



Wilmington
In the middle of it all



Comprehensive Annual Financial Report

For the Year ended
June 30, 2010

City of Wilmington, Delaware
James M. Baker, Mayor

CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by the Department of Finance



**CITY OF WILMINGTON, DELAWARE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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JAMES M. BAKER
MAYOR

City of Wilmington
Delaware

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



December 14, 2010

The Honorable James M. Baker, Members of City Council, and Citizens of the City of Wilmington, Delaware:

The City Charter requires that the City government publish a complete set of financial statements audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Wilmington for the fiscal year ended June 30, 2010.

The report consists of management's representations concerning the finances of the City of Wilmington. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Wilmington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Wilmington's financial statements in conformity with accounting principles generally accepted in the United States. Because the cost of internal controls should not outweigh their benefits, the City of Wilmington's comprehensive framework of internal controls has been designed to provide reasonable (rather than absolute) assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Wilmington's financial statements have been audited by BDO USA, LLP, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wilmington for the fiscal year ended June 30, 2010, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Wilmington's financial statements, for the fiscal year ended June 30, 2010, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Wilmington was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Wilmington’s separately issued Single Audit 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 City’s MD&A can be found immediately following the report of the independent auditors.

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 and sewer 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 into 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 proposes 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 (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 appropriation and the cause of these variances.

Economic Condition and Outlook

Looking Forward in City Government. The Fiscal Year 2011 operating budget represents a 1.4% increase over the fiscal year 2010 budget. The FY 2011 budget continues to deliver the large-scale level of resources necessary to focus and expand the fundamental direct City services most important to the citizens which are the areas of public safety, public works, code enforcement, and parks and recreation.

The fiscal year 2011 budget reflects the following:

- The Fiscal Year 2011 operating budget expenditures total \$147,614,191 – an increase of \$2,008,484 or 1.4% from FY 2010. This increase occurred after the City had to absorb nearly \$5.7 million in uncontrollable cost increases. These include employee healthcare (\$2.1 million); the loss of the State Municipal Street grant that directly paid for city-wide street lighting (\$1.3 million); pensions and retiree healthcare (\$1.05 million); net landfill/recycling fees (\$629,000); and the ending of the Police Byrne Grant (\$577,000). Together, those cost increases, in conjunction with continued erosion of major revenue sources, necessitated budget reductions affecting nearly every department’s operations and programs. The Operating budget for the City, which funds all of Wilmington’s quality basic City services, will be supported by a property tax increase of 10%. This will cost the average homeowner an additional \$5.83 per month.
- The City’s water/sewer infrastructure system produces a quality supply of drinking water and a quality sewer disposal system for citizens and businesses. The Water/Sewer Fund will be supported in the new fiscal year by a rate increase of 19% for an average monthly increase of \$5.88 while stormwater fees remained unchanged.
- The Operating and Water/Sewer budget approvals enable the Mayor to fulfill his original intention to maintain basic City government services at current levels without laying off City employees. The approved budget eliminated thirteen (13) vacant city positions as of the result of budget negotiations between the Mayor and City Council. The budget also reduces City expenditures for items such as consultants, take-home vehicles, and overtime pay for special events, salaries for temporary workers, printing and travel.
- As part of the reductions necessary to help balance the budget, no allowance was made for Cost of Living Adjustments (COLAs), except to honor a previously agreed upon 2.5% COLA for the Police rank and file union. Anniversary-based salary step increases for all eligible employees will continue. The savings as result of suspending COLAs is \$1.0 million.
- Staffing decreased by a net total of 13.3 Full-Time Equivalent (FTE) positions. Changes that added one FTE were more than offset by 14.3 other FTE reductions. The one FTE added was a Youth Intervention Specialist transferred from the now-ending federal Byrne Grant.
- The 14.3 FTE reductions are spread across several departments.
 - In the Police Department, six Patrol Officers positions were absorbed into the General Fund due to the elimination of grant funding. The vacant Captain position was downgraded to Patrol Officer and the vacant Word Processing Supervisor position was deleted.
 - In the Parks and Recreation department, a vacant Senior Citizens Activities Liaison position was eliminated by Council with a mid-year budget amendment during FY 2010. Parks and Recreation Department deleted two vacant positions: an Equipment Operator II and a Pool Mechanic.
 - Licenses and Inspections eliminated the vacant Administrative Clerk I and Building Code Enforcement Inspector positions.

- The Mayor's Office eliminated a vacant Constituents Service Officer position.
 - The Finance Department deleted a Customer Service Representative II position and a Central Cashier position, both vacant and split funded between the General and Water/Sewer Funds.
 - The Real Estate and Housing Department deleted various split-funded part-time positions.
- The net reduction in positions detailed above, along with process improvements in the Finance and Public Works Departments that warranted minor position upgrades, resulted in a budget reduction of more than \$859,000.
 - The Finance Department's Plan for Change revenue collection initiative continues to evolve and expand, especially in the area of Wage and Net Profits Taxes. There is a \$1 million increase to collection expenses related to increased audits of these two revenue areas. The resulting additional revenue projected to be collected as a result is over \$4 million, a net benefit to the General Fund of \$3 million.
 - Temporary Salaries were reduced sharply city-wide, resulting in a savings of \$264,000. This had a large impact on the programs of the Parks and Recreation Department. This resulted in two of the City's five swimming pools not being opened for the 2010 summer season.
 - City-wide spending on consultants and outside legal fees has been reduced by almost one-third, saving \$396,000 and \$158,000 respectively. In the Human Resources and Services Division, the complete elimination of consultant funding will result in smaller and fewer employee training and development programs.
 - Community service organization grants, scholarships, donations, and other special purpose support have been greatly reduced, and in some cases completely eliminated, for a total savings of \$351,700 (reduced by \$217,700 in the Mayor's Office, \$123,500 in City Council, and \$10,500 in Parks and Recreation).
 - Many City-sponsored special events are being scaled back or eliminated altogether, a notable example being the cancellation of the First Night festival held on New Year's Eve. In addition, the City will continue its expanded effort to charge fees for outside sponsored events and parades to defray costly support services related to setup, police security, and cleanup.
 - The City's aggressive replacement schedule for traffic signs and signals is being slowed, resulting in a savings of \$250,000. In addition, the City is reorganizing its street, brick crosswalk, and pothole repair programs, resulting in a reduction of \$193,000.
 - As a result of the ending of the federal Byrne grant, the scope of the Camera Watch program will be modified. To save \$237,000 annually, two camera watch operators (instead of the nine currently contracted through Downtown Visions) will be utilized to monitor 42 of the City's street cameras.
 - The Human Resources Department has developed various options for reducing the cost of employee healthcare. Several new plans have been created, with differing deductible and co-pays depending on service levels, along with an increase in employee contributions. The changes are projected to save at least \$300,000 in FY 2011.

- The parking ticket and scofflaw enforcement operations were transferred from the Police Department to the Finance Department. As a result, the budgets for the twenty-four related positions (\$1.42 million) and the supporting services and materials (\$48,000) were moved from Police Department to Finance.

Factors Affecting Financial Condition

Jobs. The City of Wilmington’s business incentive program supported by a Strategic Fund continues to develop new strategies to attract and retain businesses within City limits. The City is working to revitalize the processes and provide incentives to new and existing business. The Riverfront Development District has played a very strategic role in maintaining the City’s tax base and attracting new businesses to relocate into Wilmington.

On September 30, 2010, Mayor James Baker asked Wilmington City Council to repeal all “S” Corporation amendments contained in an Earned Income Tax Ordinance approved by City Council at the Administration’s urging last December. The Mayor also announced that he will ask the Wilmington Economic and Financial Advisory Council (WEFAC) to deliberate on all aspects of the “S” Corporation tax issue and to make recommendations for potential, future “S” Corporation amendments to him and to City Council by December 31.

On November 20, 2010, the mayor implemented the first phase of the expenditure reduction plan. The plan calls for the reduction of the workforce by 31 positions. The City has eliminated eleven (11) vacant positions for an expenditure reduction of \$580,494; the remaining 20 positions being eliminated equal an expenditure reduction of \$1.85 million for a projected savings of \$2.4 million.

The City has implemented other cost cutting totaling \$3.6 million in materials, supplies, equipment, consultants, limited-service employees and overtime which affect all City Departments, with the exception of City Council.

Local Economy. The City of Wilmington is the largest city in the State of Delaware. The City is the headquarters of many major corporations such as Bank of America a leading financial service company and Chase & Co. ING Direct USA, the nation’s largest Internet bank and AAA Mid-Atlantic is located within the City’s Riverfront District. The City’s Office of Economic Development works with the Delaware Small Business Development Center (“SBDC”), the Wilmington Economic Development Corporation (“WEDCO”), and the local Small Business Administration (“SBA”) to achieve a diversified local economy for the City of Wilmington by supporting the growth of commerce and industry to increase job opportunities and improve the quality of life for Wilmington residents and visitors. The City’s emphasis continues to focus on business attraction and retention, site selection and development assistance, inter-departmental and multi-agency project management, economic research and development, and small and minority business development. For fiscal year 2010, some of the City of Wilmington’s successes were:

- SSD Technology Partners, a leading provider of software, services and strategies for the Tri-State area’s market, recently relocated its headquarters from New Castle County to the Shipyard Shops at 1024 Justison Street within the City’s Riverfront District. The City of Wilmington’s Economic Development Office provided an incentive package of \$70,000 from its Economic Development Strategic Fund to help the company with its relocation. In exchange for the financial assistance, SSD agreed to expand the number of employees from the current 26 to 45 by June of 2012. According to the President of SSD Technology Partners, Barbara Hines, the company outgrew the space it had occupied since 1990 in New Castle. The new facility in the Shipyard Shops can hold a 25 percent larger workforce.

- Another new restaurant was welcomed during fiscal year 2010. Santa Fe, a 96-seat Latin fusion restaurant at 2006 Pennsylvania Avenue (site of the former Baxter's) was opened in a ribbon-cutting ceremony. Under the skilled hands of Executive Chef Angelica Zavala, a native of Mexico, Santa Fe offers diners a tasty combination of authentic Mexican and Central and South American cuisines.
- The City of Wilmington and New Castle County Governments celebrated the reopening of Rashad's Barbershop - a landmark business located at 603 East 7th Street, opened for business in 1980. Like most classic barbershops, it was a well-known neighborhood gathering place. The City of Wilmington's Department of Real Estate and Housing provided \$77,700 in assistance towards the rehabilitation; \$33,600 from the Vacant Corner Property Initiative (Mayor Baker's 2003 initiative to replace vacant corner properties in the City with low-income housing and/or small business opportunities); and \$44,100 from the Commercial and Residential Façade Program (a program which assists business owners and homeowners with funds to repair and improve the front exterior of their properties). The Delaware State Housing Authority provided a \$25,000 loan for the project through the state's Housing Rehabilitation Loan Program. Property owner/businessman covered the remaining \$74,000 of the rehabilitation costs.

Long-Term Financial Planning. The City's long-term financial future is dependent on continued strong financial management, strong residential and business growth, increased homeownership to eclipse the rise in rental properties, and identification and adoption of additional, annual revenue sources above and beyond property and wage taxes and water and sewer fees. Projects were designed to increase the City's revenue base and stabilize areas of the City:

- The City of Wilmington and the State of Delaware have teamed up to compel citizens to pay outstanding parking tickets and red light violations in Wilmington before they can register their motor vehicles anywhere in the State. Under the new State and City "vehicle registration hold" agreement for the collection of delinquent traffic ticket and red light violations, the City will receive 65% of revenue collected, and the State will receive 27%. The remaining 8% of revenue will go to ACS, a company that currently manages other outstanding traffic and red light debt collection systems for the City of Wilmington. The new "vehicle registration hold" collection process is expected to produce millions in revenue for the City and State. The program is being managed by the City of Wilmington's Department of Finance and the Division of Motor Vehicles for the State of Delaware.
- The City of Wilmington created a program called the Upstairs Program in fiscal year 2010. The program was seeded with \$15.5 million of General Obligation Bond proceeds to provide financing renovations of historic buildings and reduce second and third story vacancies in the Market Street historic district. The initial \$15 million in financing has been awarded for work to be completed by the end of 2010. Below is a funding overview to date of activity provided by the Upstairs Fund per the Office of Economic Development:
- The Office of Economic Development seeks to expand cultural and tourist amenities in the Downtown and Riverfront areas and make Wilmington a regional entertainment destination. Major projects in this area include:
- The \$21 million redevelopment of the Queen Theater into a live music venue and broadcast radio station to be operated by World Café Live and WXPB. The construction of the theater has created 18 months of construction jobs that will produce direct earned income tax to the City and the State. The transaction of goods and services relating to this construction will produce an estimated \$34 million of economic output throughout the local and regional economies. The ongoing operation of the Queen positively impacts the property and wage tax base. The newly constructed improvements will increase the assessed value and the corresponding annual property tax revenue. The new operation will employ about 125 full and part-time jobs, creating earned

income tax revenues to the City.

- The recently completed Lincoln Building in the 300 block is an outstanding historical piece of architecture. Shipley Lofts artist communal living space is fully leased with 28 artists living downtown. The 400 Block of Market Street will see the east side of the block, known as the Dry Goods project, renovated in 2011.
- A \$205 million expansion and renovation of the Christiana Care Health System's 10-acre Wilmington Campus is expected to be completed within five years.

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 Mayor's main objective in managing this crisis was to ensure that everyone had a role in balancing the budget. This burden would be shared and the following issues would be addressed:

- Everyone had to have a role in balancing the budget, including every City employee and administrator, every community group or individual receiving some type of government funding, and every citizen. This had to be a shared burden.
- Every effort was made to avoid the laying off of City employees in order to balance the budget. This would lead to an unnecessary disruption of service provided to citizens. Past experience has shown us that layoffs are costly, time consuming, and seldom achieve their intended purpose.
- Balance the budget by reducing positions or programs by an amount equal to the projected deficit. The budget had to be balanced through a combination of a reduction in expenditures, revenue increases, and the continuation of the aggressive delinquent collections process.
- Avoid using the Budget Reserve account (the City's "Rainy Day Fund") to balance the FY 2011 Budget. Given the uncertain scope and duration of the world fiscal crisis, we will need those reserves to get through the next few years.

Major Initiatives. Wilmington Mayor James M. Baker wants to update Wilmington's City Code to ensure that businesses operating in the City are properly licensed, and that their employees are held accountable for tax obligations by paying taxes on a timely and consistent basis. The Mayor is asking City Council to approve four ordinances which do not impose any new taxes but strengthen the City's tax code, resulting in better enforcement of tax collection rules and procedures and will produce millions more tax dollars each year. The ordinances would support the following efforts:

- The Department of Real Estate and Housing was awarded \$5.6 million from The Delaware State Housing Authority under the *American Recovery and Reinvestment Act (ARRA)* funding formula for public housing authority capital needs and has identified obsolete WHA Units. The demolition of 146 vacant units in the Riverside development is a major priority in FY 2011. These funds will be used to complete the demolition and renovation of an additional 100 long-term vacant units at various WHA developments and scattered sites in FY 2011. The City of Wilmington has made a commitment to develop 60 properties with WHA's non-profit partners. To date, the City of Wilmington has redeveloped and sold two units and generated program income in the amount of \$375,497 to be reinvested in the program. The City has applied to the Neighborhood Stabilization Program for a second round of funding in the amount of \$3,496,222.00 from Delaware State Housing Authority.
- The City of Wilmington continues to collaborate with the Wilmington Housing Authority (WHA) on an innovative project to modernize and improve one of the WHA's existing neighborhood

public housing complexes, and resolve a City need for a new fire station to replace Station #5 on Gilpin Avenue, the oldest and smallest firehouse in the City. The plan would enable the WHA to demolish and rebuild Lincoln Towers at 1625 Gilpin Avenue, creating a new residential complex that would also incorporate a new City fire station into the design. The WHA will apply for a grant from the U.S. Department of Housing and Urban Development for \$10 million. The City's fire station portion of the project requires a \$4 to \$5 million infusion of capital funds. In addition, the City is applying for \$5 million funding through a Federal Stimulus grant. If all funding is secured in a timely manner, City and WHA officials estimate the a new Lincoln Towers and new City fire station could be completed by the summer of 2012.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington, Delaware, for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 24th 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, 2010. 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, BDO USA, LLP 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.

Respectfully submitted,


James M. Jones
Director of Finance


Winston L. Robinson
Senior Financial Officer

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, 2009

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



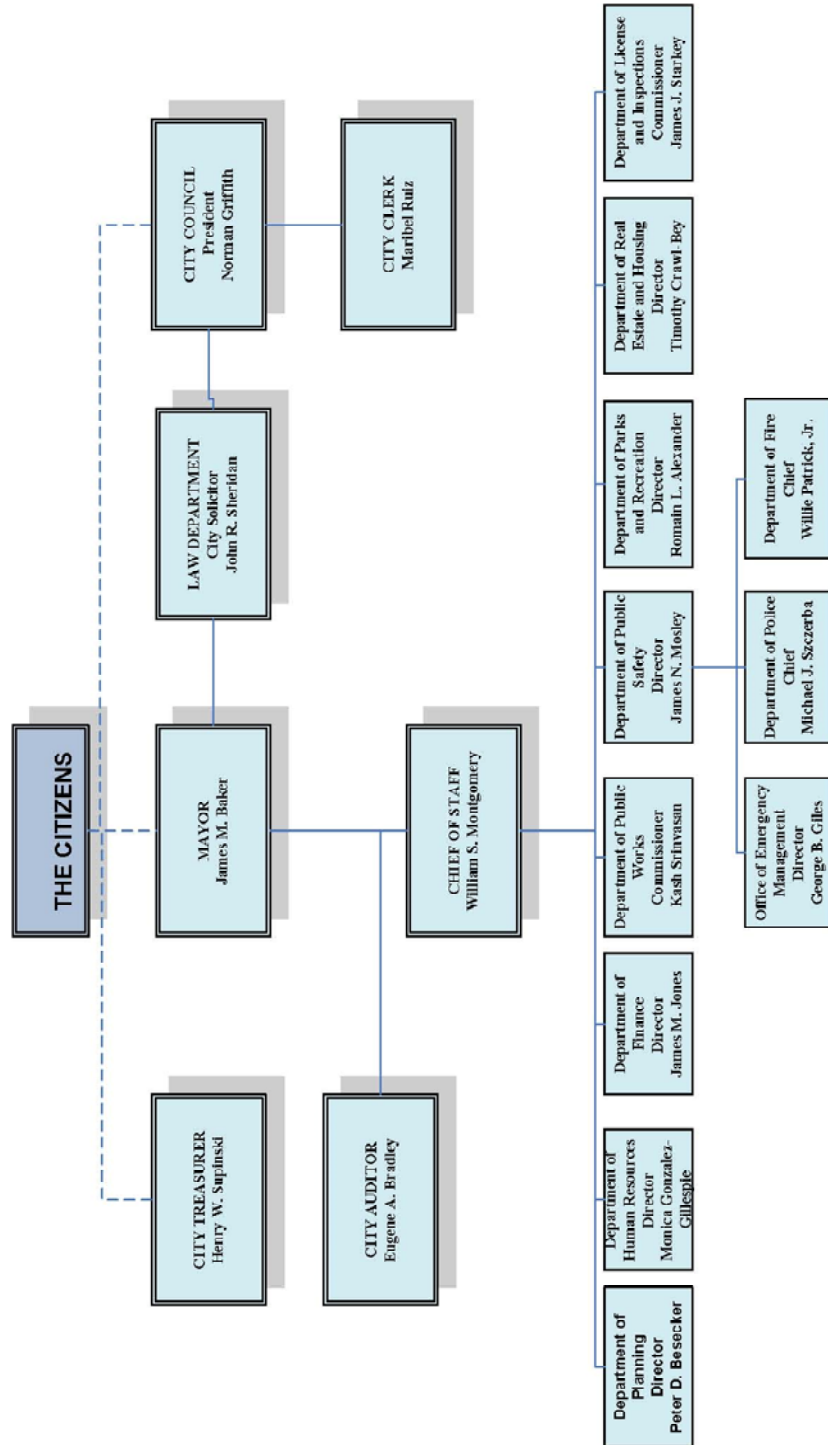
A stylized handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink that reads "Jeffrey R. Enew".

Executive Director

CITY OF WILMINGTON ORGANIZATION CHART



City of Wilmington
Listing of Principal Officials
June 30, 2010

Executive

Mayor
City Treasurer

James M. Baker
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

Norman D. Griffiths
Charles Potter, Jr.
Ernest Congo, II
Stephanie T. Bolden
Hanifa G.N. Shabazz
Samuel Prado
Kevin F. Kelley, Sr.
Paul F. Ignudo, Jr.
Stephen L. Martelli
Michael A. Brown, Sr.
Charles M. Freel
Loretta Walsh
Justen A. Wright

Department Heads

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

William S. Montgomery
John R. Sheridan, Esquire
Eugene A. Bradley, CPA
Maribel Ruiz
Peter D. Besecker
Monica Gonzalez-Gillespie
James M. Jones
Kash Srinivasan
James N. Mosley
Romain L. Alexander
Timothy Crawl-Bey
Jeffrey J. Starkey
Michael J. Szczerba
Willie J. Patrick, Jr.
George B. Giles

**Wilmington City Council Members
105th Session**



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.

Council President Norman D. Griffiths



District 1

Charles Potter, Jr.



District 2

Ernest "Trippi" Congo II



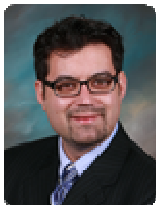
District 3

Stephanie T. Bolden



District 4

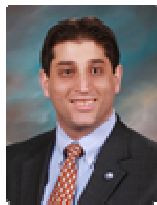
Hanifa G.N. Shabazz



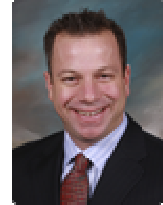
**District 5
Samuel Prado**



**District 6
Kevin F. Kelley, Sr.**



**District 7
Paul F. Ignudo, Jr.**



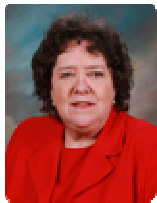
**District 8
Stephen L. Martelli**



**At-Large
Michael A. Brown, Sr.**



**At-Large
Charles "Bud" Freel**



**At-Large
Loretta Walsh**



**At-Large
Justen A. Wright**



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Rehoboth Beach, DE 19971

Independent Auditors' Report

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

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 (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units which consist of the following: Wilmington UDAG Corporation, Wilmington Parking Authority, Wilmington Economic Development Corporation, Rock Manor Golf Corporation, the Christina Gateway Corporation, the Wilmington Downtown Business Improvement District, and the Riverfront Wilmington Business Improvement District. 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 2.32% and .90% of assets and revenues, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and the Wilmington Park Trust Commission is based 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units and the blended component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General Fund, the Housing Strategic Fund, and the Economic Strategic Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Pension Funding Status and Progress on pages 3 through 14 and page 81, 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 have applied certain limited procedures to the required supplementary information in 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the financial statements 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 it.

BDO USA, LLP

December 14, 2010
Wilmington, Delaware

CITY OF WILMINGTON, DELAWARE

Management's Discussion and Analysis

June 30, 2010

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, 2010. We encourage readers to consider the information presented here 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 \$197,720,170 (net assets), a decrease of \$17,030,078 from the previous year. The net assets of governmental activities decreased \$14,917,696 from the prior year, while the net assets from business activities decreased \$2,112,382.
- Discretely presented component units reported net assets of \$48,625,295, an increase of \$112,817 from the previous year.

Fund Level

- As of the close of the current fiscal year, the City of Wilmington's governmental funds reported combined ending fund balances of \$59,375,033, a decrease of \$9,598,842 from previous year. The Fund Balance reported is: Nonspendable Fund Balance of \$10,508,968; Restricted Fund Balance of \$15,727,559; Committed Fund Balance of \$27,364,387; and an Unassigned Fund Balance totaling \$5,774,119 (see page 20 for detail breakdown).
- The Capital Projects Fund had a restricted fund balance in the amount of \$9,486,243 to fund current and future City capital improvements.
- The Housing Strategic Fund had a committed fund balance in the amount of \$3,603,392 to fund affordable housing in the City.
- The Economic Strategic Fund Balance has a combined fund balance of \$9,395,618 consisting of \$1,270,669 of restricted fund balance and \$8,124,949 of committed fund balance for current and future economic development activities.
- The Other Governmental Funds have a combined fund balance of \$5,845,274 consisting of \$4,970,647 of restricted fund balance and \$874,627 of committed fund balance.

Long-Term Debt

- The City's total net general obligation debt increased to \$252,325,755 at June 30, 2010, an increase of \$5,396,817. After the issuance of bonds in FY2010, water and sewer projects had a net increase in debt of \$5,845,558 and governmental capital projects had a net decrease in debt of \$448,741.

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 Assets (page 18) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as 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 assets changed during the most recent fiscal year. All changes in net assets 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, Commerce, 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 stormwater 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, Rock Manor Golf Corporation, Wilmington UDAG Corporation, Wilmington Economic Development Corporation, Wilmington Downtown Business Improvement District, Riverfront Wilmington Business Improvement District, and the Wilmington Parking Authority.

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 Assets 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 (formerly Housing Opportunities) Fund, Economic Strategic (formerly Commerce) 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 or as an agent for others, including the pension trust funds and agency 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 81.

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 86.

Statistical Section. The City provides certain unaudited informational and statistical schedules that begin on page 105.

Financial Analysis of the Government as a Whole

Net Assets. A year-to-year comparison of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other Assets	\$ 109,591,471	\$ 120,880,415	\$ 2,819,258	\$ 10,335,353	\$ 112,410,729	\$ 131,215,768
Capital Assets	185,488,801	181,206,218	235,511,169	219,698,175	420,999,970	400,904,393
Total Assets	<u>295,080,272</u>	<u>302,086,633</u>	<u>238,330,427</u>	<u>230,033,528</u>	<u>533,410,699</u>	<u>532,120,161</u>
Long Term Liabilities	152,148,633	150,458,549	136,003,036	130,441,463	288,151,669	280,900,012
Other Liabilities	30,106,627	23,885,376	17,432,233	12,584,525	47,538,860	36,469,901
Total Liabilities	<u>182,255,260</u>	<u>174,343,925</u>	<u>153,435,269</u>	<u>143,025,988</u>	<u>335,690,529</u>	<u>317,369,913</u>
Net Assets:						
Invest in Capital Assets, Net of Related Debt	68,327,713	75,133,657	110,672,786	109,256,602	179,000,499	184,390,259
Restricted	4,970,647	21,463,882	-	19,441,751	4,970,647	40,905,633
Unrestricted	39,526,652	31,145,169	(25,777,628)	(41,690,813)	13,749,024	(10,545,644)
Total Net Assets	<u>\$ 112,825,012</u>	<u>\$ 127,742,708</u>	<u>\$ 84,895,158</u>	<u>\$ 87,007,540</u>	<u>\$ 197,720,170</u>	<u>\$ 214,750,248</u>

The largest component of City's net assets, \$179,000,499, is reflected as investment in capital assets (e.g., land, buildings, equipment, and others), less any debt outstanding that was needed to acquire or construct the assets. The decrease in Invested in Capital Assets (Net of Related Debt) of \$5,389,760 is caused primarily by the acquisition of capital assets being greater than the depreciation in net capital assets as the City invests in its infrastructure. The unrestricted net assets of governmental activities increased by \$8,381,483 due to the lapsing of restrictions on assets. Unrestricted net assets of business-type activities increased by \$15,913,185 due in part to the receipt of state revolving loan payments in the year after the assets were acquired.

Changes in Net Assets. A schedule of a comparison of year-to-year changes in activity is on the following page. The combined net assets of the City decreased \$17,030,078, over the course of this year's operations. The net assets of governmental activities decreased \$14,917,696, and the net assets of business-type activities decreased by \$2,112,382.

