



Comprehensive Annual Financial Report

For the Year ended
June 30, 2018



City of Wilmington, Delaware
Michael S. Purzycki, Mayor



CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by the Department of Finance
Patrick T. Carter, Director of Finance



**CITY OF WILMINGTON, DELAWARE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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City of Wilmington



MICHAEL S. PURZYCKI
Mayor

February 27, 2019

Honorable Michael S. Purzycki, Mayor
Honorable Members of City Council
Citizens and Stakeholders of the City of Wilmington, Delaware

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wilmington, Delaware (the City) for the fiscal year, which ended on June 30, 2018 as required by the City Charter. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) for governmental units and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Belfint, Lyons and Shuman PA, a firm of independent certified public accountants, audited the City's financial statements. The independent auditor expressed an opinion that the City's financial statements for the fiscal year 2018 are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is presented on pages 1 through 3.

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

The City is required to undergo an additional audit designed to meet the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this audit is issued in a separate report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 29th consecutive year that the City has achieved this prestigious award. In order to be awarded a


Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Credit must also be given to other professional contributors Citywide.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Brett Taylor', written over a horizontal line.

Brett Taylor
Director of Finance

LETTER OF TRANSMITTAL

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

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

Profile of the Government

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

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

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

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

Economic Condition and Outlook

Looking Forward in City Government: The General Fund operating budget for FY 2019 has expenditures of \$162.3 million, up by almost \$7.4 million over last fiscal year. But of that amount, \$2.7 million is debt service, \$2.6 million is from the contract settlement with the police union, and \$2 million was an unanticipated but required contribution to the state-sponsored pension plans for City employees. It is important to note that due to increased contributions from employees and better health practices, the City's cost of healthcare in this budget increased by less than one percent

The fiscal year 2019 budget reflects the following:

- The FY 2019 operating budget expenditures total \$162,299,001 – up \$7,375,923 or 4.8% from FY 2018. However, the budget was balanced without a Property Tax increase or use of Fund Balance.
- In the Water/Sewer Fund, the FY 2019 operating budget expenditures total \$75,449,620 – up \$4,388,692, or 6.2% from FY 2018. The FY 2019 Budget continues to support the high-priority initiatives begun in recent years deemed essential to achieving financially self-sustaining and environmentally-sound water, sewer, and stormwater utilities. There is an approved increase to water and sewer rates of 4.0%, while the stormwater rates will remain the same as last fiscal year.
- **Key Major Funding Changes From the Prior Year – General Fund**

Mayor's Office

In the Mayor's Office, staffing was reduced a net 1.00 FTE, for a savings of almost \$109,000. A vacant Economic Development Specialist position in the Office of Economic Development was eliminated. In addition, the position of Youth Intervention Specialist was moved to the Police Department. Offsetting that transfer was the shifting of the position of Community Development Specialist from the Parks & Recreation Department into the Mayor's Office.

City Council

While the total number of positions (in all funds) remained the same as last fiscal year, City Council decreased by 0.15 FTE in the General Fund, for a savings of \$22,000. The split funded position of Chief of Staff, previously budgeted 90% General Fund and 10% CATV Fund, was reallocated as 75% General Fund and 25% CATV Fund.

City Treasurer

The four appointed exempt positions in the City Treasurer's Office (three of which are split funded between the General Fund and Pensions and the fourth is 100% Pensions) received salary increases. The total cost to the General Fund was \$15,600.

The cost of the State-sponsored pension plans rose \$2 million, a 55% increase from last fiscal year. While the ever-increasing number of new City employees entering the pension plans contributes to an increase each year, that effect (about \$500,000 for FY 2019) pales in comparison to the increases in the State's actuarially required contributions, especially the dramatic 46% spike in the public safety employees plan.

Department of Planning and Development

The three Planner II positions (one of which is split-funded 55% General Fund and 45% CDBG Fund) in the Department of Planning & Development were upgraded at a cost to the General Fund of \$6,800. The upgrade had no effect on the number of positions.

Audit Department

The Audit Department increased 1.00 FTE by adding a third Senior Auditor position at a cost of \$107,000. In addition, the salary of the Audit Manager was increased by \$3,000.

Law Department

In the Law Department, a reorganization of support functions resulted in the deletion of the Legal Legislative Assistant and Legal Administrative Assistant positions, allowing the addition of a much-needed Assistant City Solicitor position. The net result was a 1.00 FTE decrease and a savings of \$54,800.

Department of Finance

The Finance Department decreased by a net 1.80 FTE, for a savings of \$185,479. A Revenue Collector position and a split-funded (80% General Fund and 20% Water/Sewer Fund) Senior Accountant position were eliminated. In an additional offsetting action that resulted in no net change in FTE, the split-funded Senior Financial Officer position was eliminated, allowing the restoration of the split-funded Revenue Manager position that had been eliminated several years ago.

