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Comprehensive Annual Financial Report

For the Year ended
June 30, 2013

City of Wilmington, Delaware
Dennis P. Williams, Mayor

CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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



**CITY OF WILMINGTON, DELAWARE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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DENNIS P. WILLIAMS
MAYOR

City of Wilmington
Delaware

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December 30, 2013

The Honorable Dennis P. Williams, 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, 2013.

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, 2013, 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, 2013, 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 level (e.g., personal services or materials, supplies, equipment) may be made without legislative approval. Appropriation control is maintained through a budget-tracking process within the accounting system at the functional and object levels. Note 2-B presents expenditures and transfers over appropriations and the cause of these variances.

Economic Condition and Outlook

Looking Forward in City Government. The fiscal year 2014 operating budget represents a 1.7% increase over the fiscal year 2013 budget. The FY 2014 budget continues to focus on the direct City services most important to the citizens such as public safety, public works, code enforcement, and parks and recreation.

The fiscal year 2014 budget reflects the following:

- The FY 2014 operating budget expenditures total \$145,376,145 – up \$2,448,122, or 1.7% from FY 2013. This increase was driven in large part by a number of largely uncontrollable cost factors. Actuarially required pension and pension healthcare contributions rose a total of almost \$942,000. To retain 14 patrol officers that had been principally funded through the now defunct COPS grant, \$683,000 in salary and benefits were added to the General Fund. Employee medical benefit costs increased \$622,000 and contractual employee salary step increases added another \$542,500. Because the Fire SAFER grant will end in mid-year of FY 2014, the half-year cost of \$383,000 for the 13 firefighters currently in the grant was added to the General Fund to avoid reducing the authorized strength. Lastly, required technology upgrades, especially in the area of public safety communications, increased costs by \$382,400.
- Staffing increased by a net total of 12.75 Full-Time Equivalent (FTE) positions. Absorbing the remaining portion of COPS grant-funded patrol officers resulted in 9.67 FTEs transferred in. Retaining SAFER grant-funded firefighters after that grant ends in mid-year of FY 2014 added in a prorated 6.50 FTEs. A FY 2013 mid-year budget amendment by City Council and another by my Administration added a net 2.00 and 3.00 FTEs respectively, which carried over into FY 2014. A reduction of housing related federal grant funds necessitated a change in the split-funding proration of a number of Real Estate & Housing employees that resulted in 0.93 FTE transferred in. In Finance, although 1.00 FTE (a vacant Senior PREO position) was deleted, it was offset by a net 0.85 FTE increase resulting from the reallocation of costs for a number of positions split-funded between the General and Water/Sewer Funds. In Public Works 0.25 FTE was transferred out because the Fleet Manager (previously the Administrative Engineer) will now be funded 25% by the Water/Sewer Fund. Lastly, City Council transferred out 8.95 FTEs to the CATV Fund.
- As part of the actions necessary to avoid a larger budget deficit, there is no allowance for a general Cost of Living Adjustment (COLA) for employees. A 2.5% COLA would cost about \$1.75 million. This will be the fifth year in a row that economic conditions have dictated that there be no provision for employee COLAs. However, anniversary-based salary step increases for all eligible employees will continue.
- A \$250,000 increase in the Miscellaneous Projects account is a request from City Council to fund youth initiatives and other special projects of interest to Council.
- Consulting costs increased a total of \$241,300 City-wide, fueled largely by three major factors. The contractually mandated administration of the Police Department's bi-annual testing and promotional process by an independent third party added \$150,000. A mayoral initiative for a consultant to develop an education, arts, and cultural affairs integration vision plan will cost \$45,000. Lastly, after a number of years of reduced spending during the recession, the Office of Economic Development has begun to greatly expand the number and scope of its projects, leading to a \$35,000 increase for architectural and engineering support services.

- At the request of Council, the cost of the entire Cable and Communications Division of City Council, along with portions of the salary and benefit costs of three senior staff members have been transferred out of the General Fund and into a special CATV Fund.
- The Comcast franchise fee revenue has also been transferred from the General Fund to the CATV Fund. Because the loss of over \$1.06 million in Comcast franchise fee revenue exceeds the almost \$900,000 of costs transferred out, the General Fund bottom line will be negatively impacted by about \$160,000.
- Fire overtime increased \$150,000 to support the new Fire Chief's controlled company closure program that is replacing the previous Administration's often maligned continuous rolling bypass system. The controlled company closure program will strike a better balance between public safety and fiscal responsibility.
- The City Treasurer was able to take advantage of historically low bond interest rates to refinance some outstanding series of general obligation bonds with higher interest rates. As a result, total Debt Service decreased by \$736,713 in FY 2014.
- The FY 2014 General Fund Budget does not include any tax or fee increases. To balance the budget, the Administration had made a final proposal to transfer \$375,000 from the Economic Strategic Fund. Instead, Council made a number of departmental appropriation changes (\$1.25 million in reductions and \$814,000 in additional Council requests) that were approved through a final floor amendment. The net effect of these spending changes are reflected in the budget control accounts of the affected departments.

Factors Affecting Financial Condition

Jobs. The Office of Economic Development (OED) manages the City's Economic Development Strategic Fund, which is used to make job creation and retention incentives to private businesses. The Fund's expenditures are recouped by the City's General Fund in two or three years by the wage taxes generated from the new or retained jobs. Each incentive is contractually-based, with performance requirements and claw-backs. Since the enabling legislation and initial appropriation in 2002, the City has executed over twenty-five contracts involving incentives of \$11 million, resulting in \$36.5 million of wage taxes. In FY 2012, the jobs attributed to the Strategic Fund Incentive Program accounted for \$5.5 million of the City's wage tax base. With a fund balance of over \$4 million, The Strategic Fund will continue to be an effective business development tool for the OED.

Strategic Fund highlights in FY 2013 include the provision of a \$1 million dollar letter of credit to the Riverfront Westin Hotel project. The letter of credit was essential to the capital structure of the \$40 million dollar project, and the City's \$1 million held in reserve will be returned to the Fund when the project cash flow is stabilized or within five years of opening, whichever occurs first.

The Strategic Fund also supported the establishment of a new manufacturing facility for Masley Enterprises, a specialty glove manufacturer with customers in the industrial and defense sectors. The new facility employs 30 people from the local work force and has federal *HUBZone* status, the first such designation within the City. The *Historically Underutilized Business Zones (HUBZone)* program helps small businesses gain preferential access to federal procurement opportunities.



The Capital One merger with ING Direct was completed in FY 2013 with the new brand, Capital One 360, headquartered in Wilmington. The new business has already grown from its predecessor's size of approximately 1,000 jobs to 1,250. And they have committed to adding another 150 jobs on top of that over the next few years. The future potential growth of Capital One 360 represents a tremendous opportunity for the financial services sector, traditionally a strong business area that was weakened by the financial crisis. The City and the State are working with Capital One 360 to ensure the region's strong financial services workforce and advantageous business polices continue to be attractive and compelling location for investment and growth.



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., Capital One 360, the nation's largest Internet bank, and AAA Mid-Atlantic are located within the City's Riverfront District. The Office of Economic Development's main focus is to provide support to the residents thru job creation. This directive is achievable thru the City's emphasis 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. The City maintains strong relationships with the Riverfront Development Corporation, Department of the Environment, Department of Transportation, and the Delaware Small Business Association.

Wilmington continues to face significant economic challenges as the finance, banking, and credit card industries that make up its economic base recover from the collapse of financial markets during the Global Financial Crisis. While the slow recovery continues to put a significant strain on the resources the City wields, economic development has remained a priority for Wilmington, demonstrating its commitment to increasing job opportunities and growing its economic base. Likewise, the business community continues to make investments in the City, demonstrating Wilmington's ability to remain an attractive place to do business.

During the year, some of the City of Wilmington's successes were:

- In the fall of 2012, the City celebrated the three-year anniversary of two educational and family-oriented amenities: The Russell W. Peterson Urban Wildlife Refuge & Dupont Environmental Education Center and the Delaware Children's Museum. Opened in the fall of 2009, the Wildlife Refuge & Environmental Education Center is a \$16.5 million, 212 acre wildlife refuge and educational center on the banks of the Christina River. The Center provides educational programming facilitated by the Delaware Nature Society for children and adults, as well as community and school groups throughout the year. The Delaware Children's Museum is a 37,000 square foot interactive learning facility, also on the Christina River. Attracting approximately 135,000 visitors annually, the Delaware Children's Museum has an estimated indirect economic impact of \$5.6 million in annual business activity.



- Adding to the entertainment and cultural offerings at the Wilmington Riverfront, Penn Cinema opened its \$25 million, 14-screen movie theater complex, featuring a four-story IMAX theater in December of 2012. The theater has 3-D digital screens and high-definition feeds for live broadcasts of events, such as professional sports, plays, and concerts. The theater provides employment for five full-time and 145 part-time workers, and is on course to draw over 500,000 visitors in its first year.



- Another downtown landmark, the former Daniel L. Hermann Courthouse, underwent a \$35 million renovation that converted the historic building into Class A office space, utilizing \$28 million in federal stimulus bonds. Situated prominently on Rodney Square, the 210,000 square foot building was built in 1916, and the renovation preserves its historic architecture. Owned by the Pettinaro Co., the building is the new home of Wilmington law firm Young Conaway Stargatt & Taylor, LLP.

Long-Term Financial Planning. Wilmington continues to build upon its successes of the past ten years. Key gains won through the Business Incentive Program demonstrate that even in this new age of economic uncertainty, Wilmington's business friendly policies still meet the needs of the private sector and continue to draw investment. The continued transformation of the City's downtown, riverfront, and neighborhoods have generated activity, excitement, and a sense of pride in Wilmington.

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 2008 establishment of the Upstairs Fund was a targeted effort by the City to improve the under-utilized building infrastructure along Market Street, the historical center of retail and commerce in Wilmington. After previous investments to upgrade utilities and convert the pedestrian mall back to vehicular traffic, this gap-financing program was the next step in a long-term plan to revive retail activity and residential living on Market Street. Utilizing the Upstairs Fund to encourage the development of market-rate rental units above renovated first floor retail spaces, the City sought to reduce ubiquitous second and third-story vacancies, while attracting the retail, food & beverage, and entertainment industries. An initial investment of \$15.5 million of General Obligation Bond proceeds leveraged over \$60 million in private sector investment. Between 2009 and 2011, the Upstairs Fund produced 35 new residential units, eight new retail stores, and seven new office spaces within six renovated buildings. In 2012, another 13 buildings containing 17 residential units and nine retail/office units were completed and are available for leasing. Several new restaurants now occupy the once vacant storefronts and retail spaces, with

about a half-dozen new establishments opening in the past year alone. New retail stores have also opened, and have expanded shopping opportunities, contributing to the revival of downtown Wilmington.

- Undoubtedly, the largest success of the Upstairs Fund is the \$25 million renovation of the 45,000 square-foot Queen Theatre on the corner of 5th and Market Streets. Vacant for over 50 years, the Queen is now home to World Café Live at the Queen and WXPN, a live music venue and radio station that opened April 1, 2011. The City's \$3 million investment in the project and the venue's anticipated role as a catalyst for future economic development was written about in the New York Times. In its first year, the World Café Live at the Queen hosted 700 performances, sold over 50,000 tickets, booked 170 special events, and welcomed 120,000 guests. The World Café Live at the Queen is a major success in the revitalization effort to make downtown Wilmington a cultural, dining, and entertainment destination.



- In the Delaware Ave neighborhood is a \$30.6 million project to replace the 120-unit Lincoln Towers residential high-rise building. The City made a \$20 million issuance of conduit revenue bonds for the project, which was completed in May of 2013 and now accepting new residents. The new building features underground parking and the ground floor will be the new home for Fire Station No. 5, replacing the 118-year-old station that is presently on Gilpin Avenue.



- In its third year of construction, the expansion of the ten-acre Wilmington Campus of the Christiana Care Health System is on schedule to be completed in 2014. First announced in 2009, the \$205 million project received an additional \$5 million contribution from the Dupont Company, bringing the total project cost to \$210 million. This major expansion doubles the size of the emergency room, creates 30 new single-occupancy patient rooms, and provides the capacity for another 90 beds. In addition, 51,000 square feet of professional office space for private medical practices will be provided. The new Emergency Room opened in June of 2013, and the final phases of construction are scheduled for completion in early 2014. This project continues to generate a significant number of construction jobs and will result in 594 additional new permanent jobs.



- Fiber optic cables have been at a premium in northern Delaware, reflected in higher costs passed on to end users and restricting access to Big Data service levels. Services that may cost \$5,000 in Philadelphia can cost \$15,000 in Wilmington. A \$20 million dollar public/private investment was finalized in FY 2013 that will use public funds to lay additional fiber capacity alongside a planned private investment, bringing capacity to 1201 N. Market St. in the City. When Chase Bank left 1201 N. Market St., they left behind a data center infrastructure that includes large, industrial backup power generation, as well as complementary backup power storage sought after by data storage and redundancy providers. IPR International out of Wayne, PA announced a new data center at 1201 N. Market and an investment to bring additional dedicated fiber capacity to the building. The owner of the 1201 N. Market St. parcel, in conjunction with the City's Office of Economic Development, successfully secured a \$4 million dollar grant from the State of Delaware's Infrastructure Investment Fund to install additional capacity that can greatly expand service to the northern Delaware market through telecom companies such as Fibertech Communications Inc. and Sunesys. The funding agreements were recently completed, with installation to take place in calendar year 2014.

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

- The City Code requires the operating budget to be "balanced" or operating expenditures must be equal to revenues plus prior years' accumulated surplus.
- Wilmington's financial position shall be managed conservatively.
- A target of 80% or more of the General Fund or operating budget should represent direct essential services to the citizens such as Police, Fire, Public Works, Parks & Recreation and L & I.
- Cost containment shall be achieved by limiting growth of controllable expenses to no more than the increase in related cost indices such the Consumer Price Index (CPI) or Producer Price Index (PPI). Cost containment should be achieved without elimination of services or programs. New programs should be implemented only through cost savings from existing programs. Innovation and new technology must be utilized to achieve the most cost effective service delivery.
- Revenue generation will be derived from various sources with the primary focus on economic development activities. The broadening of the tax base rather than increases to tax rates is the objective; however, real estate tax rates and various user charges should be periodically adjusted to account for inflation. Collection and enforcement are vital components to our revenue generation program. All taxes, fees, and user charges shall have a collection rate of 95% or greater.
- All components of Wilmington's infrastructure, including roads, water/wastewater transmission lines, water and sewer treatment plants, traffic signals, parks, public property, bridges, street lighting, reservoirs and other capital assets shall be reviewed quarterly and planned maintenance or replacement shall be approved by the Planning Commission and included in the City's Capital Budget and Program. Unexpended funds from previous Capital Budgets shall be reviewed quarterly to determine whether a former project has been temporarily delayed, altered or is no longer feasible. Based on this analysis, funds might then be transferred to current fiscal year projects in order to reduce the amount of new borrowing.
- Debt shall never be incurred to finance operating activities, except in the special case, as approved by City Council, where the issuance of tax anticipation notes are to be used to bridge timing gaps in cash flow from tax revenue sources. Capital borrowing shall be structured to create level debt service over the life of the bonds and be opportunistic in regard to market conditions and special issues. The City will take an aggressive position regarding special issues in order to generate interest savings, fee income, or economic development incentives. Total annual General Fund debt service cost as a percentage of the annual operating budget shall not exceed 17.5%, as mandated by Delaware State law.
- The City shall make maximum use of private resources. This includes the leveraging of non-public resources through public/private partnerships, as well as the privatization of services when those services can be provided more effectively, and at a reduced cost through the private sector.

Major Initiatives. Wilmington Mayor Dennis P. Williams' vision for the City stands on four guiding principles that together will rebuild a sense of unity and pride:

- Developing City employees into true public servants.
- Energizing neighborhoods to create a City we can all be proud to call home.
- Motivating parents and children to shape their own futures.
- Creating economic prosperity that touches every corner of the City.

Public Service

It is said that “Change begins with me”, and so we first look inward to fix what is broken. We are establishing a new culture in City Hall where constituents are recognized as more than just a house number. They are our valued customers and we are here to serve.

Customer service is, and will remain, a top priority in my Administration. Already, we have launched a Citywide customer service training initiative. Starting at the top, with Department and Division Heads to front-line staff, we will treat our customers with respect and provide the best in service.

Expanded use of our City Works system by the Constituent Services Division and the new *Report It - Resolve It* online application implemented by the Public Works Department make it easier for customers to report problems and get them resolved faster. This requires that all staff throughout the city work together to solve problems and respond to customer needs.

Neighborhoods

Even as we work internally to do things better, we are working to develop a more active and engaged community to help give the power to change the state of our neighborhoods to the people who live in them. To this end, I have instituted a Director of Neighborhood Development, whose role is to work with the Neighborhood Planning Councils, civic groups and community associations to empower, educate and energize citizens at the grass roots level to take ownership for building their neighborhoods.

There is much to be done to make our City truly great. But one thing we know for sure, only a safe City will be a great city. Officers are visible and out in the community as never before. Citizens are becoming more engaged and are assisting Police to help prevent crime. In just the first few months of this Administration, the Wilmington Police Department has responded to calls for service, made arrests, seized drugs and apprehended firearms in near-record numbers.

Children/Achievement

Key to revitalizing our neighborhoods is the preparation of our children to be responsible citizens and motivate them to shape their own future. As parents, teachers, and community leaders, we must have high expectations for our children, and do our part to help them succeed.

A Task Force on Youth, Education and Citizenship will be appointed and focused on improving the development and achievement of young people - from 23rd and Lamont Streets, to 3rd and Clayton Streets, to 4th Street & Greenhill Avenue, to 38th & Monroe Streets, and everything in between.

Economic Prosperity

A City thrives on its economic sustainability. While we will look to stimulate economic growth in Wilmington by encouraging small business development and entrepreneurship, I am equally focused on retaining the businesses that are already vested with us and creating jobs for Wilmington residents from all walks of life. Sustained economic growth and vitality demands that we preserve the City’s role as the center of commerce for the State of Delaware.

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, 2012. This was the 27th consecutive year that the City of Wilmington has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

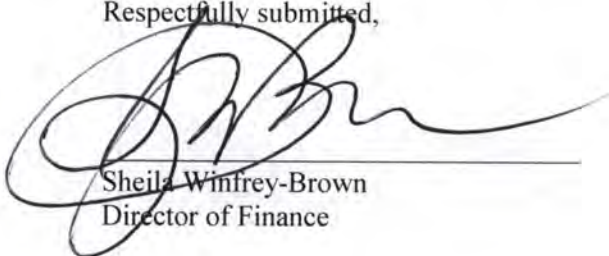
In addition, the City of Wilmington received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated for the fiscal year beginning July 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget documentation was judged to be 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.

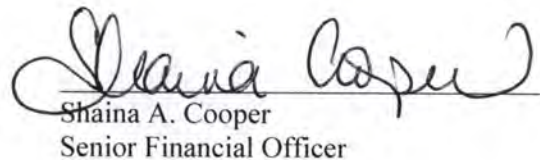
Acknowledgements

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,



Sheila Winfrey-Brown
Director of Finance



Shaina A. Cooper
Senior Financial Officer



Government Finance Officers Association

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

Presented to

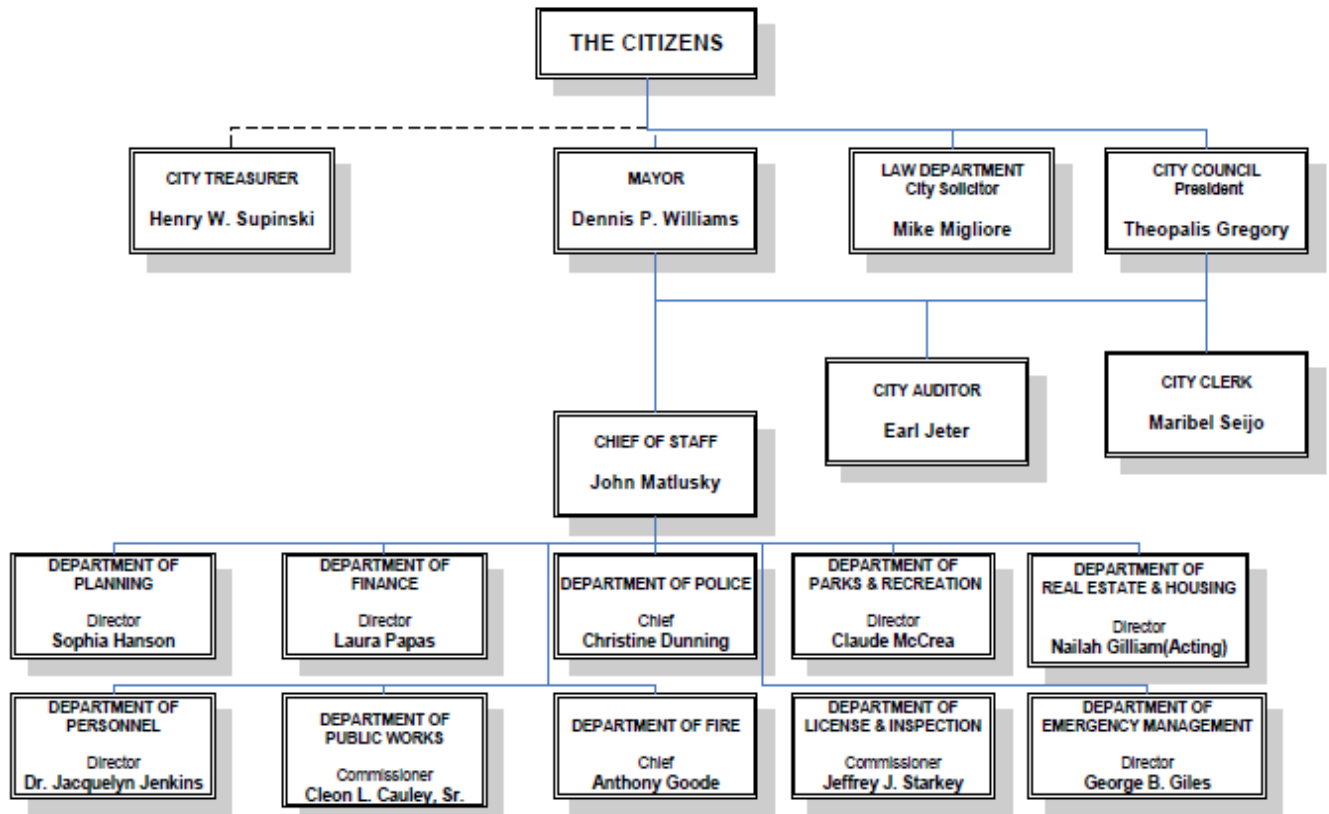
**City of Wilmington
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF WILMINGTON ORGANIZATION CHART



City of Wilmington
Listing of Principal Officials
June 30, 2013

Executive

Mayor
City Treasurer

Dennis P. Williams
Henry W. Supinski

City Council

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

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

Department Heads

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

John R. Matlusky
Michael P. Migliore, Esquire
Earl T. Jeter, CPA
Maribel Seijo
Sophia Hanson
Jacqueline D. Jenkins
Laura L. Papas*
Cleon L. Cauley, Sr.
Claude W. McCrea, Jr.
Nailah B. Gilliam
Jeffrey J. Starkey
Christine R. Dunning
Anthony Goode
George B. Giles

*Subsequent to the fiscal year end, Sheila Winfrey-Brown was appointed as the Director of Finance

**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 Theopalis
K. Gregory Sr.**



**District 1
Nnamdi Chuckwuocha**



**District 2
Ernest "Trippi" Congo II**



**District 3
Darius J. Brown**



**District 4
Hanifa G.N. Shabazz**



**District 5
Samuel Prado**



**District 6
Sherry Dorsey Walker**



**District 7
Robert A. Williams**



**District 8
Charles M. Freel**



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



**At-Large
Maria D. Cabrera**



**At-Large
Loretta Walsh**



**At-Large
Justen A. Wright**



Tel: 302-656-5500
Fax: 302-656-8024
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270 Presidential Drive
Wilmington, DE 19807

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units: Christina Gateway Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District, and Riverfront Wilmington Business Improvement District which represent 89.8%, 84.9%, and 96.6%, respectively of assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Wilmington Park Trust Commission and Rock Manor Golf Corporation, blended component units, reported as non-major special revenue funds, which represent 2.6%, 3.2%, and 0.9%, respectively, of assets, fund balance, and revenues of the aggregate remaining fund information. Those financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Christina Gateway Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District, Riverfront Wilmington Business Improvement District, Wilmington Park Trust Commission, and Rock Manor Golf Corporation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 4 through 17 and 82 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.



Other Information

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

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

The introductory section and statistical section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BDO USA, LLP

December 30, 2013

CITY OF WILMINGTON, DELAWARE

Management's Discussion and Analysis

June 30, 2013

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, 2013. We encourage readers to consider the information presented in conjunction with the additional information furnished in the letter of transmittal.

Financial Highlights

Government-wide

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$217,656,713 (net position), an increase of \$4,442,885 from the previous year. The net position of governmental activities decreased \$3,467,509 from the prior year, while the net position from business activities increased \$7,910,394.
- Discretely presented component units reported net position of \$47,281,528, an increase of \$35,289 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 \$76,349,437, a decrease of \$4,607,506 from the previous year. The Fund Balance reported is: Nonspendable Fund Balance of \$9,651,702; Restricted Fund Balance of \$20,523,529; Committed Fund Balance of \$22,911,283; and an Unassigned Fund Balance totaling \$23,262,923 (see page 20 for detail breakdown).
- The Housing Strategic Fund had a committed fund balance in the amount of \$1,178,585 to fund affordable housing in the City.
- The Economic Strategic Fund had a combined fund balance of \$5,578,382 consisting of \$27,580 of restricted fund balance and \$5,550,802 of committed fund balance for current and future economic development activities.
- The Capital Projects Fund had a restricted fund balance in the amount of \$14,798,953 to fund current and future City capital improvements.
- The Other Governmental Funds have a combined fund balance of \$8,221,065 consisting of \$879,788 in nonspendable, \$5,696,996 of restricted fund balance and \$1,644,281 of committed fund balance.

Long-Term Debt

- The City's total net general obligation debt increased to \$301,219,779 at June 30, 2013, an increase of \$14,248,983. After the issuance of bonds in FY 2013, water and sewer projects had a net increase in debt of \$22,115,297 and governmental capital projects had a net decrease in debt of \$7,866,314.

Overview of the Financial Statements

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

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

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

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

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

- *Governmental Activities* – Most of the City's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include General Governmental Services, Real Estate and Housing, Public Works, Parks and Recreation, and Public Safety. Also included is the Wilmington Park Trust Commission (The Trust) and Rock Manor Golf Corporation (Rock Manor) which are presented as blended component units. The Trust was organized for the purpose of financing the maintenance and improvements of the parks in and around the City of Wilmington and Rock Manor manages golf courses on behalf of the park system.
- *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, Wilmington UDAG Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District (Downtown Visions), and the Riverfront Wilmington Business Improvement District.

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

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

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information can be found on page 82.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other Assets | \$ 119,076,954 | \$ 128,482,925 | \$ 23,598,122 | \$ 19,090,857 | \$ 142,675,076 | \$ 147,573,782 |
| Capital Assets | <u>192,202,732</u> | <u>186,197,256</u> | <u>282,637,292</u> | <u>257,424,518</u> | <u>474,840,024</u> | <u>443,621,774</u> |
| Total Assets | <u>311,279,686</u> | <u>314,680,181</u> | <u>306,235,414</u> | <u>276,515,375</u> | <u>617,515,100</u> | <u>591,195,556</u> |
| Long Term Liabilities | 185,505,086 | 185,745,274 | 177,785,413 | 155,309,512 | 363,290,499 | 341,054,786 |
| Other Liabilities | <u>18,125,642</u> | <u>17,818,440</u> | <u>18,442,246</u> | <u>19,108,502</u> | <u>36,567,888</u> | <u>36,926,942</u> |
| Total Liabilities | <u>203,630,728</u> | <u>203,563,714</u> | <u>196,227,659</u> | <u>174,418,014</u> | <u>399,858,387</u> | <u>377,981,728</u> |
| Net Position: | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 68,699,894 | 79,317,727 | 118,345,142 | 118,391,959 | 187,045,036 | 197,709,686 |
| Restricted | 21,403,317 | 5,934,339 | - | - | 21,403,317 | 5,934,339 |
| Unrestricted | <u>17,545,747</u> | <u>25,864,401</u> | <u>(8,337,387)</u> | <u>(16,294,598)</u> | <u>9,208,360</u> | <u>9,569,803</u> |
| Total Net Position | <u>\$ 107,648,958</u> | <u>\$ 111,116,467</u> | <u>\$ 110,007,755</u> | <u>\$ 102,097,361</u> | <u>\$ 217,656,713</u> | <u>\$ 213,213,828</u> |

By far the largest portion of the City's net position (86%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net position are either restricted (\$21,403,317) or unrestricted (\$17,545,747). Unrestricted net position may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City's total net position was \$217,656,713.

Changes in Net Position. A schedule of a comparison of year-to-year changes in activity is on the following page. The combined net position of the City increased by \$4,442,885, over the course of this year's operations. The net position of governmental activities decreased \$3,467,509, and the net position of business-type activities increased by \$7,910,394.

**City of Wilmington's Changes in Net Position
Year Ended June 30, 2013**

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|--------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 21,161,611 | \$ 27,828,550 | \$ 67,065,579 | \$ 64,744,275 | \$ 88,227,190 | \$ 92,572,825 |
| Operating Grants & Contributions | 17,388,953 | 19,362,707 | - | - | 17,388,953 | 19,362,707 |
| Capital Grants & Contributions | 1,933,252 | 1,311,524 | 469,271 | 574,876 | 2,402,523 | 1,886,400 |
| General Revenues: | | | | | | |
| Total Taxes | 104,297,199 | 106,932,316 | - | - | 104,297,199 | 106,932,316 |
| Investment Earnings | 1,049,413 | 494,437 | 52,142 | 37,969 | 1,101,555 | 532,406 |
| Other Revenues | 12,505,037 | 12,437,046 | - | - | 12,505,037 | 12,437,046 |
| Total Revenues | 158,335,465 | 168,366,580 | 67,586,992 | 65,357,120 | 225,922,457 | 233,723,700 |
| EXPENSES | | | | | | |
| General Government | 28,485,274 | 35,708,148 | - | - | 28,485,274 | 35,708,148 |
| Real Estate and Housing | 4,925,920 | 10,276,370 | - | - | 4,925,920 | 10,276,370 |
| Public Works | 23,242,074 | 23,177,193 | - | - | 23,242,074 | 23,177,193 |
| Parks and Recreation | 9,196,053 | 9,632,204 | - | - | 9,196,053 | 9,632,204 |
| Public Safety | 90,571,399 | 84,777,539 | - | - | 90,571,399 | 84,777,539 |
| Interest on Long Term Debt | 5,150,078 | 4,768,486 | 6,088,217 | 6,324,914 | 11,238,295 | 11,093,400 |
| Water/Sewer | - | - | 53,820,557 | 54,559,730 | 53,820,557 | 54,559,730 |
| Total Expenses | 161,570,798 | 168,339,940 | 59,908,774 | 60,884,644 | 221,479,572 | 229,224,584 |
| Subtotal | (3,235,333) | 26,640 | 7,678,218 | 4,472,476 | 4,442,885 | 4,499,116 |
| Transfers | (232,176) | - | 232,176 | - | - | - |
| Change in Net Position | \$ (3,467,509) | \$ 26,640 | \$ 7,910,394 | \$ 4,472,476 | \$ 4,442,885 | \$ 4,499,116 |

Governmental Activities

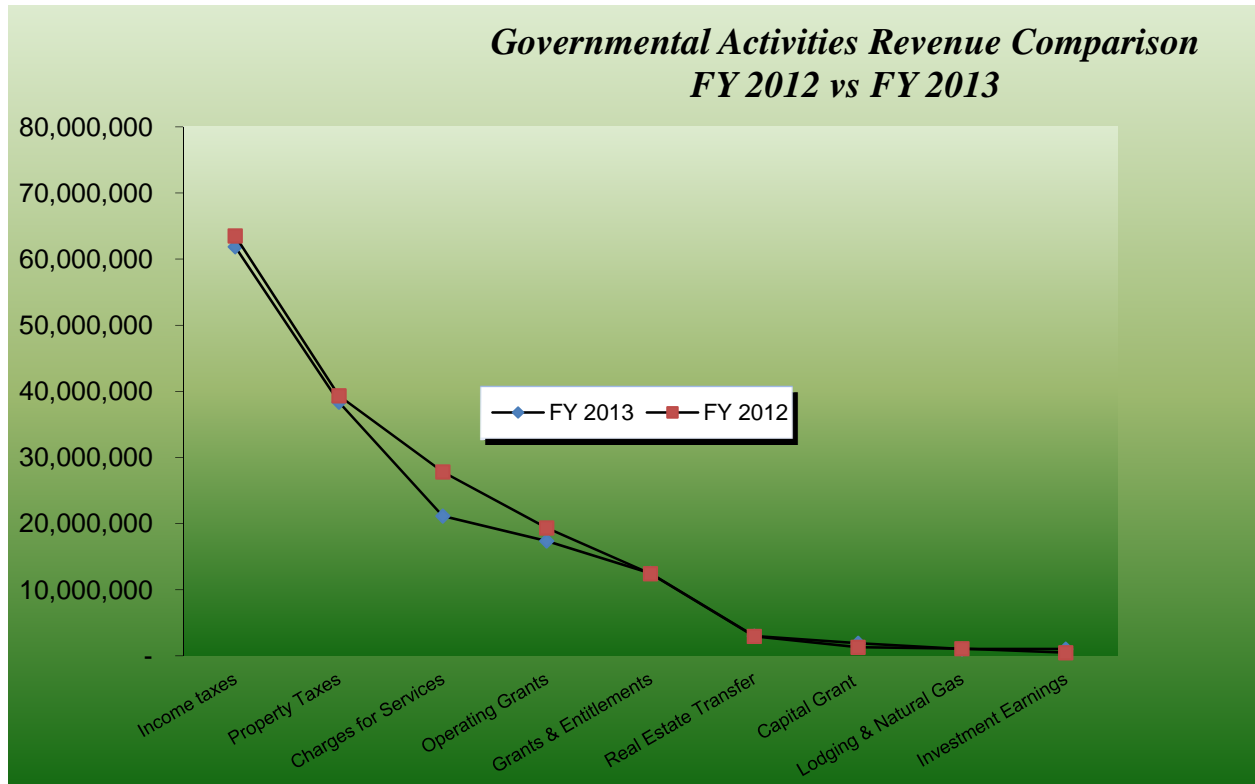
Revenues of governmental activities for fiscal year 2013 decreased from 2012 by \$10,031,115. This net decrease reflects a decrease in charges for services of \$6,666,939 and operating grants of \$1,973,754. Capital grants; however, increased by \$621,728. The charges for services revenue, which reimburse the City for specific activities, is the second largest source of governmental activity revenue at 13.4%. The key revenue elements are discussed later in the fund statement comparisons.

