,911
Materials, Supplies and Equipment	399,023	428,523	409,270	19,253
Police - Special Operations	<u>5,210,020</u>	<u>5,249,579</u>	<u>5,202,415</u>	<u>47,164</u>
Police - Support Services				
Personal Services	1,316,678	1,378,634	1,232,950	145,684
Materials, Supplies and Equipment	1,058,428	1,056,428	797,070	259,358
Police - Support Services	<u>2,375,106</u>	<u>2,435,062</u>	<u>2,030,020</u>	<u>405,042</u>
Police - Investigations				
Personal Services	9,208,140	9,236,454	11,040,720	(1,804,266)
Materials, Supplies and Equipment	1,004,894	1,004,894	779,283	225,611
Police - Investigations	<u>10,213,034</u>	<u>10,241,348</u>	<u>11,820,003</u>	<u>(1,578,655)</u>
Police - Communications				
Personal Services	3,735,076	3,920,182	3,910,354	9,828
Materials, Supplies and Equipment	1,180,271	1,198,002	421,580	776,422
Debt Service	117,044	117,044	175,325	(58,281)
Police - Communications	<u>5,032,391</u>	<u>5,235,228</u>	<u>4,507,259</u>	<u>727,969</u>
Police Operations				
Materials, Supplies and Equipment	492,550	473,050	703,412	(230,362)
Police Operations	<u>492,550</u>	<u>473,050</u>	<u>703,412</u>	<u>(230,362)</u>
Police Department Total				
Personal Services	46,660,325	46,976,371	48,586,860	(1,610,489)
Materials, Supplies and Equipment	8,421,848	8,421,848	6,796,419	1,625,429
Debt Service	406,526	406,526	418,715	(12,189)
Police Department Total	<u>\$ 55,488,699</u>	<u>\$ 55,804,745</u>	<u>\$ 55,801,994</u>	<u>\$ 2,751</u>
Total Expenditures	<u>\$ 151,696,537</u>	<u>\$ 153,979,328</u>	<u>\$ 150,343,377</u>	<u>\$ 3,635,951</u>

CITY OF WILMINGTON, DELAWARE

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

The **Park Recreation Assistance Fund** accounts for special park programs sponsored by the City of Wilmington. Monies designated for specific programs are contributed by the State of Delaware or private sources.

The **Wilmington Park Related Commissions** accounts for private funds received to finance the renovation and maintenance of parks, fountains, and other receptacles for water in the City of Wilmington. The Fund includes the blended component unit Wilmington Park Trust Commission.

The **Community Development & Recovery Block Grant Fund** accounts for the City's Community Development Block Grants from the United States Department of Housing and Urban Development. Monies are specifically designated to revitalize certain underdeveloped areas of the City, remove artificial barriers, and improve slum areas.

The **Home Partnership Program Fund** accounts for United States Department of Housing and Urban Development Grants designated to carry out multi-year housing strategies through acquisition, rehabilitation, new construction of housing, and tenant-based rental assistance.

The **Home for People with AIDS (HOPWA) Grant Fund** accounts for a United States Department of Housing & Urban Development Grant dedicated to providing living areas to individuals with AIDS.

The **Delaware Neighborhood Stabilization Program Fund** provides assistance for the acquisition, demolition and redevelopment of foreclosed or abandoned properties to be rehabilitated for resale in order to stabilize the neighborhoods by the non-profit agencies.

The **Delaware Criminal Justice Planning Fund** accounts for grants from the State of Delaware and the federal government for specific local law enforcement-related programs such as training, consulting, counseling, drug enforcement, and equipment.

The **Cable Television Fund** accounts for cable television franchise revenues in excess of operating expenses designated by City Code to support equipment and capital needs of the cable and television division of City Council.

The **Special Projects and Other Miscellaneous Special Revenue Funds** account for various small grants received by the City. The monies are received from various government and private sources.

City of Wilmington, Delaware
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
June 30, 2016

ASSETS	Park Recreation Assistance	Wilmington Park Trust Commission	Community Development & Recovery Block Grants	Home Partnership Program	Home for People with AIDS Grant	Delaware Neighborhood Stablization Program	Delaware Criminal Justice Planning	Cable Television	Special Projects	Total Nonmajor Governmenta Funds
Cash and Cash Equivalents (Note 3)	\$ 47,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,438	\$ 1,734,869	\$ 960,221	\$ 2,748,115
Restricted Assets:										-
Cash and Investments (Note 3)	-	5,637,273	-	-	-	-	-	-	-	5,637,273
Receivables, Net (Note 4)	-	302,396	916	-	-	-	2,893	-	420,611	726,816
Due from Other Governments	209,982	36,350	690,291	124,922	52,189	1,208,111	1,116,767	-	422,148	3,860,760
Prepaid Items & Other Assets	-	7,245	-	-	-	-	-	-	-	7,245
Due from Other Funds	-	-	-	-	-	-	-	-	-	-
Total Assets	257,569	5,983,264	691,207	124,922	52,189	1,208,111	1,125,098	1,734,869	1,802,980	12,980,209
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts Payable	112,842	23	169,948	-	4,557	63,299	78,474	11,502	199,940	640,585
Salaries and Benefits Payable	79,989	3,729	23,445	267	662	-	10,489	29,272	203,875	351,728
Due to Other Funds	-	78,483	478,083	73,243	47,153	786,469	-	-	43,300	1,506,731
Prepaid Rent	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	149,786	-	30,331	51,412	-	129,981	1,007,279	-	1,151,223	2,520,012
Other Liability:	-	33,943	-	-	-	-	-	-	-	33,943
Total Liabilities	342,617	116,178	701,807	124,922	52,372	979,749	1,096,242	40,774	1,598,338	5,052,999
Fund Balances:										
Nonspendable	-	968,468	-	-	-	-	-	-	-	968,468
Restricted	-	4,931,660	-	-	-	228,362	-	-	204,642	5,364,664
Committed	-	-	-	-	-	-	-	1,694,095	-	1,694,095
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(85,048)	(33,042)	(10,600)	(0)	(183)	-	28,856	-	-	(100,017)
Total Fund Balances	(85,048)	5,867,086	(10,600)	(0)	(183)	228,362	28,856	1,694,095	204,642	7,927,210
Total Liabilities and Fund Balances	\$ 257,569	\$ 5,983,264	\$ 691,207	\$ 124,922	\$ 52,189	\$ 1,208,111	\$ 1,125,098	\$ 1,734,869	\$ 1,802,980	\$ 12,980,209

City of Wilmington, Delaware
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2016

	<u>Park Recreation Assistance</u>	<u>Wilmington Park Trust Commission</u>	<u>Community Development & Recovery Block Grants</u>	<u>Home Partnership Program</u>	<u>Home for People with AIDS Grant</u>	<u>Delaware Neighborhood Stablization Program</u>	<u>Delaware Criminal Justice Planning</u>	<u>Cable Television</u>	<u>Special Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES										
Intergovernmental	\$ 1,639,441	\$ 99,817	\$ 2,313,029	\$ 744,080	\$ 577,761	\$ 902,123	\$ 1,659,059	\$ 1,265,008	\$ 4,638,153	\$ 13,838,471
Program Revenue	19,641	1,073	73,636	-	-	265,962	-	-	-	360,312
Investment Earnings	-	89,699	-	-	-	-	-	-	-	89,699
Total Revenues	<u>1,659,082</u>	<u>190,589</u>	<u>2,386,665</u>	<u>744,080</u>	<u>577,761</u>	<u>1,168,085</u>	<u>1,659,059</u>	<u>1,265,008</u>	<u>4,638,153</u>	<u>14,288,482</u>
EXPENDITURES										
Current:										
General Governmental Services	-	79,954	-	-	-	-	-	1,462,189	316,452	1,858,595
Real Estate and Housing	-	-	2,393,769	744,080	630,056	1,168,085	-	-	653,543	5,589,533
Public Works	-	-	-	-	-	-	-	-	1,262,279	1,262,279
Parks and Recreation	1,555,796	268,052	-	-	-	-	-	-	52,916	1,876,764
Public Safety	-	-	-	-	-	-	1,663,491	-	2,373,827	4,037,318
Capital Outlays	-	-	-	-	-	-	-	-	24,767	24,767
Total Expenditures	<u>1,555,796</u>	<u>348,006</u>	<u>2,393,769</u>	<u>744,080</u>	<u>630,056</u>	<u>1,168,085</u>	<u>1,663,491</u>	<u>1,462,189</u>	<u>4,683,784</u>	<u>14,649,256</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>103,286</u>	<u>(157,417)</u>	<u>(7,105)</u>	<u>(0)</u>	<u>(52,295)</u>	<u>0</u>	<u>(4,432)</u>	<u>(197,181)</u>	<u>(45,631)</u>	<u>(360,774)</u>
Other Financing Sources										
Transfers in	-	(55,727)	-	-	-	-	-	-	-	(55,727)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(55,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,727)</u>
Net change in Fund Balances	103,286	(213,144)	(7,105)	(0)	(52,295)	0	(4,432)	(197,181)	(45,631)	(416,501)
Fund Balance - Beginning	<u>(188,334)</u>	<u>6,080,230</u>	<u>(3,496)</u>	<u>-</u>	<u>52,112</u>	<u>228,362</u>	<u>33,288</u>	<u>1,891,276</u>	<u>250,273</u>	<u>8,343,711</u>
Fund Balance - Ending	<u>\$ (85,048)</u>	<u>\$ 5,867,086</u>	<u>\$ (10,601)</u>	<u>\$ (0)</u>	<u>\$ (183)</u>	<u>\$ 228,362</u>	<u>\$ 28,856</u>	<u>\$ 1,694,095</u>	<u>\$ 204,642</u>	<u>\$ 7,927,210</u>