Department of Human Resources

The Human Resources Department added a new position with the title of Human Resources Coordinator. This added 1.00 FTE at a cost of \$85,900.

Department of Licenses and Inspections

As part of an initiative to address the poor condition of rental properties in some areas of the City, the Department of Licenses & Inspections increased the total number of Housing Code Inspectors to 18. This resulted in an increase of 4.00 FTE at a cost of \$343,460

As an integral part of the Mayor's program to eliminate blight, a total of almost \$300,000 was added to L&I's budget in critical areas such as demolition and property maintenance

Department of Parks and Recreation

The Parks & Recreation Department decreased a net 1.00 FTE. While there were two positions transferred to other departments, an additional Labor Foreman II position was created. The two positions transferred out were the Community Development Specialist (moved to the Mayor's Office) and the City Forester (moved to Public Works Water/Sewer Fund). There was also an upgrade (an Assistant Park Maintenance Supervisor became a Park Maintenance Supervisor) and a downgrade (a Maintenance Mechanic I became a General Laborer I). The net savings from all the changes was \$98,100.

Department of Police

The Police Department increased 2.00 FTE at total cost of \$199,700. There was a new position created (Crime Analyst at a cost of \$100,300) and another position transferred in (Youth Intervention Specialist from the Mayor's Office at a cost of \$99,350). In addition, a Teleserve Operator was upgraded to an Emergency Call Operator and a vacant Records Supervisor position was moved up by one grade. The combined cost of the upgrades was \$6,500.

Department of Public Works

In the Public Works Department, there was a net decrease of 0.10 FTE. A split-funded (60% General Fund and 40% Water/Sewer Fund) Administrative Clerk I position was deleted and replaced by a Purchasing Coordinator position (split-funded 50% General Fund and 50% Water/Sewer Fund). Four split-funded (30% General Fund and 70% Water/Sewer) Constituent Services Assistant positions and one split-funded (30% General Fund and 70% Water/Sewer) Constituent Services Supervisor were upgraded as part of the City's 311 Call Center expansion. In addition, two Assistant Street Supervisor positions and one split-funded (20% General Fund and 80% Water/Sewer) Assistant Street & Sewer Maintenance Supervisor position were upgraded. The net effect of all the changes was an increase of \$1,650.

Department of Real Estate and Housing

In the Department of Real Estate & Housing, the position of Program Coordinator was upgraded to the position of Acquisition & Disposition Manager. Because the position is split-funded (18% General Fund and 82% CDBG Fund), the cost of the upgrade to the General Fund is less than \$500. In Real Estate & Housing, \$250,000 was added to support the acquisition of problem properties, along with architectural and engineering services to stabilize the properties once acquired.

General Changes

In FY 2016, the City began a four-year phase-in to appropriately charge itself for water, sewer, and stormwater services used by departments in the General Fund. The General Fund paid 25% of these charges in FY 2016, 50% in FY 2017, and 75% in FY 2018. The charge is 100% in FY 2019 and beyond. The 100% charge for FY 2019 to the General Fund will cost about \$1.04 million, an increase of almost \$300,000 from last fiscal year.

The budget for Consultants decreased \$509,000, with major reductions in the Police, Fire, and Planning Departments. Police and Fire have a biennial job employee promotion process administered by specialized consultants. Because FY 2019 will be an off year in the promotional cycle for both Departments, a combined total of \$327,000 could be excluded from the budget. For FY 2018, \$125,000 was budgeted in Planning for a consultant to assist in developing a City-wide ADA compliance self-evaluation and transition plan. That funding is no longer needed in FY 2019 and was removed.

Debt Service increased by almost \$2.7 million. Roughly half of that increase is the projected debt service from a planned bond issuance in Spring of 2018 to provide funding for previously approved FY 2016-2017 Capital Budget projects. The remaining half of the increase is in the existing debt service schedule and is the result of refinancing an older bond issue that temporarily lowered debt service the previous two fiscal years. The refinancing savings do not continue into FY 2019.

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

The FY 2019 operating budget expenditures total \$75,449,620 – up \$4,388,692, or 6.2% from FY 2018. The FY 2019 Budget continues to support the high-priority initiatives begun in recent years deemed essential to achieving financially self-sustaining and environmentally-sound water, sewer, and stormwater utilities. These include an accelerated Combined Sewer Overflow (CSO) mitigation effort, along with finished water filtration and supply improvements that exceed EPA standards, contributing to the stability of northern Delaware’s water supply, especially in times of drought.

Staffing increased by a net total of 2.90 full-time equivalents (FTE). The change in FTE, along with other personnel actions, including change in grades and salary adjustments, resulted in a net increase of \$277,700.