Expenses and transfers of governmental activities for fiscal year 2013 decreased by \$6,536,966 compared to 2012. Key cost elements are discussed later in the fund statement comparison.

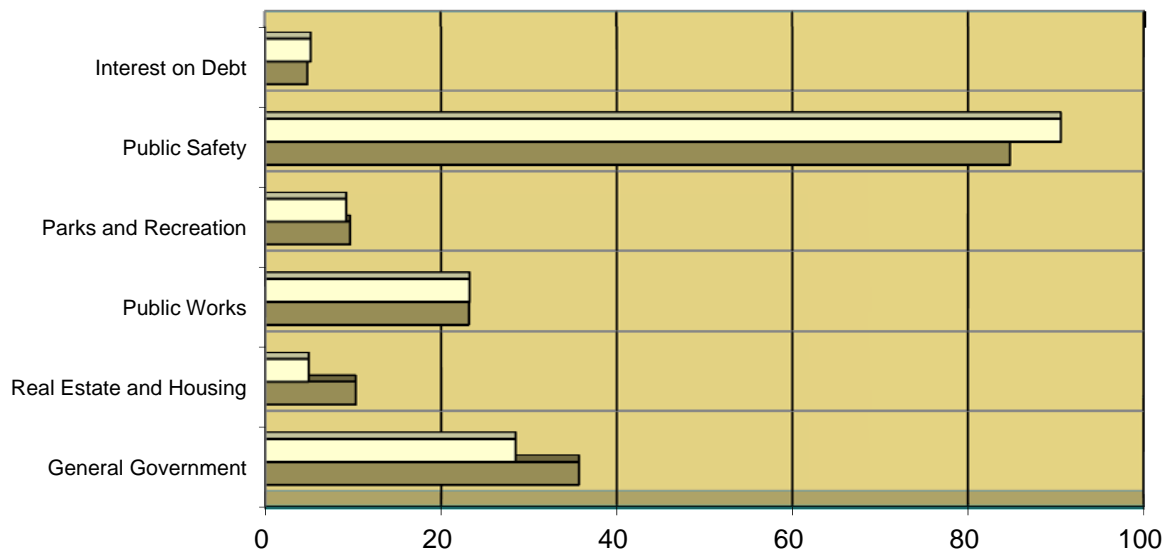
The charts on the following page depict a comparative view of the revenues and expenses of the governmental activities for fiscal year 2013 as compared to fiscal year 2012.

Business-type Activities

Net position of business-type activities increased by \$7,910,394 for the current fiscal year primarily as a result of increased charges for services due in part to a 9% rate increase. Detail explanations of the variance are contained in the financial analysis of the City's Funds - Proprietary Funds section on page 12.



Governmental Activities Expenditure Comparison FY 2012 to FY 2013



| | General Government | Real Estate and Housing | Public Works | Parks and Recreation | Public Safety | Interest on Debt |
|---------------|--------------------|-------------------------|--------------|----------------------|---------------|------------------|
| □ 2013 Actual | 28,485,274 | 4,925,920 | 23,242,074 | 9,196,053 | 90,571,399 | 5,150,078 |
| ■ 2012 Actual | 35,708,148 | 10,276,370 | 23,177,193 | 9,632,204 | 84,777,539 | 4,768,486 |

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported fund balances of \$76,349,437. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB 54:

- \$9,651,702 is recorded as Nonspendable due to a \$3,000,000 advance to the Motor Vehicle Fund, a \$5,771,914 advance to the Water/Sewer Fund, and \$879,788 in Wilmington Park Related Commissions;
- \$20,523,529 is recorded as Restricted; \$14,826,533 for capital projects, \$5,696,996 for park operations;
- \$22,911,283 is recorded as Committed; \$14,537,615 for the Budget Reserve Account, \$1,178,585 for Affordable Housing, \$5,550,802 for Economic Development, \$1,644,281 for other purposes; and
- \$23,262,923 is the remaining fund balance, thus this is classified as Unassigned.

Governmental Funds

General Fund – Comparison to Prior Year

The General Fund is the City's chief operating fund. At June 30, 2013, the fund balance composition included:

- \$8,771,914 is recorded as Nonspendable due to a \$3,000,000 advance to the Motor Vehicle Fund and a \$5,771,914 advance to the Water/Sewer Fund;
- \$14,537,615 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;
- \$23,262,923 is recorded as Unassigned for purposes to be identified at a later date.

The schedule on the following page presents General Fund revenues and expenditures for fiscal year 2013 compared to budget and fiscal year 2012.

The revenues for fiscal year 2013 decreased \$2,075,763 compared to the prior fiscal year. Primary factors in these results are:

- Property Taxes decreased by \$832,802 due to decreases in property values and some large commercial properties have continued to wage successful assessment appeals.
- Wage Taxes increased by \$743,062 and Net Profit Taxes increased by \$399,132 compared to 2012. 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 revenues increased by \$558,207 due to an increase in income derived from grants received from federal and state grants received by the City.
- Fines and Forfeitures are collected by the City for red light photo citations, parking tickets, criminal, and booting fines. The City recognizes revenues when the citizen pays the fine or forfeiture as opposed to when the fine is imposed. These revenues are down by \$2,388,345 from last fiscal year. As violations decrease at older sites, red light camera fines are decreasing. In addition, these revenues are being adversely affected by changes in parking regulations and a reduction in parking citation revenues collected through the Delaware Motor Vehicle program.

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

| | <u>2012</u> <u>Actual</u> | <u>2013</u> <u>Actual</u> | <u>Variance</u> <u>Positive</u> <u>(Negative)</u> | <u>Final</u> <u>Budget</u> | <u>2013</u> <u>Actual</u> | <u>Variance</u> <u>Positive</u> <u>(Negative)</u> |
|---|------------------------------|------------------------------|---|-------------------------------|------------------------------|---|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 39,013,879 | \$ 38,181,077 | \$ (832,802) | \$ 38,456,440 | \$ 38,181,077 | \$ (275,363) |
| Wage | 55,815,188 | 56,558,250 | 743,062 | 53,192,500 | 56,558,250 | 3,365,750 |
| Net Profit | 5,040,088 | 5,439,220 | 399,132 | 5,000,000 | 5,439,220 | 439,220 |
| Franchise | 1,716,982 | 1,863,137 | 146,155 | 1,806,902 | 1,863,137 | 56,235 |
| Real Estate Transfer | 2,971,602 | 2,999,468 | 27,866 | 1,900,000 | 2,999,468 | 1,099,468 |
| Head | 3,662,183 | 3,538,656 | (123,527) | 3,567,200 | 3,538,656 | (28,544) |
| Lodging & Natural Gas | 1,106,677 | 1,040,162 | (66,515) | 1,202,572 | 1,040,162 | (162,410) |
| Intergovernmental | 18,996,396 | 19,554,603 | 558,207 | 17,983,038 | 19,554,603 | 1,571,565 |
| Licenses and Permits | 4,843,537 | 4,573,516 | (270,021) | 3,777,673 | 4,573,516 | 795,843 |
| Fines and Forfeitures | 9,484,531 | 7,096,186 | (2,388,345) | 8,550,000 | 7,096,186 | (1,453,814) |
| Charges for Services | 4,967,893 | 4,721,220 | (246,673) | 6,284,097 | 4,721,220 | (1,562,877) |
| Investment Earnings | 484,808 | 462,506 | (22,302) | 1,107,601 | 462,506 | (645,095) |
| Total Revenues | <u>148,103,764</u> | <u>146,028,001</u> | <u>(2,075,763)</u> | <u>142,828,023</u> | <u>146,028,001</u> | <u>3,199,978</u> |
| Expenditures: | | | | | | |
| General Governmental Services: | | | | | | |
| Mayor's office | 9,478,354 | 8,650,597 | 827,757 | 9,021,452 | 8,650,597 | 370,855 |
| City Council | 2,560,701 | 2,646,876 | (86,175) | 2,716,314 | 2,646,876 | 69,438 |
| Audit | 701,418 | 729,381 | (27,963) | 728,896 | 729,381 | (485) |
| Law | 3,104,875 | 3,046,824 | 58,051 | 3,117,347 | 3,046,824 | 70,523 |
| Finance | 10,524,950 | 9,265,913 | 1,259,037 | 10,167,777 | 9,265,913 | 901,864 |
| Personnel | 1,819,672 | 1,729,717 | 89,955 | 2,072,196 | 1,729,717 | 342,479 |
| Treasurer | 428,675 | 462,436 | (33,761) | 425,733 | 462,436 | (36,703) |
| Planning | 1,522,602 | 1,589,101 | (66,499) | 1,593,697 | 1,589,101 | 4,596 |
| Real Estate and Housing | 1,306,714 | 1,357,277 | (50,563) | 1,411,967 | 1,357,277 | 54,690 |
| Public Works | 20,254,686 | 23,881,242 | (3,626,556) | 25,191,844 | 23,881,242 | 1,310,602 |
| Parks and Recreation | 8,058,670 | 7,790,755 | 267,915 | 8,275,548 | 7,790,755 | 484,793 |
| Public Safety: | | | | | | |
| Licenses and Inspection | 4,121,324 | 4,669,180 | (547,856) | 4,717,875 | 4,669,180 | 48,695 |
| Fire | 22,664,801 | 24,037,782 | (1,372,981) | 23,411,087 | 24,037,782 | (626,695) |
| Police | 50,916,243 | 54,140,159 | (3,223,916) | 52,191,695 | 54,140,159 | (1,948,464) |
| Total Expenditures | <u>137,463,685</u> | <u>143,997,240</u> | <u>(6,533,555)</u> | <u>145,043,428</u> | <u>143,997,240</u> | <u>1,046,188</u> |
| Excess (Deficiency) of Revenues | | | | | | |
| Over (Under) Expenditures | <u>10,640,079</u> | <u>2,030,761</u> | <u>(8,609,318)</u> | <u>(2,215,405)</u> | <u>2,030,761</u> | <u>4,246,166</u> |
| Other Financing Sources (Uses) | | | | | | |
| Bonds issued | - | 16,853,656 | 16,853,656 | - | 16,853,656 | 16,853,656 |
| Bond Premiums | - | 3,604,591 | 3,604,591 | - | 3,604,591 | 3,604,591 |
| Bond Payments to Escrow Agent | - | (20,275,357) | (20,275,357) | - | (20,275,357) | (20,275,357) |
| Transfers in | 302,160 | 41,616 | (260,544) | 100,000 | 41,616 | (58,384) |
| Transfers out | (3,498,151) | (928,283) | 2,569,868 | - | (928,283) | (928,283) |
| Total Other Financing Sources (Uses) | <u>(3,195,991)</u> | <u>(703,777)</u> | <u>2,492,214</u> | <u>100,000</u> | <u>(703,777)</u> | <u>(803,777)</u> |
| Net Change in Fund Balances | <u>\$ 7,444,088</u> | <u>\$ 1,326,984</u> | <u>\$ (6,117,104)</u> | <u>\$ (2,115,405)</u> | <u>\$ 1,326,984</u> | <u>\$ 3,442,389</u> |

The current year's expenditures and transfers out increased by \$3,963,667 compared to fiscal year 2012 spending levels. The increase resulted primarily from actuarially required pension and pension healthcare contributions and employee medical benefit cost increases.

- General Governmental Service expenditures for 2013, which were 20% of General Fund expenditures, experienced a decrease of \$2,020,402. A primary driver was the debt service reflecting a full year of principal and interest payments on the City's November 2011 capital bond issuance.
- Real Estate and Housing, 1% of General Fund expenditures, incurred year-to-year expenditure increases of \$50,563 primarily due to increased debt service payments.
- Public Works, 17% of General Fund expenditures, saw expenditures increase by \$3,626,556 versus 2012 again primarily due to debt service payments.
- Parks and Recreation, 5% of General Fund expenditures, had decreased expenditures of \$267,915 again primarily due to new payments resulting from the November 2011 capital bond issuance were more than offset by the retirement of older bond issues.
- Fire expenditures, which represented 17% of the City's General Fund expenditures, experienced an increase of \$1,372,981 primarily due to an increase in overtime appropriations and an increase in shift differential pay from a recent labor contract with the Firefighters Local 1590.
- Police expenditures, which represented 38% of the City's General Fund expenditures, increased by \$3,223,916. This was primarily due to an increase in employee benefits attributed to higher pension contributions, hospitalization, and pension healthcare.
- Transfers out in FY 2013 were \$928,283 as compared to transfers of \$3,498,151 in FY 2012. The transfers in 2013 include \$486,660 to the Cable Television Fund in accordance with the City Code and a transfer of \$232,176 to the Water and Sewer Fund and \$61,360 to the Internal Service Funds from the unassigned fund balance to cover costs to support a one-time payment to current City employees in lieu of forgone cost of living adjustments for the fiscal years 2010, 2011, 2012, and 2013.

Other Major Funds – Comparison to Prior Year

The Housing Strategic Fund reported an ending fund balance of \$1,178,585, a decrease of \$150,676 from the prior fiscal year due to the decline in funds used to fulfill the City's affordable housing programs. Housing Strategic Fund disbursements have decreased from \$1,384,259 to \$668,943; these costs tend to rise and fall as opportunities present themselves and as the impact of the expenditures can be enhanced through the use of grants and local partnerships.

Fund balance of the Economic Strategic Fund decreased by \$528,233 in fiscal year 2013. The key contributing factor was a decrease in unspent bond funds used for infrastructure incentives. As total expenditures declined from \$5,670,781 to \$841,865, the primary focus of the Economic Strategic Fund remained the Upstairs Fund program aimed at revitalizing the Market Street area by providing support for residential renovations on the floors above street-level businesses and employer incentive programs.

The fund balance of \$14,798,953 for the Capital Projects Fund was \$6,767,103 less than fiscal year 2012 due to a reduction in unspent bond funds for the acquisition, construction, or improvement of capital facilities. The level of Capital Projects Fund expenditures rose to \$8,700,355 from \$6,539,486 compared to 2012 due to increased street and signal improvement activity.

Proprietary Funds

Water/Sewer Funds – Comparison to Prior Year

The operation of the Business-type activities increased the City's net position by \$7,910,394 versus an increase of \$4,472,476 in fiscal year 2012.

- Sewer Service Charges to New Castle County increased 6% from \$17,583,585 to \$18,637,595; this included funds received from the closure of the VFL Technology Corporation due to a ruling from the Department of Natural Resources and Environmental Control.
- Direct User Charges for water, sewer, and stormwater increased by \$275,935, primarily as the result of a 9% rate increase. Various state and federal agencies including the Port of Wilmington are not paying billed stormwater fees; these are in various stages of collection and legal recourses are being pursued. The City has fully reserved these billings until the disputes are settled.
- Capital Grant and Contribution revenue declined from \$574,876 in 2012 to \$469,271 in 2013.
- Compared to fiscal year 2012 results, total expenses decreased by \$975,870 or 2%. This decrease was driven in part by decreased interest costs of \$249,506 reflecting the greater use of low-interest State Revolving Fund loans in place of general obligation bonds, along with a lower interest rate than what had been projected for the November 2011 capital bond issuance. Total operating expenses decreased by \$739,173, offset by an increase in depreciation of \$324,054.

General Fund Budgetary Highlights

The City adopted the fiscal year 2013 budget on May 27, 2012, 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 \$142,828,023 of revenues, \$145,043,428 of expenditures before other financing uses, and \$100,000 in transfers from other funds. The original expenditures and transfers out were increased by \$2,115,405 through mid-year budget amendments. The actual results were revenues before other financing sources (uses) of \$3,199,978 over budget, expenditures of \$1,046,188 under budget, transfers in under budget by \$58,384, and transfers out of \$928,283 over budget.

- Property Taxes were \$275,363 below expectations as some large commercial properties have continued to wage successful assessment appeals.
- Wage Tax revenues, representing 39% of General Fund Tax revenues, were over the budget by \$3,365,750 fueled by an improving local economy and higher than projected Plan for Change audit-generated receipts.
- Real Estate Transfer Taxes were over the budget by \$1,099,468 primarily due to the slight increase in sales of residential homes increasing although the average sale price of residential homes remains below the levels of prior years. Commercial property transfers are beginning to reappear, but remain meager.
- Fines and Forfeitures were under budget by \$1,453,814 as violations at older sites and red light camera fines decreased. In addition, these revenues are being adversely affected by changes in parking regulations and a reduction in parking citation revenues collected through the Delaware Motor Vehicle program.

- Investment earnings were under the budget by \$645,095 due to lower interest rates and lower balances of unspent bond funds and other investable amounts.
- Mayor's Office expenditures were under budget by \$370,855 primarily due to reduced debt service.
- Finance expenditures were under budget by \$901,864 due to lower collection costs from Wage Tax audits and delinquent property taxes.
- Public Works expenditures were under budget by \$1,310,602 due primarily to increased savings from the City's conversion to LED street lighting and solar panel installations at some of its municipal buildings and lower motor vehicle costs.
- Parks and Recreation expenditures were under budget by \$484,793 primarily due to reduced debt service.
- Fire expenditures were over budget by \$626,695 primarily due to an increase in overtime appropriations and an increase in shift differential pay from a recent labor contract with the Firefighters Local 1590.
- Police expenditures were over budget by \$1,948,464 primarily due to an increase in employee benefits attributed to higher pension contributions, hospitalization, and pension healthcare.
- Transfers out in 2013 include \$486,660 to the Cable Television Fund in accordance with the City Code and a transfer of \$232,176 to the Water and Sewer Fund and \$61,360 to the Internal Service Funds from the unassigned fund balance to cover costs to support a one-time payment to current City employees in lieu of forgone cost of living adjustments for the fiscal years 2010, 2011, 2012, and 2013.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2013, the City had invested \$474,840,024, net of accumulated depreciation, in a broad range of capital assets. The table on the following page presents fiscal year 2013 asset balances compared to fiscal year 2012 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 (\$4,576,029 invested) and in vehicle acquisitions and other equipment (\$6,780,211 invested).

Business-type Activities:

- Continued construction to modernize the Brandywine Water Filter Plant was a major part of \$12,617,407 of the Water Filter Facilities and Improvements (amounts noted relate to assets acquired or constructed not necessarily those placed in service during the year).
- Water Lines added \$2,154,814 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 \$761,312 during FY 2013.

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 | |
|---|------------------------------------|------------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 24,090,181 | \$ 24,090,181 | \$ 4,060,443 | \$ 4,060,443 | \$ 28,150,624 | \$ 28,150,624 |
| Art | 1,920,043 | 1,506,953 | - | - | 1,920,043 | 1,506,953 |
| Construction in Progress | 4,968,837 | 1,795,161 | 20,913,670 | 3,657,649 | 25,882,507 | 5,452,810 |
| Buildings & Improvements | 54,244,292 | 54,972,916 | 22,044,812 | 22,638,327 | 76,289,104 | 77,611,243 |
| Parks & Recreation Facilities | 11,890,224 | 11,949,147 | - | - | 11,890,224 | 11,949,147 |
| Streets & Signals | 69,641,762 | 68,670,755 | - | - | 69,641,762 | 68,670,755 |
| Water Reservoirs, Facilities & Water Lines | - | - | 137,788,755 | 125,904,884 | 137,788,755 | 125,904,884 |
| Wastewater Facilities & Sewer Lines | - | - | 97,829,612 | 101,163,215 | 97,829,612 | 101,163,215 |
| Vehicles, Equipment & Other | 25,447,393 | 23,212,143 | - | - | 25,447,393 | 23,212,143 |
| Totals | <u>\$ 192,202,732</u> | <u>\$ 186,197,256</u> | <u>\$ 282,637,292</u> | <u>\$ 257,424,518</u> | <u>\$ 474,840,024</u> | <u>\$ 443,621,774</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 \$301,219,779. Of this amount, \$127,343,284 comprises debt related to Governmental activities and \$173,876,495 is supported by Business-Type activities. New bond issues authorized during the fiscal year (further detailed in Note 9) include:

- On July 6, 2012, the City issued a General Obligation Bond Anticipation Note (Renewable Energy Biosolids Facility Project), Series of 2012, due July 6, 2014, in the amount of \$39,000,000. The funding will be drawn as needed and the interest rate is 65% of (the Adjusted London Interbank Offered Rate (LIBOR) plus 0.55) plus 0.19%, not to exceed 8%. Permanent financing for this was completed on October 4, 2012, with the Delaware Water Pollution Control Revolving Fund (DWPCRF) acting by and through the Delaware Department of Natural Resources and Environmental Control for an amount not to exceed \$36,060,000 at an interest rate of 3.0%. The net loan proceeds supplement other funding for the costs associated with the Renewable Energy Biosolids Facility being constructed at the Hay Road Wastewater Treatment Plant. Cash draws against the loan will be made periodically; as of June 30, 2013, \$15,304,195 was outstanding. The 2012 REBF BAN is recorded in the Water and Sewer Fund.
- On February 28, 2013, the City issued \$37,885,000 of General Obligation Bonds, Series of 2013A. The bond matures in varying amounts between October 1, 2013 and December 1, 2025, and bears interest rates between 3.5% and 5.0%. The net proceeds were used to partially advance refund the City's General Obligation Bonds Series of 2006A-1 and 2008A.

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

The City maintains an Aa2 rating from Moody's Investors Service, an AA- rating from Standard & Poor's Corporation and an AA- from Fitch Ratings for general obligation debt.

Additional information on the City’s long-term debt can be found in Note 9 to the financial statements.

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

| | Governmental | | Business-type | | Total | |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| General | | | | | | |
| Obligation Bonds | <u>\$ 127,343,284</u> | <u>\$ 135,209,598</u> | <u>\$ 173,876,495</u> | <u>\$ 151,761,198</u> | <u>\$ 301,219,779</u> | <u>\$ 286,970,796</u> |

Economic Factors and 2013 Budgets and Rates

Employment is a strong indicator of the City of Wilmington’s overall health. The City’s unemployment rate continues to rise above national trends, reflecting the disproportional impact of today’s economy on Wilmington’s predominantly youthful population. Higher unemployment leads to an increase in demand for City services and resources, such as Summer Youth Employment and Policing.

Wilmington continues to face significant economic challenges as the finance, banking, and credit card industries that make up its economic base recover from the collapse of financial markets during the Global Financial Crisis. While the slow recovery continues to put a significant strain on the resources the City wields, economic development has remained a priority for Wilmington, demonstrating its commitment to increasing job opportunities and growing its economic base. Likewise, the business community continues to make investments in the City, demonstrating Wilmington's ability to remain an attractive place to do business.

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 2013 budget primarily with a mix of fiscal restraints which permitted 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 2013. The City’s budget addresses economic development, public safety, and infrastructure needs.

The property tax rate was kept unchanged while added taxable reassessments increased the taxable base. Other taxes remained unchanged; however departments looked at charges for services to assure coverage of incurred costs. Water, sewer, and stormwater rates increased to 9%, increasing the overall cost to the average residential customer (using 4,000 gallons per months) to about \$4.19 per month.

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 Sheila Winfrey-Brown, 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.

BASIC FINANCIAL STATEMENTS

City of Wilmington, Delaware

**Statement of Net Position
June 30, 2013**

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and Investments (Note 3) | \$ 46,662,737 | \$ - | \$ 46,662,737 | \$ 15,414,625 |
| Receivables, Net (Note 4) | 25,504,449 | 20,743,160 | 46,247,609 | 7,029,228 |
| Internal Balances | 15,426,612 | (15,426,612) | - | - |
| Due from Other Governments | 7,356,398 | 182,960 | 7,539,358 | - |
| Due from Component Unit | 275,000 | - | 275,000 | - |
| Deferred Charges & Other Assets | 1,657,035 | 1,604,016 | 3,261,051 | 464,688 |
| Restricted Assets: | | | | |
| Cash and Investments (Note 3) | 22,194,723 | 16,494,598 | 38,689,321 | 1,865,114 |
| Capital Assets, Net (Note 6) | | | | |
| Land | 24,090,181 | 4,060,443 | 28,150,624 | 19,648,147 |
| Art | 1,920,043 | - | 1,920,043 | - |
| Construction in Progress | 4,968,837 | 20,913,670 | 25,882,507 | 778,233 |
| Buildings & Improvements | 54,244,292 | 22,044,812 | 76,289,104 | 27,098,338 |
| Parks & Recreation Facilities | 11,890,224 | - | 11,890,224 | - |
| Streets & Street Signals | 69,641,762 | - | 69,641,762 | - |
| Water & Sewer Systems | - | 235,618,367 | 235,618,367 | - |
| Vehicles, Equipment, and Other | 25,447,393 | - | 25,447,393 | 686,745 |
| Total Assets | 311,279,686 | 306,235,414 | 617,515,100 | 72,985,118 |
| LIABILITIES | | | | |
| Accounts Payable & Accrued Expenses | 8,400,013 | 13,670,363 | 22,070,376 | 985,924 |
| Salaries and Benefits Payable | 2,719,300 | 112,595 | 2,831,895 | 234,220 |
| Unearned Revenue | 3,454,479 | 4,659,288 | 8,113,767 | 160,187 |
| Other Liabilities | 3,551,850 | - | 3,551,850 | 275,000 |
| Long Term Liabilities | | | | |
| Due Within One Year: | | | | |
| Bonds Payable | 7,120,130 | 30,434,695 | 37,554,825 | 2,449,335 |
| Capital Leases | 2,401,662 | - | 2,401,662 | - |
| Claims Liabilities | 3,105,236 | - | 3,105,236 | - |
| Compensated Absences | 5,861,022 | 503,150 | 6,364,172 | - |
| Due in More Than One Year: | | | | |
| Bonds Payable | 124,193,667 | 146,847,568 | 271,041,235 | 19,790,745 |
| Capital Leases | 5,424,380 | - | 5,424,380 | - |
| Claims Liabilities | 10,315,184 | - | 10,315,184 | - |
| Compensated Absences | 2,709,612 | - | 2,709,612 | - |
| Other Post Employment Benefits Payable | 24,374,193 | - | 24,374,193 | - |
| Minority Interest | - | - | - | 1,808,179 |
| Total Liabilities | 203,630,728 | 196,227,659 | 399,858,387 | 25,703,590 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 68,699,894 | 118,345,142 | 187,045,036 | 27,068,490 |
| Restricted for: | | | | |
| Capital Projects | 14,826,533 | - | 14,826,533 | - |
| Debt Service | - | - | - | 1,880,286 |
| Park Operations & Other - Expendable | 5,696,996 | - | 5,696,996 | - |
| Park Operations - Nonexpendable | 879,788 | - | 879,788 | - |
| Unrestricted | 17,545,747 | (8,337,387) | 9,208,360 | 18,332,752 |
| Total Net Position | \$ 107,648,958 | \$ 110,007,755 | \$ 217,656,713 | \$ 47,281,528 |

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, 2013

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | | Component Units |
|---|-----------------------|----------------------|--------------------------|---------------------|--|--------------------------|-----------------------|----------------------|
| | | Charges for Services | Grants and Contributions | | Governmental Activities | Primary Government | | |
| | | | Operating | Capital | | Business-type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Governmental Services | \$ 28,485,274 | \$ 9,710,578 | \$ 550,000 | \$ - | \$ (18,224,696) | \$ - | \$ (18,224,696) | \$ - |
| Real Estate and Housing | 4,925,920 | - | 4,376,898 | - | (549,022) | - | (549,022) | - |
| Public Works | 23,242,074 | 294,972 | 983,853 | 1,933,252 | (20,029,997) | - | (20,029,997) | - |
| Parks and Recreation | 9,196,053 | 312,783 | 1,238,347 | - | (7,644,923) | - | (7,644,923) | - |
| Public Safety | 90,571,399 | 10,843,278 | 10,239,855 | - | (69,488,266) | - | (69,488,266) | - |
| Interest on Long-term Debt | 5,150,078 | - | - | - | (5,150,078) | - | (5,150,078) | - |
| Total Governmental Activities | <u>161,570,798</u> | <u>21,161,611</u> | <u>17,388,953</u> | <u>1,933,252</u> | <u>(121,086,982)</u> | <u>-</u> | <u>(121,086,982)</u> | <u>-</u> |
| Business-type Activities: | | | | | | | | |
| Water/Sewer | 59,908,774 | 67,065,579 | - | 469,271 | - | 7,626,076 | 7,626,076 | - |
| Total Primary Governments | <u>\$ 221,479,572</u> | <u>\$ 88,227,190</u> | <u>\$ 17,388,953</u> | <u>\$ 2,402,523</u> | <u>(121,086,982)</u> | <u>7,626,076</u> | <u>(113,460,906)</u> | <u>-</u> |
| Component Units: | | | | | | | | |
| Christina Gateway Corporation | \$ 17,152 | \$ - | \$ - | \$ - | - | - | - | (17,152) |
| Wilmington UDAG Corporation | 218,863 | 337,405 | - | - | - | - | - | 118,542 |
| Wilmington Parking Authority | 7,087,944 | 6,761,476 | - | - | - | - | - | (326,468) |
| Downtown Visions | 2,302,348 | 2,325,727 | - | - | - | - | - | 23,379 |
| Riverfront Business Improvement District | 372,515 | 427,332 | - | - | - | - | - | 54,817 |
| Total Component Units | <u>\$ 9,998,822</u> | <u>\$ 9,851,940</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(146,882)</u> |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 38,383,979 | - | 38,383,979 | - |
| Income Taxes | | | | | 61,873,590 | - | 61,873,590 | - |
| Real Estate Transfer | | | | | 2,999,468 | - | 2,999,468 | - |
| Lodging & Natural Gas Taxes | | | | | 1,040,162 | - | 1,040,162 | - |
| Investment Earnings | | | | | 1,049,413 | 52,142 | 1,101,555 | 127,612 |
| Other Revenues including Capital Asset Gains | | | | | - | - | - | 54,559 |
| Grants, Entitlements, and Contributions not Restricted to Specific Programs | | | | | 12,505,037 | - | 12,505,037 | - |
| Total General Revenues before Transfers | | | | | <u>117,851,649</u> | <u>52,142</u> | <u>117,903,791</u> | <u>182,171</u> |
| Transfers | | | | | (232,176) | 232,176 | - | - |
| Total General Revenues after Transfers | | | | | <u>117,619,473</u> | <u>284,318</u> | <u>117,903,791</u> | <u>182,171</u> |
| Change in Net Position | | | | | (3,467,509) | 7,910,394 | 4,442,885 | 35,289 |
| Net Position - Beginning | | | | | <u>111,116,467</u> | <u>102,097,361</u> | <u>213,213,828</u> | <u>47,246,239</u> |
| Net Position - Ending | | | | | <u>\$ 107,648,958</u> | <u>\$ 110,007,755</u> | <u>\$ 217,656,713</u> | <u>\$ 47,281,528</u> |

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

City of Wilmington, Delaware

**Balance Sheet
Governmental Funds
June 30, 2013**

| | <u>General</u> | <u>Housing Strategic</u> | <u>Economic Strategic</u> | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|------------------------------|-------------------------------|-----------------------------|---|---|
| ASSETS | | | | | | |
| Cash and Cash Equivalents (Note 3) | \$ 28,328,382 | \$ 1,158,585 | \$ 5,765,802 | \$ - | \$ 3,195,680 | \$ 38,448,449 |
| Receivables, Net (Note 4) | 23,909,081 | 1,520,000 | - | - | 35,697 | 25,464,778 |
| Due from Other Funds (Note 7) | 7,151,439 | - | - | - | 71,736 | 7,223,175 |
| Due from Component Unit | 275,000 | - | - | - | - | 275,000 |
| Due from Other Governments | 2,635,100 | - | - | 722,287 | 3,943,156 | 7,300,543 |
| Prepaid Items & Other Assets | - | - | - | - | 5,441 | 5,441 |
| Advances Due from Other Funds | 8,771,914 | - | - | - | - | 8,771,914 |
| Restricted Assets: | | | | | | |
| Cash and Investments (Note 3) | - | - | 27,580 | 15,502,810 | 6,557,722 | 22,088,112 |
| TOTAL ASSETS | <u>\$ 71,070,916</u> | <u>\$ 2,678,585</u> | <u>\$ 5,793,382</u> | <u>\$ 16,225,097</u> | <u>\$ 13,809,432</u> | <u>\$ 109,577,412</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 3,526,379 | \$ - | \$ 215,000 | \$ 1,013,247 | \$ 640,608 | \$ 5,395,234 |
| Salaries and Benefits Payable | 2,617,463 | - | - | - | 53,703 | 2,671,166 |
| Due to Other Funds | 71,736 | - | - | - | 1,798,061 | 1,869,797 |
| Prepaid Rent | - | - | - | - | 8,750 | 8,750 |
| Deferred Revenue | 16,335,304 | - | - | 412,897 | 3,041,582 | 19,789,783 |
| Other Liabilities | 1,947,582 | 1,500,000 | - | - | 45,663 | 3,493,245 |
| Total Liabilities | <u>24,498,464</u> | <u>1,500,000</u> | <u>215,000</u> | <u>1,426,144</u> | <u>5,588,367</u> | <u>33,227,975</u> |
| Fund Balances: | | | | | | |
| Nonspendable | | | | | | |
| Advance to Motor Vehicle Fund (Note 7) | 3,000,000 | - | - | - | - | 3,000,000 |
| Advance to Water/Sewer Fund (Note 7) | 5,771,914 | - | - | - | - | 5,771,914 |
| Trust for Park Operations | - | - | - | - | 879,788 | 879,788 |
| Restricted | | | | | | |
| Capital Projects | - | - | 27,580 | 14,798,953 | - | 14,826,533 |
| Park Operations | - | - | - | - | 5,696,996 | 5,696,996 |
| Committed | | | | | | |
| Budget Reserve Account | 14,537,615 | - | - | - | - | 14,537,615 |
| Affordable Housing | - | 1,178,585 | - | - | - | 1,178,585 |
| Economic Development | - | - | 5,550,802 | - | - | 5,550,802 |
| Other Purposes | - | - | - | - | 1,644,281 | 1,644,281 |
| Unassigned | 23,262,923 | - | - | - | - | 23,262,923 |
| Total Fund Balances | <u>46,572,452</u> | <u>1,178,585</u> | <u>5,578,382</u> | <u>14,798,953</u> | <u>8,221,065</u> | <u>76,349,437</u> |
| Total Liabilities and Fund Balances | <u>\$ 71,070,916</u> | <u>\$ 2,678,585</u> | <u>\$ 5,793,382</u> | <u>\$ 16,225,097</u> | <u>\$ 13,809,432</u> | <u>\$ 109,577,412</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 Position
For the Year Ended June 30, 2013