City of Wilmington, Delaware
Schedule of Revenues, Expenditures
Changes in Fund Balances - Budget and Actual
Non-Major Funds - Special Revenue Funds
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Park Recreation Assistance				
Revenues	\$ 1,659,082	\$ 1,659,082	\$ 1,659,082	\$ -
Expenditures	<u>1,659,082</u>	<u>1,659,082</u>	<u>1,555,796</u>	<u>(103,286)</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,286</u>	<u>\$ 103,286</u>
Community Development Block Grant				
Revenues	\$ 2,386,665	\$ 2,386,665	\$ 2,386,665	\$ -
Expenditures	<u>2,386,665</u>	<u>2,386,665</u>	<u>2,393,769</u>	<u>7,105</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,105)</u>	<u>\$ (7,105)</u>
Home Partnership Program				
Revenues	\$ 744,080	\$ 744,080	\$ 744,080	\$ -
Expenditures	<u>744,080</u>	<u>744,080</u>	<u>744,080</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Home for People With AIDS				
Revenues	\$ 577,761	\$ 577,761	\$ 577,761	\$ -
Expenditures	<u>577,761</u>	<u>577,761</u>	<u>630,056</u>	<u>52,295</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,295)</u>	<u>\$ (52,295)</u>
Delaware Neighborhood Stabilization Program				
Revenues	\$ 1,168,085	\$ 1,168,085	\$ 1,168,085	\$ -
Expenditures	<u>1,168,085</u>	<u>1,168,085</u>	<u>1,168,085</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ -</u>
Delaware Criminal Justice Planning				
Revenues	\$ 1,659,059	\$ 1,659,059	\$ 1,659,059	\$ -
Expenditures	<u>1,659,059</u>	<u>1,659,059</u>	<u>1,663,491</u>	<u>4,432</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,432)</u>	<u>\$ (4,432)</u>
Cable Television				
Revenues	\$ 1,265,008	\$ 1,265,008	\$ 1,265,008	\$ -
Expenditures	<u>1,265,008</u>	<u>1,265,008</u>	<u>1,462,189</u>	<u>197,181</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (197,181)</u>	<u>\$ (197,181)</u>

CITY OF WILMINGTON, DELAWARE

INTERNAL SERVICE FUNDS

The Internal Service Funds account for certain services provided to operating departments of the City.

The primary services, accounted for in similarly named funds, include data processing, word processing, mail service, duplication and reproduction, mapping and graphics, motor vehicle, and communications. The costs of these funds are charged to the operating departments based on usage.

Additional internal service funds are as follows:

The Risk Management Fund accounts for the City's risk management efforts and includes an actuarially determined reserve under its self-insurance program. Under the self-insurance program, the City assumes the risk for general liability, automobile liability, police professional liability, public officials' liability, and certain property losses. The City pays insurance premiums to cover specific city-owned properties.

The Workers' Compensation Fund accounts for the administration and funding of the City's employee injury claims subject to the Workers' Compensation Laws of the State of Delaware. The City is completely self-insured for its workers' compensation exposure and starting in 1995, the City has contracted an actuary to determine those losses. The City reflects the liability in the Workers' Compensation Fund.

The Health and Welfare Fund accounts for the administration and funding of the City's employee health, life, and dental coverages in addition to an employee assistance program.

City of Wilmington, Delaware
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2016

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Internal Service Funds
ASSETS											
Current Assets:											
Cash and Cash Equivalents (Note 3)	\$ -	\$ 23,518	\$ 30,746	\$ 9,175	\$ 19,828	\$ -	\$ 103	\$ 8,207,581	\$ 9,822,634	\$ 2,959,970	\$ 21,073,555
Restricted Assets:											
Cash and Investments (Note 3)	683,500	-	-	-	-	2,509	-	-	-	-	686,009
Receivables, Net (Note 4)	-	-	-	-	-	7,200	-	-	-	-	7,200
Due from Other Funds (Note 7)	-	-	-	-	-	-	-	-	-	-	-
Prepaid Items and Other Assets	-	-	-	-	-	-	-	-	355,000	-	355,000
Advances to Other Funds (Note 7)	-	-	-	-	-	-	-	807,234	1,432,906	-	2,240,140
Total Current assets	683,500	23,518	30,746	9,175	19,828	9,709	103	9,014,815	11,610,540	2,959,970	24,361,904
Noncurrent Assets:											
Capital Assets, Net:											
Construction In Progress	558,378	-	-	-	-	1,264,211	-	-	-	-	1,822,589
Buildings and Improvements	13,997	-	-	-	-	3,184,707	6,917	-	-	-	3,205,621
Machinery and Equipment	1,962,921	-	-	-	-	661,363	1,870,379	-	-	-	4,494,663
Vehicles	-	-	-	-	-	11,477,851	-	-	-	-	11,477,851
Total Noncurrent Assets	2,535,296	-	-	-	-	16,588,132	1,877,296	-	-	-	21,000,724
Total Assets	3,218,796	23,518	30,746	9,175	19,828	16,597,841	1,877,399	9,014,815	11,610,540	2,959,970	45,362,628
DEFERRED OUTFLOWS OF RESOURCES											
Deferred on Refunding of Bonds	20,734	-	-	-	-	153,208	4,492	-	-	-	178,434
Total Deferred Outflows of Resources	20,734	-	-	-	-	153,208	4,492	-	-	-	178,434
LIABILITIES											
Current Liabilities:											
Accounts Payable	412,914	2,478	23,660	2,283	372	946,642	75,675	291,908	293,972	1,829,616	3,879,520
Salaries and Benefits Payable	38,627	4,931	1,173	979	7,329	-	9,643	7,839	21,469	5,264	97,254
Accrued Interest Payable	13,260	-	-	-	-	3,539	409	104,885	104,885	-	226,978
Due to Other Funds	1,137,147	-	-	-	-	1,414,127	1,339,872	-	-	-	3,891,146
Bonds Payable	321,654	-	-	-	-	210,299	32,837	-	-	-	564,790
Capital Lease	-	-	-	-	-	2,209,988	191,043	-	-	-	2,401,031
Claims Liabilities	-	-	-	-	-	-	-	1,888,083	1,973,673	1,116,441	4,978,197
Compensated Absences	72,027	16,109	5,913	5,913	12,127	-	29,656	11,522	25,840	8,649	187,756
Total Current Liabilities	1,995,629	23,518	30,746	9,175	19,828	4,784,595	1,679,135	2,304,237	2,419,839	2,959,970	16,226,672
Noncurrent Liabilities:											
Advances Due to Other Funds (Note 7)	-	-	-	-	-	3,121,643	-	-	-	-	3,121,643
Bonds Payable	1,265,591	-	-	-	-	2,869,114	74,812	-	-	-	4,209,517
Capital Lease	-	-	-	-	-	5,121,662	130,085	-	-	-	5,251,747
Claims Liabilities	-	-	-	-	-	-	-	4,207,074	9,190,701	-	13,397,775
Total Noncurrent Liabilities	1,265,591	-	-	-	-	11,112,419	204,897	4,207,074	9,190,701	-	25,980,682
Total Liabilities	3,261,220	23,518	30,746	9,175	19,828	15,897,014	1,884,032	6,511,311	11,610,540	2,959,970	42,207,354
NET POSITION											
Net Investment in Capital Assets	1,652,285	-	-	-	-	3,211,143	1,453,011	-	-	-	6,316,439
Unassigned	(1,673,974)	-	-	-	-	(2,357,108)	(1,455,152)	2,503,504	-	-	(2,982,730)
Total Net Position	\$ (21,690)	\$ -	\$ -	\$ -	\$ -	\$ 854,035	\$ (2,141)	\$ 2,503,504	\$ -	\$ -	\$ 3,333,708

City of Wilmington, Delaware
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communication	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
OPERATING REVENUES											
Charges for Services	\$ 4,392,908	\$ 278,380	\$ 266,587	\$ 197,813	\$ 316,909	\$ 7,046,368	\$ 1,810,417	\$ 664,580	\$ 2,681,542	\$ 20,753,019	\$ 38,408,523
Employee Contributions	-	-	-	-	-	-	-	-	-	511,275	511,275
Other	-	-	-	-	-	-	-	25,839	14,868	-	40,707
Total Operating Revenues	<u>4,392,908</u>	<u>278,380</u>	<u>266,587</u>	<u>197,813</u>	<u>316,909</u>	<u>7,046,368</u>	<u>1,810,417</u>	<u>690,419</u>	<u>2,696,410</u>	<u>21,264,294</u>	<u>38,960,505</u>
OPERATING EXPENSES											
Personal Services	1,081,005	153,423	28,254	38,899	206,605	-	275,724	228,577	459,844	160,950	2,633,281
Materials, Supplies, Equipment and Contractual Services	2,722,755	124,957	238,333	158,914	110,304	3,807,238	1,078,851	155,578	358,143	162,688	8,917,761
Depreciation and Amortization	486,409	-	-	-	-	3,228,596	444,985	-	-	-	4,159,990
Claims Expense/Adjustment	-	-	-	-	-	-	-	(88,360)	1,878,700	20,940,656	22,730,996
Insurance Premiums	-	-	-	-	-	-	-	409,901	15,000	-	424,901
Total Operating Expenses	<u>4,290,169</u>	<u>278,380</u>	<u>266,587</u>	<u>197,813</u>	<u>316,909</u>	<u>7,035,834</u>	<u>1,799,560</u>	<u>705,696</u>	<u>2,711,687</u>	<u>21,264,294</u>	<u>38,866,929</u>
Operating Income (Loss)	<u>102,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,534</u>	<u>10,857</u>	<u>(15,277)</u>	<u>(15,277)</u>	<u>-</u>	<u>93,576</u>
NON-OPERATING REVENUES (EXPENSES)											
Investment Earnings	-	-	-	-	-	-	-	15,277	15,277	-	30,554
Interest Expense	(102,739)	-	-	-	-	(98,537)	(12,607)	-	-	-	(213,883)
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Assets	-	-	-	-	-	88,003	1,750	-	-	-	89,753
Total Non-Operating Revenues (Expenses)	<u>(102,739)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,534)</u>	<u>(10,857)</u>	<u>15,277</u>	<u>15,277</u>	<u>-</u>	<u>(93,576)</u>
Income before Capital Grants and Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers In	-	-	-	-	-	-	-	-	-	-	-
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position - Beginning	<u>(21,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>854,035</u>	<u>(2,141)</u>	<u>2,503,504</u>	<u>-</u>	<u>-</u>	<u>3,333,708</u>
Total Net Position - Ending	<u>\$ (21,690)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,035</u>	<u>\$ (2,141)</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,333,708</u>

