

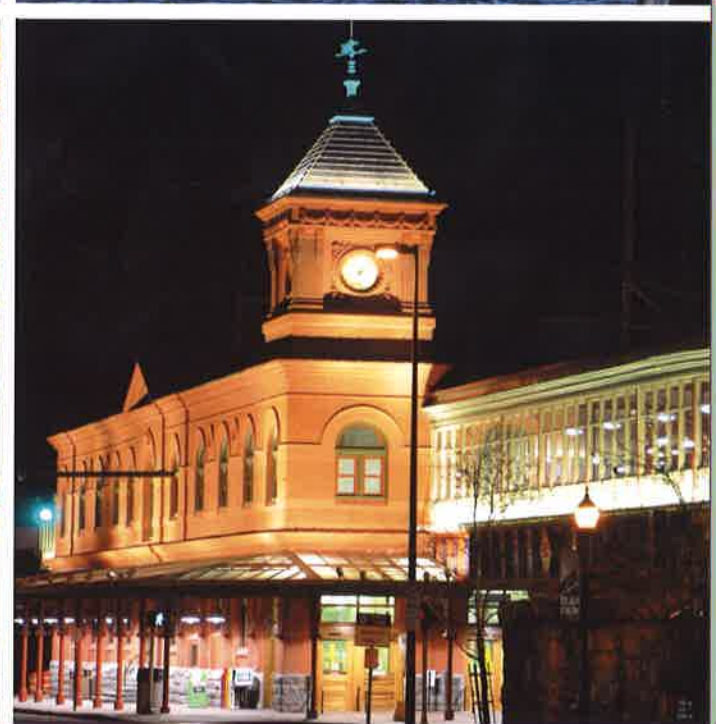


Comprehensive Annual Financial Report

For the Year ended
June 30, 2014



City of Wilmington, Delaware
Dennis P. Williams, Mayor



CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014**

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DENNIS P. WILLIAMS
MAYOR

City of Wilmington
Delaware

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January 30, 2015

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, 2014.

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, 2014, 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, 2014, 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 2015 operating budget represents a 3.2% increase over the fiscal year 2014 budget. The FY 2015 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 2015 budget reflects the following:

- The FY 2015 operating budget expenditures total \$150,039,645 – up \$4,663,501, or 3.2% from FY 2014. This increase was driven in large part by a number of largely uncontrollable cost factors. Actuarially required pension and pension healthcare contributions increased \$852,000. The financial commitment to critical infrastructure projects approved in the 2014 – 2015 Capital Budget was responsible for \$716,000 of an overall \$1.1 million increase in Debt Service cost. Contractual employee salary step increases added another \$500,000. Retaining those Fire Fighter principally funded under the now defunct SAFER grant added an additional \$382,000 in salary and benefits (6.5 Full-Time Equivalent - FTE positions) to the General Fund avoiding the reduction of the authorized strength. Eliminated last year by Council, the fiscally prudent operating contingency fund of \$300,000 was restored for FY 2015. Lastly, required technology upgrades for vehicles and fuel, designated for public safety communications, increased overall costs by \$281,400.
- Staffing increased by a net total of 1.60 Full-Time Equivalent (FTE) positions. Retaining SAFER grant-funded firefighters after that grant ended in mid-year of FY 2014 added in a prorated 6.50 FTEs, while absorbing the remaining portion of COPS grant-funded patrol officers resulted in an additional 0.88 FTEs transferred in. The Mayor’s office reinstated the 1.00 FTE marketing & Special Project Coordinator position and changed the title to Public Relation & Communication Officer. Parks & Recreation removed 2.00 FTEs; eliminating a vacant Park Maintenance Supervisor position and Nursery Technician position. Public Works deleted 1.75 FTE, a vacant General laborer position and the vacant Fleet Manager position (split-funded 75% general Fund and 25% Water/Sewer Fund. Finance eliminated a net 1.15 FTEs. 2.30 FTEs (two vacant PREO positions and the vacant split funded Revenue Division Manager position) were deleted, Also, an additional net 0.50 FTE decrease was achieved from the reallocation of cost for a number of positions split-funded between the general Fund and the Water/Sewer Funds. These reductions were offset by the addition of 1.00 new FTE Grants Accountant position and the reinstatement of a split-funded 0.65 FTE Accounting Manager position. The Law Department deleted 1.00 FTE, eliminating a vacant Legal Administrator position. Three vacant position, split-funded between the general Fund and the federal Grants Funds in Real estate and Housing were eliminated. The vacant positions were Senior Rehabilitation Specialist, Administrative Assistant, an program management Director. These eliminated positions yielded a 0.68 FTE reduction to the General Fund. The Planning Department’s reallocation of the cost of the Planner II position, split-funded between the General Fund and Federal Grants Funds netted a 0.20 FTE reduction.
- As part of the actions necessary to avoid a 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 sixth 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.
- Miscellaneous Projects increased by a net total \$372,000 to fund several large initiatives and to support the continuation of programs introduced last year. \$200,000 was added to Parks & Recreation for the implement of the Cure Violence project, an anti-violence project aimed at reducing street violence by using outreach workers to interrupt potentially violent situations.

Another \$100,000 was added to Park & Recreation to continue the highly successful Arts in the Park program. \$72,000 was added to the Mayor's Office to fund a number of special projects including, neighborhood development of interns from the University of Delaware, the Sister Cities program, and the expanded Festival programming.

- Because of the present vacancy rate and the projected attrition in the Police Department over the coming months, \$352,000 has been added to fund the cost of a Police Academy class for recruits. The authorized strength of the Department will remain at 320 Officers.
- An agreement in the amount of \$600,000 was reached with the Kent County SPCA after the Delaware SPCA decided it no longer wanted to be in the animal control business. Although this agreement is \$258,000 greater than last year's original budgeted amount, it is considerable less than the punitive rate structure the Delaware SPCA imposed on the City in its contract extension that covered the first half of FY 2014.
- Temporary Agencies increased approximately \$200,000 City-wide, with the largest increase occurring in the Finance Department. The increase in the Finance department will support the transition from consultants to in-house personnel in the Earned Income Tax Division, providing staff personnel for an offsite Cashier station at the State DMV for the scofflaw registration-hold program and improve the efficiency of the Parking Enforcement Division's vehicle boot process. . This will improve
- Police overtime was increased by approximately \$193,000. This increase will bolster patrol deployment and investigative activities combating the drug related turf war shootings and homicides that have plagued the City in recent years.
- Temporary Salaries within the Youth & families Division of the Parks & Recreation Department is up approximately \$153,000. The majority of the increase will greatly expand the Summer Youth Employment program, increasing the number of youth participants from 70 to 250 youths.
- Council made a number of departmental appropriation changes (\$430,000 in MS&E reductions and \$354,476 in Personal services) that were approved through a final floor amendment. The net effect of these spending changes is reflected in the budget control accounts of the affected departments.
- As part of the City's overall strategy for neighborhood redevelopment and viability, funding for the demolition of dangerous and abandoned eyesore properties was increased to \$350,000.
- Employee medical cost decreased by \$471,000 due to several contractual changes being implemented by the Human Resources department.
- By decoupling from the State's utility contract and continuing the Green Initiatives implemented over the past several years, the City has been able to secure favorable rates for electricity for the next three years, resulting in a budgetary decline of \$130,000 for Electricity.
- To balance the FY 2015 budget, a 5.0% Property Tax increase was approved. The average residential homeowner will pay \$3.31 more per month.

Factors Affecting Financial Condition

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 Great Recession. 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.

Business Incentive Program

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

Since the enabling legislation and initial appropriation of the Wilmington Strategic Fund in 2002, the City has executed over twenty-five contracts that have provided a total of \$11.75 million in incentive payments. These incentives have yielded \$40 million of additional wage taxes to the City's General Fund between FY 2002 and FY 2013. In FY 2014 alone, the jobs attributed to the Strategic Fund Incentive Program accounted for \$6 million of the City's wage tax base. This is expected to grow to \$6.75 million in FY 2015. With an unencumbered balance of approximately \$3 million, the Strategic Fund will continue to be an effective business development tool for the OED.

Strategic Fund highlights in FY 2014 include the execution of a new \$750,000 Job Creation Incentive Agreement to assist Navient (a new corporation formed to administer Delaware-based Sallie Mae's legacy student loan portfolio) in establishing a new headquarters in Wilmington. Navient will open operations with 100 employees in fall of 2014, and is anticipating the addition of five to ten employees annually in its first five years. Wage tax revenues from Navient are expected to increase the City's tax base by approximately \$500,000 in year-one of its Wilmington-based operations.

TD Bank established a Wilmington office in late 2013, taking 25,000 square feet in the Hercules Building. TD bank opened its office with 65 employees and is a potential employment expansion opportunity for Wilmington's banking sector.

The Capital One merger with ING Direct was completed in 2013 with the new company, Capital One 360, headquartered in Wilmington. At the time of the merger, ING Direct had 1,250 Wilmington employees. Capital One 360 now has almost 2,000 employees located across three major office buildings in Wilmington's central business and Riverfront districts. Capital One 360 has continued ING Direct's legacy of community development, and is a significant contributor to Wilmington's philanthropic and affordable housing organizations. The potential employment growth of Capital One 360 represents a tremendous opportunity for Wilmington's financial services sector.

Downtown Development

In March of 2014, Delaware Governor Jack Markel proposed his Downtown Development Initiative legislation aimed at assisting Delaware cities in attracting private development to their downtown cores. The Governor's Downtown Development Initiative is modeled after similar programs in other states and cities, including Wilmington's Upstairs Fund initiative. The Upstairs Fund initiative invested \$15.5 million of City General Obligation Bond proceeds between 2009 and 2013 and leveraged over \$50 million in private sector investment in its Market Street Downtown Historic District. Like the Upstairs Fund, the Governor's Downtown Development Initiative will grant reimbursement dollars for eligible private development expenses incurred on approved projects and pursuant to a competitive process administered by a jurisdictional agency, in this case the Delaware State Housing Authority. The State Legislature appropriated \$7 million dollars to the Governor's Downtown Development Initiative in the FY 2015 budget and Wilmington is in the process of reviewing the State regulations and preparing applications for the creation of targeted districts and projects. The Governor's Downtown Development Initiative represents an opportunity to build upon the investment momentum created by the Upstairs Fund at no additional cost to the City's General Fund.

The Buccini Pollin group received permits in the spring of 2014 for two residential projects in the 600 block of the Market Street Historic District. The first project on the west side of the block is a renovation of the former Delaware State University education building into 30 new market-rate rental units. The second project on the east side of the block is new construction consisting of 45 new market-rate residential units. The two projects together represent a \$16 million investment.

The Community Education Building (CEB), the \$35 million dollar conversion of a former Bank of America building, is completed and poised to open its doors in August of 2014. The CEB is a joint initiative between Bank of America and Delaware's Longwood Foundation to establish a state-of-the-art urban education building to house charter schools. The CEB is designed to accommodate 2,000 students through sub-let arrangements with up to four Charter schools. Kuumba Academy and the Academia Antonia Alonso, totaling 1,000 students, are scheduled to open in September of 2014.

In response to Wilmington's growing charter school presence, the Buccini Pollin group has submitted a City-supported application to the Delaware State Housing Authority for affordable housing tax-credits to support the creation of 77 new workforce residential units. The \$25 million Market Street Village project, intended to provide affordable housing for teachers working at Wilmington's new Community Education Building, will convert three abandoned buildings along Wilmington's historic Market Street, placing 60,000 square feet of currently vacant real estate back into productive use.

The iconic 9th Street Parking garage, built in the late 1960s and vacant since 2009, was purchased by a Wilmington-based development company in 2013. Demolition of the two-acre site, bounded by 8th and 9th and Orange and Shipley streets, was completed in June of 2014. Pre-development planning is underway for a \$50 million, 250-unit market-rate residential project. The project will include interior structured parking and 10,000 square feet of new retail space facing 9th street. The project is expected to proceed through design and funding by early 2015.

In its final year of construction, the expansion of the ten-acre Wilmington Campus of the Christiana Care Health System is on schedule to be completed by year-end 2014. First announced in 2009, the \$210 million expansion doubled the size of the emergency room, created 30 new single-occupancy patient rooms, and provided the capacity for another 90 beds. In addition, 51,000 square feet of professional

office space for private medical practices have been added. The final phase of the project, a new entrance lobby and outdoor healing garden, was dedicated in June of 2014. Christiana Care is projecting 500 new jobs as a result of the expansion project. Christiana's collaboration with Jefferson Medical School, and its vision to become a regional joint replacement and rehabilitation hospital, will serve the City well into the 21st century.

The Wilmington Renaissance Corp (WRC) is a public/private partnership funded by many of the leading businesses within the Downtown business district of the City. WRC has benchmarked best practices of other cities, and assembled local focus groups to come up with one Big Idea for Wilmington to adopt. The priority idea, which has garnered wide community support, is to transform a selected area of the Downtown into a 'Creative District'. The process will include an inventory of real estate, application for private and public funds, and targeting prospective artists to settle within the district to make and to sell their art. The City, State, and the private sector will all work with WRC to enhance the potential to develop this idea as an engine to further drive the economic development of Downtown.

The Riverfront



The new 180 room Westin Hotel opened its doors adjacent to the Chase Center on Wilmington's Riverfront in April of 2014. The project sits at the southern gateway to Wilmington, and features cutting-edge architecture and interior design. Surrounding the Westin are Wilmington's many Riverfront attractions, such as the Blue Rocks stadium; the Shipyard Shops; the Delaware Children's Museum; and a multitude of dining options, including Iron Hill Brewery, Big Fish, Joe's Crab Shack, Firestone, and Kooma. The addition of a full-service hotel to the Wilmington market will help attract guests who are currently lodging outside of the City, as well as increase the Chase Center's stature as a premier regional conference destination. The \$40 million dollar project brought 150 construction jobs to Wilmington between 2012 through 2014 and will employ 100 permanent jobs, generating \$260,000 in annual lodging and wage tax revenues for the City's General Fund.

Announced in early 2012, the Residences at Harlan Flats, a new five-story, 116 unit market rate residential building is 50% completed and expected to open in December of 2014. The \$20 million project will feature one- and two-bedroom apartments with balconies, river views and an outdoor pool and terrace. The project is generating 80 construction jobs and \$200,000 in one-time City revenues, and is

expected to bring in \$175,000 in annual recurring revenue. This project represents the second of three phases of the 20-acre Justison Landing redevelopment site. There remain two approved mixed-use development sites still available for future economic development opportunities.

The Delaware Department of Transportation has completed land acquisition, environmental permitting and concept design of the new multi-model Christina River bridge crossing. In planning since 2008, this \$40 million project will connect US Route 13 on the east side of the Christina River to Wilmington's Riverfront on the west side, allowing for vehicular access to the area from I495. The bridge is designed for bike and pedestrian use, and will create a greenway connection from the Riverwalk on the west side of the Christina River to the east side, where future north-south transportation connections are planned. Construction of the bridge is scheduled to start in 2016.



Small and Minority Business Development

The Office of Economic Development operates a division dedicated to small and minority business development. Through its Small & Minority Business Enterprise Office (SMBEO), OED provides business training, promotes the utilization of disadvantaged businesses within the City's purchasing structure, and facilitates access to loans and financial support. SMBEO also hosts business events and training sessions, including monthly networking mixers, educational workshops, and a golf classic which raises funds for business development programs.

The 12-week Small Business Success Series, a night course that teaches business plan development and provides one-on-one technical assistance, graduated 13 businesses in spring of 2014. As part of the Annual Business Plan Competition, 15 start-up and emerging companies competed for \$10,000 in seed money. Six businesses were selected to receive funds ranging from \$1,000 to \$2,500. The winners of the competition, along with four established local businesses that have impacted the community, were awarded at the Annual Thomas J. Moyer Awards Banquet.

SMBEO's 8-week Contractor Assistance Program recently underwent major redesign and re-branding. The new program, called Prime Connections, will be a 9-month advanced construction management and capacity-building program for minority contractors. The program format and curriculum were designed with support and input from local educational institutions, resource agencies, construction industry associations, and select contractors. Prime Connections is scheduled to launch in October 2014.

SMBEO offers special incentives in the form of loan guarantees or principal forgiveness options to support small and minority business lending. SMBEO relies heavily on the business planning expertise of the Small Business Development Center (SBDC), and partners with the First State Community Loan Fund and the Wilmington Economic Development Corporation (WEDCO) for underwriting and loan servicing. Once businesses are approved for financing by one of the partner lenders, SMBEO can apply the appropriate incentive to support the transaction.

Neighborhood Improvements

Woodlawn Trustees (a 100-year old foundation created by the Wilmington industrialist and philanthropist William Bancroft), has received approvals and funding for the first of a five-phase, eight-year project that will result in the demolition of 430 outdated housing units and the construction of 450 new units in their place. Known as “The Flats,” this ten-acre neighborhood on Wilmington’s west side is comprised of rental properties owned and managed in accordance with William Bancroft’s vision to provide clean, affordable housing for Wilmington’s working class and poor.

The new modern units will be better insulated to provide the residents relief from high energy costs, and the City will benefit from the creation of more off-street parking, as well as jobs for City residents throughout the duration of the multi-phased effort. Improvements are also planned to City storm water systems that will allow retained rain water to be utilized for landscaping purposes. The Woodlawn Trustees are committed to working with all residents to make the transition into their new homes as easy as possible. The Administration and the City Council have endorsed this residential redevelopment plan, and are working with contractors to leverage the employment of City residents on the project.

Business Roundtable

Mayor Williams and the Office of Economic Development have engaged Wilmington’s business community in the business roundtable in an effort to improve the City’s economic landscape. The roundtable consists of members from multiple business sectors and professional associations (such as real estate, non-profits, hospitality, finance, chambers of commerce, and healthcare) who meet quarterly with the Mayor and his staff to address economic initiatives and challenges.

Roundtable members serve on subcommittees organized around issues central to economic development, such as planning, marketing, and workforce development. The subcommittees meet as working groups in between the quarterly scheduled roundtable meetings. Each subcommittee works on planning and strategy to meet goals highlighted by the Mayor and members of the roundtable. Subcommittees provide updates, discuss progress, and gain feedback during the business roundtable quarterly meetings.

The Economic Planning Subcommittee works with the City to coordinate and implement a comprehensive economic development plan. The Subcommittee is also focusing on improving the effectiveness and efficiency of City processes.

The Workforce Development Subcommittee is working to promote employment of City residents and develop small and minority businesses. The Subcommittee is creating partnerships with key stakeholders in an effort to develop projections of workforce requirements, an inventory of the skills required for that projected workforce, and a list of those able to provide the skills training. The City’s goal is to develop a more prepared workforce for current and future businesses and employment prospects.

The Marketing Subcommittee has incorporated its goals and united with other entities within the City to work on a plan to position Wilmington as a magnet for business development and operations. The partnership continues to explore ways to enhance the image of Wilmington as a desirable business location. Members of the marketing partnership utilize their respective information channels to promote and share social activities occurring throughout the city.

Economic Development Planning Process

OED is working in coordination with New Castle County to develop a Comprehensive Economic Development Plan for the City. The City and New Castle County retained a consulting firm to first do a SWOT (strengths, weaknesses, opportunities, and threats) analysis, and then provide recommendations on how to improve the City's economic outlook based on the findings.

OED coordinated focus group conversations with members of the community, business roundtable members, legislators and other key stakeholders in order to contribute their respective feedback to the initial analysis of the City. Their input, along with the collection of data that was coordinated through OED for the first phase of the project, was organized by the consultants to create the SWOT analysis for the City. The findings from these analyses, along with recommendations, were presented to the public during an open forum in late July of 2014. The second phase of the economic development plan includes New Castle County's plan reconciliation; consolidation and prioritization of recommended actions; final edits by consultants; presentation to City leadership; and the unveiling of the final plan to the public. Both phases of the plan should be completed over the next several months, and then the steps toward implementation will follow.

Conclusion

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 has generated activity, excitement, and a sense of pride in Wilmington.

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

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

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

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

Public Service

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

Neighborhoods

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

Economic Prosperity

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

Quality of Life

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

Awards 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, 2013. This was the 28th 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.

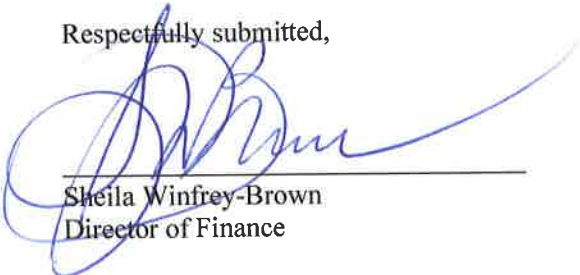
In addition, the City of Wilmington received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated for the fiscal year beginning July 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget documentation was judged to be 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



Tyrone S. Jordan, CPA
Senior Financial Officer



Government Finance Officers Association

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

Presented to

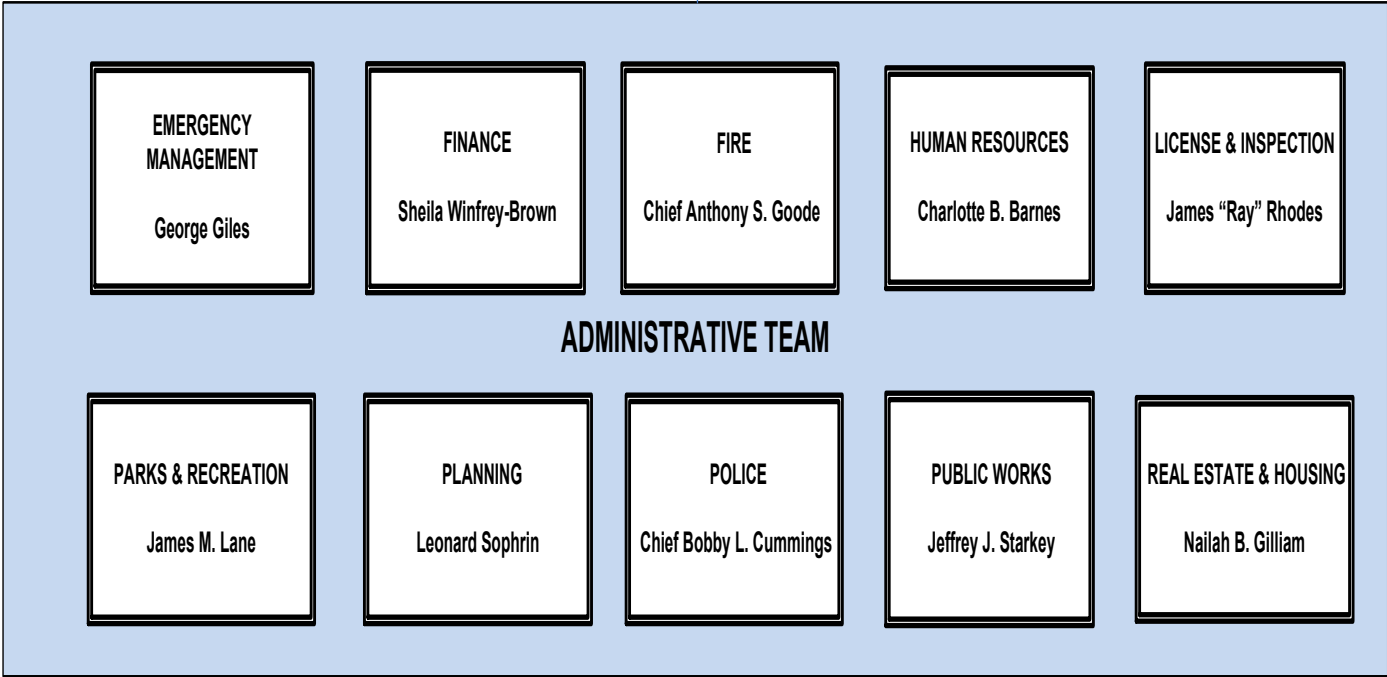
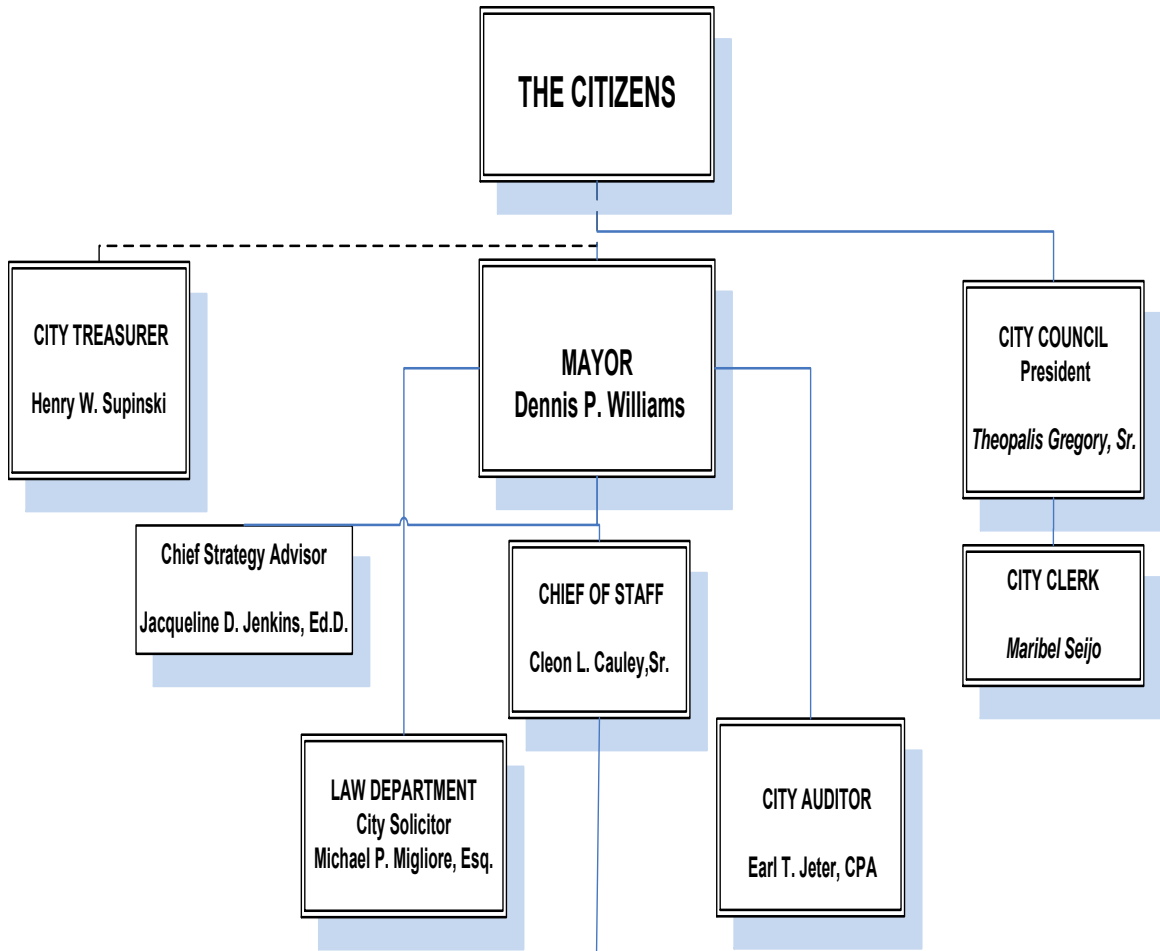
**City of Wilmington
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF WILMINGTON ORGANIZATION CHART



**City of Wilmington
Listing of Principal Officials
June 30, 2014**

Executive

Mayor
City Treasurer

Dennis P. Williams
Henry W. Supinski

City Council

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

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

Department Heads

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

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

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



Theopalis K. Gregory, Sr.
City Council President



Nnamdi O. Chukwuocha,
1st District



Ernest "Trippi" Congo II
2nd District



Darius J. Brown
3rd District



Hanifa G.N. Shabazz
4th District



Samuel Prado
5th District



Sherry Dorsey-Walker
6th District



Robert A. Williams
7th District



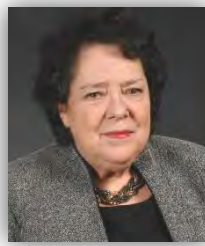
Charles M. "Bud" Freel
8th District



Michael A. Brown, Sr.
At-Large



Marie D. Cabrera
At-Large



Loretta Walsh
At-Large



Justen A. Wright
At-Large



Tel: 302-656-5500
Fax: 302-656-8024
www.bdo.com

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, 2014, 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 89.7%, 99.3%, and 85.5%, 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 2.5%, 3.0%, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, in 2014, The City adopted Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities* and No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedules 1 through 5 on pages 4 through 16 and 85 through 89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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 January 28, 2015 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

January 28, 2015

CITY OF WILMINGTON, DELAWARE

Management's Discussion and Analysis

June 30, 2014

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, 2014. 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 \$229,377,451 (net position), an increase of \$11,720,738 from the previous year. The net position of governmental activities increased \$3,134,114 from the prior year, while the net position from business activities increased \$11,579,309.
- Discretely presented component units reported net position of \$47,374,442, a decrease of \$1,547,043 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 \$72,793,825 a decrease of \$3,555,612 from the previous year. The Fund Balance reported is: Nonspendable Fund Balance of \$6,451,876; Restricted Fund Balance of \$17,939,997; Committed Fund Balance of \$22,927,993; and an Unassigned Fund Balance totaling \$25,473,959 (see page 20 for detail breakdown).
- The Housing Strategic Fund had a committed fund balance in the amount of \$631,127 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 \$11,523,997 to fund current and future City capital improvements.
- The Other Governmental Funds have a combined fund balance of \$9,003,053 consisting of \$991,205 in nonspendable, \$6,388,420 of restricted fund balance and \$1,742,099 of committed fund balance and \$(118,671) in unassigned funds balance.