**City of Wilmington's Changes in Net Assets
Year Ended June 30, 2010**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 24,051,851	\$ 20,617,190	\$ 52,217,917	\$ 49,521,563	\$ 76,269,768	\$ 70,138,753
Operating Grants & Contributions	19,236,629	17,706,081	-	-	19,236,629	17,706,081
Capital Grants & Contributions	1,103,155	1,841,887	572,410	3,499,193	1,675,565	5,341,080
General Revenues:						
Total Taxes	95,789,670	94,210,033	-	-	95,789,670	94,210,033
Investment Earnings	1,708,886	1,168,607	131,228	313,311	1,840,114	1,481,918
Other Revenues	13,243,382	11,257,780	-	-	13,243,382	11,257,780
Total Revenues	<u>155,133,573</u>	<u>146,801,578</u>	<u>52,921,555</u>	<u>53,334,067</u>	<u>208,055,128</u>	<u>200,135,645</u>
EXPENSES						
General Government	26,393,092	26,059,767	-	-	26,393,092	26,059,767
Economic Development	7,711,248	9,454,881	-	-	7,711,248	9,454,881
Real Estate and Housing	11,672,335	8,156,663	-	-	11,672,335	8,156,663
Public Works	22,616,689	22,601,418	-	-	22,616,689	22,601,418
Parks and Recreation	11,098,603	10,027,975	-	-	11,098,603	10,027,975
Public Safety	86,039,994	86,901,639	-	-	86,039,994	86,901,639
Interest on Long Term Debt	4,519,308	5,352,455	5,417,647	5,635,798	9,936,955	10,988,253
Water/Sewer	-	-	49,616,290	47,545,402	49,616,290	47,545,402
Total Expenses	<u>170,051,269</u>	<u>168,554,798</u>	<u>55,033,937</u>	<u>53,181,200</u>	<u>225,085,206</u>	<u>221,735,998</u>
Change in Net Assets	<u>\$ (14,917,696)</u>	<u>\$ (21,753,220)</u>	<u>\$ (2,112,382)</u>	<u>\$ 152,867</u>	<u>\$ (17,030,078)</u>	<u>\$ (21,600,353)</u>

Governmental Activities

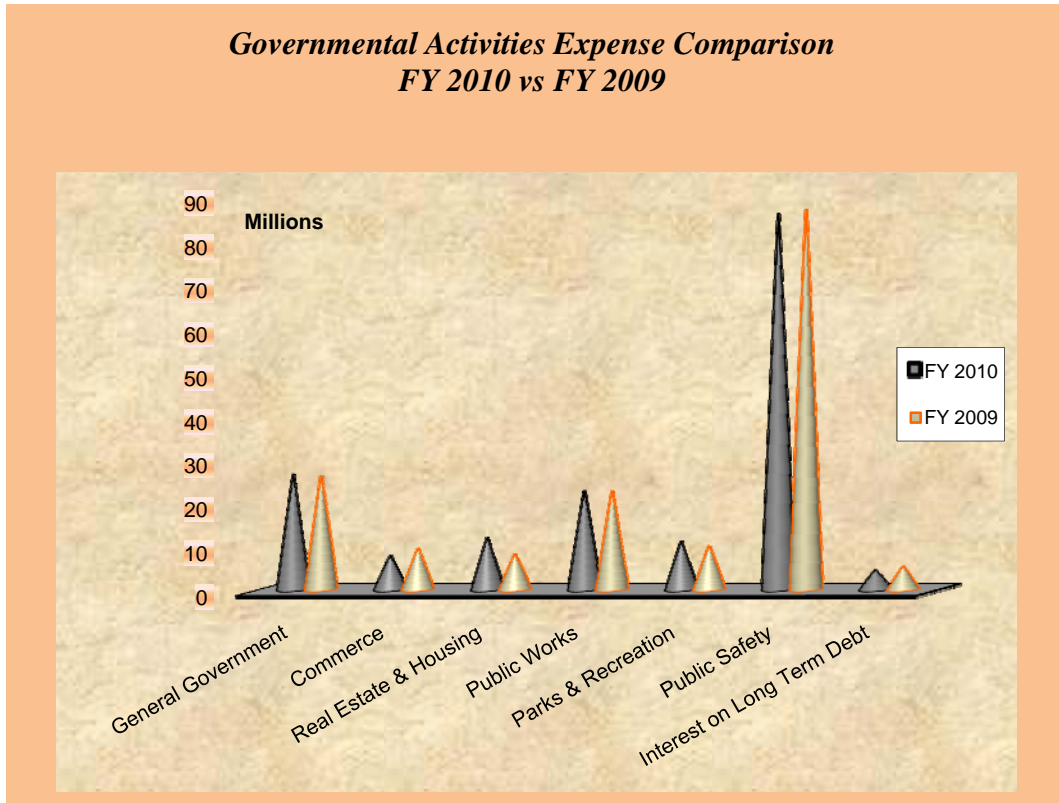
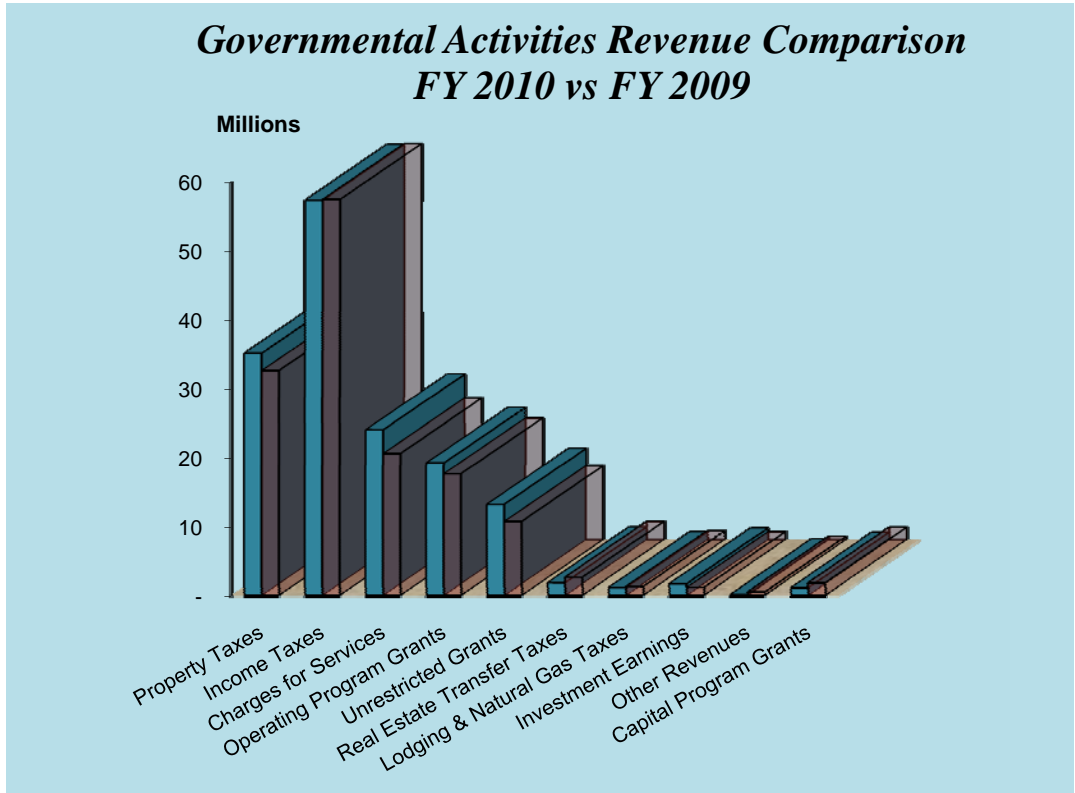
Revenues of governmental activities for fiscal year 2010 increased from 2009 by \$8,331,995. The primary reason for this net increase was the increase in property taxes, charges for services and grants more than offsetting the reduction in real estate transfer taxes from the prior year. The key revenue elements are discussed later in the fund statement comparisons.

Expenses and transfers of governmental activities for fiscal 2010 increased by \$1,496,471 compared to 2009 primarily due to \$3,824,598 of increased low income housing construction and subsidy costs. Key cost elements are discussed later in the fund statement comparison.

The charts on the following page depict a comparative view of the revenues and expenses of the governmental activities for fiscal year 2010 as compared to fiscal year 2009.

Business-type Activities

Net assets of the business-type activities decreased by \$2,112,382 for the current fiscal year primarily due to decreased capital grants. Detail explanations of the variance are contained in the financial analysis of the City's Funds - Proprietary Funds section on page 12.



Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported fund balances of \$59,375,033. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB 54:

- \$10,508,968 is recorded as Nonspendable due to an advance to the Water and Sewer Fund;
- \$15,727,559 is recorded as Restricted; \$10,756,912 for capital projects, \$4,970,647 for park operations;
- \$27,364,387 is recorded as Committed; \$14,761,419 for the Budget Reserve Account, \$3,603,392 for Affordable Housing, \$8,124,949 for Economic Development, and \$874,627 for other purposes, and
- \$5,774,119 is the remaining fund balances, thus these are Unassigned.

Governmental Funds**General Fund – Comparison to Prior Year.**

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

- \$10,508,968 is recorded as Nonspendable due to an advance to the Water and Sewer Fund;
- \$14,761,419 is recorded as Committed for the Budget Reserve Account. The Budget Reserve Account is held in the event of adverse economic conditions or public emergency and can be used with the approval of a majority of the thirteen members of City Council; and
- \$5,774,119 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 2010 compared to budget and 2009.

The revenues for fiscal year 2010 increased \$8,426,587 compared to the prior fiscal year. Primary factors in these results are:

- Property Taxes increased by \$3,486,206. This reported increase is attributed primarily to the increase in the property tax rate imposed in FY 2010 and diligent collection efforts in a down economy.
- Wage Taxes increased by \$2,300,669 and Net Profit Taxes increased by \$633,613 compared to 2009. The increase in revenues was due to increased audit and collection activity while current collections were level with small wage increases offsetting employment losses.
- Intergovernmental Revenue increased by \$2,363,680 compared to 2009. This was primarily caused by the revenues that were formerly recorded in the Commerce Fund.
- Fines and Forfeitures increased by \$1,188,469 compared to 2009 primarily due to increases in parking citation revenues produced by the City of Wilmington and the State of Delaware teaming up to compel violators to pay parking tickets and red light violations before they can register their motor vehicles anywhere in the State. The program is managed by the City of Wilmington's Department of Finance and the Division of Motor Vehicles for the State of Delaware.
- Investment Earnings decreased by \$913,835 based on lower rates and smaller investable balances.
- Real Estate Transfer taxes decreased by \$785,607 due the continued decline in the housing market.

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

	2009	2010	Variance	Final	2010	Variance
	Actual	Actual	Positive	Budget	Actual	Positive
			(Negative)			(Negative)
Revenues:						
Taxes:						
Property	\$ 31,911,858	\$ 35,398,064	\$ 3,486,206	\$ 35,862,806	\$ 35,398,064	\$ (464,742)
Wage	51,845,669	54,146,338	2,300,669	53,075,387	54,146,338	1,070,951
Net Profit	4,059,847	4,693,460	633,613	4,940,000	4,693,460	(246,540)
Franchise	2,006,557	1,775,266	(231,291)	1,855,866	1,775,266	(80,600)
Real Estate Transfer	2,668,996	1,883,389	(785,607)	3,552,313	1,883,389	(1,668,924)
Head	2,787,027	3,178,931	391,904	3,186,000	3,178,931	(7,069)
Lodging & Natural Gas	1,306,744	1,161,077	(145,667)	1,378,000	1,161,077	(216,923)
Intergovernmental	18,314,176	20,677,856	2,363,680	20,937,087	20,677,856	(259,231)
Licenses and Permits	4,382,137	4,489,246	107,109	4,490,677	4,489,246	(1,431)
Fines and Forfeitures	6,395,262	7,583,731	1,188,469	9,322,514	7,583,731	(1,738,783)
Charges for Services	4,149,612	4,180,949	31,337	4,714,033	4,180,949	(533,084)
Investment Earnings	1,695,191	781,356	(913,835)	2,250,000	781,356	(1,468,644)
Total Revenues	131,523,076	139,949,663	8,426,587	145,564,683	139,949,663	(5,615,020)
Expenditures:						
General Governmental Services:						
Mayor's office	7,183,874	11,380,316	(4,196,442)	13,122,854	11,380,316	1,742,538
City Council	2,766,303	2,607,419	158,884	2,673,742	2,607,419	66,323
Audit	647,853	686,137	(38,284)	687,691	686,137	1,554
Law	2,837,106	2,850,396	(13,290)	3,117,766	2,850,396	267,370
Finance	7,742,815	8,191,122	(448,307)	9,267,803	8,191,122	1,076,681
Personnel	1,776,445	1,767,195	9,250	1,906,605	1,767,195	139,410
Treasurer	458,458	443,059	15,399	463,209	443,059	20,150
Planning	1,735,963	1,480,363	255,600	1,810,580	1,480,363	330,217
Real Estate and Housing	2,595,853	999,591	1,596,262	2,779,036	999,590	1,779,446
Public Works	20,046,742	20,530,321	(483,579)	23,381,303	20,530,319	2,850,984
Parks and Recreation	10,057,011	8,948,371	1,108,640	10,111,718	8,948,371	1,163,347
Public Safety:						
Licenses and Inspection	4,623,515	4,274,848	348,667	4,730,603	4,274,848	455,755
Fire	25,392,171	23,809,236	1,582,935	23,931,252	23,809,236	122,016
Police	52,981,517	52,775,848	205,669	49,537,008	52,775,851	(3,238,843)
Total Expenditures	140,845,626	140,744,222	101,404	147,521,170	140,744,222	6,776,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,322,550)	(794,559)	8,527,991	(1,956,487)	(794,559)	1,161,928
Other Financing Sources (Uses)						
Proceeds from Capital Asset Sales	3,812,500	-	(3,812,500)	-	-	-
Bonds issued	-	28,594,479	28,594,479	-	28,594,479	28,594,479
Bond Premiums	-	3,042,569	3,042,569	-	3,042,569	3,042,569
Bond Payments to Escrow Agent	-	(31,529,965)	(31,529,965)	-	(31,529,965)	(31,529,965)
Transfers out	(21,795,110)	(997,943)	20,797,167	(89,156)	(997,943)	(908,787)
Total Other Financing Sources (Uses)	(17,982,610)	(890,860)	17,091,750	(89,156)	(890,860)	(801,704)
Net Change in Fund Balances	\$ (27,305,160)	\$ (1,685,419)	\$ 25,619,741	\$ (2,045,643)	\$ (1,685,419)	\$ 360,224

The current year's expenditures and transfers decreased by \$20,898,571 compared to fiscal year 2009 spending levels. The decrease resulted primarily from one-time transfers in 2009.

- General Governmental Services expenditures for 2010, which were 21% of General Fund expenditures, experienced an increase of \$4,251,190 primarily due to the addition of economic development staff that were previously paid from the Commerce Fund.
- Real Estate and Housing, 7% of General Fund expenditures, saw expenditures decreased by \$1,596,262 versus 2009 primarily due to reduced debt service.
- Public Works, 14.5% of General Fund expenditures, saw expenditures increased by \$483,579 versus 2009. This includes increased street lighting costs of \$1,513,951 as the State of Delaware's annual Municipal Street Aide grant was not funded for fiscal year 2010 offset by \$1,257,797 of debt service savings.
- Parks and Recreation, 6% of General Fund expenditures, had expenditure decreases of \$1,108,640 partially through a combination of \$620,594 in debt service savings and \$332,076 in personnel cost savings.
- Licenses and Inspections, 3% of General Fund expenditures, had expenditures decrease by \$348,667 through a variety of small service and supply cost decreases.
- Fire expenditures, which represented 17% of the City's General Fund expenditures, experienced a decrease of \$1,582,935 due primarily to \$1,064,820 of reduced overtime and \$631,556 savings from position vacancies.
- Police expenditures, which represented 37% of the City's General Fund expenditures, decreased by \$205,669. This was the result of many offsetting variances including reduced overtime of \$1,324,705, increased general liability costs of \$2,187,056, and reduced hospitalization of \$502,168.
- Transfers out in FY2010 were \$997,943 as compared to transfers of \$21,795,110 in FY2009. The transfers in 2010 include \$302,160 to the cable television fund; \$89,156 for the City's Fed-up program, and \$606,627 to cover emergency snow removal costs above a FEMA grant. The transfers in FY2009 included several one-time transfers to the Housing and Economic Strategic Funds.

Other Major Funds – Comparison to Prior Year.

Although Capital Projects Fund expenditures only increased \$8,999 over FY2009, street and signal improvement activity decreased \$844,613 to \$4,294,895 due to lower levels of street paving while park improvements increased by \$715,301 to \$1,694,088 due primarily to activity at Helen Chambers Park and DuPont Plaza.

The Housing Strategic Fund disbursements have declined slightly from \$1,501,216 to \$1,386,535 as activity was constant. In the first year that the Economic Strategic Fund was separated from the Commerce Fund, its primary activity was the Upstairs Fund program with \$7,004,436 of expenditures; this program is aimed at revitalizing the Market St. area by providing support for residential renovations on the floors above street-level businesses.

Proprietary Funds

Water/Sewer Funds – Comparison to Prior Year

The operation of the Business-type activities decreased the City's net assets by \$2,112,382 versus an increase of \$152,867 in 2009. The major change was the \$2,926,783 reduction in capital grants compared to the prior year.

- Sewer Service Charges to New Castle County decreased \$1,236,234 or 7% from 2009. This was the result after an arbitration imposed contract adjusted prior contract year revenues, and after reduced debt service and operating costs resulted in reduced current year revenues under the new contract revenue formula.
- Direct user charges for water and sewer increased by \$2,253,440 as the result of a 20% rate increase offset in part by reduced consumption. Stormwater fees were up \$695,909 as the result of a 10% rate increase.
- Intergovernmental Revenue (state and federal capital grants) decreased from \$3,499,193 to \$572,410.
- Compared to fiscal year 2009 results, total expenses increased by \$1,852,737 or 3.4%. The largest portions of this increase was from maintenance costs of \$1,188,154 at the Porter Reservoir and wastewater treatment operating cost increases of \$1,682,032 while offsetting reductions occurred in legal, engineering, and consulting costs.

General Fund Budgetary Highlights

The City adopted the fiscal year 2010 budget on May 28, 2009, and amended it to meet operational needs during the year. The City's practice is to (a) amend budgeted revenue only for grants or new revenue streams and (b) amend budgeted expenditures primarily to approve new spending authority.

The final budget contained \$145,564,683 of revenues, \$147,521,170 of expenditures before other financing uses, and \$89,156 in transfers to other funds. The original expenditures were increased by \$2,004,619 from a combination of \$1,723,816 of encumbrance carryovers from FY2009 and several smaller budget amendments. The actual results were revenues before other financing sources (uses) of \$5,615,020 under budget, expenditures of \$6,776,948 under budget, and transfers out and other revenue sources of \$801,704 over budget.

- Property Taxes were \$464,742 lower than budget. This consists of the effects of an adverse effect of the slowing economy producing less construction partially offset by enhanced collection efforts.
- Wage Tax revenues, representing 39% of General Fund Tax revenues, were over the budget by \$1,070,951. Declines caused by the recent economic downturn started to stabilize and Wage Tax audits exceeded projections.
- Net Profit Taxes were under the budget by \$246,540. Revenues to local law firms slowed during FY2010.
- Real Estate Transfer Taxes were under the budget by \$1,668,924 due to the economic slowdown.
- Fines and Forfeitures were under the budget by \$1,738,783. The red-light and citation penalty and interest revenues were under budget by \$671,635 and \$1,343,529 respectively. The decrease is

partly due to a change in the public's driving habits, underperformance in parking citation issuances, and better collection efforts on the base amount resulting in less penalty and interest being charged.

- Investment earnings were under the budget by \$1,468,644 due to lower interest rates and lower balances of unspent bond funds and other investable amounts.
- Mayor's Office expenditures were under budget by \$1,742,538. This was the result of \$1,263,637 of lower debt service costs due to the \$43 million debt refunding in June 2010. (The debt refunding saved \$5,854,869 throughout all departments.)
- Finance expenditures were under budget by \$1,076,681 primarily due to lower collection costs from Wage Tax audits and delinquent Property Taxes.
- Real Estate and Housing expenditures were lower than budget by \$1,779,446 primarily due to reduced debt service.
- Public Works expenditures were under budget by \$2,850,984 due primarily to \$1,570,182 of reduced debt service due to the refunding and \$725,740 of lower road and traffic signal repairs.
- Parks and Recreation expenditures were under budget by \$1,163,347 primarily due to reduced debt service.
- Police expenditures were over budget by \$3,238,843. This was due to a combination of general liability costs over budget of \$2,028,445 and primarily overtime and pension costs increasing personal service costs over budget by \$1,405,742.
- There were two unbudgeted transfers in the amount of \$908,787. There were transfers of \$302,160 to the Cable TV Fund in accordance with the City Code and \$606,627 to cover emergency snow removal costs not reimbursed by a FEMA grant.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2010, the City had invested \$420,999,970, net of accumulated depreciation, in a broad range of capital assets. The following table on the following page presents 2010 asset balances compared to 2009 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 (\$4,294,714 invested) and in vehicle acquisitions and other equipment (\$5,944,780 invested).

Business-type Activities:

- Construction at the Brandywine Water Works Center and Porter Solar Panel installation added \$10,632,202 to Buildings and Improvements.
- Water Lines added \$5,391,045 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 \$3,606,196 during FY2010.

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

**City of Wilmington's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 24,090,181	\$ 24,090,181	\$ 3,656,612	\$ 3,656,612	\$ 27,746,793	\$ 27,746,793
Art	1,183,107	1,183,107	-	-	1,183,107	1,183,107
Construction in Progress	3,354,232	2,749,965	16,476,342	15,021,014	19,830,574	17,770,979
Buildings & Improvements	51,190,333	51,625,349	17,891,230	7,548,995	69,081,563	59,174,344
Parks & Recreation Facilities	11,847,106	10,800,022	-	-	11,847,106	10,800,022
Streets & Signals	70,893,885	70,057,854	-	-	70,893,885	70,057,854
Water Reservoirs, Facilities & Water Lines	-	-	107,483,937	103,867,358	107,483,937	103,867,358
Wastewater Facilities & Sewer Lines	-	-	90,003,048	89,604,196	90,003,048	89,604,196
Vehicles, Equipment & Other	22,929,957	20,699,740	-	-	22,929,957	20,699,740
Totals	<u>\$ 185,488,801</u>	<u>\$ 181,206,218</u>	<u>\$ 235,511,169</u>	<u>\$ 219,698,175</u>	<u>\$ 420,999,970</u>	<u>\$ 400,904,393</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 \$252,325,755. Of this amount, \$120,263,940 comprises debt related to Governmental activities and \$132,061,815 is supported by Business-Type activities.

- On April 14, 2010, Wilmington issued \$43,490,000 in General Obligation Bonds, Series 2010A, and \$3,855,000 of Taxable Series 2010B, to partially advance fund outstanding General Obligation Bonds (further detailed in Note 9). The refunding will result in \$1,126,036 net savings to the City.
- On March 9, 2010, the City entered into financing agreements with the Delaware Clean Water State Revolving Loan Fund to finance \$2,800,000 in upgrades to the City's wastewater treatment plant.

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 Aa- 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**

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General						
Obligation Bonds	\$ 120,263,940	\$ 120,712,681	\$ 132,061,815	\$ 126,216,257	\$ 252,325,755	\$ 246,928,938

Economic Factors and 2010 Budgets and Rates

The City of Wilmington’s unemployment rate of 11.9% had been climbing since the Fall of 2008 and per capita income was under pressure but appeared stable. The City’s diversified service economy slowed, but the movement of employers to the riverfront was expected to continue. The City saw sharp decreases in building permits, real estate transfer taxes, and state revenue sharing corporate filing fees. The City had however invested resources in its “Plan for Change” to collect delinquent revenue. The 2010 Budget Message noted that “in just a few short years, a cumulative total of more than \$30 million has been collected from delinquent taxpayers.” The Message went on to state “even so, the solutions to our ongoing budget problems will be tough, unwelcome and unpopular, but absolutely necessary.”

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 budget with a mix of fiscal restraint and revenue increases that would permit its citizens to continue to receive the services they expected and deserved from their City government.

All of these economic factors were taken into account when adopting the General Fund budget for fiscal year 2010. The City’s budget addresses economic development, public safety, and infrastructure needs.

To offset recent successful assessment appeals and help balance the budget, the property tax rate was increased by 15%. Other taxes remained unchanged, however permit, parking and red-light citations, and other charges for services increased at various amounts in fiscal year 2010. The sewer services contract with New Castle County expired in June of 2007; this was subject to both negotiations and binding arbitration. Water and sewer direct charge rates were increased by 20% and stormwater rates were increased by 10%.

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 James M. Jones, Director of Finance, and 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 are listed on page 34.

PHOTOS OF THE SOLAR PANEL FIELD AT THE PORTER FILTER PLANT.



BASIC FINANCIAL STATEMENTS

City of Wilmington, Delaware

**Statement of Net Assets
June 30, 2010**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments (Note 3)	\$ 24,336,295	\$ 250	\$ 24,336,545	\$ 19,157,611
Receivables, Net (Note 4)	26,022,044	16,080,915	42,102,959	7,382,260
Internal Balances	25,519,242	(25,519,242)	-	-
Due from Other Governments	12,578,434	-	12,578,434	-
Deferred Charges & Other Assets	2,728,923	1,617,967	4,346,890	728,473
Restricted Assets:				
Cash and Investments (Note 3)	18,406,533	10,639,368	29,045,901	1,888,136
Capital Assets, Net (Note 6)				
Land	24,090,181	3,656,612	27,746,793	19,611,147
Art	1,183,107	-	1,183,107	-
Construction in Progress	3,354,232	16,476,342	19,830,574	1,699,100
Buildings & Improvements	51,190,333	17,891,230	69,081,563	31,419,859
Parks & Recreation Facilities	11,847,106	-	11,847,106	-
Streets & Street Signals	70,893,885	-	70,893,885	-
Water & Sewer Systems	-	197,486,985	197,486,985	-
Vehicles, Equipment, and Other	22,929,957	-	22,929,957	1,729,922
Total Assets	295,080,272	238,330,427	533,410,699	83,616,508
LIABILITIES				
Accounts Payable & Accrued Expenses	13,899,111	14,654,881	28,553,992	1,381,120
Salaries and Benefits Payable	2,470,156	-	2,470,156	192,993
Unearned Revenue	2,647,598	2,777,352	5,424,950	183,486
Other Liabilities	2,205,434	-	2,205,434	-
Long Term Liabilities				
Due Within One Year:				
Bonds Payable	18,606,057	4,375,866	22,981,923	2,371,247
Capital Leases	1,245,577	351,043	1,596,620	11,625
Claims Liabilities	5,721,100	-	5,721,100	-
Compensated Absences	5,610,571	525,285	6,135,856	-
Due in More Than One Year:				
Bonds Payable	104,694,036	130,750,842	235,444,878	28,898,534
Capital Leases	3,372,028	-	3,372,028	21,775
Claims Liabilities	10,224,000	-	10,224,000	-
Compensated Absences	2,674,962	-	2,674,962	-
Other Post Employment Benefits Payable	8,884,630	-	8,884,630	-
Minority Interest	-	-	-	1,930,433
Total Liabilities	182,255,260	153,435,269	335,690,529	34,991,213
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	68,327,713	110,672,786	179,000,499	21,691,696
Restricted for:				
Debt Service	-	-	-	1,854,659
Park Operations & Other	4,970,647	-	4,970,647	-
Unrestricted	39,526,652	(25,777,628)	13,749,024	25,078,940
Total Net Assets	\$ 112,825,012	\$ 84,895,158	\$ 197,720,170	\$ 48,625,295

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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component Units
		Charges for Services	Grants and Contributions		Primary Government			
			Operating	Capital	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Governmental Services	\$ 26,393,092	\$ 7,619,652	\$ -	\$ -	\$ (18,773,440)	\$ -	\$ (18,773,440)	\$ -
Commerce	7,711,248	161,203	73,829	-	(7,476,216)	-	(7,476,216)	-
Real Estate and Housing	11,672,335	541,183	6,966,835	-	(4,164,317)	-	(4,164,317)	-
Public Works	23,110,033	273,147	1,252,131	1,103,155	(20,481,600)	-	(20,481,600)	-
Parks and Recreation	10,605,259	22,964	2,273,856	-	(8,308,439)	-	(8,308,439)	-
Public Safety	86,039,994	15,433,702	8,669,978	-	(61,936,314)	-	(61,936,314)	-
Interest on Long-term Debt	4,519,308	-	-	-	(4,519,308)	-	(4,519,308)	-
Total Governmental Activities	170,051,269	24,051,851	19,236,629	1,103,155	(125,659,634)	-	(125,659,634)	-
Business-type Activities:								
Water/Sewer	55,033,937	52,217,917	-	572,410	-	(2,243,610)	(2,243,610)	-
Total Primary Governments	\$ 225,085,206	\$ 76,269,768	\$ 19,236,629	\$ 1,675,565	(125,659,634)	(2,243,610)	(127,903,244)	-
Component Units:								
Christina Gateway Corporation	\$ 18,450	\$ -	\$ -	\$ -	-	-	-	(18,450)
Rock Manor Golf Corporation	172,271	173,637	-	-	-	-	-	1,366
Wilmington UDAG Corporation	279,535	267,480	-	-	-	-	-	(12,055)
Wilmington Economic Development Corporation	1,882,468	1,853,024	-	-	-	-	-	(29,444)
Wilmington Parking Authority	8,023,734	7,560,742	-	-	-	-	-	(462,992)
Downtown Visions	2,326,796	2,430,151	-	-	-	-	-	103,355
Riverfront Business Improvement District	364,219	364,292	-	-	-	-	-	73
Total Component Units	\$ 13,067,473	\$ 12,649,326	\$ -	\$ -	-	-	-	(418,147)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					35,207,881	-	35,207,881	-
Income Taxes					57,426,347	-	57,426,347	-
Real Estate Transfer					1,883,389	-	1,883,389	-
Lodging & Natural Gas Taxes					1,161,077	-	1,161,077	-
Investment Earnings					1,708,886	131,228	1,840,114	346,356
Other Revenues including Capital Asset Gains					110,976	-	110,976	13,248
Grants, Entitlements, and Contributions not Restricted to Specific Programs					13,243,382	-	13,243,382	171,360
Total General Revenues					110,741,938	131,228	110,873,166	530,964
Changes in Net Assets					(14,917,696)	(2,112,382)	(17,030,078)	112,817
Net Assets - Beginning					127,742,708	87,007,540	214,750,248	48,512,478
Net Assets - Ending					\$ 112,825,012	\$ 84,895,158	\$ 197,720,170	\$ 48,625,295