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

| | |
|---|------------------------------|
| Total Fund Balances for Government Funds (Page 20) | \$ 76,349,437 |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in Note 6 are included in the Statement of Net Position. Also excluded are \$23,557,656 of internal service fund assets accounted for in the following line. | 168,645,076 |
| Internal Service funds are used by management to charge the costs of centrally managed services to using funds and departments. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The increase is equal to the internal service Net Position. | 3,545,013 |
| 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. | 16,335,304 |
| 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 | \$ (8,388,824) |
| Other Post Employment Benefit (OPEB) Liability | (24,374,193) |
| Accrued Interest on Long Term Debt | (718,764) |
| Deferred Amounts - Bond Issuance Costs | 1,178,532 |
| Deferred Amounts - Bond Premium | (8,175,816) |
| Deferred Amounts - Advance Refunding Difference | 4,317,336 |
| Bonds and Notes Payable | <u>(121,064,143)</u> |
| Total Net Position of Governmental Activities (Page 18) | <u>\$ 107,648,958</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, 2013**

| | <u>General</u> | <u>Housing Strategic</u> | <u>Economic Strategic</u> | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|------------------------------|-------------------------------|-----------------------------|---|---|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | \$38,181,077 | \$ - | \$ - | \$ - | \$ - | \$ 38,181,077 |
| Wage | 56,558,250 | - | - | - | - | 56,558,250 |
| Net Profit | 5,439,220 | - | - | - | - | 5,439,220 |
| Franchise | 1,863,137 | - | - | - | - | 1,863,137 |
| Real Estate Transfer | 2,999,468 | - | - | - | - | 2,999,468 |
| Head | 3,538,656 | - | - | - | - | 3,538,656 |
| Lodging & Natural Gas | 1,040,162 | - | - | - | - | 1,040,162 |
| Intergovernmental | 19,554,603 | - | - | 1,933,252 | 11,354,012 | 32,841,867 |
| Licenses and Permits | 4,573,516 | - | - | - | - | 4,573,516 |
| Fines and Forfeitures | 7,096,186 | - | - | - | - | 7,096,186 |
| Charges for Services | 4,721,220 | 518,267 | 313,632 | - | 312,783 | 5,865,902 |
| Investment Earnings | 462,506 | - | - | - | 586,907 | 1,049,413 |
| Total Revenues | <u>146,028,001</u> | <u>518,267</u> | <u>313,632</u> | <u>1,933,252</u> | <u>12,253,702</u> | <u>161,046,854</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Governmental Services | 25,232,870 | - | 841,865 | 275,472 | 401,282 | 26,751,489 |
| Real Estate and Housing | 547,897 | 668,943 | - | - | 3,692,855 | 4,909,695 |
| Public Works | 17,583,648 | - | - | - | 1,012,730 | 18,596,378 |
| Parks and Recreation | 6,237,895 | - | - | 443,426 | 1,464,085 | 8,145,406 |
| Public Safety | 82,145,889 | - | - | - | 3,694,580 | 85,840,469 |
| Debt Service: | | | | | | |
| Principal Retirement | 7,177,478 | - | - | - | - | 7,177,478 |
| Interest and Fiscal Charges | 5,071,563 | - | - | - | - | 5,071,563 |
| Capital Outlays | - | - | - | 7,981,457 | 1,139,753 | 9,121,210 |
| Total Expenditures | <u>143,997,240</u> | <u>668,943</u> | <u>841,865</u> | <u>8,700,355</u> | <u>11,405,285</u> | <u>165,613,688</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,030,761</u> | <u>(150,676)</u> | <u>(528,233)</u> | <u>(6,767,103)</u> | <u>848,417</u> | <u>(4,566,834)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Bonds Issued | 16,853,656 | - | - | - | - | 16,853,656 |
| Bond Premiums | 3,604,591 | - | - | - | - | 3,604,591 |
| Bond Payments to Escrow Agent | (20,275,357) | - | - | - | - | (20,275,357) |
| Transfers In | 41,616 | - | - | - | 704,721 | 746,337 |
| Transfers Out | (928,283) | - | - | - | (41,616) | (969,899) |
| Total Other Financing Sources (Uses) | <u>(703,777)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>663,105</u> | <u>(40,672)</u> |
| Net Change in Fund Balances | 1,326,984 | (150,676) | (528,233) | (6,767,103) | 1,511,522 | (4,607,506) |
| Fund Balance - Beginning | <u>\$ 45,245,468</u> | <u>\$ 1,329,261</u> | <u>\$ 6,106,615</u> | <u>\$ 21,566,056</u> | <u>\$ 6,709,543</u> | <u>\$ 80,956,943</u> |
| Fund Balance - Ending | <u>\$ 46,572,452</u> | <u>\$ 1,178,585</u> | <u>\$ 5,578,382</u> | <u>\$ 14,798,953</u> | <u>\$ 8,221,065</u> | <u>\$ 76,349,437</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, 2013

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) \$ (4,607,506)

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 | \$ 9,121,210 | |
| Depreciation Expense | <u>(6,163,072)</u> | 2,958,138 |

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

| | | |
|---|--------------------|-------------|
| Port of Wilmington Sale Proceeds (Note 5) | \$ (1,014,625) | |
| Property and Other Taxes | 79,022 | |
| Fees and Fines | <u>(1,775,786)</u> | (2,711,389) |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of 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 | \$ (16,853,656) | \$ 27,452,835 | |
| Issuance Costs & Similar Items | <u>(3,818,402)</u> | <u>117,686</u> | |
| Net Adjustment | <u>(20,672,058)</u> | <u>27,570,521</u> | 6,898,463 |

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 | \$ 29,259 | | |
| Other Post Employment Benefit (OPEB) Liability | (5,887,716) | | |
| Accrued Interest on Long-Term Debt | <u>17,610</u> | | (5,840,847) |

The net revenue of internal service funds is reported with governmental activities. (164,368)

Change in Net Position of governmental activities (page 19) \$ (3,467,509)

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

Wilmington, Delaware Skyline



City of Wilmington, Delaware

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013**

| | <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 | \$ 38,456,440 | \$ 38,456,440 | \$ 38,181,077 | \$ (275,363) |
| Wage | 53,192,500 | 53,192,500 | 56,558,250 | 3,365,750 |
| Net Profit | 5,000,000 | 5,000,000 | 5,439,220 | 439,220 |
| Franchise | 1,806,902 | 1,806,902 | 1,863,137 | 56,235 |
| Real Estate Transfer | 1,900,000 | 1,900,000 | 2,999,468 | 1,099,468 |
| Head | 3,567,200 | 3,567,200 | 3,538,656 | (28,544) |
| Lodging & Natural Gas | 1,202,572 | 1,202,572 | 1,040,162 | (162,410) |
| Intergovernmental | 17,983,038 | 17,983,038 | 19,554,603 | 1,571,565 |
| Licenses and Permits | 3,777,673 | 3,777,673 | 4,573,516 | 795,843 |
| Fines and Forfeitures | 8,550,000 | 8,550,000 | 7,096,186 | (1,453,814) |
| Charges for Services | 6,284,097 | 6,284,097 | 4,721,220 | (1,562,877) |
| Investment Earnings | 1,107,601 | 1,107,601 | 462,506 | (645,095) |
| Total Revenues | <u>142,828,023</u> | <u>142,828,023</u> | <u>146,028,001</u> | <u>3,199,978</u> |
| Expenditures: | | | | |
| General Governmental Services: | | | | |
| Mayor's Office | 8,909,210 | 9,021,452 | 8,650,597 | 370,855 |
| City Council | 2,481,241 | 2,716,314 | 2,646,876 | 69,438 |
| Audit | 713,549 | 728,896 | 729,381 | (485) |
| Law | 2,893,004 | 3,117,347 | 3,046,824 | 70,523 |
| Finance | 10,122,497 | 10,167,777 | 9,265,913 | 901,864 |
| Human Resources | 2,037,916 | 2,072,196 | 1,729,717 | 342,479 |
| Treasurer | 413,353 | 425,733 | 462,436 | (36,703) |
| Planning | 1,575,412 | 1,593,697 | 1,589,101 | 4,596 |
| Real Estate and Housing | 1,385,054 | 1,411,967 | 1,357,277 | 54,690 |
| Public Works | 24,957,008 | 25,191,844 | 23,881,242 | 1,310,602 |
| Parks and Recreation | 8,201,708 | 8,275,548 | 7,790,755 | 484,793 |
| Public Safety: | | | | |
| Licenses and Inspection | 4,528,006 | 4,717,875 | 4,669,180 | 48,695 |
| Fire | 23,145,688 | 23,411,087 | 24,037,782 | (626,695) |
| Police | 51,564,377 | 52,191,695 | 54,140,159 | (1,948,464) |
| Total Expenditures | <u>142,928,023</u> | <u>145,043,428</u> | <u>143,997,240</u> | <u>1,046,188</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(100,000)</u> | <u>(2,215,405)</u> | <u>2,030,761</u> | <u>4,246,166</u> |
| Other Financing Sources (Use) | | | | |
| Bonds Issued | - | - | 16,853,656 | 16,853,656 |
| Bond Premiums | - | - | 3,604,591 | 3,604,591 |
| Bond Payments to Escrow Agent | - | - | (20,275,357) | (20,275,357) |
| Transfer In | 100,000 | 100,000 | 41,616 | (58,384) |
| Transfer Out | - | - | (928,283) | (928,283) |
| Total Other Financing Sources (Use) | <u>100,000</u> | <u>100,000</u> | <u>(703,777)</u> | <u>(803,777)</u> |
| Net Change in Fund Balances | - | (2,115,405) | 1,326,984 | 3,442,389 |
| Fund Balance - Beginning | <u>37,805,689</u> | <u>37,805,689</u> | <u>45,245,468</u> | <u>7,439,779</u> |
| Fund Balance - Ending | <u>\$ 37,805,689</u> | <u>\$ 35,690,284</u> | <u>\$ 46,572,452</u> | <u>\$ 10,882,168</u> |

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

Riverfront Wilmington



Mayor Dennis P. Williams



City of Wilmington, Delaware
Statement of Fund Net Position
Proprietary Funds
June 30, 2013

| | <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 (Note 3) | \$ - | 8,214,288 |
| Receivables, Net (Note 4) | 20,743,160 | 39,671 |
| Prepaid Items & Other Assets | - | 364,978 |
| Restricted Cash and Investments (Note 3) | 16,494,598 | 106,611 |
| Due from Other Governments | <u>182,960</u> | <u>-</u> |
| Total Current Assets | <u>37,420,718</u> | <u>8,725,548</u> |
| Noncurrent Assets: | | |
| Advances Due from Other Funds (Note 7) | - | 9,654,698 |
| Deferred Charges | 1,604,016 | 58,229 |
| Capital Assets, Net (Note 6) | | |
| Land | 4,060,443 | - |
| Construction in Progress | 20,913,670 | 1,351,286 |
| Buildings & Improvements | 22,044,812 | 3,402,308 |
| Reservoirs and Water Filter Facilities | 97,466,869 | - |
| Water Lines | 40,321,886 | - |
| Wastewater Pump and Treatment Facilities | 67,849,117 | - |
| Sewer Lines | 29,980,495 | - |
| Vehicles, Machinery & Equipment | <u>-</u> | <u>18,804,062</u> |
| Total Noncurrent Assets | <u>284,241,308</u> | <u>33,270,583</u> |
| Total Assets | <u>321,662,026</u> | <u>41,996,131</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 11,752,980 | 2,217,253 |
| Salaries and Benefits Payable | 112,595 | 48,134 |
| Due to Other Funds | - | 5,297,523 |
| Deferred Revenue | 4,659,288 | - |
| Accrued Interest Payable | 1,917,383 | 68,762 |
| Bonds Payable | 30,434,695 | 335,959 |
| Capital Leases | - | 2,401,662 |
| Compensated Absences | 503,150 | 181,810 |
| Claims Liabilities | <u>-</u> | <u>3,105,236</u> |
| Total Current Liabilities | <u>49,380,091</u> | <u>13,656,339</u> |
| Noncurrent Liabilities: | | |
| Advances Due to Other Funds (Note 7) | 15,426,612 | 3,000,000 |
| Bonds Payable | 146,847,568 | 6,055,215 |
| Capital Leases | - | 5,424,380 |
| Claims Liabilities | <u>-</u> | <u>10,315,184</u> |
| Total Noncurrent Liabilities | <u>162,274,180</u> | <u>24,794,779</u> |
| Total Liabilities | <u>211,654,271</u> | <u>38,451,118</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 118,345,142 | 9,447,051 |
| Unrestricted | <u>(8,337,387)</u> | <u>(5,902,038)</u> |
| Total Net Position | <u>\$ 110,007,755</u> | <u>\$ 3,545,013</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 Position

Proprietary Funds

For the Year Ended June 30, 2013

| | <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 | \$ 18,637,595 | \$ - |
| Water & Sewer Charges to Direct Users | 43,450,432 | - |
| Other Charges for Services | 282,034 | 35,697,142 |
| Employee Contributions | - | 367,646 |
| Other | <u>4,695,518</u> | <u>60,039</u> |
| Total Operating Revenues | <u>67,065,579</u> | <u>36,124,827</u> |
| OPERATING EXPENSES | | |
| Personal Services | 9,957,704 | 2,775,544 |
| Materials, Supplies and Contractual Services | 36,177,074 | 9,146,509 |
| Depreciation and Amortization | 7,685,779 | 3,811,507 |
| Claims Expense | - | 20,652,549 |
| Insurance Premiums | <u>-</u> | <u>12,173</u> |
| Total Operating Expenses | <u>53,820,557</u> | <u>36,398,282</u> |
| Operating Income (Loss) | <u>13,245,022</u> | <u>(273,455)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Investment Earnings | 52,142 | 140,854 |
| Interest Expense | (5,952,013) | (346,361) |
| Amortization of Bond Issuance Costs | (136,204) | (10,996) |
| Gain on Sale of Assets | <u>-</u> | <u>264,230</u> |
| Total Non-Operating Revenues (Expenses) | <u>(6,036,075)</u> | <u>47,727</u> |
| Income (Loss) Before Capital Grants and Contributions and Transfers | 7,208,947 | (225,728) |
| Capital Grants and Contributions | 469,271 | - |
| Transfers In | <u>232,176</u> | <u>61,360</u> |
| Change in Net Position | 7,910,394 | (164,368) |
| Total Net Position - Beginning | <u>102,097,361</u> | <u>3,709,381</u> |
| Total Net Position - Ending | <u>\$ 110,007,755</u> | <u>\$ 3,545,013</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, 2013

| | Business-type Activities | Governmental Activities |
|---|-------------------------------------|------------------------------------|
| | Water and Sewer Fund | Internal Service Funds |
| Cash Flows From Operating Activities: | | |
| Receipts from Customers and Users | \$ 64,513,123 | \$ - |
| Receipts from Interfund Services Provided | - | 36,095,887 |
| Payments to Suppliers | (37,845,230) | (30,472,978) |
| Payments to Employee: | (9,945,940) | (2,749,605) |
| | <u>16,721,953</u> | <u>2,873,304</u> |
| Net Cash Provided by Operating Activities | | |
| Cash Flows from Noncapital Financing Activities: | | |
| Advances From Other Funds | - | 3,642,637 |
| Advances (To) Other Fund: | (3,843,561) | (619,413) |
| Investment Earning: | - | 140,854 |
| Transfers From Other Fund: | 232,176 | 61,360 |
| | <u>(3,611,385)</u> | <u>3,225,438</u> |
| Net Cash Provided (Used in) by Noncapital Financing Activities | | |
| Cash Flows From Capital and Related Financing Activities: | | |
| Capital Grants and Contributions | 469,271 | - |
| Proceeds from Capital Debt | 53,379,484 | 1,700,565 |
| Acquisition and Construction of Capital Assets | (32,898,554) | (6,966,440) |
| Principal Paid on Bonds | (6,775,717) | (428,432) |
| Interest Paid on Bonds | (5,698,626) | (181,025) |
| Proceeds from Capital Lease | - | 4,035,897 |
| Principal Paid on Capital Leases | - | (1,773,046) |
| Interest Paid on Capital Leases | - | (145,260) |
| Bond Issuance Costs Capitalized | (222,689) | (15,892) |
| Funds Paid to Escrow | (23,789,076) | (1,684,676) |
| Proceeds from Sale of Capital Asset: | - | 437,290 |
| | <u>(15,535,907)</u> | <u>(5,021,019)</u> |
| Net Cash (Used in) Capital and Related Financing Activities | | |
| Cash Flows From Investing Activities: | | |
| Interest Received on Unspent Bond Proceed | 52,142 | - |
| | <u>52,142</u> | <u>-</u> |
| Net Cash provided by Investing Activities | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | | |
| | (2,373,197) | 1,077,723 |
| Cash and Cash Equivalents - July 1, 2012 (including \$18,867,545 and \$1,587,668, respectively, reported in restricted accounts) | | |
| | <u>18,867,795</u> | <u>7,243,176</u> |
| Cash and Cash Equivalents - June 30, 2013 (including \$16,494,598 and \$106,611, respectively, reported in restricted accounts) | | |
| | <u>\$ 16,494,598</u> | <u>\$ 8,320,899</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Operating Income (Loss) | \$ 13,245,022 | \$ (273,455) |
| Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 7,685,779 | 3,811,507 |
| Changes in Assets and Liabilities: | | |
| Increase (decrease) in Receivables | (2,977,793) | 753 |
| Increase in Prepaid Expenses | - | 3,706 |
| Increase (decrease) in Accounts Payable | (1,668,156) | 455,626 |
| Decrease in Accrued Interest | (58,102) | (24,423) |
| Increase in Accrued Salaries | 69,866 | 48,134 |
| Decrease in Compensated Absences | - | (29,693) |
| Increase in Deferred Revenue | 425,337 | - |
| Decrease in Claims Liability | - | (1,118,851) |
| | <u>16,721,953</u> | <u>2,873,304</u> |
| Net Cash Provided by Operating Activities | | |

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

Events of the City of Wilmington

The 2013 Riverfront Blues and Jazz Festivals



“Community Project Day 2013”



City of Wilmington
Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2013

| | <u>Total Pension Trust Funds</u> |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents (Note 3) | \$ 11,955,310 |
| Receivables: | |
| Due from Other Pension Fund | 1,107,133 |
| Accrued Interest & Other Receivables | <u>599,043</u> |
| Total Receivables | <u>1,706,176</u> |
| Investments, at Fair Value: | |
| Money Market Mutual Funds | 5,193,080 |
| U.S. Treasury Obligations | 20,427,717 |
| U.S. Government Agencies - Guaranteed | 129,045 |
| U.S. Government Agencies - Other | 13,680,330 |
| Corporate & Foreign Bonds | 26,436,002 |
| Common Equity & Marketable Securities | 91,506,238 |
| Global & International Funds | 114,850 |
| Mutual Funds | <u>28,901,942</u> |
| Total Investments | <u>186,389,204</u> |
| Total Assets | <u>200,050,690</u> |
| LIABILITIES | |
| Accounts Payable | 273,195 |
| Salaries and Benefits Payable | 6,237 |
| Due to Other Pension Trust Fund | 1,107,133 |
| Due to Other Governments | 2,683,536 |
| Compensated Absences | 25,558 |
| Liability for Stale-dated Pension Checks | <u>178,646</u> |
| Total Liabilities | <u>4,274,305</u> |
| Net Position | |
| Held in Trust for Pension Benefits | <u>\$ 195,776,385</u> |

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

City of Wilmington, Delaware
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2013

| | Total Pension Trust Funds |
|--|--|
| ADDITIONS | |
| Contributions: | |
| City | |
| Paid Directly by the City | \$ 14,774,047 |
| Paid by the State | |
| On-Behalf of the City | 7,155,315 |
| Employees | 1,556,101 |
| Federal Drug Subsidies & Other | <u>105,034</u> |
| Total Contributions | <u>23,590,497</u> |
| Investment Income | |
| Interest Income | 3,762 |
| Investment Earnings | 6,005,665 |
| Net (Appreciation) in Fair Value | <u>12,049,622</u> |
| Total Investment Income | <u>18,059,049</u> |
| Less: Investment Expense | <u>(712,134)</u> |
| Net Investment Income | <u>17,346,915</u> |
| Total Additions | <u>40,937,412</u> |
| DEDUCTIONS | |
| Benefits Paid | 22,052,211 |
| Administrative Expenses | <u>551,271</u> |
| Total Deductions | <u>22,603,482</u> |
| Net Increase in Plans' Net Position | 18,333,930 |
| Net Position - Beginning | <u>177,442,455</u> |
| Net Position - Ending | <u>\$ 195,776,385</u> |

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

City of Wilmington, Delaware
Combining Statement of Net Position (Deficit)
Discretely Presented Component Units
June 30, 2013

| ASSETS | Christina Gateway Corporation | Wilmington UDAG Corporation | Wilmington Parking Authority | Downtown Visions | Riverfront Business Improvement District | Total |
|-------------------------------------|--|--|---|-----------------------------|---|----------------------|
| Cash and Cash Equivalents (Note 3) | \$ 233,584 | \$ 1,403,040 | \$ 1,258,510 | \$ 637,199 | \$ 134,724 | \$ 3,667,057 |
| Investments | - | - | 11,747,568 | - | - | 11,747,568 |
| Receivables, Net | 1,980,000 | 4,728,916 | 190,623 | 110,837 | 18,852 | 7,029,228 |
| Restricted Assets: | | | | | | |
| Investments | - | - | 1,865,114 | - | - | 1,865,114 |
| Deferred Charges & Other Assets | - | - | 425,837 | 38,851 | - | 464,688 |
| Capital Assets, Net: | | | | | | |
| Land | 2,937,000 | 392,089 | 16,319,058 | - | - | 19,648,147 |
| Construction in Progress | - | 573,639 | 204,594 | - | - | 778,233 |
| Building and Improvements | - | 317,309 | 26,266,819 | 514,210 | - | 27,098,338 |
| Vehicles, Machinery & Equipment | - | - | 342,864 | 330,093 | 13,788 | 686,745 |
| Total Assets | 5,150,584 | 7,414,993 | 58,620,987 | 1,631,190 | 167,364 | 72,985,118 |
| LIABILITIES | | | | | | |
| Accounts Payable & Accrued Expenses | 15,242 | 286,051 | 537,539 | 133,440 | 13,652 | 985,924 |
| Due to Primary Government | - | - | 275,000 | - | - | 275,000 |
| Salaries and Benefits Payable | - | - | 142,318 | 91,902 | - | 234,220 |
| Unearned Revenue | - | - | 81,322 | 40,865 | 38,000 | 160,187 |
| Long-term Liabilities | | | | | | |
| Due within One Year | | | | | | |
| Bonds Payable | - | - | 2,349,247 | 50,088 | 50,000 | 2,449,335 |
| Due in More than One Year | | | | | | |
| Bonds Payable | - | - | 18,793,726 | 657,996 | 339,023 | 19,790,745 |
| Minority Interest | - | - | 1,808,179 | - | - | 1,808,179 |
| Total Liabilities | 15,242 | 286,051 | 23,987,331 | 974,291 | 440,675 | 25,703,590 |
| NET POSITION (DEFICIT) | | | | | | |
| Net Investment in Capital Assets | 2,937,000 | 1,283,037 | 21,990,362 | 844,303 | 13,788 | 27,068,490 |
| Restricted for: | | | | | | |
| Debt Service | - | - | 1,880,286 | - | - | 1,880,286 |
| Unrestricted (Deficit) | 2,198,342 | 5,845,905 | 10,763,008 | (187,404) | (287,099) | 18,332,752 |
| Total Net Position (Deficit) | \$ 5,135,342 | \$ 7,128,942 | \$ 34,633,656 | \$ 656,899 | \$ (273,311) | \$ 47,281,528 |

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, 2013

| | Program Revenues | | Net (Expense) Revenues and Changes in Net Position | | | | | Total |
|--|-------------------------|-----------------------------|---|------------------------------------|-------------------------------------|-------------------------|---|----------------------|
| | Expenses | Charges for Services | Christina Gateway Corporation | Wilmington UDAG Corporation | Wilmington Parking Authority | Downtown Visions | Riverfront Business Improvement District | |
| Christina Gateway Corporation | \$ 17,152 | \$ - | \$ (17,152) | \$ - | \$ - | \$ - | \$ - | \$ (17,152) |
| Wilmington UDAG Corporation | 218,863 | 337,405 | - | 118,542 | - | - | - | 118,542 |
| Wilmington Parking Authority | 7,087,944 | 6,761,476 | - | - | (326,468) | - | - | (326,468) |
| Downtown Visions | 2,302,348 | 2,325,727 | - | - | - | 23,379 | - | 23,379 |
| Riverfront Business Improvement District | 372,515 | 427,332 | - | - | - | - | 54,817 | 54,817 |
| | <u>\$ 9,998,822</u> | <u>\$ 9,851,940</u> | <u>(17,152)</u> | <u>118,542</u> | <u>(326,468)</u> | <u>23,379</u> | <u>54,817</u> | <u>(146,882)</u> |
| General Revenues | | | | | | | | |
| Investment Earnings | | | 30,000 | - | 93,190 | 2,349 | 2,073 | 127,612 |
| Other Revenues including Capital Asset Gains | | | - | - | 54,559 | - | - | 54,559 |
| Total General Revenues | | | <u>30,000</u> | <u>-</u> | <u>147,749</u> | <u>2,349</u> | <u>2,073</u> | <u>182,171</u> |
| Change in Net Position | | | 12,848 | 118,542 | (178,719) | 25,728 | 56,890 | 35,289 |
| Net Position (Deficit) - Beginning | | | <u>5,122,494</u> | <u>7,010,400</u> | <u>34,812,375</u> | <u>631,171</u> | <u>(330,201)</u> | <u>47,246,239</u> |
| Net Position (Deficit) - Ending | | | <u>\$ 5,135,342</u> | <u>\$ 7,128,942</u> | <u>\$ 34,633,656</u> | <u>\$ 656,899</u> | <u>\$ (273,311)</u> | <u>\$ 47,281,528</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 applicable GASB statements through No. 64. The adoption of Statement No. 63 in 2013 resulted in a change in the presentation of the Statement of Net Assets to what is now referred to as the Statement of Net Position and the term “net assets” is changed to “net position” throughout the financial statements. 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 Units

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.

Rock Manor Golf Corporation (Rock Manor) was organized for the purpose of assisting the City in the administration of the golf course operations of the Rock Manor Golf Course. The City appoints Rock Manor's entire governing board. The City has a significant influence over programs, projects, and activities of the Corporation. Rock Manor is reflected as a blended component unit in the accompanying financial statements. In fiscal year 2012, Rock Manor became a blended component (Note 16).

Discretely Presented Component Units

The component units' columns in the entity-wide financial statements include the financial data of the City's five 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 offers small business loans and other financial assistance within the City. The City appoints a majority of the governing body (most of whom are City officials), provides all executive, administrative, and support services, and maintains the books and records. The City has significant influence over programs, projects, and activities of the Corporation.

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

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

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

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

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

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

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

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

Wilmington Parking Authority
625 North Orange Street
Wilmington, Delaware 19801

Related Organizations

Officials of the City's primary government appoint a voting majority of the governing board of the Wilmington Housing Partnership Corporation, the Wilmington Housing Authority, the Wilmington Economic Development Corporation, and the Hope Commission. Although the City appoints the majority of the governing board members, these members do not represent substantially the same governing body of the City. The City is not able to impose its will on the organizations and the organizations do not provide specific financial benefits or impose specific financial burdens to the City. Accordingly, the financial activities of the Wilmington Housing Partnership Corporation, the Wilmington Housing Authority, the Wilmington Economic Development Corporation (see Note 16), and the Hope Commission are not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

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

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

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

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes, wage taxes, parking citations, and business licenses as available if they are collected within 60 days after yearend. Revenues for 2013 include property taxes levied principally on July 1, 2012 and collected prior to September 1, 2013. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants (when all applicable eligibility requirements have been met) and certain intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise fund:

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

The City also reports the following fund types:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer fund and internal service funds are charges to customers for sales and services. The Water and Sewer fund recognizes as operating revenues the portion of connection fees related to the cost to connect customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities within one year from the date of acquisition.

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

Pooled Investments include pension investments pooled under management of outside custodians, are external in nature, and not considered highly liquid. These pooled investments consist of individual securities with identifiable street names, except for amounts invested in mutual funds as presented in Note 3.

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

Investments 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 Position as "Net Appreciation (Depreciation) in Fair Value."

Investment Policies

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

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

The City is not authorized to invest in:

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

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

U.S. Government securities, U.S. Government agency securities, U.S. certificates of deposit, bankers' acceptances, commercial paper or alternate investments.

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

Component Units - The Wilmington Park Trust Fund Commission (a blended component unit) has authority to invest in corporate equities and debt through a 1935 Act of the State Legislature. The Wilmington Parking Authority has authority to invest cash from operations and bond issues, and the assets of its pension funds under The Investment Policy Statement approved by its Board of Directors.

Receivables

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

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

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

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

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

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

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

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

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

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 position. 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 Position and Fund Equity

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

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

- **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by City Council. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City Council establishes, modifies or rescinds fund balance commitments by passage of an ordinance or resolution. This is accomplished through adoption of the City's operating budget and subsequent budget amendments that occur throughout the year as necessary. This included the Budget Reserve Account.
- **Assigned** – Amounts that are allocated for a future use by the Mayor but are not spendable until a budget ordinance is passed by City Council.
- **Unassigned** – All amounts not included in other spendable classifications.

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, 2013, 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 Fund are presented as part of the Basic Statements. Such comparison schedules for the non-major funds and more detail on General Fund expenditures are presented in the combining and individual fund financial statements and 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, 2013, expenditures of the City Treasurer, Fire, and the Police departments of the General Fund exceeded budget by \$36,703, \$626,695, and \$1,948,464, respectively, primarily due to pension costs being higher than budgeted due to an actuarial change in expected investment returns. There was a transfer of \$486,660 from the General Fund to the Cable Television Fund in accordance with the City Code, the General Fund transferred \$232,176 to the Water and Sewer Fund and \$61,360 to the Internal Service Funds from the unassigned fund balance to cover costs to support a one-time payment to current City employees in lieu of forgone cost of living adjustments for the fiscal years 2010, 2011, 2012, and 2013. 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.

| | Primary Government | Pension Trust Funds | Discretely Presented Component Units |
|---|-------------------------------|--------------------------------|---|
| <u>Deposits</u> | | | |
| Insured Deposits (FDIC) | \$ 601,670 | \$ 310,536 | \$ 1,118,308 |
| Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name | 18,809,531 | 1,734,139 | - |
| Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name | 60,239,215 | 9,910,635 | 6,239,682 |
| Certificate of Deposits due within 2-5 Years - Collateral held by pledging bank's agent in the City or Unit's name | - | - | 2,430,159 |
| Uninsured and Uncollateralized | - | - | 1,395,709 |
| Total Deposits | <u>\$ 79,650,416</u> | <u>\$ 11,955,310</u> | <u>\$ 11,183,858</u> |
| <u>Investments</u> | | | |
| Repurchase Agreements | \$ - | \$ - | \$ 1,289,205 |
| Money Market Mutual Funds | 929,208 | 5,193,080 | 1,151,459 |
| U.S. Treasury Obligations | 50,258 | 20,427,717 | 2,616,307 |
| U.S. Government Agencies - Guaranteed | - | 129,045 | - |
| U.S. Government Agencies - Other | - | 13,680,330 | - |
| Municipal Bonds | - | - | 1,038,910 |
| Corporate & Foreign Bonds | - | 26,436,002 | - |
| Common Equity & Marketable Securities | - | 91,506,238 | - |
| Global & International Funds | - | 114,850 | - |
| Mutual Funds | 4,722,176 | 28,901,942 | - |
| Total Investments | <u>\$ 5,701,642</u> | <u>\$ 186,389,204</u> | <u>\$ 6,095,881</u> |

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

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

Interest Rate Risk

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

Primary Government - Park Trust (a blended component) is exposed to this risk in that it held money market mutual fund assets amounting to \$929,208 and U.S. Treasury Notes amounting to \$50,258 due within three years.

Component Units – The component units are exposed to this risk in that they held money market mutual fund assets amounting to \$1,151,459, U.S. Treasury Notes amounting to \$2,616,307 due within three years, and municipal bonds amounting to \$1,038,910.