City of Wilmington, Delaware
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2016

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
Cash Flows From Operating Activities:											
Receipts from Customers and Users	\$ 4,392,908	\$ 278,380	\$ 266,587	\$ 197,813	\$ 316,909	\$ 7,065,723	\$ 1,810,417	\$ 690,419	\$ 2,696,410	\$ 21,264,294	\$ 38,979,860
Payments to Suppliers	(2,832,357)	(124,090)	(223,664)	(163,536)	(115,446)	(3,378,810)	(1,070,048)	(3,332,335)	(3,384,518)	(20,800,106)	(35,424,910)
Payments to Employees	(1,043,931)	(152,807)	(41,022)	(26,873)	(198,113)	-	(271,485)	(240,769)	(438,736)	(153,756)	(2,567,492)
Net Cash Provided by (Used in) Operating Activities	516,620	1,483	1,901	7,404	3,350	3,686,913	468,884	(2,882,685)	(1,126,844)	310,432	987,458
Cash Flows from Noncapital Financing Activities											
Advances From Other Funds	162,283	-	-	-	(1,307)	(1,085,496)	(148,142)	-	-	-	(1,072,662)
Advances (To) Other Funds	-	-	-	-	-	-	-	1,353,394	1,353,394	-	2,706,788
Investment Earnings	-	-	-	-	-	-	-	15,277	15,277	-	30,554
Transfers From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	162,283	-	-	-	(1,307)	(1,085,496)	(148,142)	1,368,671	1,368,671	-	1,664,680
Cash Flows from Capital and Related Financing Activities:											
Proceeds from Capital Debt	-	-	-	-	-	-	-	-	-	-	-
Acquisition and Construction of Capital Assets	(131,723)	-	-	-	-	(4,527,262)	-	-	-	-	(4,658,985)
Principal Paid on Bonds	(457,902)	-	-	-	-	(181,835)	(119,466)	-	-	-	(759,203)
Interest Paid / Accrued on Bonds	(105,778)	-	-	-	-	(52,375)	(9,299)	21,606	21,606	-	(124,240)
Proceeds from Capital Lease	-	-	-	-	-	3,984,633	-	-	-	-	3,984,633
Principal Paid on Capital Leases	-	-	-	-	-	(2,073,504)	(186,838)	-	-	-	(2,260,342)
Interest Paid on Capital Leases	-	-	-	-	-	(79,100)	(7,036)	-	-	-	(86,136)
Bond Issuance Costs Capitalized	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	328,026	1,750	-	-	-	329,776
Funds Paid to Escrow	-	-	-	-	-	-	-	-	-	-	-
Net Cash Used in Capital and Related Financing Activities	(695,403)	-	-	-	-	(2,601,417)	(320,889)	21,606	21,606	-	(3,574,497)
Net Increase (Decrease) in Cash and Cash Equivalents	(16,500)	1,483	1,901	7,404	2,043	-	(147)	(1,492,408)	263,433	310,432	(922,359)
Cash and Cash Equivalents - July 1, 2015 restated (including \$700,000 for the Data Processing Fund & \$2,509 for the Motor Vehicle Fund reported in restricted accounts)	700,000	22,035	28,845	1,771	17,785	2,509	250	9,699,989	9,559,201	2,649,538	22,681,923
Cash and Cash Equivalents - June 30, 2016 (including \$683,500 for the Data Processing Fund & \$2,509 for the Motor Vehicle Fund reported in restricted accounts)	\$ 683,500	\$ 23,518	\$ 30,746	\$ 9,175	\$ 19,828	\$ 2,509	\$ 103	\$ 8,207,581	\$ 9,822,634	\$ 2,959,970	\$ 21,759,564
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:											
Operating Income (Loss)	\$ 102,739	\$ -	\$ -	\$ -	\$ -	\$ 10,534	\$ 10,857	\$ (15,277)	\$ (15,277)	\$ -	\$ 93,576
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities:											
Depreciation and Amortization	486,409	-	-	-	-	3,228,596	444,985	-	-	-	4,159,990
Changes in Assets and Liabilities:											
Decrease in Receivables	-	-	-	-	-	19,355	-	-	-	-	19,355
Increase in Prepaid Expenses	-	-	-	-	-	-	-	-	(100,000)	-	(100,000)
Employee Travel Advances	-	-	-	-	-	-	-	-	-	-	-
Refundable Deposits	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	(91,066)	1,176	8,285	1,391	(896)	428,428	10,923	187,350	88,803	361,050	995,444
Increase (Decrease) in Compensated Absences	4,750	(785)	(6,678)	5,913	2,413	-	1,723	(14,228)	16,147	6,174	15,429
Increase in Accrued Salaries	13,788	1,092	294	100	1,833	-	396	2,036	4,961	1,020	25,520
Increase (decrease) in Accrued Interest	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Decrease in Claims Liability	-	-	-	-	-	-	-	(3,042,566)	(1,121,478)	(57,812)	(4,221,856)
Net Cash Provided by (Used In) Operating Activities	\$ 516,620	\$ 1,483	\$ 1,901	\$ 7,404	\$ 3,350	\$ 3,686,913	\$ 468,884	\$ (2,882,685)	\$ (1,126,844)	\$ 310,432	\$ 987,458

CITY OF WILMINGTON, DELAWARE

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Retirement Funds

The following pension funds account for the City's pension plans in the following six pension funds:

Uniformed Plans

Firefighter's Pension
Police Pension

Non-Uniformed Plans

Plan I
Plan II
Plan III
Park Trust

The Police and Fire Pension Funds represent the consolidated financial activity of the old and 1984 Police and Fire Pension Plans, respectively. Both funds include contributions from employees, the State of Delaware, and the City.

Non-Uniformed Plan I and Plan II represent the old and 1979 pension plans for non-uniformed employees and are noncontributory plans solely funded by the City. Both plans are closed.

In fiscal year 1991 and again in 2006, the City offered its active non-uniformed employees an option to transfer to Plan III. This plan is contributory for employees based on options taken. The City also contributes to the plan.

The Park Trust Commission Employees Plan is a single-employer defined benefit plan that covers all Park Trust Commission employees.

Post-Retirement Healthcare Benefit Fund

The Retiree Medical Program is a post-employment healthcare benefit program that provides post-retirement health care benefits to all employees who retire from the City on or after January 1, 2000, and meet certain eligibility requirements.

City of Wilmington
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2016

	<u>Firefighters Pension</u>	<u>Police Pension</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Total Retirement Funds</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>Total Pension Trust Funds</u>
ASSETS									
Cash and Cash Equivalents (Note 3)	\$ 2,130,889	\$ 1,203,969	\$ 716	\$ 1,252	\$ 4,107,537	\$ -	\$ 7,444,363	\$ 54,816	\$ 7,499,179
Receivables:									
Accrued Interest & Other Receivables	95,469	182,127	12,575	28,911	132,740	-	451,822	26	451,848
Total Receivables	95,469	182,127	12,575	28,911	132,740	-	451,822	26	451,848
Investments, at Fair Value:									
Money Market Funds	701,066	1,337,438	92,346	212,304	1,133,463	80,882	3,557,499	9,866	3,567,365
U.S. Treasury Obligations	5,564,384	10,615,297	732,957	1,685,061	8,996,339	-	27,594,038	-	27,594,038
U.S. Government Agencies - Guaranteed	761,267	1,452,286	100,276	230,534	1,230,795	-	3,775,158	-	3,775,158
U.S. Government Agencies - Other	1,216,948	2,321,599	160,300	368,528	1,967,528	-	6,034,903	-	6,034,903
Corporate & Foreign Bonds	5,996,052	11,438,801	789,818	1,815,783	9,694,249	-	29,734,703	-	29,734,703
Common Equity & Marketable Securities	12,683,467	24,196,531	1,670,705	3,840,932	20,506,275	144,059	63,041,969	-	63,041,969
Global & International Funds	6,727,471	12,834,145	886,163	2,037,279	10,876,786	-	33,361,844	2,548,514	35,910,358
Mutual Funds	8,206,188	15,655,127	1,080,944	2,485,078	13,267,536	74,843	40,769,716	12,746,988	53,516,704
Total Investments	41,856,843	79,851,224	5,513,509	12,675,499	67,672,971	299,784	207,869,830	15,305,368	223,175,198
Due from Other Pension Trust Fund	-	-	-	-	-	-	-	400,926	400,926
Total Assets	44,083,201	81,237,320	5,526,800	12,705,662	71,913,248	299,784	215,766,015	15,761,136	231,527,151
LIABILITIES									
Accounts Payable	3,120	7,600	600	1,070	5,510	8,910	26,810	3,834	30,644
Salaries and Benefits Payable	4,374	4,374	8,839	8,960	6,345	-	32,892	170,706	203,598
Due to Other Pension Trust Fund	-	-	-	-	400,926	-	400,926	-	400,926
Due to Other Funds	-	-	-	-	8,533,792	-	8,533,792	-	8,533,792
Compensated Absences	-	-	-	-	16,274	-	16,274	-	16,274
Liability for Stale-dated Pension Checks	45,426	77,339	38,911	8,517	8,453	-	178,646	-	178,646
Total Liabilities	52,920	89,313	48,350	18,547	8,971,300	8,910	9,189,340	174,540	9,363,880
Net Position									
Held in Trust for Pension & OPEB Benefits	\$ 44,030,281	\$ 81,148,007	\$ 5,478,450	\$ 12,687,115	\$ 62,941,948	\$ 290,874	\$ 206,576,675	\$ 15,586,596	\$ 222,163,271