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

City of Wilmington, Delaware

**Balance Sheet
Governmental Funds
June 30, 2010**

	<u>General</u>	<u>Capital Projects</u>	<u>Housing Strategic</u>	<u>Economic Strategic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 6,402,010	\$ -	\$ 3,603,392	\$ 8,533,218	\$ 929,740	\$ 19,468,360
Receivables, Net (Note 4)	25,687,604	-	-	23,000	306,035	26,016,639
Due from Other Funds	20,491,808	-	-	-	-	20,491,808
Due from Component Unit	275,000	-	-	-	-	275,000
Due from Other Governments	5,661,264	370,781	-	-	6,271,389	12,303,434
Prepaid Items & Other Assets	-	-	-	-	610,383	610,383
Restricted Assets:						
Cash and Investments (Note 3)	-	12,202,405	-	862,400	4,996,523	18,061,328
TOTAL ASSETS	<u>\$ 58,517,686</u>	<u>\$ 12,573,186</u>	<u>\$ 3,603,392</u>	<u>\$ 9,418,618</u>	<u>\$ 13,114,070</u>	<u>\$ 97,226,952</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 5,919,145	\$ 2,097,495	\$ -	\$ -	\$ 1,397,292	\$ 9,413,932
Salaries and Benefits Payable	2,470,156	-	-	-	-	2,470,156
Due to Other Funds	-	-	-	-	3,704,727	3,704,727
Due to Component Unit	153,499	-	-	-	-	153,499
Deferred Revenue	17,498,249	989,448	-	23,000	1,635,150	20,145,847
Other Liabilities	1,432,131	-	-	-	531,627	1,963,758
Total Liabilities	<u>27,473,180</u>	<u>3,086,943</u>	<u>-</u>	<u>23,000</u>	<u>7,268,796</u>	<u>37,851,919</u>
Fund Balances:						
Nonspendable						
Advance to Water /Sewer Fund (Note 7)	10,508,968	-	-	-	-	10,508,968
Restricted						
Capital Projects	-	9,486,243	-	1,270,669	-	10,756,912
Park Operations	-	-	-	-	4,970,647	4,970,647
Committed						
Budget Reserve Account	14,761,419	-	-	-	-	14,761,419
Affordable Housing	-	-	3,603,392	-	-	3,603,392
Economic Development	-	-	-	8,124,949	-	8,124,949
Other Purposes	-	-	-	-	874,627	874,627
Unassigned	5,774,119	-	-	-	-	5,774,119
Total Fund Balances	<u>31,044,506</u>	<u>9,486,243</u>	<u>3,603,392</u>	<u>9,395,618</u>	<u>5,845,274</u>	<u>59,375,033</u>
Total Liabilities and Fund Balances	<u>\$ 58,517,686</u>	<u>\$ 12,573,186</u>	<u>\$ 3,603,392</u>	<u>\$ 9,418,618</u>	<u>\$ 13,114,070</u>	<u>\$ 97,226,952</u>

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 Assets
For the Year Ended June 30, 2010

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

Total Fund Balances for Government Funds (Page 20)		\$ 59,375,033
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 Assets. Also excluded are \$19,989,685 of internal service fund assets accounted for in the following line.		165,499,116
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 Assets. The increase is equal to the internal service net assets.		3,907,201
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 revenue in the fund statements.		17,498,249
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	\$ (8,119,608)	
Other Post Employment Benefit (OPEB) Liability	(8,884,630)	
Accrued Interest on Long Term Debt	(655,202)	
Deferred Amounts - Bond Issuance Costs	1,560,513	
Deferred Amounts - Bond Premium	(5,860,389)	
Deferred Amounts - Advance Refunding Difference	2,846,415	
Bonds and Notes Payable	(114,341,686)	(133,454,587)
Total Net Assets of Governmental Activities (Page 18)		<u>\$ 112,825,012</u>

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, 2010**

	<u>General</u>	<u>Capital Projects</u>	<u>Housing Strategic</u>	<u>Economic Strategic</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$35,398,064	\$ -	\$ -	\$ -	\$ -	\$ 35,398,064
Wage	54,146,338	-	-	-	-	54,146,338
Net Profit	4,693,460	-	-	-	-	4,693,460
Franchise	1,775,266	-	-	-	-	1,775,266
Real Estate Transfer	1,883,389	-	-	-	-	1,883,389
Head	3,178,931	-	-	-	-	3,178,931
Lodging & Natural Gas	1,161,077	-	-	-	-	1,161,077
Intergovernmental	20,677,856	1,103,155	-	-	14,133,325	35,914,336
Licenses and Permits	4,489,246	-	-	-	-	4,489,246
Fines and Forfeitures	7,583,731	-	-	-	-	7,583,731
Charges for Services	4,180,949	-	-	161,203	693,149	5,035,301
Investment Earnings	781,356	-	-	284,120	643,410	1,708,886
Total Revenues	<u>139,949,663</u>	<u>1,103,155</u>	<u>-</u>	<u>445,323</u>	<u>15,469,884</u>	<u>156,968,025</u>
EXPENDITURES						
Current:						
General Governmental Services	24,236,485	62,217	-	-	734,497	25,033,199
Commerce	-	-	-	7,711,248	-	7,711,248
Real Estate and Housing	528,927	549,566	1,386,535	-	8,634,938	11,099,966
Public Works	17,577,070	-	-	-	1,306,762	18,883,832
Parks and Recreation	7,049,385	61,138	-	-	2,526,258	9,636,781
Public Safety	79,872,471	146,573	-	-	2,317,704	82,336,748
Debt Service:						
Principal Retirement	6,477,638	-	-	-	-	6,477,638
Interest and Fiscal Charges	5,002,246	-	-	-	-	5,002,246
Capital Outlays	-	6,753,552	-	-	854,152	7,607,704
Total Expenditures	<u>140,744,222</u>	<u>7,573,046</u>	<u>1,386,535</u>	<u>7,711,248</u>	<u>16,374,311</u>	<u>173,789,362</u>
Deficiency of Revenues Under Expenditures	<u>(794,559)</u>	<u>(6,469,891)</u>	<u>(1,386,535)</u>	<u>(7,265,925)</u>	<u>(904,427)</u>	<u>(16,821,337)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from						
Capital Asset Sales	-	-	110,976	-	-	110,976
Bonds Issued	28,594,479	-	-	7,004,436	-	35,598,915
Bond Premiums	3,042,569	-	-	-	-	3,042,569
Bond Payments to Escrow Agent	(31,529,965)	-	-	-	-	(31,529,965)
Transfers In	-	-	-	-	1,497,943	1,497,943
Transfers Out	(997,943)	-	(500,000)	-	-	(1,497,943)
Total Other Financing Sources (Uses)	<u>(890,860)</u>	<u>-</u>	<u>(389,024)</u>	<u>7,004,436</u>	<u>1,497,943</u>	<u>7,222,495</u>
Net Change in Fund Balances	<u>(1,685,419)</u>	<u>(6,469,891)</u>	<u>(1,775,559)</u>	<u>(261,489)</u>	<u>593,516</u>	<u>(9,598,842)</u>
Fund Balance - Beginning	<u>32,729,925</u>	<u>15,956,134</u>	<u>5,378,951</u>	<u>9,657,107</u>	<u>5,251,758</u>	<u>68,973,875</u>
Fund Balance - Ending	<u>\$ 31,044,506</u>	<u>\$ 9,486,243</u>	<u>\$ 3,603,392</u>	<u>\$ 9,395,618</u>	<u>\$ 5,845,274</u>	<u>\$ 59,375,033</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, 2010

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) \$ (9,598,842)

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	\$ 7,607,704	
Depreciation Expense	<u>(6,233,627)</u>	1,374,077

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	\$ (2,460,172)	
Property and Other Taxes	(1,603,634)	
Fees and Fines	<u>2,118,378</u>	(1,945,428)

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 assets. Also governmental funds report the effect of issuance costs, 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	\$ (35,598,915)	\$ 37,948,223	
Issuance Costs & Similar Items	<u>(2,709,637)</u>	<u>(126,085)</u>	
Net Adjustment	<u>(38,308,552)</u>	<u>37,822,138</u>	(486,414)

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	\$ (447,052)	
Other Post Employment Benefit (OPEB) Liability	(3,925,759)	
Accrued Interest on Long-Term Debt	<u>276,091</u>	(4,096,720)

The net revenue of internal service funds is reported with governmental activities. (164,369)

Change in net assets of governmental activities (page 19) \$ (14,917,696)

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

City of Wilmington, Delaware

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010**

	<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	\$ 35,862,806	\$ 35,862,806	\$ 35,398,064	\$ (464,742)
Wage	53,075,387	53,075,387	54,146,338	1,070,951
Net Profit	4,940,000	4,940,000	4,693,460	(246,540)
Franchise	1,855,866	1,855,866	1,775,266	(80,600)
Real Estate Transfer	3,552,313	3,552,313	1,883,389	(1,668,924)
Head	3,186,000	3,186,000	3,178,931	(7,069)
Lodging & Natural Gas	1,378,000	1,378,000	1,161,077	(216,923)
Intergovernmental	20,937,087	20,937,087	20,677,856	(259,231)
Licenses and Permits	4,490,677	4,490,677	4,489,246	(1,431)
Fines and Forfeitures	9,322,514	9,322,514	7,583,731	(1,738,783)
Charges for Services	4,714,033	4,714,033	4,180,949	(533,084)
Investment Earning	2,250,000	2,250,000	781,356	(1,468,644)
Total Revenues	<u>145,564,683</u>	<u>145,564,683</u>	<u>139,949,663</u>	<u>(5,615,020)</u>
Expenditures:				
General Governmental Services:				
Mayor's Office	14,056,295	13,122,854	11,380,316	1,742,538
City Council	2,673,742	2,673,742	2,607,419	66,323
Audit	681,047	687,691	686,137	1,554
Law	3,111,496	3,117,766	2,850,396	267,370
Finance	8,542,550	9,267,803	8,191,122	1,076,681
Personnel	1,895,103	1,906,605	1,767,195	139,410
Treasurer	463,209	463,209	443,059	20,150
Planning	1,782,453	1,810,580	1,480,363	330,217
Real Estate and Housing	2,776,812	2,779,036	999,590	1,779,446
Public Works	22,237,680	23,381,303	20,530,319	2,850,984
Parks and Recreation	9,944,898	10,111,718	8,948,371	1,163,347
Public Safety:				
Licenses and Inspection	4,564,773	4,730,603	4,274,848	455,755
Fire	23,931,250	23,931,252	23,809,236	122,016
Police	48,944,399	49,537,008	52,775,851	(3,238,843)
Total Expenditures	<u>145,605,707</u>	<u>147,521,170</u>	<u>140,744,222</u>	<u>6,776,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(41,024)</u>	<u>(1,956,487)</u>	<u>(794,559)</u>	<u>1,161,928</u>
Other Financing Sources (Use)				
Bonds Issued	-	-	28,594,479	28,594,479
Bond Premiums	-	-	3,042,569	3,042,569
Bond Payments to Escrow Agent	-	-	(31,529,965)	(31,529,965)
Transfer Out	-	(89,156)	(997,943)	(908,787)
Total Other Financing Sources (Use)	<u>-</u>	<u>(89,156)</u>	<u>(890,860)</u>	<u>(801,704)</u>
Net Change in Fund Balances	<u>(41,024)</u>	<u>(2,045,643)</u>	<u>(1,685,419)</u>	<u>360,224</u>
Fund Balance - Beginning	<u>32,729,925</u>	<u>32,729,925</u>	<u>32,729,925</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 32,688,901</u>	<u>\$ 30,684,282</u>	<u>\$ 31,044,506</u>	<u>\$ 360,224</u>

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 - Budget and Actual
Major Fund
Housing Strategic Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Materials, Supplies and Equipment	1,386,535	1,386,535	1,386,535	-
Total Expenditures	<u>1,386,535</u>	<u>1,386,535</u>	<u>1,386,535</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>(1,386,535)</u>	<u>(1,386,535)</u>	<u>(1,386,535)</u>	<u>-</u>
Other Financing Sources				
Transfer Out	(500,000)	(500,000)	(500,000)	-
Proceeds from Capital Asset Sales	-	-	110,976	110,976
Total Other Financing Sources	<u>(500,000)</u>	<u>(500,000)</u>	<u>(389,024)</u>	<u>110,976</u>
Net Change in Fund Balances	(1,886,535)	(1,886,535)	(1,775,559)	110,976
Fund Balance - Beginning	<u>5,378,951</u>	<u>5,378,951</u>	<u>5,378,951</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,492,416</u>	<u>\$ 3,492,416</u>	<u>\$ 3,603,392</u>	<u>\$ 110,976</u>

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 - Budget and Actual
Major Fund
Economic Strategic Fund
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Charges for Services	\$ 284,120	\$ 284,120	\$ 284,120	\$ -
Other	<u>-</u>	<u>-</u>	<u>161,203</u>	<u>161,203</u>
Total Revenues	<u>284,120</u>	<u>284,120</u>	<u>445,323</u>	<u>161,203</u>
Expenditures:				
Special Purpose	<u>7,711,248</u>	<u>7,711,248</u>	<u>7,711,248</u>	<u>-</u>
Total Expenditures	<u>7,711,248</u>	<u>7,711,248</u>	<u>7,711,248</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>(7,427,128)</u>	<u>(7,427,128)</u>	<u>(7,265,925)</u>	<u>161,203</u>
Other Financing Sources				
Bonds Issued	<u>7,004,436</u>	<u>7,004,436</u>	<u>7,004,436</u>	<u>-</u>
Total Other Financing Sources	<u>7,004,436</u>	<u>7,004,436</u>	<u>7,004,436</u>	<u>-</u>
Net Change in Fund Balances	(422,692)	(422,692)	(261,489)	161,203
Fund Balance - Beginning	<u>9,657,107</u>	<u>9,657,107</u>	<u>9,657,107</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,234,415</u>	<u>\$ 9,234,415</u>	<u>\$ 9,395,618</u>	<u>\$ 161,203</u>

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

PRESTWYCK TOWNHOUSE DEVELOPMENT



City of Wilmington, Delaware
Statement of Fund Net Assets
Proprietary Funds
June 30, 2010

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 250	\$ 4,867,935
Receivables, Net (Note 4)	16,080,915	5,405
Due from Other Funds (Note 7)	-	2,010,274
Prepaid Items & Other Assets	-	263,197
Restricted Cash and Investments (Note 3)	<u>10,639,368</u>	<u>345,205</u>
Total Current Assets	<u>26,720,533</u>	<u>7,492,016</u>
Noncurrent Assets:		
Advances Due from Other Funds (Note 7)	-	13,000,000
Deferred Charges	1,617,967	53,456
Capital Assets, Net (Note 6)		
Land	3,656,612	-
Construction in Progress	16,476,342	696,429
Buildings & Improvements	17,891,230	35,909
Reservoirs and Water Filter Facilities	72,727,077	-
Water Lines	34,756,860	-
Wastewater Pump and Treatment Facilities	72,352,949	-
Sewer Lines	17,650,099	-
Vehicles, Machinery & Equipment	-	19,257,347
Total Noncurrent Assets	<u>237,129,136</u>	<u>33,043,141</u>
Total Assets	<u>263,849,669</u>	<u>40,535,157</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	13,399,851	3,603,185
Due to Other Funds	12,519,242	6,278,113
Deferred Revenue	2,777,352	-
Accrued Interest Payable	1,255,030	73,293
Bonds Payable	4,375,866	95,184
Capital Leases	351,043	1,245,577
Compensated Absences	525,285	165,925
Claims Liabilities	-	5,721,100
Total Current Liabilities	<u>35,203,669</u>	<u>17,182,377</u>
Noncurrent Liabilities:		
Advances Due to Other Funds (Note 7)	13,000,000	-
Bonds Payable	130,750,842	5,849,551
Capital Leases	-	3,372,028
Claims Liabilities	-	10,224,000
Total Noncurrent Liabilities	<u>143,750,842</u>	<u>19,445,579</u>
Total Liabilities	<u>178,954,511</u>	<u>36,627,956</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	110,672,786	9,427,345
Unrestricted	<u>(25,777,628)</u>	<u>(5,520,144)</u>
Total Net Assets	<u>\$ 84,895,158</u>	<u>\$ 3,907,201</u>

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 Assets

Proprietary Funds

For the Year Ended June 30, 2010

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer</u>	<u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for Services		
Sewer Charges to New Castle County	\$ 16,717,945	\$ -
Water & Sewer Charges to Direct Users	34,530,364	-
Other Charges for Services	-	33,518,912
Employee Contributions	-	278,434
Intergovernmental	572,410	-
Other	<u>969,608</u>	<u>23,372</u>
Total Operating Revenues	<u>52,790,327</u>	<u>33,820,718</u>
OPERATING EXPENSES		
Personal Services	9,430,688	2,101,017
Materials, Supplies and Contractual Services	33,676,626	7,647,754
Depreciation and Amortization	6,419,913	3,248,818
Claims Expense	-	20,487,687
Insurance Premiums	<u>-</u>	<u>160,211</u>
Total Operating Expenses	<u>49,527,227</u>	<u>33,645,487</u>
Operating Income	<u>3,263,100</u>	<u>175,231</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	131,228	10,274
Interest Expense	(5,406,473)	(343,158)
Bond Issuance Expense	<u>(100,237)</u>	<u>(6,716)</u>
Total Non-Operating Revenues (Expenses):	<u>(5,375,482)</u>	<u>(339,600)</u>
Change in Net Assets	(2,112,382)	(164,369)
Total Net Assets - Beginning	<u>87,007,540</u>	<u>4,071,570</u>
Total Net Assets - Ending	<u>\$ 84,895,158</u>	<u>\$ 3,907,201</u>

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, 2010

	Business-type Activities	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 52,028,709	\$ -
Receipts from Interfund Services Provided	-	33,820,718
Payments to Suppliers	(30,625,581)	(25,615,202)
Payments to Employees	(9,681,762)	(2,104,785)
Net Cash Provided by (Used in) Operating Activities	11,721,366	6,100,731
Cash Flows from Noncapital Financing Activities		
Advances from (to) Other Funds	20,702,479	(15,517,909)
Net Cash Provided by Noncapital Financing Activities	20,702,479	(15,517,909)
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Capital Debt	28,998,504	4,209,302
Acquisition and Construction of Capital Assets	(22,232,907)	(6,189,245)
Principal Paid on Bonds	(23,152,946)	(372,550)
Interest Paid on Bonds	(4,547,959)	(252,750)
Principal Paid on Capital Leases	(1,119,791)	(795,442)
Interest Paid on Capital Leases	(42,876)	(83,118)
Bond Issuance Costs Capitalized	182,270	-
Proceeds from Sale of Capital Assets	-	41,610
Net Cash Provided by (Used in) Capital and Related Financing Activities	(21,915,705)	(3,442,193)
Cash Flows From Investing Activities:		
Interest Received on Unspent Bond Proceeds	131,228	-
Net Cash provided by Investing Activities	131,228	-
Net Increase (Decrease) in Cash and Cash Equivalents	10,639,368	(12,859,371)
Cash and Cash Equivalents - July 1, 2009	250	18,072,512
Cash and Cash Equivalents - June 30, 2010 (including \$10,639,368 reported in restricted accounts)	\$ 10,639,618	\$ 5,213,141
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating Income	\$ 3,263,100	\$ 175,231
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	6,419,913	3,248,818
Changes in Assets and Liabilities:		
(Increase) in Receivables	(2,596,211)	-
(Increase) in Prepaid Expenses	-	(8,197)
Increase in Accounts Payable	3,051,045	927,177
Increase (Decrease) in Compensated Absences	(32,854)	25,315
(Decrease) in Accrued Salaries	(218,220)	(26,198)
Increase in Deferred Revenue	1,834,593	-
Increase in Claims Liability	-	1,758,585
Net Cash Provided by (Used in) Operating Activities	\$ 11,721,366	\$ 6,100,731

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

THE QUEEN THEATRE RENOVATION PROJECT



City of Wilmington
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Total Pension Funds	Total Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents (Note 3)	\$ 13,920,008	\$ -
Receivables:		
Due from Other Pension Fund	1,346,665	-
Due from Governments	-	295,275
Accrued Interest Receivable	<u>506,194</u>	<u>-</u>
Total Receivables	<u>1,852,859</u>	<u>295,275</u>
Investments, at Fair Value:		
Money Market Mutual Funds	6,234,738	-
U.S. Government Obligations	14,754,675	-
U.S. Agencies		
- Government Guaranteed	38,875	-
U.S. Agencies - Other	18,329,655	-
Corporate Bonds	22,395,939	-
Stocks	79,311,298	-
Other Mutual Funds	<u>198,668</u>	<u>-</u>
Total Investments	<u>141,263,848</u>	<u>-</u>
Total Assets	<u>157,036,715</u>	<u>295,275</u>
LIABILITIES		
Accounts Payable	64,736	32,291
Salaries and Benefits Payable	4,561	-
Due to Other Pension Fund	1,346,665	-
Due to Governments	5,384,173	195,158
Compensated Absences	38,071	-
Liability for Stale-dated		
Pension Checks	178,646	-
Funds held in Escrow	<u>-</u>	<u>67,826</u>
Total Liabilities	<u>7,016,852</u>	<u>295,275</u>
Net Assets		
Held in Trust for		
Pension Benefits	<u>\$ 150,019,863</u>	<u>\$ -</u>

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

City of Wilmington, Delaware
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2010

	<u>Total Pension Funds</u>
ADDITIONS	
Contributions:	
City	
Paid Directly by the City	\$ 9,779,635
Paid by the State	
On-Behalf of the City	7,434,474
Employees	1,765,431
Federal Drug Subsidies & Other	<u>46,351</u>
Total Contributions	<u>19,025,891</u>
Investment Income	
Investment Earnings	4,184,030
Net Appreciation in Fair Value	<u>10,957,086</u>
Total Investment Income	<u>15,141,116</u>
Less: Investment Expense	<u>(585,591)</u>
Net Investment Income	<u>14,555,525</u>
Total Additions	<u>33,581,416</u>
DEDUCTIONS	
Benefits Paid	19,746,583
Administrative Expenses	<u>548,607</u>
Total Deductions	<u>20,295,190</u>
Net Increase in Plans' Net Assets	13,286,226
Net Assets - Beginning	<u>136,733,637</u>
Net Assets - Ending	<u>\$ 150,019,863</u>

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

City of Wilmington, Delaware
Combining Statement of Net Assets
Discretely Presented Component Units
June 30, 2010

ASSETS	Christina Gateway Corporation	Rock Manor Golf Corporation	Wilmington UDAG Corporation	Wilmington Economic Development Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Total
Cash and Cash Equivalents	\$ 147,066	\$ 243,849	\$ 1,991,512	\$ 632,968	\$ 2,675,093	\$ 294,514	\$ 77,735	\$ 6,062,737
Investments	-	-	-	-	13,094,874	-	-	13,094,874
Receivables, Net	2,150,000	179,750	4,105,538	273,073	582,821	77,574	13,504	7,382,260
Restricted Assets:								
Investments	-	-	-	-	1,888,136	-	-	1,888,136
Deferred Charges & Other Assets	-	-	-	33,350	648,212	46,911	-	728,473
Capital Assets, Net:								
Land	2,900,000	-	392,089	-	16,319,058	-	-	19,611,147
Construction in Progress	-	-	573,639	-	1,125,461	-	-	1,699,100
Building and Improvements	-	2,057,846	356,969	-	28,339,934	665,110	-	31,419,859
Vehicles, Machinery & Equipment	-	-	-	1,797	1,323,110	357,801	47,214	1,729,922
Total Assets	5,197,066	2,481,445	7,419,747	941,188	65,996,699	1,441,910	138,453	83,616,508
LIABILITIES								
Accounts Payable & Accrued Expenses	2,000	2,719	248,069	68,421	1,005,843	10,627	43,441	1,381,120
Salaries and Benefits Payable	-	-	-	-	121,823	71,170	-	192,993
Unearned Revenue	-	-	-	-	104,521	40,865	38,100	183,486
Long-term Liabilities								
Due within One Year								
Bonds Payable	-	-	-	-	2,274,018	47,229	50,000	2,371,247
Capital Leases	-	-	-	-	-	11,625	-	11,625
Due in More than One Year								
Bonds Payable	-	2,132,235	-	-	25,536,468	740,002	489,829	28,898,534
Capital Leases	-	-	-	-	-	21,775	-	21,775
Minority Interest	-	-	-	-	1,930,433	-	-	1,930,433
Total Liabilities	2,000	2,134,954	248,069	68,421	30,973,106	943,293	621,370	34,991,213
NET ASSETS								
Invested in Capital Assets Net of Related Debt	-	-	1,322,697	1,797	19,297,077	1,022,911	47,214	21,691,696
Restricted for:								
Debt Service	-	-	-	-	1,854,659	-	-	1,854,659
Unrestricted	5,195,066	346,491	5,848,981	870,970	13,871,857	(524,294)	(530,131)	25,078,940
Total Net Assets	\$ 5,195,066	\$ 346,491	\$ 7,171,678	\$ 872,767	\$ 35,023,593	\$ 498,617	\$ (482,917)	\$ 48,625,295

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, 2010

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Christina Gateway Corporation</u>	<u>Rock Manor Golf Corporation</u>	<u>Wilmington UDAG Corporation</u>	<u>Wilmington Economic Development Corporation</u>	<u>Wilmington Parking Authority</u>	<u>Downtown Visions</u>	<u>Riverfront Business Improvement District</u>	<u>Total</u>
Christina Gateway Corporation	\$ 18,450	\$ -	\$ (18,450)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,450)
Rock Manor Golf Corporation	172,271	173,637	-	1,366	-	-	-	-	-	1,366
Wilmington UDAG Corporation	279,535	267,480	-	-	(12,055)	-	-	-	-	(12,055)
Wilmington Economic Development Corporation	1,882,468	1,853,024	-	-	-	(29,444)	-	-	-	(29,444)
Wilmington Parking Authority	8,023,734	7,560,742	-	-	-	-	(462,992)	-	-	(462,992)
Downtown Visions	2,326,796	2,430,151	-	-	-	-	-	103,355	-	103,355
Riverfront Business Improvement District	364,219	364,292	-	-	-	-	-	-	73	73
	<u>\$ 13,067,473</u>	<u>\$ 12,649,326</u>	<u>(18,450)</u>	<u>1,366</u>	<u>(12,055)</u>	<u>(29,444)</u>	<u>(462,992)</u>	<u>103,355</u>	<u>73</u>	<u>(418,147)</u>
General Revenues										
Investment Earnings			39,022	-	-	-	302,280	4,003	1,051	346,356
Other Revenues including Capital Asset Gains			-	-	-	-	12,308	-	940	13,248
Grants, Entitlements, and Contributions not Restricted to Specific Programs			-	171,360	-	-	-	-	-	171,360
Total General Revenues			<u>39,022</u>	<u>171,360</u>	<u>-</u>	<u>-</u>	<u>314,588</u>	<u>4,003</u>	<u>1,991</u>	<u>530,964</u>
Change in Net Assets			20,572	172,726	(12,055)	(29,444)	(148,404)	107,358	2,064	112,817
Net Assets - Beginning			<u>5,174,494</u>	<u>173,765</u>	<u>7,183,733</u>	<u>902,211</u>	<u>35,171,997</u>	<u>391,259</u>	<u>(484,981)</u>	<u>48,512,478</u>
Net Assets - Ending			<u>\$ 5,195,066</u>	<u>\$ 346,491</u>	<u>\$ 7,171,678</u>	<u>\$ 872,767</u>	<u>\$ 35,023,593</u>	<u>\$ 498,617</u>	<u>\$ (482,917)</u>	<u>\$ 48,625,295</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 of America (GAAP) as applicable to government 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 GASB Statements through No. 58. The significant policies of the City are described below.

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. WPC is reflected as a blended component unit in the accompanying financial statements.

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.

Christina Gateway Corporation offer 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 a significant influence over programs, projects, and activities of the Corporation.

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.