Fiduciary Funds - The Investment Policy Statement's policy with regards to interest rate risk is that the average duration of fixed income securities held shall never be more than nine months greater or less than the most recently published average duration of the Barclays Capital Intermediate Government/Credit Index. The City invests in various collateralized mortgage obligations classified as U.S. Government Agencies not explicitly guaranteed by the government; as of June 30, 2013, the portfolio included \$13,680,330 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, 2013.

| <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 | \$ 20,427,717 | \$ 1,878,989 | \$ 9,848,531 | \$ 8,700,197 | \$ - | \$ - |
| U.S. Govt. Agencies - Guaranteed | 129,045 | - | - | 109,403 | 19,642 | - |
| U.S. Govt. Agencies - Other | 13,680,330 | 431,547 | 9,666,330 | 350,687 | 1,529,536 | 1,702,230 |
| Corporate Bonds | 26,436,002 | 569,947 | 19,909,761 | 5,568,526 | - | 387,768 |
| Total | <u>\$ 60,673,094</u> | <u>\$ 2,880,483</u> | <u>\$ 39,424,622</u> | <u>\$ 14,728,813</u> | <u>\$ 1,549,178</u> | <u>\$ 2,089,998</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, 2013, the Pension Trust Funds' fixed income and short-term investments had the following risk characteristics.

| <u>Moody's Ratings or Comparable</u> | <u>Percent of Total</u> | |
|--------------------------------------|----------------------------|----------------------|
| | <u>Benefit Trust Funds</u> | <u>Market Value</u> |
| Baa and higher | 14.18% | \$ 26,436,002 |
| Government | 18.37% | 34,237,092 |
| | <u>32.55%</u> | <u>\$ 60,673,094</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, 2013, there were no investments with a fair value in excess of 5% of the Funds' net position invested in any one particular issue.

Foreign Currency Risk

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

| <u>Currency</u> | <u>Fair Value in</u> | |
|--|----------------------|----------------------|
| | <u>U.S. Dollars</u> | <u>Equities</u> |
| Australian Dollars | \$ 532,034 | \$ 532,034 |
| Brazilian Real | 171,860 | 171,860 |
| British Pounds | 4,055,562 | 4,055,562 |
| Canadian Dollar | 20,361 | 20,361 |
| Danish Krone | 624,502 | 624,502 |
| Euros | 5,980,326 | 5,980,326 |
| Hong Kong Dollar | 446,348 | 446,348 |
| Japanese Yen | 1,552,656 | 1,552,656 |
| Norwegian Krone | 708,291 | 708,291 |
| South African Rand | 116,574 | 116,574 |
| Swedish Krona | 136,875 | 136,875 |
| Swiss Francs | 1,797,750 | 1,797,750 |
| Thailand Baht | 147,561 | 147,561 |
| Total in Foreign Denominated Investments | <u>\$ 16,290,700</u> | <u>\$ 16,290,700</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 8.7%.

Investment Commitments

The Pension Funds had no investment commitments at June 30, 2013.

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

| | Primary Government | Fiduciary Funds | Component Units |
|---------------------------|-------------------------------|----------------------------|----------------------------|
| Cash and Cash Equivalents | \$ 79,650,416 | \$ 11,955,310 | \$ 11,183,858 |
| Investments | 5,701,642 | 186,389,204 | 6,095,881 |
| | <u>\$ 85,352,058</u> | <u>\$ 198,344,514</u> | <u>\$ 17,279,739</u> |
| Unrestricted | \$ 46,662,737 | \$ - | \$ 15,414,625 |
| Restricted | 38,689,321 | - | 1,865,114 |
| Fiduciary Funds | - | 198,344,514 | - |
| | <u>\$ 85,352,058</u> | <u>\$ 198,344,514</u> | <u>\$ 17,279,739</u> |

Restricted Cash and Investments

At June 30, 2013, the City had \$6,557,722 of investments in a nonmajor special revenue fund. These are shown as restricted assets in the Statement of Net Position as they are in separate accounts within a blended component unit and are available only for park operations.

The City also had \$32,131,599 in temporarily restricted cash at June 30, 2013. The components were: \$3,504,485 related to Water and Sewer Fund contractual requirements, and \$28,627,114 related to unspent proceeds of bond offerings (\$12,990,113 in the Water and Sewer Fund, \$15,502,810 in the Capital Projects Fund, \$27,580 in the Economic Strategic Fund, \$104,102 in the Data Processing Fund, and \$2,509 in the Motor Vehicle Fund). The proceeds are invested primarily in certificates of deposit and are tracked and managed separately from operating cash by the City Treasurer. The funds can only be spent on capital projects. In 2010, the City started to classify these as restricted funds due to the source, the management of the funds, and the expenditure restrictions. Because the bonds do not have restricting indentures and could have been temporarily used as operating funds, the funds were previously not classified as restricted. The funds have never been used for temporary purposes and City policies prevent this from occurring. The change in presentation resulted had no effect on total net position.

4. Receivables**Primary Government**

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

| | Governmental Activities | | | Business-type |
|------------------------------------|--------------------------------|--------------------------|-----------------------|------------------------|
| | General | Housing Strategic | Nonmajor Funds | Water and Sewer |
| Receivables: | | | | |
| Property Taxes | \$ 4,335,638 | \$ - | \$ - | \$ 4,335,638 |
| Wage Taxes | 10,689,560 | - | - | 10,689,560 |
| Parking & Redlight Citations | 20,340,765 | - | - | 20,340,765 |
| Business Licenses | 860,122 | - | - | 860,122 |
| Signs and Licenses | 5,180,073 | - | - | 5,180,073 |
| Other | 1,991,031 | 1,520,000 | 35,697 | 3,546,728 |
| Utility Billings | - | - | - | 33,453,344 |
| Notes - Current | 255,957 | - | - | 255,957 |
| Notes - Noncurrent | 4,971,245 | - | - | 4,971,245 |
| Gross Receivables | 48,624,391 | 1,520,000 | 35,697 | 50,180,088 |
| Less: Allowance for Uncollectibles | (24,715,310) | - | - | (24,715,310) |
| Net Total Receivables | \$ 23,909,081 | \$ 1,520,000 | \$ 35,697 | \$ 25,464,778 |
| | | | | \$ 20,743,160 |

Internal Service Fund receivables amounting to \$39,671 are included in Governmental Activities receivables in the Statement of Net Position. Revenues of the Water and Sewer Fund are reported net of the change in uncollectible amounts; the change in 2013 decreased revenues by \$4,249,999.

Discretely Presented Component Units

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

| | Christina Gateway Corporation | Wilmington UDAG Corporation | Wilmington Parking Authority | Other Component Units | Total |
|--------------------------|--------------------------------------|------------------------------------|-------------------------------------|------------------------------|---------------------|
| Receivables: | | | | | |
| Accounts | \$ - | \$ - | \$ 47,018 | \$ 129,689 | \$ 176,707 |
| Mortgages and Loans | 1,980,000 | 4,728,916 | 143,605 | - | 6,852,521 |
| Total Receivables | \$ 1,980,000 | \$ 4,728,916 | \$ 190,623 | \$ 129,689 | \$ 7,029,228 |

5. Notes Receivable

Primary Government

On September 1, 1995, the City entered into an agreement with the Diamond State Port Corporation (DSPC), selling the assets of the Port of Wilmington. In exchange for the assets sold (net book value of \$71.9 million), DSPC agreed to make payments to the City under deferred payment notes totaling \$115.5 million over 30 years, discounted at 7% interest rate. The note receivable at June 30, 2013, in the amount of \$5,227,202 is included in the government-wide statement of net position and governmental funds balance sheet; the current and non-current amounts are disclosed in the schedule in Note 4 and are accounted for as assets of the General Fund.

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, 2013, in the amount of \$1,500,000 is included in the government-wide statement of net position and governmental funds balance sheet. The amount is considered currently due and is disclosed in the receivable schedule in Note 4 as an asset of the Housing Strategic Fund.

6. Capital Assets

A. Primary Government

The capital asset activity for Governmental Activities for the year ended June 30, 2013 was as follows:

| | <u>June 30, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2013</u> |
|---|-----------------------|---------------------|-----------------------|-----------------------|
| Governmental activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 24,090,181 | \$ - | \$ - | \$ 24,090,181 |
| Art | 1,506,953 | 413,090 | - | 1,920,043 |
| Construction-In-Progress | 1,795,161 | 4,554,146 | (1,380,470) | 4,968,837 |
| Total Capital Assets not being Depreciated | <u>27,392,295</u> | <u>4,967,236</u> | <u>(1,380,470)</u> | <u>30,979,061</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 74,699,151 | 702,189 | - | 75,401,340 |
| Parks and Recreation Facilities | 27,485,936 | 549,020 | - | 28,034,956 |
| Streets and Street Signals | 114,418,692 | 4,576,029 | (2,006,447) | 116,988,274 |
| Vehicles, Equipment and Other Assets | 53,702,280 | 6,780,211 | (2,303,226) | 58,179,265 |
| Total Capital Assets Being Depreciated | <u>270,306,059</u> | <u>12,607,449</u> | <u>(4,309,673)</u> | <u>278,603,835</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (19,726,235) | (1,430,813) | - | (21,157,048) |
| Parks and Recreation Facilities | (15,536,789) | (607,943) | - | (16,144,732) |
| Streets and Street Signals | (45,747,937) | (3,605,022) | 2,006,447 | (47,346,512) |
| Vehicles, Equipment and Other Assets | (30,490,137) | (4,330,800) | 2,089,065 | (32,731,872) |
| Total Accumulated Depreciation | <u>(111,501,098)</u> | <u>(9,974,578)</u> | <u>4,095,512</u> | <u>(117,380,164)</u> |
| Total Capital Assets Being Depreciated, Net | <u>158,804,961</u> | <u>2,632,871</u> | <u>(214,161)</u> | <u>161,223,671</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 186,197,256</u> | <u>\$ 7,600,107</u> | <u>\$ (1,594,631)</u> | <u>\$ 192,202,732</u> |

The capital asset activity for Business-type Activities for the year ended June 30, 2013 was as follows:

| | <u>June 30, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2013</u> |
|--|-----------------------|----------------------|------------------------|-----------------------|
| Business-type Activities | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 4,060,443 | \$ - | \$ - | \$ 4,060,443 |
| Construction-In-Progress | <u>3,657,649</u> | <u>32,898,554</u> | <u>(15,642,533)</u> | <u>20,913,670</u> |
| Total Capital Assets not being Depreciated | <u>7,718,092</u> | <u>32,898,554</u> | <u>(15,642,533)</u> | <u>24,974,113</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 24,420,878 | - | - | 24,420,878 |
| Reservoirs and Water Filter Facilities | 110,066,603 | 12,617,407 | - | 122,684,010 |
| Water Lines | 55,974,336 | 2,154,814 | (432,650) | 57,696,500 |
| Wastewater Pump and Treatment Facilities | 143,916,756 | 109,000 | - | 144,025,756 |
| Sewer Lines | <u>35,108,881</u> | <u>761,312</u> | <u>(147,333)</u> | <u>35,722,860</u> |
| Total Capital Assets Being Depreciated | <u>369,487,454</u> | <u>15,642,533</u> | <u>(579,983)</u> | <u>384,550,004</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | (1,782,551) | (593,515) | - | (2,376,066) |
| Reservoirs and Water Filter Facilities | (23,230,578) | (1,986,563) | - | (25,217,141) |
| Water Lines | (16,195,479) | (1,611,784) | 432,650 | (17,374,613) |
| Wastewater Pump and Treatment Facilities | (73,391,040) | (2,785,599) | - | (76,176,639) |
| Sewer Lines | <u>(5,181,380)</u> | <u>(708,318)</u> | <u>147,333</u> | <u>(5,742,365)</u> |
| Total Accumulated Depreciation | <u>(119,781,028)</u> | <u>(7,685,779)</u> | <u>579,983</u> | <u>(126,886,824)</u> |
| Total Capital Assets Being Depreciated, Net | <u>249,706,426</u> | <u>7,956,754</u> | <u>-</u> | <u>257,663,180</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 257,424,518</u> | <u>\$ 40,855,308</u> | <u>\$ (15,642,533)</u> | <u>\$ 282,637,293</u> |

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

Governmental Activities

| | |
|-------------------------|------------------|
| General Government | \$ 1,582,186 |
| Real Estate and Housing | 19,157 |
| Public Works | 5,231,446 |
| Parks and Recreation | 1,012,862 |
| Public Safety | <u>2,128,927</u> |

Total Depreciation Expense - Governmental Activities \$ 9,974,578

Business-type Activities

| | |
|-------------|---------------------|
| Water/Sewer | <u>\$ 7,685,779</u> |
|-------------|---------------------|

Total Depreciation Expense - Business-type Activities \$ 7,685,779

Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2013. 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 | \$ 13,393,362 | \$ 4,059,581 |
| Reservoirs & Other Water and Wastewater Projects | <u>37,842,669</u> | <u>16,821,644</u> |
| Total | <u>\$ 51,236,031</u> | <u>\$ 20,881,225</u> |

B. Component Units

Capital asset activity for the City's component units for the year ended June 30, 2013, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 19,648,147 | \$ - | \$ - | \$ 19,648,147 |
| Construction-In-Progress | <u>785,433</u> | <u>599,136</u> | <u>(606,336)</u> | <u>778,233</u> |
| Total Capital Assets Not Being Depreciated | <u>20,433,580</u> | <u>599,136</u> | <u>(606,336)</u> | <u>20,426,380</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 60,709,847 | 630,993 | - | 61,340,840 |
| Machinery and Equipment | 3,861,550 | 40,370 | (160,352) | 3,741,568 |
| Vehicles & Other Assets | <u>209,436</u> | <u>30,476</u> | <u>(24,184)</u> | <u>215,728</u> |
| Total Capital Assets Being Depreciated | <u>64,780,833</u> | <u>701,839</u> | <u>(184,536)</u> | <u>65,298,136</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (32,388,047) | (1,854,455) | - | (34,242,502) |
| Machinery and Equipment | (2,907,386) | (394,916) | 144,484 | (3,157,818) |
| Vehicles & Other Assets | <u>(116,888)</u> | <u>(20,130)</u> | <u>24,285</u> | <u>(112,733)</u> |
| Total Capital Assets Being Depreciated, Net | <u>29,368,512</u> | <u>(1,567,662)</u> | <u>(15,767)</u> | <u>27,785,083</u> |
| Capital Assets, Net | <u>\$ 49,802,092</u> | <u>\$ (968,526)</u> | <u>\$ (622,103)</u> | <u>\$ 48,211,463</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.

In FY 2010, the Water and Sewer Fund entered into a transaction with the Risk Management and Workers Compensation internal service funds whereby each internal service fund advanced \$7,500,000 to the Water and Sewer Fund. The Advance totaling \$9,654,698 at June 30, 2013 financed capital construction that was previously financed from working capital. The Advances are payable in various amounts in

fiscal years 2014 through 2017 with 1% interest.

The General Fund is owed \$6,106,988 by the Motor Vehicle Fund at June 30, 2013; the liability relates to the acquisition of garage assets and motor vehicles. The full amount is shown as an Advance to Other Funds as management intends to repay this advance from internal service charges based in part on the depreciation incurred over the lives of the assets.

The General Fund is owed \$5,771,914 by the Water & Sewer Fund at June 30, 2013; the liability relates to the acquisition of water and sewer capital assets financed from working capital. The full amount is shown as an Advance to Other Funds as management intends to repay this advance from service charges determined in the rate setting process.

The composition of interfund balances as of June 30, 2013, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------------------|----------------------|
| General Fund | Non-Major Governmental Funds | \$ 1,798,061 |
| | Advance to the Enterprise Fund | 5,771,914 |
| | Internal Service Funds | 5,297,523 |
| | Advance to an Internal Service Fund | 3,000,000 |
| Internal Service Funds | Advance to the Enterprise Fund | 9,654,698 |
| Total | | <u>\$ 25,522,196</u> |

During fiscal year 2013, transfers from the General Fund included: a transfer of \$232,176 to the Water and Sewer Fund and \$61,360 to the Internal Service Funds from the unassigned fund balance to cover costs to support a one-time payment to current City employees in lieu of forgone cost of living adjustments for the fiscal years 2010, 2011, 2012, and 2013, and \$486,660 to the Cable Television Fund in accordance with the City Code.

8. Short Term Debt

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; this was subsequently replaced on September 30, 2010, with a line on substantially the same terms. 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 various interest rates; the rate on the balance outstanding is the Adjusted London Interbank Offered Rate (LIBOR) plus 0.25%; the interest rate at June 30, 2013, was 0.95%. The line of credit is classified as an other liability in the Housing Strategic 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> |
|-------------|--|--------------|-------------------|---|
| 2012 - 2013 | \$ 1,800,000 | \$ - | \$ (300,000) | \$ 1,500,000 |

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, 2013.

| | Balance June 30, 2012 | Additions | Reductions | Balance June 30, 2013 | Due Within One Year |
|---|--|----------------------|------------------------|--|--------------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 135,209,598 | \$ 18,277,052 | \$ (26,143,366) | \$ 127,343,284 | \$ 7,120,130 |
| Less: Deferred Amounts | | | | | |
| Premium on Debts Issued | 5,383,634 | 3,904,218 | (689,075) | 8,598,777 | - |
| Gain on Refunding | <u>(2,077,766)</u> | <u>(2,916,907)</u> | <u>366,409</u> | <u>(4,628,264)</u> | <u>-</u> |
| Total Bonds Payable | 138,515,466 | 19,264,363 | (26,466,032) | 131,313,797 | 7,120,130 |
| Capital Leases | 5,563,191 | 4,035,897 | (1,773,046) | 7,826,042 | 2,401,662 |
| Insurance Claims Payable | 14,539,271 | 20,759,153 | (21,878,004) | 13,420,420 | 3,105,236 |
| Compensated Absences | 8,640,869 | 5,861,022 | (5,931,257) | 8,570,634 | 5,861,022 |
| Other Post Employment Benefits Payable | <u>18,486,477</u> | <u>8,064,808</u> | <u>(2,177,092)</u> | <u>24,374,193</u> | <u>-</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 185,745,274</u> | <u>\$ 57,985,243</u> | <u>\$ (58,225,431)</u> | <u>\$ 185,505,086</u> | <u>\$ 18,488,050</u> |
| Business-type Activities: | | | | | |
| Bonds Payable | \$ 151,761,198 | \$ 49,181,014 | \$ (27,065,717) | \$ 173,876,495 | \$ 30,434,695 |
| Less: Deferred Amounts | | | | | |
| Premium on Debts Issued | 4,224,595 | 4,198,470 | (533,430) | 7,889,635 | - |
| Gain on Refunding | <u>(1,237,533)</u> | <u>(3,499,075)</u> | <u>252,741</u> | <u>(4,483,867)</u> | <u>-</u> |
| Total Bonds Payable | 154,748,260 | 49,880,409 | (27,346,406) | 177,282,263 | 30,434,695 |
| Compensated Absences | <u>561,252</u> | <u>565,136</u> | <u>(623,238)</u> | <u>503,150</u> | <u>503,150</u> |
| Business-type Activity Long-Term Liabilities | <u>\$ 155,309,512</u> | <u>\$ 50,445,545</u> | <u>\$ (27,969,644)</u> | <u>\$ 177,785,413</u> | <u>\$ 30,937,845</u> |
| Discretely Presented Component Units | | | | | |
| Wilmington Parking Authority | \$ 23,382,221 | \$ - | \$ (2,239,248) | \$ 21,142,973 | \$ 2,349,247 |
| Downtown Visions | 723,250 | - | (15,166) | 708,084 | 50,088 |
| Riverfront Business Improvement District | <u>438,926</u> | <u>-</u> | <u>(49,903)</u> | <u>389,023</u> | <u>50,000</u> |
| Component Units Long-Term Liabilities | <u>\$ 24,544,397</u> | <u>\$ -</u> | <u>\$ (2,304,317)</u> | <u>\$ 22,240,080</u> | <u>\$ 2,449,335</u> |

B. General Obligation Bonds

The City of Wilmington issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General Fund revenues are used to satisfy general obligation bonds payable recorded in the governmental activities section of the government-wide statement of net position, bonds issued on behalf of the Port of Wilmington are payable from payments made to the City by the State of Delaware as part of the Sale agreement discussed in Note 5, and bonds recorded in the business-

type activities section are payable from revenues of the Water & Sewer Fund. General obligation bonds are secured by the full faith and credit of the City. Bonds issued by the Wilmington Parking Authority (a discretely presented component unit) are guaranteed by the City in the event that resources of the Authority are insufficient to cover debt service on the bonds. The City is subject to the rules and regulations established by the Internal Revenue Code and the U.S. Treasury that, under certain conditions, may create an arbitrage rebate to be paid to the federal government. The City's debt service payments of \$12,249,041 in fiscal year 2013 were within the statutory debt limit of \$25,382,600.

The following is a summary of general obligation bonds outstanding as of June 30, 2013:

| Date of Issue/ Maturity | Amount of Original Issue | Description | Interest Rates | Balance Outstanding June 30, 2013 |
|--|---------------------------------|---|-----------------------|--|
| 1993/2013 | 1,938,000 | Series of 1993 - WPA | 4.50% | \$ 143,605 |
| 1993/2016 | 20,000,000 | Series of 1993 - DNREC | 3.25% | 4,368,700 |
| 2002/2025 | 11,000,000 | Series of 2002 - DDWSRF | 2.96% | 7,955,417 |
| 2005/2016 | 18,785,000 | Series of 2005 | 5.00% | 7,115,000 |
| 2005/2028 | 13,700,000 | Series of 2005C - DDWSRF | 2.37% | 12,662,765 |
| 2006/2025 | 46,465,000 | Series of 2006A | 3.5% - 5.0% | 1,190,000 |
| 2006/2025 | 46,510,000 | Series of 2007A | 4.25% - 5.0% | 34,330,000 |
| 2007/2028 | 2,548,501 | Series of 2006 - DDWSRF | 2.50% | 2,364,379 |
| 2007/2028 | 1,246,499 | Series of 2006B - DDWSRF | 2.50% | 1,156,443 |
| 2007/2028 | 3,185,000 | Series of 2007 - DDWSRF | 2.69% | 2,958,474 |
| 2008/2028 | 75,215,000 | Series of 2008A | 4.0% - 5.0% | 50,395,000 |
| 2009/2030 | 18,975,000 | Series of 2008 DDWSRF (Only \$18,202,993 drawn at June 30, 2013) | 2.92% | 18,202,993 |
| 2009/2030 | 5,000,000 | Series of 2008B SRF | 2.92% | 4,717,157 |
| 2009/2031 | 4,450,000 | Series of 2009 ARRA/SRF | 3.24% | 4,141,032 |
| 2009/2031 | 2,800,000 | Series of 2009C DDWSRF | 2.00% | 2,681,297 |
| 2010/2025 | 43,490,000 | Series of 2010A | 2.25% - 5.0% | 43,490,000 |
| 2011/2031 | 26,505,000 | Series of 2011A | 2.0% - 5.0% | 25,505,000 |
| 2011/2020 | 17,460,000 | Series of 2011B | 0.888% - 3.258% | 17,460,000 |
| 2011/2030 | 2,700,000 | Series of 2011CREB | 4.63% | 2,700,000 |
| 2011/2032 | 2,500,000 | Series of 2011 DDWSRF (Only \$315,400 drawn at June 30, 2013) | 2.92% | 315,400 |
| 2011/2032 | 2,500,000 | Series of 2011A DDWSRF (Only \$2,500,000 drawn at June 30, 2013) | 2.33% | 2,500,000 |
| 2012/2023 | 1,555,195 | Series of 2011SEU DNREC | 1.99% | 1,540,921 |
| 2012/2034 | 2,000,000 | Series of 2012B DDWSRF (Only \$137,001 drawn at June 30, 2013) | 3.00% | 137,001 |
| 2012/2033 | 36,060,000 | Series of 2012 REBF BAN | 3.00% | 15,304,195 |
| 2013/2024 | 37,885,000 | Series of 2013A | 2.09% - 4.68% | 37,885,000 |
| Total General Obligation Bonds Payable | | | | <u>\$ 301,219,779</u> |

Primary Government

On November 19, 2008, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$18,975,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's Brandywine Water Filter Plant. Cash draws against the loans will be made periodically; as of June 30, 2013, \$18,202,993 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, 2030. The 2008 SRF bond is recorded in the Water and Sewer Fund.

On May 11, 2011, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,500,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water filter plants. Cash draws against the loans will be made periodically; as of June 30, 2013, \$315,400 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.0%. Payments are due every six months, with final payments due October 1, 2031. The 2011 SRF bond is recorded in the Water and Sewer Fund.

On May 11, 2011, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,500,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water main system. Cash draws against the loans will be made periodically; as of June 30, 2013, \$2,500,000 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.0%. Payments are due every six months, with final payments due October 1, 2031. The 2011A SRF bond is recorded in the Water and Sewer Fund.

On March 24, 2012, the City entered into a General Obligation Financing agreement with the Delaware Department of Natural Resources & Environmental Control, Division of Energy & Climate for \$1,555,195. The agreement consists of a promissory note and security agreement related to water system pump station upgrades. As of June 30, 2013, \$1,540,921 was outstanding. The loan bears an interest rate of 1.99%. Payments are due quarterly starting January 1, 2013, with the final payment due April 1, 2022. The 2011 SEU bond is recorded in the Water and Sewer Fund.

On May 11, 2012, the City entered into a General Obligation Financing agreement with the Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,000,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water main system. Cash draws against the loan will be made periodically; as of June 30, 2013, \$137,001 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 3.0%. Payments are due every six months, with final payments due October 1, 2034. The 2012B SRF bond is recorded in the Water and Sewer Fund.

On July 6, 2012, the City issued a General Obligation Bond Anticipation Note (Renewable Energy Biosolids Facility Project), Series of 2012, due July 6, 2014, in the amount of \$39,000,000. The funding will be drawn as needed and the interest rate is 65% of (the Adjusted London Interbank Offered Rate (LIBOR) plus 0.55) plus 0.19%, not to exceed 8%. Permanent financing for this was completed on October 4, 2012, with the Delaware Water Pollution Control Revolving Fund (DWPCRF) acting by and through the Delaware Department of Natural Resources and Environmental Control for an amount not to exceed \$36,060,000 at an interest rate of 3.0%. The net loan proceeds supplement other funding for the costs associated with the Renewable Energy Biosolids Facility being constructed at the Hay Road Wastewater Treatment Plant. Cash draws against the loan will be made periodically; as of June 30, 2013, \$15,304,195 was outstanding. The 2012 REBF BAN is recorded in the Water and Sewer Fund.

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

The City has entered into General Obligation Financing agreements with the Delaware Drinking Water State Revolving Fund (DDWSRF) acting through the Delaware Department of Health & Social Services, Division of Public Health and also the Delaware Water Pollution Control Revolving Fund (DWPCRF) of the Delaware Department of Natural Resources and Environmental Control, but loan amounts have not yet been drawn down and thus are not included in the schedule of outstanding debt. The program related to the loan must start construction within one year of the agreement date. A final loan closing will occur at the end of the project. Unless noted below, the loans 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 DDWSRF agreement dated January 20, 2012, for an amount not to exceed \$2,500,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's Brandywine Water Filter Plant.
- A DWPCRF agreement dated February 10, 2012, for an amount not to exceed \$1,200,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's stormwater drainage and wastewater treatment systems.
- A DWPCRF agreement dated February 10, 2012, for an amount not to exceed \$1,500,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's wastewater treatment system.

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

| Year Ending June 30 | General Obligation Bonds | | | |
|---------------------------|----------------------------|---------------|-----------------------------|---------------|
| | Governmental Activities | | Business-type Activities | |
| | Principal | Interest | Principal | Interest |
| 2014 | \$ 7,120,130 | \$ 5,491,733 | \$ 30,434,695 | \$ 6,107,176 |
| 2015 | 8,269,713 | 5,173,431 | 8,816,782 | 5,787,880 |
| 2016 | 8,811,270 | 4,827,576 | 9,004,031 | 5,464,218 |
| 2017 | 8,842,359 | 4,469,885 | 8,680,153 | 5,136,977 |
| 2018 | 8,137,733 | 4,144,148 | 8,583,214 | 4,833,522 |
| 2019-2023 | 40,756,129 | 15,302,769 | 47,942,610 | 19,009,923 |
| 2024-2028 | 29,188,368 | 7,000,978 | 51,538,442 | 8,559,926 |
| 2029-2033 | 16,217,582 | 1,512,305 | 18,893,668 | 1,306,746 |
| | 127,343,284 | \$ 47,922,825 | 183,893,595 | \$ 56,206,368 |
| Less: Funds Not Drawn | - | | (10,017,100) | |
| Total | \$ 127,343,284 | | \$ 173,876,495 | |

Fiscal year 2014 includes \$22,614,915 of BAN funding in Business-Type Activities that management intends to refinance into long-term general obligation bonds.

Component Units

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

| Year Ending June 30 | Component Units' Debt Service Schedule | | | | | |
|------------------------------------|---|---------------------|-----------------------------|-------------------|---|-----------------|
| | Wilmington Parking Authority | | Downtown Visions | | Riverfront Business Improvement District | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2014 | \$ 2,349,247 | \$ 922,606 | \$ 50,088 | \$ 33,374 | \$ 50,000 | \$ - |
| 2015 | 2,420,000 | 802,269 | 42,324 | 30,633 | 50,000 | - |
| 2016 | 2,530,000 | 675,875 | 24,467 | 28,974 | 50,000 | - |
| 2017 | 485,000 | 598,538 | 23,274 | 27,791 | 50,000 | - |
| 2018 | 510,000 | 574,288 | 24,412 | 26,653 | 50,000 | - |
| 2019-2023 | 2,875,000 | 2,547,350 | 543,519 | 29,592 | 139,023 | - |
| 2024-2028 | 3,550,000 | 1,887,488 | - | - | - | - |
| 2029-2033 | 4,410,000 | 1,041,906 | - | - | - | - |
| 2034-2036 | 2,013,726 | 134,531 | - | - | - | - |
| Total | \$ 21,142,973 | \$ 9,184,851 | \$ 708,084 | \$ 177,017 | \$ 389,023 | \$ - |

C. Prior Year Defeasance of Debt

In 2013, the City defeased part of its Series 2006A-1 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, 2013, \$67,875,000 of bonds outstanding from this and prior defeasements 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 | \$ 58,143,063 |
| Cash flow requirements of debt service on the new debt | 55,393,200 |
| Net savings from refunding | <u>\$ 2,749,863</u> |

Net Present Value of Savings \$ 2,716,284

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, 2013, eleven issues with debt of \$81,445,363 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). As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net position. At June 30, 2013, the City has \$11,116,230 of motor vehicles under lease with accumulated depreciation of \$3,476,369. As of June 30, 2013, payments under these capital leases are as follows:

| <u>Year Ending June 30</u> | <u>Primary Government Motor Vehicle</u> |
|------------------------------------|---|
| 2014 | \$ 2,548,990 |
| 2015 | 2,416,970 |
| 2016 | 1,616,895 |
| 2017 | 929,867 |
| 2018 | <u>641,419</u> |
| Total Minimum Lease Payments | 8,154,142 |
| Less: Amount Representing Interest | <u>(328,100)</u> |
| Present Value of Lease Payments | <u>\$ 7,826,042</u> |

B. Operating Leases - Lessor - Component Unit

Downtown Visions maintains a copier under a long-term operating lease. At June 30, 2013, the rental expenses under the lease were \$3,754. Future minimum rental payments for the years ending June 30, 2014 and June 30, 2015, are \$3,754 and \$2,503, respectively.

The Wilmington Parking Authority leases space to commercial tenants at its Brandywine Gateway and Corporate Plaza facilities. All such leases are classified as operating leases. Rental income from these leases during fiscal year 2013 was \$149,589. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2013:

| <u>Year Ending June 30</u> | <u>Wilmington Parking Authority</u> |
|------------------------------------|---|
| 2014 | \$ 118,280 |
| 2015 | 105,048 |
| 2016 | 108,192 |
| 2017 | 111,441 |
| 2018 | 114,789 |
| 2019 and thereafter | <u>28,908</u> |
| Total Minimum Future Rental Income | <u>\$ 586,658</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 | \$ 6,441,541 | |
| Permits and Other Revenues | 4,666,561 | |
| Revenue on Notes Receivable | <u>5,227,202</u> | |
| | \$ 16,335,304 | \$ - |
| <u>Unearned Revenues</u> | | |
| Capital Project Fund | | |
| Unearned Grant Revenue | 412,897 | 412,897 |
| Non-Major Funds | | |
| Unearned Grant Revenues | | |
| Park Recreation Assistance | 214,392 | 214,392 |
| Wilmington Park Related Commissions | 2,233 | 2,233 |
| Community Development Block Grants | 30,697 | 30,697 |
| Home Partnership Program | 38,000 | 38,000 |
| Delaware Neighborhood Stabilization Program | 77,316 | 77,316 |
| Delaware Criminal Justice Planning | 1,151,016 | 1,151,016 |
| Delaware Criminal Justice Planning | 12,582 | 12,582 |
| Special Projects | <u>1,515,346</u> | <u>1,515,346</u> |
| | <u>3,041,582</u> | <u>3,041,582</u> |
| Total | <u>\$ 19,789,783</u> | <u>\$ 3,454,479</u> |
| Water & Sewer Fund | | |
| Unearned Service Charges | | <u>\$ 4,659,288</u> |

12. Fund Balance

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

General Fund

The General Fund had Unassigned Fund Balance of \$23,262,923 at June 30, 2013. Of the \$6,106,988 due from the Motor Vehicle Fund, \$3,000,000 related to the acquisition of garage assets and motor vehicles is considered an Advance (discussed in Note 7) and therefore is classified as Nonspendable Fund Balance.

The General Fund has Committed Funds consisting of the Budget Reserve Account of \$14,537,615. 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 \$145,376,145 of fiscal year 2014 expenditures budgeted as of the end of June 30, 2013.