Long-Term Debt

- The City's total net general obligation debt increased to \$302,272,326 at June 30, 2014, an increase of \$1,052,547. After the refinancing of the PNC BANK BAN water and sewer projects had a net increase in debt of \$8,172,677 and governmental capital projects had a net decrease in debt of \$7,120,130.

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 81.

Other Information. Other information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and presented in a single column in the basic financial statements, but they are not reported individually, as with major funds, on the governmental fund financial statements. Detailed General Fund budget information as well as combining and individual fund statements begin on page 92.

Statistical Section. The City provides certain unaudited informational and statistical schedules that begin on page 113.

Financial Analysis of the Government as a Whole

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other Assets	\$ 124,647,429	\$119,076,954	\$ 30,119,848	\$ 23,598,122	\$ 154,767,277	\$ 142,675,076
Capital Assets	<u>190,624,967</u>	<u>192,202,732</u>	<u>293,453,858</u>	<u>282,637,292</u>	<u>484,078,825</u>	<u>474,840,024</u>
Total Assets	<u>315,272,396</u>	<u>311,279,686</u>	<u>323,573,706</u>	<u>306,235,414</u>	<u>638,846,102</u>	<u>617,515,100</u>
Deferred outflows of resources	<u>4,045,189</u>	<u>-</u>	<u>3,961,119</u>	<u>-</u>	<u>8,006,308</u>	<u>-</u>
Long Term Liabilities	188,546,427	185,505,086	189,587,436	177,785,413	378,133,863	363,290,499
Other Liabilities	<u>21,249,870</u>	<u>18,125,642</u>	<u>18,091,226</u>	<u>18,442,246</u>	<u>39,341,096</u>	<u>36,567,888</u>
Total Liabilities	<u>209,796,297</u>	<u>203,630,728</u>	<u>207,678,662</u>	<u>196,227,659</u>	<u>417,474,959</u>	<u>399,858,387</u>
Net Position:						
Net Investment in						
Capital Assets	70,032,240	68,699,894	116,604,537	118,345,142	186,636,777	187,045,036
Restricted	18,931,202	21,403,317		-	18,931,202	21,403,317
Unrestricted	<u>20,557,846</u>	<u>17,545,747</u>	<u>3,251,626</u>	<u>(8,337,387)</u>	<u>23,809,472</u>	<u>9,208,360</u>
Total Net Position	<u>\$ 109,521,288</u>	<u>\$107,648,958</u>	<u>\$ 119,856,163</u>	<u>\$ 110,007,755</u>	<u>\$ 229,377,451</u>	<u>\$ 217,656,713</u>

By far the largest portion of the City's net position (81%) 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 (\$18,685,810) or unrestricted (\$24,054,864). 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 \$229,377,451.

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 \$14,713,423, over the course of this year's operations. The net position of governmental activities decreased \$3,134,114, and the net position of business-type activities increased by \$11,579,309.

City of Wilmington's Changes in Net Position
Year Ended June 30, 2014

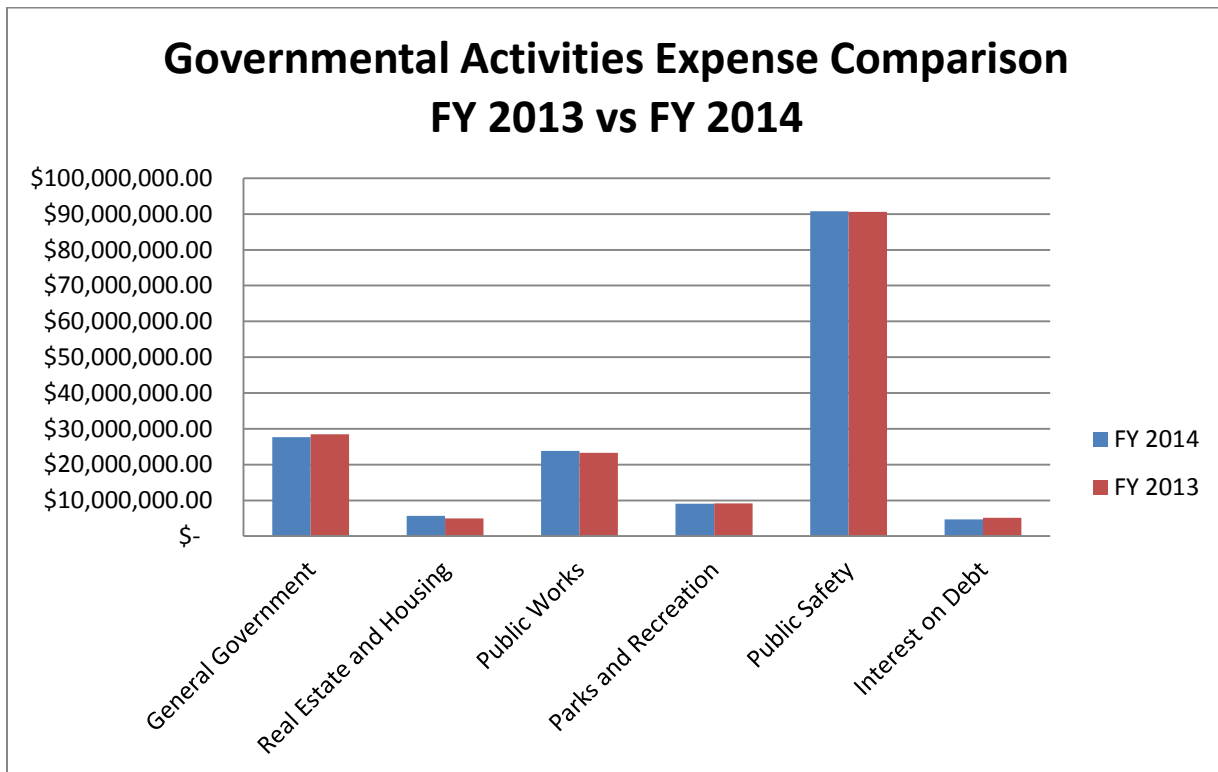
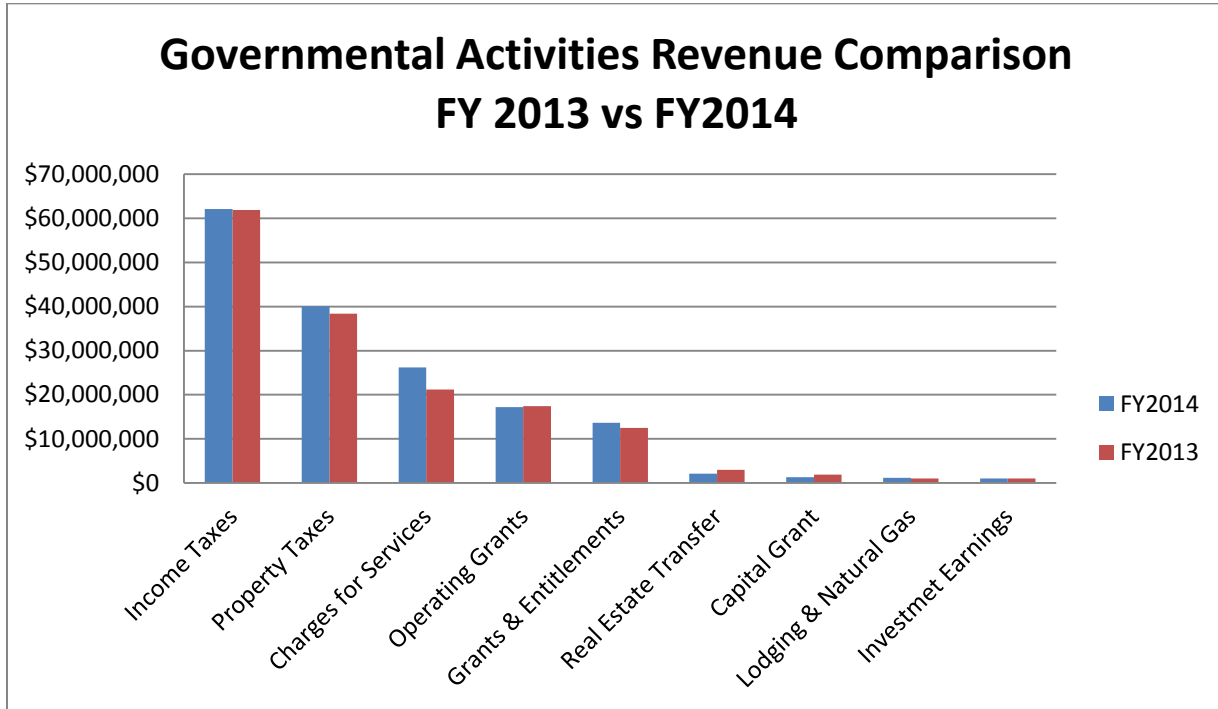
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 26,173,924	\$ 21,161,611	\$ 76,491,666	\$ 67,065,579	\$ 102,665,590	\$ 88,227,190
Operating Grants & Contributions	16,907,582	17,388,953	-	-	16,907,582	17,388,953
Capital Grants & Contributions	1,377,611	1,933,252	67,784	469,271	1,445,395	2,402,523
General Revenues:						
Total Taxes	105,392,358	104,297,199	-	-	105,392,358	104,297,199
Investment Earnings	1,004,623	1,049,413	4,135	52,142	1,008,758	1,101,555
Other Revenues	13,705,711	12,505,037	-	-	13,705,711	12,505,037
Total Revenues	<u>164,561,809</u>	<u>158,335,465</u>	<u>76,563,585</u>	<u>67,586,992</u>	<u>241,125,393</u>	<u>225,922,457</u>
EXPENSES						
General Government	27,630,002	28,485,274	-	-	27,630,002	28,485,274
Real Estate and Housing	5,431,791	4,925,920	-	-	5,431,791	4,925,920
Public Works	23,807,433	23,242,074	-	-	23,807,433	23,242,074
Parks and Recreation	9,077,378	9,196,053	-	-	9,077,378	9,196,053
Public Safety	90,737,719	90,571,399	-	-	90,737,719	90,571,399
Interest on Long Term Debt	4,743,372	5,150,078	5,832,866	6,088,217	10,576,238	11,238,295
Water/Sewer	-	-	59,151,410	53,820,557	59,151,410	53,820,557
Total Expenses	<u>161,427,695</u>	<u>161,570,798</u>	<u>64,984,276</u>	<u>59,908,774</u>	<u>226,411,971</u>	<u>221,479,572</u>
Subtotal	<u>3,134,114</u>	<u>(3,235,333)</u>	<u>11,579,309</u>	<u>7,678,218</u>	<u>14,713,422</u>	<u>4,442,885</u>
Transfers	-	(232,176)	-	232,176	-	-
Change in Net Position	<u>\$ 3,134,114</u>	<u>\$ (3,467,509)</u>	<u>\$ 11,579,309</u>	<u>\$ 7,910,394</u>	<u>\$ 14,713,423</u>	<u>\$ 4,442,885</u>

Governmental Activities

Revenues of governmental activities for fiscal year 2014 increased from 2013 by \$6,226,340. This net increase reflects an increase in charges for services of \$5,012,313 and general revenues of \$2,251,039. Operating grants and capital grants; however, decreased by \$481,371 and \$555,641 respectively. The charges for services revenue, which reimburse the City for specific activities, is the second largest source of governmental activity revenue at 15.9%. The key revenue elements are discussed later in the fund statement comparisons. Expenses and transfers of governmental activities for fiscal year 2014 decreased by \$143,107 compared to 2013. 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 2014 as compared to fiscal year 2013.

Business-type Activities

Net position of business-type activities increased by \$11,579,309 for the current fiscal year primarily as a result of increased charges for services due in part to a 12% rate increase. Detail explanations of the variance are contained in the financial analysis of the City's Funds - Proprietary Funds section on page 13.



Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported fund balances of \$72,793,825. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB 54:

- \$6,451,876 is recorded as Nonspendable due to a \$3,247,770 advance to the Motor Vehicle Fund, a \$2,212,901 advance to the Water/Sewer Fund, and \$991,205 in Wilmington Park Related Commissions;
- \$17,939,997 is recorded as Restricted; \$11,551,577 for capital projects, \$6,143,028 for park operations, \$245,392 for Other Purposes;
- \$23,173,384 is recorded as Committed; \$15,003,965 for the Budget Reserve Account, \$631,127 for Affordable Housing, \$5,550,802 for Economic Development, \$1,742,099 for other purposes; and
- \$25,473,959 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, 2014, the fund balance composition included:

- \$5,460,671 is recorded as Nonspendable due to a \$3,247,770 advance to the Motor Vehicle Fund and a \$2,212,901 advance to the Water/Sewer Fund;
- \$15,003,965 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;
- \$25,473,959 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 2014 compared to budget and fiscal year 2013.

The revenues for fiscal year 2014 decreased \$477,636 compared to the prior fiscal year. Primary factors in these results are:

- Property Taxes decreased by \$40,274 due to decreases in property values through some property reassessments.
- Wage Taxes decreased by \$738,781 and Net Profit Taxes increased by \$107,914 compared to 2013. The increase in revenues was due to increased audit and collection, while the decrease was due to employment income losses.
- Intergovernmental revenues decreased by \$631,129 due to a decrease 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 up \$1,370,601 from last fiscal year. As a result of efficient collective collection process and fully staffed parking enforcement division.

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

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	<u>Final</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:						
Taxes:						
Property	\$ 38,181,077	\$ 38,140,803	\$ (40,274)	\$ 38,424,100	\$ 38,140,803	\$ (283,297)
Wage	56,558,250	55,819,469	(738,781)	57,033,043	55,819,469	(1,213,574)
Net Profit	5,439,220	5,547,134	107,914	5,000,000	5,547,134	547,134
Franchise	1,863,137	916,631	(946,506)	744,829	916,631	171,802
Real Estate Transfer	2,999,468	2,117,563	(881,905)	2,000,000	2,117,563	117,563
Head	3,538,656	4,071,552	532,896	3,567,200	4,071,552	504,352
Lodging & Natural Gas	1,040,162	1,184,326	144,164	1,052,572	1,184,326	131,754
Intergovernmental	19,554,603	18,923,474	(631,129)	19,278,500	18,923,474	(355,026)
Licenses and Permits	4,573,516	3,880,469	(693,047)	3,911,260	3,880,469	(30,791)
Fines and Forfeitures	7,096,186	8,466,787	1,370,601	8,550,000	8,466,787	(83,213)
Charges for Services	4,721,220	6,290,095	1,568,875	6,047,140	6,290,095	242,955
Investment Earnings	462,506	192,064	(270,442)	207,193	192,064	(15,129)
Total Revenues	<u>146,028,001</u>	<u>145,550,367</u>	<u>(477,634)</u>	<u>145,815,837</u>	<u>145,550,367</u>	<u>(265,470)</u>
Expenditures:						
General Governmental Services:						
Mayor's Office	8,650,597	10,201,484	(1,550,887)	10,375,316	10,201,484	173,832
City Council	2,646,876	2,166,120	480,756	2,172,868	2,166,120	6,748
Audit	729,381	645,135	84,246	695,908	645,135	50,773
Law	3,046,824	2,820,393	226,431	3,009,578	2,820,393	189,185
Finance	9,265,913	9,457,929	(192,016)	10,168,140	9,457,929	710,211
Human Resources	1,729,717	1,827,818	(98,101)	2,001,981	1,827,818	174,163
Treasurer	462,436	449,429	13,007	432,507	449,429	(16,922)
Planning	1,589,101	1,699,512	(110,411)	1,673,362	1,699,512	(26,150)
Real Estate and Housing	1,357,277	1,716,983	(359,706)	1,771,714	1,716,983	54,731
Public Works	23,881,242	21,599,993	2,281,249	22,669,969	21,599,993	1,069,976
Parks and Recreation	7,790,755	8,366,574	(575,819)	8,598,175	8,366,574	231,601
Public Safety:						
Licenses and Inspection	4,669,180	4,962,720	(293,540)	5,183,215	4,962,720	220,495
Fire	24,037,782	23,454,772	583,010	23,998,591	23,454,772	543,819
Police	54,140,159	56,657,818	(2,517,659)	54,581,783	56,657,818	(2,076,035)
Total Expenditures	<u>143,997,240</u>	<u>146,026,680</u>	<u>(2,029,440)</u>	<u>147,333,107</u>	<u>146,026,680</u>	<u>1,306,427</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>2,030,761</u>	<u>(476,313)</u>	<u>(2,507,074)</u>	<u>(1,517,270)</u>	<u>(476,313)</u>	<u>1,040,957</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	-	(41,616)	-	-	-
Transfers Out	(928,283)	(54,753)	873,530	(50,000)	(54,753)	(4,753)
Total Other Financing Sources (Uses)	<u>(703,777)</u>	<u>(54,753)</u>	<u>649,024</u>	<u>(50,000)</u>	<u>(54,753)</u>	<u>(4,753)</u>
Net Change in Fund Balances	<u>\$ 1,326,984</u>	<u>\$ (531,066)</u>	<u>\$ (1,858,050)</u>	<u>\$ (1,567,270)</u>	<u>\$ (531,066)</u>	<u>\$ 1,036,204</u>

The current year's expenditures and transfers out increased by \$1,155,910 compared to fiscal year 2013 spending levels. The increase resulted primarily from actuarially required pension and pension healthcare contributions and employee medical benefit cost increases, overtime due to inclement weather, and general insurance costs.

- General Governmental Service expenditures for 2014, which were 20% of General Fund expenditures, experienced an increase of \$1,146,975. A primary driver was the increase in debt service and City Council's increase in community service grants.
- Real Estate and Housing, 1% of General Fund expenditures, incurred year-to-year expenditure increases of \$359,706 primarily due to increased debt service payments.
- Public Works, 15% of General Fund expenditures, saw expenditures decrease by \$2,281,249 primarily attributable to decrease in debt service payments.
- Parks and Recreation, 6% of General Fund expenditures, had increased expenditures of \$575,819 primarily due to an increase in the use of consultants and temporary staff due to vacancies.
- Fire expenditures, which represented 16% of the City's General Fund expenditures, experienced a decrease of \$583,010 primarily due to the retirement of senior officers and senior firefighters and reduction in hospitalization costs.
- Police expenditures, which represented 39% of the City's General Fund expenditures, increased by \$2,517,659. This was primarily due to an increase in overtime due to inclement weather between November 2013 and March 2014, hiring of additional police officers, general liability and motor vehicle costs.
- Transfers out in FY 2014 were \$54,753 as compared to transfers of \$928,283 in FY 2013. The transfers in 2014 include \$4,753 to the Delaware Criminal Justice Planning Fund and a transfer of \$50,000 to the Economic Development Strategic Fund per ordinance 13-022 Substitute No. 1 from the City Council.

Other Major Funds – Comparison to Prior Year

The Housing Strategic Fund reported an ending fund balance of \$631,127, a decrease of \$547,458 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 \$668,943 to \$578,840; 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 \$50,000 in fiscal year 2014. As total expenditures declined from \$841,865 to \$164,375, 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 \$11,523,997 for the Capital Projects Fund was \$3,274,956 less than fiscal year 2013 due to a reduction in unspent bond funds for the acquisition, construction, or improvement of capital facilities. The level of Capital Projects Fund expenditures decreased to \$4,677,802 from \$8,700,355 compared to 2013.

Proprietary Funds**Water/Sewer Funds – Comparison to Prior Year**

The operation of the Business-type activities increased the City's net position by \$11,579,309 versus an increase of \$7,910,394 in fiscal year 2013.

- Direct User Charges for water, sewer, and storm water increased by \$9,541,969, primarily as the result of a 9% rate increase.
- Capital Grant and Contribution revenue declined from \$469,271 in 2013 to \$67,784 in 2014.
- Compared to fiscal year 2013 results, total expenses increased by \$5,330,854 or 9%. This was driven in part by an increase in cost of material, supplies and contractual services of \$5,649,751. And a decrease in personal services of \$518,564.

General Fund Budgetary Highlights

The City adopted the fiscal year 2014 budget on May 30, 2013, and amended it to meet operational needs during the year. The City's practice is to (a) amend budgeted revenue only for grants or new revenue streams and (b) amend budgeted expenditures primarily to approve new spending authority.

The final budget contained \$145,815,837 of revenues, \$147,333,107 of expenditures before other financing uses. The original expenditures and transfers out were increased by \$2,006,961 through mid-year budget amendments. The actual results were revenues before other financing sources (uses) of \$265,470 under budget, expenditures of \$1,306,427 under budget, and transfers out of \$4,753 over budget.

- Property Taxes were \$283,297 below expectations due to some properties being re-assessed.
- Wage Tax revenues, representing 38% of General Fund Tax revenues, were under budget \$1,213,574, due to the sluggish economic growth.
- Real Estate Transfer Taxes were over the budget by \$117,563 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.
- Fines and Forfeitures were under budget by \$83,213 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 \$15,129 due to a reduction in current bonds payable.
- Mayor's Office expenditures were under budget by \$173,832 primarily due to reduced debt service.
- Finance expenditures were under budget by \$710,211 due to lower collection costs from Wage Tax audits and delinquent property taxes.
- Public Works expenditures were under budget by \$1,069,976 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 \$231,601 primarily due to reduced debt service.
- Police expenditures were over budget by \$2,076,035 primarily due to an increase in employee benefits attributed to higher pension contributions, hospitalization, and pension healthcare.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2014, the City had invested \$484,078,825, net of accumulated depreciation, in a broad range of capital assets. The table on the following page presents fiscal year 2014 asset balances compared to fiscal year 2013 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 buildings and improvements (\$4,497,865 invested) and in vehicle acquisitions and other equipment (\$2,947,618 invested).

Business-type Activities:

- Continued construction to modernize the Brandywine Water Filter Plant was a major part of \$2,543,345 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 \$1,844,051 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 \$277,066 during FY 2014.

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	
	2014	2013	2014	2013	2014	2013
Land	\$ 24,090,181	\$ 24,090,181	\$ 4,060,443	\$ 4,060,443	\$ 28,150,624	\$ 28,150,624
Art	1,920,043	1,920,043	-	-	1,920,043	1,920,043
Construction in Progress	1,775,075	4,968,837	34,951,220	20,913,670	36,726,295	25,882,507
Buildings & Improvements	57,208,396	54,244,292	21,451,297	22,044,812	78,659,693	76,289,104
Parks & Recreation Facilities	12,493,122	11,890,224	-	-	12,493,122	11,890,224
Streets & Signals	68,465,577	69,641,762	-	-	68,465,577	69,641,762
Water Reservoirs, Facilities & Water Lines	-	-	138,389,088	137,788,755	138,389,088	137,788,755
Wastewater Facilities & Sewer Lines	-	-	94,601,810	97,829,612	94,601,810	97,829,612
Vehicles, Equipment & Other	24,672,571	25,447,393	-	-	24,672,571	25,447,393
Totals	\$ 190,624,965	\$ 192,202,732	\$ 293,453,858	\$ 282,637,292	\$ 484,078,823	\$ 474,840,024

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 \$302,272,326. Of this amount, \$120,223,154 comprises debt related to Governmental activities and \$182,049,172 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 was drawn as needed and the interest rate was 65% of (the Adjusted London Interbank Offered Rate (LIBOR) plus 0.55) plus 0.19%, not to exceed 8%. As of June 28, 2014, the BAN outstanding balance of \$28,429,754 was paid off with permanent financing from the Delaware Water Pollution Control Revolving Fund (DWPCRF) acting by and through the Delaware Department of Natural Resources and Environmental Control. The bond was issued in the amount of \$36,060,000 at an interest rate of 3.0%. On March 27, 2014 this loan was supplemented by an additional loan amount of the \$4,369,740 and the 3% interest rate was adjusted down to 2%. As of June 30, 2014 \$28,591,001 was outstanding.

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.

General Obligations Bonds

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General						
Obligation Bonds	\$ 120,223,154	\$ 127,343,284	\$ 182,049,172	\$ 173,876,495	\$ 302,272,326	\$ 301,219,779

Economic Factors and 2014 Budgets and Rates

Using employment as the predominant gauge for the City of Wilmington's overall standing, there are certainly reasons to be optimistic. Though the City's unemployment rate continues to stand above the national level, the unemployment rate within the City dropped to its lowest point since the recession of 2008. With employment on the rise, the focus of the City's efforts will turn to enticing young professionals to the city to anchor the economy for years to come. In an effort to target young professionals, the Mayor has created a task force by executive order. A group of more than 25 young professional leaders from a variety of professions, living both in and out of the City of Wilmington, have been meeting with leaders of the administration to discuss issues centered around living, playing, and working in Wilmington. This effort is designed to leverage the energy and unique perspectives of this market segment to create innovative programs, policies and legislation, with the ultimate goal of making Wilmington more appealing to other young professionals, and create a more vibrant and thriving place for all citizens.