City of Wilmington, Delaware
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2016

	<u>Firefighters Pension</u>	<u>Police Pension</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Total Retirement Funds</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>Total Pension Trust Funds</u>
ADDITIONS									
Contributions:									
City									
Paid Directly by the City	\$ 1,605,363	\$ 6,007,320	\$ 176,336	\$ 344,868	\$ 5,281,751	\$ -	\$ 13,415,638	\$ 3,308,261	\$ 16,723,899
Paid by the State									
On-Behalf of the City	4,158,242	1,944,213	4,739	-	-	-	6,107,194	-	6,107,194
Employees	157,144	253,095	-	-	442,476	-	852,715	664,584	1,517,299
Federal Drug Subsidies & Other	-	-	-	17,820	6,242	14,147	38,209	108,472	146,681
Total Contributions	<u>5,920,749</u>	<u>8,204,628</u>	<u>181,075</u>	<u>362,688</u>	<u>5,730,469</u>	<u>14,147</u>	<u>20,413,756</u>	<u>4,081,317</u>	<u>24,495,073</u>
Investment Income									
Investment Earnings	948,375	1,804,134	124,482	280,056	1,538,564	5,567	4,701,178	338,984	5,040,162
Net Appreciation									
(Depreciation) in Fair Value	47,879	91,340	6,306	14,189	77,720	(7,879)	229,555	58,502	288,057
Total Investment Earnings	996,254	1,895,474	130,788	294,245	1,616,284	(2,312)	4,930,733	397,486	5,328,219
Less: Investment Expense	(119,066)	(227,145)	(15,684)	(35,285)	(193,275)	-	(590,455)	(3,067)	(593,522)
Net Investment Income	<u>877,188</u>	<u>1,668,329</u>	<u>115,104</u>	<u>258,960</u>	<u>1,423,009</u>	<u>(2,312)</u>	<u>4,340,278</u>	<u>394,419</u>	<u>4,734,697</u>
Total Additions	<u>6,797,937</u>	<u>9,872,957</u>	<u>296,179</u>	<u>621,648</u>	<u>7,153,478</u>	<u>11,835</u>	<u>24,754,034</u>	<u>4,475,736</u>	<u>29,229,770</u>
DEDUCTIONS									
Benefits Paid	7,202,381	10,999,382	629,168	952,272	4,504,066	17,820	24,305,089	3,176,925	27,482,014
Administrative Expenses	100,096	112,632	64,379	97,808	238,998	3,058	616,971	47,501	664,472
Total Deductions	<u>7,302,477</u>	<u>11,112,014</u>	<u>693,547</u>	<u>1,050,080</u>	<u>4,743,064</u>	<u>20,878</u>	<u>24,922,060</u>	<u>3,224,426</u>	<u>28,146,486</u>
Net Increase (Decrease) in Plan Net Position	(504,540)	(1,239,057)	(397,368)	(428,432)	2,410,414	(9,043)	(168,026)	1,251,310	1,083,284
Net Position - Beginning	<u>44,534,821</u>	<u>82,387,064</u>	<u>5,875,818</u>	<u>13,115,547</u>	<u>60,531,534</u>	<u>299,917</u>	<u>206,744,701</u>	<u>14,335,286</u>	<u>221,079,987</u>
Net Position - Ending	<u>\$ 44,030,281</u>	<u>\$ 81,148,007</u>	<u>\$ 5,478,450</u>	<u>\$ 12,687,115</u>	<u>\$ 62,941,948</u>	<u>\$ 290,874</u>	<u>\$ 206,576,675</u>	<u>\$ 15,586,596</u>	<u>\$ 222,163,271</u>



CITY OF WILMINGTON, DELAWARE

**STATISTICAL SECTION
(Unaudited)**

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

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	123
Revenue Capacity These schedules contain information to help the reader assess the City’s most consistent year-to-year revenue source, the property tax.	128
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	132
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	136
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the services it performs.	139

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The City implemented GASB Statement No. 34 in phases starting in 2002 and implemented the final provisions with regard to infrastructure in 2006; schedules presenting government-wide information include information beginning in 2006 unless otherwise explained.



Table I

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 72,981,412	\$ 77,387,019	\$ 75,133,657	\$ 81,867,549	\$ 82,216,326	\$ 79,317,727	\$ 68,699,894	\$ 70,032,240	\$ 74,784,855	\$ 73,262,924
Restricted	37,550,546	32,130,891	21,463,882	4,970,647	5,470,837	5,934,339	21,403,317	18,685,810	12,380,914	5,493,479
Unrestricted	<u>42,222,663</u>	<u>39,978,018</u>	<u>31,145,169</u>	<u>25,986,816</u>	<u>23,402,664</u>	<u>25,864,401</u>	<u>17,545,747</u>	<u>(119,636,657)</u>	<u>(116,324,021)</u>	<u>(104,130,565)</u>
Total Governmental Activities Net Position	<u>\$ 152,754,621</u>	<u>\$ 149,495,928</u>	<u>\$ 127,742,708</u>	<u>\$ 112,825,012</u>	<u>\$ 111,089,827</u>	<u>\$ 111,116,467</u>	<u>\$ 107,648,958</u>	<u>\$ (30,918,607)</u>	<u>\$ (29,158,252)</u>	<u>\$ (25,374,162)</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 99,552,941	\$ 102,115,411	\$ 109,256,602	\$ 110,672,786	\$ 112,071,075	\$ 118,391,959	\$ 118,345,142	\$ 116,604,537	\$ 116,858,039	\$ 117,697,946
Restricted	13,216,350	35,632,265	19,441,751	-	-	-	-	-	-	-
Unrestricted	<u>(29,954,329)</u>	<u>(50,893,003)</u>	<u>(41,690,813)</u>	<u>(25,777,628)</u>	<u>(14,446,190)</u>	<u>(16,294,598)</u>	<u>(8,337,387)</u>	<u>(3,290,174)</u>	<u>5,835,485</u>	<u>17,194,095</u>
Total Business-type Activities Net Position	<u>\$ 82,814,962</u>	<u>\$ 86,854,673</u>	<u>\$ 87,007,540</u>	<u>\$ 84,895,158</u>	<u>\$ 97,624,885</u>	<u>\$ 102,097,361</u>	<u>\$ 110,007,755</u>	<u>\$ 113,314,363</u>	<u>\$ 122,693,524</u>	<u>\$ 134,892,041</u>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 172,534,353	\$ 179,502,430	\$ 184,390,259	\$ 192,540,335	\$ 194,287,401	\$ 197,709,686	\$ 187,045,036	\$ 186,636,777	\$ 191,642,894	\$ 190,960,870
Restricted	50,766,896	67,763,156	40,905,633	4,970,647	5,470,837	5,934,339	21,403,317	18,685,810	12,380,914	5,493,479
Unrestricted	<u>12,268,334</u>	<u>(10,914,985)</u>	<u>(10,545,644)</u>	<u>209,188</u>	<u>8,956,474</u>	<u>9,569,803</u>	<u>9,208,360</u>	<u>(122,926,831)</u>	<u>(110,488,536)</u>	<u>(86,936,470)</u>
Total Primary Government Net Position	<u>\$ 235,569,583</u>	<u>\$ 236,350,601</u>	<u>\$ 214,750,248</u>	<u>\$ 197,720,170</u>	<u>\$ 208,714,712</u>	<u>\$ 213,213,828</u>	<u>\$ 217,656,713</u>	<u>\$ 82,395,756</u>	<u>\$ 93,535,272</u>	<u>\$ 109,517,879</u>

Note: Governmental activities infrastructure was not fully included in net position until June 30, 2006.
 Net position for 2004 and 2005 are as restated in 2006 to reflect additions of infrastructure and other items; the main net effect was to add
 Net position for 2007 are as restated in 2008 to record less revenue than anticipated when a grant ended.
 Net position for 2011 are restated due to an inclusion of a new blended component unit.
 Net position for 2014 are restated due to the implementation of GASB Np. 68, Component Unit adjustments and an adjustment to deferred revenue in the special revenue funds.