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 Economic Development Corporation (WEDCO) is a separate legal entity, developed to assist the City in establishing economic development. The City funds a portion of WEDCO's operating expenditures. The City has a significant influence over programs, projects, and activities of the Corporation. A majority of the officers and directors are appointed by the Mayor.

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 yearend.

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

Wilmington Economic Development Corporation
100 West 10th Street
Wilmington, Delaware 19801

Wilmington Parking Authority
625 North Orange 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

Wilmington Downtown Business Improvement District
409 Orange Street
Wilmington, Delaware 19801

Riverfront Wilmington Business Improvement District
800 South Madison Street
Wilmington, Delaware 19805

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, 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, 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 assets 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 assets 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.

Effective July 1, 2001, the City adopted the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," as modified by GASB Statement No. 37. In 2006 the City implemented the GASB 34 requirement of reporting bridges, roads and infrastructure as capital assets.

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. Agency funds report only assets and liabilities as they do not have a measurement focus, but do use the accrual basis of accounting.

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 2010 include property taxes levied principally on July 1, 2009, and collected prior to September 1, 2010. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants 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 special revenue fund, is used to account for a funding of the City's efforts to assure affordable housing in the City of Wilmington.

The Economic Strategic Fund, a special revenue fund, is used to account for the City's economic incentives to attract employers to the City and certain capital and operating economic development activities.

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 Fund Types.

The City reports the following major enterprise fund:

The Water and Sewer Fund reports City water and sewer utility operations 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.

Agency Funds account for housing related escrow, loans, and other assets held by the City in a custodial capacity (assets equal liabilities) and do not present results of operations or have a measurement focus.

All governmental and business-type activities and enterprise funds of the City follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 assets), 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 are stated at fair value. 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 Assets 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.

Inventories and Prepaid Items

Inventories are valued at cost using the perpetual method. The inventory is maintained for gasoline in the Motor Vehicle Fund. 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 & Signals	20 - 35
Buildings	50 - 60
Utility Plants and Lines	50 - 60
Machinery and Equipment	10 - 15
Vehicles	5 - 10

Deferred Revenue

Deferred revenue consists of revenues that have not met all requirements of revenue recognition. Deferred 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. In the fund financial statements, deferred revenue includes property taxes that are not available resources.

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and 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. Bond issuance costs are reported as deferred items and amortized over the term of the related debt.

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.

Self-Insurance

The City is exposed to various risks of losses relating to general, automotive, police professional, public officials, a portion of property and casualty claims, workers' compensation, and employee health and accident claims. It is the policy of the City not to purchase commercial insurance to cover these risks because of its prohibitive cost. Instead, the City covers these claim settlements and judgments through Internal Service Funds.

The City does maintain commercial insurance coverage for property, special event, and certain other insurable losses. There has been no change in coverage during the past year. There has been no loss above insurance limits during the last three years.

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, 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 Assets and Fund Equity

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Assets are classified as "Invested in Capital Assets, Net of Related Debt," legally "Restricted" for a specific purpose, or "Unrestricted" and available for appropriation for the general purposes of the fund.

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** – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This included the Budget Reserve Account.
- Assigned** – Amounts that are designated as committed 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.

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, 2010, included the General Fund and non-major funds included on page 96. 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, Housing Strategic, and Economic Strategic Funds 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 schedules section of this report. More detailed information on the budgeting process is included on pages 84 and 85.

B. Expenditures Over Appropriations

During the year ended June 30, 2010, expenditures of the Police department of the General Fund exceeded budget by \$3,238,843 primarily due to overtime, compensatory payments, and risk management charges. There was a transfer of \$302,160 to the Cable TV Fund in accordance with the City Code, a transfer of \$89,156 to a public safety program in the Special Revenue Fund funded by the Mayor's contingency funds, and a transfer of \$606,627 to the emergency snow removal program in the Special Revenue Fund to cover unreimbursed costs and the matching funds required by a FEMA grant. 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.

	<u>Primary Government</u>	<u>Pension Funds</u>	<u>Discretely Presented Component Units</u>
<u>Deposits</u>			
Insured Deposits (FDIC)	\$ 365,980	\$ 638,126	\$ 1,480,947
Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name	3,536,497	709,159	565,106
Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name	44,483,446	12,572,723	1,600,342
Uninsured and Uncollateralized	<u>-</u>	<u>-</u>	<u>2,416,342</u>
Total Deposits	<u>\$ 48,385,923</u>	<u>\$ 13,920,008</u>	<u>\$ 6,062,737</u>
<u>Investments</u>			
Repurchase Agreements	\$ -	\$ -	\$ 1,303,868
Money Market Mutual Funds	198,098	6,234,738	-
U.S. Government Obligations	212,057	14,754,675	6,577,917
U.S. Agencies - Government Guaranteed	-	38,875	-
U.S. Agencies - Other	-	18,329,655	5,513,583
Corporate Bonds	-	22,395,939	1,587,642
Stock Equities	-	79,311,298	-
Mutual Funds	<u>4,586,368</u>	<u>198,668</u>	<u>-</u>
Total Investments	<u>\$ 4,996,523</u>	<u>\$ 141,263,848</u>	<u>\$ 14,983,010</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

Fiduciary Funds - Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. 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, 2010, the portfolio included \$18,329,655 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, 2010.

<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	\$ 14,754,675	\$ 1,941,325	\$ 7,094,414	\$ 5,718,936	\$ -	\$ -
U.S. Govt. Agencies - Guaranteed	38,875	-	-	-	38,875	-
U.S. Govt. Agencies - Other	18,329,655	2,025,344	6,647,251	7,300,041	368,772	1,988,247
Corporate Bonds	22,395,939	2,625,518	15,264,950	4,505,471	-	-
Total	<u>\$ 55,519,144</u>	<u>\$ 6,592,187</u>	<u>\$29,006,615</u>	<u>\$ 17,524,448</u>	<u>\$ 407,647</u>	<u>\$ 1,988,247</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, 2010, the Benefit Trust Funds fixed income and short-term investments had the following risk characteristics.

<u>Moody's Ratings or Comparable</u>	<u>Percent of</u>	
	<u>Trust Funds</u>	<u>Market Value</u>
Baa and higher	14.26%	\$ 22,395,939
Government	21.09%	33,123,205
	<u>35.35%</u>	<u>\$ 55,519,144</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, 2010, there were no investments with a fair value in excess of 5% of the Funds' net assets 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:

<u>Currency</u>	Fair Value in	
	U.S. Dollars	Equities
Australian Dollars	\$ 901,219	\$ 901,219
Brazilian Real	663,308	663,308
British Pounds	1,199,190	1,199,190
Euros	4,113,304	4,113,304
Hong Kong Dollar	44,900	44,900
Japanese Yen	1,043,537	1,043,537
Swiss Francs	1,463,140	1,463,140
Thailand Baht	<u>114,767</u>	<u>114,767</u>
Total in Foreign Denominated Investments	<u>\$ 9,543,365</u>	<u>\$ 9,543,365</u>

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 6.3 %.

Investment Commitments at June 30, 2010

The Pension Funds had no investment commitments at June 30, 2010.

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

	Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents	\$ 48,385,923	\$ 13,920,008	\$ 6,062,737
Investments	<u>4,996,523</u>	<u>141,263,848</u>	<u>14,983,010</u>
	<u>\$ 53,382,446</u>	<u>\$ 155,183,856</u>	<u>\$ 21,045,747</u>
Unrestricted	\$ 24,336,545	\$ -	\$ 19,157,611
Restricted	29,045,901	-	1,888,136
Fiduciary Funds	<u>-</u>	<u>155,183,856</u>	<u>-</u>
	<u>\$ 53,382,446</u>	<u>\$ 155,183,856</u>	<u>\$ 21,045,747</u>

Restricted Cash and Investments

At June 30, 2010, the City had \$4,996,523 of investments in a non-major special revenue fund. These are shown as permanently restricted assets in the Statement of Net Assets as they are in separate accounts within a blended component unit and are available only for park operations.

The City also had \$24,049,378 in temporarily restricted cash at June 30, 2010. This components were: \$1,981,250 related to Water and Sewer Fund contractual requirements, and \$22,068,128 related to unspent proceeds of bond offerings (\$8,658,118 in the Water and Sewer Fund, \$12,202,405 in the Capital Projects Fund, \$862,400 in the Economic Strategic Fund, and \$345,205 in the Data Processing 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 in the assets being separately presented in the two funds but had no effect on total net assets.

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>Economic Strategic</u>	<u>Non-Major Funds</u>	<u>Total Governmental</u>	<u>Water and Sewer</u>
Receivables:					
Property Taxes	\$ 2,514,896	\$ -	\$ -	\$ 2,514,896	\$ -
Wage Taxes	9,077,103	-	-	9,077,103	-
Parking & Redlight Citations	17,605,208	-	-	17,605,208	-
Business Licenses	2,840,180	-	-	2,840,180	-
Signs and Licenses	3,759,425	-	-	3,759,425	-
Other	289,902	23,000	306,035	618,937	-
Utility Billings	-	-	-	-	18,890,473
Notes - Current	421,738	-	-	421,738	-
Notes - Noncurrent	7,424,492	-	-	7,424,492	-
Gross Receivables	43,932,944	23,000	306,035	44,261,979	18,890,473
Less: Allowance for Uncollectibles	(18,245,340)	-	-	(18,245,340)	(2,809,558)
Net Total Receivables	\$ 25,687,604	\$ 23,000	\$ 306,035	\$ 26,016,639	\$ 16,080,915

Internal Service Fund receivables amounting to \$5,405 are included in Governmental Activities receivables in the Statement of Net Assets. Revenues of the Water and Sewer Fund are reported net of the change in uncollectible amounts; the change in 2010 decreased revenues by \$419,999.

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>Wilmington Economic Development Corporation</u>	<u>Other Component Units</u>	<u>Total</u>
Receivables:						
Accounts	\$ -	\$ -	\$ 45,151	\$ -	\$ 270,828	\$ 315,979
Mortgages and Loans	2,150,000	4,105,538	537,670	481,350	-	7,274,558
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,277)</u>	<u>-</u>	<u>(208,277)</u>
Net Total Receivables	<u>\$ 2,150,000</u>	<u>\$ 4,105,538</u>	<u>\$ 582,821</u>	<u>\$ 273,073</u>	<u>\$ 270,828</u>	<u>\$ 7,382,260</u>

5. Notes Receivable**A. 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, 2010, in the amount of \$7,846,230 is included in the government-wide statement of net assets 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.

In August 2007 the City of Wilmington provided a line of construction funding to the Wilmington Housing Partnership Corporation up to a maximum of \$2,000,000 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, 2010, in the amount of \$200,000 is included in the government-wide statement of net assets 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 a non-major governmental fund.

6. Capital Assets**A. Primary Government**

The capital asset activity for Governmental Activities for the year ended June 30, 2010 was as follows:

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 24,090,181	\$ -	\$ -	\$ 24,090,181
Art	1,183,107	-	-	1,183,107
Construction-In-Progress	<u>2,749,965</u>	<u>1,245,135</u>	<u>(640,868)</u>	<u>3,354,232</u>
Total Capital Assets not being Depreciated	<u>28,023,253</u>	<u>1,245,135</u>	<u>(640,868)</u>	<u>28,627,520</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	67,352,922	1,299,219	(549,566)	68,102,575
Parks and Recreation Facilities	24,464,661	1,694,088	-	26,158,749
Streets and Street Signals	110,178,073	4,294,714	(2,512,894)	111,959,893
Vehicles, Equipment and Other Assets	<u>44,127,427</u>	<u>5,944,780</u>	<u>(1,223,654)</u>	<u>48,848,553</u>
Total Capital Assets Being Depreciated	<u>246,123,083</u>	<u>13,232,801</u>	<u>(4,286,114)</u>	<u>255,069,770</u>
Less Accumulated Depreciation For:				
Buildings	(15,727,573)	(1,734,235)	549,566	(16,912,242)
Parks and Recreation Facilities	(13,664,639)	(647,004)	-	(14,311,643)
Streets and Street Signals	(40,120,219)	(3,458,683)	2,512,894	(41,066,008)
Vehicles, Equipment and Other Assets	<u>(23,427,687)</u>	<u>(3,642,523)</u>	<u>1,151,614</u>	<u>(25,918,596)</u>
Total Accumulated Depreciation	<u>(92,940,118)</u>	<u>(9,482,445)</u>	<u>4,214,074</u>	<u>(98,208,489)</u>
Total Capital Assets Being Depreciated, Net	<u>153,182,965</u>	<u>3,750,356</u>	<u>(72,040)</u>	<u>156,861,281</u>
Govrnmental Activities Capital Assets, Net	<u>\$ 181,206,218</u>	<u>\$ 4,995,491</u>	<u>\$ (712,908)</u>	<u>\$ 185,488,801</u>

The capital asset activity for Business-type Activities for the year ended June 30, 2010 was as follows:

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 3,656,612	\$ -	\$ -	\$ 3,656,612
Construction-In-Progress	15,021,014	22,232,907	(20,777,579)	16,476,342
Total Capital Assets not being Depreciated	<u>18,677,626</u>	<u>22,232,907</u>	<u>(20,777,579)</u>	<u>20,132,954</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	7,946,311	10,632,202	-	18,578,513
Reservoirs and Water Filter Facilities	91,452,825	1,148,136	-	92,600,961
Water Lines	43,531,436	5,391,045	(213,013)	48,709,468
Wastewater Pump and Treatment Facilities	140,187,224	-	-	140,187,224
Sewer Lines	18,390,546	3,606,196	(49,664)	21,947,078
Total Capital Assets Being Depreciated	<u>301,508,342</u>	<u>20,777,579</u>	<u>(262,677)</u>	<u>322,023,244</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(397,316)	(289,967)	-	(687,283)
Reservoirs and Water Filter Facilities	(18,348,768)	(1,525,116)	-	(19,873,884)
Water Lines	(12,768,135)	(1,397,486)	213,013	(13,952,608)
Wastewater Pump and Treatment Facilities	(65,030,307)	(2,803,968)	-	(67,834,275)
Sewer Lines	(3,943,267)	(403,376)	49,664	(4,296,979)
Total Accumulated Depreciation	<u>(100,487,793)</u>	<u>(6,419,913)</u>	<u>262,677</u>	<u>(106,645,029)</u>
Total Capital Assets Being Depreciated, Net	<u>201,020,549</u>	<u>14,357,666</u>	<u>-</u>	<u>215,378,215</u>
Govrnmental Activities Capital Assets, Net	<u>\$ 219,698,175</u>	<u>\$ 36,590,573</u>	<u>\$ (20,777,579)</u>	<u>\$ 235,511,169</u>

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

Governmental Activities

General Government	\$ 1,362,840
Real Estate and Housing	565,360
Public Works	4,864,584
Parks and Recreation	1,009,138
Public Safety	<u>1,680,523</u>

Total Depreciation Expense - Governmental Activities \$ 9,482,445

Business-type Activities

Water/Sewer	<u>\$ 6,419,913</u>
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Total Depreciation Expense - Business-type Activities \$ 6,419,913

Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2010. 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	\$ 23,039,120	\$ 18,205,642
Reservoirs & Other Water and Wastewater Projects	<u>48,292,383</u>	<u>41,220,728</u>
Total	<u>\$ 71,331,503</u>	<u>\$ 59,426,370</u>

B. Component Units

Capital asset activity for the City's component units for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 19,615,468	\$ -	\$ (4,321)	\$ 19,611,147
Construction-In-Progress	<u>914,553</u>	<u>791,347</u>	<u>(6,800)</u>	<u>1,699,100</u>
Total Capital Assets Not Being Depreciated	<u>20,530,021</u>	<u>791,347</u>	<u>(11,121)</u>	<u>21,310,247</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	62,358,076	178,978	(2,281,796)	60,255,258
Machinery and Equipment	3,750,614	133,081	-	3,883,695
Vehicles & Other Assets	<u>216,721</u>	<u>13,798</u>	<u>-</u>	<u>230,519</u>
Total Capital Assets Being Depreciated	<u>66,325,411</u>	<u>325,857</u>	<u>(2,281,796)</u>	<u>64,369,472</u>
Less Accumulated Depreciation For:				
Buildings	(27,935,488)	(1,727,472)	827,561	(28,835,399)
Machinery and Equipment	(1,881,583)	(388,846)	-	(2,270,429)
Vehicles & Other Assets	<u>(106,640)</u>	<u>(7,223)</u>	<u>-</u>	<u>(113,863)</u>
Total Capital Assets Being Depreciated, Net	<u>36,401,700</u>	<u>(1,797,684)</u>	<u>(1,454,235)</u>	<u>33,149,781</u>
Capital Assets, Net	<u>\$ 56,931,721</u>	<u>\$ (1,006,337)</u>	<u>\$ (1,465,356)</u>	<u>\$ 54,460,028</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 Water and Sewer Fund has 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 \$15,000,000 at June 30, 2010 financed capital construction that was previously financed from working capital. The Advances are payable in various amounts in fiscal years 2011 through 2017 with 1% interest. The \$2,000,000 payable in fiscal 2011 is accounted for as Due from Other Funds and the remainder is shown as Advances Due from Other Funds.

The General Fund is owed \$10,508,968 by the Water and Sewer Fund at June 30, 2010. The entire amount is shown as an Advance to Other Funds as the majority arises from capital construction and there is no specific repayment agreement in place; management intends that this Advance be repaid as soon as possible and has included repayment as a consideration in the establishment of water and sewer rates for fiscal year 2011.

The composition of interfund balances as of June 30, 2010, is as follows.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 3,704,727
	Internal Service Funds	6,278,113
	Advance to the Enterprise Fund	10,508,968
Internal Service Funds	Advance to the Enterprise Fund	15,010,274
Total		<u>\$ 35,502,082</u>

During FY 2010, transfers from the General Fund included: a budgeted transfer of \$89,156 to a public safety program in the Special Revenue Fund from the Mayor's contingency funds, an unbudgeted transfer of \$606,627 to the emergency snow removal program in the Special Revenue Fund to cover unreimbursed costs and the matching funds required by a FEMA grant, and \$302,160 transferred to the Cable TV Fund in accordance with the City Code. Also during FY2010, the Housing Strategic Fund transferred \$500,000 to the Special Revenue Fund to support the partially federally funded Prestwyck Townhouse construction project.

8. Line of Credit

On July 31, 2007, the City entered into a Line of Credit with JP Morgan Chase Bank in the amount of \$4,000,000 with an expiration (due) date of July 31, 2010. 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 \$2,000,000 to the Wilmington Housing Partnership (See Note 5) and will also enable 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 the Adjusted London Interbank Offered Rate (LIBOR) plus 0.25%; the interest rate at June 30 was 3.25%. The line of credit is classified as an other liability in the Special Projects Fund. An analysis of the activity of the credit line is presented below:

	<u>Beginning Fiscal Year Liability</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Fiscal Year Liability</u>
2009 - 2010	\$ 3,500,000	-	\$ (3,000,000)	\$ 500,000

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, 2010. \$15,500,000 of the governmental activities bond payable due within one year is a BAN (Bond Anticipation Note) that management intends to refinance into long-term government obligation bonds.

	Balance			Balance	Due Within
	June 30, 2009	Additions	Reductions	June 30, 2010	One Year
Governmental Activities:					
Bonds Payable	\$ 120,712,681	\$ 36,205,567	\$ (36,654,308)	\$ 120,263,940	\$ 18,365,054
Less: Deferred Amounts					
Premium on Debts Issued	3,279,617	3,107,119	(404,466)	5,982,270	698,133
Gain on Refunding	(1,696,076)	(1,608,911)	358,870	(2,946,117)	(457,130)
Total Bonds Payable	122,296,222	37,703,775	(36,699,904)	123,300,093	18,606,057
Capital Leases	1,203,743	4,209,304	(795,442)	4,617,605	1,245,577
Insurance Claims Payable	14,186,515	20,487,687	(18,729,102)	15,945,100	5,721,100
Compensated Absences	7,813,168	5,610,571	(5,138,206)	8,285,533	5,610,571
Other Post Employment Benefits Payable	4,958,871	3,925,759	-	8,884,630	-
Governmental Activity Long-Term Liabilities	<u>\$ 150,458,519</u>	<u>\$ 71,937,096</u>	<u>\$ (61,362,654)</u>	<u>\$ 161,032,961</u>	<u>\$ 31,183,305</u>
Business-type Activities:					
Bonds Payable	\$ 126,216,257	\$ 28,998,504	\$ (23,152,946)	\$ 132,061,815	\$ 4,152,401
Less: Deferred Amounts					
Premium on Debts Issued	3,152,008	1,930,581	(312,530)	4,770,059	474,432
Gain on Refunding	(955,775)	(1,284,363)	534,972	(1,705,166)	(250,967)
Total Bonds Payable	128,412,490	29,644,722	(22,930,504)	135,126,708	4,375,866
Capital Leases	1,470,834	-	(1,119,791)	351,043	351,043
Compensated Absences	558,139	578,770	(611,624)	525,285	525,285
Business-type Activity Long-Term Liabilities	<u>\$ 130,441,463</u>	<u>\$ 30,223,492</u>	<u>\$ (24,661,919)</u>	<u>\$ 136,003,036</u>	<u>\$ 5,252,194</u>
Discretely Presented Component Units					
Rock Manor Golf Corporation	\$ 2,132,235	\$ -	\$ -	\$ 2,132,235	\$ -
Wilmington Economic Development Corporation	1,550,000	-	(1,550,000)	-	-
Wilmington Parking Authority	30,191,143	-	(2,380,657)	27,810,486	2,274,018
Christiana Gateway Corporation	100,000	-	(100,000)	-	-
Downtown Visions	781,860	38,771	-	820,631	47,229
Riverfront Business Improvement District	591,852	-	(52,023)	539,829	50,000
Component Units Long-Term Liabilities	<u>\$ 35,347,090</u>	<u>\$ 38,771</u>	<u>\$ (4,082,680)</u>	<u>\$ 31,303,181</u>	<u>\$ 2,371,247</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 assets, bonds issued on behalf of the Port of Wilmington are payable from payments made to the City by the State of Delaware as bonds 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 \$ 11,479,884 in 2010 were within the statutory debt limit of \$ 14,336,321.

The following is a summary of general obligation bonds outstanding as of June 30, 2010:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2010
1993/2022	\$ 68,305,000	Series of 1993B	3.9% - 5.1%	\$ 720,000
1993/2013	1,938,000	Series of 1993 - WPA	4.50%	537,670
1993/2016	20,000,000	Series of 1993 - DNREC	3.25%	7,740,337
2001/2012	22,165,000	Series of 2001	3.25% - 5.0%	1,715,000
2002/2023	34,780,000	Series of 2002	4.0% - 5.375%	1,590,000
2002/2025	11,000,000	Series of 2002 - DDWSRF	2.96%	9,543,194
2004/2022	12,945,000	Series of 2004B	2.0% -4.2%	2,305,000
2005/2016	18,785,000	Series of 2005	3.0% - 5.0%	12,200,000
2005/2028	13,700,000	Series of 2005C - DNREC (Only \$13,463,586 drawn at June 30, 2010)	2.370%	13,463,586
2006/2025	46,465,000	Series of 2006A	3.25% - 5.0%	39,680,000
2006/2025	46,510,000	Series of 2007A	4.0% - 5.0%	38,585,000
2007/2028	3,795,000	Series of 2006 - DDWSRF (Only \$2,081,866 drawn at June 30, 2010)	2.50%	2,081,866
2007/2028	3,185,000	Series of 2007 - DDWSRF (All \$3,185,000 drawn at June 30, 2010)	2.69%	3,185,000
2008/2028	75,215,000	Series of 2008A	3.0% - 5.0%	53,955,000
2009/2031	18,975,000	Series of 2008 SRF (Only \$795,981 drawn at June 30, 2010)	2.92%	795,981
2009/2031	5,000,000	Series of 2008B SRF (Only \$805,688 drawn at June 30, 2010)	2.92%	805,688
2009/2011	15,500,000	Series of 2009B - Bond Anticipation Note (Only \$10,886,436 drawn at June 30, 2010)	4.50%	10,886,436
2009/2031	8,900,000	Series of 2009 ARRA/SRF (Only \$5,190,997 drawn at June 30, 2010)	3.24%	5,190,997
2010/2025	43,490,000	Series of 2010 A	2.25% - 5.0%	43,490,000
2010/2025	3,855,000	Series of 2010 B	1.1% - 1.77%	3,855,000
Total General Obligation Bonds Payable				\$ 252,325,755

Primary Government

On September 16, 2005, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) for an amount not to exceed \$13,700,000. The net loan proceeds supplement an earlier 2002 loan for the costs associated with the City's Cool Spring Reservoir project; the 2002 loan was fully utilized before draws began on the 2005 loan. A final loan closing will occur at the end of the project. Cash draws against the loans will be made periodically; as of June 30, \$13,463,586 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.37%. Payments are due every six months, with a final payment due April 30, 2028. The loan is recorded in the Water and Sewer Fund.

On December 22, 2006, 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 \$2,548,501. Coincident with this loan, the City also entered into a General Obligation Financing agreement with 21st Century Fund Drinking Water Management Account acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$1,246,499. At the request of the State, the full loan is now through the Revolving Fund (DDWSRF). The net loan proceeds supplement other funding for the costs associated with the City's Porter Filter Plant upgrade project. Cash draws against the loans will be made periodically; as of June 30, \$2,081,866 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.5%. Payments are due every six months, with final payments due July 31, 2028. The loan is recorded in the Water and Sewer Fund.

On March 30, 2007, 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 \$3,185,000. The net loan proceeds supplement other funding for the costs associated with the City's water main upgrade projects. Cash draws against the loan have been made periodically; as of June 30, the full amount had been drawn down. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.69%. Payments are due every six months, with final payments due July 31, 2028. The loan is recorded in the Water and Sewer Fund.

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, \$795,981 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.92%. Payments are due every six months, with final payments due March 1, 2031. The loan is recorded in the Water and Sewer Fund.

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 \$5,000,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water mains. Cash draws against the loans will be made periodically; as of June 30, \$805,688 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.92%. Payments are due every six months, with final payments due March 1, 2031. The loan is recorded in the Water and Sewer Fund.

On May 22, 2009, the City issued \$15,500,000 of General Obligation Bond Anticipation Notes, Series of 2009B. The Notes were issued to a local bank, draws will be requested as needed, mature on June 30, 2011, and bear an annual interest rate equal to 0.5% higher than the bank's commercial interest rate. The proceeds of the Notes will be used to fund infrastructure and improvements by owners of buildings in the Downtown Market Street area under a program known as the Upstairs District Improvement Fund. The Fund in essence makes grants as "gap" funding to qualifying owners; if the owners do not fulfill the terms of the grant for a specified period, all or part of the funds must be returned to the City. These notes are taxable under IRS regulations. The amount outstanding at June 30, 2010, is \$10,886,436 at an interest rate of 4.5%. The loan activity is recorded in the Economic Strategic Fund.

On June 9, 2009, the City entered into a General Obligation Financing agreement from funds available from the federal American Recovery and Reinvestment Act of 2009 acting through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$8,900,000. Cash draws against the loans will be made periodically; as of June 30, \$5,190,997 was outstanding. The net loan proceeds will supplement other funding for the costs associated with the City's water distribution system and Green project related to energy conservation. A portion of the loan will be forgiven under the provisions of the Act; the City anticipates 50% of the loan to be forgiven. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 3.24%. Payments are due every six months, with final payments due May 1, 2031. The loan is recorded in the Water and Sewer Fund.

On April 14, 2010, the City issued \$43,490,000 of General Obligation Bonds, Series of 2010A and \$3,855,000 of General Obligation Bonds, Taxable Series of 2010 B. The bonds mature in varying amounts between December 1, 2010 and December 1, 2025, and bear interest rates between 2.25% and 5.0% (Series A) and 1.10% and 1.77% (Series B). The net proceeds of the bonds were used to partially advance refund the City's General Obligation Bonds Series of 1993, 2002, 2004, 2005, 2006A-1&2, and 2008A.

The City has entered into General Obligation Financing agreements with the Delaware Clean Water State Revolving Fund acting through the Delaware Department of Natural Resources and Environmental Control, Division of Water Resources, but loan amounts have not yet 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 the project. The loan bears an interest rate based on the Fund's current 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 DCWSRF agreement dated March 9, 2010, for an amount not to exceed \$2,800,000 is related to costs associated with upgrades to the City's wastewater treatment plant.

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

Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 18,365,054	\$ 5,812,302	\$ 4,152,401	\$ 6,109,380
2012	6,088,311	4,836,601	6,831,341	5,858,967
2013	7,628,367	4,443,720	6,598,040	5,766,921
2014	6,280,131	4,213,622	8,257,527	5,560,991
2015	6,235,546	3,921,340	8,481,651	5,276,370
2016-2020	30,705,708	15,433,812	42,919,016	21,216,333
2021-2025	33,065,420	8,179,860	51,706,546	11,640,519
2026-2030	16,508,967	1,072,819	30,566,749	1,943,193
2031-2035	-	-	580,427	11,742
	124,877,504	\$ 47,914,076	160,093,698	\$ 63,384,416
Less: Funds Not Drawn	(4,613,564)		(28,031,883)	
Total	\$ 120,263,940		\$ 132,061,815	

Fiscal Year 2011 includes \$15,500,000 of BAN funding in Governmental Activities that management intends to refinance into long-term general obligation bonds.