The severe economic downturn and recession that began in 2008 continues to affect City revenues, but on a lessening scale. 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. In April 2014, further evidence of the commitment to economic development was highlighted with the opening of The Westin Wilmington on the Riverfront. This 180-room, state of the art hotel enhanced the newly upgraded Riverfront area as a symbol of the Riverfront's dynamic future. 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 2014 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 2014. The City's budget addresses economic development, public safety, and infrastructure needs.

The property tax rate increased while appeals, demolitions, and other reductions lowered the final tax levy by approximately .5%. Other taxes remained unchanged; however departments looked at charges for services to assure coverage of incurred costs. Water, sewer, and stormwater rates increased to 12% and 11% respectively, increasing the overall cost to the average residential customer (using 4,000 gallons per months) to about \$5.09 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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments (Note 3)	\$ 55,400,518	\$ -	\$ 55,400,518	\$ 16,561,260
Receivables, Net (Note 4)	30,585,964	26,992,947	57,578,911	4,859,033
Internal Balances	9,214,145	(9,214,145)	-	-
Due from Other Governments	9,033,448	193,148	9,226,596	-
Due from Component Unit	275,000	-	275,000	-
Other Assets	465,350	-	465,350	47,453
Restricted Assets:				
Cash and Investments (Note 3)	19,673,005	12,147,898	31,820,903	1,664,919
Capital Assets, Net (Note 6)				
Land	24,090,181	4,060,443	28,150,624	19,044,863
Art	1,920,043	-	1,920,043	-
Construction in Progress	1,775,075	34,951,220	36,726,295	1,349,521
Buildings & Improvements	57,208,396	21,451,297	78,659,693	25,760,622
Parks & Recreation Facilities	12,493,122	-	12,493,122	-
Streets & Street Signals	68,465,577	-	68,465,577	-
Water & Sewer Systems	-	232,990,898	232,990,898	-
Vehicles, Equipment, and Other	24,672,571	-	24,672,571	554,722
Total Assets	315,272,395	323,573,706	638,846,101	69,842,393
DEFERRED OUTFLOWS OF RESOURCES				
Deferred on refunding of bonds	4,045,189	3,961,119	8,006,308	-
LIABILITIES				
Accounts Payable & Accrued Expenses	10,200,213	13,009,944	23,210,157	1,017,124
Salaries and Benefits Payable	2,919,646	202,205	3,121,851	239,709
Unearned Revenue	3,869,501	4,879,077	8,748,578	220,344
Other Liabilities	4,260,510	-	4,260,510	275,000
Long Term Liabilities				
Due Within One Year:				
Bonds Payable	8,269,713	10,219,688	18,489,401	2,561,391
Capital Leases	2,818,887	-	2,818,887	-
Claims Liabilities	3,528,183	-	3,528,183	-
Compensated Absences	5,525,275	511,636	6,036,911	-
Due in More Than One Year:				
Bonds Payable	119,525,078	178,856,112	298,381,190	18,154,383
Capital Leases	6,104,550	-	6,104,550	-
Claims Liabilities	11,509,271	-	11,509,271	-
Compensated Absences	3,439,608	-	3,439,608	-
Other Post Employment Benefits Payable	27,825,861	-	27,825,861	-
Total Liabilities	209,796,296	207,678,662	417,474,958	22,467,951
NET POSITION				
Net Investment in Capital Assets	70,032,240	116,604,537	186,636,777	27,587,801
Restricted for:				
Capital Projects	11,551,577	-	11,551,577	1,748,759
Debt Service	-	-	-	1,679,664
Park Operations & Other - Expendable	6,388,420	-	6,388,420	-
Park Operations & Other - Nonexpendable	991,205	-	991,205	-
Unrestricted	20,557,846	3,251,626	23,809,472	16,358,218
Total Net Position	\$ 109,521,288	\$ 119,856,163	\$ 229,377,451	\$ 47,374,442

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, 2014

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	\$ 27,630,002	\$ 10,378,709	\$ 1,118,300	\$ -	\$ (16,132,993)	\$ -	\$ (16,132,993)	\$ -
Real Estate and Housing	5,431,791	-	4,649,210	-	(782,581)	-	(782,581)	-
Public Works	23,807,433	224,135	1,166,217	1,377,611	(21,039,470)	-	(21,039,470)	-
Parks and Recreation	9,077,378	190,332	1,094,628	-	(7,792,418)	-	(7,792,418)	-
Public Safety	90,737,719	15,380,748	8,879,227	-	(66,477,744)	-	(66,477,744)	-
Interest on Long-term Debt	4,743,372	-	-	-	(4,743,372)	-	(4,743,372)	-
Total Governmental Activities	161,427,695	26,173,924	16,907,582	1,377,611	(116,968,578)	-	(116,968,578)	-
Business-type Activities:								
Water/Sewer	64,984,276	76,491,666	-	67,784	-	11,575,174	11,575,174	-
Total Primary Governments	\$ 226,411,971	\$102,665,590	\$ 16,907,582	\$ 1,445,395	(116,968,578)	11,575,174	(105,393,404)	-
Component Units:								
Christina Gateway Corporation	\$ 2,107,094	\$ -	\$ -	\$ -	-	-	-	(2,107,094)
Wilmington UDAG Corporation	550,798	307,546	-	-	-	-	-	(243,252)
Wilmington Parking Authority	6,941,878	7,299,529	-	-	-	-	-	357,651
Downtown Visions	2,424,232	2,467,528	-	-	-	-	-	43,296
Riverfront Business Improvement District	379,488	428,773	-	-	-	-	-	49,285
Total Component Units	\$ 12,403,490	\$ 10,503,376	\$ -	\$ -	-	-	-	(1,900,114)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					40,031,479	-	40,031,479	-
Income Taxes					62,058,990	-	62,058,990	-
Real Estate Transfer					2,117,563	-	2,117,563	-
Lodging & Natural Gas Taxes					1,184,326	-	1,184,326	-
Investment Earnings					1,004,623	4,135	1,008,758	190,835
Other Revenues including Capital Asset Gains					84,681	-	84,681	162,236
Grants, Entitlements, and Contributions not Restricted to Specific Programs					13,621,030	-	13,621,030	-
Total General Revenues					120,102,692	4,135	120,106,827	353,071
Change in Net Position					3,134,114	11,579,309	14,713,423	(1,547,043)
Net Position - Beginning					107,648,958	110,007,755	217,656,713	47,281,528
Prior Period Adjustment (Note 18)					(1,261,784)	(1,730,901)	(2,992,685)	1,639,957
Net Assets - Beginning As Restated					106,387,174	108,276,854	214,664,028	48,921,485
Net Position - Ending					\$ 109,521,288	\$ 119,856,163	\$ 229,377,450	\$ 47,374,442

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

City of Wilmington, Delaware

**Balance Sheet
Governmental Funds
June 30, 2014**

	<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)	\$ 31,358,441	\$ 1,248,918	\$ 5,592,527	\$ -	\$ 4,700,022	\$ 42,899,908
Receivables, Net (Note 4)	28,359,180	1,923,265	-	-	293,344	30,575,789
Due from Other Funds (Note 7)	4,824,451	-	-	-	80,242	4,904,693
Due from Component Unit	275,000	-	-	-	-	275,000
Due from Other Governments	4,093,674	-	-	366,626	4,573,148	9,033,448
Prepaid Items & Other Assets	-	-	-	-	2,852	2,852
Advances Due from Other Funds	5,460,671	-	-	-	-	5,460,671
Restricted Assets:						
Cash and Investments (Note 3)	-	-	27,580	12,290,597	7,248,217	19,566,394
TOTAL ASSETS	\$ 74,371,417	\$ 3,172,183	\$ 5,620,107	\$ 12,657,223	\$ 16,897,825	\$ 112,718,755
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 3,322,840	\$ 90,333	\$ -	\$ 1,133,226	\$ 1,174,941	\$ 5,721,340
Salaries and Benefits Payable	2,748,934	-	-	-	117,043	2,865,977
Due to Other Funds	80,242	547,458	-	-	2,584,038	3,211,738
Prepaid Rent	-	-	-	-	162,225	162,225
Unearned Revenue	-	-	41,725	-	3,827,776	3,869,501
Other Liabilities	1,958,773	1,903,265	-	-	28,749	3,890,787
Total Liabilities	8,110,789	2,541,056	41,725	1,133,226	7,894,772	19,721,568
Deferred Inflows of Resources:						
Unavailable Revenues	\$ 20,203,362	\$ -	\$ -	\$ -	\$ -	\$ 20,203,362
Fund Balances:						
Nonspendable						
Advance to Motor Vehicle Fund (Note 7)	\$3,247,770	-	-	-	-	3,247,770
Advance to Water/Sewer Fund (Note 7)	2,212,901	-	-	-	-	2,212,901
Trust for Park Operations	-	-	-	-	991,205	991,205
Restricted						
Capital Projects	-	-	27,580	11,523,997	-	11,551,577
Park Operations	-	-	-	-	6,143,028	6,143,028
Other Purposes	-	-	-	-	245,392	245,392
Committed						
Budget Reserve Account	15,003,965	-	-	-	-	15,003,965
Affordable Housing	-	631,127	-	-	-	631,127
Economic Development	-	-	5,550,802	-	-	5,550,802
Other Purposes	-	-	-	-	1,742,099	1,742,099
Unassigned	25,592,630	-	-	-	(118,671)	25,473,959
Total Fund Balances	46,057,266	631,127	5,578,382	11,523,997	9,003,053	72,793,825
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 74,371,417	\$ 3,172,183	\$ 5,620,107	\$ 12,657,223	\$ 16,897,825	\$ 112,718,755

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

City of Wilmington, Delaware
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2014

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)	\$ 72,793,825
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 \$22,440,138 of internal service fund assets accounted for in the following line.	168,184,829
Internal Service funds are used by management to charge the costs of centrally managed services to using funds and departments. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The increase is equal to the internal service Net Position.	3,333,708
Some of the city's taxes and other revenues will be collected after yearend, but are not available soon enough to pay current-year's expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.	20,203,362
Deferred Outflows of Resources:	
Deferred on refunding of bonds	3,785,918
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	\$ (8,806,000)
Other Post Employment Benefit (OPEB) Liability	(27,825,861)
Accrued Interest on Long Term Debt	(674,443)
Bond Premiums	(7,213,172)
Bonds and Notes Payable	<u>(114,260,878)</u>
	<u>(158,780,354)</u>
Total Net Position of Governmental Activities (Page 18)	<u>\$ 109,521,288</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, 2014**

	<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	\$ 38,140,803	\$ -	\$ -	\$ -	\$ -	\$ 38,140,803
Wage	55,819,469	-	-	-	-	55,819,469
Net Profit	5,547,134	-	-	-	-	5,547,134
Franchise	916,631	-	-	-	-	916,631
Real Estate Transfer	2,117,563	-	-	-	-	2,117,563
Head	4,071,552	-	-	-	-	4,071,552
Lodging & Natural Gas	1,184,326	-	-	-	-	1,184,326
Intergovernmental	18,923,474	-	-	1,377,611	11,861,095	32,162,180
Licenses and Permits	3,880,469	-	-	-	-	3,880,469
Fines and Forfeitures	8,466,787	-	-	-	-	8,466,787
Charges for Services	6,290,095	31,382	114,375	-	190,332	6,626,184
Investment Earnings	192,064	-	-	-	812,559	1,004,623
Total Revenues	<u>145,550,367</u>	<u>31,382</u>	<u>114,375</u>	<u>1,377,611</u>	<u>12,863,986</u>	<u>159,937,721</u>
EXPENDITURES						
Current:						
General Governmental Services	24,669,778	-	164,375	-	1,461,523	26,295,676
Real Estate and Housing	532,700	578,840	-	-	4,299,533	5,411,073
Public Works	18,101,245	-	-	69,568	1,171,217	19,342,030
Parks and Recreation	6,510,818	-	-	29,636	1,563,900	8,104,354
Public Safety	84,175,575	-	-	-	3,411,414	87,586,989
Debt Service:						
Principal Retirement	6,840,368	-	-	-	-	6,840,368
Interest and Fiscal Charges	5,196,196	-	-	-	-	5,196,196
Capital Outlays	-	-	-	4,578,598	197,401	4,775,999
Total Expenditures	<u>146,026,680</u>	<u>578,840</u>	<u>164,375</u>	<u>4,677,802</u>	<u>12,104,988</u>	<u>163,552,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(476,313)</u>	<u>(547,458)</u>	<u>(50,000)</u>	<u>(3,300,191)</u>	<u>758,998</u>	<u>(3,614,964)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	50,000	-	89,434	139,434
Transfers Out	(54,753)	-	-	-	-	(54,753)
Total Other Financing Sources (Uses)	<u>(54,753)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>89,434</u>	<u>84,681</u>
Net Change in Fund Balances	(531,066)	(547,458)	-	(3,300,191)	848,432	(3,530,283)
Fund Balance - Beginning	\$ 46,572,452	\$ 1,178,585	\$ 5,578,382	\$ 14,798,953	\$ 8,221,065	\$ 76,349,437
Prior Period Adjustment (Note 18)	15,880	-	-	25,235	(66,444)	(25,329)
Fund Balance - Beginning as restated (Note 18)	<u>46,588,332</u>	<u>1,178,585</u>	<u>5,578,382</u>	<u>14,824,188</u>	<u>8,154,621</u>	<u>76,324,108</u>
Fund Balance - Ending	<u>\$ 46,057,266</u>	<u>\$ 631,127</u>	<u>\$ 5,578,382</u>	<u>\$ 11,523,997</u>	<u>\$ 9,003,053</u>	<u>\$ 72,793,825</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, 2014

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) \$ (3,530,283)

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	\$ 4,775,999	
Depreciation Expense	<u>(6,072,158)</u>	(1,296,159)

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)	\$ (255,957)	
Property and Other Taxes	2,583,063	
Fees and Fines	<u>2,212,300</u>	4,539,406

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

	<u>Repayments</u>	
General Obligation Bonds	\$ 6,840,368	
Amortization of Premiums	431,225	
Net Adjustment	<u>7,271,593</u>	7,271,593

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	\$ (266,993)	
Other Post Employment Benefit (OPEB) Liability	(3,451,668)	
Accrued Interest on Long-Term Debt	<u>21,601</u>	(3,697,060)

The net revenue of internal service funds is reported with governmental activities. (153,383)

Change in Net Position of governmental activities (page 19) \$ 3,134,114

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

City of Wilmington 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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 38,424,100	\$ 38,424,100	\$ 38,140,803	\$ (283,297)
Wage	57,033,043	57,033,043	55,819,469	(1,213,574)
Net Profit	5,000,000	5,000,000	5,547,134	547,134
Franchise	744,829	744,829	916,631	171,802
Real Estate Transfer	2,000,000	2,000,000	2,117,563	117,563
Head	3,567,200	3,567,200	4,071,552	504,352
Lodging & Natural Gas	1,052,572	1,052,572	1,184,326	131,754
Intergovernmental	19,278,500	19,278,500	18,923,474	(355,026)
Licenses and Permits	3,911,260	3,911,260	3,880,469	(30,791)
Fines and Forfeitures	8,550,000	8,550,000	8,466,787	(83,213)
Charges for Services	6,047,140	6,047,140	6,290,095	242,955
Investment Earnings	207,193	207,193	192,064	(15,129)
Total Revenues	<u>145,815,837</u>	<u>145,815,837</u>	<u>145,550,367</u>	<u>(265,470)</u>
Expenditures:				
General Governmental Services:				
Mayor's Office	10,426,203	10,375,316	10,201,484	173,832
City Council	2,142,868	2,172,868	2,166,120	6,748
Audit	695,648	695,908	645,135	50,773
Law	3,009,578	3,009,578	2,820,393	189,185
Finance	10,045,995	10,168,140	9,457,929	710,211
Human Resources	2,001,801	2,001,981	1,827,818	174,163
Treasurer	432,507	432,507	449,429	(16,922)
Planning	1,635,362	1,673,362	1,699,512	(26,150)
Real Estate and Housing	1,771,714	1,771,714	1,716,983	54,731
Public Works	22,310,769	22,669,969	21,599,993	1,069,976
Parks and Recreation	8,549,590	8,598,175	8,366,574	231,601
Public Safety:				
Licenses and Inspection	4,768,281	5,183,215	4,962,720	220,495
Fire	23,834,526	23,998,591	23,454,772	543,819
Police	53,751,303	54,581,783	56,657,818	(2,076,035)
Total Expenditures	<u>145,376,145</u>	<u>147,333,107</u>	<u>146,026,680</u>	<u>1,306,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>439,692</u>	<u>(1,517,270)</u>	<u>(476,313)</u>	<u>1,040,957</u>
Other Financing Sources (Use)				
Transfer Out	-	(50,000)	(54,753)	(4,753)
Total Other Financing Sources (Use)	<u>-</u>	<u>(50,000)</u>	<u>(54,753)</u>	<u>(4,753)</u>
Net Change in Fund Balances	439,692	(1,567,270)	(531,066)	1,036,204
Fund Balance - Beginning	<u>46,572,452</u>	<u>46,572,452</u>	<u>46,572,452</u>	<u>-</u>
Prior Period Adjustments	-	-	15,880	15,880
Fund Balance - Beginning as Restated	<u>46,572,452</u>	<u>46,572,452</u>	<u>46,588,332</u>	<u>15,880</u>
Fund Balance - Ending	<u>\$ 47,012,144</u>	<u>\$ 45,005,182</u>	<u>\$ 46,057,266</u>	<u>\$ 1,052,084</u>

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

President Barack Obama, First Lady of Wilmington
Shayne T. Williams, and Mayor Dennis P. Williams



Mayor Dennis P. Williams



Vice President Joe Biden



City of Wilmington, Delaware
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ -	\$ 12,500,610
Receivables, Net (Note 4)	26,992,947	10,175
Prepaid Items & Other Assets	-	255,000
Restricted Cash and Investments (Note 3)	12,147,898	106,611
Due from Other Governments	193,148	-
Total Current Assets	39,333,993	12,872,396
Noncurrent Assets:		
Advances Due from Other Funds (Note 7)	-	7,001,244
Capital Assets, Net (Note 6)		
Land	4,060,443	-
Construction in Progress	34,951,220	1,428,800
Buildings & Improvements	21,451,297	3,336,745
Reservoirs and Water Filter Facilities	97,866,882	-
Water Lines	40,522,206	-
Wastewater Pump and Treatment Facilities	65,060,919	-
Sewer Lines	29,540,891	-
Vehicles, Machinery & Equipment	-	17,674,593
Total Noncurrent Assets	293,453,858	29,441,382
Total Assets	332,787,851	42,313,778
DEFERRED OUTFLOW OF RESOURCES		
Deferred on refunding of bonds	3,961,119	259,271
LIABILITIES		
Current Liabilities:		
Accounts Payable	12,093,724	3,604,043
Salaries and Benefits Payable	202,205	53,669
Due to Other Funds	-	1,692,956
Unearned Revenue	4,879,077	-
Accrued Interest Payable	916,220	200,388
Bonds Payable	10,219,688	832,803
Capital Leases	-	2,818,887
Compensated Absences	511,636	158,883
Claims Liabilities	-	3,528,183
Total Current Liabilities	28,822,550	12,889,812
Noncurrent Liabilities:		
Advances Due to Other Funds (Note 7)	9,214,145	3,247,770
Bonds Payable	178,856,112	5,487,937
Capital Leases	-	6,104,550
Claims Liabilities	-	11,509,272
Total Noncurrent Liabilities	188,070,257	26,349,529
Total Liabilities	216,892,807	39,239,341
NET POSITION		
Net Investment in Capital Assets	116,604,537	7,561,842
Unrestricted	3,251,626	(4,228,134)
Total Net Position	\$ 119,856,163	\$ 3,333,708

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

City of Wilmington, Delaware
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	<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	\$ 17,769,628	\$ -
Water & Sewer Charges to Direct Users	52,992,401	-
Other Charges for Services	146,759	38,203,916
Employee Contributions	-	353,819
Other	<u>5,582,878</u>	<u>41,656</u>
Total Operating Revenues	<u>76,491,666</u>	<u>38,599,391</u>
OPERATING EXPENSES		
Personal Services	9,439,140	2,486,026
Materials, Supplies and Contractual Services	41,826,825	9,515,781
Depreciation and Amortization	7,885,446	3,973,860
Claims Expense	-	22,559,346
Insurance Premiums	<u>-</u>	<u>32,648</u>
Total Operating Expenses	<u>59,151,411</u>	<u>38,567,661</u>
Operating Income	<u>17,340,256</u>	<u>31,730</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	4,135	15,848
Interest Expense	(5,832,866)	(397,390)
Gain on Sale of Assets	<u>-</u>	<u>196,430</u>
Total Non-Operating Revenues (Expenses)	<u>(5,828,731)</u>	<u>(185,112)</u>
Income (Loss) Before Capital Grants and Contributions and Transfers	11,511,525	(153,382)
Capital Grants and Contributions	<u>67,784</u>	<u>-</u>
Change in Net Position	11,579,309	(153,382)
Total Net Position - Beginning	<u>110,007,755</u>	<u>3,545,013</u>
Prior Period Adjustment (Note 18)	<u>(1,730,901)</u>	<u>(57,923)</u>
Total Net Assets - Beginning as Restated	<u>108,276,854</u>	<u>3,487,090</u>
Total Net Position - Ending	<u>\$ 119,856,163</u>	<u>\$ 3,333,708</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, 2014

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 70,451,481	\$ -
Receipts from Interfund Services Provided	-	38,628,886
Payments to Suppliers	(41,486,081)	(28,975,647)
Payments to Employees	(9,341,045)	(2,521,742)
Net Cash Provided by Operating Activities	<u>19,624,355</u>	<u>7,131,497</u>
Cash Flows from Noncapital Financing Activities:		
Advances From Other Funds	-	2,653,454
Advances (To) Other Funds	(6,212,467)	(3,356,797)
Investment Earnings	-	15,848
Net Cash (Used in) Noncapital Financing Activities	<u>(6,212,467)</u>	<u>(687,495)</u>
Cash Flows From Capital and Related Financing Activities:		
Capital Grants and Contributions	67,784	-
Proceeds from Capital Debt	15,125,908	-
Acquisition and Construction of Capital Assets	(18,702,013)	(2,900,872)
Principal Paid on Bonds	(6,953,231)	(329,704)
Interest Paid on Bonds	(7,301,171)	(75,976)
Proceeds from Capital Lease	-	3,496,698
Principal Paid on Capital Leases	-	(2,399,304)
Interest Paid on Capital Leases	-	(150,406)
Proceeds from Sale of Capital Assets	-	201,884
Net Cash (Used in) Capital and Related Financing Activities	<u>(17,762,723)</u>	<u>(2,157,680)</u>
Cash Flows From Investing Activities:		
Interest Received on Unspent Bond Proceeds	4,135	-
Net Cash provided by Investing Activities	<u>4,135</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,346,700)	4,286,322
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>
Cash and Cash Equivalents - June 30, 2014 (including \$12,147,898 and \$106,611, respectively, reported in restricted accounts)	<u>\$ 12,147,898</u>	<u>\$ 12,607,221</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 17,340,256	\$ 31,730
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	7,885,446	3,973,860
Changes in Assets and Liabilities:		
Increase (decrease) in Receivables	(6,259,975)	29,496
Increase in Prepaid Expenses	-	109,978
Increase (decrease) in Accounts Payable	340,744	1,386,790
Decrease in Accrued Interest	8,486	-
Increase in Accrued Salaries	89,610	5,535
Decrease in Compensated Absences	-	(22,927)
Increase in Unearned Revenue	219,788	-
Decrease in Claims Liability	-	1,617,035
Net Cash Provided by Operating Activities	<u>\$ 19,624,355</u>	<u>\$ 7,131,497</u>

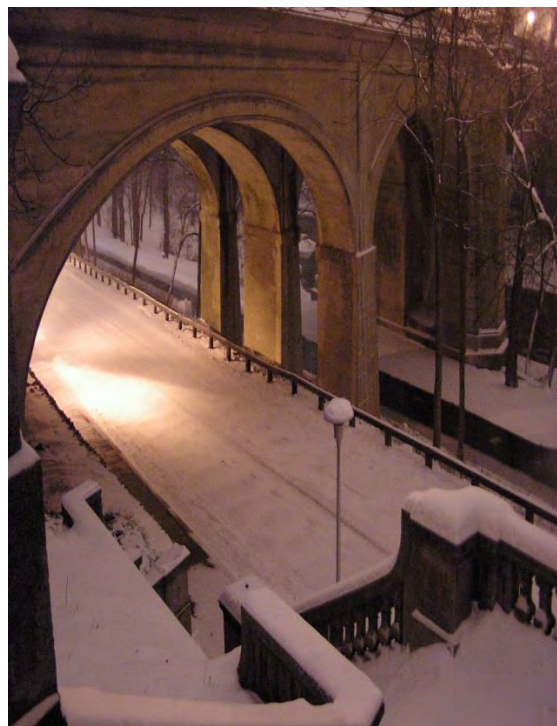
The notes to the financial statements are an integral part of this statement.