Table II

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental Activities:										
General Government	\$ 21,059,597	\$ 22,779,627	\$ 26,059,767	\$ 26,393,092	\$ 29,488,557	\$ 35,708,148	\$ 28,485,274	\$ 27,630,002	\$ 28,495,073	\$ 28,460,217
Commerce	1,678,227	7,022,739	9,454,881	7,711,248	-	-	-	-	-	-
Real Estate and Housing	6,554,301	7,427,235	8,156,663	11,672,335	9,558,053	10,276,370	4,925,920	5,431,791	6,434,211	6,874,842
Public Works	18,308,616	21,562,949	22,601,418	23,110,033	23,033,197	23,177,193	23,242,074	23,807,433	23,447,957	25,374,633
Parks and Recreation	9,641,670	11,460,259	10,027,975	10,605,259	9,423,690	9,632,204	9,196,053	9,077,378	10,317,892	9,939,326
Public Safety	74,738,935	74,915,049	86,901,639	86,039,994	82,913,341	84,777,539	90,571,399	90,737,719	83,938,497	89,768,212
Interest on Long-Term Debt	5,342,897	4,569,496	5,352,455	4,519,308	5,616,097	4,768,486	5,150,078	4,743,372	4,342,767	4,602,942
Total Governmental Activities Expenses	<u>137,324,243</u>	<u>149,737,354</u>	<u>168,554,798</u>	<u>170,051,269</u>	<u>160,032,935</u>	<u>168,339,940</u>	<u>161,570,798</u>	<u>161,427,695</u>	<u>156,976,397</u>	<u>165,020,172</u>
Business-type Activities:										
Water/Sewer	<u>46,666,607</u>	<u>48,562,013</u>	<u>53,181,200</u>	<u>55,033,937</u>	<u>54,723,619</u>	<u>60,884,644</u>	<u>59,908,774</u>	<u>64,984,276</u>	<u>64,092,907</u>	<u>65,443,575</u>
Total Business-Type Activities Expenses	<u>46,666,607</u>	<u>48,562,013</u>	<u>53,181,200</u>	<u>55,033,937</u>	<u>54,723,619</u>	<u>60,884,644</u>	<u>59,908,774</u>	<u>64,984,276</u>	<u>64,092,907</u>	<u>65,443,575</u>
Total Primary Government Expenses	<u>\$ 183,990,850</u>	<u>\$ 198,299,367</u>	<u>\$ 221,735,998</u>	<u>\$ 225,085,206</u>	<u>\$ 214,756,554</u>	<u>\$ 229,224,584</u>	<u>\$ 221,479,572</u>	<u>\$ 226,411,971</u>	<u>\$ 221,069,304</u>	<u>\$ 230,463,747</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 7,129,053	\$ 7,137,885	\$ 7,438,126	\$ 7,619,652	\$ 8,906,826	\$ 8,937,613	\$ 9,710,578	\$ 10,378,709	\$ 10,471,882	\$ 11,935,090
Commerce	-	1,360	30,893	161,203	-	-	-	-	-	-
Real Estate and Housing	1,000	527,971	39,798	541,183	795,318	1,915,305	-	-	247,075	339,598
Public Works	217,669	263,071	254,077	273,147	374,128	283,289	294,972	224,135	162,702	148,264
Parks and Recreation	-	85,311	-	22,964	59,026	284,258	312,783	190,332	79,359	20,714
Public Safety	12,085,150	11,609,610	12,854,296	15,433,702	13,774,372	16,408,085	10,843,278	15,380,748	14,612,394	14,447,109
Operating Grants and Contributions	19,969,298	18,322,960	17,706,081	19,236,629	20,569,251	19,362,707	17,388,953	16,907,582	19,095,300	18,746,664
Capital Grants and Contributions	8,135,550	1,639,225	1,841,887	1,103,155	1,908,256	1,311,524	1,933,252	1,377,611	2,341,802	1,136,175
Total Governmental Activities Revenues	<u>47,537,720</u>	<u>39,587,393</u>	<u>40,165,158</u>	<u>44,391,635</u>	<u>46,387,177</u>	<u>48,502,781</u>	<u>40,483,816</u>	<u>44,459,117</u>	<u>47,010,514</u>	<u>46,773,614</u>
Business-type Activities:										
Charges for Services:										
Water	51,143,730	52,221,925	53,020,756	52,217,917	58,346,241	64,744,275	67,065,579	76,491,666	73,926,346	77,136,007
Operating Grants and Contributions	-	-	-	572,410	9,092,105	574,876	469,271	67,784	167,892	502,438
Total Business-type Activities Revenues	<u>51,143,730</u>	<u>52,221,925</u>	<u>53,020,756</u>	<u>52,790,327</u>	<u>67,438,346</u>	<u>65,319,151</u>	<u>67,534,850</u>	<u>76,559,450</u>	<u>74,094,238</u>	<u>77,638,445</u>
Total Primary Government Revenues	<u>\$ 98,681,450</u>	<u>\$ 91,809,318</u>	<u>\$ 93,185,914</u>	<u>\$ 97,181,962</u>	<u>\$ 113,825,523</u>	<u>\$ 113,821,932</u>	<u>\$ 108,018,666</u>	<u>\$ 121,018,567</u>	<u>\$ 121,104,752</u>	<u>\$ 124,412,059</u>

Table II

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes										
Property Taxes	\$ 30,323,434	\$ 30,268,835	\$ 32,690,788	\$ 35,207,881	\$ 39,428,237	\$ 39,334,457	\$ 38,383,979	\$ 40,031,479	\$ 40,289,471	\$ 40,785,515
Income Taxes	52,786,285	54,438,848	57,543,505	57,426,347	55,958,208	63,519,580	61,873,590	62,058,990	62,286,478	63,093,666
Other Taxes	5,940,697	4,978,122	2,668,996	1,883,389	1,561,633	2,971,602	2,999,468	2,117,563	2,501,244	2,174,189
Lodging & Natural Gas Taxes	1,303,322	1,227,140	1,306,744	1,161,077	1,244,958	1,106,677	1,040,162	1,184,326	1,270,638	1,167,563
Investment Earnings	6,523,991	3,471,478	1,168,607	1,708,886	1,287,448	494,437	1,049,413	1,004,623	324,461	270,511
Payments from Component Units	275,000	500,000	500,000	-	-	-	-	-	-	-
Other Revenues including Capital Asset Sales Gains	10,002,069	-	-	110,976	-	-	-	84,681	-	-
Grants, Entitlements, and Contributions not Restricted to Specific Programs	10,401,584	12,006,845	10,757,780	13,243,382	11,897,908	12,437,046	12,505,037	13,621,030	14,137,931	14,539,204
Transfers	(5,000,000)	-	-	-	-	-	(232,176)	-	2,976	-
Total Governmental Activities	<u>112,556,382</u>	<u>106,891,268</u>	<u>106,636,420</u>	<u>110,741,938</u>	<u>111,378,392</u>	<u>119,863,799</u>	<u>117,619,473</u>	<u>120,102,692</u>	<u>120,813,199</u>	<u>122,030,648</u>
Business-type Activities:										
Investment Earnings	500,000	379,799	313,311	131,228	15,000	37,969	52,142	4,135	3,502	3,647
Transfers	5,000,000	-	-	-	-	-	232,176	-	-	-
Other Revenues including Capital Asset Sales Gains	<u>45,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>5,545,954</u>	<u>379,799</u>	<u>313,311</u>	<u>131,228</u>	<u>15,000</u>	<u>37,969</u>	<u>284,318</u>	<u>4,135</u>	<u>3,502</u>	<u>3,647</u>
Total Primary Government	\$ 118,102,336	\$ 107,271,067	\$ 106,949,731	\$ 110,873,166	\$ 111,393,392	\$ 119,901,768	\$ 117,903,791	\$ 120,106,827	\$ 120,816,701	\$ 122,034,295
CHANGE IN NET POSITION										
Governmental Activities	\$ 22,769,859	\$ (3,258,693)	\$ (21,753,220)	\$ (14,917,696)	\$ (2,267,366)	\$ 26,640	\$ (3,467,509)	\$ 3,134,114	\$ 10,847,316	\$ 3,784,090
Business-type Activities	<u>10,023,077</u>	<u>4,039,711</u>	<u>152,867</u>	<u>(2,112,382)</u>	<u>12,729,727</u>	<u>4,472,476</u>	<u>7,910,394</u>	<u>11,579,309</u>	<u>10,004,833</u>	<u>12,198,517</u>
Total Primary Government	<u>\$ 32,792,936</u>	<u>\$ 781,018</u>	<u>\$ (21,600,353)</u>	<u>\$ (17,030,078)</u>	<u>\$ 10,462,361</u>	<u>\$ 4,499,116</u>	<u>\$ 4,442,885</u>	<u>\$ 14,713,423</u>	<u>\$ 20,852,149</u>	<u>\$ 15,982,607</u>

Note: Governmental activities infrastructure was not fully included in net position until June 30, 2006. Net position for 2004 and 2005 are as restated in 2006 to reflect additions of infrastructure and other items; the net effect was to add \$16,108,901 of net position to 2004. Net position for 2007 are as restated in 2008 to record \$945,996 less revenue than anticipated when a grant ended.