Other Major Funds

The Housing Strategic Fund has Committed Fund Balance of \$1,178,585 to fulfill the City's affordable housing programs. The Economic Strategic Fund had Restricted Fund Balance of \$27,580 consisting of unspent bond funds used for infrastructure incentives and Committed Fund Balance of \$5,550,802 to fulfill the City's economic incentive programs. The Capital Project Fund has Restricted Fund Balance of \$14,798,953 at June 30, 2013 consisting primarily of unspent bond funds.

Other Funds

The following fund has Fund Balances designated for specific purposes: the Nonmajor Fund Wilmington Park Related Commissions (including two blended components) has Park Maintenance Nonspendable Fund Balance of \$879,788 and Restricted Fund Balance of \$5,696,996.

The Special Revenue Funds report Committed Fund Balances of \$1,644,281 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 |
|-------------|--|--|---------------------------|---|
| 2011 - 2012 | \$ 5,345,761 | \$ 2,021,194 | \$ (1,712,256) | \$ 5,654,699 |
| 2012 - 2013 | 5,654,699 | 69,366 | (1,140,891) | 4,583,174 |

B. Workers' Compensation

The City is also self-insured for workers' compensation. The City's compensation payments are calculated based upon the Workers' Compensation Law of the State of Delaware. Resources are allocated to the Workers' Compensation Fund (an Internal Service Fund) from operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. An actuarial valuation is performed on an annual basis. This valuation is not discounted and is adjusted by a risk margin calculated to provide a statistical confidence level of 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 |
|-------------|--|--|---------------------------|---|
| 2011 - 2012 | \$ 8,055,842 | \$ 2,846,191 | \$ (2,778,843) | \$ 8,123,190 |
| 2012 - 2013 | 8,123,190 | 2,278,042 | (2,731,272) | 7,669,960 |

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 |
|-------------|--|--|---------------------------|---|
| 2011 - 2012 | \$ 838,029 | \$ 16,011,307 | \$ (16,087,954) | \$ 761,382 |
| 2012 - 2013 | 761,382 | 18,411,745 | (18,005,841) | 1,167,286 |

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, 2013.

15. Pension Trust Funds – Retirement Funds and Post-Retirement Healthcare Benefit Fund

General 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 unit, 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 consisted of the following:

| | <u>Firefighters</u> | <u>Police</u> | <u>Plan I Non-Uniformed</u> | <u>Plan II Non-Uniformed</u> | <u>Plan III Non-Uniformed</u> | <u>Post Retirement Healthcare Benefit</u> |
|---|---------------------|---------------|-----------------------------|------------------------------|-------------------------------|---|
| Number of Retirees & Beneficiaries Receiving Benefits | 297 | 471 | 165 | 161 | 227 | 266 |
| Number of Terminated Employees Entitled to Benefits | 0 | 11 | 0 | 155 | 57 | 0 |
| Number of Fully Vested, Partially Vested, & Non-Vested Active Employees | 60 | 85 | 20 | 40 | 486 | 1061 |
| Current Year Annual Covered Payroll | \$ 3,368,492 | \$ 6,764,132 | \$ 85,639 | \$ 474,571 | \$ 27,114,263 | \$ 63,501,676 |

The City's current-year total payroll for all employees was \$72,631,186.

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, annual pension costs, and funding status and funding progress are presented in a schedule on page 78 of the Notes. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future; examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations for OPEB benefits uses the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The pension funding status and progress for the last six fiscal years of the City sponsored plans is reported as Required Supplementary Information (RSI) on page 81. The RSI schedule presents multiyear trend information that shows whether the actual value of plan assets is increasing or decreasing over time relative to the actual accrued liabilities for benefits.

Cash and Investments

The Board of Pension and Retirement (Trustees) of the Pension Funds receives contributions from the City and State and is responsible for the funding policy. The City Treasurer is the custodian of the Funds' investment assets, effects disbursements from the Funds, and executes other transactions therein. The City Treasurer and outside custodians, both under the direction of the Board of Trustees, manage the Funds' investments. The Trustees have authorized certain cash and investments of the Funds to be pooled for investing by outside custodians. The Funds' portion is reported on the balance sheet as "pooled investments." Funds under outside management at June 30, 2013, 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, 2013, the following individual plans had cash or investments in excess of 5% of the individual plan's net position.

| <u>Plan</u> | <u>Name of Insitution</u> | <u>Investment Type</u> | <u>Amount</u> |
|------------------------|---------------------------|-------------------------|---------------|
| Firefighters Pension | WSFS Financial Corp. | Certificates of Deposit | \$ 3,025,050 |
| Plan III Non-uniformed | WSFS Financial Corp. | Certificates of Deposit | \$ 4,705,000 |

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 (Firefighters - \$4,878,914 Police - \$2,251,819; Plan I - \$24,582) 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, Delaware
Statement of Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2013

| | <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> |
|--|--|---|--|--|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 1,528 | \$ 1,292 | \$ 7,679,704 | \$ - | \$ 52,357 |
| Receivables: | | | | | |
| Accrued Interest & Other Receivables | 18,448 | 38,177 | 157,062 | - | 34,370 |
| Investments, at Fair Value: | | | | | |
| Money Market Funds | 126,813 | 262,422 | 953,216 | 50,253 | 1,387,751 |
| U.S. Treasury Obligations | 632,942 | 1,309,788 | 4,757,654 | - | 1,685,535 |
| U.S. Government Agencies - Guaranteed | 4,358 | 9,018 | 32,758 | - | - |
| U.S. Government Agencies - Other | 410,039 | 848,521 | 3,082,153 | - | 1,538,574 |
| Corporate & Foreign Bonds | 820,126 | 1,697,140 | 6,164,665 | - | 2,151,076 |
| Common Equity & Marketable Securities | 2,943,476 | 6,091,118 | 22,125,282 | 205,431 | 4,141,024 |
| Global & International Funds | 3,880 | 8,026 | 29,154 | - | - |
| Mutual Funds | 975,108 | 2,017,851 | 7,329,611 | 27,856 | - |
| Total Investments | <u>5,916,742</u> | <u>12,243,884</u> | <u>44,474,493</u> | <u>283,540</u> | <u>10,903,960</u> |
| Due from Other Pension Trust Fund | - | - | - | - | 1,107,133 |
| Total Assets | <u>5,936,718</u> | <u>12,283,353</u> | <u>52,311,259</u> | <u>283,540</u> | <u>12,097,820</u> |
| LIABILITIES | | | | | |
| Accounts Payable | 136 | 161 | 166,101 | 8,910 | 96,578 |
| Salaries and Benefits Payable | 609 | 1,252 | 3,158 | - | - |
| Due to Other Pension Trust Fund | - | - | 1,107,133 | 48,765 | - |
| Due to Other Governments | - | - | 2,634,771 | - | - |
| Compensated Absences | - | - | 25,558 | - | - |
| Liability for Stale-dated Pension Checks | 38,911 | 8,517 | 8,453 | - | - |
| Total Liabilities | <u>39,656</u> | <u>9,930</u> | <u>3,945,174</u> | <u>57,675</u> | <u>96,578</u> |
| Net Position | | | | | |
| Held in Trust for Pension Benefits | <u>\$ 5,897,062</u> | <u>\$ 12,273,423</u> | <u>\$ 48,366,085</u> | <u>\$ 225,865</u> | <u>\$ 12,001,242</u> |

City of Wilmington, Delaware
Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

| | <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 | \$ 333,400 | \$ 394,825 | \$ 5,730,033 | \$ - | \$ 2,177,092 |
| Paid by the State | | | | | |
| On-Behalf of the City | 24,582 | - | - | - | - |
| Employees | - | 17,820 | 541,031 | - | 391,602 |
| Federal Drug Subsidies & Other | - | - | 26,676 | - | 60,538 |
| Total Contributions | <u>357,982</u> | <u>412,645</u> | <u>6,297,740</u> | <u>-</u> | <u>2,629,232</u> |
| Investment Income | | | | | |
| Investment Earnings | 162,590 | 336,458 | 1,237,806 | 3,762 | 1,169,137 |
| Net Appreciation | | | | | |
| (Depreciation) in Fair Value | 425,401 | 880,309 | 3,197,621 | 23,416 | (570,426) |
| Total Investment Earnings | 587,991 | 1,216,767 | 4,435,427 | 27,178 | 598,711 |
| Less: Investment Expense | (24,049) | (49,767) | (180,774) | - | - |
| Net Investment Income | <u>563,942</u> | <u>1,167,000</u> | <u>4,254,653</u> | <u>27,178</u> | <u>598,711</u> |
| Total Additions | <u>921,924</u> | <u>1,579,645</u> | <u>10,552,393</u> | <u>27,178</u> | <u>3,227,943</u> |
| DEDUCTIONS | | | | | |
| Benefits Paid | 737,937 | 959,705 | 3,203,994 | 17,820 | 894,006 |
| Administrative Expenses | 41,220 | 72,754 | 222,040 | 2,588 | 55,650 |
| Total Deductions | <u>779,157</u> | <u>1,032,459</u> | <u>3,426,034</u> | <u>20,408</u> | <u>949,656</u> |
| Net Increase (Decrease) in Plan Net Position | 142,767 | 547,186 | 7,126,359 | 6,770 | 2,278,287 |
| Net Position - Beginning | <u>5,754,295</u> | <u>11,726,237</u> | <u>41,239,726</u> | <u>219,095</u> | <u>9,722,955</u> |
| Net Position - Ending | <u>\$ 5,897,062</u> | <u>\$ 12,273,423</u> | <u>\$ 48,366,085</u> | <u>\$ 225,865</u> | <u>\$ 12,001,242</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> |
|--|---|---|--|
| 2008 | \$ 4,962,169 | 100.0% | \$ - |
| 2009 | 5,023,195 | 100.0% | - |
| 2010 | 5,040,427 | 100.0% | - |
| 2011 | 4,796,719 | 100.0% | - |
| 2012 | 4,589,546 | 100.0% | - |
| 2013 | 5,040,040 | 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 |
|---|--|--|---------------------------------------|
| 2008 | \$ 6,679,870 | 100.0% | \$ - |
| 2009 | 6,626,502 | 100.0% | - |
| 2010 | 6,550,539 | 100.0% | - |
| 2011 | 6,437,963 | 100.0% | - |
| 2012 | 7,567,027 | 100.0% | - |
| 2013 | 8,229,390 | 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</u> <u>Ending</u> <u>June 30</u> | <u>Annual</u> <u>Pension</u> <u>Cost (APC)</u> | <u>Percentage of</u> <u>APC</u> <u>Contributed</u> | <u>Net</u> <u>Pension</u> <u>Obligation</u> |
|---|--|--|---|
| 2008 | \$ 503,792 | 100.0% | \$ - |
| 2009 | 355,122 | 100.0% | - |
| 2010 | 315,440 | 100.0% | - |
| 2011 | 292,475 | 100.0% | - |
| 2012 | 284,027 | 100.0% | - |
| 2013 | 333,400 | 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:

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|--|--|---------------------------------------|
| 2008 | \$ - | 100.0% | \$ - |
| 2009 | - | 100.0% | - |
| 2010 | 189,257 | 100.0% | - |
| 2011 | 92,757 | 100.0% | - |
| 2012 | 300,353 | 100.0% | - |
| 2013 | 394,825 | 100.0% | - |

Nonuniformed Employees Plan III (Closed)

Plan Description and Eligibility: The Nonuniformed Employees Plan III is a single-employer defined benefit plan that covers all Nonuniformed City employees hired after December 31, 1990, and employees who have opted to convert from Plan I or Plan II. As of July 1, 2011, this plan became closed to new employees.

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 |
|---|--|--|---------------------------------------|
| 2008 | \$ 2,806,748 | 100.0% | \$ - |
| 2009 | 2,994,895 | 100.0% | - |
| 2010 | 3,312,623 | 100.0% | - |
| 2011 | 3,784,889 | 100.0% | - |
| 2012 | 5,326,619 | 100.0% | - |
| 2013 | 5,730,033 | 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: 2.0% of average monthly earnings multiplied by total years of service (maximum 35 years); a credited year of service for every year with 1,500 hours of service after hire, buyback or December 31, 1990.

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

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 |
|---|--|--|---------------------------------------|
| 2008 | \$ 7,462 | 100.0% | \$ - |
| 2009 | 17,536 | 100.0% | - |
| 2010 | 17,536 | 100.0% | - |
| 2011 | 35,236 | 100.0% | - |
| 2012 | - | 100.0% | - |
| 2013 | - | 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: 5 years of credited service.

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

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

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

62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.

Contributions: Employee – 7% of compensation
Employer – determined annually by Board of Pension Trustees

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2013 was 14.75% of covered payroll.

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 |
|---|--|--|---------------------------------------|
| 2008 | \$ 2,005,109 | 100.0% | \$ - |
| 2009 | 2,372,977 | 100.0% | - |
| 2010 | 2,396,872 | 100.0% | - |
| 2011 | 2,621,343 | 100.0% | - |
| 2012 | 3,039,310 | 100.0% | - |
| 2013 | 3,211,993 | 100.0% | - |

Delaware's County and Municipal Other Employees' Pension Plan

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Trustees. The plan, which is the Delaware's County and Municipal Other Employees' Pension Plan, covers all full-time non-uniformed and uniformed City employees hired on or after July 1, 2011, and all officials who are elected or appointed on or after July 1, 2011. 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: 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting: 5 years of credited service.

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

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

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

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

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2013 was 6.84% of covered payroll.

The following summarized activities for the plan during the past two years:

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|--|--|---------------------------------------|
| 2012 | \$ 19,328 | 100.0% | \$ - |
| 2013 | 186,702 | 100.0% | - |

Component Units (Wilmington Parking Authority)

The Wilmington Parking Authority has a noncontributory single-employer defined benefit pension plan covering substantially all of its employees. The annual required contribution was \$313,703 for the year ended June 30, 2013. 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, Annual Pension Cost, and Funded Status and Funding Progress

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

| Plan Type | Fire Pension | | Police Pension | | Plan I Non-uniformed Pension | | Plan II Non-uniformed Pension | | Plan III Non-uniformed Pension | | Wilmington Park Trust Pension | | Post - Retirement Healthcare Benefit | | County & Municipal Police and Firefighters | | County & Municipal Other Employees | | | |
|--|----------------------|----------------------|----------------------|----------------------|------------------------------|----------------------|-------------------------------|----------------------|--------------------------------|----------------------|-------------------------------|----------------------|--------------------------------------|----------------------|--|----------------------|------------------------------------|----------------------|----------------------|-----------------|
| | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Single Employer | Multi-Employer | Multi-Employer | Multi-Employer | Multi-Employer | | |
| Annual Required (7/1/12-6/30/13) (2) | | | | | | | | | | | | | | | | | | | | |
| Contribution | \$ 5,040,040 | \$ 8,229,390 | \$ 333,400 | \$ 394,825 | \$ 5,730,033 | \$ - | \$ - | \$ 2,177,092 | \$ 3,211,993 | \$ 3,211,993 | \$ - | \$ - | \$ 2,177,092 | \$ 3,211,993 | \$ 186,702 | \$ 186,702 | | | | |
| Pension Cost (6) | \$ 5,040,040 | \$ 8,229,390 | \$ 333,400 | \$ 394,825 | \$ 5,730,033 | \$ - | \$ - | \$ 2,177,092 (6) | \$ 3,211,993 | \$ 3,211,993 | \$ - | \$ - | \$ 2,177,092 (6) | \$ 3,211,993 | \$ 186,702 | \$ 186,702 | | | | |
| Actuarial Valuation Date | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | July 1, 2012 | June 30, 2013 | June 30, 2013 | June 30, 2013 | June 30, 2013 | June 30, 2013 | |
| Actuarial Cost Method | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Aggregate Entry Age | Projected Unit Cost | Projected Unit Cost | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | 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 Closed | Level Percent Closed | Level Percent Closed | Level Percent Closed | Level Percent Closed | Level Percent Closed | Level Percent Closed | Level Percent Open | Level Percent Open | Level Percent Open | Level Percent Open | Level Percent Open | |
| Remaining Amortization Period (3) | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 18 years | 25 years | 25 years | 10 years | 10 years | 10 years | 10 years | 10 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 | 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 | 5 Yr Smoothed Market | 5 Yr Smoothed Market | 5 Yr Smoothed Market | |
| Actuarial Assumption: | | | | | | | | | | | | | | | | | | | | |
| Investment Rate of Return | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 8.00% | 8.00% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| Projected Salary Increases | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.00% | n/a | n/a | 3.8%-9.6% | 3.8%-9.6% | 3.8%-9.6% | 3.8%-9.6% | 3.8%-9.6% | 3.8%-9.6% |
| Includes Inflation rate of | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | n/a | n/a | n/a | n/a | n/a | n/a |
| Cost-of-Living Adjustments | Ad Hoc | Ad Hoc | None | None | None | None | None | None | None | None | None | None | n/a | n/a | Ad Hoc | Ad Hoc | Ad Hoc | Ad Hoc | Ad Hoc | Ad Hoc |
| Funded Status and Funding Progress as of July 1, 2012 | | | | | | | | | | | | | | | | | | | | |
| Actuarial Accrued Liability (AAL) | \$87,535,844 | \$ 144,832,644 | \$ 7,184,749 | \$ 14,431,838 | \$ 85,243,656 | \$ 199,128 | \$ 222,865 | \$ 83,238,324 | \$ 207,740,000 (8) | \$ 203,832,000 | \$ 207,740,000 (8) | \$ 207,740,000 (8) | \$ 83,238,324 | \$ 207,740,000 (8) | \$ 29,312,000 (8) | \$ 27,492,000 | \$ 27,492,000 | \$ 27,492,000 | \$ 27,492,000 | \$ 27,492,000 |
| Actuarial Value of Plan Assets (AVPA) | \$41,628,565 | \$ 70,809,332 | \$ 5,914,142 | \$ 12,047,063 | \$ 42,316,860 | \$ 42,316,860 | \$ 42,316,860 | \$ 10,033,538 | \$ 10,033,538 | \$ 10,033,538 | \$ 10,033,538 | \$ 10,033,538 | \$ 10,033,538 | \$ 10,033,538 | \$ 3,908,000 | \$ 3,908,000 | \$ 3,908,000 | \$ 3,908,000 | \$ 3,908,000 | \$ 3,908,000 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$45,907,279 | \$ 74,023,312 | \$ 1,270,607 | \$ 2,384,775 | \$ 42,926,796 | \$ (23,737) | \$ (23,737) | \$ (73,204,786) | \$ (73,204,786) | \$ (73,204,786) | \$ (73,204,786) | \$ (73,204,786) | \$ (73,204,786) | \$ (73,204,786) | \$ (69,292,000) | \$ (69,292,000) | \$ (69,292,000) | \$ (69,292,000) | \$ (69,292,000) | \$ (69,292,000) |
| Funded Ratio (AVPA/AAL) | 47.6% | 48.9% | 82.3% | 83.5% | 49.6% | 111.9% | 111.9% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 12.1% | 98.1% | 98.1% | 98.1% | 98.1% | 98.1% | 98.1% |
| Covered Payroll (Active Plan Members) | \$ 3,368,492 | \$ 6,764,132 | \$ 85,639 | \$ 474,571 | \$ 27,114,263 | \$ 76,082 | \$ 76,082 | \$ 63,501,676 | \$ 68,122,000 | \$ 68,122,000 | \$ 68,122,000 | \$ 68,122,000 | \$ 63,501,676 | \$ 68,122,000 | \$ 26,332,000 | \$ 26,332,000 | \$ 26,332,000 | \$ 26,332,000 | \$ 26,332,000 | \$ 26,332,000 |
| UAAL as a percentage of Covered Payroll | 1362.8% | 1094.4% | 1483.7% | 502.5% | 158.3% | n/a | n/a | 115.3% | 115.3% | 115.3% | 115.3% | 115.3% | 115.3% | 115.3% | 5.7% | 5.7% | 5.7% | 5.7% | 5.7% | 5.7% |

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

- (1) Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, therefore actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.
- (2) The actuarial valuation is done every other year. The last valuation completed was the July 1, 2012 valuation for the fiscal year ended June 30, 2013. The valuation calculates an Annual Required Contribution for each of the following two years; this may be recalculated to reflect significant changes in staff levels or salary increases. Actual contributions are based on the higher of percentage of pay (actual amounts may vary based on actual payroll) or level dollar. The Park Trust Plan data is as of July 1, 2012 for the fiscal year ended June 30, 2013.
- (3) 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.
- (4) For employees under 30, 5.5%; 5% thereafter.
- (5) Based on a service dependent scale.
- (6) 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.
- (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.
- (8) The multi-employer fund presents fund status and progress results for the entire fund; the City's exposure is possibly best measured by the two ratios presented. The City estimates that it contributes 52.8% of the Delaware County & Municipal Police and Firefighters' Plans' total employer contributions in fiscal year 2013. The City estimates that it contributes 11.6% of the Delaware County & Municipal Other Employees' Plans' total employer contributions in fiscal year 2013.

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 employed by the City as of and after January 1, 2000 and who are eligible for a City pension or retired employees receiving a pension pursuant to the State “County and Municipal Pension” subject to certain additional eligibility requirements which vary in part based on date of hire. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. Eligibility and healthcare benefits are different based on certain criteria significantly based on an employee’s hire date.

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

Separate financial statements are not issued, but are included on pages 68 and 69 of the Notes. The funding policy, annual pension costs, and funding status and funding progress are presented in a schedule on page 78 of the Notes. Further information is discussed starting on page 65 of the Notes and further information on Funding Status and Progress is included in Required Supplementary Information on page 82. The eligible participants and membership are listed on page 65. Employer contributions recognized during 2013 were \$2,177,092 and participant contributions were \$391,602. 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, 2013. (The General Fund will be the source to fund this obligation.)

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, 2012 | \$ 18,486,477 | \$ 18,486,477 | \$ - |
| Annual Required Contribution | 6,135,546 | 5,549,176 | 586,370 |
| Interest on Net OPEB Obligation | 1,313,046 | 1,313,046 | - |
| Adjustment to Annual Required Contribution | 616,216 | 616,216 | - |
| Annual OPEB Cost | <u>8,064,808</u> | <u>7,478,438</u> | <u>586,370</u> |
| Less: Employer Contributions | <u>(2,177,092)</u> | <u>(1,590,722)</u> | <u>(586,370)</u> |
| Net OPEB Obligation at June 30, 2013 | <u>\$ 24,374,193</u> | <u>\$ 24,374,193</u> | <u>\$ -</u> |

The City has implemented GASB Statement No. 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 82. The City's annual OPEB cost, following summarized activities for the plan for the transition year and succeeding years:

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net OPEB Obligation |
|---|--|--|------------------------------------|
| 2008 | \$ 3,822,091 | 37.2% | \$ 4,958,871 |
| 2009 | 3,731,022 | 31.5% | 2,552,376 |
| 2010 | 5,669,664 | 37.2% | 8,884,630 |
| 2011 | 6,328,902 | 29.5% | 13,344,163 |
| 2012 | 7,196,060 | 28.5% | 18,486,477 |
| 2013 | 8,064,808 | 27.0% | 24,374,193 |

16. Subsequent Events

On August 29, 2013, City Council approved the issuance of City General Obligation Bonds, Series 2013-SRF Land Conservation Loan Program, for an amount not to exceed \$4,370,000 to finance the City's acquisition of land for the South Wilmington Wetlands Project. The City desires to acquire and restore certain property located with the South Wilmington area and place such land in permanent conservation to help address flooding concerns and to provide significant water quality and recreational benefit to the City. No further action has been taken.

On September 5, 2013, City Council approved the issuance of City General Obligation Bonds for an amount not to exceed \$4,000,000 for the purpose of financing the Wilmington Housing Partnership Project and paying the costs of issuance of the bond. The City and the Wilmington Housing Partnership Corporation have determined to undertake a project consisting of the acquisition, construction and rehabilitation of housing in various sites located in the City and to refinance the outstanding amount of the City's General Obligation Bond, Series 2010A. Part or all of the proceeds will be loaned to the Wilmington Housing Partnership Corporation. No further action has been taken.

On December 12, 2013, an ordinance was presented by management for Council's review and approval. If approved, Council would be authorizing the City to assist the Community Education Building Corporation (CEBC) in converting the former MBNA Bracebridge IV Building into a facility to allow for the operation of up to four charter schools. Specifically, the Council would be authorizing the City to assist with financing through the City's Revenue Bonds Series 2014 in an aggregate principal amount not to exceed \$35,000,000. If approved, the City would assist the CEBC in refinancing an interim loan, financing a portion of renovations, funding a debt service reserve fund and paying costs associated with issuing the Bonds.

The City has applied for state revolving loans for various potential Water and Sewer Fund projects, but they have not yet been approved by the state and nor have they been brought to City Council for approval.

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 years. The multi-year employer plan and Pension Healthcare Fund have annual valuations.

| Actuarial Valuation Date | Actuarial Value of Assets (1) | Actuarial Accrued 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 | | | | | | |
| 7/1/2008 | \$ 45,725,133 | \$ 83,260,017 | \$ 37,534,884 | 54.9% | \$ 4,838,319 | 775.8% |
| 7/1/2010 | 43,650,025 | 85,157,711 | 41,507,686 | 51.3% | 4,727,341 | 878.0% |
| 7/1/2012 | 41,628,565 | 87,535,844 | 45,907,279 | 47.6% | 3,368,492 | 1362.8% |
| Police | | | | | | |
| 7/1/2008 | \$ 75,328,966 | \$ 130,259,946 | \$ 54,930,980 | 57.8% | \$ 8,385,569 | 655.1% |
| 7/1/2010 | 71,741,304 | 133,269,787 | 61,528,483 | 53.8% | 7,752,902 | 793.6% |
| 7/1/2012 | 70,809,332 | 144,832,644 | 74,023,312 | 48.9% | 6,764,132 | 1094.4% |
| Plan I Non-Uniformed | | | | | | |
| 7/1/2008 | \$ 8,593,765 | \$ 10,218,256 | \$ 1,624,491 | 84.1% | \$ 154,551 | 1051.1% |
| 7/1/2010 | 6,821,635 | 8,374,719 | 1,553,084 | 81.5% | 85,639 | 1813.5% |
| 7/1/2012 | 5,914,142 | 7,184,749 | 1,270,607 | 82.3% | 85,639 | 1483.7% |
| Plan II Non-Uniformed | | | | | | |
| 7/1/2008 | \$ 15,301,793 | \$ 13,395,511 | \$ (1,906,282) | 114.2% | \$ 682,296 | -279.4% |
| 7/1/2010 | 13,108,281 | 13,597,800 | 489,519 | 96.4% | 660,701 | 74.1% |
| 7/1/2012 | 12,047,063 | 14,431,838 | 2,384,775 | 83.5% | 474,571 | 502.5% |
| Plan III Non-Uniformed | | | | | | |
| 7/1/2008 | \$ 32,645,945 | \$ 61,337,975 | \$ 28,692,030 | 53.2% | \$ 27,715,995 | 103.5% |
| 7/1/2010 | 35,943,842 | 76,611,097 | 40,667,255 | 46.9% | 30,143,327 | 134.9% |
| 7/1/2012 | 42,316,860 | 85,243,656 | 42,926,796 | 49.6% | 27,114,263 | 158.3% |
| Wilmington Park Trust Pension | | | | | | |
| 7/1/2009 | \$ 169,696 | \$ 195,116 | \$ 25,420 | 87.0% | \$ 115,333 | 22.0% |
| 7/1/2011 | 219,095 | 186,575 | (32,520) | 117.4% | 76,789 | -42.3% |
| 7/1/2012 | 222,865 | 199,128 | (23,737) | 111.9% | 76,082 | -31.2% |
| Post-Retirement Healthcare Benefit | | | | | | |
| 7/1/2008 | \$ 4,916,523 | \$ 55,083,567 | \$ 50,167,044 | 8.9% | \$ 64,850,293 | 77.4% |
| 7/1/2010 | 7,214,969 | 65,321,683 | 58,106,714 | 11.0% | 63,501,676 | 91.5% |
| 7/1/2012 | 10,033,538 | 83,238,324 | 73,204,786 | 12.1% | 63,501,676 | 115.3% |
| Delaware's County & Municipal Police and Firefighters' Plan (multi-employer - in thousands of dollars) | | | | | | |
| 6/30/2011 | \$ 157,394 | \$ 160,150 | \$ 2,756 | 98.3% | \$ 59,418 | 4.6% |
| 6/30/2012 | 179,816 | 186,901 | 7,085 | 96.2% | 67,091 | 10.6% |
| 6/30/2013 | 203,832 | 207,740 | 3,908 | 98.1% | 68,122 | 5.7% |
| Delaware's County & Municipal Other Employees Plan (multi-employer - in thousands of dollars) | | | | | | |
| 6/30/2011 | \$ 20,664 | \$ 22,859 | \$ 2,195 | 90.4% | \$ 20,580 | 10.7% |
| 6/30/2012 | 23,851 | 25,189 | 1,338 | 94.7% | 22,435 | 6.0% |
| 6/30/2013 | 27,492 | 29,312 | 1,820 | 93.8% | 26,332 | 6.9% |

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

CITY OF WILMINGTON, DELAWARE

MAJOR GOVERNMENTAL FUND

GENERAL FUND

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

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

Budgetary Accounting Control

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

Budgets for the other Special Revenue Funds, which are non-major funds, are appropriated based on grant agreements with various State, Federal, and private agencies. Based on the duration of these agreements, budget appropriations often overlap the City's fiscal year and remain open until completion of the grant. Therefore, the Special Revenue Funds' actual results of operations also represent the Funds' final appropriations through June 30, 2013, 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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance from Final Budget - Positive (Negative) |
|---------------------------------------|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| MAYOR'S OFFICES | | | | |
| Office of the Mayor | | | | |
| Personal Services | \$ 1,285,399 | \$ 1,412,086 | \$ 1,657,385 | \$ (245,299) |
| Materials, Supplies and Equipment | 979,144 | 1,181,244 | 1,018,619 | 162,625 |
| Special Purpose | 777,600 | 395,890 | 186,871 | 209,019 |
| Debt Service | <u>729,060</u> | <u>729,060</u> | <u>682,292</u> | <u>46,768</u> |
| Office of the Mayor | <u>3,771,203</u> | <u>3,718,280</u> | <u>3,545,167</u> | <u>173,113</u> |
| Management and Budget | | | | |
| Personal Services | 501,561 | 509,635 | 477,585 | 32,050 |
| Materials, Supplies and Equipment | <u>71,327</u> | <u>71,327</u> | <u>57,759</u> | <u>13,568</u> |
| Management and Budget | <u>572,888</u> | <u>580,962</u> | <u>535,344</u> | <u>45,618</u> |
| Office of Emergency Management | | | | |
| Personal Services | 61,236 | 63,389 | 69,811 | (6,422) |
| Materials, Supplies and Equipment | 332,129 | 332,129 | 322,622 | 9,507 |
| Debt Service | <u>49,098</u> | <u>49,098</u> | <u>48,858</u> | <u>240</u> |
| Office of Emergency Management | <u>442,463</u> | <u>444,616</u> | <u>441,291</u> | <u>3,325</u> |
| Economic Development | | | | |
| Personal Services | 707,438 | 770,828 | 773,647 | (2,819) |
| Materials, Supplies and Equipment | 115,441 | 115,441 | 89,767 | 25,674 |
| Special Purpose | 32,000 | 32,000 | 32,000 | - |
| Debt Service | <u>1,971,573</u> | <u>1,971,573</u> | <u>1,967,606</u> | <u>3,967</u> |
| Economic Development | <u>2,826,452</u> | <u>2,889,842</u> | <u>2,863,020</u> | <u>26,822</u> |
| Cultural Affairs | | | | |
| Personal Services | 306,423 | 343,175 | 276,509 | 66,666 |
| Materials, Supplies and Equipment | 447,888 | 447,888 | 436,012 | 11,876 |
| Special Purpose | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cultural Affairs | <u>754,311</u> | <u>791,063</u> | <u>712,521</u> | <u>78,542</u> |
| Constituent Services | | | | |
| Personal Services | 414,431 | 464,227 | 443,587 | 20,640 |
| Materials, Supplies and Equipment | <u>127,462</u> | <u>132,462</u> | <u>109,667</u> | <u>22,795</u> |
| Constituent Services | <u>541,893</u> | <u>596,689</u> | <u>553,254</u> | <u>43,435</u> |
| Mayor's Offices Total | | | | |
| Personal Services | 3,276,488 | 3,563,340 | 3,698,524 | (135,184) |
| Materials, Supplies and Equipment | 2,073,391 | 2,280,491 | 2,034,446 | 246,045 |
| Special Purpose | 809,600 | 427,890 | 218,871 | 209,019 |
| Debt Service | <u>2,749,731</u> | <u>2,749,731</u> | <u>2,698,756</u> | <u>50,975</u> |
| Mayor's Offices Total | <u>\$ 8,909,210</u> | <u>\$ 9,021,452</u> | <u>\$ 8,650,597</u> | <u>\$ 370,855</u> |
| CITY COUNCIL | | | | |
| City Council | | | | |
| Personal Services | \$ 551,760 | \$ 593,376 | \$ 574,883 | \$ 18,493 |
| Materials, Supplies and Equipment | 274,365 | 416,338 | 415,820 | 518 |
| Special Purpose | 163,000 | 195,350 | 187,829 | 7,521 |
| Debt Service | <u>708</u> | <u>708</u> | <u>708</u> | <u>-</u> |
| City Council | <u>989,833</u> | <u>1,205,772</u> | <u>1,179,240</u> | <u>26,532</u> |