Moments in the City of Wilmington

The 2014 Riverfront Blues and Jazz Festivals



Snow Falling During 2013-14 Winter



City of Wilmington
Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2014

	<u>Total Pension Trust Funds</u>
ASSETS	
Cash and Cash Equivalents (Note 3)	\$ 8,012,208
Receivables:	
Due from Other Governments	1,728,062
Accrued Interest & Other Receivables	<u>1,178,308</u>
Total Receivables	2,906,370
Investments, at Fair Value:	
Money Market Mutual Funds	4,623,709
U.S. Treasury Obligations	29,504,733
U.S. Government Agencies - Guaranteed	17,427
U.S. Government Agencies - Other	14,018,462
Corporate & Foreign Bonds	34,420,489
Common Equity & Marketable Securities	86,465,045
Mutual Funds	<u>47,769,824</u>
Total Investments	216,819,689
Total Assets	<u>227,738,267</u>
LIABILITIES	
Accounts Payable	281,042
Salaries and Benefits Payable	7,972
Due to Other Governments	5,917,620
Compensated Absences	24,836
Pension Checks	<u>178,646</u>
Total Liabilities	6,410,116
Net Position	
Held in Trust for	
Pension Benefits	<u><u>\$ 221,328,151</u></u>

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

City of Wilmington, Delaware
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2014

	<u>Total Pension Trust Funds</u>
ADDITIONS	
Contributions:	
City	
Paid Directly by the City	\$ 16,153,409
Paid by the State	
On-Behalf of the City	5,302,444
Employees	1,517,659
Federal Drug Subsidies & Other	<u>77,567</u>
Total Contributions	<u>23,051,079</u>
Investment Income	
Investment Earnings	5,067,258
Net (Appreciation) in Fair Value	<u>24,053,160</u>
Total Investment Income	<u>29,120,418</u>
Less: Investment Expense	<u>(686,350)</u>
Net Investment Income	<u>28,434,068</u>
Total Additions	<u>51,485,147</u>
DEDUCTIONS	
Benefits Paid	25,384,435
Administrative Expenses	<u>548,946</u>
Total Deductions	<u>25,933,381</u>
Net Increase in Plans' Net Position	25,551,766
Net Position - Beginning	<u>195,776,385</u>
Net Position - Ending	<u>\$ 221,328,151</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, 2014

ASSETS	Christina Gateway Corporation	Wilmington UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Total
Cash and Cash Equivalents (Note 3)	\$ 203,006	\$ 1,879,396	\$ 2,317,503	\$ 711,623	\$ 115,041	\$ 5,226,569
Investments	-		11,334,691	-	-	11,334,691
Receivables, Net	541,500	4,246,466	39,023	20,079	11,965	4,859,033
Restricted Assets:						
Investments	-	-	1,664,919	-	-	1,664,919
Deferred Charges & Other Assets	-	-	-	47,453	-	47,453
Capital Assets, Net:						
Land	2,725,805	-	16,319,058	-	-	19,044,863
Construction in Progress	-	1,043,640	305,881	-	-	1,349,521
Building and Improvements	781,122	-	24,453,857	525,643	-	25,760,622
Vehicles, Machinery & Equipment	-	-	193,112	321,846	39,764	554,722
Total Assets	4,251,433	7,169,502	56,628,044	1,626,644	166,770	69,842,393
LIABILITIES						
Accounts Payable & Accrued Expenses	65,570	283,812	545,253	111,123	11,366	1,017,124
Due to Primary Government	-	-	275,000	-	-	275,000
Salaries and Benefits Payable	-	-	141,157	98,552	-	239,709
Unearned Revenue	-	-	149,479	32,865	38,000	220,344
Long-term Liabilities						
Due within One Year						
Bonds Payable	-	-	2,464,247	47,144	50,000	2,561,391
Due in More than One Year						
Bonds Payable	900,000	-	16,329,480	634,380	290,523	18,154,383
Total Liabilities	965,570	283,812	19,904,616	924,064	389,889	22,467,951
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	3,178,727	1,043,640	22,478,181	847,489	39,764	27,587,801
Restricted for:						
Debt Service	-	-	1,679,664	-	-	1,679,664
Under Contractual Agreement	-	-	1,748,759	-	-	1,748,759
Unrestricted (Deficit)	107,136	5,842,050	10,816,824	(144,909)	(262,883)	16,358,218
Total Net Position (Deficit)	\$ 3,285,863	\$ 6,885,690	\$ 36,723,428	\$ 702,580	\$ (223,119)	\$ 47,374,442

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, 2014

	Program Revenues		Net (Expense) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Gateway Corporation	UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Total
Christina Gateway Corporation	\$ 2,107,094	\$ -	\$ (2,107,094)	\$ -	\$ -	\$ -	\$ -	\$ (2,107,094)
Wilmington UDAG Corporation	550,798	307,546	-	(243,252)	-	-	-	(243,252)
Wilmington Parking Authority	6,941,878	7,299,529	-	-	357,651	-	-	357,651
Downtown Visions	2,424,232	2,467,528	-	-	-	43,296	-	43,296
Riverfront Business								
Other		-						
Improvement District	379,488	428,773	-	-	-	-	49,285	49,285
	<u>\$ 12,403,490</u>	<u>\$ 10,503,376</u>	<u>(2,107,094)</u>	<u>(243,252)</u>	<u>357,651</u>	<u>43,296</u>	<u>49,285</u>	<u>(1,900,114)</u>
General Revenues								
Investment Earnings			-	-	187,543	2,385	907	190,835
Other Revenues including Capital Asset Gains			-	-	162,236	-	-	162,236
Total General Revenues			<u>-</u>	<u>-</u>	<u>349,779</u>	<u>2,385</u>	<u>907</u>	<u>353,071</u>
Change in Net Position			(2,107,094)	(243,252)	707,430	45,681	50,192	(1,547,043)
Net Position (Deficit) - Beginning			<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>
Prior Period Adjustment (Note 18)			<u>257,615</u>	<u>-</u>	<u>1,382,342</u>	<u>-</u>	<u>-</u>	<u>1,639,957</u>
Net Assets - Beginning As Restated			<u>5,392,957</u>	<u>7,128,942</u>	<u>36,015,998</u>	<u>656,899</u>	<u>(273,311)</u>	<u>48,921,485</u>
Net Position (Deficit) - Ending			<u>\$ 3,285,863</u>	<u>\$ 6,885,690</u>	<u>\$ 36,723,428</u>	<u>\$ 702,580</u>	<u>\$ (223,119)</u>	<u>\$ 47,374,442</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. 67 and No. 70. The adoption of Statement No. 65 in 2014 resulted in restatement of prior year net position. See Note 18.

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 as its debt obligations are expected to be repaid by the City.

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, 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 2014 include property taxes levied principally on July 1, 2013 and collected prior to September 1, 2014. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants (when all applicable eligibility requirements have been met) and certain

intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise fund:

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

The City also reports the following fund types:

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity Deposits and Investments

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

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

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

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

Investment Policies

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

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

The City is not authorized to invest in:

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

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

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

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

Receivables

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

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

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

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

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

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

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

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

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

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

Unearned Revenue

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

Compensated Absences

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

compensatory time at June 30 from future resources (typically, of the General Fund) rather than from currently available, expendable resources.

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Upon adoption of GASB No. 65 (See Note 18), bond issuance costs are expensed when incurred.

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

Deferred Inflows and Outflows

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

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

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

- **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed** – 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. This included the Budget Reserve Account, which is an account established to provide funding in the event of adverse conditions or public emergency. The budget reserve account shall be determined at the end of each fiscal year and shall be equal to ten percent of the general fund budget as authorized by city council as required by the City Code. City Code Section 2-303 outlines the provisions whereby City Council appropriates multi-year capital budgets, such as those of the Economic and Housing Strategic Funds. Similarly City Code Section 6-91 commits any unexpended funds in the Cable Television Fund for future cable television related expenses.
- **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, 2014, included the General Fund and non-major funds included on page 103. 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 90 and 91.

B. Expenditures Over Appropriations

During the year ended June 30, 2014, expenditures of the City Treasurer, Planning, and the Police departments of the General Fund exceeded budget by \$16,922, \$26,150, and \$2,076,035 respectively, primarily due to pension costs being higher than budgeted due to an actuarial change in expected investment returns. All unbudgeted expenditures and transfers are included in a Reconciliation Ordinance submitted annually to City Council for their approval at the time the audited financial statements are also submitted to Council.

3. Deposits and Investments

The City pools surplus cash and investments of all funds for investment purposes with the City Treasurer. The City also separately pools pension funds with the City Treasurer. Pension funds are held by the City Treasurer and outside custodians; they are managed by the City Treasurer and outside investment managers.

	<u>Primary Government</u>	<u>Pension Funds</u>	<u>Discretely Presented Component Units</u>
<u>Deposits</u>			
Insured Deposits (FDIC)	\$ 972,309	\$ 193,545	\$ 1,247,602
Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name	13,095,667	1,570,910	-
Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name	66,876,653	6,247,753	3,384,500
Certificate of Deposits due within 2-5 Years - Collateral held by pledging bank's agent in the City or Unit's name	-	-	6,343,276
Uninsured and Uncollateralized	-	-	2,529,126
Total Deposits	<u>\$ 80,944,629</u>	<u>\$ 8,012,208</u>	<u>\$ 13,504,504</u>
<u>Investments</u>			
Repurchase Agreements	\$ -	\$ -	\$ 1,289,205
Money Market Mutual Funds	787,223	4,623,709	249,094
U.S. Government Obligations	52,664	29,504,733	1,328,621
U.S. Agencies - Government Guaranteed	-	17,427	-
U.S. Agencies - Other	-	14,018,462	-
Municipal Bonds	-	-	1,854,755
Corporate Bonds	-	34,420,489	-
Stock Equities	-	86,465,045	-
Mutual Funds	5,436,905	47,769,824	-
Total Investments	<u>\$ 6,276,792</u>	<u>\$ 216,819,689</u>	<u>\$ 4,721,675</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 \$787,223 and U.S. Treasury Notes amounting to \$52,664 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 \$249,094, U.S. Treasury Notes amounting to \$1,328,621 due within three years, and municipal bonds amounting to \$1,854,755.

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, 2014, the portfolio included \$14,018,462 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, 2014.

<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	\$ 29,504,733	\$ 849,409	\$ 20,023,924	\$ 8,631,400	\$ -	\$ -
U.S. Govt. Agencies - Guaranteed	17,427	-	-	17,427	-	-
U.S. Govt. Agencies - Other	14,018,462	995,111	9,363,027	459,373	1,444,241	1,756,710
Corporate Bonds	34,420,489	554,790	24,395,496	8,824,064	-	646,139
Total	<u>\$ 77,961,111</u>	<u>\$ 2,399,310</u>	<u>\$ 53,782,447</u>	<u>\$ 17,932,264</u>	<u>\$ 1,444,241</u>	<u>\$ 2,402,849</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, 2014, the Pension Trust Funds' fixed income and short-term investments had the following risk characteristics.

<u>Moody's Ratings or Comparable</u>	Percent of	
	Trust Funds	Market Value
Baa and higher	15.88%	\$ 34,420,489
Government	<u>20.08%</u>	<u>43,540,622</u>
	<u>35.96%</u>	<u>\$ 77,961,111</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, 2014, 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>	Fair Value in	
	U.S. Dollars	Equities
Australian Dollars	\$ 392,488	\$ 392,488
Brazilian Real	479,979	479,979
Canadian Dollar	58,245	58,245
British Pounds	4,513,248	4,513,248
Danish Krone	482,122	482,122
Euros	5,864,806	5,864,806
Hong Kong Dollar	499,043	499,043
Japanese Yen	705,004	705,004
Norwegian Krone	531,929	531,929
South African Rand	314,253	314,253
Swedish Krona	435,218	435,218
Swiss Francs	1,100,732	1,100,732
Thailand Baht	<u>172,056</u>	<u>172,056</u>
Total in Foreign Denominated Investments	<u>\$ 15,549,123</u>	<u>\$ 15,549,123</u>

The Pension Funds' investment policy permits them to invest up to 10% of total benefit trust funds in foreign currency-denominated investments. The system's current position is 6.9%.

Investment Commitments

The Pension Funds had no investment commitments at June 30, 2014.

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	\$ 80,944,629	\$ 8,012,208	\$ 13,504,504
Investments	6,276,792	216,819,689	4,721,675
	<u>\$ 87,221,421</u>	<u>\$ 224,831,897</u>	<u>\$ 18,226,179</u>
Unrestricted	\$ 55,400,518	\$ -	\$ 16,561,260
Restricted	31,820,903	-	1,664,919
Fiduciary Funds	-	224,831,897	-
	<u>\$ 87,221,421</u>	<u>\$ 224,831,897</u>	<u>\$ 18,226,179</u>

Restricted Cash and Investments

At June 30, 2014, the City had \$7,248,217 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 \$24,572,686 in temporarily restricted cash at June 30, 2014. The components were: \$3,882,539 related to Water and Sewer Fund contractual requirements, and \$20,690,147 related to unspent proceeds of bond offerings (\$8,265,359 in the Water and Sewer Fund, \$12,290,597 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):

	<u>Governmental Activities</u>				<u>Business-type</u>
	<u>General</u>	<u>Housing Strategic</u>	<u>Nonmajor Funds</u>	<u>Total Governmental</u>	<u>Water and Sewer</u>
Receivables:					
Property Taxes	\$ 5,000,645	\$ -	\$ -	\$ 5,000,645	\$ -
Wage Taxes	11,586,132	-	-	11,586,132	-
Parking & Redlight Citations	16,760,084	-	-	16,760,084	-
Business Licenses	1,109,698	-	-	1,109,698	-
Signs and Licenses	5,759,246	-	-	5,759,246	-
Other	2,443,519	1,923,265	293,344	4,660,128	-
Utility Billings	-	-	-	-	39,153,131
Notes - Current	701,468	-	-	701,468	-
Notes - Noncurrent	4,269,777	-	-	4,269,777	-
Gross Receivables	47,630,569	1,923,265	293,344	49,847,178	39,153,131
Less: Allowance for Uncollectibles	(19,271,389)	-	-	(19,271,389)	(12,160,184)
Net Total Receivables	\$ 28,359,180	\$ 1,923,265	\$ 293,344	\$ 30,575,789	\$ 26,992,947

Internal Service Fund receivables amounting to \$10,175 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 2014 increased revenues by \$550,000.

Discretely Presented Component Units

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

	<u>Christina Gateway Corporation</u>	<u>Wilmington UDAG Corporation</u>	<u>Wilmington Parking Authority</u>	<u>Other Component Units</u>	<u>Total</u>
Receivables:					
Accounts	\$ 31,500	\$ -	\$ 24,278	\$ 32,044	\$ 87,822
Mortgages and Loans	510,000	4,246,466	14,745	-	4,771,211
Total Receivables	<u>\$ 541,500</u>	<u>\$ 4,246,466</u>	<u>\$ 39,023</u>	<u>\$ 32,044</u>	<u>\$ 4,859,033</u>

5. Notes Receivable**Primary Government**

On September 1, 1995, the City entered into an agreement with the Diamond State Port Corporation (DSPC), selling the assets of the Port of Wilmington. In exchange for the assets sold (net book value of \$71.9 million), DSPC agreed to make payments to the City under deferred payment notes totaling \$115.5 million over 30 years, discounted at 7% interest rate. The note receivable at June 30, 2014, in the amount of \$4,971,245 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, 2014, in the amount of \$1,903,265 is included in the government-wide statement of net position and governmental funds balance sheet. The amount is considered currently due and is disclosed in the receivable schedule in Note 4 as an asset of the Housing Strategic Fund.

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

The capital asset activity for Governmental Activities for the year ended June 30, 2014 was as follows:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 24,090,181	\$ -	\$ -	\$ 24,090,181
Art	1,920,043	-	-	1,920,043
Construction-In-Progress	4,968,837	2,352,976	(5,546,738)	1,775,075
Total Capital Assets not being Depreciated	<u>30,979,061</u>	<u>2,352,976</u>	<u>(5,546,738)</u>	<u>27,785,299</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	75,401,340	4,497,863	-	79,899,203
Parks and Recreation Facilities	28,034,956	1,236,294	-	29,271,250
Streets and Street Signals	116,988,274	2,482,168	(1,588,359)	117,882,083
Vehicles, Equipment and Other Assets	58,179,265	2,947,620	(1,645,159)	59,481,726
Total Capital Assets Being Depreciated	<u>278,603,835</u>	<u>11,163,945</u>	<u>(3,233,518)</u>	<u>286,534,262</u>
Less Accumulated Depreciation For:				
Buildings	(21,157,048)	(1,533,759)	-	(22,690,807)
Parks and Recreation Facilities	(16,144,732)	(633,396)	-	(16,778,128)
Streets and Street Signals	(47,346,512)	(3,658,353)	1,588,359	(49,416,506)
Vehicles, Equipment and Other Assets	(32,731,872)	(4,220,510)	2,143,227	(34,809,155)
Total Accumulated Depreciation	<u>(117,380,164)</u>	<u>(10,046,018)</u>	<u>3,731,586</u>	<u>(123,694,596)</u>
Total Capital Assets Being Depreciated, Net	<u>161,223,671</u>	<u>1,117,927</u>	<u>498,069</u>	<u>162,839,666</u>
Governmental Activities Capital Assets, Net	<u>\$ 192,202,732</u>	<u>\$ 3,470,903</u>	<u>\$ (5,048,669)</u>	<u>\$ 190,624,965</u>

The capital asset activity for Business-type Activities for the year ended June 30, 2014 was as follows:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,060,443	\$ -	\$ -	\$ 4,060,443
Construction-In-Progress	<u>20,913,670</u>	<u>18,702,013</u>	<u>(4,664,463)</u>	<u>34,951,220</u>
Total Capital Assets not being Depreciated	<u>24,974,113</u>	<u>18,702,013</u>	<u>(4,664,463)</u>	<u>39,011,663</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	24,420,878	-	-	24,420,878
Reservoirs and Water Filter Facilities	122,684,010	2,543,345	-	125,227,355
Water Lines	57,696,500	1,844,051	(371,512)	59,169,039
Wastewater Pump and Treatment Facilities	144,025,756	-	-	144,025,756
Sewer Lines	<u>35,722,860</u>	<u>277,066</u>	<u>(55,819)</u>	<u>35,944,107</u>
Total Capital Assets Being Depreciated	<u>384,550,004</u>	<u>4,664,462</u>	<u>(427,331)</u>	<u>388,787,135</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(2,376,066)	(593,515)	-	(2,969,581)
Reservoirs and Water Filter Facilities	(25,217,141)	(2,143,332)	-	(27,360,473)
Water Lines	(17,374,613)	(1,643,732)	371,512	(18,646,833)
Wastewater Pump and Treatment Facilities	(76,176,639)	(2,788,198)	-	(78,964,837)
Sewer Lines	<u>(5,742,365)</u>	<u>(716,670)</u>	<u>55,819</u>	<u>(6,403,216)</u>
Total Accumulated Depreciation	<u>(126,886,824)</u>	<u>(7,885,447)</u>	<u>427,331</u>	<u>(134,344,940)</u>
Total Capital Assets Being Depreciated, Net	<u>257,663,180</u>	<u>(3,220,985)</u>	<u>-</u>	<u>254,442,195</u>
Business-type Activities Capital Assets, Net	<u>\$ 282,637,293</u>	<u>\$ 15,481,028</u>	<u>\$ (4,664,463)</u>	<u>\$ 293,453,858</u>

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

Governmental Activities

General Government	\$ 1,638,012
Real Estate and Housing	19,289
Public Works	5,307,587
Parks and Recreation	1,052,415
Public Safety	<u>2,028,715</u>

Total Depreciation Expense - Governmental Activities \$ 10,046,018

Business-type Activities

Water/Sewer	<u>\$ 7,885,447</u>
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Total Depreciation Expense - Business-type Activities \$ 7,885,447

Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2014. 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	\$ 9,516,166	\$ 7,761,033
Reservoirs & Other Water and Wastewater Projects	<u>12,775,946</u>	<u>10,943,681</u>
Total	<u>\$ 22,292,112</u>	<u>\$ 18,704,714</u>

B. Component Units

Capital asset activity for the City's component units for the year ended June 30, 2014, 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	\$ -	\$ (603,284)	\$ 19,044,863
Construction-In-Progress	<u>778,233</u>	<u>807,381</u>	<u>(236,093)</u>	<u>1,349,521</u>
Total Capital Assets Not Being Depreciated	<u>20,426,380</u>	<u>807,381</u>	<u>(839,377)</u>	<u>20,394,384</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	61,340,840	833,548	(519,136)	61,655,252
Machinery and Equipment	3,741,568	132,786	(211,119)	3,663,235
Vehicles & Other Assets	<u>215,728</u>	<u>-</u>	<u>(15,260)</u>	<u>200,468</u>
Total Capital Assets Being Depreciated	<u>65,298,136</u>	<u>966,334</u>	<u>(745,515)</u>	<u>65,518,955</u>
Less Accumulated Depreciation For:				
Buildings	(34,242,502)	(1,857,261)	205,132	(35,894,631)
Machinery and Equipment	(3,157,818)	(246,181)	211,119	(3,192,880)
Vehicles & Other Assets	<u>(112,733)</u>	<u>(3,367)</u>	<u>-</u>	<u>(116,100)</u>
Total Capital Assets Being Depreciated, Net	<u>27,785,083</u>	<u>(1,140,475)</u>	<u>(329,264)</u>	<u>26,315,344</u>
Capital Assets, Net	<u>\$ 48,211,463</u>	<u>\$ (333,094)</u>	<u>\$ (1,168,641)</u>	<u>\$ 46,709,728</u>

7. Interfund Balances and Transfers

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disbursing officer 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 \$7,001,244 at June 30, 2014 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 \$3,288,652 by the Motor Vehicle Fund at June 30, 2014; the liability relates to the acquisition of garage assets and motor vehicles and is shown as an advance to Other Funds as management intends to repay this advance from internal service charges based in part on depreciation incurred over the life of the assets.

The General Fund is owed \$2,212,901 by the Water & Sewer Fund at June 30, 2014; 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, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 2,584,038
	Enterprise Fund	2,212,901
	Internal Service Funds	1,692,956
	Advance to an Internal Service Fund	3,247,770
	Housing Opportunities Fund	547,458
Internal Service Funds	Advance to the Enterprise Fund	7,001,244
Total		<u>\$ 17,286,367</u>

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, 2014, was 1.44%. The line of credit is classified as other liability in the Housing Strategic Fund. An analysis of the activity of the credit line is presented below:

	<u>Beginning Fiscal Year Liability</u>		<u>Draws</u>		<u>Repayments</u>		<u>Ending Fiscal Year Liability</u>
2013 - 2014	\$ 1,500,000	\$	3,506,530	\$	(3,103,265)	\$	1,903,265

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, 2014.

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Government Activities:					
Bonds Payable	127,343,284	-	(7,120,130)	120,223,154	8,269,713
Less: Deferred Amounts				-	
Premium on Debts Issued	8,598,777	-	(1,027,140)	7,571,637	-
Total Bonds Payable	135,942,061	-	(8,147,270)	127,794,791	8,269,713
Capital Leases	7,826,042	3,496,698	(2,399,303)	8,923,437	2,818,887
Insurance Claims Payables	13,420,420	22,597,567	(20,980,533)	15,037,454	3,528,183
Compensated Absences	8,570,634	5,525,275	(5,131,026)	8,964,883	5,525,275
Other Post Employment Benefits Payable	24,374,193	6,017,190	(2,565,522)	27,825,861	-
Government Activity Long-Term Liabilities	<u>\$ 190,133,350</u>	<u>\$ 37,636,730</u>	<u>\$ (39,223,654)</u>	<u>\$ 188,546,426</u>	<u>\$ 28,411,771</u>
Business-type Activities:					
Bonds Payable	\$ 173,876,495	\$ 43,555,692	\$ (35,383,015)	\$ 182,049,172	\$ 10,219,688
Less: Deferred Amounts					
Premium on Debt Issue	7,889,635	-	(863,007)	7,026,628	-
Total Bonds Payable	181,766,130	43,555,692	(36,246,022)	189,075,800	10,219,688
Compensated Absences	503,150	549,930	(541,444)	511,636	511,636
Business-type Activity Long-Term Liabilities	<u>\$ 182,269,280</u>	<u>\$ 44,105,622</u>	<u>\$ (36,787,466)</u>	<u>\$ 189,587,436</u>	<u>\$ 10,731,324</u>
Discretely Presented Component Units					
Wilmington Parking Authority	21,142,973	-	(2,349,246)	18,793,727	2,464,247
Downtown Visions	708,084	-	(26,560)	681,524	47,144
Christina Gateway Corporation	900,000	-	-	900,000	-
Riverfront Business Improvement District	389,023	-	(48,500)	340,523	50,000
Component Units Long-Term Liabilities	<u>\$ 23,140,080</u>	<u>\$ -</u>	<u>\$ (2,424,306)</u>	<u>\$ 20,715,774</u>	<u>\$ 2,561,391</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 \$12,036,562 in fiscal year 2014 were within the statutory debt limit of \$25,781,930.

The following is a summary of general obligation bonds outstanding as of June 30, 2014:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2014
1993/2016	20,000,000	Series of 1993 - DNREC	3.25%	3,083,365
2002/2025	11,000,000	Series of 2002 - DDWSRF	2.96%	7,398,407
2005/2016	18,785,000	Series of 2005	5.00%	5,045,000
2005/2028	13,700,000	Series of 2005C - DDWSRF	2.37%	11,950,628
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%	30,810,000
2007/2028	2,548,501	Series of 2006 - DDWSRF	2.50%	2,237,763
2007/2028	1,246,499	Series of 2006B - DDWSRF	2.50%	1,094,514
2007/2028	3,185,000	Series of 2007 - DDWSRF	2.69%	2,802,334
2008/2028	75,215,000	Series of 2008A	4.0% - 5.0%	49,910,000
2009/2030	18,975,000	Series of 2008 DDWSRF (Only \$18,975,000 drawn at June 30, 2014)	2.92%	18,975,000
2009/2030	5,000,000	Series of 2008B SRF	2.92%	4,521,646
2009/2031	4,450,000	Series of 2009 ARRA/SRF	3.24%	4,055,400
2009/2031	2,800,000	Series of 2009C DDWSRF	2.00%	2,560,207
2010/2025	43,490,000	Series of 2010A	2.25% - 5.0%	40,964,999
2011/2031	26,505,000	Series of 2011A	2.0% - 5.0%	25,475,001
2011/2020	17,460,000	Series of 2011B	0.888% - 3.258%	15,800,000
2011/2030	2,700,000	Series of 2011CREB	4.63%	2,700,000
2011/2032	2,500,000	Series of 2011 DDWSRF (Only \$674,810 drawn at June 30, 2014)	2.92%	776,591
2011/2032	2,500,000	Series of 2011A DDWSRF (Only \$2,394,015 drawn at June 30, 2014)	2.33%	2,394,015
2012/2033	2,500,000	Series of 2012A DDWSRF	1.205%	114,606
2012/2023	1,555,195	Series of 2011SEU DNREC	1.99%	1,343,034
2012/2034	2,000,000	Series of 2012B DDWSRF (Only \$593,815 drawn at June 30, 2014)	3.00%	593,815
2014/2034	40,429,740	Series of 201 SRF CO-GEN	2.00%	28,591,001
2013/2024	37,885,000	Series of 2013A	2.09% - 4.68%	37,885,000
Total General Obligation Bonds Payable				\$ 302,272,326

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, 2014, \$18,975,000 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.92%. 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, 2014, \$776,591 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, 2014, \$2,394,015 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, 2014, \$114,606 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, 2014, \$593,815 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 was drawn as needed and the interest rate was 65% of (the Adjusted London Interbank Offered Rate (LIBOR) plus 0.55) plus 0.19%, not to exceed 8%. As of June 28, 2014, the BAN outstanding balance of \$28,429,754 was paid off with permanent financing from the Delaware Water Pollution Control Revolving Fund (DWPCRF) acting by and through the Delaware Department of Natural Resources and Environmental Control. The bond was originally authorized in the amount of \$36,060,000 at an interest rate of 3.0%. On March 27, 2014, an additional \$4,369,740 was authorized to supplement this bond and the 3% interest rate was adjusted down to 2%. As of June 30, 2014 \$28,591,001 was outstanding.

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

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 at the time the loan is drawn down. Payments are due every six months, with a term of twenty years. The loans supplement other funding for the costs for the projects specified and are recorded in the Water and Sewer Fund.