Table III

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND										
Nonspendable										
Long-term Note Receivable	\$ -	\$ 10,987,648	\$ 7,962,476	\$ 10,508,968	\$ 6,500,000	\$ 9,988,293	\$ 8,771,914	\$ 5,460,671	\$ 3,184,707	\$ 3,121,642
Committed										
Special Designations	5,500,000	18,562,766	-	-	-	-	-	-	-	-
Budget Reserve Account	46,352,802	15,200,256	14,560,571	14,761,419	13,933,709	14,292,802	14,537,615	15,003,965	15,169,686	15,403,864
Other Purposes	250,000	1,633	294,828	-	430,000	-	-	-	-	-
Unassigned										
Other Purposes	-	15,282,782	9,912,050	5,774,119	16,937,671	20,964,373	23,262,923	25,592,630	24,694,765	23,788,856
Total General Fund	\$ 52,102,802	\$ 60,035,085	\$ 32,729,925	\$ 31,044,506	\$ 37,801,380	\$ 45,245,468	\$ 46,572,452	\$ 46,057,266	\$ 43,049,158	\$ 42,314,362
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Park Operations	-	-	-	-	820,344	799,803	879,788	991,205	977,910	968,468
Restricted										
Capital Projects Funds	13,934,737	25,490,794	16,820,184	10,756,912	11,301,494	22,033,428	14,826,533	11,551,577	6,778,734	21,340,305
Park Operations	6,429,519	5,865,380	4,554,207	4,970,647	4,650,493	5,134,536	5,696,996	6,143,028	5,123,545	4,931,600
Other Purposes	5,208,207	447,309	89,491	-	-	-	-	245,392	478,635	433,004
Committed										
Affordable Housing	2,300,000	1,880,167	5,378,951	3,603,392	2,219,614	1,329,261	1,178,585	631,127	(346,207)	1,115,369
Economic Development	8,620,524	178,878	8,793,057	8,124,949	6,685,727	5,639,243	5,550,802	5,550,802	5,215,443	6,732,194
Other Purposes	-	407,628	608,060	874,627	790,556	775,204	1,644,281	1,742,099	1,891,276	1,694,095
Unassigned										
Other Purposes	-	-	-	-	-	-	-	(118,672)	(127,655)	(100,017)
Total All Other Governmental Funds	\$ 36,492,987	\$ 34,270,156	\$ 36,243,950	\$ 28,330,527	\$ 26,468,228	\$ 35,711,475	\$ 29,776,985	\$ 26,736,559	\$ 19,991,681	\$ 37,115,018

Notes: The components of fund balances for 2003 to 2008 have been restated for comparative purposes after the implementation of GASB 54 (see Note 1).

Table IV

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes, Related Penalties and Interest										
Property Taxes	\$ 30,227,452	\$ 30,503,671	\$ 31,911,858	\$ 35,398,064	\$ 39,187,019	\$ 39,013,879	\$ 38,181,077	\$ 38,140,803	\$ 40,046,863	\$ 40,246,355
Wage Taxes	47,836,558	49,791,625	51,845,669	54,146,338	51,732,408	55,815,188	56,558,250	55,819,469	57,891,999	57,554,177
Net Profit	4,093,904	4,599,819	4,059,847	4,693,460	4,818,119	5,040,088	5,439,220	5,547,134	5,746,392	5,545,183
Franchise	2,044,715	1,814,216	2,006,557	1,775,266	1,771,473	1,716,982	1,863,137	916,631	899,239	952,421
Real Estate Transfer	5,940,697	4,978,122	2,668,996	1,883,389	1,561,633	2,971,602	2,999,468	2,117,563	2,501,244	2,174,189
Head Taxes	2,154,655	2,420,998	2,787,027	3,178,931	3,665,320	3,662,183	3,538,656	4,071,552	4,260,172	3,926,973
Lodging & Natural Gas	1,303,322	1,227,140	1,306,744	1,161,077	1,244,958	1,106,677	1,040,162	1,184,326	1,270,638	1,167,563
Intergovernmental	40,398,789	31,908,829	31,977,973	35,914,336	34,753,438	34,272,415	32,911,841	32,162,180	36,276,503	35,513,456
Licenses and Permits	4,597,081	4,380,848	4,382,137	4,489,246	3,987,861	4,843,537	4,573,516	3,880,469	4,296,561	4,829,292
Fines and Forfeitures	4,512,276	5,422,146	6,395,262	7,583,731	8,698,896	9,484,531	7,096,186	8,466,787	7,387,420	7,889,370
Charges for Services	4,512,407	6,241,932	4,610,583	5,035,301	5,958,581	7,495,032	5,865,902	6,626,184	6,826,272	7,083,670
Investment Earnings	6,523,991	3,471,478	1,162,296	1,708,886	1,287,448	494,437	1,049,413	1,004,623	324,455	326,238
Other	-	-	-	-	-	-	-	-	-	1,704,229
Total Revenues	154,145,847	146,760,824	145,114,949	156,968,025	158,667,154	165,916,551	161,116,828	159,937,721	167,727,758	168,913,116
EXPENDITURES										
General Government	20,628,512	21,429,638	25,436,843	25,033,199	31,650,965	34,037,673	26,751,489	26,295,676	28,053,730	27,773,804
Commerce	1,613,148	6,892,580	9,324,722	7,711,248	-	-	-	-	-	-
Real Estate and Housing	6,567,453	7,356,072	8,137,793	11,099,966	9,543,270	10,253,569	4,909,695	5,411,073	6,544,038	6,849,812
Public Works	15,202,695	17,531,847	18,488,759	18,883,832	18,619,338	18,629,588	18,596,378	19,342,030	19,682,837	20,505,252
Parks and Recreation	9,228,449	10,113,079	9,133,636	9,636,781	8,452,461	8,607,042	8,145,406	8,104,354	9,537,746	8,861,133
Public Safety	74,677,708	74,091,861	84,168,848	82,336,748	79,671,627	80,231,287	85,840,469	87,586,989	91,138,795	88,769,676
Debt Service:										
Principal	11,649,630	12,490,844	10,134,948	6,477,638	2,775,559	5,615,432	7,177,478	6,840,368	7,570,521	8,041,584
Interest	6,173,566	5,059,028	5,352,913	5,002,246	5,403,006	5,315,850	5,071,563	5,196,196	4,937,476	5,087,280
Capital Outlay - Capital Projects	29,783,000	7,110,040	4,649,853	7,607,704	2,021,953	7,198,258	9,121,210	4,775,999	6,914,338	7,804,493
Total Expenditures	175,524,161	162,074,989	174,828,315	173,789,362	158,138,179	169,888,699	165,613,688	163,552,685	174,379,481	173,693,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,378,314)	(15,314,165)	(29,713,366)	(16,821,337)	528,975	(3,972,148)	(4,496,860)	(3,614,964)	(6,651,723)	(4,779,918)
OTHER FINANCING SOURCES (USES)										
Proceeds from Sales of Capital Assets	10,002,069	500,000	500,000	110,976	3,566,586	-	-	-	-	-
Capital Lease Issued	-	-	-	-	-	-	-	-	413,828	-
Bond Anticipation Note Repayment	-	-	-	-	-	-	-	-	-	-
Bonds Issued	27,356,540	34,100,000	3,882,000	35,598,915	799,014	33,404,051	16,853,656	-	-	18,317,711
Premium on Debt Issued	883,112	1,061,991	-	3,042,569	-	686,181	3,604,591	-	-	3,145,040
Payment to Refunded Bond Escrow Agent	(27,893,746)	(13,692,378)	-	(31,529,965)	-	(12,012,682)	(20,275,357)	-	-	(238,505)
Transfers In	8,859,255	1,666,236	21,795,110	1,497,943	1,549,497	6,500,356	676,363	139,434	43,421	2,125,000
Transfers Out	(13,859,255)	(1,666,236)	(21,795,110)	(1,497,943)	(1,549,497)	(6,500,356)	(969,899)	(54,753)	(40,445)	(2,180,727)
Total Other Financing Sources (Uses)	5,347,975	21,969,613	4,382,000	7,222,495	4,365,600	22,077,550	(110,646)	84,681	416,804	21,168,519
Net Change in Fund Balances	(16,030,339)	6,655,448	(25,331,366)	(9,598,842)	4,894,575	18,105,402	(4,607,506)	(3,530,283)	(6,234,919)	16,388,601
Prior Period Adjustments	-	-	-	-	-	-	-	(25,329)	(372,073)	-
Net Change in Fund Balances	\$ (16,030,339)	\$ 6,655,448	\$ (25,331,366)	\$ (9,598,842)	\$ 4,894,575	\$ 18,105,402	\$ (4,607,506)	\$ (3,555,612)	\$ (6,606,992)	\$ 16,388,601
Debt Service as a Percentage of Noncapital Expenditures	12.23%	11.33%	9.10%	6.91%	5.24%	6.72%	7.83%	7.58%	7.47%	7.91%

Notes Within expenditures of 2003 to 2008, departments have been reclassified to their current categories for comparative purposes.
For 2011, \$3,566,586 has been reclassified from capital outlays to General Government Services as these assets were not retained by the City.

Table V

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Property ¹	Total Taxable Assessed Value ¹	Total Direct Tax Rate ²
	Residential Property ¹	Commercial / Industrial ¹	Public Utilities ¹	Other ¹			
2016	\$ 1,022,984,750	\$ 1,035,348,960	\$ 101,798,000	\$ 1,399,989,148	\$ 1,409,849,628	2,150,271,230	\$ 1.8550
2015	1,023,886,650	1,044,702,260	99,982,500	1,397,270,150	1,417,368,498	2,148,473,062	1.8550
2014	1,024,679,550	1,082,958,860	98,233,600	1,375,022,050	1,435,955,650	2,144,938,410	1.7670
2013	1,024,913,050	1,075,701,160	107,892,500	1,373,198,450	1,400,528,750	2,181,176,410	1.7670
2012	1,023,334,086	1,093,993,660	118,312,800	1,375,814,250	1,388,865,950	2,222,588,846	1.7670
2011	1,026,282,336	1,112,256,660	110,102,079	1,387,286,850	1,396,000,000	2,239,927,925	1.7670
2010	1,023,574,236	1,104,886,660	110,016,900	1,385,965,250	1,404,261,490	2,220,181,556	1.6064
2009	1,008,914,100	1,123,514,260	105,256,100	1,343,427,250	1,398,063,065	2,183,048,645	1.3969
2008	988,275,200	1,087,989,910	123,729,300	1,342,013,700	1,241,121,950	2,300,886,160	1.3969
2007	977,094,700	1,043,785,610	137,516,600	1,364,311,200	1,308,868,162	2,213,839,948	1.3969

Source: New Castle County Board of Taxable Assessment

Notes: Property in the city is assessed at ESTIMATED actual value; therefore, the assessed values are equal to actual value.