The Finance Department increased by a net 0.80 FTE, at cost of \$80,100. An additional Billing Analyst position was created, just slightly offset by the elimination of the Senior Accountant position (split-funded 80% General Fund and 20% Water/Sewer Fund). Also, in an offsetting action that resulted in no net change in FTE, the split-funded Senior Financial Officer position was eliminated, allowing the restoration of the split-funded Revenue Manager position that had been eliminated several years ago.

In the Public Works Department, there was a net increase of 2.10 FTE. A split-funded (60% General Fund and 40% Water/Sewer Fund) Administrative Clerk I position was deleted, replaced by a Purchasing Coordinator position (split-funded 50% General Fund and 50% Water/Sewer Fund). Four split-funded (30% General Fund and 70% Water/Sewer) Constituent Services Assistant positions and a split-funded (30% General Fund and 70% Water/Sewer) Constituent Services Supervisor were upgraded as part of the City’s 311 Call Center expansion. Also upgraded was a split-funded (20% General Fund and 80% Water/Sewer) Assistant Street & Sewer Maintenance Supervisor position. Lastly, a new position of Tree Climber was created and the City Forester position was transferred in from the General Fund Parks & Recreation Department. The net effect of all the changes was a increase of \$197,700.

There is a \$1.54 million increase in the contract for Veolia to operate and maintain the City's sewage treatment plant. The City’s 20-year contract with Veolia will expire at the end of FY 2018. As the City prepares a request-for-proposal (RFP) package to bid for a new long-term contract, Veolia has agreed to a one-year extension to continue its services at the Plant. However, without the certainty of a long-term agreement, some large risk-inherent items have been priced into the contract cost up front, causing the increase.

Total Debt Service increased a net \$931,281. New debt service projected from a planned bond issuance in Spring of 2018 to provide funding for previously approved FY 2016-2017 Capital Budget projects added \$1,533,155. This was partially offset by a reduction of \$601,874 in the existing debt service schedule.

A total of \$504,000 was added to the Repairs to Equipment account in the Water System Division, reflecting a more aggressive electrical and mechanical preventative maintenance program for pumps and valves at filter plants and pumping stations. The increase also covers the expansion of the boiler maintenance contract on the boiler feed pumps, condensate return systems, heat exchangers, and associated piping at the filter plants.

The Finance Department increased delinquent water/sewer bill collection expenses, especially as it relates to the sheriff sale process and related legal support. The increase of almost \$436,000 reflects greater utilization of sheriff sales against those property owners who have not complied with payment initiatives on their delinquent accounts.

The Internal Services Chargeback account group increased by almost \$250,500, with Data Processing and Postage up \$180,600 and \$69,900 respectively. The conversion to monthly processing and mailing of water/sewer bills accounted for the entire rise in Postage and most of the increase in Data Processing.

The Indirect Cost expense to the Water/Sewer Fund rose by \$255,700, reflecting budgeted increases in the supporting services provided to the Water/Sewer Fund's utility functions by the General Fund.

The use of specialized procurement processes, block pricing, and the operation of large pumps during off-peak hours of demand have resulted in a 20% savings in electricity costs, allowing for a \$205,500 reduction to the budget.

There is an approved increase to water and sewer rates of 4.0%. This will allow the City to build toward a fully-funded 60-day operating reserve, while meeting the minimum debt coverage ratio set by policy. This rate increase was strongly recommended by the City's independent Water/Sewer Citizens Advisory Board.

Stormwater rates will remain the same as last fiscal year, also as recommended by the Water/Sewer Citizens Advisory Board.

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

Mayor's Office

The Internal Services Chargeback account group increased by almost \$346,000, entirely due to a 10.5% increase in Data Processing. Major initiatives contributing to the increase include specialized software for L&I to more effectively fight blight, a dedicated software training consultant, and a senior software application specialist.

ECONOMIC DEVELOPMENT ACTIVITY

Wilmington's economy continues to be driven by its position as an employment center for corporate banking. There are 11,809 employees in the Finance and Insurance industry, which equates to about one-fourth of the City's nearly 50,000-person total workforce, making it the largest employment sector in Wilmington. Average employment in the industry increased almost 4% during calendar year 2017, maintaining pre-recession levels. The growth in this sector is due in part to the analytical skill-set of the region's workforce, which has its roots in the chemical and engineering industries and was further developed by the growth of the credit card industry.

The Government sector employs the second largest percentage (roughly 20%) of the City's workforce with just over 10,000 people working in one of the City's many local, county, state or federal government offices. Other major industries include the Professional and Technical Services industry (which consists of the legal, accounting, and engineering professions) and the Healthcare and Social Assistance industry. Respectively, these sectors employ 6,813 and 6,170 people or 14% and 12% of the City's workforce.