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

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
2015	8,269,713	5,173,431	10,219,688	6,404,802
2016	8,811,270	4,827,576	10,544,914	6,172,831
2017	8,842,359	4,469,885	10,253,326	5,813,300
2018	8,137,733	4,144,148	10,189,288	5,476,291
2019	8,499,819	3,754,434	10,596,367	5,100,156
2020-2024	38,506,095	13,570,031	58,871,976	19,078,432
2025-2029	25,646,165	5,640,848	56,149,090	8,150,494
2030-2034	13,510,000	850,738	23,752,318	1,372,629
	120,223,154	\$ 42,431,091	190,576,967	\$ 57,568,935
Less: Funds Not Drawn	-		(8,527,795)	
Total	\$ 120,223,154		\$ 182,049,172	

Component Units

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

Component Units' Debt Service Schedule						
Year Ending June 30	Wilmington Parking Authority		Downtown Visions		Riverfront Business Improvement District	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	2,464,247	802,269	47,144	31,601	50,000	-
2016	2,530,000	675,875	29,510	29,719	50,000	-
2017	485,000	598,538	28,551	28,302	50,000	-
2018	510,000	574,288	29,934	26,919	50,000	-
2019	530,000	553,888	28,463	25,506	140,523	-
2020-2024	2,924,480	2,429,300	517,922	4,134	-	-
2025-2029	3,705,000	1,733,838	-	-	-	-
2030-2034	4,610,000	848,969	-	-	-	-
2035	1,035,000	45,279	-	-	-	-
Total	\$ 18,793,727	\$ 8,262,244	\$ 681,524	\$ 146,181	\$ 340,523	\$ -

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, 2014, \$66,260,000 of bonds outstanding from this and prior defeasements are considered defeased.

D. Conduit Debt Obligations

From time to time, the City has issued revenue bonds for the express purpose of providing capital financing to third parties that are not part of the City or its component units. Although the debt bears the City's name, the City has no obligation for this debt beyond the resources of the third party or the related project as provided for in the bonds. Because the City has no liability for this debt, it is not recorded in the City's financial statements. As of June 30, 2014, twelve issues with debt of \$78,305,001 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, 2014, the City has \$14,612,927 of motor vehicles under lease with accumulated depreciation of \$5,314,166. As of June 30, 2014, payments under these capital leases are as follows:

<u>Year Ending June 30</u>	<u>Motor Vehicle</u>
2015	\$ 3,154,184
2016	2,366,659
2017	1,679,632
2018	1,391,183
2019	<u>749,764</u>
Total Minimum Lease Payments	9,341,422
Less: Amount Representing Interest	<u>(417,985)</u>
Present Value of Lease Payments	<u>\$ 8,923,437</u>

B. Operating Leases - Lessor - Component Unit

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

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 2014 was \$151,440. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2014:

<u>Year Ending June 30</u>	<u>Wilmington Parking Authority</u>
2015	\$ 105,048
2016	108,192
2017	111,441
2018	114,789
2019	<u>28,908</u>
Total Minimum Future Rental Income	<u>\$ 468,378</u>

11. Deferred Inflows of Resources and Unearned Revenue

Governmental Funds report deferred inflows of resources in connection with unavailable revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue are reported below primarily instances where cash has been collected in advance for items that have not yet met revenue recognition criteria. The composition of these balances are noted below.

		Governmental Fund Financial Statements	Government-wide Financial Statements
<u>Unavailable Revenues</u>			
General Fund			
Property and Wage Taxes	\$ 8,853,284		
Permits and Other Revenues	6,378,833		
Revenue on Notes Receivable	<u>4,971,245</u>		
		\$ 20,203,362	\$ -
<u>Unearned Revenues</u>			
Economic Development Strategic Fund		41,725	41,725
Non-Major Funds			
Unearned Grant Revenues			
Park Recreation Assistance		235,046	235,046
Cable Television Fund		432,500	432,500
Community Development Block Grants		65,473	65,473
Municipal Street Aid		29,761	29,761
Home Partnership Program		353,751	353,751
Delaware Criminal Justice Planning		935,781	935,781
State Rehab Loan Program		49,967	49,967
Special Projects		<u>1,725,497</u>	<u>1,725,497</u>
		<u>3,827,776</u>	<u>3,827,776</u>
Total		<u>\$ 24,072,863</u>	<u>\$ 3,869,501</u>
Water & Sewer Fund			<u>\$ 4,879,077</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 \$25,592,630 at June 30, 2014. Of the \$3,288,652 due from the Motor Vehicle Fund, \$3,247,770 related to the acquisition of garage assets and motor vehicles is considered an Advance (discussed in Note 7) and therefore is classified as Nonspendable Fund Balance.

The General Fund has Committed Funds consisting of the Budget Reserve Account of \$15,003,965. 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 \$150,039,645 of fiscal year 2015 expenditures budgeted as of the end of June 30, 2014.

Other Major Funds

The Housing Strategic Fund has Committed Fund Balance of \$631,127 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 \$11,523,997 at June 30, 2014 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 \$991,205 and Restricted Fund Balance of \$6,143,028. Restricted Fund Balance for Other Purposes totals \$245,392.

The Special Revenue Funds report Committed Fund Balances of \$1,742,099 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:

	Claims and			
	Beginning Liability	Changes in		Ending Liability
	<u>Fiscal Year</u>	<u>Estimates</u>	<u>Claim Payments</u>	<u>Fiscal Year</u>
2012 - 2013	\$ 5,654,699	\$ 69,366	\$ (1,140,891)	\$ 4,583,174
2013 - 2014	4,583,174	3,218,650	(1,648,477)	6,153,347

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:

	Claims and			
	Beginning Liability	Changes in		Ending Liability
	<u>Fiscal Year</u>	<u>Estimates</u>	<u>Claim Payments</u>	<u>Fiscal Year</u>
2012 - 2013	\$ 8,123,190	\$ 2,278,042	\$ (2,731,272)	\$ 7,669,960
2013 - 2014	7,669,960	2,413,923	(2,412,773)	7,671,110

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:

	Claims and			
	Beginning Liability	Changes in		Ending Liability
	<u>Fiscal Year</u>	<u>Estimates</u>	<u>Claim Payments</u>	<u>Fiscal Year</u>
2012 - 2013	\$ 761,382	\$ 18,411,745	\$ (18,005,841)	\$ 1,167,286
2013 - 2014	1,167,286	16,972,485	(16,926,773)	1,212,998

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, 2014.

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

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

	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non- Uniformed</u>	<u>Plan II Non- Uniformed</u>	<u>Plan III Non- Uniformed</u>	<u>Park Trust</u>
Number of Retirees & Beneficiaries Receiving Benefits	318	489	175	177	245	2
Number of Terminated Employees Entitled to Benefits	0	0	0	155	80	0
Number of Fully Vested, Partially Vested, & Non-Vested Active Employees	48	62	17	39	410	1
Current Year Annual Covered Payroll	\$ 3,527,279	\$ 5,496,728	\$ 86,057	\$ 286,614	\$ 22,807,717	\$ 53,579

The City's current-year total payroll for all employees was \$70,984,504.

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

The funding policy, annual pension costs, and funding status and funding progress are presented in a schedule on page 76 of the Notes. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future; examples include assumptions about future employment, mortality, and investment rate of return. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The pension funding status and progress for the last six fiscal years of the City Sponsored Plans is reported as Required Supplementary Information (RSI) immediately following the Notes to the Financial Statements. The RSI schedule presents multiyear trend information that shows whether the actual value of plan assets is increasing or decreasing over time relative to the actual accrued liabilities for benefits.

Cash and Investments

The Board of Pension and Retirement (Trustees) of the Pension Funds receives contributions from the City and State and is responsible for the funding policy. The City Treasurer is the custodian of the Funds' investment assets, effects disbursements from the Funds, and executes other transactions therein. The City Treasurer and outside custodians, both under the direction of the Board of Trustees, manage the Funds' investments. The Trustees have authorized certain cash and investments of the Funds to be pooled for investing by outside custodians. The Funds' portion is reported on the balance sheet as "pooled investments." Funds under outside management at June 30, 2014, 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, 2014, the only plan with cash or investments in excess of 5% of the individual plan's net position was Plan III, which held a \$3,910,081 Certificate of Deposit at WSFS Financial Corp.

Membership, Benefit and Contribution Provisions

A description of the individual plans including eligibility provisions, types of benefits, and contribution requirements is presented below in general terms on the following pages. The City Board of Pensions and Retirements, various boards of trustees, and the City Treasurer administer the City Sponsored Plans. Financial statements for the City Firefighters' and Police Pension Plans are available from the City Treasurer's Office, Louis L. Redding Building, 800 French Street, Wilmington, Delaware 19801. The State Board of Pension Trustees and the State Office of Pensions administers the State Plans. 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 State Plans provide retirement, disability, and death benefits to plans' members and beneficiaries. Ten-year historical trend and solvency test information has not been included in the City's basic financial statements. This information is included in the 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.

Member pension benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan administrative costs are paid from plan assets as approved by the Pension Trustees. Contributions to the City Sponsored Plans by the State of Delaware on-behalf of the City are recorded as intergovernmental revenue in the City's fund and government-wide statements and as a pension expense. The contributions (Firefighters - \$3,370,575; Police - \$1,917,292; Plan I - \$14,577) are included in the pension statements as separately presented component of City contributions to the trusts.

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



City of Wilmington, Delaware
Statement of Fiduciary Net Position
For the Year Ended June 30, 2014

	Plan I Non- uniformed <u>Pension</u>	Plan II Non- uniformed <u>Pension</u>	Plan III Non- uniformed <u>Pension</u>	Wilmington Park Trust <u>Pension</u>
ASSETS				
Cash and Cash Equivalents	\$ 15,964	\$ 1,112	\$ 5,512,633	\$ -
Receivables:				
Contributions receivable	157,065	51,104	-	-
Accrued Interest & Other Receivables	<u>17,852</u>	<u>40,053</u>	<u>184,967</u>	<u>-</u>
Total Receivables	<u>174,917</u>	<u>91,157</u>	<u>184,967</u>	<u>-</u>
Investments, at Fair Value:				
Money Market Funds	105,043	235,707	978,847	56,255
U.S. Treasury Obligations	821,890	1,844,252	7,658,825	-
U.S. Government Agencies - Guaranteed	524	1,175	4,881	-
U.S. Government Agencies - Other	366,391	822,153	3,414,242	-
Corporate & Foreign Bonds	969,709	2,175,945	9,036,279	-
Common Equity & Marketable Securities	2,416,665	5,422,785	22,944,978	154,045
Mutual Funds	<u>1,399,483</u>	<u>3,140,318</u>	<u>14,130,932</u>	<u>116,069</u>
Total Investments	6,079,705	13,642,335	58,168,984	326,369
Due from Other Pensions	<u>-</u>	<u>-</u>	<u>242,087</u>	<u>-</u>
Total Assets	<u>6,270,586</u>	<u>13,734,604</u>	<u>64,108,671</u>	<u>326,369</u>
LIABILITIES				
Accounts Payable	2,227	3,763	16,197	8,910
Salaries and Benefits Payable	778	1,600	4,038	-
Due to Other Pension Trust Fund	-	242,087	327,856	48,765
Due to Other Governments	-	-	5,868,855	-
Compensated Absences	-	-	24,836	-
Liability for Stale-dated Pension Checks	<u>38,911</u>	<u>8,517</u>	<u>8,453</u>	<u>-</u>
Total Liabilities	<u>41,916</u>	<u>255,967</u>	<u>6,250,235</u>	<u>57,675</u>
Net Position				
Held in Trust for Pension Benefits	<u>\$ 6,228,670</u>	<u>\$ 13,478,637</u>	<u>\$ 57,858,436</u>	<u>\$ 268,694</u>

City of Wilmington, Delaware
Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	<u>Plan I</u> Non- <u>Pension</u>	<u>Plan II</u> Non- <u>Pension</u>	<u>Plan III</u> Non- <u>Pension</u>	<u>Wilmington</u> Park <u>Pension</u>
ADDITIONS				
Contributions:				
City				
Paid Directly by the City	\$ 260,008	\$ 420,806	\$ 5,504,662	\$ 24,740
Paid by the State				
On-Behalf of the City	14,577	-	-	-
Employees	-	-	461,160	-
Federal Drug Subsidies & Other	-	17,820	-	-
Total Contributions	<u>274,585</u>	<u>438,626</u>	<u>5,965,822</u>	<u>24,740</u>
Investment Income				
Investment Earnings	152,766	316,128	1,323,486	6,204
Net Appreciation				
(Depreciation) in Fair Value	<u>682,196</u>	<u>1,557,453</u>	<u>6,631,299</u>	<u>32,722</u>
Total Investment Earnings	834,962	1,873,581	7,954,785	38,926
Less: Investment Expense	<u>(21,936)</u>	<u>(45,393)</u>	<u>(173,172)</u>	<u>-</u>
Net Investment Income	<u>813,026</u>	<u>1,828,188</u>	<u>7,781,613</u>	<u>38,926</u>
Total Additions	<u>1,087,611</u>	<u>2,266,814</u>	<u>13,747,435</u>	<u>63,666</u>
DEDUCTIONS				
Benefits Paid	708,583	979,921	4,042,603	17,820
Administrative Expenses	<u>47,420</u>	<u>81,679</u>	<u>212,481</u>	<u>3,017</u>
Total Deductions	<u>756,003</u>	<u>1,061,600</u>	<u>4,255,084</u>	<u>20,837</u>
Net Increase in Plan Net Position	331,608	1,205,214	9,492,351	42,829
Net Position - Beginning	<u>5,897,062</u>	<u>12,273,423</u>	<u>48,366,085</u>	<u>225,865</u>
Net Position - Ending	<u>\$ 6,228,670</u>	<u>\$ 13,478,637</u>	<u>\$ 57,858,436</u>	<u>\$ 268,694</u>

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

Plans' Description and Eligibility: The Firefighters Pension Plan and Police Pension Plans are single-employer defined benefit plans covering all firefighters and police officers, respectively, employed by the City of Wilmington hired before August 1, 1991. The plans are each split into two benefit groups: pre-1984 and 1984. The 1984 groups include firefighters and police officers hired after June 30, 1984 and pre-July 1, 1984, firefighters and police officers who opted to participate in the new plans. The pre-1984 groups include those firefighters and police officers hired prior to July 1, 1984 and not opting for the new plans.

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

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

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

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

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

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

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

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.

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.

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.

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.

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

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Pension Trustees (the Board). The plan, which is the Delaware's County and Municipal Police and Firefighter Pension Plan, covers City police and firefighter employees hired on or after February 1, 1993.

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 the Board of Pension Trustees.

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2014 was 15.5% of covered payroll.

Delaware's County and Municipal Other Employees' Pension Plan

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Pension Trustees. The plan, which is the Delaware's County and Municipal Other Employees' Pension Plan, covers all full-time non-uniformed and uniformed City employees hired on or after July 1, 2011, and all officials who are elected or appointed on or after July 1, 2011.

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

Vesting: 5 years of credited service.

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

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

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

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

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2014 was 6.6% of covered payroll. Six year trend information on costs for the City Sponsored Plans and State Plans is as follows:

<u>Plan Name</u>	<u>Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Firefighters	2009	\$5,023,195	100%	\$-
	2010	\$5,040,427	100%	\$-
	2011	\$4,796,719	100%	\$-
	2012	\$4,589,546	100%	\$-
	2013	\$5,040,040	100%	\$-
	2014	\$4,715,554	100%	\$-
Police	2009	\$6,626,502	100%	\$-
	2010	\$6,550,539	100%	\$-
	2011	\$6,437,963	100%	\$-
	2012	\$7,567,027	100%	\$-
	2013	\$8,229,390	100%	\$-
	2014	\$7,949,984	100%	\$-
Plan I Non-Uniformed	2009	\$355,122	100%	\$-
	2010	\$315,440	100%	\$-
	2011	\$292,475	100%	\$-
	2012	\$284,027	100%	\$-
	2013	\$333,400	100%	\$-
	2014	\$260,008	100%	\$-
Plan II Non-Uniformed	2009	\$-	100%	\$-
	2010	\$189,257	100%	\$-

<u>Plan Name</u>	<u>Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Plan II Non-Uniformed	2011	\$92,757	100%	\$-
	2012	\$300,353	100%	\$-
	2013	\$394,825	100%	\$-
	2014	\$420,806	100%	\$-
Plan III Non-Uniformed	2009	\$2,994,895	100%	\$-
	2010	\$3,312,623	100%	\$-
	2011	\$3,784,889	100%	\$-
	2012	\$5,326,619	100%	\$-
	2013	\$5,730,033	100%	\$-
	2014	\$5,504,662	100%	\$-
Park Trust	2009	\$17,536	100%	\$-
	2010	\$17,536	100%	\$-
	2011	\$35,236	100%	\$-
	2012	\$-	100%	\$-
	2013	\$-	100%	\$-
	2014	\$24,740	100%	\$-
Delaware's County & Municipal Police and Firefighters' Plan (multi- employer)	2009	\$2,372,977	100%	\$-
	2010	\$2,396,872	100%	\$-
	2011	\$2,621,343	100%	\$-
	2012	\$3,039,310	100%	\$-
	2013	\$3,211,993	100%	\$-
	2014	\$3,517,072	100%	\$-
Delaware's County & Municipal Other Employees Plan (multi-employer)	2012	\$19,328	100%	\$-
	2013	\$186,702	100%	\$-
	2014	\$369,195	100%	\$-

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 \$0 for the year ended June 30, 2014. 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 Sponsor Plans and the multi-employer plans administered by the Delaware Public Employees' Retirement System. (1)

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Plan I Non-uniformed Pension</u>	<u>Plan II Non-uniformed Pension</u>	<u>Plan III Non-uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>County & Municipal Police and Firefighters</u>	<u>County & Municipal Other Employees</u>
Plan Type	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Multi-Employer	Multi-Employer
Annual Required (7/1/13-6/30/14) (2)								
Contribution	\$ 4,715,554	\$ 7,949,984	\$ 260,008	\$ 420,806	\$ 5,504,662	\$ 24,740	\$ 3,517,072	\$ 369,195
Pension Cost	\$ 4,715,554	\$ 7,949,984	\$ 260,008	\$ 420,806	\$ 5,504,662	\$ 24,740	\$ 3,517,072	\$ 369,195
Actuarial Valuation Date	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	June 30, 2013	June 30, 2013
Actuarial Cost Method	Aggregate Entry Age (6)	Aggregate Entry Age (6)	Aggregate Entry Age (6)	Aggregate Entry Age (6)	Aggregate Entry Age (6)	Aggregate Entry Age (6)	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 Open	Level Percent Open
Remaining Amortization Period (3)	17 years	17 years	17 years	17 years	17 years	17 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
Actuarial Assumptions								
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%	6.00%	7.50%	7.50%
Projected Salary Increases	5.50% (5)	5.50% (5)	5.50% (4)	5.50% (4)	5.50% (4)	5.00%	4.3%-11.8%	3.8%-9.6%
Includes Inflation rate of	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	n/a	n/a
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None	Ad Hoc	Ad Hoc
Funded Status and Funding Progress as of July 1, 2012 (except Park Trust -7/1/2013 and County & Municipal Plans - 6/30/2013)								
Actuarial Accrued Liability (AAL)	\$ 87,535,844	\$144,832,644	\$ 7,184,749	\$ 14,431,838	\$ 85,243,656	\$ 199,128	\$207,740,000 (7)	\$ 29,312,000 (7)
Actuarial Value of Plan Assets (AVPA)	\$ 41,628,565	\$ 70,809,332	\$ 5,914,046	\$ 12,047,063	\$ 42,316,170	\$ 222,865	\$203,832,000	\$ 27,492,000
Unfunded Actuarial Accrued Liability (UAAL)	\$ 45,907,279	\$ 74,023,312	\$ 1,270,703	\$ 2,384,775	\$ 42,927,486	\$ (23,737)	\$ 3,908,000	\$ 1,820,000
Funded Ratio (AVPA/AAL)	47.6%	48.9%	82.3%	83.5%	49.6%	111.9%	98.1%	93.8%
Covered Payroll (Active Plan Members)	\$ 3,368,492	\$ 6,764,132	\$ 85,639	\$ 474,571	\$ 27,114,263	\$ 76,789	\$ 68,122,000	\$ 26,332,000
UAAL as a percentage of Covered Payroll	1362.8%	1094.4%	1483.8%	502.5%	158.3%	n/a	5.7%	6.9%

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

- (1) Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, therefore actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.
- (2) The actuarial valuation is done every other year. The last valuation completed was the July 1, 2012 valuation for the fiscal year ended June 30, 2014. The valuation calculates an Annual Required Contribution for each of the following two years; this may be recalculated to reflect significant changes in staff levels or salary increases. Actual contributions are based on the higher of percentage of pay (actual amounts may vary based on actual payroll) or level dollar.
- (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, with 5.5% for service of less than 19 years, 4.5% thereafter.
- (6) 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.
- (7) 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 34.2% of the Delaware County & Municipal Police and Firefighters' Plans' total employer contributions in fiscal year 2014. The City estimates that it contributes 18.0% of the Delaware County & Municipal Other Employees' Plans' total employer contributions in fiscal year 2014.

16. Net Pension Liability**Net Pension Liability**

The components of net pension liability at June 30, 2014 were as follows:

	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>
Total Pension Liability	\$ 87,962,015	\$ 148,817,208	\$ 6,755,027	\$ 14,690,536	\$ 94,360,168
Plan Fiduciary Net position	<u>46,416,477</u>	<u>83,554,105</u>	<u>6,228,670</u>	<u>13,478,637</u>	<u>57,858,436</u>
Net Pension Liability	<u>\$ 41,545,538</u>	<u>\$ 65,263,103</u>	<u>\$ 526,357</u>	<u>\$ 1,211,899</u>	<u>\$ 36,501,732</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53%	56%	92%	92%	61%

Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by a rollforward of actuarial valuations, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.5%
Projected Salary Increases	5.5% - 4.5% based on age
Inflation	3.0%
Mortality Rates	RP-2000 projected with Scale AA 15 years

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class:</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.0%
Non-U.S. Equity	8.3%
Fixed Income	1.5%
Cash	0.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.5%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

Plan	Element	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Firefighters	Total Pension Liability	\$ 95,355,760	\$ 87,962,015	\$ 81,563,160
	Plan Fiduciary Net Position	<u>46,416,477</u>	<u>46,416,477</u>	<u>46,416,477</u>
	Net Pension Liability	<u>\$ 48,939,283</u>	<u>\$ 41,545,538</u>	<u>\$ 35,146,683</u>
Police	Total Pension Liability	\$ 162,900,026	\$ 148,817,208	\$ 136,816,844
	Plan Fiduciary Net Position	<u>83,554,105</u>	<u>83,554,105</u>	<u>83,554,105</u>
	Net Pension Liability	<u>\$ 79,345,921</u>	<u>\$ 65,263,103</u>	<u>\$ 53,262,739</u>
Plan I	Total Pension Liability	\$ 7,222,455	\$ 6,755,027	\$ 6,344,029
	Plan Fiduciary Net Position	<u>6,228,670</u>	<u>6,228,670</u>	<u>6,228,670</u>
	Net Pension Liability	<u>\$ 993,785</u>	<u>\$ 526,357</u>	<u>\$ 115,359</u>
Plan II	Total Pension Liability	\$ 16,171,069	\$ 14,690,536	\$ 13,433,586
	Plan Fiduciary Net Position	<u>13,478,637</u>	<u>13,478,637</u>	<u>13,478,637</u>
	Net Pension Liability	<u>\$ 2,692,432</u>	<u>\$ 1,211,899</u>	<u>\$ (45,051)</u>
Plan III	Total Pension Liability	\$ 105,958,752	\$ 94,360,168	\$ 84,512,526
	Plan Fiduciary Net Position	<u>57,858,436</u>	<u>57,858,436</u>	<u>57,858,436</u>
	Net Pension Liability	<u>\$ 48,100,316</u>	<u>\$ 36,501,732</u>	<u>\$ 26,654,090</u>

17. Post-Retirement Healthcare Benefit Fund (Other Post Employment Benefits-OPEB)

General Description of the Plan

The City under City Code Section 39-5, provides post-retirement health care benefits (the Retired City Employees Medical Program) to all active full-time employees employed by the City as of and after January 1, 2000 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 and accordingly are included here. At June 30, 2014, the number of retirees currently receiving benefits under the plan was 266.

Statement of Fiduciary Net Position

<i>As of June 30,</i>	<u>2014</u>
ASSETS	
Cash and Cash Equivalents	\$ 163,545
Accrued Interest & Other Receivables	565,774
Investments, at Fair Value:	
Money Market Funds	1,072,438
U.S. Treasury Obligations	2,158,557
U.S. Government Agencies - Other	1,827,758
Corporate & Foreign Bonds	2,156,050
Common Equity & Marketable Securities	<u>5,477,911</u>
Total Investments	12,692,714
Due from Other Pension Trust Fund	<u>327,856</u>
Total Assets	<u>13,749,889</u>
LIABILITIES	
Accounts Payable	<u>226,757</u>
Total Liabilities	<u>226,757</u>
Net Position	
Held in Trust for OPEB Benefits	<u>\$ 13,523,132</u>

Statement of Changes in Fiduciary Net Position

For the year ended June 30,

2014

ADDITIONS

Contributions:

Paid Directly by the City	\$ 2,565,522
Employees	511,983
Federal Drug Subsidies & Other	<u>59,747</u>

Total Contributions	<u>3,137,252</u>
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Investment Income

Investment Earnings	356,674
Net Appreciation in Fair Value	<u>763,983</u>
Total Investment Earnings	<u>1,120,657</u>

Less: Investment Expense	<u>(28,522)</u>
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Net Investment Income	1,092,135
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Total Additions	<u>4,229,387</u>
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DEDUCTIONS

Benefits Paid	2,667,494
Administrative Expenses	<u>40,003</u>

Total Deductions	<u>2,707,497</u>
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Net Increase in Plan Net Position	1,521,890
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Net Position - Beginning	12,001,242
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Net Position - Ending	<u>\$ 13,523,132</u>
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Funding Policy

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, 2014. (The General Fund will be the source to fund this obligation.) In fiscal year 2014, the City contributed \$2,565,522 and retiree premium sharing added \$511,983.

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

As of July 1, 2012, the most recent valuation, the actuarial value of assets was \$10,033,058 and actuarially accrued liability for benefits was \$83,238,324, leaving \$73,204,786 unfunded. The covered

payroll (annual payroll of active employees covered by the plan) was \$63,501,676, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 115.3 percent. The Schedule of Funding Progress in the Required Supplementary Information immediately following the notes repeats this information along with past valuation information to present trends showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL of benefits.