¹ Assessment and Exemption values as established annually by the Board of Assessment of the City of Wilmington's Certification

Table VI

**DIRECT AND OVERLAPPING
PROPERTY TAX RATES
(per \$100 of Assessed Value)
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	City of Wilmington			New Castle County			School Districts		Total School District	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Millage	
2016	1.7050	0.1500	1.8550	0.2265	0.0171	0.2436	1.9840	-	1.6320	3.7306
2015	1.7250	0.1300	1.8550	0.2217	0.0219	0.2436	1.7710	-	1.6320	3.7306
2014	1.6470	0.1200	1.7670	0.2217	0.0219	0.2436	1.7410	-	1.7410	3.7516
2013	1.6470	0.1200	1.7670	0.2192	0.0244	0.2436	1.6620	-	1.6320	3.6426
2012	1.6470	0.1200	1.7670	0.2192	0.0244	0.2436	1.6620	-	1.6620	3.4534
2011	1.6770	0.0900	1.7670	0.2192	0.0244	0.2436	1.6870	-	1.6870	3.6976
2010	1.4964	0.1100	1.6064	0.1754	0.0195	0.1949	1.6740	-	1.6740	2.8883
2009	1.2969	0.1000	1.3969	0.1754	0.0195	0.1949	1.0870	-	1.6240	3.2158
2008	1.2969	0.1000	1.3969	0.1793	0.0156	0.1949	1.0870	-	1.4830	3.0748
2007	1.2969	0.1000	1.3969	0.1559	0.0100	0.1659	1.0870	-	1.3310	2.8938

Sources: City of Wilmington, Revenue Division

Notes: The city's basic property tax rate may be increased by majority vote of the thirteen City Council members. Real property was taxed at 100% of the assessed value of the property. Overlapping rates are those of State, Local and County governments that apply to property owners within the City of Wilmington.

Revised - New Castle County Operating Millage; Debt Service Millage and Total County Millage for Fiscal Years 2012 and 2013 due to calculation errors of 1/10 of actual percentages.

Table VII

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2007			2016		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
BPG Office Partners and Related Entities	\$ 99,034,600	1	2.78%	\$ 139,388,600	1	3.91%
Chase Bank	-		-	55,463,100	2	1.56%
Bank of America	90,931,000	2	2.55%	53,137,500	3	1.49%
M & T Bank	-		0.00%	52,805,360	4	1.48%
Chemours Co. (formerly Dupont)	50,967,800	7	1.43%	45,317,600	5	1.27%
Delmarva Power	82,030,600	3	2.30%	42,626,500	6	1.20%
DCL Leasing Partners	-		-	41,000,000	7	1.15%
1201 Market Street LLC	51,775,000	6	1.45%	35,000,000	8	0.98%
Calpine Mid-Atlantic	-		-	32,703,400	9	0.92%
Verizon	37,054,400	8	1.04%	29,844,100	10	0.84%
MacQuarie BDN Christina	63,704,500	4	1.79%	28,548,300	11	0.80%
Rodney Square Investors, LP	27,054,360	11	0.76%	-		-
222 Delaware Partners, LP	27,608,600	10	0.77%	-		-
Hub Properties Trust	31,119,900	9	0.87%	20,319,900	12	0.57%
100 W. 10th St.	25,747,100	12	0.72%	-		-
Hercules Inc	58,084,300	5	1.63%	-		-
Totals	<u>\$ 645,112,160</u>		<u>18.09%</u>	<u>\$ 576,154,360</u>		<u>16.17%</u>

Source: City of Wilmington, Revenue Division

Table VIII

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Total Tax Levy ¹ for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 40,870,003	\$ 38,674,616	94.6%	\$ 85,165	\$ 38,759,781	94.8%
2015	40,483,896	39,025,330	96.4%	106,780	39,132,110	96.7%
2014	38,093,079	37,124,677	97.5%	185,624	37,310,301	97.9%
2013	38,259,246	37,731,960	98.6%	28,896	37,760,856	98.7%
2012	39,745,263	38,702,002	97.4%	n/a	38,702,002	97.4%
2011	38,895,688	38,125,142	98.0%	197,494	38,322,636	98.5%
2010	35,194,544	34,274,358	97.4%	735,955	35,010,313	99.5%
2009	30,584,384	29,860,037	97.6%	612,904	30,472,941	99.6%
2008	30,655,108	29,066,946	94.8%	1,491,236	30,558,182	99.7%
2007	30,077,143	28,873,327	96.0%	1,173,881	30,047,208	99.9%

Source: City of Wilmington, Finance Department

Note: ¹ For presentation purposes, the City considers Tax Levy to be the taxes levied during the normal tax year and excludes adjustments to prior year taxes.

Table IX

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income Per Capita ¹	
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases		Personal Income	Per Capita ¹
2016	\$ 130,158,601	\$ 8,002,476	\$ 212,336,961	\$ -	\$ 350,498,038	19.37%	4,880
2015	118,554,593	6,342,315	188,301,573	-	313,198,481	17.31%	4,361
2014	123,749,602	8,923,438	185,462,754	-	318,135,794	17.56%	4,473
2013	131,313,797	7,826,042	177,282,263	-	316,422,102	17.34%	4,438
2012	138,515,466	5,563,191	154,748,260	-	298,826,917	16.03%	4,103
2011	121,026,852	5,622,812	141,934,292	-	268,583,956	15.48%	3,791
2010	123,300,093	4,617,605	135,126,708	351,043	263,395,449	14.96%	3,718
2009	122,296,222	1,203,743	128,412,490	1,470,834	253,383,289	15.70%	3,568
2008	128,955,298	2,067,918	130,553,017	2,893,623	264,469,856	15.20%	3,715
2007	119,616,161	2,897,922	93,391,609	4,247,003	220,152,695	11.85%	3,084

Source: City of Wilmington, Treasurer's Office
State of Delaware, Department of Labor

Notes: Details regarding the City's outstanding debt can be found in the note 9 to the financial statements.

¹ See Table XIII for population data.

This ratio uses population data from the prior calendar year.

Table X

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property¹	Per Capita²
2016	\$ 342,495,562	15.93%	4,769
2015	306,856,166	14.28%	4,273
2014	309,212,356	14.42%	4,348
2013	308,596,060	14.15%	4,329
2012	293,263,726	11.62%	4,025
2011	262,961,144	11.74%	3,711
2010	258,426,801	11.64%	3,648
2009	250,708,712	11.48%	3,530
2008	259,508,315	11.28%	3,646
2007	213,007,770	9.62%	2,984

Source: City of Wilmington, Treasurer's Office

Note: ¹ See Table V for Actual Taxable Value of Property data.
² See Table XIII for population data.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(Unaudited)**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
New Castle County Debt	\$ 416,310,000	15%	\$ 63,695,430
Various School Districts	<u>657,835,677</u>	16%	<u>102,622,366</u>
Subtotal - Overlapping Debt			166,317,796
City of Wilmington Direct Debt	124,896,895	100%	<u>124,896,895</u>
Totals			<u>\$ 291,214,691</u>

Sources: New Castle County Finance Department
State of Delaware, Treasurer's Office

Note: The Estimated Percentage Applicable is based on the real estate assessable base estimated to be within City boundaries.

Table XII

**CITY OF WILMINGTON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Budget	\$ 120,349,099	\$ 132,211,249	\$ 157,594,361	\$ 147,521,170	\$ 143,952,638	\$ 140,363,055	\$ 145,043,428	\$ 147,325,316	\$ 150,039,645	\$ 151,696,858
Debt Service Limit	21,061,092	23,136,969	27,579,013	25,816,205	25,191,712	24,563,535	25,382,600	25,781,930	26,256,938	26,546,950
Total Net Debt Service Applicable to Limit	<u>11,921,182</u>	<u>11,772,993</u>	<u>11,713,497</u>	<u>11,479,884</u>	<u>8,178,565</u>	<u>10,931,282</u>	<u>12,249,041</u>	<u>10,768,172</u>	<u>12,478,444</u>	<u>13,078,215</u>
Legal Debt Service Margin	<u>\$ 9,139,910</u>	<u>\$ 11,363,976</u>	<u>\$ 15,865,516</u>	<u>\$ 14,336,321</u>	<u>\$ 17,013,147</u>	<u>\$ 13,632,253</u>	<u>\$ 13,133,559</u>	<u>\$ 15,013,758</u>	<u>\$ 13,778,494</u>	<u>\$ 13,468,735</u>
Total Net Debt Service Applicable to the Limit as a Percentage of Debt Limit	57.00%	51.00%	42.00%	44.00%	32.00%	45.00%	48.00%	42.00%	48.00%	49.00%

Note: The City is limited to the issuance of general obligation debt provided that the payments of principal and interest in the fiscal year do not exceed 17.5% of the annual operating budget of that fiscal year. The limitation excludes amounts issued for Water and Sewer purposes.

Table XIII

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)**

Calendar Year	Population	Personal Income	Per Capita Income	Employment	Unemployment Rate	Median Age	Median Household Effective Buying Income
2016	71,948	\$ 1,867,122,548	\$ 25,951	32,622	7.0%	35.10	\$ 38,979
2015	71,817	\$ 1,809,142,047	\$ 25,191	30,320	5.1%	34.80	\$ 38,727
2014	71,119	1,811,472,049	25,471	28,652	9.6%	34.80	39,761
2013	71,292	1,824,362,280	25,590	27,985	11.2%	33.70	39,019
2012	71,305	1,824,694,950	25,590	27,718	10.3%	34.40	37,352
2011	70,851	1,734,928,437	24,487	27,418	12.1%	34.90	38,325
2010	70,839	1,761,128,379	24,861	26,990	11.7%	34.00	32,884
2009	71,014	1,614,290,248	22,732	28,562	12.1%	35.60	34,381
2008	71,182	1,740,471,082	24,451	30,233	7.7%	37.80	39,154
2007	71,394	1,857,100,728	26,012	30,403	6.5%	37.90	37,149

Sources: Delaware Office of State Planning
United States Census Bureau
United State Department of Labor - Bureau of Labor Statistics

Notes: ¹ Numbers for prior years revised due to releases of updated data by the United States Census Bureau and the United States Department of Labor.