Component Units

Annual debt service requirements to maturity for component units are as follows:

Year Ending June 30	Component Units' Debt Service Schedule							
	Rock Manor Golf Course Corporation		Wilmington Parking Authority		Downtown Visions		Riverfront Business Improvement District	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ -	\$ 61,195	\$ 2,274,018	\$ 1,193,960	\$ 47,229	\$ -	\$ 50,000	\$ -
2012	29,384	61,020	2,154,248	1,112,783	40,841	-	50,000	-
2013	60,047	59,566	2,239,248	1,025,838	37,204	-	50,000	-
2014	61,793	57,820	2,349,248	922,606	31,975	-	50,000	-
2015	63,590	56,023	2,464,248	802,269	23,532	-	50,000	-
2016-2020	1,917,421	22,800	4,594,667	2,935,275	606,450	-	250,000	-
2021-2025	-	-	3,104,598	2,304,825	-	-	39,829	-
2026-2030	-	-	3,849,598	1,572,594	-	-	-	-
2031-2035	-	-	4,780,613	647,281	-	-	-	-
Total	\$ 2,132,235	\$ 318,424	\$ 27,810,486	\$ 12,517,431	\$ 787,231	\$ -	\$ 539,829	\$ -

C. Prior-Year Defeasance of Debt

In 2010 the City defeased part of its series 1993, 2002, 2004, 2005, 2006A-1&2, 2007A, and 2008A 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. At June 30, 2010, \$59,085,000 of City of Wilmington bonds outstanding from this and a prior defeasement are considered defeased. An economic gain was realized on the transaction; the savings resulting from the transaction were calculated as:

Cash flow requirements of debt service on the old debt	\$ 70,010,453
Cash flow requirements of debt service on the new debt	<u>68,884,417</u>
Net savings from refunding	<u>\$ 1,126,036</u>

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, 2010, six issues with debt of \$47,259,114 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. The City records these transactions as capital leases and capital purchases of motor vehicles through its Motor Vehicle Fund (an internal service fund) and water meters through the Water/Sewer Fund. As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net assets. At June 30, 2010, the City has \$1,560,000 of water meters and \$6,549,303 of motor vehicles under lease with accumulated depreciation of \$364,000 and \$1,684,347, respectively.

As of June 30, 2010, payments under these capital leases are as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Motor Vehicle</u>	<u>Water/ Sewer</u>	<u>Downtown Visions</u>
2011	\$ 1,357,011	\$ 364,178	\$ 16,002
2012	901,046	-	16,002
2013	901,046	-	6,667
2014	901,046	-	-
2014	901,046	-	-
2016	90,234	-	-
Total Minimum Lease Payments	5,051,429	364,178	38,671
Less: Amount Representing Interest	(433,824)	(13,135)	(5,271)
Present Value of Lease Payments	<u>\$ 4,617,605</u>	<u>\$ 351,043</u>	<u>\$ 33,400</u>

B. Capital Lease – Lessee – Component Unit

Downtown Visions has an equipment lease expiring in November 2012. The present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net assets. At June 30, 2010, Downtown Visions has \$62,625 of street equipment under lease with accumulated depreciation of \$28,181.

As of June 30, 2010, payments under these capital leases are as noted in the above schedule.

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 2010 was \$141,467. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2010:

<u>Year Ending June 30</u>	<u>Wilmington Parking Authority</u>
2011	\$ 129,622
2012	102,135
2013	105,018
2014	30,936
2015	6,000
2015 and thereafter	<u>400,000</u>
Total Minimum Future Rental Income	<u>\$ 773,711</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	\$ 3,728,738	
Permits and Other Revenues	5,923,281	
Revenue on Notes Receivable	<u>7,846,230</u>	
	\$ 17,498,249	\$ -
<u>Unearned Revenues</u>		
Capital Project Fund		
Unearned grant revenue	989,448	989,448
Economic Strategic Fund		
Unearned grant revenue	23,000	23,000
Non-Major Funds		
Unearned grant revenues		
Park Recreation Assistance	349,687	349,687
Delaware Criminal Justice Planning	14,372	14,372
Special Project	<u>1,271,091</u>	<u>1,271,091</u>
	<u>1,635,150</u>	<u>1,635,150</u>
Total	<u>\$ 20,145,847</u>	<u>\$ 2,647,598</u>
Water & Sewer Fund		
Unearned service charges		<u>\$ 2,777,352</u>

12. Fund Balance

In 2009 the City adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. 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, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the Budget Reserve Account.

Assigned – Amounts that are designated as committed 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.

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 \$5,774,119 at June 30, 2010. The \$10,508,968 Due from the Water and Sewer Fund has been classified as 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 \$14,761,419. 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 \$147,614,190 of FY2011 expenditures budgeted as of the end of June 30, 2010.

Other Major Funds

The Capital Project Fund has Restricted Funds of \$9,486,243 at June 30, 2010 consisting primarily of unspent bond funds. The Housing Strategic Fund has Committed Funds of \$3,603,392 to fulfill the City's affordable housing programs. The Economic Strategic Fund had Restricted Funds of \$1,270,669 primarily consisting of unspent bond funds used for infrastructure incentives and Committed Funds of \$8,124,949 to fulfill the City's economic incentive programs.

Other Funds

The following fund has a Restricted Fund Balance designated for specific purposes:

Non-major Fund	Wilmington Park	Park Maintenance	\$ 4,970,647
	Trust Commission	(blended component)	

The Special Revenue Funds report Committed Fund Balances of \$874,627 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, police professional liability, and public officials' 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 Fiscal Year	Claims and Changes in Estimates	Claim Payments	Ending Liability Fiscal Year
2008 - 2009	\$ 6,714,824	\$ 566,027	\$ (2,387,378)	\$ 4,893,473
2009 - 2010	4,893,473	3,871,638	(2,151,215)	6,613,896

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, a law significantly changed during 2007. 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 80%. An analysis of claims liabilities recorded in the Workers' Compensation Fund is presented below:

	Beginning Liability Fiscal Year	Claims and Changes in Estimates	Claim Payments	Ending Liability Fiscal Year
2008 - 2009	\$ 8,267,958	\$ 2,285,453	\$ (2,844,011)	\$ 7,709,400
2009 - 2010	7,709,400	3,408,759	(2,678,420)	8,439,739

C. Health Insurance

The City is also self-insured under an employee health and welfare plan administered by Blue Cross/Blue Shield of Delaware. 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 Fiscal Year	Claims and Changes in Estimates	Claim Payments	Ending Liability Fiscal Year
2008 - 2009	\$ 865,818	\$ 14,663,260	\$ (13,945,466)	\$ 1,583,612
2009 - 2010	1,583,612	13,207,290	(13,899,437)	891,465

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 has been identified as a potentially responsible party along with two other parties for environmental liabilities related to the contamination of Fox Point Park. Legal counsel has informed management that total cleanup costs for all responsible parties, is roughly estimated to be \$7.9 million. The three potentially responsible parties are jointly and severally liable for the cleanup costs. However, it is also possible that the State of Delaware, which is conducting the cleanup, may not require a full payment, and the amount for which the City may ultimately be responsible is not yet determinable. Management does not believe that the City's ultimate liability will have a material effect on the City's financial position.

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 case will not have a material adverse effect on the City's financial position.

The City was also required by Delaware Department of Natural Resources and Environmental Control (DNREC) to participate in an investigation of stabilized sewage sludge from the wastewater treatment plant while on City property. Until recently, the plant's operator (Veolia) paid a subcontractor to manage the City's biosolids and the City believes that title to the sludge passed to the subcontractor. The City has appealed to the Environmental Appeals Board as it believes the responsibility rests solely with the subcontractor. Despite the appeal, the City and the subcontractor are working together toward closing the sludge lagoons. Management is of the opinion that the outcome of this case 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 and 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, 2010.



15. Pension Trust Funds – Retirement Funds**A. Primary Government****Description of the Plans**

The City of Wilmington covers substantially all full-time employees by one of its five single-employer plans, a plan of the Park Trust blended component, and Delaware's County and Municipal Police/Firefighter Pension Plan, a cost-sharing, multi-employer defined benefit pension plan discussed below. The City's current-year covered payroll and membership of the retirement plans (Park Trust is included in Plan I) and the healthcare plan (Note 16) consisted of the following:

	<u>Firefighters</u>	<u>Police</u>	<u>Non-Uniformed Plan I</u>	<u>Non-Uniformed Plan II</u>	<u>Non-Uniformed Plan III</u>	<u>Post Retirement Healthcare Benefit</u>
Number of Retirees & Beneficiaries Receiving Benefits	313	453	209	147	161	207
Number of Terminated Employees Entitled to Benefits	0	22	0	166	46	0
Number of Fully Vested, Partially Vested, & Non-Vested Active Employees	71	102	34	59	621	1126
Current Year Annual Covered Payroll	\$ 4,568,644	\$ 8,035,629	\$170,792	\$835,508	\$ 31,177,072	\$ 64,312,437

The City's current-year total payroll for all employees was \$72,793,944.

With the exception of the component units, the City Council is responsible for setting benefits and contributions and amending plan provisions. The various plans are authorized according to provisions of Chapter 39 of the City Code. The funding policy and annual pension costs are presented in a schedule on page 78 of the Notes. The pension funding status and progress is reported as Required Supplementary Information on page 81.

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, 2010, represented 95% 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, 2010, the following individual plans had cash or investments in excess of 5% of the individual plan's net assets.

<u>Plan</u>	<u>Name of Insitution</u>	<u>Investment Type</u>	<u>Amount</u>
Fire Pension	TD Bank, N.A.	Certificates of Deposit	\$ 4,402,906
Non-uniformed Plan III	TD Bank, N.A.	Certificates of Deposit	\$ 5,984,039

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 single employer 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 multi-employer plan. Detailed information and financial statements and further information for Delaware's County and Municipal Police/Firefighters Pension Plan are available in the State of Delaware Code and from the State Board of Pension Trustees and Office of Pensions, Delaware Public Employees Retirement System, McArdle Building, 860 Silver Lake Blvd., Suite 1, Dover, Delaware, 19904-2402.

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 pension 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 (Fire - \$4,727,344; Police - \$2,662,747; Plan I - \$44,382) 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, the Wilmington Park Trust Pension Fund; and the post-Retirement Healthcare Benefit Plan; accordingly, they are presented below as required by GASB Statement No. 34.

City of Wilmington
Statement of Fiduciary Net Assets
Pension Trust Funds
As of June 30, 2010

	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension	Post - Retirement Healthcare Benefit
ASSETS					
Cash and Cash Equivalents	\$ 16,874	\$ 2,831	\$ 6,520,063	\$ -	\$ 35,739
Receivables:					
Accrued Interest Receivable	20,282	38,843	107,231	-	22,486
Investments, at Fair Value:					
Money Market Mutual Funds	224,868	430,656	1,188,878	3,951	867,875
U.S. Government Obligations	587,489	1,125,133	3,106,067	-	743,516
U.S. Agencies - Government Guaranteed	1,630	3,122	8,618	-	-
U.S. Agencies - Other	708,056	1,356,036	3,743,503	-	1,443,083
Foreign Government Obligations	-	-	-	-	-
Corporate Bonds	903,071	1,729,521	4,774,553	-	858,402
Stocks	3,271,430	6,265,295	17,296,109	-	1,290,262
Other Mutual Funds	-	-	-	198,668	-
Total Investments	<u>5,696,544</u>	<u>10,909,763</u>	<u>30,117,728</u>	<u>202,619</u>	<u>5,203,138</u>
Due from Other Governments	-	-	-	-	<u>1,346,665</u>
Total Assets	<u>5,733,700</u>	<u>10,951,437</u>	<u>36,745,022</u>	<u>202,619</u>	<u>6,608,028</u>
LIABILITIES					
Accounts Payable	881	1,353	5,015	8,910	45,755
Salaries and Benefits Payable	-	-	-	-	-
Due to Other Governments	-	-	6,730,838	-	-
Compensated Absences	3,807	7,614	19,036	-	-
Liability for Stale-dated Pension Checks	<u>38,911</u>	<u>8,517</u>	<u>8,453</u>	-	-
Total Liabilities	<u>43,599</u>	<u>17,484</u>	<u>6,763,342</u>	<u>8,910</u>	<u>45,755</u>
Net Assets					
Held in Trust for Pension Benefits	<u>\$ 5,690,101</u>	<u>\$ 10,933,953</u>	<u>\$ 29,981,680</u>	<u>\$ 193,709</u>	<u>\$ 6,562,273</u>

City of Wilmington, Delaware
Changes in Fiduciary Net Assets
For the Year Ended June 30, 2010

	<u>Plan I Non- Pension</u>	<u>Plan II Non- Pension</u>	<u>Plan III Non- Pension</u>	<u>Wilmington Park Pension</u>	<u>Post - Retirement Benefit</u>
ADDITIONS					
Contributions:					
Paid Directly by the City	\$ 315,440	\$ 189,257	\$ 3,312,623	\$ 17,536	\$ 1,743,905
Paid by the State					
On-Behalf of the City	44,382	-	-	-	-
Employees	-	17,820	755,333	-	224,869
Federal Drug Subsidies & Other	-	-	14,431	-	31,920
Total Contributions	<u>359,822</u>	<u>207,077</u>	<u>4,082,387</u>	<u>17,536</u>	<u>2,000,694</u>
Investment Income					
Investment Earnings	172,621	328,838	956,876	5,116	-
Net Depreciation in Fair Value	446,375	850,328	2,355,051	22,449	345,902
Total Investment Earnings	618,996	1,179,166	3,311,927	27,565	345,902
Less: Investment Expense	(24,686)	(47,026)	(130,242)	-	-
Net Investment Income	<u>594,310</u>	<u>1,132,140</u>	<u>3,181,685</u>	<u>27,565</u>	<u>345,902</u>
Total Additions	<u>954,132</u>	<u>1,339,217</u>	<u>7,264,072</u>	<u>45,101</u>	<u>2,346,596</u>
DEDUCTIONS					
Benefits Paid	964,305	875,061	2,117,467	17,820	632,802
Administrative Expenses	49,638	85,082	213,261	3,268	46,205
Total Deductions	<u>1,013,943</u>	<u>960,143</u>	<u>2,330,728</u>	<u>21,088</u>	<u>679,007</u>
Net Increase (Decrease) in Plan Net Assets	(59,811)	379,074	4,933,344	24,013	1,667,589
Net Assets - Beginning	<u>5,749,912</u>	<u>10,554,879</u>	<u>25,048,336</u>	<u>169,696</u>	<u>4,894,684</u>
Net Assets - Ending	<u>\$ 5,690,101</u>	<u>\$ 10,933,953</u>	<u>\$ 29,981,680</u>	<u>\$ 193,709</u>	<u>\$ 6,562,273</u>

Firefighters Pension Plan (Closed)

Plan Description and Eligibility: The Firefighters Pension Plan is a single-employer defined benefit plan that covers all firefighters employed by the City of Wilmington hired before August 1, 1991. The plan is split into two benefit groups: pre-1984 and 1984. The 1984 group includes firefighters hired after June 30, 1984 and pre-July 1, 1984, firefighters who opted to participate in the new plan. The pre-1984 group includes those hired prior to July 1, 1984 and not opting for the new plan.

Service Benefits: For pre-1984 group, 50% of final salary plus 2% of final earnings for each year of credited service beyond 20 years; for 1984 group, 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 group 50% of salary and for the 1984 group 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 group, 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 group, 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 group, benefits are the same except the amounts change to a lump sum of 50%, \$50 a month per child with a maximum of \$150 per family.

The following summarized activities for the plan over the past six years:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 4,755,418	100.0%	\$ -
2006	4,584,666	100.0%	-
2007	5,317,764	100.0%	-
2008	4,962,169	100.0%	-
2009	5,023,195	100.0%	-
2010	5,040,427	100.0%	-

Police Pension Plan (Closed)

Plan Description and Eligibility: The Police Pension Plan is a single-employer defined benefit plan that covers all police officers employed by the City of Wilmington hired before August 1, 1991. The plan is split into two benefit groups: pre-1984 and 1984. The 1984 group includes police officers hired after June 30, 1984, and who previously opted to participate in the new plan. The pre-1984 group includes those hired prior to July 1, 1984, and not opting for the new plan.

Service Benefits: For the pre-1984 group, 50% of final salary plus 2% of final earnings for each year of credited service beyond 20 years; for the 1984 group, 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 group, 50% of salary and for the 1984 group 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 group, 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 group, 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 per month 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 group, benefits are the same except the amounts change to a lump sum of 50%, \$50 a month per child with a maximum of \$150 per month per family.

The following summarized activities for the plan for the past six years:

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 5,989,169	100.0%	\$ -
2006	5,813,130	100.0%	-
2007	7,594,204	100.0%	-
2008	6,679,870	100.0%	-
2009	6,626,502	100.0%	-
2010	6,550,539	100.0%	-

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.

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.

Contributions: Employee - none.
Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

The following summarized activities for the plan for the past six years:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ -	100.0%	\$ -
2006	436,685	100.0%	-
2007	490,662	100.0%	-
2008	503,792	100.0%	-
2009	355,122	100.0%	-
2010	315,440	100.0%	-

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.

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.

The following summarized activities for the plan for the past six years:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 257,768	100.0%	\$ -
2006	-	100.0%	-
2007	48,456	100.0%	-
2008	-	100.0%	-
2009	-	100.0%	-
2010	189,257	100.0%	-

Nonuniformed Employees Plan III

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.

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.

The following summarized activities for the plan for the past six years:

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 4,046,130	100.0%	\$ -
2006	1,890,483	100.0%	-
2007	2,908,438	100.0%	-
2008	2,806,748	100.0%	-
2009	2,994,895	100.0%	-
2010	3,312,623	100.0%	-

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.

Service Benefits: 1.75% of average monthly earnings multiplied by total years of service (maximum 25 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.

The following summarized activities for the plan for the past six years:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 59,852	100.0%	\$ -
2006	7,311	100.0%	-
2007	7,462	100.0%	-
2008	7,462	100.0%	-
2009	17,536	100.0%	-
2010	17,536	100.0%	-

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 Trustees. 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. Benefit provisions of the plan are established under the provisions of the State law and may be amended by an act of the State legislature. The plan provides retirement, disability, and death benefits to plan 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 publically 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.

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: 10 years of credited service.

Retirement: Normal - Age 62 with 10 years of service; age 60 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. Duty – Non-Duty – Same as Service Benefits.

Survivor Benefit: 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 – 7% of earnings in excess of \$6,000.
Employer – determined annually by 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 FY2010 was 13.82% of covered payroll. The following summarized activities for the plan for the past six years.

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 1,325,960	100.0%	\$ -
2006	1,631,263	100.0%	-
2007	1,858,712	100.0%	-
2008	2,005,109	100.0%	-
2009	2,372,977	100.0%	-
2010	2,396,872	100.0%	-

B. Component Units

The Wilmington Parking Authority has a noncontributory single-employer defined benefit pension plan covering substantially all of its employees. The annual required contribution was \$181,323 for the year ended June 30, 2010. This contribution was computed using the aggregate cost method, assuming a 7% 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 and Annual Pension Cost

The following are the annual pension costs, actuarial methods, and assumptions of the City's single employer pension plans and employer healthcare plan, and the multi-employer plan administered by the Delaware Public Employees' Retirement System.

	<u>Fire 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>Post - Retirement Healthcare Benefit</u>	<u>County & Municipal Police and Firefighters</u>
Plan Type	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Multi-Employer
Annual Required (7/1/08-6/30/09) (1)								
Contribution	\$5,040,427	\$6,550,539	\$ 359,822	\$ 189,257	\$ 3,312,623	\$ -	\$1,743,905	\$ 2,396,872
Pension Cost	\$5,040,427	\$6,550,539	\$ 359,822	\$ 189,257	\$ 3,312,623	\$ -	\$1,743,905 (5)	\$ 2,396,872
Actuarial Valuation Date	July 1, 2008	July 1, 2008	July 1, 2008	July 1, 2008	July 1, 2008	July 1, 2008	July 1, 2008	July 1, 2008
Actuarial Cost Method	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Projected Unit Cost	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Open
Remaining Amortization Period (2)	20 years	20 years	20 years	20 years	20 years	20 years	27 years	8 years
Asset Valuation Method	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market
Actuarial Assumptions								
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases	5.50% (4)	5.50% (4)	5.50% (3)	5.00% (3)	5.50% (3)	5.00% (3)	n/a	4.3%-15.7%
Includes Inflation rate of	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	n/a
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None	n/a	Ad Hoc

- (1) The actuarial valuation is done every other year. The last valuation completed was the July 1, 2008 valuation for the fiscal year ended June 30, 2008. 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.
- (2) The amortization period remaining does not include amounts paid into the Fire Pension Plan and the Police Pension Fund for the Cost-of-Living Adjustment for each plan.
- (3) For employees under 30, 5.5%; 5% thereafter.
- (4) Based on a service dependent scale.
- (5) The government-wide statements include the full pension cost as required by GASB Statement 45 on Other Post-Employment Benefits. The Water & Sewer Fund (an enterprise fund) contributes and records its pro-rata share of Annual Required Contribution. The governmental funds contribute and record only an actuarially determined amount based on the explicit subsidy cost. See further comments in Note 16 on the Post-Retirement Healthcare Benefit Fund.
- (6) 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.
- (7) The aggregate entry age actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

**16. Pension Trust Fund - Post-Retirement Healthcare Benefit Fund
(Other Post Employment Benefits – OPEB)**

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 eligible for a City pension, or retired uniformed service employees receiving a pension pursuant to the State “County and Municipal Pension” program as of January 1, 2000, and who meet certain eligibility requirements. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. 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. Eligible retirees may participate in the dental program, but the retiree pays the full premium. Separate financial statements are not issued, but are included on pages 69 and 70 of the Notes. The funding policy and annual pension cost is included in a schedule on page 78 and funding status and progress on page 81 of the Notes.

The eligible participants and membership are listed on page 67. Employer contributions recognized during 2010 were \$1,743,905 and participant contributions were \$224,869.

The City has implemented GASB No. 43 and 45 starting with the 2008 fiscal year. The City’s funding policy is for its governmental activities to fund at least the actuarial 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, 2010.

Annual OPEB Cost and Net OPEB Obligations

The City’s annual OPEB cost is calculated based on the Annual Required Contribution actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period of thirty years. Amounts “required” but not actually set aside to pay for these benefits are accumulated as part of the net OPEB obligations. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the City net OPEB obligation:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net OPEB Obligation at June 30, 2009	\$ 4,958,871	\$ 4,958,871	\$ -
Annual Required Contribution	5,107,658	4,626,404	481,254
Adjustment to Annual Required Contribution	<u>562,006</u>	<u>562,006</u>	<u>-</u>
Annual OPEB Cost	<u>5,669,664</u>	<u>5,188,410</u>	<u>481,254</u>
Less: Employer Contributions	<u>(1,743,905)</u>	<u>(1,262,651)</u>	<u>(481,254)</u>
Net OPEB Obligation at June 30, 2010	<u>\$ 8,884,630</u>	<u>\$ 8,884,630</u>	<u>\$ -</u>

The City has implemented GASB Statement 45 on Other Post-Employment Benefits (OPEB) starting with the 2008 fiscal year which is therefore considered the transition year. Required Supplementary Information on Funding Status and Progress is provided on page 81. The City’s annual OPEB cost, following summarized activities for the plan for the transition year and two succeeding years:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 3,731,022	31.5%	\$ 2,557,376
2009	3,822,091	37.2%	4,958,871
2010	5,669,664	30.8%	8,884,630

17. Subsequent Events

On July 1, 2010, the City approved the continuance of the Line of Credit detailed in Note 8 with no specific expiration date.

On October 7, 2010, the City approved the issuance of \$2,700,770 of New Clean Renewable Energy Bonds to support the construction of a solar photovoltaic system at the City's Public Works facility.

On July 28, 2010, the City used \$3,011,000 of a Tax Anticipation Note (bank credit line) established with the approval of City Council. The amount was fully repaid by September 9, 2010.

Pension Funding Status and Progress

In accordance with GASB Statements No. 27 and 45, the following required supplementary information is provided with regard to pension funding progress. The City plans have a valuation performed every two years, and the schedule presents the last three completed valuations covering six years. Information for the Pension Healthcare Fund is presented for the transition and subsequent year. The multi-year employer plan and Pension Healthcare Fund have annual valuations.