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net OPEB Obligation at June 30, 2013	\$ 24,374,193	\$ 24,374,193	\$ -
Annual Required Contribution	5,823,354	5,112,666	710,688
Interest on Net OPEB Obligation	1,069,092	1,069,092	-
Adjustment to Annual Required Contribution	<u>(875,256)</u>	<u>(875,256)</u>	<u>-</u>
Annual OPEB Cost	<u>6,017,190</u>	<u>5,306,502</u>	<u>710,688</u>
Less: Employer Contributions	<u>(2,565,522)</u>	<u>(1,854,834)</u>	<u>(710,688)</u>
Net OPEB Obligation at June 30, 2014	<u>\$ 27,825,861</u>	<u>\$ 27,825,861</u>	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the five preceding fiscal years were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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
2014	6,017,190	42.6%	27,825,861

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short term volatility in the value of actuarial assets and liabilities. Significant methods and assumptions are as follows:

Actuarial Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Cost
Amortization Method	Level Percent Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Smoothed Market

Actuarial Assumptions:

Investment Rate of Return	7.5%
Projected Salary Increases	4.0%
Discount Rate	4.8%
Healthcare Inflation Rate	9.0% grading to 4.5% in 2028
Mortality Rates	RP-2000 projected with Scale AA 15 years

18. Implementation of New Pronouncements and Prior Period Adjustments

In 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. One of the effects of Statement No. 65 was to change the reporting of amounts deferred on refunding of bonds. In prior years, these amounts were reflected in the financial statements as part of noncurrent liabilities. GASB Statement No. 65 requires these amounts to be presented as deferred outflows of resources in the statement of net position. Also in prior years, costs of bond issuance were amortized over the term of the bonds. GASB Statement No. 65 eliminated those amortizations by requiring the costs of bond issuance to be recorded as an expense in the fiscal year during which the bonds were issued. This change resulted in a restatement of Net Position as reported at June 30, 2013.

In addition to the implementation of GASB No. 65, there were other adjustments to net position. The June 30, 2013 net position as reported for Business-Type Activities (the Water/Sewer Fund) was restated to adjust prior period carry forwards that were not congruent to the general ledger. Also, Governmental Activities had restated net positions as reported at June 30, 2013 due to prior period carry forwards that were not congruent with the general ledger (the General Fund and the Capital Projects Fund). The adjustments will reflect the City's current financial standing with the general ledger. Rock Manor Golf Course Corporation had a prior period adjustment due to management discovering an error in the recording of capital reserve receipts which were incorrectly recorded as current revenue.

The Component Units June 30, 2013 net positions as reported were restated for the Wilmington Parking Authority and for the Christina Gateway Corporation. The Wilmington Parking Authority net position was restated from minority interest to nonexpendable net position. The Christina Gateway Corporation was restated to reflect the Ships Tavern Garage, LLC loan payable, to record interest income for Ships Tavern's notes receivable in prior years, and to reflect the breakdown in cost of land held for development.

The adjustment is reflected in the Government-wide statements as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Component <u>Units</u>
Net Position as reported at June 30, 2013	\$ 107,648,958	\$ 110,007,755	\$ 47,281,528
Adjustment for bond issue costs	(1,236,455)	(1,604,016)	(498,210)
Other adjustments	(25,329)	(126,885)	2,138,167
Net Position, as restated	<u>\$ 106,387,174</u>	<u>\$ 108,276,854</u>	<u>\$ 48,921,485</u>

Included in the adjustment for bond issuance costs of the governmental activities above is \$57,923 related to Internal Service Funds. Those funds' net position was restated to \$3,487,090 as of June 30th, 2013.

19. Subsequent Events

On November 6, 2014, the City has authorized the issuance General Obligation Bonds in order to provide the funds necessary to finance the cost of acquiring containers for municipal solid waste collection and recycling receptacles for use within the city limits; The City has determined to issue one or more of its General Obligation Bonds or Notes, in an aggregate principal amount not to exceed \$1,000,000 providing for the sale of the Bonds and authorizing other necessary action.

Schedule 1 - Pension Funding Status and Progress

In accordance with GASB No. 27, the following required supplementary information is provided with regard to pension funding progress. The City Sponsored Plans have a valuation performed every two years, and the schedule presents the last three completed valuations covering six years. The multi-year employer State Plans have annual valuations, but GASB No. 27 information is not available for 2014.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) -Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll
	(1)	(2)	(2-1)	(1 / 2)	(5)	((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	5,914,046	7,184,749	1,270,703	82.3%	85,639	1483.8%
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	12,046,867	14,431,838	2,384,971	83.5%	629,301	379.0%
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	42,316,170	85,243,656	42,927,486	49.6%	27,617,534	155.4%
Park Trust						
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%
7/1/2013	225,865	199,128	(26,737)	113.4%	57,569	-46.4%
Delaware's County & Municipal Police and Firefighters' Plan (multi-employer - in thousands of dollars)						
6/30/2008	\$ 102,423	\$ 103,731	\$ 2,756	98.3%	\$ 59,418	4.6%
6/30/2009	119,712	122,573	7,085	96.2%	67,091	10.6%
6/30/2010	135,684	141,435	2,756	98.3%	59,418	4.6%
6/30/2011	157,394	160,150	7,085	96.2%	67,091	10.6%
6/30/2012	179,816	186,901	3,908	96.2%	68,122	5.7%
6/30/2013	203,832	207,740	3,908	98.1%	66,268	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%

Schedule 2 – Post-Retirement Funding Status and Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
	(1)	(2)	(2-1)	(1 / 2)	(5)	((2-1) / 5)
Pension Healthcare						
7/1/2008	\$ 4,916,523	\$ 55,083,567	\$ 50,167,044	8.9%	\$ 64,850,293	77.4%
7/1/2010	7,214,969	65,321,683	58,106,714	11.0%	65,744,569	88.4%
7/1/2012	10,033,538	83,238,324	73,204,786	12.1%	63,501,676	115.3%

Schedule 3 – Schedule of Contributions

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

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
Firefighters	2014	\$ 4,715,554	\$ 4,715,554	\$ -	\$ 3,527,279	133.7%
Police	2014	\$ 7,949,984	\$ 7,949,984	\$ -	\$ 5,496,728	144.6%
Plan I	2014	\$ 260,008	\$ 260,008	\$ -	\$ 86,057	302.1%
Plan II	2014	\$ 420,806	\$ 420,806	\$ -	\$ 286,614	146.8%
Plan III	2014	\$ 5,504,662	\$ 5,504,662	\$ -	\$ 22,807,717	24.1%

Notes to Schedule:

Valuation Date	Two years of recommended contributions are calculated every other year on July 1, one year prior to the beginning of the following fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, increasing 4.0% per year; Closed.
Remaining Amortization Period	17 years as of July 1, 2012
Asset Valuation Method	5-year smoothed market
Inflation	3.0% per year
Salary Increases	5.5%-4.5% depending on age and years of service
Investment Rate of Return	7.5% before expenses
Retirement Age	Firefighters and Police: graded table of rates based on eligibility with 100% assumed to retire at age 60 and 20 years of service. Plans I,II,III: graded table of rates based on eligibility with 100% assumed to retire at age 70.
Mortality	RP-2000 projected with Scale AA 15 years

**Schedule 4 – Schedule of Changes in the Employers’ Net Pension Liability
and Related Ratios**

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

<i>Fiscal Year Ended June 30,</i>	<u>Firefighters</u> <i>2014</i>	<u>Police</u> <i>2014</i>	<u>Plan I Non- uniformed</u> <i>2014</i>	<u>Plan II Non- uniformed</u> <i>2014</i>	<u>Plan III Non- uniformed</u> <i>2014</i>
Total Pension Liability					
Service Cost	\$ 544,286	\$ 1,262,636	\$ 4,283	\$ 45,238	\$ 1,660,717
Interest Cost	6,377,517	10,744,572	496,446	1,059,722	6,726,838
Benefit Payments	<u>(6,775,622)</u>	<u>(10,192,392)</u>	<u>(708,583)</u>	<u>(979,921)</u>	<u>(4,042,603)</u>
Net Change in Total Pension Liability	146,181	1,814,816	(207,854)	125,039	4,344,952
Total Pension Liability, beginning	<u>87,815,834</u>	<u>147,002,392</u>	<u>6,962,881</u>	<u>14,565,497</u>	<u>90,015,216</u>
Total Pension Liability, ending (a)	<u>\$ 87,962,015</u>	<u>\$ 148,817,208</u>	<u>\$ 6,755,027</u>	<u>\$ 14,690,536</u>	<u>\$ 94,360,168</u>
Plan Fiduciary Net Position					
Contributions from Employer	\$ 1,344,979	\$ 6,032,692	\$ 260,008	\$ 420,806	\$ 5,504,662
Contributions from Member	212,788	331,729	-	-	461,160
Contributions from State / Other	3,370,575	1,917,292	14,577	17,820	-
Net investment income	6,058,922	11,232,974	813,026	1,828,188	7,781,613
Administrative Expenses	(72,399)	(91,948)	(47,420)	(81,679)	(212,481)
Benefit Payments	<u>(6,775,622)</u>	<u>(10,192,392)</u>	<u>(708,583)</u>	<u>(979,921)</u>	<u>(4,042,603)</u>
Net Change in Fiduciary Net Position	4,139,243	9,230,347	331,608	1,205,214	9,492,351
Plan Fiduciary Net Position, beginning	<u>42,418,443</u>	<u>74,594,265</u>	<u>5,897,062</u>	<u>12,273,423</u>	<u>48,366,085</u>
Plan Fiduciary Net Position, ending (b)	<u>\$ 46,557,686</u>	<u>\$ 83,824,612</u>	<u>\$ 6,228,670</u>	<u>\$ 13,478,637</u>	<u>\$ 57,858,436</u>
Net Pension liability - ending (a) - (b)	<u>\$ 41,404,329</u>	<u>\$ 64,992,596</u>	<u>\$ 526,357</u>	<u>\$ 1,211,899</u>	<u>\$ 36,501,732</u>
Plan Fiduciary net Position as a % of Total Pension Liability	52.9%	56.3%	92.2%	91.8%	61.3%
Covered Employee Payroll	\$ 3,527,279	\$ 5,496,728	\$ 86,057	\$ 286,614	\$ 22,807,717
Net Pension Liability as a % of Covered Employee Payroll	1173.8%	1182.4%	611.6%	422.8%	160.0%

Schedule 5 – Schedule of Investment Returns

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

	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>
Year Ended June 30, 2014	11.8%	11.6%	2.8%	11.5%	24.6%

**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, 2014, 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, 2014

	<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	\$ 1,488,089	\$ 1,377,146	\$ 1,368,187	\$ 8,959
Materials, Supplies and Equipment	1,136,264	1,221,936	1,086,730	135,206
Special Purpose	246,600	121,600	120,000	1,600
Debt Service	<u>1,297,339</u>	<u>1,297,339</u>	<u>1,453,947</u>	<u>(156,608)</u>
Office of the Mayor	<u>4,168,292</u>	<u>4,018,021</u>	<u>4,028,864</u>	<u>(10,843)</u>
Management and Budget				
Personal Services	495,611	495,611	495,756	(144)
Materials, Supplies and Equipment	<u>73,036</u>	<u>73,036</u>	<u>67,850</u>	<u>5,186</u>
Management and Budget	<u>568,647</u>	<u>568,647</u>	<u>563,606</u>	<u>5,041</u>
Office of Emergency Management				
Personal Services	62,748	62,748	42,846	19,902
Materials, Supplies and Equipment	332,453	320,594	346,743	(26,149)
Debt Service	<u>56,145</u>	<u>56,145</u>	<u>55,783</u>	<u>362</u>
Office of Emergency Management	<u>451,346</u>	<u>439,487</u>	<u>445,372</u>	<u>(5,885)</u>
Economic Development				
Personal Services	795,905	795,905	778,163	17,742
Materials, Supplies and Equipment	193,291	193,291	146,535	46,756
Special Purpose	-	-	-	-
Debt Service	<u>2,945,088</u>	<u>2,945,088</u>	<u>2,862,974</u>	<u>82,114</u>
Economic Development	<u>3,934,284</u>	<u>3,934,284</u>	<u>3,787,671</u>	<u>146,612</u>
Cultural Affairs				
Personal Services	258,591	258,591	277,154	(18,563)
Materials, Supplies and Equipment	503,175	503,175	502,484	691
Special Purpose	-	-	-	-
Cultural Affairs	<u>761,766</u>	<u>761,766</u>	<u>779,637</u>	<u>(17,871)</u>
Constituent Services				
Personal Services	419,482	530,425	492,004	38,421
Materials, Supplies and Equipment	<u>122,387</u>	<u>122,687</u>	<u>104,330</u>	<u>18,357</u>
Constituent Services	<u>541,869</u>	<u>653,112</u>	<u>596,335</u>	<u>56,778</u>
Mayor's Offices Total				
Personal Services	3,520,426	3,520,426	3,454,109	66,317
Materials, Supplies and Equipment	2,360,605	2,434,718	2,254,671	180,047
Special Purpose	246,600	121,600	120,000	1,600
Debt Service	<u>4,298,572</u>	<u>4,298,572</u>	<u>4,372,704</u>	<u>(74,132)</u>
Mayor's Offices Total	<u>\$ 10,426,203</u>	<u>\$ 10,375,316</u>	<u>\$ 10,201,484</u>	<u>\$ 173,832</u>
CITY COUNCIL				
City Council				
Personal Services	\$ 583,354	\$ 583,354	\$ 600,921	\$ (17,567)
Materials, Supplies and Equipment	637,124	677,302	641,473	35,830
Special Purpose	19,000	19,000	19,052	(52)
Debt Service	<u>639</u>	<u>639</u>	<u>639</u>	<u>0</u>
City Council	<u>1,240,117</u>	<u>1,280,295</u>	<u>1,262,084</u>	<u>18,211</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CITY COUNCIL (Continued)				
City Clerk				
Personal Services	\$ 821,406	\$ 821,406	\$ 842,394	\$ (20,988)
Materials, Supplies and Equipment	81,345	71,167	61,641	9,525
City Clerk	<u>902,751</u>	<u>892,573</u>	<u>904,035</u>	<u>(11,463)</u>
Cable and Communication	-	-	-	-
City Council Offices Total				
Personal Services	1,404,760	1,404,760	1,443,315	(38,555)
Materials, Supplies and Equipment	718,469	748,469	703,114	45,355
Special Purpose	19,000	19,000	19,052	(52)
Debt Service	639	639	639	0
City Council Offices Total	<u>\$ 2,142,868</u>	<u>\$ 2,172,868</u>	<u>\$ 2,166,120</u>	<u>\$ 6,748</u>
AUDIT				
Audit Department				
Personal Services	\$ 401,118	\$ 401,118	\$ 375,081	\$ 26,037
Materials, Supplies and Equipment	294,530	294,790	270,054	24,736
Audit Department	<u>\$ 695,648</u>	<u>\$ 695,908</u>	<u>\$ 645,135</u>	<u>\$ 50,773</u>
LAW				
Law Department				
Personal Services	\$ 2,290,359	\$ 2,290,359	\$ 2,257,618	\$ 32,741
Materials, Supplies and Equipment	719,219	719,219	562,775	156,444
Law Department	<u>\$ 3,009,578</u>	<u>\$ 3,009,578</u>	<u>\$ 2,820,393</u>	<u>\$ 189,185</u>
FINANCE				
Finance Administrative				
Personal Services	\$ 199,123	\$ 199,123	\$ 275,331	\$ (76,209)
Materials, Supplies and Equipment	112,520	179,364	116,248	63,116
Debt Service	6,457	6,457	6,415	42
Finance Administrative	<u>318,100</u>	<u>384,944</u>	<u>397,995</u>	<u>(13,051)</u>
Earned Income Tax				
Personal Services	1,430,793	1,519,559	1,474,355	45,204
Materials, Supplies and Equipment	1,139,900	1,099,678	909,741	189,937
Debt Service	-	-	-	-
Earned Income Tax	<u>2,570,693</u>	<u>2,619,237</u>	<u>2,384,096</u>	<u>235,141</u>
Accounting				
Personal Services	942,764	853,998	838,177	15,821
Materials, Supplies and Equipment	171,062	280,863	200,422	80,441
Accounting	<u>1,113,826</u>	<u>1,134,861</u>	<u>1,038,599</u>	<u>96,262</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	<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	\$ 367,527	\$ 367,527	\$ 378,745	\$ (11,218)
Materials, Supplies and Equipment	145,367	145,367	148,227	(2,860)
Procurement and Records	<u>512,894</u>	<u>512,894</u>	<u>526,972</u>	<u>(14,078)</u>
Delinquent Accounts Division				
Personal Services	103,773	103,773	113,798	(10,025)
Materials, Supplies and Equipment	135,483	132,483	86,590	45,894
Delinquent Accounts Division	<u>239,256</u>	<u>236,256</u>	<u>200,388</u>	<u>35,868</u>
Central Cashier				
Personal Services	565,816	570,316	442,684	127,631
Materials, Supplies and Equipment	2,845,245	2,824,967	2,739,102	85,865
Central Cashier	<u>3,411,061</u>	<u>3,395,283</u>	<u>3,181,786</u>	<u>213,497</u>
Billing & Customer Service				
Personal Services	135,146	137,646	215,944	(78,299)
Materials, Supplies and Equipment	81,751	91,751	99,116	(7,365)
Billing & Customer Service	<u>216,897</u>	<u>229,397</u>	<u>315,060</u>	<u>(85,664)</u>
Finance Parking				
Personal Services	1,421,265	1,414,265	1,227,023	187,242
Materials, Supplies and Equipment	242,004	241,004	186,011	54,993
Finance Parking	<u>1,663,269</u>	<u>1,655,269</u>	<u>1,413,034</u>	<u>242,235</u>
Finance Department Total				
Personal Services	5,166,206	5,166,206	4,966,058	200,147
Materials, Supplies and Equipment	4,873,333	4,995,478	4,485,456	510,022
Debt Service	6,457	6,457	6,415	42
Finance Department Total	<u>\$ 10,045,995</u>	<u>\$ 10,168,140</u>	<u>\$ 9,457,929</u>	<u>\$ 710,211</u>
HUMAN RESOURCES				
Personnel - Admin				
Personal Services	\$ 219,711	\$ 219,711	\$ 226,371	\$ (6,660)
Materials, Supplies and Equipment	189,429	188,929	118,472	70,457
Personnel - Admin	<u>409,140</u>	<u>408,640</u>	<u>344,843</u>	<u>63,797</u>
Human Resource and Services				
Personal Services	1,092,285	1,092,285	1,050,969	41,316
Materials, Supplies and Equipment	477,917	478,597	409,691	68,905
Debt Service	22,459	22,459	22,314	145
Human Resource and Services	<u>1,592,661</u>	<u>1,593,341</u>	<u>1,482,974</u>	<u>110,366</u>
Human Resources Department Total				
Personal Services	1,311,996	1,311,996	1,277,341	34,655
Materials, Supplies and Equipment	667,346	667,526	528,163	139,362
Debt Service	22,459	22,459	22,314	145
Human Resources Department Total	<u>\$ 2,001,801</u>	<u>\$ 2,001,981</u>	<u>\$ 1,827,818</u>	<u>\$ 174,163</u>
TREASURER				
Treasurer's Office				
Personal Services	\$ 300,920	\$ 300,920	\$ 329,455	\$ (28,535)
Materials, Supplies and Equipment	131,587	131,587	119,974	11,613
Treasurer's Office Department Total	<u>\$ 432,507</u>	<u>\$ 432,507</u>	<u>\$ 449,429</u>	<u>\$ (16,922)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PLANNING				
Planning				
Personal Services	1,038,810	\$ 1,038,810	\$ 1,076,882	\$ (38,072)
Materials, Supplies and Equipment	395,869	433,869	424,730	9,139
Debt Service	200,683	200,683	197,900	2,784
Planning	<u>\$ 1,635,362</u>	<u>\$ 1,673,362</u>	<u>\$ 1,699,512</u>	<u>\$ (26,150)</u>
REAL ESTATE & HOUSING				
Real Estate and Housing - Admin				
Personal Services	\$ 121,104	\$ 121,104	\$ 93,562	\$ 27,542
Materials, Supplies and Equipment	174,389	174,389	144,993	29,396
Debt Service	1,131,294	1,131,294	1,124,505	6,789
Real Estate and Housing - Admin	<u>1,426,787</u>	<u>1,426,787</u>	<u>1,363,060</u>	<u>63,727</u>
Real Estate and Housing - Rehabilitation				
Personal Services	105,234	105,234	126,255	(21,021)
Materials, Supplies and Equipment	181,845	181,845	169,821	12,024
Debt Service	57,848	57,848	57,847	1
Real Estate and Housing - Rehabilitation	<u>344,927</u>	<u>344,927</u>	<u>353,923</u>	<u>(8,996)</u>
Real Estate & Housing Department Total				
Personal Services	226,338	226,338	219,817	6,521
Materials, Supplies and Equipment	356,234	356,234	314,814	41,420
Debt Service	1,189,142	1,189,142	1,182,352	6,790
Real Estate & Housing Department Total	<u>\$ 1,771,714</u>	<u>\$ 1,771,714</u>	<u>\$ 1,716,983</u>	<u>\$ 54,731</u>
PUBLIC WORKS				
Public Works - Admin				
Personal Services	\$ 844,796	\$ 794,796	\$ 799,003	\$ (4,207)
Materials, Supplies and Equipment	636,871	639,371	646,377	(7,006)
Debt Service	746,071	540,326	496,070	44,256
Public Works - Admin	<u>2,227,738</u>	<u>1,974,493</u>	<u>1,941,450</u>	<u>33,043</u>
Street Maintenance				
Personal Services	50,974	50,974	34,275	16,699
Materials, Supplies and Equipment	291,584	400,584	226,449	174,135
Debt Service	1,485,703	1,485,703	1,606,267	(120,564)
Street Maintenance	<u>1,828,261</u>	<u>1,937,261</u>	<u>1,866,990</u>	<u>70,270</u>
Transportation/WILDOT				
Personal Services	1,250,155	1,250,155	1,203,552	46,603
Materials, Supplies and Equipment	1,275,076	1,293,987	1,202,913	91,074
Debt Service	891,174	891,174	883,090	8,084
Transportation/WILDOT	<u>3,416,405</u>	<u>3,435,316</u>	<u>3,289,554</u>	<u>145,762</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS (Continued)				
Street Cleaning				
Personal Services	\$ 3,077,525	\$ 3,132,525	\$ 2,871,834	\$ 260,691
Materials, Supplies and Equipment	<u>1,855,482</u>	<u>2,090,482</u>	<u>1,961,643</u>	<u>128,839</u>
Street Cleaning	<u>4,933,007</u>	<u>5,223,007</u>	<u>4,833,477</u>	<u>389,530</u>
Rubbish Collection				
Personal Services	3,171,214	3,186,214	3,345,796	(159,582)
Materials, Supplies and Equipment	<u>3,963,697</u>	<u>4,155,704</u>	<u>3,952,471</u>	<u>203,233</u>
Rubbish Collection	<u>7,134,911</u>	<u>7,341,918</u>	<u>7,298,267</u>	<u>43,651</u>
Property Maintenance				
Personal Services	318,965	318,965	295,559	23,406
Materials, Supplies and Equipment	1,933,546	1,921,074	1,561,374	359,699
Debt Service	<u>517,935</u>	<u>517,935</u>	<u>513,321</u>	<u>4,614</u>
Property Maintenance	<u>2,770,446</u>	<u>2,757,974</u>	<u>2,370,254</u>	<u>387,720</u>
Public Works Department Total				
Personal Services	8,713,629	8,733,629	8,550,018	183,611
Materials, Supplies and Equipment	9,956,257	10,501,202	9,551,227	949,974
Debt Service	<u>3,640,883</u>	<u>3,435,138</u>	<u>3,498,747</u>	<u>(63,609)</u>
Public Works Department Total	<u>\$ 22,310,769</u>	<u>\$ 22,669,969</u>	<u>\$ 21,599,993</u>	<u>\$ 1,069,976</u>
PARKS & RECREATION				
Parks and Recreation - Admin				
Personal Services	\$ 606,498	\$ 625,360	\$ 583,888	\$ 41,473
Materials, Supplies and Equipment	328,470	351,883	309,661	42,222
Debt Service	<u>1,142,294</u>	<u>1,142,294</u>	<u>1,128,437</u>	<u>13,857</u>
Parks and Recreation - Admin	<u>2,077,262</u>	<u>2,119,537</u>	<u>2,021,985</u>	<u>97,552</u>
Park Maintenance				
Personal Services	1,901,330	1,948,330	1,793,100	155,230
Materials, Supplies and Equipment	1,161,921	1,153,254	1,230,574	(77,320)
Debt Service	<u>663,294</u>	<u>663,294</u>	<u>659,727</u>	<u>3,567</u>
Park Maintenance	<u>3,726,545</u>	<u>3,764,877</u>	<u>3,683,401</u>	<u>81,476</u>
Recreation				
Personal Services	489,027	504,027	513,975	(9,948)
Materials, Supplies and Equipment	<u>344,871</u>	<u>348,523</u>	<u>386,644</u>	<u>(38,121)</u>
Recreation	<u>833,898</u>	<u>852,550</u>	<u>900,619</u>	<u>(48,070)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PARKS & RECREATION (Continued)				
William Hicks Anderson Center				
Personal Services	\$ 775,481	\$ 760,481	\$ 671,827	\$ 88,654
Materials, Supplies and Equipment	364,086	347,528	339,263	8,266
Debt Service	<u>68,729</u>	<u>68,729</u>	<u>67,592</u>	<u>1,137</u>
William Hicks Anderson Center	<u>1,208,296</u>	<u>1,176,738</u>	<u>1,078,681</u>	<u>98,057</u>
Youth and Families				
Personal Services	491,745	472,883	418,639	54,244
Materials, Supplies and Equipment	<u>211,844</u>	<u>211,589</u>	<u>263,248</u>	<u>(51,659)</u>
Youth and Families	<u>703,589</u>	<u>684,472</u>	<u>681,887</u>	<u>2,585</u>
Parks and Recreation Department Total				
Personal Services	4,264,081	4,311,081	3,981,429	329,652
Materials, Supplies and Equipment	2,411,192	2,412,776	2,529,389	(116,613)
Debt Service	<u>1,874,317</u>	<u>1,874,317</u>	<u>1,855,755</u>	<u>18,562</u>
Parks and Recreation Department Total	<u>\$ 8,549,590</u>	<u>\$ 8,598,175</u>	<u>\$ 8,366,574</u>	<u>\$ 231,601</u>
LICENSE & INSPECTION				
License and Inspection				
Personal Services	\$ 3,304,840	\$ 3,304,840	\$ 3,316,671	\$ (11,831)
Materials, Supplies and Equipment	1,116,989	1,181,923	985,698	196,226
Special Purpose	341,970	691,970	655,869	36,101
Debt Service	<u>4,482</u>	<u>4,482</u>	<u>4,482</u>	<u>-</u>
License and Inspection	<u>\$ 4,768,281</u>	<u>\$ 5,183,215</u>	<u>\$ 4,962,720</u>	<u>\$ 220,495</u>
FIRE DEPARTMENT				
Fire - Admin				
Personal Services	\$ 5,414,644	\$ 5,414,644	\$ 5,618,519	\$ (203,875)
Materials, Supplies and Equipment	971,682	973,424	739,900	233,523
Debt Service	<u>560,058</u>	<u>560,058</u>	<u>522,184</u>	<u>37,874</u>
Fire - Admin	<u>6,946,384</u>	<u>6,948,126</u>	<u>6,880,604</u>	<u>67,522</u>
Fire - Suppression				
Personal Services	13,608,277	13,763,277	13,252,248	511,030
Materials, Supplies and Equipment	<u>2,236,589</u>	<u>2,243,913</u>	<u>1,805,461</u>	<u>438,452</u>
Fire - Suppression	<u>15,844,866</u>	<u>16,007,190</u>	<u>15,057,709</u>	<u>949,481</u>
Fire - Prevention				
Personal Services	746,467	746,467	1,246,112	(499,645)
Materials, Supplies and Equipment	<u>296,808</u>	<u>296,808</u>	<u>270,348</u>	<u>26,460</u>
Fire - Prevention	<u>1,043,275</u>	<u>1,043,275</u>	<u>1,516,460</u>	<u>(473,185)</u>
Fire Department Total				
Personal Services	19,769,388	19,924,388	20,116,879	(192,490)
Materials, Supplies and Equipment	3,505,080	3,514,145	2,815,710	698,435
Debt Service	<u>560,058</u>	<u>560,058</u>	<u>522,184</u>	<u>37,874</u>
Fire Department Total	<u>\$ 23,834,526</u>	<u>\$ 23,998,591</u>	<u>\$ 23,454,772</u>	<u>\$ 543,819</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>
POLICE DEPARTMENT				
Police - Admin				
Personal Services	\$ 6,110,488	\$ 6,110,488	\$ 5,920,314	\$ 190,174
Materials, Supplies and Equipment	1,106,702	1,122,682	1,284,827	(162,145)
Debt Service	-	-	-	-
Police - Admin	<u>7,217,190</u>	<u>7,233,170</u>	<u>7,205,141</u>	<u>28,029</u>
Police - Patrol				
Personal Services	22,578,690	23,398,190	21,348,523	2,049,667
Materials, Supplies and Equipment	2,265,520	2,265,520	2,494,310	(228,791)
Debt Service	254,708	254,708	254,670	38
Police - Patrol	<u>25,098,918</u>	<u>25,918,418</u>	<u>24,097,504</u>	<u>1,820,914</u>
Police - Special Operations				
Personal Services	2,335,805	2,335,805	4,982,316	(2,646,511)
Materials, Supplies and Equipment	539,105	539,405	468,753	70,652
Police - Special Operations	<u>2,874,910</u>	<u>2,875,210</u>	<u>5,451,069</u>	<u>(2,575,859)</u>
Police - Support Services				
Personal Services	1,112,902	1,112,902	1,175,146	(62,244)
Materials, Supplies and Equipment	835,232	840,692	587,098	253,594
Police - Support Services	<u>1,948,134</u>	<u>1,953,594</u>	<u>1,762,244</u>	<u>191,350</u>
Police - Investigations				
Personal Services	10,174,974	10,174,974	10,951,654	(776,680)
Materials, Supplies and Equipment	824,418	818,958	1,031,656	(212,698)
Police - Investigations	<u>10,999,392</u>	<u>10,993,932</u>	<u>11,983,310</u>	<u>(989,378)</u>
Police - Communications				
Personal Services	3,692,439	3,692,439	3,926,317	(233,878)
Materials, Supplies and Equipment	1,200,069	1,202,069	1,370,396	(168,326)
Debt Service	120,651	120,651	120,651	-
Police - Communications	<u>5,013,159</u>	<u>5,015,159</u>	<u>5,417,363</u>	<u>(402,204)</u>
Police Operations				
Materials, Supplies and Equipment	599,600	592,300	741,187	(148,887)
Police Operations	<u>599,600</u>	<u>592,300</u>	<u>741,187</u>	<u>(148,887)</u>
Police Department Total				
Personal Services	46,005,298	46,824,798	48,304,269	(1,479,471)
Materials, Supplies and Equipment	7,370,646	7,381,626	7,978,227	(596,601)
Debt Service	375,359	375,359	375,321	38
Police Department Total	<u>\$ 53,751,303</u>	<u>\$ 54,581,783</u>	<u>\$ 56,657,818</u>	<u>\$ (2,076,035)</u>
Total Expenditures	<u>\$ 145,376,145</u>	<u>\$ 147,333,107</u>	<u>\$ 146,026,680</u>	<u>\$ 1,306,427</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, 2014