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2013

| | <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 | \$ 680,391 | \$ 691,156 | \$ 746,615 | \$ (55,459) |
| Materials, Supplies and Equipment | 67,758 | 64,764 | 55,285 | 9,479 |
| City Clerk | <u>748,149</u> | <u>755,920</u> | <u>801,900</u> | <u>(45,980)</u> |
| Cable and Communication | | | | |
| Personal Services | 652,876 | 665,794 | 586,317 | 79,477 |
| Materials, Supplies and Equipment | 72,519 | 70,964 | 61,615 | 9,349 |
| Debt Service | 17,864 | 17,864 | 17,804 | 60 |
| Cable and Communication | <u>743,259</u> | <u>754,622</u> | <u>665,736</u> | <u>88,886</u> |
| City Council Offices Total | | | | |
| Personal Services | 1,885,027 | 1,950,326 | 1,907,815 | 42,511 |
| Materials, Supplies and Equipment | 414,642 | 552,066 | 532,720 | 19,346 |
| Special Purpose | 163,000 | 195,350 | 187,829 | 7,521 |
| Debt Service | 18,572 | 18,572 | 18,512 | 60 |
| City Council Offices Total | <u>\$ 2,481,241</u> | <u>\$ 2,716,314</u> | <u>\$ 2,646,876</u> | <u>\$ 69,438</u> |
| AUDIT | | | | |
| Audit Department | | | | |
| Personal Services | \$ 428,677 | \$ 433,804 | \$ 467,585 | \$ (33,781) |
| Materials, Supplies and Equipment | 284,872 | 295,092 | 261,796 | 33,296 |
| Audit Department | <u>\$ 713,549</u> | <u>\$ 728,896</u> | <u>\$ 729,381</u> | <u>\$ (485)</u> |
| LAW | | | | |
| Law Department | | | | |
| Personal Services | \$ 2,268,913 | \$ 2,313,256 | \$ 2,376,888 | \$ (63,632) |
| Materials, Supplies and Equipment | 624,091 | 804,091 | 669,936 | 134,155 |
| Law Department | <u>\$ 2,893,004</u> | <u>\$ 3,117,347</u> | <u>\$ 3,046,824</u> | <u>\$ 70,523</u> |
| FINANCE | | | | |
| Finance Administrative | | | | |
| Personal Services | \$ 186,790 | \$ 189,729 | \$ 216,339 | \$ (26,610) |
| Materials, Supplies and Equipment | 121,912 | 160,862 | 94,887 | 65,975 |
| Debt Service | 5,647 | 5,647 | 5,619 | 28 |
| Finance Administrative | <u>314,349</u> | <u>356,238</u> | <u>316,845</u> | <u>39,393</u> |
| Earned Income Tax | | | | |
| Personal Services | 1,565,923 | 1,546,707 | 1,611,223 | (64,516) |
| Materials, Supplies and Equipment | 1,085,742 | 1,078,292 | 925,029 | 153,263 |
| Debt Service | - | - | - | - |
| Earned Income Tax | <u>2,651,665</u> | <u>2,624,999</u> | <u>2,536,252</u> | <u>88,747</u> |
| Accounting | | | | |
| Personal Services | 843,895 | 872,125 | 926,490 | (54,365) |
| Materials, Supplies and Equipment | 138,255 | 148,255 | 117,979 | 30,276 |
| Accounting | <u>982,150</u> | <u>1,020,380</u> | <u>1,044,469</u> | <u>(24,089)</u> |

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget - Positive (Negative)</u> |
|---|-------------------------|----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| FINANCE (Continued) | | | | |
| Procurement and Records | | | | |
| Personal Services | \$ 355,238 | \$ 363,850 | \$ 392,102 | \$ (28,252) |
| Materials, Supplies and Equipment | <u>143,151</u> | <u>143,151</u> | <u>87,373</u> | <u>55,778</u> |
| Procurement and Records | <u>498,389</u> | <u>507,001</u> | <u>479,475</u> | <u>27,526</u> |
| Delinquent Accounts Division | | | | |
| Personal Services | 100,514 | 103,742 | 115,483 | (11,741) |
| Materials, Supplies and Equipment | <u>191,112</u> | <u>191,604</u> | <u>141,481</u> | <u>50,123</u> |
| Delinquent Accounts Division | <u>291,626</u> | <u>295,346</u> | <u>256,964</u> | <u>38,382</u> |
| Central Cashier | | | | |
| Personal Services | 316,108 | 320,063 | 330,022 | (9,959) |
| Materials, Supplies and Equipment | <u>2,977,486</u> | <u>2,920,986</u> | <u>2,532,637</u> | <u>388,349</u> |
| Central Cashier | <u>3,293,594</u> | <u>3,241,049</u> | <u>2,862,659</u> | <u>378,390</u> |
| Billing & Customer Service | | | | |
| Personal Services | 293,878 | 297,889 | 307,423 | (9,534) |
| Materials, Supplies and Equipment | <u>70,407</u> | <u>70,407</u> | <u>73,915</u> | <u>(3,508)</u> |
| Billing & Customer Service | <u>364,285</u> | <u>368,296</u> | <u>381,338</u> | <u>(13,042)</u> |
| Finance Parking | | | | |
| Personal Services | 1,494,726 | 1,507,755 | 1,154,089 | 353,666 |
| Materials, Supplies and Equipment | <u>231,713</u> | <u>246,713</u> | <u>233,822</u> | <u>12,891</u> |
| Finance Parking | <u>1,726,439</u> | <u>1,754,468</u> | <u>1,387,911</u> | <u>366,557</u> |
| Finance Department Total | | | | |
| Personal Services | 5,157,072 | 5,201,860 | 5,053,171 | 148,689 |
| Materials, Supplies and Equipment | 4,959,778 | 4,960,270 | 4,207,123 | 753,147 |
| Debt Service | <u>5,647</u> | <u>5,647</u> | <u>5,619</u> | <u>28</u> |
| Finance Department Total | <u>\$ 10,122,497</u> | <u>\$ 10,167,777</u> | <u>\$ 9,265,913</u> | <u>\$ 901,864</u> |
| HUMAN RESOURCES | | | | |
| Personnel - Admin | | | | |
| Personal Services | \$ 222,443 | \$ 230,284 | \$ 204,735 | \$ 25,549 |
| Materials, Supplies and Equipment | <u>185,477</u> | <u>185,198</u> | <u>113,827</u> | <u>71,371</u> |
| Personnel - Admin | <u>407,920</u> | <u>415,482</u> | <u>318,562</u> | <u>96,920</u> |
| Human Resource and Services | | | | |
| Personal Services | 1,168,986 | 1,192,669 | 1,165,622 | 27,047 |
| Materials, Supplies and Equipment | 441,370 | 444,405 | 225,989 | 218,416 |
| Debt Service | <u>19,640</u> | <u>19,640</u> | <u>19,544</u> | <u>96</u> |
| Human Resource and Services | <u>1,629,996</u> | <u>1,656,714</u> | <u>1,411,155</u> | <u>245,559</u> |
| Human Resources Department Total | | | | |
| Personal Services | 1,391,429 | 1,422,953 | 1,370,357 | 52,596 |
| Materials, Supplies and Equipment | 626,847 | 629,603 | 339,816 | 289,787 |
| Debt Service | <u>19,640</u> | <u>19,640</u> | <u>19,544</u> | <u>96</u> |
| Human Resources Department Total | <u>\$ 2,037,916</u> | <u>\$ 2,072,196</u> | <u>\$ 1,729,717</u> | <u>\$ 342,479</u> |
| TREASURER | | | | |
| Treasurer's Office | | | | |
| Personal Services | \$ 283,424 | \$ 295,804 | \$ 334,620 | \$ (38,816) |
| Materials, Supplies and Equipment | 129,929 | 129,929 | 111,671 | 18,258 |
| Debt Service | <u>-</u> | <u>-</u> | <u>16,145</u> | <u>(16,145)</u> |
| Treasurer's Office | <u>\$ 413,353</u> | <u>\$ 425,733</u> | <u>\$ 462,436</u> | <u>\$ (36,703)</u> |

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance from Final Budget - Positive (Negative) |
|---|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| PLANNING | | | | |
| Planning | | | | |
| Personal Services | \$ 1,031,628 | \$ 1,049,913 | \$ 1,121,017 | \$ (71,104) |
| Materials, Supplies and Equipment | 381,588 | 381,588 | 322,540 | 59,048 |
| Debt Service | 162,196 | 162,196 | 145,544 | 16,652 |
| Planning | <u>\$ 1,575,412</u> | <u>\$ 1,593,697</u> | <u>\$ 1,589,101</u> | <u>\$ 4,596</u> |
| REAL ESTATE & HOUSING | | | | |
| Real Estate and Housing - Admin | | | | |
| Personal Services | \$ 72,677 | \$ 83,120 | \$ 73,839 | \$ 9,281 |
| Materials, Supplies and Equipment | 170,257 | 170,257 | 137,780 | 32,477 |
| Debt Service | 805,300 | 805,300 | 770,078 | 35,222 |
| Real Estate and Housing - Admin | <u>1,048,234</u> | <u>1,058,677</u> | <u>981,697</u> | <u>76,980</u> |
| Real Estate and Housing - Rehabilitation | | | | |
| Personal Services | 67,596 | 84,066 | 117,050 | (32,984) |
| Materials, Supplies and Equipment | 229,922 | 229,922 | 219,228 | 10,694 |
| Debt Service | 39,302 | 39,302 | 39,302 | - |
| Real Estate and Housing - Rehabilitation | <u>336,820</u> | <u>353,290</u> | <u>375,580</u> | <u>(22,290)</u> |
| Real Estate & Housing Department Total | | | | |
| Personal Services | 140,273 | 167,186 | 190,889 | (23,703) |
| Materials, Supplies and Equipment | 400,179 | 400,179 | 357,008 | 43,171 |
| Debt Service | 844,602 | 844,602 | 809,380 | 35,222 |
| Real Estate & Housing Department Total | <u>\$ 1,385,054</u> | <u>\$ 1,411,967</u> | <u>\$ 1,357,277</u> | <u>\$ 54,690</u> |
| PUBLIC WORKS | | | | |
| Public Works - Admin | | | | |
| Personal Services | \$ 851,850 | \$ 868,831 | \$ 931,473 | \$ (62,642) |
| Materials, Supplies and Equipment | 620,604 | 603,604 | 480,011 | 123,593 |
| Debt Service | 454,562 | 454,562 | 454,563 | (1) |
| Public Works - Admin | <u>1,927,016</u> | <u>1,926,997</u> | <u>1,866,047</u> | <u>60,950</u> |
| Street Maintenance | | | | |
| Personal Services | 51,977 | 52,839 | 60,775 | (7,936) |
| Materials, Supplies and Equipment | 285,930 | 284,930 | 270,474 | 14,456 |
| Debt Service | 5,077,934 | 5,077,934 | 4,909,724 | 168,210 |
| Street Maintenance | <u>5,415,841</u> | <u>5,415,703</u> | <u>5,240,973</u> | <u>174,730</u> |
| Transportation/WILDOT | | | | |
| Personal Services | 1,209,160 | 1,239,762 | 1,262,043 | (22,281) |
| Materials, Supplies and Equipment | 1,255,845 | 1,261,824 | 1,304,927 | (43,103) |
| Debt Service | 627,676 | 627,676 | 583,015 | 44,661 |
| Transportation/WILDOT | <u>3,092,681</u> | <u>3,129,262</u> | <u>3,149,985</u> | <u>(20,723)</u> |

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2013

| | <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> |
| PUBLIC WORKS (Continued) | | | | |
| Street Cleaning | | | | |
| Personal Services | \$ 3,040,028 | \$ 3,121,842 | \$ 2,678,861 | \$ 442,981 |
| Materials, Supplies and Equipment | <u>1,847,126</u> | <u>1,633,544</u> | <u>1,374,646</u> | <u>258,898</u> |
| Street Cleaning | <u>4,887,154</u> | <u>4,755,386</u> | <u>4,053,507</u> | <u>701,879</u> |
| Rubbish Collection | | | | |
| Personal Services | 2,989,500 | 3,078,527 | 3,231,018 | (152,491) |
| Materials, Supplies and Equipment | <u>4,113,446</u> | <u>4,363,870</u> | <u>3,911,624</u> | <u>452,246</u> |
| Rubbish Collection | <u>7,102,946</u> | <u>7,442,397</u> | <u>7,142,642</u> | <u>299,755</u> |
| Property Maintenance | | | | |
| Personal Services | 309,437 | 318,049 | 350,380 | (32,331) |
| Materials, Supplies and Equipment | 1,850,966 | 1,833,085 | 1,727,415 | 105,670 |
| Debt Service | <u>370,967</u> | <u>370,965</u> | <u>350,293</u> | <u>20,672</u> |
| Property Maintenance | <u>2,531,370</u> | <u>2,522,099</u> | <u>2,428,088</u> | <u>94,011</u> |
| Public Works Department Total | | | | |
| Personal Services | 8,451,952 | 8,679,850 | 8,514,550 | 165,300 |
| Materials, Supplies and Equipment | 9,973,917 | 9,980,857 | 9,069,097 | 911,760 |
| Debt Service | <u>6,531,139</u> | <u>6,531,137</u> | <u>6,297,595</u> | <u>233,542</u> |
| Public Works Department Total | <u>\$ 24,957,008</u> | <u>\$ 25,191,844</u> | <u>\$ 23,881,242</u> | <u>\$ 1,310,602</u> |
| PARKS & RECREATION | | | | |
| Parks and Recreation - Admin | | | | |
| Personal Services | \$ 622,453 | \$ 638,388 | \$ 667,095 | \$ (28,707) |
| Materials, Supplies and Equipment | 267,418 | 275,418 | 134,807 | 140,611 |
| Debt Service | <u>974,083</u> | <u>974,083</u> | <u>891,699</u> | <u>82,384</u> |
| Parks and Recreation - Admin | <u>1,863,954</u> | <u>1,887,889</u> | <u>1,693,601</u> | <u>194,288</u> |
| Park Maintenance | | | | |
| Personal Services | 1,832,186 | 1,874,205 | 1,873,126 | 1,079 |
| Materials, Supplies and Equipment | 1,194,883 | 1,183,882 | 965,816 | 218,066 |
| Debt Service | <u>619,154</u> | <u>619,154</u> | <u>603,169</u> | <u>15,985</u> |
| Park Maintenance | <u>3,646,223</u> | <u>3,677,241</u> | <u>3,442,111</u> | <u>235,130</u> |
| Recreation | | | | |
| Personal Services | 421,609 | 446,543 | 450,410 | (3,867) |
| Materials, Supplies and Equipment | <u>348,473</u> | <u>348,473</u> | <u>337,743</u> | <u>10,730</u> |
| Recreation | <u>770,082</u> | <u>795,016</u> | <u>788,153</u> | <u>6,863</u> |

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance from Final Budget - Positive (Negative) |
|--|-------------------------|----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>Positive (Negative)</u> |
| PARKS & RECREATION (Continued) | | | | |
| William Hicks Anderson Center | | | | |
| Personal Services | \$ 692,696 | \$ 661,933 | \$ 635,662 | \$ 26,271 |
| Materials, Supplies and Equipment | 298,942 | 317,199 | 308,406 | 8,793 |
| Debt Service | <u>63,047</u> | <u>63,047</u> | <u>57,992</u> | <u>5,055</u> |
| William Hicks Anderson Center | <u>1,054,685</u> | <u>1,042,179</u> | <u>1,002,060</u> | <u>40,119</u> |
| Youth and Families | | | | |
| Personal Services | 668,432 | 674,891 | 666,668 | 8,223 |
| Materials, Supplies and Equipment | 198,332 | 198,332 | 198,162 | 170 |
| Youth and Families | <u>866,764</u> | <u>873,223</u> | <u>864,830</u> | <u>8,393</u> |
| Parks and Recreation Department Total | | | | |
| Personal Services | 4,237,376 | 4,295,960 | 4,292,961 | 2,999 |
| Materials, Supplies and Equipment | 2,308,048 | 2,323,304 | 1,944,934 | 378,370 |
| Debt Service | <u>1,656,284</u> | <u>1,656,284</u> | <u>1,552,860</u> | <u>103,424</u> |
| Parks and Recreation Department Total | <u>\$ 8,201,708</u> | <u>\$ 8,275,548</u> | <u>\$ 7,790,755</u> | <u>\$ 484,793</u> |
| LICENSE & INSPECTION | | | | |
| License and Inspection | | | | |
| Personal Services | \$ 3,228,675 | \$ 3,308,874 | \$ 3,464,255 | \$ (155,381) |
| Materials, Supplies and Equipment | 1,045,112 | 1,064,782 | 857,676 | 207,106 |
| Special Purpose | 251,970 | 341,970 | 345,000 | (3,030) |
| Debt Service | <u>2,249</u> | <u>2,249</u> | <u>2,249</u> | <u>-</u> |
| License and Inspection | <u>\$ 4,528,006</u> | <u>\$ 4,717,875</u> | <u>\$ 4,669,180</u> | <u>\$ 48,695</u> |
| FIRE DEPARTMENT | | | | |
| Fire - Admin | | | | |
| Personal Services | \$ 5,305,333 | \$ 5,321,362 | \$ 6,048,513 | \$ (727,151) |
| Materials, Supplies and Equipment | 956,367 | 932,094 | 631,012 | 301,082 |
| Debt Service | <u>454,816</u> | <u>454,816</u> | <u>475,697</u> | <u>(20,881)</u> |
| Fire - Admin | <u>6,716,516</u> | <u>6,708,272</u> | <u>7,155,222</u> | <u>(446,950)</u> |
| Fire - Suppression | | | | |
| Personal Services | 13,193,581 | 13,427,960 | 13,811,905 | (383,945) |
| Materials, Supplies and Equipment | <u>2,186,724</u> | <u>2,211,051</u> | <u>1,925,056</u> | <u>285,995</u> |
| Fire - Suppression | <u>15,380,305</u> | <u>15,639,011</u> | <u>15,736,961</u> | <u>(97,950)</u> |
| Fire - Prevention | | | | |
| Personal Services | 756,742 | 771,679 | 891,549 | (119,870) |
| Materials, Supplies and Equipment | <u>292,125</u> | <u>292,125</u> | <u>254,050</u> | <u>38,075</u> |
| Fire - Prevention | <u>1,048,867</u> | <u>1,063,804</u> | <u>1,145,599</u> | <u>(81,795)</u> |
| Fire Department Total | | | | |
| Personal Services | 19,255,656 | 19,521,001 | 20,751,967 | (1,230,966) |
| Materials, Supplies and Equipment | 3,435,216 | 3,435,270 | 2,810,118 | 625,152 |
| Debt Service | <u>454,816</u> | <u>454,816</u> | <u>475,697</u> | <u>(20,881)</u> |
| Fire Department Total | <u>\$ 23,145,688</u> | <u>\$ 23,411,087</u> | <u>\$ 24,037,782</u> | <u>\$ (626,695)</u> |

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance from Final Budget - Positive (Negative)</u> |
|------------------------------------|-------------------------|-----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| POLICE DEPARTMENT | | | | |
| Police - Admin | | | | |
| Personal Services | \$ 5,894,522 | \$ 5,935,946 | \$ 6,484,358 | \$ (548,412) |
| Materials, Supplies and Equipment | 917,206 | 922,006 | 1,009,361 | (87,355) |
| Debt Service | - | - | - | - |
| Police - Admin | <u>6,811,728</u> | <u>6,857,952</u> | <u>7,493,719</u> | <u>(635,767)</u> |
| Police - Patrol | | | | |
| Personal Services | 21,093,944 | 21,385,570 | 21,389,816 | (4,246) |
| Materials, Supplies and Equipment | 2,242,068 | 2,242,068 | 2,121,419 | 120,649 |
| Debt Service | 208,662 | 208,662 | 208,637 | 25 |
| Police - Patrol | <u>23,544,674</u> | <u>23,836,300</u> | <u>23,719,872</u> | <u>116,428</u> |
| Police - Special Operations | | | | |
| Personal Services | 2,122,691 | 2,162,036 | 3,092,568 | (930,532) |
| Materials, Supplies and Equipment | 536,120 | 539,720 | 254,697 | 285,023 |
| Police - Special Operations | <u>2,658,811</u> | <u>2,701,756</u> | <u>3,347,265</u> | <u>(645,509)</u> |
| Police - Support Services | | | | |
| Personal Services | 1,070,073 | 1,100,638 | 1,186,267 | (85,629) |
| Materials, Supplies and Equipment | 769,958 | 803,958 | 529,729 | 274,229 |
| Police - Support Services | <u>1,840,031</u> | <u>1,904,596</u> | <u>1,715,996</u> | <u>188,600</u> |
| Police - Investigations | | | | |
| Personal Services | 10,519,318 | 10,658,768 | 11,270,174 | (611,406) |
| Materials, Supplies and Equipment | 821,901 | 825,901 | 555,534 | 270,367 |
| Police - Investigations | <u>11,341,219</u> | <u>11,484,669</u> | <u>11,825,708</u> | <u>(341,039)</u> |
| Police - Communications | | | | |
| Personal Services | 3,539,557 | 3,624,435 | 3,986,070 | (361,635) |
| Materials, Supplies and Equipment | 1,137,243 | 1,127,243 | 1,250,993 | (123,750) |
| Debt Service | 84,114 | 84,114 | 84,114 | - |
| Police - Communications | <u>4,760,914</u> | <u>4,835,792</u> | <u>5,321,177</u> | <u>(485,385)</u> |
| Police Operations | | | | |
| Materials, Supplies and Equipment | 607,000 | 570,630 | 716,422 | (145,792) |
| Police Operations | <u>607,000</u> | <u>570,630</u> | <u>716,422</u> | <u>(145,792)</u> |
| Police Department Total | | | | |
| Personal Services | 44,240,105 | 44,867,393 | 47,409,253 | (2,541,860) |
| Materials, Supplies and Equipment | 7,031,496 | 7,031,526 | 6,438,155 | 593,371 |
| Debt Service | 292,776 | 292,776 | 292,751 | 25 |
| Police Department Total | <u>\$ 51,564,377</u> | <u>\$ 52,191,695</u> | <u>\$ 54,140,159</u> | <u>\$ (1,948,464)</u> |
| Total Expenditures | <u>\$ 142,928,023</u> | <u>\$ 145,043,428</u> | <u>\$ 143,997,240</u> | <u>\$ 1,046,188</u> |

CITY OF WILMINGTON, DELAWARE
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

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

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

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

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 provide 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 cable television franchise revenues in excess of operating expenses designated by City Code to support equipment and capital needs of the cable and television division of City Council.

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

City of Wilmington, Delaware
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
June 30, 2013

| ASSETS | Park Recreation Assistance | Wilmington Park Related Commissions | Homeless | | | | Delaware Neighborhood Stabilization Program | Delaware Criminal Justice Planning | Community Oriented Policing Program | Cable Television | Special Projects | Total Nonmajor Governmental Funds |
|------------------------------------|----------------------------|-------------------------------------|-------------------------------------|---|--------------------------|---------------------------------|---|------------------------------------|-------------------------------------|---------------------|----------------------|-----------------------------------|
| | | | Prevention Rapid Re-Housing Program | Community Development & Recovery Block Grants | Home Partnership Program | Home for People with AIDS Grant | | | | | | |
| Cash and Cash Equivalents (Note 3) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,114,926 | \$ - | \$ 1,652,868 | \$ 427,886 | \$ 3,195,680 | |
| Restricted Assets: | | | | | | | | | | | | |
| Cash and Investments (Note 3) | - | 6,557,722 | - | - | - | - | - | - | - | - | 6,557,722 | |
| Receivables, Net (Note 4) | 5,000 | - | 30,697 | - | - | - | - | - | - | - | 35,697 | |
| Due from Other Governments | 292,554 | 41,334 | 691,616 | 153,432 | 184,206 | 661,968 | 144,249 | 53,492 | - | 1,720,305 | 3,943,156 | |
| Prepaid Items & Other Assets | - | 5,441 | - | - | - | - | - | - | - | - | 5,441 | |
| Due from Other Fund: | - | 71,736 | - | - | - | - | - | - | - | - | 71,736 | |
| Total Assets | \$ 297,554 | \$ 6,676,233 | \$ 722,313 | \$ 153,432 | \$ 184,206 | \$ 661,968 | \$ 1,259,175 | \$ 53,492 | \$ 1,652,868 | \$ 2,148,191 | \$ 13,809,432 | |

LIABILITIES AND FUND BALANCES

| Liabilities: | Accounts Payable | Salaries and Benefits Payable | Due to Other Funds | Prepaid Rent | Deferred Revenue | Other Liabilities | Total Liabilities | Fund Balances: | Nonspendable | Restricted | Committed | Total Fund Balances | Total Liabilities and Fund Balances |
|--|-------------------|-------------------------------|--------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|--------------|------------|-----------|---------------------|-------------------------------------|
| Accounts Payable | \$ 25,064 | \$ 3,852 | \$ - | \$ 175,148 | \$ - | \$ 96,395 | \$ 640,608 | Nonspendable | - | - | - | 879,788 | 879,788 |
| Salaries and Benefits Payable | 926 | 1,491 | - | 14,078 | - | 5,277 | 53,703 | Restricted | - | - | - | 5,696,996 | 5,696,996 |
| Due to Other Funds | 57,172 | 37,460 | - | 502,390 | 114,682 | 6,487 | 1,798,061 | Committed | - | - | - | 1,644,281 | 1,644,281 |
| Prepaid Rent | - | 8,750 | - | - | - | - | 8,750 | Total Fund Balances | - | - | - | 8,221,065 | 8,221,065 |
| Deferred Revenue | 214,392 | 2,233 | - | 30,697 | 38,000 | 1,151,016 | 3,041,582 | Total Liabilities and Fund Balances | - | - | - | 13,809,432 | 13,809,432 |
| Other Liabilities | - | 45,663 | - | - | - | - | 45,663 | | | | | | |
| Total Liabilities | 297,554 | 99,449 | - | 722,313 | 153,432 | 1,259,175 | 5,888,367 | | | | | | |
| Fund Balances: | | | | | | | | | | | | | |
| Nonspendable | - | 879,788 | - | - | - | - | 879,788 | | | | | | |
| Restricted | - | 5,696,996 | - | - | - | - | 5,696,996 | | | | | | |
| Committed | - | - | - | - | - | - | - | | | | | | |
| Total Fund Balances | - | 6,576,784 | - | - | - | - | 6,576,784 | | | | | | |
| Total Liabilities and Fund Balances | \$ 297,554 | \$ 6,676,233 | \$ - | \$ 722,313 | \$ 153,432 | \$ 661,968 | \$ 13,809,432 | | | | | | |

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, 2013

| | Park Recreation Assistance | Wilmington Park Related Commissions | Homeless Prevention Rapid Program | Community Development & Recovery Block Grants | Home Partnership Program | Home for People with AIDS Grant | Delaware Neighborhood Stabilization Program | Delaware Criminal Justice Planning | Community Oriented Policing Program | Cable Television | Special Projects | Total Nonmajor Governmental Funds |
|--|----------------------------|-------------------------------------|-----------------------------------|---|--------------------------|---------------------------------|---|------------------------------------|-------------------------------------|---------------------|------------------|-----------------------------------|
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | \$ 1,072,272 | \$ 145,371 | \$ - | \$ 1,894,660 | \$ 175,582 | \$ 629,125 | \$ 352,745 | \$ 1,607,324 | \$ 750,476 | \$ 550,000 | \$ 4,176,457 | \$ 11,354,012 |
| Program Revenue | 58,480 | 254,303 | - | - | - | - | - | - | - | - | - | 312,783 |
| Investment Earnings | - | 586,907 | - | - | - | - | - | - | - | - | - | 586,907 |
| Total Revenues | 1,130,752 | 986,581 | - | 1,894,660 | 175,582 | 629,125 | 352,745 | 1,607,324 | 750,476 | 550,000 | 4,176,457 | 12,253,702 |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General Governmental Services | - | 72,774 | - | - | - | - | - | - | - | 125,967 | 202,541 | 401,282 |
| Real Estate and Housing | - | - | - | 1,961,093 | 175,582 | 629,125 | 352,745 | - | - | - | 574,310 | 3,692,855 |
| Public Works | - | - | - | - | - | - | - | - | - | - | 1,012,730 | 1,012,730 |
| Parks and Recreation | 1,130,752 | 271,362 | - | - | - | - | - | - | - | - | 61,971 | 1,464,085 |
| Public Safety | - | - | - | - | - | - | - | 1,688,978 | 750,476 | - | 1,255,126 | 3,694,580 |
| Capital Outlays | - | - | - | - | - | - | - | - | - | - | 1,139,753 | 1,139,753 |
| Total Expenditures | 1,130,752 | 344,136 | - | 1,961,093 | 175,582 | 629,125 | 352,745 | 1,688,978 | 750,476 | 125,967 | 4,246,431 | 11,405,285 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | 642,445 | - | (66,433) | - | - | - | (81,654) | - | 424,033 | (69,974) | 848,417 |
| Other Financing Sources | | | | | | | | | | | | |
| Transfers in | - | - | - | 66,433 | - | - | - | 81,654 | - | 486,660 | 69,974 | 704,721 |
| Transfers out | - | - | - | - | - | - | - | - | - | (41,616) | - | (41,616) |
| Total Other Financing Sources | - | - | - | 66,433 | - | - | - | 81,654 | - | 445,044 | 69,974 | 663,105 |
| Net change in Fund Balances | - | 642,445 | - | - | - | - | - | - | - | 869,077 | - | 1,511,522 |
| Fund Balance - Beginning | - | 5,934,339 | - | - | - | - | - | - | - | 775,204 | - | 6,709,543 |
| Fund Balance - Ending | \$ - | \$ 6,576,784 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,644,281 | \$ - | \$ 8,221,065 |

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, 2013

| | <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 | \$ 1,130,752 | \$ 1,130,752 | \$ 1,130,752 | \$ - |
| Expenditures | <u>1,130,752</u> | <u>1,130,752</u> | <u>1,130,752</u> | <u>-</u> |
| Deficiency of Revenues Under Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Homeless Prevention Rapid Re-Housing Program | | | | |
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Community Development Block Grant | | | | |
| Revenues | \$ 1,894,660 | \$ 1,961,093 | \$ 1,894,660 | \$ (66,433) |
| Expenditures | <u>1,894,660</u> | <u>1,961,093</u> | <u>1,961,093</u> | <u>-</u> |
| Deficiency of Revenues Under Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (66,433)</u> | <u>\$ (66,433)</u> |
| Home Partnership Program | | | | |
| Revenues | \$ 175,582 | \$ 175,582 | \$ 175,582 | \$ - |
| Expenditures | <u>175,582</u> | <u>175,582</u> | <u>175,582</u> | <u>-</u> |
| Excess Revenues Over Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Home for People With AIDS | | | | |
| Revenues | \$ 629,125 | \$ 629,125 | \$ 629,125 | \$ - |
| Expenditures | <u>629,125</u> | <u>629,125</u> | <u>629,125</u> | <u>-</u> |
| Deficiency of Revenues Under Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Delaware Neighborhood Stabilization Program | | | | |
| Revenues | \$ 352,745 | \$ 352,745 | \$ 352,745 | \$ - |
| Expenditures | <u>352,745</u> | <u>352,745</u> | <u>352,745</u> | <u>-</u> |
| Deficiency of Revenues Under Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Community Oriented Policing Program | | | | |
| Revenues | \$ 750,476 | \$ 750,476 | \$ 750,476 | \$ - |
| Expenditures | <u>750,476</u> | <u>750,476</u> | <u>750,476</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 Position
Internal Service Funds
June 30, 2013

| | Data Processing | Document Management | Mail Service | Duplication and Reproduction | Mapping and Graphics | Motor Vehicle | Communications Management | Risk Management | Workers' Compensation | Health and Welfare | Internal Service Funds |
|--------------------------------------|------------------|---------------------|---------------|------------------------------|----------------------|---------------------|---------------------------|---------------------|-----------------------|--------------------|------------------------|
| ASSETS | | | | | | | | | | | |
| Current Assets: | | | | | | | | | | | |
| Cash and Cash Equivalents (Note 3) | \$ - | \$ 46,873 | \$ 21,730 | \$ 487 | \$ 14,980 | \$ - | \$ 250 | \$ 2,884,017 | \$ 2,900,855 | \$ 2,345,096 | \$ 8,214,288 |
| Restricted Assets: | | | | | | | | | | | |
| Cash and Investments (Note 3) | 104,102 | - | - | - | - | 2,509 | - | - | - | - | 106,611 |
| Receivables, Net (Note 4) | 753 | - | - | - | - | 38,918 | - | - | - | - | 39,671 |
| Prepaid Items and Other Assets | - | - | - | 70 | - | - | - | - | 255,000 | 109,908 | 364,978 |
| Total Current assets | 104,855 | 46,873 | 21,730 | 557 | 14,980 | 41,427 | 250 | 2,884,017 | 3,155,855 | 2,455,004 | 8,725,548 |
| Noncurrent Assets: | | | | | | | | | | | |
| Advances to Other Funds (Note 7) | - | - | - | - | - | - | - | 4,827,349 | 4,827,349 | - | 9,654,698 |
| Deferred Charges | 21,690 | - | - | - | - | 34,092 | 2,447 | - | - | - | 58,229 |
| Capital Assets, Net: | | | | | | | | | | | |
| Construction In Progress | 437,953 | - | - | - | - | - | 913,333 | - | - | - | 1,351,286 |
| Buildings and Improvements | 20,457 | - | - | - | - | 3,373,897 | 7,954 | - | - | - | 3,402,308 |
| Machinery and Equipment | 3,095,274 | - | - | - | - | 959,384 | 1,060,411 | 6,277 | - | - | 5,121,346 |
| Vehicles | - | - | - | - | - | 13,682,716 | - | - | - | - | 13,682,716 |
| Total Noncurrent Assets | 3,575,374 | - | - | - | - | 18,050,089 | 1,984,145 | 4,833,626 | 4,827,349 | - | 33,270,583 |
| Total Assets | 3,680,229 | 46,873 | 21,730 | 557 | 14,980 | 18,091,516 | 1,984,395 | 7,717,643 | 7,983,204 | 2,455,004 | 41,996,131 |
| LIABILITIES | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | |
| Accounts Payable | 137,360 | 300 | 9,579 | - | 2,072 | 460,186 | 92,612 | 141,714 | 91,691 | 1,281,739 | 2,217,253 |
| Salaries and Benefits Payable | 18,769 | 5,578 | 557 | 557 | 3,643 | - | 6,466 | 2,617 | 8,003 | 1,944 | 48,134 |
| Accrued Interest Payable | 21,672 | - | - | - | - | 40,530 | 6,560 | - | - | - | 68,762 |
| Due to Other Funds | 865,751 | - | - | - | - | 3,106,988 | 649,375 | 470,398 | 205,011 | - | 5,297,523 |
| Bonds Payable | 139,903 | - | - | - | - | 191,503 | 4,553 | - | - | - | 335,959 |
| Capital Lease | - | - | - | - | - | 2,222,415 | 179,247 | - | - | - | 2,401,662 |
| Claims Liability | - | - | - | - | - | - | - | 516,135 | 1,421,815 | 1,167,286 | 3,105,236 |
| Compensated Absences | 63,023 | 40,995 | 11,594 | - | 9,265 | - | 28,123 | 16,236 | 8,539 | 4,035 | 181,810 |
| Total Current Liabilities | 1,246,478 | 46,873 | 21,730 | 557 | 14,980 | 6,021,622 | 966,936 | 1,147,100 | 1,735,059 | 2,455,004 | 13,656,339 |
| Noncurrent Liabilities: | | | | | | | | | | | |
| Advances Due to Other Funds (Note 7) | - | - | - | - | - | 3,000,000 | - | - | - | - | 3,000,000 |
| Bonds Payable | 2,433,751 | - | - | - | - | 3,294,587 | 326,877 | - | - | - | 6,055,215 |
| Capital Lease | - | - | - | - | - | 4,733,798 | 690,582 | - | - | - | 5,424,380 |
| Claims Liability | - | - | - | - | - | - | - | 4,067,039 | 6,248,145 | - | 10,315,184 |
| Total Noncurrent Liabilities | 2,433,751 | - | - | - | - | 11,028,385 | 1,017,459 | 4,067,039 | 6,248,145 | - | 24,794,779 |
| Total Liabilities | 3,680,229 | 46,873 | 21,730 | 557 | 14,980 | 17,050,007 | 1,984,395 | 5,214,139 | 7,983,204 | 2,455,004 | 38,451,118 |
| NET POSITION | | | | | | | | | | | |
| Net Investment in Capital Assets | 1,084,132 | - | - | - | - | 7,576,203 | 780,439 | 6,277 | - | - | 9,447,051 |
| Unassigned | (1,084,132) | - | - | - | - | (6,534,694) | (780,439) | 2,497,227 | - | - | (5,902,038) |
| Total Net Position | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,041,509 | \$ - | \$ 2,503,504 | \$ - | \$ - | \$ 3,545,013 |