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Liability (AAL) -Entry Age (2)	Unfunded (Overfunded) AAL (2-1)	Funded Ratio (1 / 2)	Covered Payroll (5)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (2-1) / 5
Firefighters						
7/1/2004	\$ 35,988,659	\$ 78,282,035	\$ 42,293,376	46.0%	\$ 5,148,859	821.4%
7/1/2006	38,981,502	79,837,691	40,856,189	48.8%	5,251,464	778.0%
7/1/2008	45,725,133	83,260,017	37,534,884	54.9%	4,838,319	775.8%
Police						
7/1/2004	\$ 55,912,712	\$ 109,873,650	\$ 53,960,938	50.9%	\$ 8,687,536	621.2%
7/1/2006	63,439,079	119,177,885	55,738,806	53.2%	8,595,485	648.5%
7/1/2008	75,328,966	130,259,946	54,930,980	57.8%	8,385,569	655.1%
Plan I Non-Uniformed						
7/1/2004	\$ 8,845,811	\$ 11,567,327	\$ 2,721,516	76.5%	\$ 2,287,449	119.0%
7/1/2006	8,416,572	11,073,704	2,657,132	76.0%	2,011,227	132.1%
7/1/2008	8,593,765	10,218,256	1,624,491	84.1%	154,551	1051.1%
Plan II Non-Uniformed						
7/1/2004	\$ 13,777,139	\$ 8,624,587	\$ (5,152,552)	159.7%	\$ 2,694,348	-191.2%
7/1/2006	14,245,647	9,712,162	(4,533,485)	146.7%	2,801,288	-161.8%
7/1/2008	15,301,793	13,395,511	(1,906,282)	114.2%	682,296	-279.4%
Plan III Non-Uniformed						
7/1/2004	\$ 17,836,771	\$ 35,491,489	\$ 17,654,718	50.3%	\$ 19,456,448	90.7%
7/1/2006	24,803,321	49,254,247	24,450,926	50.4%	23,296,416	105.0%
7/1/2008	32,645,945	61,337,975	28,692,030	53.2%	27,715,995	103.5%
Park Trust						
7/1/2005	\$ 220,810	\$ 176,218	\$ (44,592)	125.3%	\$ 94,902	-47.0%
7/1/2007	237,371	183,067	(54,304)	129.7%	90,763	-59.8%
7/1/2009	169,696	195,116	25,420	87.0%	75,075	33.9%
Pension Healthcare						
7/1/2007	\$ 3,223,326	\$ 36,600,382	\$ 33,377,056	8.8%	\$ 58,409,524	57.1%
7/1/2008	4,916,523	50,167,044	45,250,521	9.8%	64,850,293	69.8%
Delaware's County & Municipal Police and Firefighters' Plan (multi-employer - in thousands of dollars)						
6/30/2007	\$ 87,395	\$ 89,022	\$ 1,627	98.2%	\$ 45,059	3.6%
6/30/2008	102,423	103,911	1,488	98.6%	49,328	3.0%
6/30/2009	119,712	122,573	2,861	97.7%	55,478	5.2%

A VIEW OF RODNEY SQUARE



**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.

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, 2010, 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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
MAYOR'S OFFICES				
Office of the Mayor				
Personal Services	\$ 1,372,936	\$ 1,373,636	\$ 1,429,273	\$ (55,637)
Materials, Supplies and Equipment	1,224,961	1,264,761	1,086,148	178,613
Special Purpose	1,544,117	564,040	367,395	196,645
Debt Service	1,436,400	1,436,400	540,015	896,385
Office of the Mayor	<u>5,578,414</u>	<u>4,638,837</u>	<u>3,422,831</u>	<u>1,216,006</u>
Management and Budget				
Personal Services	462,863	466,261	499,970	(33,709)
Materials, Supplies and Equipment	87,713	87,713	69,480	18,233
Management and Budget	<u>550,576</u>	<u>553,974</u>	<u>569,450</u>	<u>(15,476)</u>
Office of Emergency Management				
Personal Services	55,351	55,351	58,944	(3,593)
Materials, Supplies and Equipment	286,900	286,900	303,228	(16,328)
Debt Service	48,476	48,476	41,419	7,057
Office of Emergency Management	<u>390,727</u>	<u>390,727</u>	<u>403,591</u>	<u>(12,864)</u>
Economic Development				
Personal Services	772,750	775,229	820,473	(45,244)
Materials, Supplies and Equipment	351,990	351,990	247,404	104,586
Special Purpose	44,000	44,000	43,000	1,000
Debt Service	4,815,127	4,815,127	4,449,457	365,670
Economic Development	<u>5,983,867</u>	<u>5,986,346</u>	<u>5,560,334</u>	<u>426,012</u>
Cultural Affairs				
Personal Services	276,757	276,757	284,237	(7,480)
Materials, Supplies and Equipment	585,598	585,598	575,498	10,100
Special Purpose	73,200	73,200	72,026	1,174
Cultural Affairs	<u>935,555</u>	<u>935,555</u>	<u>931,761</u>	<u>3,794</u>
Constituent Services				
Personal Services	432,114	432,373	364,016	68,357
Materials, Supplies and Equipment	185,042	185,042	128,333	56,709
Constituent Services	<u>617,156</u>	<u>617,415</u>	<u>492,349</u>	<u>125,066</u>
Mayor's Offices				
Personal Services	3,372,771	3,379,607	3,456,913	(77,306)
Materials, Supplies and Equipment	2,722,204	2,762,004	2,410,091	351,913
Special Purpose	1,661,317	681,240	482,421	198,819
Debt Service	6,300,003	6,300,003	5,030,891	1,269,112
Mayor's Offices	<u>\$ 14,056,295</u>	<u>\$ 13,122,854</u>	<u>\$ 11,380,316</u>	<u>\$ 1,742,538</u>
CITY COUNCIL				
City Council				
Personal Services	\$ 502,875	\$ 502,875	\$ 515,836	\$ (12,961)
Materials, Supplies and Equipment	474,116	440,081	397,420	42,661
Special Purpose	265,500	304,535	301,287	3,248
Debt Service	4,402	4,402	4,402	-
City Council	<u>1,246,893</u>	<u>1,251,893</u>	<u>1,218,945</u>	<u>32,948</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
CITY COUNCIL (Continued)				
City Clerk				
Personal Services	\$ 610,551	\$ 611,551	\$ 631,884	\$ (20,333)
Materials, Supplies and Equipment	96,873	91,873	57,956	33,917
City Clerk	<u>707,424</u>	<u>703,424</u>	<u>689,840</u>	<u>13,584</u>
Cable and Communication				
Personal Services	589,006	588,006	606,438	(18,432)
Materials, Supplies and Equipment	109,268	109,268	73,591	35,677
Debt Service	21,151	21,151	18,605	2,546
Cable and Communication	<u>719,425</u>	<u>718,425</u>	<u>698,634</u>	<u>19,791</u>
City Council Offices				
Personal Services	1,702,432	1,702,432	1,754,158	(51,726)
Materials, Supplies and Equipment	680,257	641,222	528,967	112,255
Special Purpose	265,500	304,535	301,287	3,248
Debt Service	25,553	25,553	23,007	2,546
City Council Offices	<u>\$ 2,673,742</u>	<u>\$ 2,673,742</u>	<u>\$ 2,607,419</u>	<u>\$ 66,323</u>
AUDIT				
Audit Department				
Personal Services	\$ 426,749	\$ 427,893	\$ 452,338	\$ (24,445)
Materials, Supplies and Equipment	254,298	259,798	233,799	25,999
Audit Department	<u>\$ 681,047</u>	<u>\$ 687,691</u>	<u>\$ 686,137</u>	<u>\$ 1,554</u>
LAW				
Law Department				
Personal Services	\$ 2,152,955	\$ 2,159,132	\$ 2,235,886	\$ (76,754)
Materials, Supplies and Equipment	958,541	958,634	614,510	344,124
Law Department	<u>\$ 3,111,496</u>	<u>\$ 3,117,766</u>	<u>\$ 2,850,396</u>	<u>\$ 267,370</u>
FINANCE				
Finance Administrative				
Personal Services	\$ 166,124	\$ 165,466	\$ 174,932	\$ (9,466)
Materials, Supplies and Equipment	185,696	184,116	149,982	34,134
Debt Service	5,575	5,575	4,763	812
Finance Administrative	<u>357,395</u>	<u>355,157</u>	<u>329,677</u>	<u>25,480</u>
Earned Income Tax				
Personal Services	1,481,894	1,522,142	1,562,404	(40,262)
Materials, Supplies and Equipment	978,012	1,761,035	1,417,264	343,771
Earned Income Tax	<u>2,459,906</u>	<u>3,283,177</u>	<u>2,979,668</u>	<u>303,509</u>
Accounting				
Personal Services	813,696	812,408	825,114	(12,706)
Materials, Supplies and Equipment	206,204	217,805	146,433	71,372
Accounting	<u>1,019,900</u>	<u>1,030,213</u>	<u>971,547</u>	<u>58,666</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
FINANCE (Continued)				
Procurement and Records				
Personal Services	\$ 290,015	\$ 292,515	\$ 300,558	\$ (8,043)
Materials, Supplies and Equipment	<u>190,948</u>	<u>193,348</u>	<u>130,022</u>	<u>63,326</u>
Procurement and Records	<u>480,963</u>	<u>485,863</u>	<u>430,580</u>	<u>55,283</u>
Delinquent Accounts Division				
Personal Services	96,622	97,089	92,197	4,892
Materials, Supplies and Equipment	<u>412,657</u>	<u>416,557</u>	<u>354,665</u>	<u>61,892</u>
Delinquent Accounts Division	<u>509,279</u>	<u>513,646</u>	<u>446,862</u>	<u>66,784</u>
Central Cashier				
Personal Services	290,793	283,872	261,494	22,378
Materials, Supplies and Equipment	<u>3,043,040</u>	<u>2,918,371</u>	<u>2,414,796</u>	<u>503,575</u>
Central Cashier	<u>3,333,833</u>	<u>3,202,243</u>	<u>2,676,290</u>	<u>525,953</u>
Billing & Customer Service				
Personal Services	255,596	259,027	289,780	(30,753)
Materials, Supplies and Equipment	<u>125,678</u>	<u>138,477</u>	<u>66,718</u>	<u>71,759</u>
Billing & Customer Service	<u>381,274</u>	<u>397,504</u>	<u>356,498</u>	<u>41,006</u>
Finance Department				
Personal Services	3,394,740	3,432,519	3,506,479	(73,960)
Materials, Supplies and Equipment	5,142,235	5,829,709	4,679,880	1,149,829
Debt Service	<u>5,575</u>	<u>5,575</u>	<u>4,763</u>	<u>812</u>
Finance Department	<u>\$ 8,542,550</u>	<u>\$ 9,267,803</u>	<u>\$ 8,191,122</u>	<u>\$ 1,076,681</u>
PERSONNEL				
Personnel - Admin				
Personal Services	\$ 198,191	\$ 198,191	\$ 203,111	\$ (4,920)
Materials, Supplies and Equipment	210,590	219,764	162,235	57,529
Debt Service	<u>19,391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Personnel - Admin	<u>428,172</u>	<u>417,955</u>	<u>365,346</u>	<u>52,609</u>
Human Resource and Services				
Personal Services	1,092,868	1,104,254	1,143,563	(39,309)
Materials, Supplies and Equipment	374,063	365,005	241,718	123,287
Debt Service	<u>-</u>	<u>19,391</u>	<u>16,568</u>	<u>2,823</u>
Human Resource and Services	<u>1,466,931</u>	<u>1,488,650</u>	<u>1,401,849</u>	<u>86,801</u>
Personnel Department				
Personal Services	1,291,059	1,302,445	1,346,674	(44,229)
Materials, Supplies and Equipment	584,653	584,769	403,953	180,816
Debt Service	<u>19,391</u>	<u>19,391</u>	<u>16,568</u>	<u>2,823</u>
Personnel Department	<u>\$ 1,895,103</u>	<u>\$ 1,906,605</u>	<u>\$ 1,767,195</u>	<u>\$ 139,410</u>
TREASURER				
Treasurer's Office				
Personal Services	\$ 313,147	\$ 313,147	\$ 322,805	\$ (9,658)
Materials, Supplies and Equipment	<u>150,062</u>	<u>150,062</u>	<u>120,254</u>	<u>29,808</u>
Treasurer's Office	<u>\$ 463,209</u>	<u>\$ 463,209</u>	<u>\$ 443,059</u>	<u>\$ 20,150</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
PLANNING				
Planning				
Personal Services	\$ 977,877	\$ 985,004	\$ 988,670	\$ (3,666)
Materials, Supplies and Equipment	445,363	466,363	397,401	68,962
Debt Service	359,213	359,213	94,292	264,921
Planning	<u>\$ 1,782,453</u>	<u>\$ 1,810,580</u>	<u>\$ 1,480,363</u>	<u>\$ 330,217</u>
REAL ESTATE & HOUSING				
Real Estate and Housing - Admin				
Personal Services	\$ 55,537	\$ 55,537	\$ 47,290	\$ 8,247
Materials, Supplies and Equipment	198,896	198,896	156,567	42,329
Debt Service	2,039,868	2,039,868	457,142	1,582,726
Real Estate and Housing - Admin	<u>2,294,301</u>	<u>2,294,301</u>	<u>660,999</u>	<u>1,633,302</u>
Real Estate and Housing - Rehabilitation				
Personal Services	126,942	129,166	124,728	4,438
Materials, Supplies and Equipment	222,406	222,406	200,342	22,064
Debt Service	133,163	133,163	13,521	119,642
Real Estate and Housing - Rehabilitation	<u>482,511</u>	<u>484,735</u>	<u>338,591</u>	<u>146,144</u>
Real Estate & Housing Department				
Personal Services	182,479	184,703	172,018	12,685
Materials, Supplies and Equipment	421,302	421,302	356,909	64,393
Debt Service	2,173,031	2,173,031	470,663	1,702,368
Real Estate & Housing Department	<u>\$ 2,776,812</u>	<u>\$ 2,779,036</u>	<u>\$ 999,590</u>	<u>\$ 1,779,446</u>
PUBLIC WORKS				
Public Works - Admin				
Personal Services	\$ 779,781	\$ 781,208	\$ 849,928	\$ (68,720)
Materials, Supplies and Equipment	847,744	857,744	769,345	88,399
Debt Service	965,980	965,980	461,257	504,723
Public Works - Admin	<u>2,593,505</u>	<u>2,604,932</u>	<u>2,080,530</u>	<u>524,402</u>
Street Maintenance				
Materials, Supplies and Equipment	717,017	723,213	282,055	441,158
Debt Service	2,032,962	2,032,962	1,581,892	451,070
Street Maintenance	<u>2,749,979</u>	<u>2,756,175</u>	<u>1,863,947</u>	<u>892,228</u>
Transportation/WILDOT				
Personal Services	1,096,500	1,089,784	975,372	114,412
Materials, Supplies and Equipment	1,387,442	2,281,734	1,940,376	341,358
Debt Service	1,034,022	1,034,022	552,220	481,802
Transportation/WILDOT	<u>3,517,964</u>	<u>4,405,540</u>	<u>3,467,968</u>	<u>937,572</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2010

	<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	\$ 2,721,595	\$ 2,763,903	\$ 2,823,712	\$ (59,809)
Materials, Supplies and Equipment	<u>1,824,913</u>	<u>1,999,913</u>	<u>1,827,313</u>	<u>172,600</u>
Street Cleaning	<u>4,546,508</u>	<u>4,763,816</u>	<u>4,651,025</u>	<u>112,791</u>
Rubbish Collection				
Personal Services	2,826,078	2,845,897	2,953,255	(107,358)
Materials, Supplies and Equipment	<u>3,398,475</u>	<u>3,456,667</u>	<u>3,294,768</u>	<u>161,899</u>
Rubbish Collection	<u>6,224,553</u>	<u>6,302,564</u>	<u>6,248,023</u>	<u>54,541</u>
Property Maintenance				
Personal Services	334,161	337,266	302,526	34,740
Materials, Supplies and Equipment	1,780,543	1,720,543	1,558,420	162,123
Debt Service	<u>490,467</u>	<u>490,467</u>	<u>357,880</u>	<u>132,587</u>
Property Maintenance	<u>2,605,171</u>	<u>2,548,276</u>	<u>2,218,826</u>	<u>329,450</u>
Public Works Department				
Personal Services	7,758,115	7,818,058	7,904,793	(86,735)
Materials, Supplies and Equipment	9,956,134	11,039,814	9,672,277	1,367,537
Debt Service	<u>4,523,431</u>	<u>4,523,431</u>	<u>2,953,249</u>	<u>1,570,182</u>
Public Works Department	<u>\$ 22,237,680</u>	<u>\$ 23,381,303</u>	<u>\$ 20,530,319</u>	<u>\$ 2,850,984</u>
PARKS & RECREATION				
Parks and Recreation - Admin				
Personal Services	\$ 548,081	\$ 549,675	\$ 574,928	\$ (25,253)
Materials, Supplies and Equipment	320,812	490,931	402,338	88,593
Debt Service	<u>2,003,908</u>	<u>2,003,908</u>	<u>1,454,216</u>	<u>549,692</u>
Parks and Recreation - Admin	<u>2,872,801</u>	<u>3,044,514</u>	<u>2,431,482</u>	<u>613,032</u>
Park Maintenance				
Personal Services	1,928,899	1,940,682	1,781,199	159,483
Materials, Supplies and Equipment	1,357,421	1,337,302	1,135,895	201,407
Debt Service	<u>552,022</u>	<u>552,022</u>	<u>397,159</u>	<u>154,863</u>
Park Maintenance	<u>3,838,342</u>	<u>3,830,006</u>	<u>3,314,253</u>	<u>515,753</u>
Recreation				
Personal Services	508,967	508,967	513,493	(4,526)
Materials, Supplies and Equipment	407,083	407,963	407,607	356
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Recreation	<u>916,050</u>	<u>916,930</u>	<u>921,100</u>	<u>(4,170)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Final Budget - Positive (Negative)</u>
PARKS & RECREATION (Continued)				
William Hicks Anderson Center				
Personal Services	\$ 752,706	\$ 753,300	\$ 716,988	\$ 36,312
Materials, Supplies and Equipment	385,118	385,118	366,721	18,397
Debt Service	<u>54,018</u>	<u>54,018</u>	<u>47,610</u>	<u>6,408</u>
William Hicks Anderson Center	<u>1,191,842</u>	<u>1,192,436</u>	<u>1,131,319</u>	<u>61,117</u>
Youth and Families				
Personal Services	742,313	744,282	746,834	(2,552)
Materials, Supplies and Equipment	383,550	383,550	403,383	(19,833)
Youth and Families	<u>1,125,863</u>	<u>1,127,832</u>	<u>1,150,217</u>	<u>(22,385)</u>
Parks and Recreation Department				
Personal Services	4,480,966	4,496,906	4,333,442	163,464
Materials, Supplies and Equipment	2,853,984	3,004,864	2,715,944	288,920
Debt Service	<u>2,609,948</u>	<u>2,609,948</u>	<u>1,898,985</u>	<u>710,963</u>
Parks and Recreation Department	<u>\$ 9,944,898</u>	<u>\$ 10,111,718</u>	<u>\$ 8,948,371</u>	<u>\$ 1,163,347</u>
LICENSE & INSPECTION				
License and Inspection				
Personal Services	\$ 3,229,312	\$ 3,264,171	\$ 3,108,722	\$ 155,449
Materials, Supplies and Equipment	1,061,240	1,186,290	885,984	300,306
Special Purpose	246,049	251,970	251,970	-
Debt Service	<u>28,172</u>	<u>28,172</u>	<u>28,172</u>	<u>-</u>
License and Inspection	<u>\$ 4,564,773</u>	<u>\$ 4,730,603</u>	<u>\$ 4,274,848</u>	<u>\$ 455,755</u>
FIRE DEPARTMENT				
Fire - Admin				
Personal Services	\$ 5,652,982	\$ 5,648,982	\$ 5,644,835	\$ 4,147
Materials, Supplies and Equipment	891,224	889,097	614,840	274,257
Debt Service	<u>512,395</u>	<u>512,395</u>	<u>473,481</u>	<u>38,914</u>
Fire - Admin	<u>7,056,601</u>	<u>7,050,474</u>	<u>6,733,156</u>	<u>317,318</u>
Fire - Suppression				
Personal Services	13,612,538	13,612,538	14,104,634	(492,096)
Materials, Supplies and Equipment	<u>2,176,588</u>	<u>2,166,660</u>	<u>1,868,760</u>	<u>297,900</u>
Fire - Suppression	<u>15,789,126</u>	<u>15,779,198</u>	<u>15,973,394</u>	<u>(194,196)</u>
Fire - Prevention				
Personal Services	795,389	799,389	732,140	67,249
Materials, Supplies and Equipment	<u>290,134</u>	<u>302,191</u>	<u>370,546</u>	<u>(68,355)</u>
Fire - Prevention	<u>1,085,523</u>	<u>1,101,580</u>	<u>1,102,686</u>	<u>(1,106)</u>
Fire Department				
Personal Services	20,060,909	20,060,909	20,481,609	(420,700)
Materials, Supplies and Equipment	3,357,946	3,357,948	2,854,146	503,802
Debt Service	<u>512,395</u>	<u>512,395</u>	<u>473,481</u>	<u>38,914</u>
Fire Department	<u>\$ 23,931,250</u>	<u>\$ 23,931,252</u>	<u>\$ 23,809,236</u>	<u>\$ 122,016</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2010

	<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	\$ 6,103,061	\$ 6,137,783	\$ 6,446,223	\$ (308,440)
Materials, Supplies and Equipment	700,169	853,509	857,145	(3,636)
Debt Service	-	-	-	-
Police - Admin	<u>6,803,230</u>	<u>6,991,292</u>	<u>7,303,368</u>	<u>(312,076)</u>
Police - Patrol				
Personal Services	17,883,290	18,201,128	18,460,237	(259,109)
Materials, Supplies and Equipment	2,178,862	2,178,862	4,631,265	(2,452,403)
Debt Service	579,166	579,166	524,938	54,228
Police - Patrol	<u>20,641,318</u>	<u>20,959,156</u>	<u>23,616,440</u>	<u>(2,657,284)</u>
Police - Special Operations				
Personal Services	4,050,035	4,064,433	4,634,684	(570,251)
Materials, Supplies and Equipment	643,791	643,791	434,002	209,789
Police - Special Operations	<u>4,693,826</u>	<u>4,708,224</u>	<u>5,068,686</u>	<u>(360,462)</u>
Police - Support Services				
Personal Services	1,219,992	1,230,813	1,200,260	30,553
Materials, Supplies and Equipment	600,704	592,804	301,325	291,479
Police - Support Services	<u>1,820,696</u>	<u>1,823,617</u>	<u>1,501,585</u>	<u>322,032</u>
Police - Investigations				
Personal Services	9,178,020	9,220,224	9,588,487	(368,263)
Materials, Supplies and Equipment	778,308	778,308	769,290	9,018
Police - Investigations	<u>9,956,328</u>	<u>9,998,532</u>	<u>10,357,777</u>	<u>(359,245)</u>
Police - Communications				
Personal Services	3,145,878	3,165,164	3,095,396	69,768
Materials, Supplies and Equipment	1,005,248	1,013,148	1,009,243	3,905
Debt Service	279,875	279,875	30,339	249,536
Police - Communications	<u>4,431,001</u>	<u>4,458,187</u>	<u>4,134,978</u>	<u>323,209</u>
Police Operations				
Materials, Supplies and Equipment	598,000	598,000	793,017	(195,017)
Police Operations	<u>598,000</u>	<u>598,000</u>	<u>793,017</u>	<u>(195,017)</u>
Police Department				
Personal Services	41,580,276	42,019,545	43,425,287	(1,405,742)
Materials, Supplies and Equipment	6,505,082	6,658,422	8,795,287	(2,136,865)
Debt Service	859,041	859,041	555,277	303,764
Police Department	<u>\$ 48,944,399</u>	<u>\$ 49,537,008</u>	<u>\$ 52,775,851</u>	<u>\$ (3,238,843)</u>
Total Expenditures	<u>\$ 145,605,707</u>	<u>\$ 147,521,170</u>	<u>\$ 140,744,222</u>	<u>\$ 6,776,948</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 Trust Commission** 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 **Homeless Prevention Rapid Re-Housing Program Fund** accounts for the HPRP grant as authorized under Title XII of the American Recovery and Reinvestment Act of 2009 to provides financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized.

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 **Community Oriented Policing Fund** accounts for grants from the United States Department of Justice. The grants supplement police manpower by paying part of the cost of additional officers for enhanced community policing efforts.

The **Cable Television Fund** accounts for funding allocated by City Council 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, 2010

ASSETS	Park Recreation Assistance	Wilmington Park Trust Commission	Homeless Prevention Rapid Re-Housing Program	Community Development & Recovery Block Grants	Home Partnership Program	Home for People with AIDS Grant	Delaware Neighborhood Stablization Program	Delaware Criminal Justice Planning	Community Oriented Policing Program	Cable Television	Special Projects	Total Nonmajor Governmental Funds
Cash and Cash Equivalents	\$ -	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 885,449	\$ 44,275	\$ 929,740
Restricted Assets:												
Cash and Investments (Note 3)	-	4,996,523	-	-	-	-	-	-	-	-	-	4,996,523
Receivables, Net (Note 4)	-	1,845	-	102,357	-	-	-	-	-	-	201,833	306,035
Due from Other Governments	1,235,438	8,359	332,818	462,990	281,328	438,793	765,980	651,363	272,371	-	1,821,949	6,271,389
Prepaid Items & Other Asset	-	-	-	-	-	-	-	-	-	-	610,383	610,383
Total Assets	<u>\$ 1,235,438</u>	<u>\$ 5,006,743</u>	<u>\$ 332,818</u>	<u>\$ 565,347</u>	<u>\$ 281,328</u>	<u>\$ 438,793</u>	<u>\$ 765,980</u>	<u>\$ 651,363</u>	<u>\$ 272,371</u>	<u>\$ 885,449</u>	<u>\$ 2,678,440</u>	<u>\$ 13,114,070</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts Payable	\$ 31,580	\$ 1,342	\$ 209,683	\$ 250,205	\$ -	\$ 92,456	\$ 257,906	\$ 283,707	\$ -	\$ 10,822	\$ 259,591	\$ 1,397,292
Due to Other Funds	854,171	3,127	123,135	315,142	281,328	346,337	508,074	353,284	272,371	-	647,758	3,704,727
Deferred Revenue	349,687	-	-	-	-	-	-	14,372	-	-	1,271,091	1,635,150
Other Liabilities	-	31,627	-	-	-	-	-	-	-	-	500,000	531,627
Total Liabilities	<u>1,235,438</u>	<u>36,096</u>	<u>332,818</u>	<u>565,347</u>	<u>281,328</u>	<u>438,793</u>	<u>765,980</u>	<u>651,363</u>	<u>272,371</u>	<u>10,822</u>	<u>2,678,440</u>	<u>7,268,796</u>
Fund Balances, Unreserved:												
Restricted	-	4,970,647	-	-	-	-	-	-	-	-	-	4,970,647
Committed	-	-	-	-	-	-	-	-	-	874,627	-	874,627
Total Fund Balances	<u>-</u>	<u>4,970,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>874,627</u>	<u>-</u>	<u>5,845,274</u>
Total Liabilities and Fund Balances	<u>\$ 1,235,438</u>	<u>\$ 5,006,743</u>	<u>\$ 332,818</u>	<u>\$ 565,347</u>	<u>\$ 281,328</u>	<u>\$ 438,793</u>	<u>\$ 765,980</u>	<u>\$ 651,363</u>	<u>\$ 272,371</u>	<u>\$ 885,449</u>	<u>\$ 2,678,440</u>	<u>\$ 13,114,070</u>

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, 2010

	<u>Park Recreation Assistance</u>	<u>Wilmington Park Trust Commission</u>	<u>Homeless Prevention Rapid Re-Housing Program</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>Community Oriented Policing Program</u>	<u>Cable Television</u>	<u>Special Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES												
Intergovernmental	\$2,070,390	\$ 112,024	\$1,252,131	\$ 3,598,486	\$ 611,682	\$ 645,628	\$ 1,838,668	\$1,782,195	\$ 272,371	\$ -	1,949,750	\$ 14,133,325
Program Revenue	22,964	-	-	-	-	-	-	-	-	-	541,183	564,147
Investment Earnings	-	643,255	-	-	-	-	-	-	-	-	155	643,410
Other/Private Contributions	73,493	-	-	-	-	-	-	-	-	-	55,509	129,002
Total Revenues	<u>2,166,847</u>	<u>755,279</u>	<u>1,252,131</u>	<u>3,598,486</u>	<u>611,682</u>	<u>645,628</u>	<u>1,838,668</u>	<u>1,782,195</u>	<u>272,371</u>	<u>-</u>	<u>2,546,597</u>	<u>15,469,884</u>
EXPENDITURES												
Current:												
General Governmental Services	-	68,182	-	49,976	-	-	-	-	-	11,822	604,517	734,497
Real Estate and Housing	-	-	1,252,131	3,548,510	611,682	645,628	1,838,668	-	-	-	738,319	8,634,938
Public Works	-	-	-	-	-	-	-	-	-	-	1,306,762	1,306,762
Parks and Recreation	2,166,847	270,657	-	-	-	-	-	-	-	-	88,754	2,526,258
Public Safety	-	-	-	-	-	-	-	1,647,953	272,371	-	397,380	2,317,704
Capital Outlays	-	-	-	-	-	-	-	134,242	-	23,771	696,139	854,152
Total Expenditures	<u>2,166,847</u>	<u>338,839</u>	<u>1,252,131</u>	<u>3,598,486</u>	<u>611,682</u>	<u>645,628</u>	<u>1,838,668</u>	<u>1,782,195</u>	<u>272,371</u>	<u>35,593</u>	<u>3,831,871</u>	<u>16,374,311</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>416,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,593)</u>	<u>(1,285,274)</u>	<u>(904,427)</u>
Other Financing Sources												
Transfers in	-	-	-	-	-	-	-	-	-	302,160	1,195,783	1,497,943
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,160</u>	<u>1,195,783</u>	<u>1,497,943</u>
Net change in Fund Balances	<u>-</u>	<u>416,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,567</u>	<u>(89,491)</u>	<u>593,516</u>
Fund Balance - Beginning	<u>-</u>	<u>4,554,207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,060</u>	<u>89,491</u>	<u>5,251,758</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 4,970,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874,627</u>	<u>\$ -</u>	<u>\$ 5,845,274</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Park Recreation Assistance				
Revenues	\$ 2,166,847	\$ 2,166,847	\$ 2,166,847	\$ -
Expenditures	<u>2,166,847</u>	<u>2,166,847</u>	<u>2,166,847</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Homeless Prevention Rapid Re-Housing Program				
Revenues	\$ 1,252,131	\$ 1,252,131	\$ 1,252,131	\$ -
Expenditures	<u>1,252,131</u>	<u>1,252,131</u>	<u>1,252,131</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Development Block Grant				
Revenues	\$ 3,598,486	\$ 3,598,486	\$ 3,598,486	\$ -
Expenditures	<u>3,598,486</u>	<u>3,598,486</u>	<u>3,598,486</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Home Partnership Program				
Revenues	\$ 611,682	\$ 611,682	\$ 611,682	\$ -
Expenditures	<u>611,682</u>	<u>611,682</u>	<u>611,682</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Home for People With AIDS				
Revenues	\$ 645,628	\$ 645,628	645,628	\$ -
Expenditures	<u>645,628</u>	<u>645,628</u>	<u>645,628</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Delaware Neighborhood Stabilization Program				
Revenues	\$ 1,838,668	\$ 1,838,668	\$ 1,838,668	\$ -
Expenditures	<u>1,838,668</u>	<u>1,838,668</u>	<u>1,838,668</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Oriented Policing Program				
Revenues	\$ 272,371	\$ 272,371	\$ 272,371	\$ -
Expenditures	<u>272,371</u>	<u>272,371</u>	<u>272,371</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 Assets
Internal Service Funds
June 30, 2010