	Park Recreation Assistance	Wilmington Park Related Commissions	Community Development & Recovery Block Grants	Home Partnership Program	Home for People with AIDS Grant	Delaware Neighborhood Stablization Program	Delaware Criminal Justice Planning	Community Oriented Policing Program	Cable Television	Special Projects	Total Nonmajor Governmental Funds
ASSETS											
Cash and Cash Equivalents (Note 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 956,074	\$ -	\$ 2,248,955	\$ 1,494,993	\$ 4,700,022
Restricted Assets:											
Cash and Investments (Note 3)	-	7,248,217	-	-	-	-	-	-	-	-	7,248,217
Receivables, Net (Note 4)	-	3,368	30,697	-	-	-	-	-	-	259,279	293,344
Due from Other Governments	131,471	24,420	872,644	778,905	209,263	845,990	610,386	-	-	1,100,069	4,573,148
Prepaid Items & Other Assets	-	2,852	-	-	-	-	-	-	-	-	2,852
Due from Other Funds	-	71,736	-	-	-	-	-	-	-	8,506	80,242
Total Assets	\$ 131,471	\$ 7,350,593	\$ 903,341	\$ 778,905	\$ 209,263	\$ 845,990	\$ 1,566,460	\$ -	\$ 2,248,955	\$ 2,862,847	\$ 16,897,825
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	\$ (17,144)	\$ 61	122,392	\$ 73,670	\$ 170,703	\$ 8,645	\$ 605,671	\$ -	\$ 29,364	\$ 181,579	\$ 1,174,941
Salaries and Benefits Payable	-	2,310	30,263	939	382	1,804	18,748	-	7,982	54,615	117,043
Due to Other Funds	17,060	37,684	685,497	350,545	38,178	607,179	6,487	-	37,010	804,398	2,584,038
Prepaid Rent	-	162,225	-	-	-	-	-	-	-	-	162,225
Unearned Revenue	235,046	-	65,473	353,751	-	-	935,781	-	432,500	1,805,225	3,827,776
Other Liabilities	-	28,749	-	-	-	-	-	-	-	-	28,749
Total Liabilities	234,962	231,029	903,625	778,905	209,263	617,628	1,566,687	-	506,856	2,845,817	7,894,772
Fund Balances:											
Nonspendable	-	991,205	-	-	-	-	-	-	-	-	991,205
Restricted	-	6,143,028	-	-	-	228,362	-	-	-	17,030	6,388,420
Committed	-	-	-	-	-	-	-	-	1,742,099	-	1,742,099
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	(103,491)	(14,669)	(284)	-	-	-	(227)	-	-	-	(118,671)
Total Fund Balances	(103,491)	7,119,564	(284)	-	-	228,362	(227)	-	1,742,099	17,030	9,003,053
Total Liabilities and Fund Balances	\$ 131,471	\$ 7,350,593	\$ 903,341	\$ 778,905	\$ 209,263	\$ 845,990	\$ 1,566,460	\$ -	\$ 2,248,955	\$ 2,862,847	\$ 16,897,825

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, 2014

	Park Recreation Assistance	Wilmington Park Related Commissions	Community Development & Recovery Block Grants	Home Partnership Program	Home for People with AIDS Grant	Delaware Neighborhood Stablization Program	Delaware Criminal Justice Planning	Community Oriented Policing Program	Cable Television	Special Projects	Total Nonmajor Governmental Funds
REVENUES											
Intergovernmental	\$ 1,005,932	\$ 71,489	\$ 1,752,559	\$ 644,686	\$ 653,555	\$ 578,690	\$ 2,064,787	\$ 121,033	\$ 1,118,300	\$ 3,850,064	\$ 11,861,095
Program Revenue	31,783	158,549	-	-	-	-	-	-	-	-	190,332
Investment Earnings	-	812,538	-	-	-	-	-	-	-	21	812,559
Total Revenues	<u>1,037,715</u>	<u>1,042,576</u>	<u>1,752,559</u>	<u>644,686</u>	<u>653,555</u>	<u>578,690</u>	<u>2,064,787</u>	<u>121,033</u>	<u>1,118,300</u>	<u>3,850,085</u>	<u>12,863,986</u>
EXPENDITURES											
Current:											
General Governmental Services	-	79,305	-	-	-	-	-	-	1,020,482	361,736	1,461,523
Real Estate and Housing	-	-	1,752,843	644,686	653,555	350,328	-	-	-	898,121	4,299,533
Public Works	-	-	-	-	-	-	-	-	-	1,171,217	1,171,217
Parks and Recreation	1,141,206	348,367	-	-	-	-	-	-	-	74,327	1,563,900
Public Safety	-	-	-	-	-	-	2,065,290	121,033	-	1,225,091	3,411,414
Capital Outlays	-	5,680	-	-	-	-	-	-	-	191,721	197,401
Total Expenditures	<u>1,141,206</u>	<u>433,352</u>	<u>1,752,843</u>	<u>644,686</u>	<u>653,555</u>	<u>350,328</u>	<u>2,065,290</u>	<u>121,033</u>	<u>1,020,482</u>	<u>3,922,212</u>	<u>12,104,988</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(103,491)</u>	<u>609,224</u>	<u>(284)</u>	<u>-</u>	<u>-</u>	<u>228,362</u>	<u>(503)</u>	<u>-</u>	<u>97,818</u>	<u>(72,127)</u>	<u>758,998</u>
Other Financing Sources											
Transfers in	-	-	-	-	-	-	276	-	-	89,157	89,434
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>-</u>	<u>-</u>	<u>89,157</u>	<u>89,433</u>
Net change in Fund Balances	<u>(103,491)</u>	<u>609,224</u>	<u>(284)</u>	<u>-</u>	<u>-</u>	<u>228,362</u>	<u>(227)</u>	<u>-</u>	<u>97,818</u>	<u>17,030</u>	<u>848,432</u>
Fund Balance - Beginning	<u>-</u>	<u>6,576,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,281</u>	<u>-</u>	<u>8,221,065</u>
Prior Period Adjustment	-	(66,444)	-	-	-	-	-	-	-	-	(66,444)
Fund Balance - Beginning as restated (Note 18)	<u>-</u>	<u>6,510,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,281</u>	<u>-</u>	<u>8,154,621</u>
Fund Balance - Ending	<u>\$ (103,491)</u>	<u>\$ 7,119,564</u>	<u>\$ (284)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,362</u>	<u>\$ (227)</u>	<u>\$ -</u>	<u>\$ 1,742,099</u>	<u>\$ 17,030</u>	<u>\$ 9,003,053</u>

City of Wilmington, Delaware
Schedule of Revenues, Expenditures
Changes in Fund Balances - Budget and Actual
Non-Major Funds - Special Revenue Funds
For the Year Ended June 30, 2014

	<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	\$ 1,037,715	\$ 1,037,715	\$ 1,037,715	\$ -
Expenditures	<u>1,037,715</u>	<u>1,037,715</u>	<u>1,141,206</u>	<u>103,491</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103,491)</u>	<u>\$ (103,491)</u>
Community Development Block Grant				
Revenues	\$ 1,752,559	\$ 1,752,559	\$ 1,752,559	\$ -
Expenditures	<u>1,752,559</u>	<u>1,752,559</u>	<u>1,752,843</u>	<u>284</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (284)</u>	<u>\$ (284)</u>
Home Partnership Program				
Revenues	\$ 644,686	\$ 644,686	\$ 644,686	\$ -
Expenditures	<u>644,686</u>	<u>644,686</u>	<u>644,686</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Home for People With AIDS				
Revenues	\$ 653,555	\$ 653,555	\$ 653,555	\$ -
Expenditures	<u>653,555</u>	<u>653,555</u>	<u>653,555</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Delaware Neighborhood Stabilization Program				
Revenues	\$ 578,690	\$ 578,690	\$ 578,690	\$ -
Expenditures	<u>578,690</u>	<u>578,690</u>	<u>350,328</u>	<u>(228,362)</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,362</u>	<u>\$ 228,362</u>
Delaware Criminal Justice Planning				
Revenues	\$ 2,064,787	\$ 2,064,787	\$ 2,064,787	\$ -
Expenditures	<u>2,064,787</u>	<u>2,064,787</u>	<u>2,065,290</u>	<u>503</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (503)</u>	<u>\$ (503)</u>
Community Oriented Policing Program				
Revenues	\$ 121,033	\$ 121,033	\$ 121,033	\$ -
Expenditures	<u>121,033</u>	<u>121,033</u>	<u>121,033</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, 2014

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Internal Service Funds
ASSETS											
Current Assets:											
Cash and Cash Equivalents (Note 3)	\$ -	\$ 28,612	\$ 42,806	\$ 46,952	\$ 18,817	\$ -	\$ 250	\$ 5,697,410	\$ 4,283,779	\$ 2,381,984	\$ 12,500,610
Restricted Assets:											
Cash and Investments (Note 3)	104,102	-	-	-	-	2,509	-	-	-	-	106,611
Receivables, Net (Note 4)	-	-	-	-	-	10,175	-	-	-	-	10,175
Prepaid Items and Other Assets	-	-	-	-	-	-	-	-	255,000	-	255,000
Total Current assets	<u>104,102</u>	<u>28,612</u>	<u>42,806</u>	<u>46,952</u>	<u>18,817</u>	<u>12,684</u>	<u>250</u>	<u>5,697,410</u>	<u>4,538,779</u>	<u>2,381,984</u>	<u>12,872,396</u>
Noncurrent Assets:											
Advances to Other Funds (Note 7)	-	-	-	-	-	-	-	3,500,622	3,500,622	-	7,001,244
Capital Assets, Net:											
Construction In Progress	413,376	-	-	-	-	154,830	860,594	-	-	-	1,428,800
Buildings and Improvements	18,303	-	-	-	-	3,310,834	7,608	-	-	-	3,336,745
Machinery and Equipment	2,901,237	-	-	-	-	817,009	1,737,744	-	-	-	5,455,990
Vehicles	-	-	-	-	-	12,218,603	-	-	-	-	12,218,603
Total Noncurrent Assets	<u>3,332,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,501,276</u>	<u>2,605,946</u>	<u>3,500,622</u>	<u>3,500,622</u>	<u>-</u>	<u>29,441,382</u>
Total Assets	<u>3,437,018</u>	<u>28,612</u>	<u>42,806</u>	<u>46,952</u>	<u>18,817</u>	<u>16,513,960</u>	<u>2,606,196</u>	<u>9,198,032</u>	<u>8,039,401</u>	<u>2,381,984</u>	<u>42,313,778</u>
DEFERRED OUTFLOWS OF RESOURCES											
Deferred on Refunding of Bonds	49,017	-	-	-	-	197,187	13,067	-	-	-	259,271
Total Deferred Outflows of Resources	<u>49,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,187</u>	<u>13,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,271</u>
LIABILITIES											
Current Liabilities:											
Accounts Payable	427,842	7,988	29,360	46,239	3,129	764,445	599,312	474,453	88,645	1,162,630	3,604,043
Salaries and Benefits Payable	20,743	3,338	713	713	4,615	-	8,780	3,379	8,869	2,519	53,669
Accrued Interest Payable	20,949	-	-	-	-	73,397	9,496	48,273	48,273	-	200,388
Due to Other Funds	493,042	-	-	-	-	40,882	946,305	-	211,689	1,038	1,692,956
Bonds Payable	425,566	-	-	-	-	297,366	109,871	-	-	-	832,803
Capital Lease	-	-	-	-	-	2,635,791	183,096	-	-	-	2,818,887
Claims Liability	-	-	-	-	-	-	-	949,412	1,365,773	1,212,998	3,528,183
Compensated Absences	62,380	17,286	12,733	-	11,073	-	26,721	15,076	10,815	2,799	158,883
Total Current Liabilities	<u>1,450,522</u>	<u>28,612</u>	<u>42,806</u>	<u>46,952</u>	<u>18,817</u>	<u>3,811,881</u>	<u>1,883,581</u>	<u>1,490,593</u>	<u>1,734,064</u>	<u>2,381,984</u>	<u>12,889,812</u>
Noncurrent Liabilities:											
Advances Due to Other Funds (Note 7)	-	-	-	-	-	3,247,770	-	-	-	-	3,247,770
Bonds Payable	2,057,203	-	-	-	-	3,200,662	230,072	-	-	-	5,487,937
Capital Lease	-	-	-	-	-	5,596,800	507,750	-	-	-	6,104,550
Claims Liability	-	-	-	-	-	-	-	5,203,935	6,305,337	-	11,509,272
Total Noncurrent Liabilities	<u>2,057,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,045,232</u>	<u>737,822</u>	<u>5,203,935</u>	<u>6,305,337</u>	<u>-</u>	<u>26,349,529</u>
Total Liabilities	<u>3,507,725</u>	<u>28,612</u>	<u>42,806</u>	<u>46,952</u>	<u>18,817</u>	<u>15,857,112</u>	<u>2,621,403</u>	<u>6,694,528</u>	<u>8,039,401</u>	<u>2,381,984</u>	<u>39,239,341</u>
NET POSITION											
Net Investment in Capital Assets Unassigned	1,003,266	-	-	-	-	4,970,353	1,588,224	-	-	-	7,561,842
	(1,024,956)	-	-	-	-	(4,116,318)	(1,590,365)	2,503,504	-	-	(4,228,134)
Total Net Position	<u>\$ (21,690)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,035</u>	<u>\$ (2,141)</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,333,708</u>

City of Wilmington, Delaware
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Data Processing</u>	<u>Document Management</u>	<u>Mail Service</u>	<u>Duplication and Reproduction</u>	<u>Mapping and Graphics</u>	<u>Motor Vehicle</u>	<u>Communications</u>	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Health and Welfare</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES											
Charges for Services	\$ 4,230,768	\$ 408,479	\$ 255,812	\$ 222,247	\$ 343,091	\$ 7,449,773	\$ 1,873,114	\$ 3,550,549	\$ 3,148,194	\$ 16,721,889	\$ 38,203,916
Employee Contributions	-	-	-	-	-	-	-	-	-	353,819	353,819
Other	-	-	-	-	-	-	-	25,702	15,954	-	41,656
Total Operating Revenues	<u>4,230,768</u>	<u>408,479</u>	<u>255,812</u>	<u>222,247</u>	<u>343,091</u>	<u>7,449,773</u>	<u>1,873,114</u>	<u>3,576,251</u>	<u>3,164,148</u>	<u>17,075,708</u>	<u>38,599,391</u>
OPERATING EXPENSES											
Personal Services	969,462	281,994	30,376	29,607	202,416	-	349,980	141,725	374,573	105,893	2,486,026
Materials, Supplies, Equipment and Contractual Services	2,566,565	126,485	225,436	192,640	140,675	4,419,432	1,233,055	199,875	368,576	43,042	9,515,781
Depreciation and Amortization	562,149	-	-	-	-	3,148,905	256,529	6,277	-	-	3,973,860
Claims Expense	-	-	-	-	-	-	-	3,218,650	2,413,923	16,926,773	22,559,346
Insurance Premiums	-	-	-	-	-	-	-	17,648	15,000	-	32,648
Total Operating Expenses	<u>4,098,176</u>	<u>408,479</u>	<u>255,812</u>	<u>222,247</u>	<u>343,091</u>	<u>7,568,337</u>	<u>1,839,564</u>	<u>3,584,175</u>	<u>3,172,072</u>	<u>17,075,708</u>	<u>38,567,661</u>
Operating Income (Loss)	<u>132,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,564)</u>	<u>33,550</u>	<u>(7,924)</u>	<u>(7,924)</u>	<u>-</u>	<u>31,730</u>
NON-OPERATING REVENUES (EXPENSES)											
Investment Earnings	-	-	-	-	-	-	-	7,924	7,924	-	15,848
Interest Expense	(132,592)	-	-	-	-	(231,248)	(33,550)	-	-	-	(397,390)
Gain on Sale of Assets	-	-	-	-	-	196,430	-	-	-	-	196,430
Total Non-Operating Revenues (Expenses)	<u>(132,592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,819)</u>	<u>(33,550)</u>	<u>7,924</u>	<u>7,924</u>	<u>-</u>	<u>(185,112)</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(153,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(153,382)</u>
Total Net Position - Beginning	<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>
Prior Period Adjustment (Note 18)	(21,690)	-	-	-	-	(34,092)	(2,141)	-	-	-	(57,923)
Total Net Position - Beginning as restated (Note 18)	<u>(21,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,007,417</u>	<u>(2,141)</u>	<u>2,503,504</u>	<u>-</u>	<u>-</u>	<u>3,487,090</u>
Total Net Position - Ending	<u>\$ (21,690)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,035</u>	<u>\$ (2,141)</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,333,708</u>

City of Wilmington, Delaware
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2014

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
Cash Flows From Operating Activities:											
Receipts from Customers and Users	\$ 4,231,521	\$ 408,480	\$ 255,811	\$ 222,247	\$ 343,090	\$ 7,478,516	\$ 1,873,114	\$ 3,576,251	\$ 3,164,148	\$ 17,075,708	\$ 38,628,886
Payments to Suppliers	(2,276,083)	(92,849)	(206,950)	(146,487)	(142,398)	(4,115,173)	(727,267)	(1,533,260)	(2,802,537)	(16,932,643)	(28,975,647)
Payments to Employees	(968,131)	(333,893)	(27,785)	(29,295)	(196,855)	-	(348,155)	(142,123)	(368,289)	(107,216)	(2,521,742)
Net Cash Provided by (Used in) Operating Activities	987,307	(18,262)	21,076	46,465	3,837	3,363,343	797,692	1,900,868	(6,678)	35,849	7,131,497
Cash Flows from Noncapital Financing Activities											
Advances From Other Funds	-	-	-	-	-	-	-	1,326,727	1,326,727	-	2,653,454
Advances (To) Other Funds	(372,709)	-	-	-	-	(2,818,336)	296,930	(470,398)	6,678	1,038	(3,356,797)
Investment Earnings	-	-	-	-	-	-	-	7,924	7,924	-	15,848
Net Cash Provided by (Used in) Noncapital Financing Activities	(372,709)	-	-	-	-	(2,818,336)	296,930	864,253	1,341,329	1,038	(687,495)
Cash Flows from Capital and Related Financing Activities:											
Proceeds from Capital Debt	-	-	-	-	-	-	-	-	-	-	-
Acquisition and Construction of Capital Assets	(341,381)	-	-	-	-	(1,678,716)	(880,776)	-	-	-	(2,900,872)
Principal Paid on Bonds	(139,902)	-	-	-	-	(185,249)	(4,554)	-	-	-	(329,704)
Interest Paid on Bonds	(133,315)	-	-	-	-	(29,247)	(9,960)	48,273	48,273	-	(75,976)
Proceeds from Capital Lease	-	-	-	-	-	3,496,698	-	-	-	-	3,496,698
Principal Paid on Capital Leases	-	-	-	-	-	(2,220,321)	(178,983)	-	-	-	(2,399,304)
Interest Paid on Capital Leases	-	-	-	-	-	(130,058)	(20,349)	-	-	-	(150,406)
Proceeds from Sale of Capital Assets	-	-	-	-	-	201,884	-	-	-	-	201,884
Net Cash Used in Capital and Related Financing Activities	(614,597)	-	-	-	-	(545,007)	(1,094,622)	48,273	48,273	-	(2,157,680)
Net Increase (Decrease) in Cash and Cash Equivalents	-	(18,262)	21,076	46,465	3,837	-	-	2,813,394	1,382,924	36,887	4,286,322
Cash and Cash Equivalents - July 1, 2013 (including \$104,102 for the Data Processing Fund & \$2,509 for the Motor Vehicle Fund reported in restricted accounts)	104,102	46,873	21,730	487	14,980	2,509	250	2,884,017	2,900,855	2,345,096	8,320,899
Cash and Cash Equivalents - June 30, 2014 (including \$104,102 for the Data Processing Fund & \$2,509 for the Motor Vehicle Fund reported in restricted accounts)	\$ 104,102	\$ 28,611	\$ 42,806	\$ 46,952	\$ 18,817	\$ 2,509	\$ 250	\$ 5,697,411	\$ 4,283,779	\$ 2,381,983	\$ 12,607,221
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:											
Operating Income (Loss)	\$ 132,592	\$ -	\$ -	\$ -	\$ -	\$ (118,564)	\$ 33,550	\$ (7,924)	\$ (7,924)	\$ -	\$ 31,730
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities:											
Depreciation and Amortization	562,149	-	-	-	-	3,148,905	256,529	6,277	-	-	3,973,860
Changes in Assets and Liabilities:											
Increase in Receivables	753	-	-	-	-	28,743	-	-	-	-	29,496
Increase (Decrease) in Prepaid Expenses	-	-	-	70	-	-	-	-	-	109,908	109,978
Increase (Decrease) in Accounts Payable	290,482	7,687	19,781	46,239	1,057	304,259	506,701	332,740	(3,046)	(119,110)	1,386,790
Increase (Decrease) in Compensated Absences	(643)	(23,709)	1,139	-	1,808	-	(1,402)	(1,160)	2,276	(1,236)	(22,927)
(Decrease) in Accrued Salaries	1,974	(2,240)	156	156	972	-	2,314	762	866	575	5,535
Increase (Decrease) in Claims Liability	-	-	-	-	-	-	-	1,570,173	1,150	45,712	1,617,035
Net Cash Provided by (Used In) Operating Activities	\$ 987,307	\$ (18,262)	\$ 21,076	\$ 46,465	\$ 3,837	\$ 3,363,343	\$ 797,692	\$ 1,900,868	\$ (6,678)	\$ 35,849	\$ 7,131,497