Areas of notable employment growth over the past year include the Construction industry, which involves the construction of buildings as well as specialty trades, and the Information industry, which involves data processing and telecommunications, among other things. Though both are relatively small components of

Wilmington's overall employment landscape with 1,365 and 433 workers respectively, they both experienced growth well above other industries in the past year. The Construction industry added 384 workers (an increase of 39.1%), while the Information Industry added 106 workers (an increase of 32.4%).

The Management of Companies and Enterprises industry, which includes securities holding companies, also experienced growth over the past year at a more modest 13.3%; however, employment in that sector saw growth of 73.7% from 2015 to 2017, adding a total of 1,309 employees over the two-year period, bringing the total number of workers to 3,085.

Much of the growth in the Construction industry can be attributed to strong development activity throughout the City. Several market-rate residential projects, new hotels, and dining opportunities have either recently been completed or are currently in development. Notable examples include:

- The Residences at Mid-town Park, a new \$75 million landmark mixed-use retail and residential development under construction by the Buccini/Pollin Group at the former site of the previously vacant and deteriorating Midtown Parking Garage
- 101 Avenue of the Arts, a \$20 million residential development by the Capano Corporation on the Christina River
- The \$40 million Galleria at 2000 Pennsylvania Avenue, a mixed-use retail/residential development under construction by the Tsionas Development Corporation near the intersection of Union Street and Pennsylvania Avenue
- Bancroft Mills, a \$70 million residential development on the bank of the Brandywine River near Rockford Park
- Wilmington Brew Works, a \$1.5 million production brewery at the former site of the Harper-Thiel Electroplating Company on Miller Road in Northwest Wilmington

Each of these projects represents significant private investment in Wilmington's high-end real estate market.

Business Incentive Program

The Office of Economic Development (OED) supports the growth of private industry within the City and utilizes a number of tools to accomplish this goal. One of the City's newest tools is the Grow Wilmington Fund, which was established in late 2014 as a partnership between the National Development Council, Discover Bank, and Wilmington UDAG Corporation. Seeded with \$1 million of public funds from Wilmington UDAG Corporation, this Small Business Administration 7(a) loan fund was capitalized at \$4 million to support the growth of existing small businesses already operating within the City and businesses outside of Wilmington looking to relocate within City limits. So far, all \$4 million has been invested to support nearly a dozen businesses across manufacturing, retail, automotive services, and media/video production industries. Collectively, participating businesses increased employment 50% above their previous employment levels.

One example of successful use of the Grow Wilmington Fund is Campanella's Auto & Tire Center, a family-owned business previously located outside the City in New Castle County. A \$2 million loan from the Fund supported the company's relocation to a redeveloped vacant warehouse within City limits. The success of the Grow Wilmington Fund inspired the establishment of the Grow Delaware Fund, a statewide loan fund that seeks to replicate the success of the Grow Wilmington Fund. Wilmington businesses can continue to take advantage of the low interest rates and extended fixed-rate terms that the Grow Wilmington Fund provided through a set-aside targeted specifically for the City within the state-wide fund.

The Office of Economic Development (OED) also manages the highly successful Economic Development Strategic Fund, which is used to provide job creation and retention incentives to private businesses. The Fund's expenditures are recouped by the City's General Fund in two or three years by the wage taxes generated from new and retained jobs. Each incentive is contractually-based, with performance requirements and claw-backs. Since the initial appropriation of the Strategic Fund in 2002, the City has executed over 35 contracts that have provided a total of \$12.2 million in incentive payments. These incentives have yielded over \$75 million of additional Wage Taxes to the City's General Fund between Fiscal Year 2002 and Fiscal Year 2017.

Strategic Fund highlights in Fiscal Year 2017 and early Fiscal Year 2018 include new incentive agreements supporting the growth of two Wilmington-based start-up companies, Fair Square Financial, a new credit card company, and CollegeAve Student Loans, a private education lender.

Downtown Development

New construction and adaptive reuse projects are transforming downtown Wilmington into a thriving mixed-use community, adding significant residential, retail, food and beverage, and entertainment options to its well-established core of corporate office spaces.

Much of this development has been spurred by the state-run Downtown Development District (DDD), which was established by Governor Markell in 2014 and remains a driving force for Wilmington's downtown real estate market. Since the start of the program, the State has reserved over \$23 million in grant funds for qualified projects, and disbursed almost \$6 million. This funding has supported over \$102 million of completed development and over \$288 million of development now under construction or about to begin construction.

Notable projects supported by the program include the Residences at Mid-town Park and Mid-town Park Garage, which celebrated a grand opening for the garage and commencement of pre-leasing for its residences in April 2018. This landmark residential development represents the remediation of the previously vacant and deteriorating Midtown Parking Garage. It will provide 229 new-construction apartment units and five levels of underground parking in the heart of Wilmington's downtown, expanding Wilmington's residential and retail core westward to Orange Street.