City of Wilmington, Delaware

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013

| | Data Processing | Document Management | Mail Service | Duplication and Reproduction | Mapping and Graphics | Motor Vehicle | Communications Management | Risk Management | Workers' Compensation | Health and Welfare | Total Internal Service Funds |
|---|------------------|---------------------|----------------|------------------------------|----------------------|---------------------|---------------------------|---------------------|-----------------------|--------------------|------------------------------|
| OPERATING REVENUES | | | | | | | | | | | |
| Charges for Services | \$ 4,159,848 | \$ 439,336 | \$ 251,215 | \$ 220,995 | \$ 352,557 | \$ 7,052,590 | \$ 1,703,643 | \$ 685,396 | \$ 2,978,926 | \$ 17,852,636 | \$ 35,697,142 |
| Employee Contributions | - | - | - | - | - | - | - | - | - | 367,646 | 367,646 |
| Other | 53,429 | - | - | - | - | - | - | 6,610 | - | - | 60,039 |
| Total Operating Revenues | <u>4,213,277</u> | <u>439,336</u> | <u>251,215</u> | <u>220,995</u> | <u>352,557</u> | <u>7,052,590</u> | <u>1,703,643</u> | <u>692,006</u> | <u>2,978,926</u> | <u>18,220,282</u> | <u>36,124,827</u> |
| OPERATING EXPENSES | | | | | | | | | | | |
| Personal Services | 1,075,006 | 326,912 | 53,265 | 39,489 | 220,689 | - | 361,828 | 146,321 | 433,507 | 118,527 | 2,775,544 |
| Materials, Supplies, Equipment and Contractual Services | 2,512,092 | 121,036 | 200,103 | 181,506 | 136,174 | 4,212,433 | 1,111,657 | 225,517 | 347,493 | 98,498 | 9,146,509 |
| Depreciation and Amortization | 538,369 | - | - | - | - | 3,045,151 | 215,433 | 12,554 | - | - | 3,811,507 |
| Claims Expense | - | - | - | - | - | - | - | 368,666 | 2,278,042 | 18,005,841 | 20,652,549 |
| Insurance Premiums | - | - | - | - | - | - | - | 12,173 | - | - | 12,173 |
| Total Operating Expenses | <u>4,125,467</u> | <u>447,948</u> | <u>253,368</u> | <u>220,995</u> | <u>356,863</u> | <u>7,257,584</u> | <u>1,688,918</u> | <u>765,231</u> | <u>3,059,042</u> | <u>18,222,866</u> | <u>36,398,282</u> |
| Operating Income (Loss) | <u>87,810</u> | <u>(8,612)</u> | <u>(2,153)</u> | <u>-</u> | <u>(4,306)</u> | <u>(204,994)</u> | <u>14,725</u> | <u>(73,225)</u> | <u>(80,116)</u> | <u>(2,584)</u> | <u>(273,455)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | | | | | | |
| Investment Earnings | - | - | - | - | - | - | - | 70,427 | 70,427 | - | 140,854 |
| Interest Expense | (106,740) | - | - | - | - | (218,170) | (21,451) | - | - | - | (346,361) |
| Bond Issuance Costs | (4,753) | - | - | - | - | (5,434) | (809) | - | - | - | (10,996) |
| Gain on Sale of Assets | - | - | - | - | - | 264,230 | - | - | - | - | 264,230 |
| Total Non-Operating Revenues (Expenses) | <u>(111,493)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,626</u> | <u>(22,260)</u> | <u>70,427</u> | <u>70,427</u> | <u>-</u> | <u>47,727</u> |
| Income before Capital Grants and Transfers | <u>(23,683)</u> | <u>(8,612)</u> | <u>(2,153)</u> | <u>-</u> | <u>(4,306)</u> | <u>(164,368)</u> | <u>(7,535)</u> | <u>(2,798)</u> | <u>(9,689)</u> | <u>(2,584)</u> | <u>(225,728)</u> |
| Transfers In | 23,683 | 8,612 | 2,153 | - | 4,306 | - | 7,535 | 2,798 | 9,689 | 2,584 | 61,360 |
| Change in Net Position | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(164,368)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(164,368)</u> |
| Total Net Position - Beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,205,877</u> | <u>-</u> | <u>2,503,504</u> | <u>-</u> | <u>-</u> | <u>3,709,381</u> |
| Total Net Position - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,041,509</u> | <u>\$ -</u> | <u>\$ 2,503,504</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,545,013</u> |

City of Wilmington, Delaware
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2013

| | Data Processing | Document Management | Mail Service | Duplication and Reproduction | Mapping and Graphics | Motor Vehicle | Communications Management | Risk Management | Workers' Compensation | Health and Welfare | Total Internal Service Funds |
|--|-----------------|---------------------|--------------|------------------------------|----------------------|---------------|---------------------------|-----------------|-----------------------|--------------------|------------------------------|
| Cash Flows From Operating Activities: | | | | | | | | | | | |
| Receipts from Customers and Users | \$ 4,214,030 | \$ 439,336 | \$ 251,215 | \$ 220,995 | \$ 352,557 | \$ 7,022,897 | \$ 1,703,643 | \$ 692,006 | \$ 2,978,926 | \$ 18,220,282 | \$ 36,095,887 |
| Payments to Suppliers | (2,610,632) | (130,502) | (203,573) | (170,170) | (143,211) | (3,993,454) | (1,151,937) | (1,819,616) | (3,187,797) | (17,062,086) | (30,472,978) |
| Payments to Employees | (1,055,619) | (329,420) | (46,917) | (56,229) | (218,639) | - | (341,018) | (146,275) | (440,957) | (114,431) | (2,749,605) |
| Net Cash Provided by (Used in) Operating Activities | \$ 547,779 | \$ (20,586) | \$ 725 | \$ (5,504) | \$ (9,293) | \$ 3,029,443 | \$ 210,688 | \$ (1,273,885) | \$ (649,828) | \$ 1,043,765 | \$ 2,873,304 |
| Cash Flows from Noncapital Financing Activities | | | | | | | | | | | |
| Advances From Other Funds | - | - | - | - | - | 340,047 | - | 1,783,988 | 1,518,602 | - | 3,642,637 |
| Advances (To) Other Funds | (543,403) | - | - | - | - | - | (76,010) | - | - | - | (619,413) |
| Investment Earnings | - | - | - | - | - | - | - | 70,427 | 70,427 | - | 140,854 |
| Transfers From Other Funds | 23,683 | 8,612 | 2,153 | - | 4,306 | - | 7,535 | 2,798 | 9,689 | 2,584 | 61,360 |
| Net Cash Provided by (Used in) Noncapital Financing Activities | \$ (519,720) | \$ 8,612 | \$ 2,153 | \$ - | \$ 4,306 | \$ 340,047 | \$ (68,475) | \$ 1,857,213 | \$ 1,598,718 | \$ 2,584 | \$ 3,225,438 |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | | | | | |
| Proceeds from Capital Debt | 263,067 | - | - | - | - | 1,339,111 | 98,387 | - | - | - | 1,700,565 |
| Acquisition and Construction of Capital Assets | (403,826) | - | - | - | - | (5,649,281) | (913,333) | - | - | - | (6,966,440) |
| Principal Paid on Bonds | (248,314) | - | - | - | - | (99,820) | (80,298) | - | - | - | (428,432) |
| Interest Paid on Bonds | (109,484) | - | - | - | - | (62,430) | (9,111) | - | - | - | (181,025) |
| Proceeds from Capital Lease | - | - | - | - | - | 3,122,564 | 913,333 | - | - | - | 4,035,897 |
| Principal Paid on Capital Leases | - | - | - | - | - | (1,729,542) | (43,504) | - | - | - | (1,773,046) |
| Interest Paid on Capital Leases | - | - | - | - | - | (135,911) | (9,349) | - | - | - | (145,260) |
| Bond Issuance Costs Capitalized | (2,458) | - | - | - | - | (12,514) | (920) | - | - | - | (15,892) |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | 437,290 | - | - | - | - | 437,290 |
| Funds Paid to Escrow | (260,610) | - | - | - | - | (1,326,598) | (97,468) | - | - | - | (1,684,676) |
| Net Cash Used in Capital and Related Financing Activities | \$ (761,625) | \$ - | \$ - | \$ - | \$ (4,117,131) | \$ (142,263) | \$ - | \$ - | \$ - | \$ - | \$ (5,021,019) |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$ (733,566) | \$ (11,974) | \$ 2,878 | \$ (5,504) | \$ (4,987) | \$ (747,641) | \$ (50) | \$ 583,328 | \$ 948,890 | \$ 1,046,349 | \$ 1,077,723 |
| Cash and Cash Equivalents - July 1, 2012 | | | | | | | | | | | |
| (including \$855,368 for the Data Processing Fund reported in restricted accounts) | 837,668 | 58,847 | 18,882 | 5,991 | 19,967 | 750,150 | 300 | 2,300,689 | 1,951,965 | 1,298,747 | 7,243,176 |
| Cash and Cash Equivalents - June 30, 2013 | \$ 104,102 | \$ 46,873 | \$ 21,730 | \$ 487 | \$ 14,980 | \$ 2,509 | \$ 250 | \$ 2,884,017 | \$ 2,900,855 | \$ 2,345,096 | \$ 8,320,899 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | | | | | | | |
| Operating Income (Loss) | \$ 87,810 | \$ (8,612) | \$ (2,153) | \$ - | \$ (4,306) | \$ (204,994) | \$ 14,725 | \$ (73,225) | \$ (80,116) | \$ (2,584) | \$ (273,455) |
| Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities: | | | | | | | | | | | |
| Depreciation and Amortization | 538,369 | - | - | - | - | 3,045,151 | 215,433 | 12,554 | - | - | 3,811,507 |
| Changes in Assets and Liabilities: | | | | | | | | | | | |
| Increase in Receivables | 753 | - | - | - | - | - | - | - | - | - | 753 |
| Increase (Decrease) in Prepaid Expenses | (98,540) | - | - | 2,916 | - | - | - | - | - | 790 | 3,706 |
| Increase (Decrease) in Accounts Payable | 618 | (6,832) | 2,617 | (8,977) | (1,593) | 218,979 | (29,875) | (141,735) | (112,757) | 637,607 | 455,626 |
| Increase (Decrease) in Compensated Absences | 18,769 | 5,578 | 557 | 557 | 3,643 | - | 3,939 | (2,571) | (11,728) | 104 | (24,423) |
| (Decrease) in Accrued Salaries | - | - | - | - | - | - | 6,466 | 2,617 | 8,003 | 1,944 | 48,134 |
| Increase (decrease) in Accrued Interest | - | - | - | - | - | (29,693) | - | - | - | - | (29,693) |
| Increase (Decrease) in Claims Liability | - | - | - | - | - | - | (1,071,525) | - | (453,230) | 405,904 | (1,118,851) |
| Net Cash Provided by (Used In) Operating Activities | \$ 547,779 | \$ (20,586) | \$ 725 | \$ (5,504) | \$ (9,293) | \$ 3,029,443 | \$ 210,688 | \$ (1,273,885) | \$ (649,828) | \$ 1,043,765 | \$ 2,873,304 |

CITY OF WILMINGTON, DELAWARE

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Retirement Funds

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

Uniformed Plans

Firefighter's Pension
Police Pension

Non-Uniformed Plans

Plan I
Plan II
Plan III
Park Trust

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

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

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

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

Post-Retirement Healthcare Benefit Fund

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

City of Wilmington

**Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2013**

| | Firefighters Pension | Police Pension | Plan I Non- uniformed Pension | Plan II Non- uniformed Pension | Plan III Non- uniformed Pension | Wilmington Park Trust Pension | Total Retirement Funds | Post - Retirement Healthcare Benefit | Total Pension Trust Funds |
|---|-------------------------|-------------------|--|---|--|--|------------------------------|---|---------------------------------|
| ASSETS | | | | | | | | | |
| Cash and Cash Equivalents (Note 3) | \$ 3,028,622 | \$ 1,191,807 | \$ 1,528 | \$ 1,292 | \$ 7,679,704 | \$ - | \$ 11,902,953 | \$ 52,357 | \$ 11,955,310 |
| Receivables: | | | | | | | | | |
| Accrued Interest & Other Receivables | 122,582 | 228,404 | 18,448 | 38,177 | 157,062 | - | 564,673 | 34,370 | 599,043 |
| Total Receivables | 122,582 | 228,404 | 18,448 | 38,177 | 157,062 | - | 564,673 | 34,370 | 599,043 |
| Investments, at Fair Value: | | | | | | | | | |
| Money Market Funds | 842,610 | 1,570,015 | 126,813 | 262,422 | 953,216 | 50,253 | 3,805,329 | 1,387,751 | 5,193,080 |
| U.S. Treasury Obligations | 4,205,600 | 7,836,198 | 632,942 | 1,309,788 | 4,757,654 | - | 18,742,182 | 1,685,535 | 20,427,717 |
| U.S. Government Agencies - Guaranteed | 28,957 | 53,954 | 4,358 | 9,018 | 32,758 | - | 129,045 | - | 129,045 |
| U.S. Government Agencies - Other | 2,724,516 | 5,076,527 | 410,039 | 848,521 | 3,082,153 | - | 12,141,756 | 1,538,574 | 13,680,330 |
| Corporate & Foreign Bonds | 5,449,349 | 10,153,646 | 820,126 | 1,697,140 | 6,164,665 | - | 24,284,926 | 2,151,076 | 26,436,002 |
| Common Equity & Marketable Securities | 19,557,978 | 36,441,929 | 2,943,476 | 6,091,118 | 22,125,282 | 205,431 | 87,365,214 | 4,141,024 | 91,506,238 |
| Global & International Funds | 25,771 | 48,019 | 3,880 | 8,026 | 29,154 | - | 114,850 | - | 114,850 |
| Mutual Funds | 6,479,120 | 12,072,396 | 975,108 | 2,017,851 | 7,329,611 | 27,856 | 28,901,942 | - | 28,901,942 |
| Total Investments | 39,313,901 | 73,252,684 | 5,916,742 | 12,243,884 | 44,474,493 | 283,540 | 175,485,244 | 10,903,960 | 186,389,204 |
| Due from Other Pension Trust Fund | - | - | - | - | - | - | - | 1,107,133 | 1,107,133 |
| Total Assets | 42,465,105 | 74,672,895 | 5,936,718 | 12,283,353 | 52,311,259 | 283,540 | 187,952,870 | 12,097,820 | 200,050,690 |
| LIABILITIES | | | | | | | | | |
| Accounts Payable | 627 | 682 | 136 | 161 | 166,101 | 8,910 | 176,617 | 96,578 | 273,195 |
| Salaries and Benefits Payable | 609 | 609 | 609 | 1,252 | 3,158 | - | 6,237 | - | 6,237 |
| Due to Other Pension Trust Fund | - | - | - | - | 1,107,133 | - | 1,107,133 | - | 1,107,133 |
| Due to Other Governments | - | - | - | - | 2,634,771 | 48,765 | 2,683,536 | - | 2,683,536 |
| Compensated Absences | - | - | - | - | 25,558 | - | 25,558 | - | 25,558 |
| Liability for Stale-dated Pension Checks | 45,426 | 77,339 | 38,911 | 8,517 | 8,453 | - | 178,646 | - | 178,646 |
| Total Liabilities | 46,662 | 78,630 | 39,656 | 9,930 | 3,945,174 | 57,675 | 4,177,727 | 96,578 | 4,274,305 |
| Net Position Held in Trust for Pension & OPEB Benefits | \$ 42,418,443 | \$ 74,594,265 | \$ 5,897,062 | \$ 12,273,423 | \$ 48,366,085 | \$ 225,865 | \$ 183,775,143 | \$ 12,001,242 | \$ 195,776,385 |

City of Wilmington, Delaware
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2013

| | Firefighters Pension | Police Pension | Plan I Non-uniformed Pension | Plan II Non-uniformed Pension | Plan III Non-uniformed Pension | Wilmington Park Trust Pension | Total Retirement Funds | Post - Retirement Healthcare Benefit | Total Pension Trust Funds |
|---|----------------------|----------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|------------------------|--------------------------------------|---------------------------|
| ADDITIONS | | | | | | | | | |
| Contributions: | | | | | | | | | |
| City | \$ 161,126 | \$ 5,977,571 | \$ 333,400 | \$ 394,825 | \$ 5,730,033 | \$ - | \$ 12,596,955 | \$ 2,177,092 | \$ 14,774,047 |
| Paid Directly by the City | | | | | | | | | |
| Paid by the State | | | | | | | | | |
| On-Behalf of the City | 4,878,914 | 2,251,819 | 24,582 | - | - | - | 7,155,315 | - | 7,155,315 |
| Employees | 236,389 | 387,079 | - | 17,820 | 541,031 | - | 1,164,499 | 391,602 | 1,556,101 |
| Federal Drug Subsidies & Other | - | - | - | 17,820 | 26,676 | - | 44,496 | 60,538 | 105,034 |
| Total Contributions | 5,276,429 | 8,616,469 | 357,982 | 412,645 | 6,297,740 | - | 20,961,265 | 2,629,232 | 23,590,497 |
| Investment Income | | | | | | | | | |
| Interest Income | - | - | - | - | - | 3,762 | 3,762 | - | 3,762 |
| Investment Earnings | 1,084,872 | 2,014,802 | 162,590 | 336,458 | 1,237,806 | - | 4,836,528 | 1,169,137 | 6,005,665 |
| Net Appreciation (Depreciation) in Fair Value | 2,826,586 | 5,266,712 | 425,401 | 880,309 | 3,197,624 | 23,416 | 12,620,048 | (570,426) | 12,049,622 |
| Total Investment Earnings | 3,911,458 | 7,281,514 | 587,991 | 1,216,767 | 4,435,430 | 27,178 | 17,460,338 | 598,711 | 18,059,049 |
| Less: Investment Expense | (159,797) | (297,747) | (24,049) | (49,767) | (180,774) | - | (712,134) | - | (712,134) |
| Net Investment Income | 3,751,661 | 6,983,767 | 563,942 | 1,167,000 | 4,254,656 | 27,178 | 16,748,204 | 598,711 | 17,346,915 |
| Total Additions | 9,028,090 | 15,600,236 | 921,924 | 1,579,645 | 10,552,396 | 27,178 | 37,709,469 | 3,227,943 | 40,937,412 |
| DEDUCTIONS | | | | | | | | | |
| Benefits Paid | 6,602,010 | 9,636,739 | 737,937 | 959,705 | 3,203,994 | 17,820 | 21,158,205 | 894,006 | 22,052,211 |
| Administrative Expenses | 69,150 | 87,866 | 41,220 | 72,754 | 222,043 | 2,588 | 495,621 | 55,650 | 551,271 |
| Total Deductions | 6,671,160 | 9,724,605 | 779,157 | 1,032,459 | 3,426,037 | 20,408 | 21,653,826 | 949,656 | 22,603,482 |
| Net Increase in Plan Net Position | 2,356,930 | 5,875,631 | 142,767 | 547,186 | 7,126,359 | 6,770 | 16,055,643 | 2,278,287 | 18,333,930 |
| Net Position - Beginning | 40,061,513 | 68,718,634 | 5,754,295 | 11,726,237 | 41,239,726 | 219,095 | 167,719,500 | 9,722,955 | 177,442,455 |
| Net Position - Ending | \$ 42,418,443 | \$ 74,594,265 | \$ 5,897,062 | \$ 12,273,423 | \$ 48,366,085 | \$ 225,865 | \$ 183,775,143 | \$ 12,001,242 | \$ 195,776,385 |



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 Statement No. 34 in phases starting in 2002 and implemented the final provisions with regard to infrastructure in 2006; schedules presenting government-wide information include information beginning in 2002 unless otherwise explained.



Table I

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 46,418,603 | \$ 29,495,222 | \$ 44,920,136 | \$ 72,981,412 | \$ 77,387,019 | \$ 75,133,657 | \$ 81,867,549 | \$ 82,216,326 | \$ 79,317,727 | \$ 68,699,894 |
| Restricted | 18,881,357 | 18,550,295 | 47,553,927 | 37,550,546 | 32,130,891 | 21,463,882 | 4,970,647 | 5,470,837 | 5,934,339 | 21,403,317 |
| Unrestricted | 19,257,293 | 47,765,158 | 37,510,699 | 42,222,663 | 39,978,018 | 31,145,169 | 25,986,816 | 23,402,664 | 25,864,401 | 17,545,747 |
| Total Governmental Activities Net Position | \$ 84,557,253 | \$ 95,810,675 | \$ 129,984,762 | \$ 152,754,621 | \$ 149,495,928 | \$ 127,742,708 | \$ 112,825,012 | \$ 111,089,827 | \$ 111,116,467 | \$ 107,648,958 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 81,489,353 | \$ 83,342,256 | \$ 82,303,094 | \$ 99,552,941 | \$ 102,115,411 | \$ 109,256,602 | \$ 110,672,786 | \$ 112,071,075 | \$ 118,391,959 | \$ 118,345,142 |
| Restricted | - | - | 13,216,350 | 13,216,350 | 35,632,265 | 19,441,751 | - | - | - | - |
| Unrestricted | 177,269 | (8,916,359) | (22,727,559) | (29,954,329) | (50,893,003) | (41,690,813) | (25,777,628) | (14,446,190) | (16,294,598) | (8,337,387) |
| Total Business-type Activities Net Position | \$ 81,666,622 | \$ 74,425,897 | \$ 72,791,885 | \$ 82,814,962 | \$ 86,854,673 | \$ 87,007,540 | \$ 84,895,158 | \$ 97,624,885 | \$ 102,097,361 | \$ 110,007,755 |
| PRIMARY GOVERNMENT | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 127,907,956 | \$ 112,837,478 | \$ 127,223,230 | \$ 172,534,353 | \$ 179,502,430 | \$ 184,390,259 | \$ 192,540,335 | \$ 194,287,401 | \$ 197,709,686 | \$ 187,045,036 |
| Restricted | 18,881,357 | 18,550,295 | 60,770,277 | 50,766,896 | 67,763,156 | 40,905,633 | 4,970,647 | 5,470,837 | 5,934,339 | 21,403,317 |
| Unrestricted | 19,434,562 | 38,848,799 | 14,783,140 | 12,268,334 | (10,914,985) | (10,545,644) | 209,188 | 8,956,474 | 9,569,803 | 9,208,360 |
| Total Primary Government Net Position | \$ 166,223,875 | \$ 170,236,572 | \$ 202,776,647 | \$ 235,569,583 | \$ 236,350,601 | \$ 214,750,248 | \$ 197,720,170 | \$ 208,714,712 | \$ 213,213,828 | \$ 217,656,713 |

Note: Governmental activities infrastructure was not fully included in net position until June 30, 2006. Net position for 2004 and 2005 are as restated in 2006 to reflect additions of infrastructure and other items; the main net effect was to add \$19,442,011 to governmental activities net position to 2004 and reduce business activities by \$7,520,427 for 2005. Net position for 2007 are as restated in 2008 to record less revenue than anticipated when a grant ended. Net position for 2011 are restated due to an inclusion of a new blended component unit.

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| EXPENSES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 27,860,683 | \$ 33,731,581 | \$ 17,908,626 | \$ 21,059,597 | \$ 22,779,627 | \$ 26,059,767 | \$ 26,393,092 | \$ 29,488,557 | \$ 35,708,148 | \$ 28,485,274 |
| Commerce | 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 | 8,108,654 | 9,058,065 | 7,178,124 | 6,554,301 | 7,427,235 | 8,156,663 | 11,672,335 | 9,558,053 | 10,276,370 | 4,925,920 |
| Public Works | 14,338,205 | 14,583,093 | 16,916,066 | 18,308,616 | 21,562,949 | 22,601,418 | 23,110,033 | 23,033,197 | 23,177,193 | 23,242,074 |
| Parks and Recreation | 8,559,178 | 7,311,483 | 7,805,055 | 9,641,670 | 11,460,259 | 10,027,975 | 10,605,259 | 9,423,690 | 9,632,204 | 9,196,053 |
| Public Safety | 48,632,268 | 65,426,116 | 65,487,887 | 74,738,935 | 74,915,049 | 86,901,639 | 86,039,994 | 82,913,341 | 84,777,539 | 90,571,399 |
| Interest on Long-Term Debt | 5,502,044 | 6,116,357 | 7,473,268 | 5,342,897 | 4,569,496 | 5,352,455 | 4,519,308 | 5,616,097 | 4,768,486 | 5,150,078 |
| Total Governmental Activities Expenses | 114,907,098 | 138,338,722 | 125,310,532 | 137,324,243 | 149,737,354 | 168,554,798 | 170,051,269 | 160,032,935 | 168,339,940 | 161,570,798 |
| Business-type Activities: | | | | | | | | | | |
| Water/Sewer | 35,987,710 | 38,501,176 | 42,614,504 | 46,666,607 | 48,562,013 | 53,181,200 | 55,033,937 | 54,723,619 | 60,884,644 | 59,908,774 |
| Total Business-Type Activities Expenses | 35,987,710 | 38,501,176 | 42,614,504 | 46,666,607 | 48,562,013 | 53,181,200 | 55,033,937 | 54,723,619 | 60,884,644 | 59,908,774 |
| Total Primary Government Expenses | \$ 150,894,808 | \$ 176,839,898 | \$ 167,925,036 | \$ 183,990,850 | \$ 198,299,367 | \$ 221,735,998 | \$ 225,085,206 | \$ 214,756,554 | \$ 229,224,584 | \$ 221,479,572 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | \$ 8,929,547 | \$ 9,312,768 | \$ 8,304,184 | \$ 7,129,053 | \$ 7,137,885 | \$ 7,438,126 | \$ 7,619,652 | \$ 8,906,826 | \$ 8,937,613 | \$ 9,710,578 |
| General Government | - | - | - | - | 1,360 | 30,893 | 161,203 | - | - | - |
| Commerce | - | - | 735,375 | 1,000 | 527,971 | 39,798 | 541,183 | 795,318 | 1,915,305 | - |
| Real Estate and Housing | 6,194 | 19,329 | 29,839 | 217,669 | 263,071 | 254,077 | 273,147 | 374,128 | 283,289 | 294,972 |
| Public Works | - | - | 78,494 | - | 85,311 | - | 22,964 | 59,026 | 284,258 | 312,783 |
| Parks and Recreation | 6,516,985 | 8,034,678 | 9,209,946 | 12,085,150 | 11,609,610 | 12,854,296 | 15,433,702 | 13,774,372 | 16,408,085 | 10,843,278 |
| Public Safety | 11,751,700 | 24,244,134 | 26,298,656 | 19,969,298 | 18,322,960 | 17,706,081 | 19,236,629 | 20,569,251 | 19,362,707 | 17,388,953 |
| Operating Grants and Contributions | 2,300,217 | 5,211,389 | 11,066,220 | 8,135,550 | 1,639,225 | 1,841,887 | 1,103,155 | 1,908,256 | 1,311,524 | 1,933,252 |
| Capital Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Revenues | 29,504,643 | 46,822,298 | 55,722,714 | 47,537,720 | 39,587,393 | 40,165,158 | 44,391,635 | 46,387,177 | 48,502,781 | 40,483,816 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | 37,917,607 | 38,632,385 | 40,980,492 | 51,143,730 | 52,221,925 | 53,020,756 | 52,217,917 | 58,346,241 | 64,744,275 | 67,065,579 |
| Water | 1,901,533 | 148,493 | - | - | - | - | 572,410 | 9,092,105 | 574,876 | 469,271 |
| Operating Grants and Contributions | 39,819,140 | 38,780,878 | 40,980,492 | 51,143,730 | 52,221,925 | 53,020,756 | 52,790,327 | 67,438,346 | 65,319,151 | 67,534,850 |
| Total Business-type Activities Revenues | 69,323,783 | 85,603,176 | 96,703,206 | 98,681,450 | 91,809,318 | 93,185,914 | 97,181,962 | 113,825,523 | 113,821,932 | 108,018,666 |
| Total Primary Government Revenues | \$ 69,323,783 | \$ 85,603,176 | \$ 96,703,206 | \$ 98,681,450 | \$ 91,809,318 | \$ 93,185,914 | \$ 97,181,962 | \$ 113,825,523 | \$ 113,821,932 | \$ 108,018,666 |

Table II

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property Taxes | \$ 29,068,010 | \$ 28,417,535 | \$ 30,403,939 | \$ 30,323,434 | \$ 30,268,835 | \$ 32,690,788 | \$ 35,207,881 | \$ 39,428,237 | \$ 39,334,457 | \$ 38,383,979 |
| Income Taxes | 44,270,947 | 47,348,120 | 54,791,274 | 52,786,285 | 54,438,848 | 57,543,505 | 57,426,347 | 55,958,208 | 63,519,580 | 61,873,590 |
| Other Taxes | 8,400,361 | 9,313,482 | 6,158,544 | 5,940,697 | 4,978,122 | 2,668,996 | 1,883,389 | 1,561,633 | 2,971,602 | 2,999,468 |
| Lodging & Natural Gas Taxes | - | - | - | 1,303,322 | 1,227,140 | 1,306,744 | 1,161,077 | 1,244,958 | 1,106,677 | 1,040,162 |
| Investment Earnings | 2,857,460 | 3,113,915 | 5,268,048 | 6,523,991 | 3,471,478 | 1,168,607 | 1,708,886 | 1,287,448 | 494,437 | 1,049,413 |
| Payments from Component Units | 275,000 | 275,000 | 275,000 | 275,000 | 500,000 | 500,000 | 110,976 | - | - | - |
| Other Revenues including Capital Asset | 1,840,997 | 1,583,993 | 11,614 | 10,002,069 | - | - | - | - | - | - |
| Sales Gains | 10,496,006 | 11,472,394 | 6,853,486 | 10,401,584 | 12,006,845 | 10,757,780 | 13,243,382 | 11,897,908 | 12,437,046 | 12,505,037 |
| Grants, Entitlements, and Contributions not Restricted to Specific Programs | - | - | - | (5,000,000) | - | - | - | - | - | (232,176) |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 97,208,781 | 101,524,439 | 103,761,905 | 112,556,382 | 106,891,268 | 106,636,420 | 110,741,938 | 111,378,392 | 119,863,799 | 117,619,473 |
| Business-type Activities: | | | | | | | | | | |
| Investment Earnings | - | - | - | 500,000 | 379,799 | 313,311 | 131,228 | 15,000 | 37,969 | 52,142 |
| Transfers | - | - | - | 5,000,000 | - | - | - | - | - | 232,176 |
| Other Revenues including Capital Asset | - | - | - | - | - | - | - | - | - | - |
| Sales Gains | (1,000,000) | - | - | 45,954 | - | - | - | - | - | - |
| Total Business-type Activities | (1,000,000) | - | - | 5,545,954 | 379,799 | 313,311 | 131,228 | 15,000 | 37,969 | 284,318 |
| Total Primary Government | \$ 96,208,781 | \$ 101,524,439 | \$ 103,761,905 | \$ 118,102,336 | \$ 107,271,067 | \$ 106,949,731 | \$ 110,873,166 | \$ 111,393,392 | \$ 119,901,768 | \$ 117,903,791 |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental Activities | \$ 11,806,326 | \$ 10,008,015 | \$ 34,174,087 | \$ 22,769,859 | \$ (3,258,693) | \$ (21,753,220) | \$ (14,917,696) | \$ (2,267,366) | \$ 26,640 | \$ (3,467,509) |
| Business-type Activities | 2,831,430 | 279,702 | (1,634,012) | 10,023,077 | 4,039,711 | 152,867 | (2,112,382) | 12,729,727 | 4,472,476 | 7,910,394 |
| Total Primary Government | \$ 14,637,756 | \$ 10,287,717 | \$ 32,540,075 | \$ 32,792,936 | \$ 781,018 | \$ (21,600,353) | \$ (17,030,078) | \$ 10,462,361 | \$ 4,499,116 | \$ 4,442,885 |

Note: Governmental activities infrastructure was not fully included in net position until June 30, 2006.