	Data Processing	Word Processing	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
ASSETS											
Current Assets:											
Cash and Cash Equivalents	\$ -	\$ 46,114	\$ 2,148	\$ 12,804	\$ 14,783	\$ 150	\$ 300	\$ 2,117,533	\$ 820,915	\$ 1,853,188	\$ 4,867,935
Restricted Assets:											
Cash and Investments (Note 3)	345,205	-	-	-	-	-	-	-	-	-	345,205
Receivables, Net (Note 4)	-	-	-	-	-	5,405	-	-	-	-	5,405
Due from Other Funds (Note 7)	-	-	-	-	-	-	-	1,005,137	1,005,137	-	2,010,274
Prepaid Items and Other Assets	6,980	-	-	1,217	-	-	-	-	255,000	-	263,197
Total Current assets	<u>352,185</u>	<u>46,114</u>	<u>2,148</u>	<u>14,021</u>	<u>14,783</u>	<u>5,555</u>	<u>300</u>	<u>3,122,670</u>	<u>2,081,052</u>	<u>1,853,188</u>	<u>7,492,016</u>
Noncurrent Assets:											
Advances to Other Funds (Note 7)	-	-	-	-	-	-	-	6,500,000	6,500,000	-	13,000,000
Deferred Charges	27,223	-	-	-	-	21,780	4,453	-	-	-	53,456
Capital Assets, Net:											
Construction In Progress	696,429	-	-	-	-	-	-	-	-	-	696,429
Buildings and Improvements	26,917	-	-	-	-	-	8,992	-	-	-	35,909
Machinery and Equipment	2,681,098	-	12,192	-	-	581,642	1,759,531	43,938	-	-	5,078,401
Vehicles	-	-	-	-	-	14,178,946	-	-	-	-	14,178,946
Total Noncurrent Assets	<u>3,431,667</u>	<u>-</u>	<u>12,192</u>	<u>-</u>	<u>-</u>	<u>14,782,368</u>	<u>1,772,976</u>	<u>6,543,938</u>	<u>6,500,000</u>	<u>-</u>	<u>33,043,141</u>
Total Assets	<u>3,783,852</u>	<u>46,114</u>	<u>14,340</u>	<u>14,021</u>	<u>14,783</u>	<u>14,787,923</u>	<u>1,773,276</u>	<u>9,666,608</u>	<u>8,581,052</u>	<u>1,853,188</u>	<u>40,535,157</u>
LIABILITIES											
Current Liabilities:											
Accounts Payable	208,492	-	10,276	-	3,107	1,708,896	52,175	538,730	122,887	958,622	3,603,185
Accrued Interest Payable	16,797	-	-	-	-	52,676	3,820	-	-	-	73,293
Due to Other Funds	1,093,975	-	-	-	-	3,989,194	1,194,944	-	-	-	6,278,113
Bonds Payable	35,988	-	-	-	-	59,000	196	-	-	-	95,184
Capital Lease	-	-	-	-	-	1,245,577	-	-	-	-	1,245,577
Claims Liability	-	-	-	-	-	-	-	2,151,215	2,678,420	891,465	5,721,100
Compensated Absences	23,335	46,114	4,064	14,021	11,676	-	34,710	10,478	18,426	3,101	165,925
Total Current Liabilities	<u>1,378,587</u>	<u>46,114</u>	<u>14,340</u>	<u>14,021</u>	<u>14,783</u>	<u>7,055,343</u>	<u>1,285,845</u>	<u>2,700,423</u>	<u>2,819,733</u>	<u>1,853,188</u>	<u>17,182,377</u>
Noncurrent Liabilities:											
Bonds Payable	2,405,265	-	-	-	-	2,956,855	487,431	-	-	-	5,849,551
Capital Lease	-	-	-	-	-	3,372,028	-	-	-	-	3,372,028
Claims Liability	-	-	-	-	-	-	-	4,462,681	5,761,319	-	10,224,000
Total Noncurrent Liabilities	<u>2,405,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,328,883</u>	<u>487,431</u>	<u>4,462,681</u>	<u>5,761,319</u>	<u>-</u>	<u>19,445,579</u>
Total Liabilities	<u>3,783,852</u>	<u>46,114</u>	<u>14,340</u>	<u>14,021</u>	<u>14,783</u>	<u>13,384,226</u>	<u>1,773,276</u>	<u>7,163,104</u>	<u>8,581,052</u>	<u>1,853,188</u>	<u>36,627,956</u>
NET ASSETS											
Invested in Capital Assets, Net of Related Debt	963,191	-	12,192	-	-	7,127,128	1,280,896	43,938	-	-	9,427,345
Unassigned	(963,191)	-	(12,192)	-	-	(5,723,431)	(1,280,896)	2,459,566	-	-	(5,520,144)
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403,697</u>	<u>\$ -</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,907,201</u>

City of Wilmington, Delaware
Combining Statement of Revenues, Expenses and Changes in Fund Net Asset
Internal Service Funds
For the Year Ended June 30, 2010

	<u>Data</u> <u>Processing</u>	<u>Word</u> <u>Processing</u>	<u>Mail</u> <u>Service</u>	<u>Duplication</u> <u>and</u> <u>Reproduction</u>	<u>Mapping</u> <u>and</u> <u>Graphics</u>	<u>Motor</u> <u>Vehicle</u>	<u>Communications</u>	<u>Risk</u> <u>Management</u>	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>and</u> <u>Welfare</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
OPERATING REVENUES											
Charges for Services	\$ 2,911,380	\$ 428,209	\$ 348,617	\$ 237,693	\$ 327,817	\$ 6,312,845	\$ 1,487,021	\$ 4,203,342	\$ 4,152,436	\$13,109,552	\$33,518,912
Employee Contributions	-	-	-	-	-	-	-	-	-	278,434	278,434
Other	-	-	-	-	-	-	-	23,372	-	-	23,372
Total Operating Revenues	<u>2,911,380</u>	<u>428,209</u>	<u>348,617</u>	<u>237,693</u>	<u>327,817</u>	<u>6,312,845</u>	<u>1,487,021</u>	<u>4,226,714</u>	<u>4,152,436</u>	<u>13,387,986</u>	<u>33,820,718</u>
OPERATING EXPENSES											
Personal Services	592,609	285,388	75,373	71,306	188,165	-	301,990	121,521	377,583	87,082	2,101,017
Materials, Supplies, Equipment and Contractual Services	1,805,964	142,821	265,116	166,387	139,652	3,678,218	918,887	80,864	356,231	93,614	7,647,754
Depreciation and Amortization	409,709	-	8,128	-	-	2,571,028	247,336	12,617	-	-	3,248,818
Claims Expense	-	-	-	-	-	-	-	3,871,638	3,408,759	13,207,290	20,487,687
Insurance Premiums	-	-	-	-	-	-	-	145,211	15,000	-	160,211
Total Operating Expenses	<u>2,808,282</u>	<u>428,209</u>	<u>348,617</u>	<u>237,693</u>	<u>327,817</u>	<u>6,249,246</u>	<u>1,468,213</u>	<u>4,231,851</u>	<u>4,157,573</u>	<u>13,387,986</u>	<u>33,645,487</u>
Operating Income (Loss)	<u>103,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,599</u>	<u>18,808</u>	<u>(5,137)</u>	<u>(5,137)</u>	<u>-</u>	<u>175,231</u>
NON-OPERATING REVENUES (EXPENSES)											
Investment Earnings	-	-	-	-	-	-	-	5,137	5,137	-	10,274
Interest Expense	(97,748)	-	-	-	-	(226,602)	(18,808)	-	-	-	(343,158)
Bond Issuance Costs	(5,350)	-	-	-	-	(1,366)	-	-	-	-	(6,716)
Total Non-Operating Revenues (Expenses)	<u>(103,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,968)</u>	<u>(18,808)</u>	<u>5,137</u>	<u>5,137</u>	<u>-</u>	<u>(339,600)</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,369)</u>
Total Net Assets - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,568,066</u>	<u>-</u>	<u>2,503,504</u>	<u>-</u>	<u>-</u>	<u>4,071,570</u>
Total Net Assets - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403,697</u>	<u>\$ -</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,907,201</u>

City of Wilmington, Delaware
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2010

	Data Processing	Word Processing	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	\$ 2,911,380	\$ 428,209	\$ 348,617	\$ 237,693	\$ 327,817	\$ 6,312,845	\$ 1,487,021	\$ 4,226,714	\$ 4,152,436	\$ 13,387,986	\$ 33,820,718
Payments to Suppliers	(1,865,917)	(146,341)	(257,160)	(167,923)	(150,814)	(2,570,380)	(1,070,256)	(2,063,739)	(3,202,674)	(14,119,998)	(25,615,202)
Payments to Employees	(594,430)	(293,564)	(79,715)	(77,544)	(184,342)	-	(314,550)	(112,107)	(365,779)	(82,754)	(2,104,785)
Net Cash Provided by (Used in) Operating Activities	451,033	(11,696)	11,742	(7,774)	(7,339)	3,742,465	102,215	2,050,868	583,983	(814,766)	6,100,731
Cash Flows from Noncapital Financing Activities											
Advances From (To) Other Fund:	827,593	-	(9,594)	-	-	(1,677,879)	341,971	(7,500,000)	(7,500,000)	-	(15,517,909)
Net Cash Provided by (Used in) Capital and Related Financing Activities	827,593	-	(9,594)	-	-	(1,677,879)	341,971	(7,500,000)	(7,500,000)	-	(15,517,909)
Cash Flows from Capital and Related Financing Activities:											
Proceeds from Bonds and Capital Leases	-	-	-	-	-	4,209,302	-	-	-	-	4,209,302
Acquisition and Construction of Capital Assets	(592,964)	-	-	-	-	(5,245,120)	(351,161)	-	-	-	(6,189,245)
Principal Paid on Bonds	(241,320)	-	-	-	-	(57,013)	(74,217)	-	-	-	(372,550)
Interest Paid on Bonds	(99,137)	-	-	-	-	(134,805)	(18,808)	-	-	-	(252,750)
Principal Paid on Capital Leases	-	-	-	-	-	(795,442)	-	-	-	-	(795,442)
Interest Paid on Capital Leases	-	-	-	-	-	(83,118)	-	-	-	-	(83,118)
Proceeds from Sale of Capital Assets	-	-	-	-	-	41,610	-	-	-	-	41,610
Net Cash Provided by (Used in) Capital and Related Financing Activities	(933,421)	-	-	-	-	(2,064,586)	(444,186)	-	-	-	(3,442,193)
Net Increase (Decrease) in Cash and Cash Equivalents	345,205	(11,696)	2,148	(7,774)	(7,339)	-	-	(5,449,132)	(6,916,017)	(814,766)	(12,859,371)
Cash and Cash Equivalents - July 1, 2009	-	57,810	-	20,578	22,122	150	300	7,566,666	7,736,932	2,667,954	18,072,512
Cash and Cash Equivalents - June 30, 2010 (including \$345,205 for the Data Processing Fund reported in restricted accounts)	\$ 345,205	\$ 46,114	\$ 2,148	\$ 12,804	\$ 14,783	\$ 150	\$ 300	\$ 2,117,534	\$ 820,915	\$ 1,853,188	\$ 5,213,141
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:											
Operating Income (Loss)	\$ 103,098	\$ -	\$ -	\$ -	\$ -	\$ 63,599	\$ 18,808	\$ (5,137)	\$ (5,137)	\$ -	175,231
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities											
Depreciation and Amortization	409,709	-	8,128	-	-	2,571,028	247,336	12,617	-	-	3,248,818
Changes in Assets and Liabilities:											
(Increase) in Prepaid Expenses	(6,980)	-	-	(1,217)	-	-	-	-	-	-	(8,197)
Increase (Decrease) in Accounts Payable	(52,973)	(7,608)	5,785	(3,438)	(11,162)	1,107,838	(157,649)	318,258	(147,121)	(124,753)	927,177
Increase (Decrease) in Compensated Absence	(1,821)	9,714	1,701	1,042	3,823	-	(1,917)	4,707	5,902	2,164	25,315
(Decrease) in Accrued Salaries	-	(13,802)	(3,872)	(4,161)	-	-	(4,363)	-	-	-	(26,198)
Increase (Decrease) in Claims Liability	-	-	-	-	-	-	-	1,720,423	730,339	(692,177)	1,758,585
Net Cash Provided by (Used In) Operating Activities	\$ 451,033	\$ (11,696)	\$ 11,742	\$ (7,774)	\$ (7,339)	\$ 3,742,465	\$ 102,215	\$ 2,050,868	\$ 583,983	\$ (814,766)	\$ 6,100,731

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

Fire 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 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.

AGENCY FUNDS

The Escrow Loans and Grants Fund accounts for loans and grants received by the City from the U.S. Department of Housing and Urban Development and the State of Delaware on behalf of homeowners in the City. The City acts as an agent for these funds.

The Emergency Shelter Grant Fund accounts for United States Department of Housing and Urban Development grants to subgrantee agencies involved in shelter activities. The City acts as a conduit for the funds to reach these agencies.

The Sills/Moyer Education Foundation Fund accounts for capital funds held for the benefit of the Sills/Moyer Education Foundation, Inc. for the construction of the Evelyn & James H. Sills Community Development Center.

City of Wilmington
Combining Statement of Fiduciary Net Asset
Pension Trust Funds
June 30, 2010

	<u>Fire 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 Funds</u>
ASSETS									
Cash and Cash Equivalents	\$ 4,485,588	\$ 2,858,913	\$ 16,874	\$ 2,831	\$ 6,520,063	\$ -	\$ 13,884,269	\$ 35,739	\$ 13,920,008
Receivables:									
Accrued Interest Receivable	114,287	203,065	20,282	38,843	107,231	-	483,708	22,486	506,194
Investments, at Fair Value:									
Money Market Mutual Funds	1,267,113	2,251,397	224,868	430,656	1,188,878	3,951	5,366,863	867,875	6,234,738
U.S. Government Obligations	3,310,464	5,882,006	587,489	1,125,133	3,106,067	-	14,011,159	743,516	14,754,675
U.S. Agencies									
- Government Guaranteed	9,185	16,320	1,630	3,122	8,618	-	38,875	-	38,875
U.S. Agencies - Other	3,989,847	7,089,130	708,056	1,356,036	3,743,503	-	16,886,572	1,443,083	18,329,655
Corporate Bonds	5,088,746	9,041,646	903,071	1,729,521	4,774,553	-	21,537,537	858,402	22,395,939
Stocks	18,434,292	32,753,910	3,271,430	6,265,295	17,296,109	-	78,021,036	1,290,262	79,311,298
Other Mutual Funds	-	-	-	-	-	198,668	198,668	-	198,668
Total Investments	32,099,647	57,034,409	5,696,544	10,909,763	30,117,728	202,619	136,060,710	5,203,138	141,263,848
Due from Other Pension Fund	-	-	-	-	-	-	-	1,346,665	1,346,665
Total Assets	<u>36,699,522</u>	<u>60,096,387</u>	<u>5,733,700</u>	<u>10,951,437</u>	<u>36,745,022</u>	<u>202,619</u>	<u>150,428,687</u>	<u>6,608,028</u>	<u>157,036,715</u>
LIABILITIES									
Accounts Payable	2,822	-	881	1,353	5,015	8,910	18,981	45,755	64,736
Salaries and Benefits Payable	-	4,561	-	-	-	-	4,561	-	4,561
Due to Other Pension Fund	-	-	-	-	1,346,665	-	1,346,665	-	1,346,665
Due to Governments	-	-	-	-	5,384,173	-	5,384,173	-	5,384,173
Compensated Absences	3,807	3,807	3,807	7,614	19,036	-	38,071	-	38,071
Liability for Stale-dated Pension Checks	45,426	77,339	38,911	8,517	8,453	-	178,646	-	178,646
Total Liabilities	<u>52,055</u>	<u>85,707</u>	<u>43,599</u>	<u>17,484</u>	<u>6,763,342</u>	<u>8,910</u>	<u>6,971,097</u>	<u>45,755</u>	<u>7,016,852</u>
Net Assets									
Held in Trust for Pension & OPEB Benefits	<u>\$ 36,647,467</u>	<u>\$ 60,010,680</u>	<u>\$ 5,690,101</u>	<u>\$ 10,933,953</u>	<u>\$ 29,981,680</u>	<u>\$ 193,709</u>	<u>\$ 143,457,590</u>	<u>\$ 6,562,273</u>	<u>\$ 150,019,863</u>

City of Wilmington, Delaware
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
June 30, 2010

	<u>Fire 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 Funds</u>
ADDITIONS									
Contributions:									
City									
Paid Directly by the City	\$ 313,083	\$ 3,887,791	\$ 315,440	\$ 189,257	\$ 3,312,623	\$ 17,536	\$ 8,035,730	\$ 1,743,905	\$ 9,779,635
Paid by the State									
On-Behalf of the City	4,727,344	2,662,748	44,382	-	-	-	7,434,474	-	7,434,474
Employees	285,276	482,133	-	17,820	755,333	-	1,540,562	224,869	1,765,431
Federal Drug Subsidies & Othe	-	-	-	-	14,431	-	14,431	31,920	46,351
Total Contributions	<u>5,325,703</u>	<u>7,032,672</u>	<u>359,822</u>	<u>207,077</u>	<u>4,082,387</u>	<u>17,536</u>	<u>17,025,197</u>	<u>2,000,694</u>	<u>19,025,891</u>
Investment Income									
Investment Earnings	998,272	1,722,307	172,621	328,838	956,876	5,116	4,184,030	-	4,184,030
Net Appreciation in Fair Value	2,509,454	4,427,527	446,375	850,328	2,355,051	22,449	10,611,184	345,902	10,957,086
Total Investment Earnings	3,507,726	6,149,834	618,996	1,179,166	3,311,927	27,565	14,795,214	345,902	15,141,116
Less: Investment Expense	(138,781)	(244,856)	(24,686)	(47,026)	(130,242)	-	(585,591)	-	(585,591)
Net Investment Income	<u>3,368,945</u>	<u>5,904,978</u>	<u>594,310</u>	<u>1,132,140</u>	<u>3,181,685</u>	<u>27,565</u>	<u>14,209,623</u>	<u>345,902</u>	<u>14,555,525</u>
Total Additions	<u>8,694,648</u>	<u>12,937,650</u>	<u>954,132</u>	<u>1,339,217</u>	<u>7,264,072</u>	<u>45,101</u>	<u>31,234,820</u>	<u>2,346,596</u>	<u>33,581,416</u>
DEDUCTIONS									
Benefits Paid	6,441,332	8,697,796	964,305	875,061	2,117,467	17,820	19,113,781	632,802	19,746,583
Administrative Expenses	66,176	84,977	49,638	85,082	213,261	3,268	502,402	46,205	548,607
Total Deductions	<u>6,507,508</u>	<u>8,782,773</u>	<u>1,013,943</u>	<u>960,143</u>	<u>2,330,728</u>	<u>21,088</u>	<u>19,616,183</u>	<u>679,007</u>	<u>20,295,190</u>
Net Increase (Decrease) in Plan Net Assets	2,187,140	4,154,877	(59,811)	379,074	4,933,344	24,013	11,618,637	1,667,589	13,286,226
Net Assets - Beginning	<u>34,460,327</u>	<u>55,855,803</u>	<u>5,749,912</u>	<u>10,554,879</u>	<u>25,048,336</u>	<u>169,696</u>	<u>131,838,953</u>	<u>4,894,684</u>	<u>136,733,637</u>
Net Assets - Ending	<u>\$ 36,647,467</u>	<u>\$ 60,010,680</u>	<u>\$ 5,690,101</u>	<u>\$ 10,933,953</u>	<u>\$ 29,981,680</u>	<u>\$ 193,709</u>	<u>\$ 143,457,590</u>	<u>\$ 6,562,273</u>	<u>\$ 150,019,863</u>

City of Wilmington, Delaware
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2010

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2010</u>
<u>ESCROW LOANS AND GRANTS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 38,095	\$ -	\$ 38,095	\$ -
Due from Other Governmental Agencies	<u>163,773</u>	<u>76,752</u>	<u>163,773</u>	<u>76,752</u>
Total Assets	<u>\$ 201,868</u>	<u>\$ 76,752</u>	<u>\$ 201,868</u>	<u>\$ 76,752</u>
LIABILITIES				
Accounts Payable	\$ 49,300	\$ 8,926	\$ 49,300	\$ 8,926
Funds Held in Escrow	<u>152,568</u>	<u>67,826</u>	<u>152,568</u>	<u>67,826</u>
Total Liabilities	<u>\$ 201,868</u>	<u>\$ 76,752</u>	<u>\$ 201,868</u>	<u>\$ 76,752</u>
<u>EMERGENCY SHELTER GRANT</u>				
ASSETS				
Due from Federal Government	\$ 218,370	\$ 153	\$ -	\$ 218,523
Total Assets	<u>\$ 218,370</u>	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ 218,523</u>
LIABILITIES				
Accounts Payable	\$ 44,176	\$ 105,520	\$ 126,331	\$ 23,365
Due to Governments	<u>174,194</u>	<u>129,375</u>	<u>108,411</u>	<u>195,158</u>
Total Liabilities	<u>\$ 218,370</u>	<u>\$ 234,895</u>	<u>\$ 234,742</u>	<u>\$ 218,523</u>
<u>SILLS / MOYER EDUCATION FUND</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,719,394	\$ 4,867,758	\$ 6,587,152	\$ -
Total Assets	<u>\$ 1,719,394</u>	<u>\$ 4,867,758</u>	<u>\$ 6,587,152</u>	<u>\$ -</u>
LIABILITIES				
Funds Held in Escrow	\$ 1,719,394	\$ -	\$ 1,719,394	\$ -
Total Liabilities	<u>\$ 1,719,394</u>	<u>\$ -</u>	<u>\$ 1,719,394</u>	<u>\$ -</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,757,489	\$ 4,867,758	\$ 6,625,247	\$ -
Due from Governments	<u>382,143</u>	<u>76,905</u>	<u>163,773</u>	<u>295,275</u>
Total Assets	<u>\$ 2,139,632</u>	<u>\$ 4,944,663</u>	<u>\$ 6,789,020</u>	<u>\$ 295,275</u>
LIABILITIES				
Accounts Payable	\$ 93,476	\$ 114,446	\$ 175,631	\$ 32,291
Due to Governments	174,194	129,375	108,411	195,158
Funds Held in Escrow	<u>1,871,962</u>	<u>67,826</u>	<u>1,871,962</u>	<u>67,826</u>
Total Liabilities	<u>\$ 2,139,632</u>	<u>\$ 311,647</u>	<u>\$ 2,156,004</u>	<u>\$ 295,275</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.	107
Revenue Capacity These schedules contain information to help the reader assess the City’s most consistent year-to-year revenue source, the property tax.	112
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.	116
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.	120
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.	122

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The City implemented GASB 34 in 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 2002 unless otherwise explained.



Table I

**NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES									
Invested in Capital Assets, Net of Related Debt	\$ 31,108,977	\$ 29,844,049	\$ 46,418,603	\$ 29,495,222	\$ 44,920,136	\$ 72,981,412	\$ 77,387,019	\$ 75,133,657	\$ 68,327,713
Restricted	9,718,750	12,574,298	18,881,357	18,550,295	47,553,927	37,550,546	32,130,891	21,463,882	4,970,647
Unrestricted	<u>13,921,976</u>	<u>10,890,569</u>	<u>19,257,293</u>	<u>47,765,158</u>	<u>37,510,699</u>	<u>42,222,663</u>	<u>39,978,018</u>	<u>31,145,169</u>	<u>39,526,652</u>
Total Governmental Activities Net Assets	\$ 54,749,703	\$ 53,308,916	\$ 84,557,253	\$ 95,810,675	\$ 129,984,762	\$ 152,754,621	\$ 149,495,928	\$ 127,742,708	\$ 112,825,012
BUSINESS-TYPE ACTIVITIES									
Invested in Capital Assets, Net of Related Debt	\$ 64,050,844	\$ 71,695,507	\$ 81,489,353	\$ 83,342,256	\$ 82,303,094	\$ 99,552,941	\$ 102,115,411	\$ 109,256,602	\$ 110,672,786
Restricted	-	-	-	-	13,216,350	13,216,350	35,632,265	19,441,751	-
Unassigned	<u>16,996,490</u>	<u>7,139,685</u>	<u>177,269</u>	<u>(8,916,359)</u>	<u>(22,727,559)</u>	<u>(29,954,329)</u>	<u>(50,893,003)</u>	<u>(41,690,813)</u>	<u>(25,777,628)</u>
Total Business-type Activities Net Assets	\$ 81,047,334	\$ 78,835,192	\$ 81,666,622	\$ 74,425,897	\$ 72,791,885	\$ 82,814,962	\$ 86,854,673	\$ 87,007,540	\$ 84,895,158
PRIMARY GOVERNMENT									
Invested in Capital Assets, Net of Related Debt	\$ 95,159,821	\$ 101,539,556	\$ 127,907,956	\$ 112,837,478	\$ 127,223,230	\$ 172,534,353	\$ 179,502,430	\$ 184,390,259	\$ 179,000,499
Restricted	9,718,750	12,574,298	18,881,357	18,550,295	60,770,277	50,766,896	67,763,156	40,905,633	4,970,647
Unassigned	<u>30,918,466</u>	<u>18,030,254</u>	<u>19,434,562</u>	<u>38,848,799</u>	<u>14,783,140</u>	<u>12,268,334</u>	<u>(10,914,985)</u>	<u>(10,545,644)</u>	<u>13,749,024</u>
Total Primary Government Net Assets	\$ 135,797,037	\$ 132,144,108	\$ 166,223,875	\$ 170,236,572	\$ 202,776,647	\$ 235,569,583	\$ 236,350,601	\$ 214,750,248	\$ 197,720,170

Note: The first year available for presentations of net assets is 2002.
 Governmental activities infrastructure was not fully included in net assets until June 30, 2006.
 Net assets for 2004 and 2005 are as restated in 2006 to reflect additions of infrastructure and other items; the main net effect was to add \$19,442,011 to governmental activities net assets to 2004 and reduce business activities by \$7,520,427 for 2005.
 Net assets for 2007 are as restated in 2008 to record less revenue than anticipated when a grant ended.