The Residences at Mid-town Park sit directly across from 200 West 9th Street, another DDD supported renovation completed at the end of 2017 featuring 33 new apartment units. Several other residential buildings along Shipley Street and 9th Street are also targeted for redevelopment, along with the creation of a new pedestrian plaza in the middle of the 800 block of Market Street, which will connect the Midtown project to the Market Street corridor. These new projects join recent additions at 608 & 627 North Market Street, as well as the three addresses comprising Market Street Village, which opened in the summer of 2015 and provided 152 new units of market-rate and affordable housing for a total investment of \$41 million.

In addition to development spurred by DDD, the City has seen an emerging development trend involving the conversion of vacant Class B and C office space into more marketable uses. An example is the Marriott Residence Inn, a new \$12 million hotel located near the Brandywine River, which opened its doors in the spring of 2018. The project converted a long-vacant, 67,000-square-foot office building into a 96-room extended-stay hotel carrying the Marriott luxury brand and has added 20 full-time and 15 part-time jobs to Wilmington's hospitality industry.

Other adaptive reuse projects are rejuvenating the Market Street commercial corridor. A prominent example is 913 North Market Street, which is being converted from a 12-story office building into a mixed-use property with retail on the ground floor and 80 apartments above. Additionally, 68 apartment units have been proposed as part of the renovation of the high-rise office building located at 901 N.

Market Street. These conversions decrease the City's commercial vacancy rate while bringing more residents and visitors downtown who will patronize businesses.

Several new restaurants are also expected to draw visitors to the Market Street corridor. Among them are Stitch House Brewery, a craft microbrewery located at 829 North Market Street, Margaux, a French restaurant located at 902 North Market Street, and Bardea, an Italian restaurant located at the corner of 620 North Market Street.

To incentivize further development of the Market Street corridor, OED, in partnership with the City Planning Department's historic preservation office, secured National Register of Historic Places designation for an expanded area of the corridor in March of 2017. The new district, entitled "Wilmington Downtown Commercial National Register Historic District," extends from 6th Street to 9th Street and from Shipley to King. Previously, only buildings located in the Lower Market Historic District (which ends at 5th Street) and buildings with individual historic designations had access to the federal Historic Tax Credit program. The new district unites and expands that area and provides greater access to a valuable financial tool that supports economic development as well as historic preservation.

To help revitalize the area immediately west of the Market Street corridor, the Wilmington Renaissance Corporation (WRC), a public/private partnership funded by many of the leading businesses within the downtown business district of the City, 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 selected, which has garnered wide community support, is to transform an area of downtown into a 'Creative District' to serve

as a hub for Wilmington's artistic, technological, and design communities. The project is a multi-year initiative involving real estate development as well as programming and public art interventions. The project secured funding for the development of the first installment of artist housing in early 2015 and broke ground on seven one-bedroom live/work condominium units and three single-family homes with two or three bedrooms in early June 2015. The first units are now available for homeownership.

The Riverfront

The Riverfront continues to serve as a prime destination for dining, entertainment, and shopping. This attractive location along the banks of the Christina River has inspired a wave of residential and commercial development aimed at capitalizing on the area's broad appeal to residents and visitors.

One new high-end residential development is the Residences at Harlan Flats, which is being constructed in three phases. Now complete and leasing, Phase II brings an additional 73 apartment units to the existing five-story building completed in late 2014. With a total of 189 luxury units featuring covered on-site parking and an in-ground swimming pool, Residences at Harlan Flats is the newest addition in the Justison Landing housing complex. The \$20 million project (Phases I and II) features one- and two-bedroom apartments with balconies, river views and an outdoor pool and terrace. Two parcels remaining in the Justison Landing master plan have been approved for mixed-use development and are available for future economic development opportunities.

The Riverfront has also become a popular site for new hotels. A 122-room Hyatt Place hotel is currently under construction by ONIX Group, a Pennsylvania-based real estate firm. The \$23 million project will feature a banquet hall and will be attached to the existing Big Fish Grill restaurant. Hyatt Place will sit next to a new \$30 million, 120-room Homewood Suites, under construction by Buccini/Pollin Group. These expanded lodging options will be located near the Chase Center and are expected to allow the venue to host larger conventions and trade shows.

These new residential and lodging developments has been joined by the "76ers Fieldhouse," a 140,000-square-foot multi-purpose sports complex and youth training center on the southeast side of the Christina

River. The facility provides a new home for the Philadelphia 76ers NBA G League affiliate team, the Delaware Blue Coats. In addition, the complex hosts youth athletic training sessions and competitions on its three full-sized, professional basketball courts, two indoor turf soccer fields, and world-class sports performance and athletic training area.