Net position for 2004 and 2005 are as restated in 2006 to reflect additions of infrastructure and other items;
the net effect was to add \$16,108,901 of net position to 2004.

Net position for 2007 are as restated in 2008 to record \$945,996 less revenue than anticipated when a grant ended.

Table III

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Long-term Note Receivable | \$ - | \$ - | \$ - | \$ - | \$ 10,987,648 | \$ 7,962,476 | \$ 10,508,968 | \$ 6,500,000 | \$ 9,988,293 | \$ 8,771,914 |
| Committed | | | | | | | | | | |
| Special Designations | - | - | 20,378,110 | 5,500,000 | 18,562,766 | - | - | - | - | - |
| Budget Reserve Account | 25,547,644 | 31,437,057 | 37,466,306 | 46,352,802 | 15,200,256 | 14,560,571 | 14,761,419 | 13,933,709 | 14,292,802 | 14,537,615 |
| Other Purposes | 192,901 | 314,797 | 200,000 | 250,000 | 1,633 | 294,828 | - | 430,000 | - | - |
| Unassigned | | | | | | | | | | |
| Other Purposes | - | - | - | - | 15,282,782 | 9,912,050 | 5,774,119 | 16,937,671 | 20,964,373 | 23,262,923 |
| Total General Fund | \$ 25,740,545 | \$ 31,751,854 | \$ 58,044,416 | \$ 52,102,802 | \$ 60,035,085 | \$ 32,729,925 | \$ 31,044,506 | \$ 37,801,380 | \$ 45,245,468 | \$ 46,572,452 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | | | | | | | |
| Nonspendable | | | | | | | | | | |
| Park Operations | - | - | - | - | - | - | - | 820,344 | 799,803 | 879,788 |
| Restricted | | | | | | | | | | |
| Capital Projects Funds | 609,248 | (2,674,890) | 23,757,025 | 13,934,737 | 25,490,794 | 16,820,184 | 10,756,912 | 11,301,494 | 22,033,428 | 14,826,533 |
| Park Operations | 5,396,359 | 5,763,979 | 5,911,539 | 6,429,519 | 5,865,380 | 4,554,207 | 4,970,647 | 4,650,493 | 5,134,536 | 5,696,996 |
| Other Purposes | 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 | 2,219,614 | 1,329,261 | 1,178,585 |
| Economic Development | - | - | 10,517,702 | 8,620,524 | 178,878 | 8,793,057 | 8,124,949 | 6,685,727 | 5,639,243 | 5,550,802 |
| Other Purposes | - | - | - | - | 407,628 | 608,060 | 874,627 | 790,556 | 775,204 | 1,644,281 |
| Total All Other Governmental Funds | \$ 19,490,605 | \$ 15,507,785 | \$ 46,581,712 | \$ 36,492,987 | \$ 34,270,156 | \$ 36,243,950 | \$ 28,330,527 | \$ 26,468,228 | \$ 35,711,475 | \$ 29,776,985 |

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

Statistical Section, June 30, 2013

City of Wilmington, Delaware

Table IV

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------------------|--------------------|----------------------|------------------------|---------------------|------------------------|-----------------------|---------------------|----------------------|-----------------------|
| REVENUES | | | | | | | | | | |
| Taxes, Related Penalties and Interest | | | | | | | | | | |
| Property Taxes | \$ 29,068,010 | \$ 28,417,535 | \$ 30,289,277 | \$ 30,227,452 | \$ 30,503,671 | \$ 31,911,858 | \$ 35,398,064 | \$ 39,187,019 | \$ 39,013,879 | \$ 38,181,077 |
| Wage Taxes | 41,030,254 | 43,801,665 | 51,536,049 | 47,836,558 | 49,791,625 | 51,845,669 | 54,146,338 | 51,732,408 | 55,815,188 | 56,558,250 |
| Net Profit | 3,240,693 | 3,546,455 | 3,541,769 | 4,093,904 | 4,599,819 | 4,059,847 | 4,693,460 | 4,818,119 | 5,040,088 | 5,439,220 |
| Franchise | 2,431,540 | 2,689,238 | 2,841,710 | 2,044,715 | 1,814,216 | 2,006,557 | 1,775,266 | 1,771,473 | 1,716,982 | 1,863,137 |
| Real Estate Transfer | 6,033,039 | 6,021,220 | 5,663,155 | 5,940,697 | 4,978,122 | 2,668,996 | 1,883,389 | 1,561,633 | 2,971,602 | 2,999,468 |
| Head Taxes | 2,500,666 | 2,433,334 | 2,239,433 | 2,154,655 | 2,420,998 | 2,787,027 | 3,178,931 | 3,665,320 | 3,662,183 | 3,538,656 |
| Lodging & Natural Gas | 2,367,322 | 3,292,262 | 495,389 | 1,303,322 | 1,227,140 | 1,306,744 | 1,161,077 | 1,244,958 | 1,106,677 | 1,040,162 |
| Intergovernmental | 16,758,565 | 25,839,008 | 52,478,305 | 40,398,789 | 31,908,829 | 31,977,973 | 35,914,336 | 34,753,438 | 34,272,415 | 32,911,841 |
| Licenses and Permits | 2,479,805 | 4,174,056 | 4,395,440 | 4,597,081 | 4,380,848 | 4,382,137 | 4,489,246 | 3,987,861 | 4,843,537 | 4,573,516 |
| Fines and Forfeitures | 2,783,406 | 2,818,007 | 3,705,122 | 4,512,276 | 5,422,146 | 6,395,262 | 7,583,731 | 8,698,896 | 9,484,531 | 7,096,186 |
| Charges for Services | 5,125,897 | 4,561,492 | 4,865,271 | 4,512,407 | 6,241,932 | 4,610,583 | 5,035,301 | 5,958,581 | 7,495,032 | 8,865,902 |
| Investment Earnings | 2,857,460 | 3,113,915 | 5,268,048 | 6,523,991 | 3,471,478 | 1,162,296 | 1,708,886 | 1,287,448 | 494,437 | 1,049,413 |
| Other | 1,333,567 | 1,303,121 | - | - | - | - | - | - | - | - |
| Total Revenues | 118,010,224 | 132,011,308 | 167,318,968 | 154,145,847 | 146,760,824 | 145,114,949 | 156,968,025 | 158,667,154 | 165,916,551 | 161,116,828 |
| EXPENDITURES | | | | | | | | | | |
| General Government | 13,439,612 | 14,639,238 | 18,009,115 | 20,628,512 | 21,429,638 | 25,436,843 | 25,033,199 | 31,650,965 | 34,037,673 | 26,751,489 |
| Commerce | 1,810,417 | 1,236,442 | 1,746,783 | 1,613,148 | 6,892,580 | 9,324,722 | 7,711,248 | - | - | 4,909,695 |
| Real Estate and Housing | 7,935,627 | 8,863,045 | 7,157,916 | 6,567,453 | 7,366,072 | 8,137,793 | 11,099,966 | 9,543,270 | 10,253,569 | 18,529,588 |
| Public Works | 11,570,411 | 14,065,151 | 12,490,776 | 15,202,695 | 17,531,847 | 18,488,759 | 18,883,832 | 18,619,338 | 18,629,378 | 8,145,406 |
| Parks and Recreation | 6,390,136 | 7,449,084 | 7,164,413 | 9,228,449 | 10,113,079 | 9,133,636 | 9,636,781 | 8,452,461 | 8,607,042 | 8,145,406 |
| Public Safety | 50,891,648 | 64,731,825 | 65,640,898 | 74,677,708 | 74,091,861 | 84,168,848 | 82,336,748 | 79,671,627 | 80,231,287 | 85,840,469 |
| Debt Service: | | | | | | | | | | |
| Principal | 8,660,870 | 9,574,847 | 11,490,624 | 11,649,630 | 12,490,844 | 10,134,948 | 6,477,638 | 2,775,559 | 5,615,432 | 7,177,478 |
| Interest | 5,502,554 | 4,611,213 | 4,818,692 | 6,173,566 | 5,059,028 | 5,352,913 | 5,002,246 | 5,403,006 | 5,315,850 | 5,071,563 |
| Capital Outlay - Capital Projects | 7,664,015 | 9,495,688 | 19,966,777 | 29,783,000 | 7,110,040 | 4,649,853 | 7,607,704 | 2,021,953 | 7,198,258 | 9,121,210 |
| Total Expenditures | 113,865,290 | 134,666,533 | 148,485,994 | 175,524,161 | 162,074,989 | 174,828,315 | 173,789,362 | 158,138,179 | 169,888,699 | 165,613,688 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,144,934 | (2,655,225) | 18,832,974 | (21,378,314) | (15,314,165) | (29,713,366) | (16,821,337) | 528,975 | (3,972,148) | (4,486,860) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Proceeds from Sales of Capital Assets | 2,054,060 | 1,813,433 | 1,579,114 | 10,002,069 | 500,000 | 500,000 | 110,976 | 3,566,586 | - | - |
| Bond Anticipation Notes | 4,500,000 | 1,350,000 | - | - | - | - | - | - | - | - |
| Bond Anticipation Note Repayment | - | (4,500,000) | - | - | - | - | - | - | - | - |
| Bonds Issued | - | 21,311,195 | - | - | - | - | - | - | - | - |
| Premium on Debt Issued | - | 34,155,000 | 34,155,000 | 27,356,540 | 34,100,000 | 3,882,000 | 35,598,915 | 799,014 | 33,404,051 | 16,853,656 |
| Payment to Refunded Bond Escrow Agent | - | (17,191,175) | - | (27,893,746) | (13,692,378) | - | (31,529,965) | - | (12,012,682) | (20,275,357) |
| Transfers In | 3,051,615 | 777,555 | 1,365,925 | 883,112 | 1,061,991 | - | 3,042,569 | - | 686,181 | 3,604,591 |
| Transfers Out | (2,061,615) | - | (645,992) | 8,859,255 | (1,666,236) | 21,795,110 | 1,497,943 | 1,549,497 | (6,500,356) | 676,363 |
| | | | | | | | | | | |
| Total Other Financing Sources (Uses) | 7,554,060 | 3,561,008 | 37,100,039 | 5,347,975 | 21,969,613 | 4,382,000 | 7,222,495 | 4,365,600 | 22,077,550 | (110,646) |
| Net Change in Fund Balances | 11,696,994 | 905,783 | 55,933,013 | (16,030,339) | 6,655,448 | (25,331,366) | (9,598,842) | 4,894,575 | 18,105,402 | (4,607,506) |
| Prior Period Adjustments | - | - | 2,556,183 | - | - | - | - | - | - | - |
| Net Change in Fund Balances | \$ 11,698,994 | \$ 905,783 | \$ 58,489,196 | \$ (16,030,339) | \$ 6,655,448 | \$ (25,331,366) | \$ (9,598,842) | \$ 4,894,575 | \$ 18,105,402 | \$ (4,607,506) |
| Debt Service as a Percentage of Noncapital Expenditures | 13.34% | 11.33% | 12.69% | 12.23% | 11.33% | 9.10% | 6.91% | 5.24% | 6.72% | 7.83% |

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

Table V

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

| Fiscal Year Ended June 30 | Real Property | | Personal Property | | | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate ¹ |
|------------------------------------|-------------------------|----------------------------|---------------------|----------------|------------------|---------------------------------|---------------------------------------|---|
| | Residential Property | Commercial / Industrial | Public Utilities | Other | Other | | | |
| | | | | | | | | |
| 2013 | \$ 1,025,801,750 | \$ 2,459,341,010 | \$ 98,100,900 | \$ 262,138,400 | \$ 1,418,575,450 | \$ 2,164,668,210 | \$ 1.7670 | |
| 2012 | 1,023,791,286 | 2,469,541,410 | 118,312,800 | 263,908,000 | 1,405,372,460 | 2,470,181,036 | 1.7670 | |
| 2011 | 1,026,246,536 | 2,400,906,910 | 118,312,800 | 227,704,830 | 1,472,485,271 | 2,300,685,805 | 1.7670 | |
| 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 | |

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 | | | School Districts | | Total School District | Total Direct & Overlapping Rates |
|----------------|----------------------|----------------------------|--------------------------|----------------------|----------------------------|----------------------------|----------------------|----------------------------|-----------------------------|---|
| | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Millage | |
| 2013 | \$1.6470 | \$ 0.1200 | \$ 1.7670 | \$ 0.0219 | \$ 0.0024 | \$ 0.0244 | \$ 1.6620 | \$ - | \$ 1.6320 | \$ 3.4234 |
| 2012 | 1.6470 | 0.1200 | 1.7670 | 0.0219 | 0.0024 | 0.0244 | 1.6620 | - | 1.6620 | 3.4534 |
| 2011 | 1.6770 | 0.0900 | 1.7670 | 0.2192 | 0.0244 | 0.2436 | 1.6870 | - | 1.6870 | 3.6976 |
| 2010 | 1.4964 | 0.1100 | 1.6064 | 0.1754 | 0.0195 | 0.1949 | 1.6740 | - | 1.6740 | 2.8883 |
| 2009 | 1.2969 | 0.1000 | 1.3969 | 0.1754 | 0.0195 | 0.1949 | 1.0870 | - | 1.6240 | 3.2158 |
| 2008 | 1.2969 | 0.1000 | 1.3969 | 0.1793 | 0.0156 | 0.1949 | 1.0870 | - | 1.4830 | 3.0748 |
| 2007 | 1.2969 | 0.1000 | 1.3969 | 0.1559 | 0.0100 | 0.1659 | 1.0870 | - | 1.3310 | 2.8938 |
| 2006 | 1.2267 | 0.0800 | 1.3067 | 0.1485 | 0.0095 | 0.1580 | 1.0870 | - | 1.2270 | 2.6917 |
| 2005 | 1.2267 | 0.0800 | 1.3067 | 0.1501 | 0.0079 | 0.1580 | 1.0870 | - | 1.1360 | 2.6007 |
| 2004 | 1.2167 | 0.0900 | 1.3067 | 0.1501 | 0.0079 | 0.1580 | 1.0870 | - | 1.0820 | 2.5467 |

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 | 2004 | | | 2013 | | |
|---|------------------------|----------|------------------------------------|------------------------|----------|------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Assessed Value |
| BPG Office Partners and and Related Entities | \$ - | - | - | \$ 90,000,000 | 1 | 2.34% |
| Chase Bank | \$ - | - | - | \$ 63,700,000 | 2 | 1.66% |
| E.I. Du Pont Nemours & Company | 61,411,800 | 4 | 2.46% | 58,500,000 | 3 | 1.52% |
| Bracebridge Corp | - | - | - | 54,250,000 | 4 | 1.41% |
| M & T Bank | - | - | - | 52,300,000 | 5 | 1.36% |
| D C L Leasing Partners LPL | - | - | - | 41,000,000 | 6 | 1.07% |
| Delmarva Power | 75,571,700 | 2 | 3.03% | 36,900,000 | 7 | 0.96% |
| 1201 Market Street LLC | 51,775,000 | 6 | 2.08% | 35,000,000 | 8 | 0.91% |
| Calpine Mid-Atlantic | - | - | - | 32,300,000 | 9 | 0.84% |
| HUB Properties Trust | 36,039,800 | 8 | 1.45% | 31,100,000 | 10 | 0.81% |
| Rodney Square Investors LP | 27,054,360 | 10 | 1.09% | 29,300,000 | 11 | 0.76% |
| MBNA | 91,247,900 | 1 | 3.66% | - | - | - |
| Tatten Partners | 27,608,600 | 9 | 1.11% | - | - | - |
| Barrow Street Hen Partnerships | - | - | - | - | - | - |
| Verizon | 49,610,500 | 7 | 1.99% | - | - | - |
| Hercules Inc | 58,084,300 | 5 | 2.33% | - | - | - |
| Brandywine Partners and Related Entities | - | - | - | - | - | - |
| | <u>63,707,500</u> | <u>3</u> | <u>2.56%</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 542,111,460</u> | | <u>21.76%</u> | <u>\$ 524,350,000</u> | | <u>13.64%</u> |

Source: City of Wilmington, Revenue Division

Table VIII

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

| Fiscal Year | Total Tax Levy ¹ | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|-----------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | for Fiscal Year | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2013 | \$ 38,259,246 | \$ 37,731,960 | 98.6% | \$ 28,896 | \$ 37,760,856 | 98.7% |
| 2012 | 39,745,263 | 38,702,002 | 97.4% | n/a | 38,702,002 | 97.4% |
| 2011 | 38,895,688 | 38,125,142 | 98.0% | 197,494 | 38,322,636 | 98.5% |
| 2010 | 35,194,544 | 34,274,358 | 97.4% | 735,955 | 35,010,313 | 99.5% |
| 2009 | 30,584,384 | 29,860,037 | 97.6% | 612,904 | 30,472,941 | 99.6% |
| 2008 | 30,655,108 | 29,066,946 | 94.8% | 1,491,236 | 30,558,182 | 99.7% |
| 2007 | 30,077,143 | 28,873,327 | 96.0% | 1,173,881 | 30,047,208 | 99.9% |
| 2006 | 29,795,315 | 28,611,393 | 96.0% | 1,172,459 | 29,783,852 | 100.0% |
| 2005 | 29,766,510 | 26,965,293 | 90.6% | 862,418 | 27,827,711 | 93.5% |
| 2004 | 28,086,411 | 27,480,668 | 97.8% | 311,805 | 27,792,473 | 99.0% |

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 |
| 2013 | \$ 131,313,797 | \$ 7,826,042 | \$ 177,282,263 | \$ - | \$ 316,424,115 | 17.34% | 4,438 |
| 2012 | 138,515,466 | 5,563,191 | 154,748,260 | - | 298,828,929 | 16.03% | 4,103 |
| 2011 | 121,026,852 | 5,622,812 | 141,934,292 | - | 268,585,967 | 15.48% | 3,791 |
| 2010 | 123,300,093 | 4,617,605 | 135,126,708 | 351,043 | 263,397,459 | 14.96% | 3,718 |
| 2009 | 122,296,222 | 1,203,743 | 128,412,490 | 1,470,834 | 253,385,298 | 15.70% | 3,568 |
| 2008 | 128,955,298 | 2,067,918 | 130,553,017 | 2,893,623 | 264,471,864 | 15.20% | 3,715 |
| 2007 | 119,616,161 | 2,897,922 | 93,391,609 | 4,247,003 | 220,154,702 | 11.85% | 3,084 |
| 2006 | 131,113,471 | 3,930,893 | 88,539,446 | 5,549,470 | 229,135,286 | 12.57% | 3,201 |
| 2005 | 104,768,155 | 2,408,836 | 52,020,464 | 4,977,886 | 164,177,346 | 9.95% | 2,287 |
| 2004 | 108,436,971 | 2,777,856 | 55,763,675 | 2,195,627 | 169,176,133 | 7.78% | 2,351 |

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

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

¹ See Table XIII on page 120 for population data.

This ratio uses population data from the prior calendar year.

Numbers for prior years revised due to releases of updated data by the United States Census Bureau.

2011 general obligation bonds restated due to an inclusion of a new blended component unit.

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 |
|------------------------|---|---|-----------------------------------|
| 2013 | \$ 308,596,060 | 14.26% | \$ 4,329 |
| 2012 | 293,263,726 | 11.62% | 4,025 |
| 2011 | 262,961,144 | 11.43% | 3,711 |
| 2010 | 258,426,801 | 11.69% | 3,648 |
| 2009 | 250,708,712 | 10.55% | 3,530 |
| 2008 | 259,508,315 | 10.99% | 3,646 |
| 2007 | 213,007,770 | 9.16% | 2,984 |
| 2006 | 219,652,917 | 9.58% | 3,068 |
| 2005 | 156,788,619 | 6.81% | 2,185 |
| 2004 | 164,200,646 | 7.82% | 2,282 |

Source: City of Wilmington, Treasurer's Office

Note: ¹ See Table V on page 112 for Actual Taxable Value of Property data.

² See Table XIII on page 120 for population data.
Numbers for prior years revised due to releases of the updated data by the United States Census Bureau.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013
(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 | \$ 402,680,000 | 15% | \$ 61,610,040 |
| Various School Districts | <u>415,245,361</u> | 16% | <u>64,778,276</u> |
| Subtotal - Overlapping Debt | | | 126,388,316 |
| City of Wilmington Direct Debt | 139,139,839 | 100% | <u>139,139,839</u> |
| Totals | | | <u>\$ 265,528,155</u> |

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

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

Table XII

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operating Budget | \$ 88,029,760 | \$ 92,182,803 | \$ 104,480,969 | \$ 120,349,099 | \$ 132,211,249 | \$ 157,594,361 | \$ 147,521,170 | \$ 143,952,638 | \$ 140,363,055 | \$ 145,043,428 |
| Debt Service Limit | 15,405,208 | 16,131,991 | 18,284,170 | 21,061,092 | 23,136,969 | 27,579,013 | 25,816,205 | 25,191,712 | 24,563,535 | 25,382,600 |
| Total Net Debt Service Applicable to Limit | 8,310,947 | 8,720,315 | 9,076,566 | 11,921,182 | 11,772,993 | 11,713,497 | 11,479,884 | 8,178,565 | 10,931,282 | 12,249,041 |
| Legal Debt Service Margin | \$ 7,094,261 | \$ 7,411,676 | \$ 9,207,604 | \$ 9,139,910 | \$ 11,363,976 | \$ 15,865,516 | \$ 14,336,321 | \$ 17,013,147 | \$ 13,632,253 | \$ 13,133,559 |
| Total Net Debt Service Applicable to the Limit as a Percentage of Debt Limit | 54.00% | 54.00% | 50.00% | 57.00% | 51.00% | 42.00% | 44.00% | 32.00% | 45.00% | 48.00% |

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 |
|----------------------|-------------------|------------------------|--------------------------|-------------------|--------------------------|-------------------|---|
| 2013 | 71,292 | \$ 1,824,362,280 | \$ 25,590 | 27,985 | 11.2% | 33.70 | \$ 39,019 |
| 2012 | 71,305 | 1,824,694,950 | 25,590 | 27,718 | 10.3% | 34.40 | 37,352 |
| 2011 | 70,851 | 1,734,928,437 | 24,487 | 27,418 | 12.1% | 34.90 | 38,325 |
| 2010 | 70,839 | 1,761,128,379 | 24,861 | 26,990 | 11.7% | 34.00 | 32,884 |
| 2009 | 71,014 | 1,614,290,248 | 22,732 | 28,562 | 12.1% | 35.60 | 34,381 |
| 2008 | 71,182 | 1,740,471,082 | 24,451 | 30,233 | 7.7% | 37.80 | 39,154 |
| 2007 | 71,394 | 1,857,100,728 | 26,012 | 30,403 | 6.5% | 37.90 | 37,149 |
| 2006 | 71,588 | 1,822,558,892 | 25,459 | 30,345 | 5.2% | 37.70 | 36,069 |
| 2005 | 71,772 | 1,649,392,332 | 22,981 | 30,050 | 5.8% | 31.90 | 35,116 |
| 2004 | 71,969 | 2,173,535,769 | 30,201 | 30,019 | 6.5% | 33.70 | 31,499 |

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

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

Table XIV

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| <u>Taxpayer</u> | <u>Calendar Year</u> <u>2004</u> | | | <u>Calendar Year</u> <u>2013</u> | | |
|-----------------------------------|-------------------------------------|-------------|--|-------------------------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total ² Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total ² Employment</u> |
| State of Delaware | 14,573 | 1 | 5.73% | 13,000 | 1 | 4.62% |
| Christiana Care Health Services | 7,300 | 4 | 2.87% | 10,400 | 2 | 3.69% |
| E.I. Du Pont Nemours & Company | 9,900 | 3 | 3.90% | 8,100 | 3 | 2.88% |
| Bank of America (MBNA) | 10,326 | 2 | 4.06% | 7,100 | 4 | 2.52% |
| AstraZeneca, Inc. | 4,500 | 6 | 1.77% | 4,500 | 5 | 1.60% |
| Wal-Mart Stores, Inc. | 3,068 | 9 | 1.21% | 4,700 | 6 | 1.67% |
| University of Delaware | 3,860 | 7 | 1.52% | 4,000 | 7 | 1.42% |
| A. I. Dupont Institute | - | | 0.00% | 2,821 | 8 | 1.00% |
| Christina School District | 2,789 | 11 | 1.10% | 2,300 | 9 | 0.82% |
| The Y of Delaware | 1,700 | | 0.67% | 2,300 | 10 | 0.82% |
| Citibank Delaware | 1,984 | 16 | 0.78% | 2,000 | 11 | 0.71% |
| Red Clay School District | 1,862 | 17 | 0.73% | 1,750 | 12 | 0.62% |
| M&T Bank (Wilmington Trust Corp.) | 2,289 | 14 | 0.90% | 1,700 | 13 | 0.60% |
| Walgreen's, Inc (Happy Harry's) | 1,397 | 24 | 0.55% | 1,700 | 14 | 0.60% |
| Siemens | - | | 0.00% | 1,630 | 15 | 0.58% |
| Delaware Park | - | | 0.00% | 1,550 | 16 | 0.55% |
| Brandywine School District | 1,355 | 25 | 0.53% | 1,450 | 17 | 0.52% |
| Comcast | - | | 0.00% | 1,450 | 18 | 0.52% |
| Delmarva Power/Pepco. (Connectiv) | 1,482 | 22 | 0.58% | 1,438 | 19 | 0.51% |
| Amtrak | - | | 0.00% | 1,400 | 20 | 0.50% |
| Colonial School District | 1,400 | 23 | 0.55% | 1,271 | 21 | 0.45% |
| New Castle County Government | - | | 0.00% | 1,250 | 22 | 0.44% |
| St. Francis Hospital | 1,500 | | 0.59% | 1,200 | 23 | 0.43% |
| ING Direct | - | | 0.00% | 1,122 | 24 | 0.40% |
| Total County/Municipal Government | 6,800 | 5 | 2.68% | | | |
| PNC Financial Services Group | 1,705 | 19 | 0.67% | 1,100 | 25 | 0.39% |
| Bank One Card Services | 2,800 | 10 | 1.10% | - | | 0.00% |
| U.S. Government | 2,709 | 12 | 1.07% | | | |
| Nemours | 2,566 | 13 | 1.01% | | | |
| DiamlerChrysler Corp. | 2,235 | 15 | 0.88% | - | | 0.00% |
| General Motors Corp. | 1,845 | 18 | 0.73% | - | | 0.00% |
| DuPont Merck Pharmaceuticals | 1,900 | | 0.75% | - | | 0.00% |
| Greenwood Trust Company | 1,900 | | 0.75% | - | | 0.00% |
| J.P. Morgan Bank | 3,500 | 8 | 1.38% | - | | 0.00% |
| Acme Markets | 1,700 | | 0.67% | - | | 0.00% |
| Delaware National Guard | 1,500 | 21 | 0.59% | | | |
| Sears, Roebuck & Co. | 1,557 | 20 | 0.61% | - | | 0.00% |
| Bank of New York | 1,400 | | 0.55% | - | | 0.00% |
| Totals | <u>105,402</u> | | <u>41.48%</u> | <u>81,232</u> | | <u>28.86%</u> |

Sources: City of Wilmington Department of Economic Development
City of Wilmington Annual Budget FY2014

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)**

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Government | | | | | | | | | | |
| Mayor's Office | 45.00 | 45.00 | 46.00 | 61.00 | 60.00 | 60.00 | 60.00 | 59.00 | 58.00 | 57.00 |
| City Council | 25.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 | 28.00 | 27.00 |
| Audit | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 4.00 |
| Law | 19.00 | 20.00 | 20.00 | 21.00 | 23.00 | 23.00 | 23.00 | 23.00 | 21.00 | 21.00 |
| Finance | 68.00 | 69.00 | 67.00 | 60.00 | 68.00 | 70.00 | 75.00 | 97.00 | 93.00 | 90.00 |
| Human Resources | 21.00 | 21.00 | 21.00 | 22.00 | 22.00 | 23.00 | 23.00 | 23.00 | 22.00 | 22.00 |
| Treasurer | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 6.00 | 6.00 |
| Planning | 10.00 | 10.00 | 11.00 | 11.00 | 12.00 | 12.00 | 12.00 | 12.00 | 11.00 | 11.00 |
| Real Estate and Housing | 21.00 | 21.00 | 20.00 | 16.00 | 17.00 | 17.00 | 17.00 | 17.00 | 16.00 | 15.00 |
| Parks and Recreation | 52.00 | 52.00 | 52.00 | 53.00 | 54.00 | 58.00 | 53.00 | 50.00 | 44.00 | 44.00 |
| Public Safety | | | | | | | | | | |
| Police | 368.00 | 377.00 | 386.00 | 407.00 | 429.00 | 431.00 | 416.00 | 402.00 | 390.00 | 382.00 |
| Fire | 176.00 | 176.00 | 176.00 | 177.00 | 177.00 | 180.00 | 172.00 | 172.00 | 177.00 | 177.00 |
| License and Inspection | 36.00 | 37.00 | 39.00 | 44.00 | 45.00 | 46.00 | 44.00 | 42.00 | 38.00 | 38.00 |
| Public Works | 212.00 | 212.00 | 212.00 | 228.00 | 231.00 | 235.00 | 229.00 | 229.00 | 226.00 | 226.00 |
| Totals | 1,064.00 | 1,080.00 | 1,091.00 | 1,141.00 | 1,179.00 | 1,196.00 | 1,165.00 | 1,167.00 | 1,134.00 | 1,120.00 |

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 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public Safety | | | | | | | | | | |
| Physical Arrests/Charges | 12,473 | 13,456 | 10,230 | 9,534 | 6,155 | n/a | 11,737 | n/a | 16,051 | 12,991 |
| Police Calls - Incident | 127,417 | 125,665 | n/a | 126,614 | 110,177 | n/a | 119,412 | n/a | 183,041 | 106,470 |
| Police Calls - Administrative | n/a | n/a | n/a | 114,000 | 261,462 | n/a | 56,072 | n/a | 28,449 | 31,345 |
| Fire/EMS Calls | 15,301 | 15,902 | 15,124 | 16,596 | 15,584 | 16,976 | 17,659 | 18,448 | 18,932 | 20,201 |
| Inspections | 710 | 1,121 | 778 | 1,710 | 614 | 1,802 | 1,862 | 1,589 | 1,677 | 1,416 |
| Parking Violations Issued | 54,081 | 52,708 | 68,719 | 72,990 | 87,327 | 79,262 | 70,030 | 83,149 | 71,229 | 68,465 |
| Redlight Tickets Issued | n/a | n/a | n/a | n/a | n/a | n/a | 32,948 | 25,318 | 58,708 | 60,004 |
| Building Permits Issued | n/a | n/a | n/a | 4,250 | 2,848 | 4,330 | 4,225 | 4,077 | 3,419 | 3,119 |
| Health and Welfare | | | | | | | | | | |
| Meals served-Summer | 215,180 | 207,599 | 231,189 | 252,706 | 294,708 | 325,381 | 192,159 | 235,608 | 211,263 | 213,549 |
| Meals served-Evening | 185,109 | 332,509 | n/a | 77,092 | 71,928 | 120,631 | 229,590 | 112,850 | 114,201 | 98,555 |
| Emergency Shelter | 326 | 268 | 329 | 911 | 443 | 354 | 469 | 438 | 230 | 516 |
| HOPWA (Housing) * | 595 | 1,075 | 352 | 474 | 126 | 169 | 141 | 230 | 177 | 147 |
| HPRP | n/a | n/a | n/a | n/a | n/a | n/a | 726 | 726 | 24 | - |
| Water | | | | | | | | | | |
| Water Production (millions of gallons) | 7,983 | 7,918 | 7,201 | 6,877 | 6,830 | 6,720 | 6,154 | 6,541 | 6,541 | 5,835 |
| Water Sold (millions of gallons) | 7,222 | 6,925 | 6,032 | 5,933 | 5,419 | 5,069 | 4,705 | 6,690 | 6,690 | 3,286 |
| Wastewater | | | | | | | | | | |
| Average Daily Sewage Treatment (Millions of gallons) | 87.95 | 81.56 | 78.48 | 82.43 | 71.60 | 69.32 | 85.03 | 72.35 | 72.35 | 75.00 |
| Landfill | | | | | | | | | | |
| Annual Tons of Refuse | 43,376 | 42,897 | 41,689 | 42,500 | 37,837 | 29,727 | 29,527 | 30,331 | 20,904 | 16,838 |

Sources: Various City of Wilmington Departments

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

* = Housing for Persons with AIDS

n/a = Not available

More accurate figures were used for the FY2011 Health and Welfare Meals served

Table XVII

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

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------|------|------|------|------|------|------|------|------|------|
| Public Safety | | | | | | | | | | |
| Police Patrol Units | n/a | n/a | n/a | n/a | 251 | 239 | 267 | 247 | 241 | 233 |
| Paramedic Units | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Units | n/a | n/a | n/a | n/a | 47 | 45 | 42 | 44 | 41 | 42 |
| Highways, Streets, and Bridges | | | | | | | | | | |
| Roads & Streets (miles) | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 148 |
| 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) | 105 | 105 | 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.

Public Safety Police Patrol Units report the units in active duty use.

n/a = Not available

Public Safety Police Patrol Units and Fire Units figures prior to FY2008 are marked as n/a due to the unreliability of previously reported figures.



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