Table XIV

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	Calendar Year 2007			Calendar Year 2016		
	Employees	Rank	Percentage of Total ¹ Employment	Employees	Rank	Percentage of Total ¹ Employment
State of Delaware	14,573	1	5.73%	17,000	1	6.04%
Chemours	7,300	4	2.87%	13,500	2	4.80%
Christiana Care Health System	9,900	3	3.90%	10,500	3	3.73%
AstraZeneca, Inc.	10,326	2	4.06%	3,550	4	1.26%
A.I. DuPont Hospital	4,500	6	1.77%	3,000	5	1.07%
YMCA of Delaware	-	-	0.00%	2,000	6	0.71%
M&T Bank (Wilmington Trust Corp.)	3,860	7	1.52%	1,782	7	0.63%
Red Clay School District	-	-	0.00%	1,500	8	0.53%
New Castle County Government	2,789	11	1.10%	1,500	9	0.53%
Delmarva Power/Pepco. (Connectiv)	-	-	0.00%	1,400	10	0.50%
University of DE	-	-	0.00%	1,304	11	0.46%
Red Clay School District	1,862	17	0.73%	1,750	12	0.62%
M&T Bank (Wilmington Trust Corp.)	2,289	14	0.90%	1,700	13	0.60%
Walgreen's, Inc (Happy Harry's)	1,397	24	0.55%	1,700	14	0.60%
Siemens	-	-	0.00%	1,630	15	0.58%
Delaware Park	-	-	0.00%	1,550	16	0.55%
Brandywine School District	1,355	25	0.53%	1,450	17	0.52%
Comcast	-	-	0.00%	1,450	18	0.52%
Delmarva Power/Pepco. (Connectiv)	1,482	22	0.58%	1,438	19	0.51%
Amtrak	-	-	0.00%	1,400	20	0.50%
Colonial School District	1,400	23	0.55%	1,271	21	0.45%
New Castle County Government	-	-	0.00%	1,250	22	0.44%
St. Francis Hospital	-	-	0.00%	1,200	23	0.43%
ING Direct (Capital One)	-	-	0.00%	1,122	24	0.40%
Total County/Municipal Government	6,800	5	2.68%	-	-	0.00%
PNC Financial Services Group	1,705	19	0.67%	1,100	25	0.39%
Bank One Card Services	2,800	10	1.10%	-	-	0.00%
U.S. Government	2,709	12	1.07%	-	-	0.00%
Nemours	2,566	13	1.01%	-	-	0.00%
J.P. Morgan Bank	3,500	8	1.38%	-	-	0.00%
Sears, Roebuck & Co.	1,557	20	0.61%	-	-	0.00%
Totals	84,670		33.31%	77,047		27.37%

Sources: City of Wilmington Department of Economic Development
City of Wilmington Annual Budget FY2016

Note: ¹ Total employment in New Castle County.

Table XV

TEN LARGEST WAGE TAX WITHHOLDERS⁽¹⁾
CURRENT YEAR
(Unaudited)

<u>Company</u>	<u>2015 Withholdings</u>	<u>Rank</u>	<u>% of Total</u>
CHASE BANK USA NA	5,724,046.94	1	10.12%
STATE OF DELAWARE	3,489,913.31	2	6.17%
CAPTIAL ONE SERVICES II LLC	2,370,571.29	3	4.19%
BARCLAYS BANK DE	2,247,766.59	4	3.98%
BANK OF AMERICA NA	1,911,686.42	5	3.38%
CHRISTIANA CARE HEALTH SYSTEMS	1,839,478.66	6	3.25%
E I DUPONT DE NEMOURS & CO	1,528,452.09	7	2.70%
RICHARDS LAYTON & FINGER PA	1,392,923.13	8	2.46%
CHEMOURS FC/CHEMOURS TT, LLC	1,055,049.00	9	1.87%
CITY OF WILMINGTON	971,403.25	10	1.72%
Total of Ten Largest	<u>\$ 22,531,290.68</u>		<u>39.85%</u>
Total Wage Tax Collected	<u>\$ 56,543,029.95</u>		<u>100.00%</u>

Source: City Finance Department - Wage Tax

⁽¹⁾ Prepared on a calendar year basis.

Note: Wage Tax Withholders table added in fiscal year 2014, 2006 data readily not available.

Table XVI

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Mayor's Office	61.00	60.00	60.00	60.00	59.00	58.00	57.00	60.00	59.00	59.00
City Council	29.00	29.00	29.00	29.00	29.00	28.00	27.00	29.00	29.00	29.00
Audit	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Law	21.00	23.00	23.00	23.00	23.00	21.00	21.00	21.00	20.00	20.00
Finance	60.00	68.00	70.00	75.00	97.00	93.00	90.00	87.00	88.00	88.00
Human Resources	22.00	22.00	23.00	23.00	23.00	22.00	22.00	21.00	22.00	22.00
Treasurer	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
Planning	11.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
Real Estate and Housing	16.00	17.00	17.00	17.00	17.00	16.00	15.00	15.00	12.00	12.00
Parks and Recreation	53.00	54.00	58.00	53.00	50.00	44.00	44.00	44.00	42.00	41.00
Public Safety										
Police	407.00	429.00	431.00	416.00	402.00	390.00	382.00	382.00	382.00	382.00
Fire	177.00	177.00	180.00	172.00	172.00	177.00	177.00	177.00	177.00	177.00
License and Inspection	44.00	45.00	46.00	44.00	42.00	38.00	38.00	38.00	38.00	38.00
Public Works	228.00	231.00	235.00	229.00	229.00	226.00	226.00	224.00	223.00	223.00
Totals	1,141.00	1,179.00	1,196.00	1,165.00	1,167.00	1,134.00	1,120.00	1,119.00	1,113.00	1,112.00

Sources: City of Wilmington, Office of Management and Budget

Note: Budgeted Positions at the end of the fiscal year.

Table XVII

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Physical Arrests/Charges	9,534	6,155	n/a	11,737	n/a	16,051	12,991	17,143	9,765	10,259
Police Calls - Incident	126,614	110,177	n/a	119,412	n/a	183,041	106,470	102,903	96,703	103,786
Police Calls - Administrative	114,000	261,462	n/a	56,072	n/a	28,449	31,345	60,972	61,544	50,863
Fire/EMS Calls	16,596	15,584	16,976	17,659	18,448	18,932	20,201	20,401	21,992	22,448
Inspections	1,710	614	1,802	1,862	1,589	1,677	1,416	1,959	1,756	1,682
Parking Violations Issued	72,990	87,327	79,262	70,030	83,149	71,229	68,465	68,365	66,300	68,365
Redlight Tickets Issued	n/a	n/a	n/a	32,948	25,318	58,708	60,004	41,861	37,764	42,711
Building Permits Issued	4,250	2,848	4,330	4,225	4,077	3,419	3,119	3,150	2,818	2,818
Health and Welfare										
Meals served-Summer	252,706	294,708	325,381	192,159	235,608	211,263	213,549	161,948	225,392	209,052
Meals served-Evening	77,092	71,928	120,631	229,590	112,850	114,201	98,555	91,888	136,437	150,120
Emergency Shelter	911	443	354	469	438	230	516	1,370	1,449	672
HOPWA (Housing) *	474	126	169	141	230	177	147	114	114	210
HPRP	n/a	n/a	n/a	726	726	24	-	-	-	-
Water										
Water Production (millions of gallons)	6,877	6,830	6,720	6,154	6,541	6,541	5,835	5,749	5,561	5,547
Water Sold (millions of gallons)	5,933	5,419	5,069	4,705	6,690	6,690	3,286	3,262	3,270	3,152
Wastewater										
Average Daily Sewage Treatment (Millions of gallons)	82.43	71.60	69.32	85.03	72.35	72.35	75.00	75.00	70.38	65.83
Landfill										
Annual Tons of Refuse	42,500	37,837	29,727	29,527	30,331	20,904	16,838	17,922	20,329	19,853

Sources: Various City of Wilmington Departments

Notes: Quantifiable and meaningful operating indicators are not available for all functions.
 * = Housing for Persons with AIDS
 n/a = Not available
 More accurate figures were used for the FY2011-FY2014 Health and Welfare Meals served

Table XVIII

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police Patrol Units	n/a	251	239	267	247	241	233	213	213	206
Paramedic Units	3	3	3	3	3	3	3	3	3	3
Fire Units	n/a	47	45	42	44	41	42	42	42	41
Highways, Streets, and Bridges										
Roads & Streets (miles)	147	147	147	147	147	147	148	148	148	148
Health and Welfare										
Buses	2	2	2	2	2	2	2	3	3	3
Water										
Production Capacity (millions of gallons per day)	40	40	40	40	40	40	40	50	42	42
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	105	105	105	105	105	105	105	168	168	168

Sources: Various City of Wilmington departments.

Note: Quantifiable and meaningful capital asset indicators are not available for all functions.
Public Safety Police Patrol Units report the units in active duty use.
n/a = Not available
Public Safety Police Patrol Units and Fire Units figures prior to FY2008 are marked as n/a due to the unreliability of previously reported figures.