The 76ers Fieldhouse is expected to help spur development on the southeast side of the Riverfront. To help continue to revitalize this portion of the City, the Riverfront Development Corporation has hired Robert A.M. Stern Architects (“RAMSA”) to conduct a master planning effort for approximately 70 acres of waterfront property on the east bank of the Christina River. The South Market Street Master Plan Project will include an illustrative site plan, conceptual renderings, typical site sections, and gross building area calculations and parking counts. This document will guide public and private investment and development on the east bank of the Christina River, which will soon be connected to the Riverfront by the Christina River Bridge.

The Delaware Department of Transportation (DelDOT) broke ground on the multi-modal Christina River Bridge in June 2017 after completing land acquisition, environmental permitting, and design. This \$28 million project will connect US Route 13 on the east side of the Christina River to Wilmington’s Riverfront on the west side, allowing for vehicular access to the area from I-495. The bridge is also 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.

DelDOT is also currently in the planning phase for transportation infrastructure on the east bank of the Christina River that will open the area to mixed-use development. The project will complement the City’s \$28 million South Wilmington Wetland Project, which will turn more than 25 acres of brownfield into a stormwater management park. DelDOT is exploring a multi-modal connection between the bridge project and the Southbridge Community, which will form the southern edge of the Wetland Park and also open previously land locked parcels to the south and east to residential and light industrial development.

Neighborhood Improvements

Exciting new developments are helping to revitalize the City’s disinvested residential neighborhoods. One prominent project is the \$100 million redevelopment of The Flats, a ten-acre neighborhood along Bancroft Parkway on Wilmington’s west side that will result in the demolition of 430 obsolete residential units and the construction of 450 new units in their place. Woodlawn Trustees, a 100-year-old foundation created by the Wilmington industrialist and philanthropist William Bancroft, broke ground on the project in May 2015. The first of six development phases has been completed with residents occupying 72 new energy efficient units along Union Street. The second phase will bring an additional 72 affordable units to the community and is nearing completion. The first two phases together bring over \$30 million investment in this community, which was built in fulfillment of William Bancroft’s vision to provide clean, affordable housing for Wilmington’s working class.

Another notable project is the Delaware Center for Homeless Veterans’ \$11 million renovation of the vacant Layton Home for Aged in the City’s Eastside neighborhood. Known as The Pearl Center, the project will feature 51 apartments, of which 40 will be used to provide housing for homeless veterans (the remaining nine will be rented at market rate). Plans for the facility also include social services to support local veterans and a full-service kitchen offering culinary arts training to veterans looking to improve their marketability in the workforce.

Conclusion

Wilmington's economy continues to be bolstered by strong hiring in the Financial sector, while significant gains in other industries, such as Construction and Information, show that the City's workforce is nimble and ready to meet the labor demands of employers looking to expand their existing businesses or to establish new operations in Wilmington. The City's economy is also supported by substantial commercial and real estate development, which demonstrates the success of the wide-ranging business, neighborhood, and economic development programs. The ongoing transformation of the City's downtown, Riverfront, and residential neighborhoods has generated economic activity, excitement, and a positive sense of pride. And with the use of thoughtful, data-driven planning processes involving collaboration of the business community, nonprofits, neighborhood groups, and government, the course is set for future growth and continued success.

Relevant Financial Policies

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

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

Major Initiatives

Wilmington Mayor Mike Purzycki and his appointed managers of City government are positioning Wilmington to be a City that is safer, cleaner and financially stronger in order to create thriving and diverse neighborhoods and businesses as well as support the individuals and families who live, work and enjoy our City.

Wilmington is becoming a City that delivers high-quality and efficient services to residents and businesses alike; it is a City that is the center of the State's economy and a hub for new and existing businesses, providing creative entrepreneurs opportunities to innovate, imagine, invent, and inspire, while opening up new possibilities for employment and investment; Wilmington is a City that provides first-rate cuisine and entertainment options as well as cultural and recreational experiences that appeal to citizens of all tastes and income-levels; Wilmington is a City that is mindful of its rich history, but is refocusing its efforts on innovative and high-tech modernization to position itself for the future.

Wilmington is, in short, a City in which people are eager to visit, work in and call home. To further these goals and ongoing efforts, the Purzycki administration is focused on increased employment and economic development, improved public safety through better policing and community relations, a more streamlined and innovative delivery of services, citywide neighborhood stabilization and an enhanced quality of life.

Public Service

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

Neighborhoods

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

Economic Prosperity

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

Quality of Life

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington, Delaware, for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 29th 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, 2018. In order to qualify for the Distinguished Budget Presentation Award, the government's budget documentation was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications medium.