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, 2014

	<u>Firefighters Pension</u>	<u>Police Pension</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Total Retirement Funds</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>Total Pension Trust Funds</u>
ASSETS									
Cash and Cash Equivalents (Note 3)	\$ 1,243,962	\$ 1,074,992	\$ 15,964	\$ 1,112	\$ 5,512,633	\$ -	\$ 7,848,663	\$ 163,545	\$ 8,012,208
Receivables:									
Contributions Receivable	980,995	538,898	157,065	51,104	-	-	\$ 1,728,062	-	\$ 1,728,062
Accrued Interest & Other Receivables	129,526	240,136	17,852	40,053	184,967	-	612,534	565,774	1,178,308
Total Receivables	<u>1,110,521</u>	<u>779,034</u>	<u>174,917</u>	<u>91,157</u>	<u>184,967</u>	<u>-</u>	<u>2,340,596</u>	<u>565,774</u>	<u>2,906,370</u>
Investments, at Fair Value:									
Money Market Funds	762,247	1,413,172	105,043	235,707	978,847	56,255	3,551,271	1,072,438	4,623,709
U.S. Treasury Obligations	5,964,076	11,057,133	821,890	1,844,252	7,658,825	-	27,346,176	2,158,557	29,504,733
U.S. Government Agencies - Guaranteed	3,801	7,046	524	1,175	4,881	-	17,427	-	17,427
U.S. Government Agencies - Other	2,658,737	4,929,181	366,391	822,153	3,414,242	-	12,190,704	1,827,758	14,018,462
Corporate & Foreign Bonds	7,036,726	13,045,780	969,709	2,175,945	9,036,279	-	32,264,439	2,156,050	34,420,489
Common Equity & Marketable Securities	17,536,593	32,512,068	2,416,665	5,422,785	22,944,978	154,045	80,987,134	5,477,911	86,465,045
Mutual Funds	10,155,386	18,827,636	1,399,483	3,140,318	14,130,932	116,069	47,769,824	-	47,769,824
Total Investments	<u>44,117,566</u>	<u>81,792,016</u>	<u>6,079,705</u>	<u>13,642,335</u>	<u>58,168,984</u>	<u>326,369</u>	<u>204,126,975</u>	<u>12,692,714</u>	<u>216,819,689</u>
Due from Other Pension Trust Fund	-	-	-	-	242,087	-	242,087	327,856	569,943
Total Assets	<u>46,472,049</u>	<u>83,646,042</u>	<u>6,270,586</u>	<u>13,734,604</u>	<u>64,108,671</u>	<u>326,369</u>	<u>214,558,321</u>	<u>13,749,889</u>	<u>228,308,210</u>
LIABILITIES									
Accounts Payable	9,368	13,820	2,227	3,763	16,197	8,910	54,285	226,757	281,042
Salaries and Benefits Payable	778	778	778	1,600	4,038	-	7,972	-	7,972
Due to Other Pension Trust Fund	-	-	-	242,087	327,856	-	569,943	-	569,943
Due to Other Governments	-	-	-	-	5,868,855	48,765	5,917,620	-	5,917,620
Compensated Absences	-	-	-	-	24,836	-	24,836	-	24,836
Liability for Stale-dated Pension Checks	45,426	77,339	38,911	8,517	8,453	-	178,646	-	178,646
Total Liabilities	<u>55,572</u>	<u>91,937</u>	<u>41,916</u>	<u>255,967</u>	<u>6,250,235</u>	<u>57,675</u>	<u>6,753,302</u>	<u>226,757</u>	<u>6,980,059</u>
Net Position									
Held in Trust for Pension & OPEB Benefits	<u>\$ 46,416,477</u>	<u>\$ 83,554,105</u>	<u>\$ 6,228,670</u>	<u>\$ 13,478,637</u>	<u>\$ 57,858,436</u>	<u>\$ 268,694</u>	<u>\$ 207,805,019</u>	<u>\$ 13,523,132</u>	<u>\$ 221,328,151</u>

City of Wilmington, Delaware
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2014

	<u>Firefighters Pension</u>	<u>Police Pension</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Total Retirement Funds</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>Total Pension Trust Funds</u>
ADDITIONS									
Contributions:									
City									
Paid Directly by the City	\$ 1,344,979	\$ 6,032,692	\$ 260,008	\$ 420,806	\$ 5,504,662	\$ 24,740	\$ 13,587,887	\$ 2,565,522	\$ 16,153,409
Paid by the State									
On-Behalf of the City	3,370,575	1,917,292	14,577	-	-	-	5,302,444	-	5,302,444
Employees	212,787	331,729	-	-	461,160	-	1,005,676	511,983	1,517,659
Federal Drug Subsidies & Other	-	-	-	17,820	-	-	17,820	59,747	77,567
Total Contributions	<u>4,928,341</u>	<u>8,281,713</u>	<u>274,585</u>	<u>438,626</u>	<u>5,965,822</u>	<u>24,740</u>	<u>19,913,827</u>	<u>3,137,252</u>	<u>23,051,079</u>
Investment Income									
Investment Earnings	1,019,600	1,892,400	152,766	316,128	1,323,486	6,204	4,710,584	356,674	5,067,258
Net Appreciation (Depreciation) in Fair Value	<u>5,043,865</u>	<u>9,341,642</u>	<u>682,196</u>	<u>1,557,453</u>	<u>6,631,299</u>	<u>32,722</u>	<u>23,289,177</u>	<u>763,983</u>	<u>24,053,160</u>
Total Investment Earnings	6,063,465	11,234,042	834,962	1,873,581	7,954,785	38,926	27,999,761	1,120,657	29,120,418
Less: Investment Expense	<u>(145,751)</u>	<u>(271,575)</u>	<u>(21,936)</u>	<u>(45,393)</u>	<u>(173,172)</u>	<u>-</u>	<u>(657,827)</u>	<u>(28,523)</u>	<u>(686,350)</u>
Net Investment Income	<u>5,917,714</u>	<u>10,962,467</u>	<u>813,026</u>	<u>1,828,188</u>	<u>7,781,613</u>	<u>38,926</u>	<u>27,341,934</u>	<u>1,092,134</u>	<u>28,434,068</u>
Total Additions	<u>10,846,055</u>	<u>19,244,180</u>	<u>1,087,611</u>	<u>2,266,814</u>	<u>13,747,435</u>	<u>63,666</u>	<u>47,255,761</u>	<u>4,229,386</u>	<u>51,485,147</u>
DEDUCTIONS									
Benefits Paid	6,775,622	10,192,392	708,583	979,921	4,042,603	17,820	22,716,941	2,667,494	25,384,435
Administrative Expenses	<u>72,399</u>	<u>91,948</u>	<u>47,420</u>	<u>81,679</u>	<u>212,481</u>	<u>3,017</u>	<u>508,944</u>	<u>40,002</u>	<u>548,946</u>
Total Deductions	<u>6,848,021</u>	<u>10,284,340</u>	<u>756,003</u>	<u>1,061,600</u>	<u>4,255,084</u>	<u>20,837</u>	<u>23,225,885</u>	<u>2,707,496</u>	<u>25,933,381</u>
Net Increase in Plan Net Position	3,998,034	8,959,840	331,608	1,205,214	9,492,351	42,829	24,029,876	1,521,890	25,551,766
Net Position - Beginning	<u>42,418,443</u>	<u>74,594,265</u>	<u>5,897,062</u>	<u>12,273,423</u>	<u>48,366,085</u>	<u>225,865</u>	<u>183,775,143</u>	<u>12,001,242</u>	<u>195,776,385</u>
Net Position - Ending	<u>\$ 46,416,477</u>	<u>\$ 83,554,105</u>	<u>\$ 6,228,670</u>	<u>\$ 13,478,637</u>	<u>\$ 57,858,436</u>	<u>\$ 268,694</u>	<u>\$ 207,805,019</u>	<u>\$ 13,523,132</u>	<u>\$ 221,328,151</u>



CITY OF WILMINGTON, DELAWARE

STATISTICAL SECTION (Unaudited)

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

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	114
Revenue Capacity These schedules contain information to help the reader assess the City’s most consistent year-to-year revenue source, the property tax.	119
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.	123
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.	127
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.	131

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 2005 unless otherwise explained.



Table I

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 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	\$ 70,032,240
Restricted	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	18,685,810
Unrestricted	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	20,803,238
Total Governmental Activities Net Position	\$ 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	\$ 109,521,288
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 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	\$ 116,604,537
Restricted	-	13,216,350	13,216,350	35,632,265	19,441,751	-	-	-	-	-
Unrestricted	(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)	3,251,626
Total Business-type Activities Net Position	\$ 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	\$ 119,856,163
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 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	\$ 186,636,777
Restricted	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	18,685,810
Unrestricted	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	24,054,864
Total Primary Government Net Position	\$ 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	\$ 229,377,451

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.

Table II

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 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	\$ 27,630,002
Commerce	2,112,027	2,541,506	1,678,227	7,022,739	9,454,881	7,711,248	-	-	-	-
Real Estate and Housing	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	5,431,791
Public Works	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	23,807,433
Parks and Recreation	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	9,077,378
Public Safety	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	90,737,719
Interest on Long-Term Debt	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	4,743,372
Total Governmental Activities Expenses	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	161,427,695
Business-type Activities:										
Water/Sewer	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	64,984,276
Total Business-Type Activities Expenses	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	64,984,276
Total Primary Government Expenses	\$ 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	\$ 226,411,971
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	\$ 10,378,709
Commerce	-	-	-	1,360	30,893	161,203	-	-	-	-
Real Estate and Housing	-	735,375	1,000	527,971	39,798	541,183	795,318	1,915,305	-	-
Public Works	19,329	29,839	217,669	263,071	254,077	273,147	374,128	283,289	294,972	224,135
Parks and Recreation	-	78,494	-	85,311	-	22,964	59,026	284,258	312,783	190,332
Public Safety	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	15,380,748
Operating Grants and Contributions	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	16,907,582
Capital Grants and Contributions	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	1,377,611
Total Governmental Activities Revenues	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	44,459,117
Business-type Activities:										
Charges for Services:										
Water	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	76,491,666
Operating Grants and Contributions	148,493	-	-	-	-	572,410	9,092,105	574,876	469,271	67,784
Total Business-type Activities Revenues	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	76,559,450
Total Primary Government Revenues	\$ 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	\$ 121,018,567

Table II

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes										
Property Taxes	\$ 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	\$ 40,031,479
Income Taxes	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	62,058,990
Other Taxes	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	2,117,563
Lodging & Natural Gas Taxes	-	-	1,303,322	1,227,140	1,306,744	1,161,077	1,244,958	1,106,677	1,040,162	1,184,326
Investment Earnings	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	1,004,623
Payments from Component Units	275,000	275,000	275,000	500,000	500,000	-	-	-	-	-
Other Revenues including Capital Asset Sales Gains	1,583,993	11,614	10,002,069	-	-	110,976	-	-	-	84,681
Grants, Entitlements, and Contributions not Restricted to Specific Programs	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	13,621,030
Transfers	-	-	(5,000,000)	-	-	-	-	-	(232,176)	-
Total Governmental Activities	<u>\$ 101,524,439</u>	<u>\$ 103,761,905</u>	<u>\$ 112,556,382</u>	<u>\$ 106,891,268</u>	<u>\$ 106,636,420</u>	<u>\$ 110,741,938</u>	<u>\$ 111,378,392</u>	<u>\$ 119,863,799</u>	<u>\$ 117,619,473</u>	<u>\$ 120,102,692</u>
Business-type Activities:										
Investment Earnings	-	-	500,000	379,799	313,311	131,228	15,000	37,969	52,142	4,135
Transfers	-	-	5,000,000	-	-	-	-	-	232,176	-
Other Revenues including Capital Asset Sales Gains	-	-	45,954	-	-	-	-	-	-	-
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>5,545,954</u>	<u>379,799</u>	<u>313,311</u>	<u>131,228</u>	<u>15,000</u>	<u>37,969</u>	<u>284,318</u>	<u>4,135</u>
Total Primary Government	<u>\$ 101,524,439</u>	<u>\$ 103,761,905</u>	<u>\$ 118,102,336</u>	<u>\$ 107,271,067</u>	<u>\$ 106,949,731</u>	<u>\$ 110,873,166</u>	<u>\$ 111,393,392</u>	<u>\$ 119,901,768</u>	<u>\$ 117,903,791</u>	<u>\$ 120,106,827</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 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)	\$ 3,134,114
Business-type Activities	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	11,579,309
Total Primary Government	<u>\$ 10,287,717</u>	<u>\$ 32,540,075</u>	<u>\$ 32,792,936</u>	<u>\$ 781,018</u>	<u>\$ (21,600,353)</u>	<u>\$ (17,030,078)</u>	<u>\$ 10,462,361</u>	<u>\$ 4,499,116</u>	<u>\$ 4,442,885</u>	<u>\$ 14,713,423</u>

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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL FUND										
Nonspendable										
Long-term Note Receivable	\$ -	\$ -	\$ -	\$ 10,987,648	\$ 7,962,476	\$ 10,508,968	\$ 6,500,000	\$ 9,988,293	\$ 8,771,914	\$ 5,460,671
Committed										
Special Designations	-	20,378,110	5,500,000	18,562,766	-	-	-	-	-	-
Budget Reserve Account	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	15,003,965
Other Purposes	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	25,592,630
Total General Fund	\$ 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	\$ 46,057,266
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Park Operations	-	-	-	-	-	-	820,344	799,803	879,788	991,205
Restricted										
Capital Projects Funds	(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	11,551,577
Park Operations	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	6,143,028
Other Purposes	12,418,696	6,395,446	5,208,207	447,309	89,491	-	-	-	-	245,392
Committed										
Affordable Housing	-	-	2,300,000	1,880,167	5,378,951	3,603,392	2,219,614	1,329,261	1,178,585	631,127
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	5,550,802
Other Purposes	-	-	-	407,628	608,060	874,627	790,556	775,204	1,644,281	1,742,099
Unassigned										
Other Purposes	-	-	-	-	-	-	-	-	-	(118,672)
Total All Other Governmental Funds	\$ 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	\$ 26,736,559

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).

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes, Related Penalties and Interest										
Property Taxes	\$ 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	\$ 38,140,803
Wage Taxes	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	55,819,469
Net Profit	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	5,547,134
Franchise	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	916,631
Real Estate Transfer	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	2,117,563
Head Taxes	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	4,071,552
Lodging & Natural Gas	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	1,184,326
Intergovernmental	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	32,162,180
Licenses and Permits	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	3,880,469
Fines and Forfeitures	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	8,466,787
Charges for Services	4,561,492	4,865,271	4,512,407	6,241,932	4,610,583	5,035,301	5,958,581	7,495,032	5,865,902	6,626,184
Investment Earnings	3,113,915	5,268,048	6,523,991	3,471,478	1,162,296	1,708,866	1,287,448	494,437	1,049,413	1,004,623
Other	1,303,121	-	-	-	-	-	-	-	-	-
Total Revenues	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	159,937,721
EXPENDITURES										
General Government	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	26,295,676
Commerce	1,236,442	1,746,783	1,613,148	6,892,580	9,324,722	7,711,248	-	-	-	-
Real Estate and Housing	8,863,045	7,157,916	6,567,453	7,356,072	8,137,793	11,099,966	9,543,270	10,253,569	4,909,695	5,411,073
Public Works	14,065,151	12,490,776	15,202,695	17,531,847	18,488,759	18,883,832	18,619,338	18,629,588	18,596,378	19,342,030
Parks and Recreation	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	8,104,354
Public Safety	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	87,586,989
Debt Service:										
Principal	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	6,840,368
Interest	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	5,196,196
Capital Outlay - Capital Projects	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	4,775,999
Total Expenditures	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	163,552,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,655,225)	18,832,974	(21,378,314)	(15,314,165)	(29,713,366)	(16,821,337)	528,975	(3,972,148)	(4,496,860)	(3,614,964)
OTHER FINANCING SOURCES (USES)										
Proceeds from Sales of Capital Assets	1,813,433	1,579,114	10,002,069	500,000	500,000	110,976	3,566,586	-	-	-
Bond Anticipation Notes	1,350,000	-	-	-	-	-	-	-	-	-
Bond Anticipation Note Repayment	(4,500,000)	-	-	-	-	-	-	-	-	-
Bonds Issued	21,311,195	34,155,000	27,356,540	34,100,000	3,882,000	35,598,915	799,014	33,404,051	16,853,656	-
Premium on Debt Issued	777,555	1,365,925	883,112	1,061,991	-	3,042,569	-	686,181	3,604,591	-
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	-	645,992	8,859,255	1,666,236	21,795,110	1,497,943	1,549,497	6,500,356	676,363	139,434
Transfers Out	-	(645,992)	(13,859,255)	(1,666,236)	(21,795,110)	(1,497,943)	(1,549,497)	(6,500,356)	(969,899)	(54,753)
Total Other Financing Sources (Uses)	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)	84,681
Net Change in Fund Balances	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)	(3,530,283)
Prior Period Adjustments	-	2,556,183	-	-	-	-	-	-	-	(25,329)
Net Change in Fund Balances	\$ 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)	\$ (3,555,612)
Debt Service as a Percentage of Noncapital Expenditures	11.33%	12.69%	12.23%	11.33%	9.10%	6.91%	5.24%	6.72%	7.83%	7.58%

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			
2014	\$ 1,025,801,750	\$ 2,459,341,010	\$ 98,100,900	\$ 262,138,400	\$ 1,416,654,350	\$ 2,166,589,310	\$ 1.7670
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

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	
2014	\$1.6470	0.1200	\$ 1.7670	0.0222	0.0022	0.0244	1.7410	-	1.6320	3.4234
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

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 AGO
(Unaudited)

Taxpayer	2005			2014		
	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	\$ -	-	-	\$ 100,000,000	1	2.60%
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%
Bank of America	-	-	-	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>	3	<u>2.56%</u>	<u>-</u>		<u>-</u>
Totals	<u>\$ 542,111,460</u>		<u>21.76%</u>	<u>\$ 534,350,000</u>		<u>13.90%</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	Total Collections to Date	
	for Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2014	\$ 38,093,079	\$ 37,124,677	97.5%	\$ 185,624	\$ 37,310,301	97.9%
2013	38,259,246	37,731,960	98.6%	28,896	37,760,856	98.7%
2012	39,745,263	38,702,002	97.4%	n/a	38,702,002	97.4%
2011	38,895,688	38,125,142	98.0%	197,494	38,322,636	98.5%
2010	35,194,544	34,274,358	97.4%	735,955	35,010,313	99.5%
2009	30,584,384	29,860,037	97.6%	612,904	30,472,941	99.6%
2008	30,655,108	29,066,946	94.8%	1,491,236	30,558,182	99.7%
2007	30,077,143	28,873,327	96.0%	1,173,881	30,047,208	99.9%
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%

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	
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases		of Personal Income	Per Capita ¹
2014	\$ 123,749,602	\$ 8,923,438	\$ 185,462,754	\$ -	\$ 318,135,794	17.56%	4,473
2013	131,313,797	7,826,042	177,282,263	-	316,422,102	17.34%	4,438
2012	138,515,466	5,563,191	154,748,260	-	298,826,917	16.03%	4,103
2011	121,026,852	5,622,812	141,934,292	-	268,583,956	15.48%	3,791
2010	123,300,093	4,617,605	135,126,708	351,043	263,395,449	14.96%	3,718
2009	122,296,222	1,203,743	128,412,490	1,470,834	253,383,289	15.70%	3,568
2008	128,955,298	2,067,918	130,553,017	2,893,623	264,469,856	15.20%	3,715
2007	119,616,161	2,897,922	93,391,609	4,247,003	220,152,695	11.85%	3,084
2006	131,113,471	3,930,893	88,539,446	5,549,470	229,133,280	12.57%	3,201
2005	104,768,155	2,408,836	52,020,464	4,977,886	164,175,341	9.95%	2,287

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 127 for population data.

This ratio uses population data from the prior calendar year.

² 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
2014	\$ 309,212,356	14.27%	\$ 4,348
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

Source: City of Wilmington, Treasurer's Office

Note:

- ¹ See Table V on page 119 for Actual Taxable Value of Property data.
- ² See Table XIII on page 127 for population data.
- ³ 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, 2014
(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	\$ 380,795,000	15%	\$ 58,261,635
Various School Districts	<u>389,272,469</u>	16%	<u>60,726,505</u>
Subtotal - Overlapping Debt			118,988,140
City of Wilmington Direct Debt	132,673,040	100%	<u>132,673,040</u>
Totals			<u>\$ 251,661,180</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.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating Budget	\$ 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	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	<u>8,720,315</u>	<u>9,076,566</u>	<u>11,921,182</u>	<u>11,772,993</u>	<u>11,713,497</u>	<u>11,479,884</u>	<u>8,178,565</u>	<u>10,931,282</u>	<u>12,249,041</u>
Legal Debt Service Margin	<u>\$ 7,411,676</u>	<u>\$ 9,207,604</u>	<u>\$ 9,139,910</u>	<u>\$ 11,363,976</u>	<u>\$ 15,865,516</u>	<u>\$ 14,336,321</u>	<u>\$ 17,013,147</u>	<u>\$ 13,632,253</u>	<u>\$ 13,133,559</u>
Total Net Debt Service Applicable to the Limit as a Percentage of Debt Limit	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
2014	71,119	\$ 1,811,472,049	\$ 25,471	28,652	9.6%	34.80	\$ 39,761
2013	71,292	1,824,362,280	25,590	27,985	11.2%	33.70	39,019
2012	71,305	1,824,694,950	25,590	27,718	10.3%	34.40	37,352
2011	70,851	1,734,928,437	24,487	27,418	12.1%	34.90	38,325
2010	70,839	1,761,128,379	24,861	26,990	11.7%	34.00	32,884
2009	71,014	1,614,290,248	22,732	28,562	12.1%	35.60	34,381
2008	71,182	1,740,471,082	24,451	30,233	7.7%	37.80	39,154
2007	71,394	1,857,100,728	26,012	30,403	6.5%	37.90	37,149
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

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

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

Table XIV

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

Taxpayer	Calendar Year 2005			Calendar Year 2014		
	Employees	Rank	Percentage of Total ² Employment	Employees	Rank	Percentage of Total ² Employment
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 (Capital One)	-	-	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	105,402		41.48%	81,232		28.86%

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

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

<u>Company</u>	<u>2013 Withholdings</u>	<u>Rank</u>	<u>% of Total</u>
CHASE BANK USA NA	4,323,046.65	1	7.90%
STATE OF DELAWARE	3,387,085.82	2	6.19%
E I DUPONT DE NEMOURS & CO	3,195,490.88	3	5.84%
FIA CARD SERVICES NA	1,838,736.56	4	3.36%
BARCLAYS BANK DE	1,781,510.36	5	3.25%
CHRISTIANA CARE HEALTH SYSTEMS	1,679,479.26	6	3.07%
CAPTIAL ONE SERVICES II LLC	1,561,028.81	7	2.85%
RICHARDS LAYTON & FINGER PA	1,162,525.82	8	2.12%
JP MORGAN CHASE BANK NA	1,049,200.64	9	1.92%
CITY OF WILMINGTON	965,615.66	10	1.76%
Total of Ten Largest	<u>\$ 20,943,720.46</u>		<u>38.25%</u>
Total Wage Tax Collected	<u>\$ 54,753,159.68</u>		<u>100.00%</u>

Source: City Finance Department - Wage Tax

⁽¹⁾ Prepared on a calendar year basis.

Table XVI

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

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government										
Mayor's Office	45.00	46.00	61.00	60.00	60.00	60.00	59.00	58.00	57.00	60.00
City Council	29.00	29.00	29.00	29.00	29.00	29.00	29.00	28.00	27.00	29.00
Audit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Law	20.00	20.00	21.00	23.00	23.00	23.00	23.00	21.00	21.00	21.00
Finance	69.00	67.00	60.00	68.00	70.00	75.00	97.00	93.00	90.00	87.00
Human Resources	21.00	21.00	22.00	22.00	23.00	23.00	23.00	22.00	22.00	21.00
Treasurer	6.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Planning	10.00	11.00	11.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00
Real Estate and Housing	21.00	20.00	16.00	17.00	17.00	17.00	17.00	16.00	15.00	15.00
Parks and Recreation	52.00	52.00	53.00	54.00	58.00	53.00	50.00	44.00	44.00	44.00
Public Safety										
Police	377.00	386.00	407.00	429.00	431.00	416.00	402.00	390.00	382.00	382.00
Fire	176.00	176.00	177.00	177.00	180.00	172.00	172.00	177.00	177.00	177.00
License and Inspection	37.00	39.00	44.00	45.00	46.00	44.00	42.00	38.00	38.00	38.00
Public Works	<u>212.00</u>	<u>212.00</u>	<u>228.00</u>	<u>231.00</u>	<u>235.00</u>	<u>229.00</u>	<u>229.00</u>	<u>226.00</u>	<u>226.00</u>	<u>224.00</u>
Totals	<u>1,080.00</u>	<u>1,091.00</u>	<u>1,141.00</u>	<u>1,179.00</u>	<u>1,196.00</u>	<u>1,165.00</u>	<u>1,167.00</u>	<u>1,134.00</u>	<u>1,120.00</u>	<u>1,119.00</u>

Sources: City of Wilmington, Office of Management and Budget

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

Table XVII

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Physical Arrests/Charges	13,456	10,230	9,534	6,155	n/a	11,737	n/a	16,051	12,991	17,143
Police Calls - Incident	125,665	n/a	126,614	110,177	n/a	119,412	n/a	183,041	106,470	102,903
Police Calls - Administrative	n/a	n/a	114,000	261,462	n/a	56,072	n/a	28,449	31,345	60,972
Fire/EMS Calls	15,902	15,124	16,596	15,584	16,976	17,659	18,448	18,932	20,201	20,401
Inspections	1,121	778	1,710	614	1,802	1,862	1,589	1,677	1,416	1,959
Parking Violations Issued	52,708	68,719	72,990	87,327	79,262	70,030	83,149	71,229	68,465	68,365
Redlight Tickets Issued	n/a	n/a	n/a	n/a	n/a	32,948	25,318	58,708	60,004	41,861
Building Permits Issued	n/a	n/a	4,250	2,848	4,330	4,225	4,077	3,419	3,119	3,150
Health and Welfare										
Meals served-Summer	207,599	231,189	252,706	294,708	325,381	192,159	235,608	211,263	213,549	161,948
Meals served-Evening	332,509	n/a	77,092	71,928	120,631	229,590	112,850	114,201	98,555	91,888
Emergency Shelter	268	329	911	443	354	469	438	230	516	1,370
HOPWA (Housing) *	1,075	352	474	126	169	141	230	177	147	114
HPRP	n/a	n/a	n/a	n/a	n/a	726	726	24	-	-
Water										
Water Production (millions of gallons)	7,918	7,201	6,877	6,830	6,720	6,154	6,541	6,541	5,835	5,749
Water Sold (millions of gallons)	6,925	6,032	5,933	5,419	5,069	4,705	6,690	6,690	3,286	3,262
Wastewater										
Average Daily Sewage Treatment (Millions of gallons)	81.56	78.48	82.43	71.60	69.32	85.03	72.35	72.35	75.00	75.00
Landfill										
Annual Tons of Refuse	42,897	41,689	42,500	37,837	29,727	29,527	30,331	20,904	16,838	17,922

Sources: Various City of Wilmington Departments

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

Table XVIII

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Patrol Units	n/a	n/a	n/a	251	239	267	247	241	233	213
Paramedic Units	3	3	3	3	3	3	3	3	3	3
Fire Units	n/a	n/a	n/a	47	45	42	44	41	42	42
Highways, Streets, and Bridges										
Roads & Streets (miles)	147	147	147	147	147	147	147	147	148	148
Health and Welfare										
Buses	2	2	2	2	2	2	2	2	2	3
Water										
Production Capacity (millions of gallons per day)	40	40	40	40	40	40	40	40	40	50
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	105	105	105	105	105	105	105	105	105	168

Sources: Various City of Wilmington departments.

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