Table II

**CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
EXPENSES									
Governmental Activities:									
General Government	\$ 34,331,721	\$ 34,206,686	\$ 27,860,683	\$ 33,731,581	\$ 17,908,626	\$ 21,059,597	\$ 22,779,627	\$ 26,059,767	\$ 26,393,092
Commerce	3,482,407	2,722,144	1,906,066	2,112,027	2,541,506	1,678,227	7,022,739	9,454,881	7,711,248
Real Estate and Housing	7,870,595	8,080,851	8,108,654	9,058,065	7,178,124	6,554,301	7,427,235	8,156,663	11,672,335
Public Works	12,453,280	16,807,245	14,338,205	14,583,093	16,916,066	18,308,616	21,562,949	22,601,418	23,110,033
Parks and Recreation	5,341,614	6,305,699	8,559,178	7,311,483	7,805,055	9,641,670	11,460,259	10,027,975	10,605,259
Public Safety	46,868,653	47,597,878	48,632,268	65,426,116	65,487,887	74,738,935	74,915,049	86,901,639	86,039,994
Interest on Long-Term Debt	6,711,160	7,701,464	5,502,044	6,116,357	7,473,268	5,342,897	4,569,496	5,352,455	4,519,308
Total Governmental Activities Expenses	<u>117,059,430</u>	<u>123,421,967</u>	<u>114,907,098</u>	<u>138,338,722</u>	<u>125,310,532</u>	<u>137,324,243</u>	<u>149,737,354</u>	<u>168,554,798</u>	<u>170,051,269</u>
Business-type Activities:									
Water/Sewer	<u>34,847,458</u>	<u>39,011,421</u>	<u>35,987,710</u>	<u>38,501,176</u>	<u>42,614,504</u>	<u>46,666,607</u>	<u>48,562,013</u>	<u>53,181,200</u>	<u>55,033,937</u>
Total Business-Type Activities Expenses	<u>34,847,458</u>	<u>39,011,421</u>	<u>35,987,710</u>	<u>38,501,176</u>	<u>42,614,504</u>	<u>46,666,607</u>	<u>48,562,013</u>	<u>53,181,200</u>	<u>55,033,937</u>
Total Primary Government Expenses	<u>\$ 151,906,888</u>	<u>\$ 162,433,388</u>	<u>\$ 150,894,808</u>	<u>\$ 176,839,898</u>	<u>\$ 167,925,036</u>	<u>\$ 183,990,850</u>	<u>\$ 198,299,367</u>	<u>\$ 221,735,998</u>	<u>\$ 225,085,206</u>
PROGRAM REVENUES									
Governmental Activities:									
Charges for Services:									
General Government	\$ 3,719,035	\$ 8,836,198	\$ 8,929,547	\$ 9,312,768	\$ 8,304,184	\$ 7,129,053	\$ 7,137,885	\$ 7,438,126	\$ 7,619,652
Commerce	-	-	-	-	-	-	1,360	30,893	161,203
Real Estate and Housing	-	-	-	-	735,375	1,000	527,971	39,798	541,183
Public Works	1,919	9,140	6,194	19,329	29,839	217,669	263,071	254,077	273,147
Parks and Recreation	1,010,552	2,509,403	-	-	78,494	-	85,311	-	22,964
Public Safety	7,202,081	6,964,442	6,516,985	8,034,678	9,209,946	12,085,150	11,609,610	12,854,296	15,433,702
Operating Grants and Contributions	9,031,393	9,062,321	11,751,700	24,244,134	26,298,656	19,969,298	18,322,960	17,706,081	19,236,629
Capital Grants and Contributions	4,674,657	1,986,087	2,300,217	5,211,389	11,066,220	8,135,550	1,639,225	1,841,887	1,103,155
Total Governmental Activities Revenues	<u>25,639,637</u>	<u>29,367,591</u>	<u>29,504,643</u>	<u>46,822,298</u>	<u>55,722,714</u>	<u>47,537,720</u>	<u>39,587,393</u>	<u>40,165,158</u>	<u>44,391,635</u>
Business-type Activities:									
Charges for Services:									
Water	34,631,018	38,799,279	37,917,607	38,632,385	40,980,492	51,143,730	52,221,925	53,020,756	52,217,917
Operating Grants and Contributions	-	-	1,901,533	148,493	-	-	-	-	572,410
Total Business-type Activities Revenues	<u>34,631,018</u>	<u>38,799,279</u>	<u>39,819,140</u>	<u>38,780,878</u>	<u>40,980,492</u>	<u>51,143,730</u>	<u>52,221,925</u>	<u>53,020,756</u>	<u>52,790,327</u>
Total Primary Government Revenues	<u>\$ 60,270,655</u>	<u>\$ 68,166,870</u>	<u>\$ 69,323,783</u>	<u>\$ 85,603,176</u>	<u>\$ 96,703,206</u>	<u>\$ 98,681,450</u>	<u>\$ 91,809,318</u>	<u>\$ 93,185,914</u>	<u>\$ 97,181,962</u>

Table II

**CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									
Governmental Activities:									
Taxes									
Property Taxes	\$ 26,088,116	\$ 28,598,639	\$ 29,068,010	\$ 28,417,535	\$ 30,403,939	\$ 30,323,434	\$ 30,268,835	\$ 32,690,788	\$ 35,207,881
Income Taxes	44,096,406	40,625,407	44,270,947	47,348,120	54,791,274	52,786,285	54,438,848	57,543,505	57,426,347
Other Taxes	8,825,894	3,262,024	8,400,361	9,313,482	6,158,544	5,940,697	4,978,122	2,668,996	1,883,389
Lodging & Natural Gas Taxes	-	-	-	-	-	-	1,303,322	1,227,140	1,306,744
Investment Earnings	3,430,624	2,649,356	2,857,460	3,113,915	5,268,048	6,523,991	3,471,478	1,168,607	1,708,886
Payments from Component Units	275,000	275,000	275,000	275,000	275,000	275,000	500,000	500,000	-
Other Revenues including Capital Asset Sales Gains	2,302,762	3,040,798	1,840,997	1,583,993	11,614	10,002,069	-	-	110,976
Grants, Entitlements, and Contributions not Restricted to Specific Programs	11,997,471	14,162,365	10,496,006	11,472,394	6,853,486	10,401,584	12,006,845	10,757,780	13,243,382
Transfers	-	-	-	-	-	(5,000,000)	-	-	-
Total Governmental Activities	97,016,273	92,613,589	97,208,781	101,524,439	103,761,905	112,556,382	106,891,268	106,636,420	110,741,938
Business-type Activities:									
Investment Earnings	-	-	-	-	-	500,000	379,799	313,311	131,228
Transfers	-	-	-	-	-	5,000,000	-	-	-
Other Revenues including Capital Asset Sales Gains	(1,000,000)	(2,000,000)	(1,000,000)	-	-	45,954	-	-	-
Total Business-type Activities	(1,000,000)	(2,000,000)	(1,000,000)	-	-	5,545,954	379,799	313,311	131,228
Total Primary Government	\$ 96,016,273	\$ 90,613,589	\$ 96,208,781	\$ 101,524,439	\$ 103,761,905	\$ 118,102,336	\$ 107,271,067	\$ 106,949,731	\$ 110,873,166
CHANGE IN NET ASSETS									
Governmental Activities	\$ 5,596,480	\$ (1,440,787)	\$ 11,806,326	\$ 10,008,015	\$ 34,174,087	\$ 22,769,859	\$ (3,258,693)	\$ (21,753,220)	\$ (14,917,696)
Business-type Activities	(1,216,440)	(2,212,142)	2,831,430	279,702	(1,634,012)	10,023,077	4,039,711	152,867	(2,112,382)
Total Primary Government	\$ 4,380,040	\$ (3,652,929)	\$ 14,637,756	\$ 10,287,717	\$ 32,540,075	\$ 32,792,936	\$ 781,018	\$ (21,600,353)	\$ (17,030,078)

Note: The first year available for presentations of net assets is 2002. Governmental activities infrastructure was not fully included in net assets until June 30, 2006. Net assets 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 assets to 2004. Net assets 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)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND										
Nonspendable										
Long-term Note Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,987,648	\$ 7,962,476	\$ 10,508,968
Other Purposes	4,477	-	958	192,901	314,797	200,000	250,000	1,633	294,828	-
Committed										
Special Designations	-	5,399,098	-	-	-	20,378,110	5,500,000	18,562,766	-	-
Budget Reserve Account	9,765,396	10,035,457	13,436,793	25,547,644	31,437,057	37,466,306	46,352,802	15,200,256	14,560,571	14,761,419
Unassigned										
Other Purposes	-	-	-	-	-	-	-	15,282,782	9,912,050	5,774,119
Total General Fund	\$ 9,769,873	\$ 15,434,555	\$ 13,437,751	\$ 25,740,545	\$ 31,751,854	\$ 58,044,416	\$ 52,102,802	\$ 60,035,085	\$ 32,729,925	\$ 31,044,506
ALL OTHER GOVERNMENTAL FUNDS										
Restricted										
Capital Projects Funds	\$ (548,079)	\$ 13,825,180	\$ 7,520,107	\$ 609,248	\$ (2,674,890)	\$ 23,757,025	\$ 13,934,737	\$ 25,490,794	\$ 16,820,184	\$ 10,756,912
Park Operations	5,375,816	5,050,276	4,884,615	5,396,359	5,763,979	5,911,539	6,429,519	5,865,380	4,554,207	4,970,647
Other Purposes	-	-	7,689,683	13,484,998	12,418,696	6,395,446	5,208,207	447,309	89,491	-
Committed										
Affordable Housing	-	-	-	-	-	-	2,300,000	1,880,167	5,378,951	3,603,392
Economic Development	-	5,399,098	-	-	-	10,517,702	8,620,524	178,878	8,793,057	8,124,949
Other Purposes	-	-	-	-	-	-	-	407,628	608,060	874,627
Total All Other Governmental Funds	\$ 4,827,737	\$ 24,274,554	\$ 20,094,405	\$ 19,490,605	\$ 15,507,785	\$ 46,581,712	\$ 36,492,987	\$ 34,270,156	\$ 36,243,950	\$ 28,330,527

Notes: The components of fund balances for 2001 to 2008 have been restated for comparative purposes after the implementation of GASB 54 (see Note 1).

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes, Related Penalties and Interest										
Property Taxes	\$ 22,716,220	\$ 26,088,116	\$ 28,598,639	\$ 29,068,010	\$ 28,417,535	\$ 30,289,277	\$ 30,227,452	\$ 30,503,671	\$ 31,911,858	\$ 35,398,064
Wage Taxes	38,557,371	41,225,538	37,369,184	41,030,254	43,801,665	51,536,049	47,836,558	49,791,625	51,845,669	54,146,338
Net Profit	1,288,704	3,014,110	3,256,223	3,240,693	3,546,455	3,541,769	4,093,904	4,599,819	4,059,847	4,693,460
Franchise	1,451,078	2,066,036	1,840,354	2,431,540	2,689,238	2,841,710	2,044,715	1,814,216	2,006,557	1,775,266
Real Estate Transfer	2,336,701	4,235,821	3,262,024	6,033,039	6,021,220	5,663,155	5,940,697	4,978,122	2,668,996	1,883,389
Head Taxes	3,299,688	2,524,037	2,573,858	2,500,666	2,433,334	2,239,433	2,154,655	2,420,998	2,787,027	3,178,931
Lodging & Natural Gas	-	-	-	2,367,322	3,292,262	495,389	1,303,322	1,227,140	1,306,744	1,161,077
Intergovernmental	14,249,138	20,462,343	20,412,105	16,758,565	25,839,008	52,478,305	40,398,789	31,908,829	31,977,973	35,914,336
Licenses and Permits	2,710,586	2,575,989	2,811,199	2,479,805	4,174,056	4,395,440	4,597,081	4,380,848	4,382,137	4,489,246
Fines and Forfeitures	1,992,739	4,142,057	3,394,601	2,783,406	2,818,007	3,705,122	4,512,276	5,422,146	6,395,262	7,583,731
Charges for Services	1,368,606	4,085,950	4,745,897	5,125,897	4,561,492	4,865,271	4,512,407	6,241,932	4,610,583	5,035,301
Investment Earnings	2,962,419	3,430,624	2,649,356	2,857,460	3,113,915	5,268,048	6,523,991	3,471,478	1,162,296	1,708,886
Other	3,515,498	719,603	660,709	1,333,567	1,303,121	-	-	-	-	-
Total Revenues	96,448,748	114,570,224	111,574,149	118,010,224	132,011,308	167,318,968	154,145,847	146,760,824	145,114,949	156,968,025
EXPENDITURES										
General Government	15,328,398	15,221,564	14,495,849	13,439,612	14,639,238	18,009,115	20,628,512	21,429,638	25,436,843	25,033,199
Commerce	-	3,281,376	2,575,276	1,810,417	1,236,442	1,746,783	1,613,148	6,892,580	9,324,722	7,711,248
Real Estate and Housing	6,741,099	7,564,299	7,956,163	7,935,627	8,863,045	7,157,916	6,567,453	7,356,072	8,137,793	11,099,966
Public Works	12,229,271	14,092,783	14,583,648	11,570,411	14,065,151	12,490,776	15,202,695	17,531,847	18,488,759	18,883,832
Parks and Recreation	7,251,154	5,850,726	7,032,067	6,390,136	7,449,084	7,164,413	9,228,449	10,113,079	9,133,636	9,636,781
Public Safety	44,820,879	53,278,040	54,110,914	50,891,648	64,731,825	65,640,898	74,677,708	74,091,861	84,168,848	82,336,748
Pensions and Retirement	4,028,643	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	4,730,061	7,963,411	9,156,620	8,660,870	9,574,847	11,490,624	11,649,630	12,490,844	10,134,948	6,477,638
Interest	3,732,657	4,713,784	5,820,204	5,502,554	4,611,213	4,818,692	6,173,566	5,059,028	5,352,913	5,002,246
Capital Outlay - Capital Projects	7,432,548	3,757,293	6,655,980	7,664,015	9,495,688	19,966,777	29,783,000	7,110,040	4,649,853	7,607,704
Total Expenditures	106,294,710	115,723,276	122,386,721	113,865,290	134,666,533	148,485,994	175,524,161	162,074,989	174,828,315	173,789,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,845,962)	(1,153,052)	(10,812,572)	4,144,934	(2,655,225)	18,832,974	(21,378,314)	(15,314,165)	(29,713,366)	(16,821,337)
OTHER FINANCING SOURCES (USES)										
Proceeds from Sales of Capital Assets	-	2,984,528	3,338,894	2,054,060	1,813,433	1,579,114	10,002,069	500,000	500,000	110,976
Bond Anticipation Notes	-	-	-	4,500,000	1,350,000	-	-	-	-	-
Bond Anticipation Note Repayment	-	-	-	-	(4,500,000)	-	-	-	-	-
Bonds Issued	-	18,775,000	-	-	21,311,195	34,155,000	27,356,540	34,100,000	3,882,000	35,598,915
Premium on Debt Issued	-	491,355	-	-	777,555	1,365,925	883,112	1,061,991	-	3,042,569
Current Refunding	-	16,109,522	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(16,135,121)	-	-	(17,191,175)	-	(27,893,746)	(13,692,378)	-	(31,529,965)
Transfers In	4,626,243	1,240,187	2,348,388	3,051,615	-	645,992	8,859,255	1,666,236	21,795,110	1,497,943
Transfers Out	(426,243)	(40,187)	(73,388)	(2,051,615)	-	(645,992)	(13,859,255)	(1,666,236)	(21,795,110)	(1,497,943)
Total Other Financing Sources (Uses)	4,200,000	23,425,284	5,613,894	7,554,060	3,561,008	37,100,039	5,347,975	21,969,613	4,382,000	7,222,495
Net Change in Fund Balances	(5,645,962)	22,272,232	(5,198,678)	11,698,994	905,783	55,933,013	(16,030,339)	6,655,448	(25,331,366)	(9,598,842)
Prior Period Adjustments	-	-	(978,275)	-	-	2,556,183	-	-	-	-
Net Change in Fund Balances	\$ (5,645,962)	\$ 22,272,232	\$ (6,176,953)	\$ 11,698,994	\$ 905,783	\$ 58,489,196	\$ (16,030,339)	\$ 6,655,448	\$ (25,331,366)	\$ (9,598,842)
Debt Service as a Percentage of Noncapital Expenditures	8.56%	11.32%	12.94%	13.34%	11.33%	12.69%	12.23%	11.33%	9.10%	6.91%

Notes Within expenditures of 2001 to 2008, departments have been reclassified to their current categories for comparative purposes.

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	Total Taxable Assessed Value	Total Direct Tax Rate ¹
	Residential Property	Commercial / Industrial	Public Utilities	Other			
2010	\$ 1,062,971,861	\$ 2,285,784,000	\$ 112,165,100	\$ 227,199,700	\$ 1,478,226,550	\$ 2,209,894,111	\$1.6064
2009	1,065,908,110	2,394,501,500	110,443,800	227,199,692	1,422,057,150	2,375,995,952	1.3969
2008	997,955,800	2,406,394,910	123,900,000	236,342,000	1,403,978,865	2,360,613,845	1.3969
2007	985,955,800	2,390,860,410	125,594,500	237,787,300	1,414,647,350	2,325,550,660	1.3969
2006	986,012,500	2,336,804,824	137,639,800	239,301,300	1,406,173,892	2,293,584,532	1.3969
2005	966,441,600	2,336,804,824	137,516,600	272,381,300	1,409,994,116	2,303,150,208	1.3067
2004	963,910,000	2,351,743,885	137,476,200	55,157,325	1,408,520,233	2,099,767,177	1.3067
2003	960,662,500	2,302,888,985	143,009,600	55,052,025	1,391,041,380	2,070,571,730	1.3067
2002	959,498,000	2,344,793,585	142,824,900	54,781,025	1,411,496,580	2,090,400,930	1.3067
2001	958,485,800	2,382,349,285	146,315,200	55,180,725	1,450,839,124	2,091,491,886	1.0819

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 Tax rate per \$100 of assessed value.

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			Total School District	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Millage	
2010	\$ 1.4964	\$ 0.1100	\$ 1.6064	\$ 0.1754	\$ 0.0195	\$ 0.1949	\$ 1.0870	\$ 2.8883
2009	1.2969	0.1000	1.3969	0.1754	0.0195	0.1949	1.6240	3.2158
2008	1.2969	0.1000	1.3969	0.1793	0.0156	0.1949	1.4830	3.0748
2007	1.2167	0.0900	1.3067	0.1559	0.0100	0.1659	1.3310	2.8036
2006	1.2267	0.0800	1.3067	0.1485	0.0095	0.1580	1.2270	2.6917
2005	1.2267	0.0800	1.3067	0.1501	0.0079	0.1580	1.1360	2.6007
2004	1.2167	0.0900	1.3067	0.1501	0.0079	0.1580	1.0820	2.5467
2003	1.2067	0.1000	1.3067	0.1485	0.0095	0.1580	0.9470	2.4117
2002	1.1667	0.1400	1.3067	0.1438	0.0142	0.1580	0.0907	1.5554
2001	0.9919	0.0900	1.0819	0.1438	0.0142	0.1580	0.8750	2.1149

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.

Table VII

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

Taxpayer	2001			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
BPG Office Partners VIII. LLC	\$ -		-	\$ 89,493,700	1	2.43%
Delmarva Power & Light	75,590,601	2	2.38%	80,824,200	2	2.19%
Bank of America (formerly MBNA)	111,878,800	1	3.53%	78,107,700	3	2.12%
MacQuarie BDN Christina	-		-	63,704,500	4	1.73%
D C L Leasing partnerts LPL	-		-	58,084,300	5	1.57%
E.I. Du Pont Nemours & Company	75,111,800	3	2.37%	52,839,800	6	1.43%
1201 Market Street LLC	-		-	51,775,000	7	1.40%
Delaware Trust Rehab	-		-	37,681,100	9	1.02%
Hub Properties Trust	36,072,400	8	1.14%	31,119,900	8	0.84%
Rodney Square Investors, L.P.	27,054,360	11	0.85%	27,608,600	10	0.75%
100 West Tenth Street Corp	27,300,100	10	0.86%	-		-
Tatten Partners	70,192,869	4	2.21%	-		-
Barrow Street Hen Partnerships	32,314,800	9	1.02%	-		-
Verizon	50,167,900	7	1.58%	-		-
Bassett Partners L.P.	64,915,022	5	2.05%	-		-
Brandywine Partners and Related Entities	63,704,552	6	2.01%	-		-
Totals	\$ 634,303,204		20.00%	\$ 571,238,800		15.48%

Source: City of Wilmington's Revenue Division

Table VIII

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

Fiscal Year	Total Tax Levy ¹	Collected within the Fiscal Year of Levy		Collections in	Total Collections to Date	
	for Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2010	\$ 35,003,879	\$ 34,274,358	97.9%	n/a	\$ 34,274,358	97.9%
2009	30,654,348	29,860,037	97.4%	\$ 555,598	30,415,635	99.2%
2008	30,426,934	29,066,946	95.5%	1,239,224	30,306,170	99.6%
2007	29,760,304	28,873,327	97.0%	861,129	29,734,456	99.9%
2006	29,703,984	28,611,393	96.3%	1,092,487	29,703,880	100.0%
2005	29,766,510	26,965,293	90.6%	2,770,196	29,735,489	99.9%
2004	28,086,411	23,480,668	83.6%	4,578,671	28,059,339	99.9%
2003	28,737,675	27,107,949	94.3%	1,596,076	28,704,025	99.9%
2002	28,247,996	24,596,758	87.1%	3,620,893	28,217,651	99.9%
2001	22,571,945	22,099,308	97.9%	440,324	22,539,632	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
2010	\$ 120,263,940	\$ 4,617,605	\$ 132,061,815	\$ 351,043	\$ 257,294,403	9.25%	\$ 3,524
2009	120,712,681	1,203,743	126,216,257	1,470,789	249,603,470	9.33%	3,416
2008	127,382,153	2,067,918	128,266,404	2,893,623	260,610,098	9.55%	3,577
2007	119,120,746	2,897,922	92,472,693	4,247,003	218,738,364	7.95%	3,010
2006	130,717,406	3,930,893	87,509,007	5,549,470	227,706,776	8.93%	3,136
2005	105,855,333	2,408,836	65,564,656	4,977,886	178,806,711	8.19%	2,474
2004	109,638,038	2,777,856	69,938,279	2,195,627	184,549,800	8.47%	2,558
2003	118,395,331	3,071,784	72,192,162	159,122	193,818,399	9.21%	2,686
2002	127,607,476	4,872,516	77,626,099	296,309	210,402,400	10.24%	2,909
2001	119,996,587	5,415,912	67,303,058	485,846	193,201,403	9.44%	2,665

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

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

¹ See Schedule XIII on page 120 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
2010	\$ 252,325,755	11.42%	\$ 3,455
2009	246,928,938	10.46%	3,379
2008	255,648,557	10.83%	3,509
2007	211,593,439	9.10%	2,912
2006	218,226,413	9.51%	3,006
2005	171,419,989	7.44%	2,372
2004	179,576,317	8.55%	2,489
2003	190,587,493	9.20%	2,641
2002	205,233,575	9.82%	2,837
2001	187,299,645	8.96%	2,583

Source: City of Wilmington's Treasurer's Office

Note: ¹ See Schedule V on page 112 for Actual Taxable Value o

² See Schedule XIII on page 120 for population data.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010
(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	342,875,000	15%	\$ 52,459,875
Various School Districts	361,404,718	16%	<u>56,379,136</u>
Subtotal - Overlapping Debt			108,839,011
City of Wilmington Direct Debt	252,325,755	100%	<u>252,325,755</u>
Totals			<u>\$ 361,164,766</u>

Source: City of Wilmington Treasurer's Office

Table XII

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating Budget	\$ 83,597,208	\$ 79,979,957	\$ 87,421,961	\$ 88,029,760	\$ 92,182,803	\$ 104,480,969	\$ 120,349,099	\$ 132,211,249	\$ 157,594,361	\$ 147,521,170
Debt Service Limit	14,629,511	13,996,492	15,298,843	15,405,208	16,131,991	18,284,170	21,061,092	23,136,969	27,579,013	25,816,205
Total Net Debt Service Applicable to Limit	<u>8,462,718</u>	<u>12,677,195</u>	<u>9,238,483</u>	<u>8,310,947</u>	<u>8,720,315</u>	<u>9,076,566</u>	<u>11,921,182</u>	<u>11,772,993</u>	<u>11,713,497</u>	<u>11,479,884</u>
Legal Debt Service Margin	<u>\$ 6,166,793</u>	<u>\$ 1,319,297</u>	<u>\$ 6,060,360</u>	<u>\$ 7,094,261</u>	<u>\$ 7,411,676</u>	<u>\$ 9,207,604</u>	<u>\$ 9,139,910</u>	<u>\$ 11,363,976</u>	<u>\$ 15,865,516</u>	<u>\$ 14,336,321</u>
Total Net Debt Service Applicable to the Limit as a Percentage of Debt Limit	58.00%	91.00%	60.00%	54.00%	54.00%	50.00%	57.00%	51.00%	42.00%	44.00%

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
2010	73,022	\$ 2,780,385,672	\$ 38,076	27,494	12.3%	36.50	\$ 35,116
2009	73,079	2,674,837,558	36,602	28,575	12.2%	34.98	39,251
2008	72,855	2,729,803,995	37,469	30,344	7.6%	34.80	39,251
2007	72,668	2,750,992,476	37,857	31,112	5.7%	33.70	40,778
2006	72,607	2,549,667,412	35,116	33,371	5.2%	36.00	40,778
2005	72,265	2,182,475,265	30,201	31,843	5.8%	34.10	35,116
2004	72,154	2,179,122,954	30,201	32,748	6.5%	33.70	31,499
2003	72,155	2,103,318,250	29,150	32,165	5.8%	36.90	36,064
2002	72,335	2,055,688,365	28,419	32,667	6.9%	36.30	36,084
2001	72,506	2,047,569,440	28,240	35,517	5.1%	35.50	37,489

Sources: Population - All years revised to the Delaware Office of State Planning
 - Population Projections by Single Year and 5-Year Age Cohorts (October 28, 2010)
 Per Capita Income is annualized from the Delaware Department of Labor Weekly Earnings.
 Personal Income is Per Capital Income times the Population estimate.
 The employment and unemployed data provided by the Delaware Dept of Labor.
 Medial age and median household effective buying income provided by Delaware Online.

Table XIV

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

<u>Taxpayer</u>	<u>Calendar Year 2001</u>			<u>Calendar Year 2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total² Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total² Employment</u>
State of Delaware	16,419	1	6.46%	13,900	1	4.94%
Christiana Care Health Services	-		0.00%	10,800	2	3.84%
Bank of America (MBNA)	11,300	3	4.45%	10,000	3	3.55%
E.I. Du Pont Nemours & Company	12,200	2	4.80%	8,100	4	2.88%
AstraZeneca Inc.	2,100	8	0.83%	4,800	5	1.70%
University of Delaware	3,811	4	1.50%	4,004	6	1.42%
A.I. Dupont Institute	2,100	7	0.83%	3,200	7	1.14%
Christina School District	1,883	11	0.74%	2,300	8	0.82%
Wilmington Trust Corp	2,300	5	0.90%	2,284	9	0.81%
Red Clay School District	2,000	9	0.79%	1,750	10	0.62%
Walgreen's, Inc	1,800	12	0.71%	1,700	11	0.60%
Brandywine School District	1,268	13	0.50%	1,482	12	0.53%
Colonial School District	1,026	14	0.40%	1,271	13	0.45%
ING Direct	-		0.00%	1,122	14	0.40%
PNC Financial Services Group	-		0.00%	1,100	15	0.39%
General Motors	2,200	6	0.87%	-		0.00%
Chase Manhattan Bank	1,900	10	0.75%	-		0.00%
Delmarva Power/Pepco	1,000	13	0.39%	-		0.00%
Totals	63,307		24.92%	67,813		24.09%

Sources: City of Wilmington Department of Economic Development

Note: ¹ Employment in the Wilmington Metropolitan area.

² Total employment in New Castle County.

Table XV

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

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Mayor's Office	41.00	43.00	33.00	45.00	45.00	46.00	61.00	60.00	60.00	60.00
City Council	27.00	27.00	26.00	25.00	29.00	29.00	29.00	29.00	29.00	29.00
Audit	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Law	18.00	19.00	18.00	19.00	20.00	20.00	21.00	23.00	23.00	23.00
Finance	101.00	101.00	101.00	68.00	69.00	67.00	60.00	68.00	70.00	75.00
Human Resources	20.00	20.00	21.00	21.00	21.00	21.00	22.00	22.00	23.00	23.00
Treasurer	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
Planning	14.00	14.00	10.00	10.00	10.00	11.00	11.00	12.00	12.00	12.00
Real Estate and Housing	24.00	24.00	24.00	21.00	21.00	20.00	16.00	17.00	17.00	17.00
Parks and Recreation	50.00	47.00	52.00	52.00	52.00	52.00	53.00	54.00	58.00	53.00
Public Safety										
Police	344.00	344.00	344.00	368.00	377.00	386.00	407.00	429.00	431.00	416.00
Fire	176.00	176.00	176.00	176.00	176.00	176.00	177.00	177.00	180.00	172.00
License and Inspection	33.00	31.00	35.00	36.00	37.00	39.00	44.00	45.00	46.00	44.00
Public Works	<u>212.00</u>	<u>212.00</u>	<u>212.00</u>	<u>212.00</u>	<u>212.00</u>	<u>212.00</u>	<u>228.00</u>	<u>231.00</u>	<u>235.00</u>	<u>229.00</u>
Totals	<u>1,072.00</u>	<u>1,070.00</u>	<u>1,063.00</u>	<u>1,064.00</u>	<u>1,080.00</u>	<u>1,091.00</u>	<u>1,141.00</u>	<u>1,179.00</u>	<u>1,196.00</u>	<u>1,165.00</u>

Sources: City of Wilmington Office of Management and Budget

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

Table XVI

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Physical Arrests/Charges	n/a	n/a	13,567	12,473	13,456	10,230	9,534	6,155	n/a	11,737
Police Calls - Incident	131,344	132,614	133,124	127,417	125,665	n/a	126,614	110,177	n/a	119,412
Police Calls - Administrative	n/a	n/a	n/a	n/a	n/a	n/a	114,000	261,462	n/a	56,072
Fire/EMS Calls	15,112	15,466	15,807	15,301	15,902	15,124	16,596	15,584	16,976	17,659
Inspections	636	363	505	710	1,121	778	1,710	614	1,802	1,862
Parking Violations Issued	102,684	88,559	62,959	54,081	52,708	68,719	72,990	87,327	79,262	70,030
Redlight Tickets Issued	n/a	n/a	85,620	63,714	85,015	56,195	64,572	66,988	100,202	78,231
Building Permits Issued	n/a	n/a	n/a	n/a	n/a	n/a	4,250	2,848	4,330	4,225
Health and Welfare										
Meals served-Summer	n/a	454,392	206,610	215,180	207,599	231,189	252,706	294,708	325,381	192,159
Meals served-Evening	n/a	40,372	272,840	185,109	332,509	n/a	77,092	71,928	120,631	229,590
Emergency Shelter	1,173	938	1,059	326	268	329	911	443	354	469
HOPWA (Housing) *	939	225	765	595	1,075	352	474	126	169	141
HPRP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	726
Water										
Water Production (millions of gallons)	8,101	8,033	7,776	7,983	7,918	7,201	6,877	6,830	6,720	6,154
Water Sold (millions of gallons)	4,780	n/a	5,228	7,222	6,925	6,032	5,933	5,419	5,069	4,705
Wastewater										
Average Daily Sewage Treatment (Millions of gallons)	n/a	74.83	67.96	87.95	81.56	78.48	82.43	71.60	69.32	85.03
Landfill										
Annual Tons of Refuse	33,505	43,137	43,613	43,376	42,897	41,689	42,500	37,837	29,727	29,527

Sources: Various City of Wilmington Departments.

Notes: Quantifiable and meaningful operating indicators are not available for all functions.

n/a = Not available

* = Housing for Persons with AIDS

Table XVII

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police Patrol Units	302	300	298	306	309	320	320	320	320	320
Paramedic Units	3	3	3	3	3	3	3	3	3	3
Highways, Streets, and Bridges										
Roads & Streets (miles)	147	147	147	147	147	147	147	147	147	147
Health and Welfare										
Buses	2	2	2	2	2	2	2	2	2	2
Water										
Production Capacity (millions of gallons per day)	40	40	40	40	40	40	40	40	40	40
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	100	100	105	105	105	105	105	105	105	105

Sources: Various City of Wilmington departments.

Note: Quantifiable and meaningful capital asset indicators are not available for all functions.
n/a = Not available