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

Acknowledgements

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





Government Finance Officers Association

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

Presented to

**City of Wilmington
Delaware**

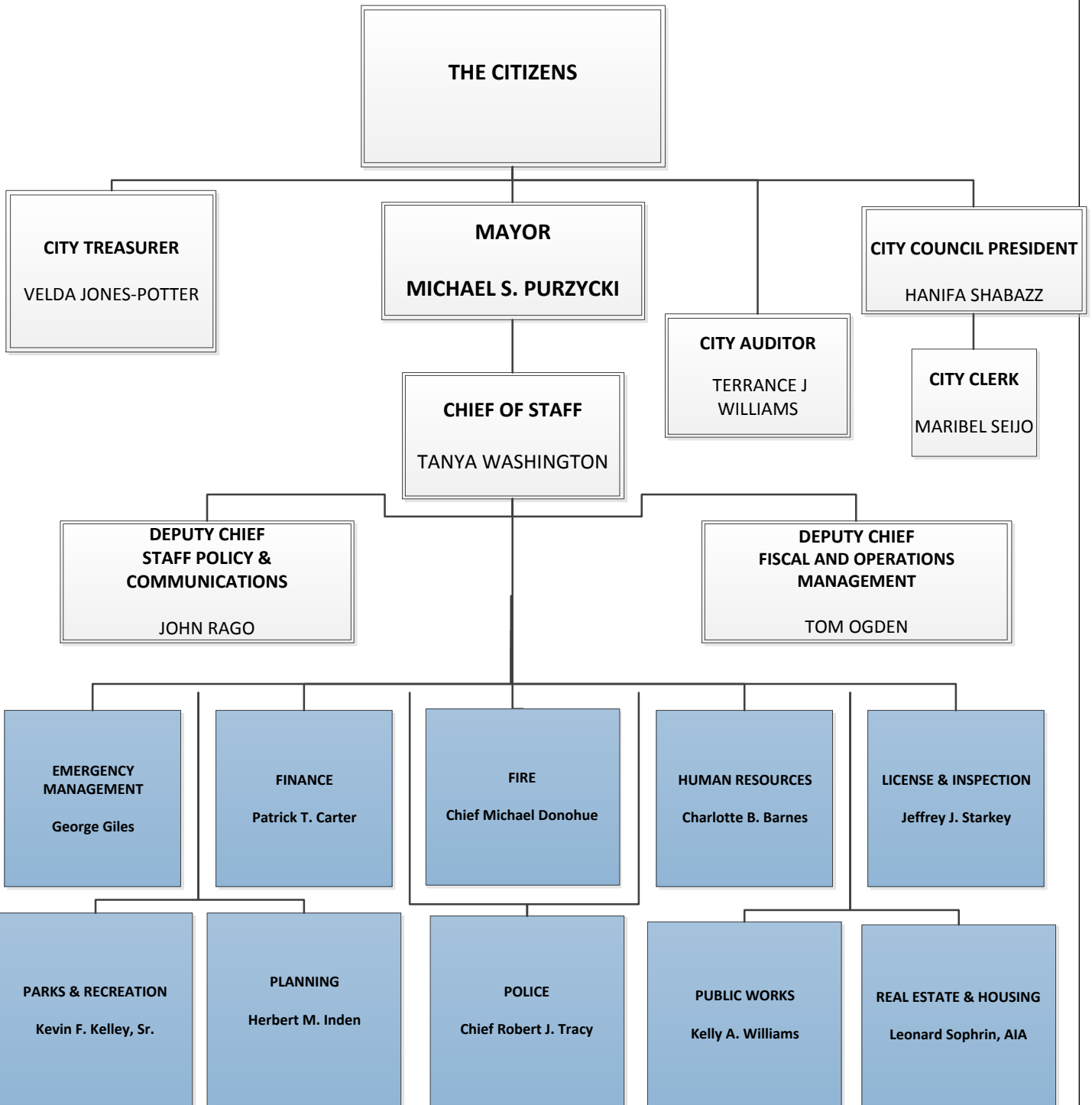
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF WILMINGTON ORGANIZATION CHART



City of Wilmington
Listing of Principal Officials
June 30, 2018

Executive

Mayor
City Treasurer

Michael S. Purzycki
Velda Jones – Potter, MBA

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

Hanifa Shabazz
Nnamdi O. Chukwuocha
Ernest Congo, II
Zanthia Oliver
Michelle Harlee
Vashun Turner
Yolanda McCoy
Robert A. Williams
Charles M. Freel
Rysheena Dixon
Samuel Guy
Loretta Walsh
Ciro Adams

Department Heads

Chief of Staff

City Solicitor
City Auditor
Clerk of Council
Economic Development
Emergency Management
Finance
Fire
Human Resources
Licenses and Inspections
Parks and Recreation
Planning
Police
Policy & Communications
Public Works
Real Estate and Housing

Tanya Washington

Luke W. Mette, Esquire
Terrance J. Williams
Maribel Seijo
Jeff Flynn
George Giles
Patrick T. Carter
Michael Donohue
Charlotte B. Barnes
Jeffrey J. Starkey
Kevin F. Kelley, Sr.
Herb M. Inden
Robert J. Tracy
John Rago
Kelly A. Williams
Leonard Sophrin

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 107th Session of the City Council.



Hanifa G.N. Shabazz
City Council President



Nnamdi O. Chukwuocha,
1st District



Ernest "Trippi" Congo II
2nd District



Zanthia Oliver
3rd District



Michelle Harlee
4th District



Va'Shun "Vash" Turner
5th District



Yolanda McCoy
6th District



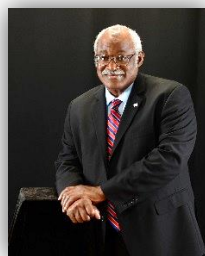
Robert A. Williams
7th District



Charles M. "Bud" Freel
8th District



Rysheema Dixon
At-Large



Samuel Guy, Esq.
At-Large



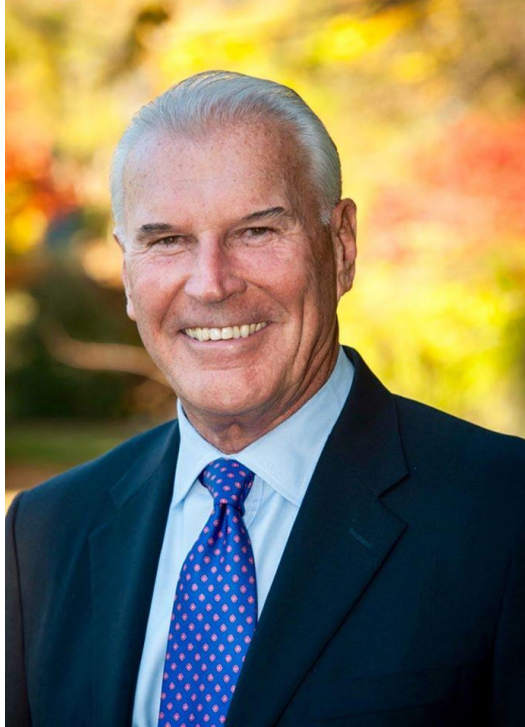
Loretta Wash
At-Large



Ciro Adams
At-Large

City Of Wilmington
Delaware

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018



Michael S. Purzycki
Mayor

Prepared by:
Office of the Director of Finance

Patrick T. Carter
Director of Finance

Accounting Office

Ampofo Offei- Ansah
Leonila Capron
Knisha Clark
Debra Gibbs

*Accounting Manager

Cornelia Henry
Nicole Johnson
Ebony Jackson
Shawnte Manning

Brenda Miller
Roseanne Prado*
Shayne Williams





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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware (City), as of and for the year ended June 30, 2018, 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 discretely presented component units: Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Corporation, Wilmington UDAG Corporation, and Riverfront Wilmington Business Improvement District, which represent 97.1%, 97.7%, and 74.9%, 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 Fund Commission, a blended component unit, reported as a nonmajor special revenue fund, which represents 47.8%, 71.8%, and 2.3%, respectively, of assets, fund balance, and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Corporation, Wilmington UDAG Corporation, Riverfront Wilmington Business Improvement District, and Wilmington Park Trust Fund Commission is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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

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

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware, as of June 30, 2018, 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 Matters

As discussed in Note 18 to the financial statements, during the year ended June 30, 2018, the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the financial statements, net position as of July 1, 2017 has been restated for the implementation of GASBS No. 75 described above and for the correction of a subsequent discovery of fact related to deferred revenue in nonmajor governmental funds.

As discussed in Notes 1 and 18 to the financial statements, the financial data of the Wilmington Neighborhood Conservancy Land Bank (Land Bank), a blended component unit of the City, are included in the business type activities reported for the year ended June 30, 2018. The Land Bank, a recently formed blended component unit, is presented in the City's financial statements for the first time. The City's business-type activities beginning net position was restated to include the Land Banks beginning net position.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and Schedules 1 through 6 on pages 100 through 113 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

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

appropriate operational, economic, or historical context. We and other auditors 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wilmington, Delaware's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

February 27, 2019
Wilmington, Delaware

CITY OF WILMINGTON, DELAWARE

Management's Discussion and Analysis

June 30, 2018

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, 2018. 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 \$136,403,218 (net position), an increase of \$24,267,588 from the previous year. The net position of governmental activities increased \$10,271,566 from the prior year, while the net position from business activities increased \$13,996,022. The net position of the business-type activities includes \$3,232,907 from the inclusion of the Wilmington Neighborhood Conservancy Land Bank, a newly created, blended component unit.
- Discretely presented component units reported net position of \$53,870,038, an increase of \$1,902,863 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 \$58,439,239, a decrease of \$2,892,455 from the previous year. The Fund Balance reported is: Non-spendable Fund Balance of \$4,055,143; Restricted Fund Balance of \$17,512,272; Committed Fund Balance of \$39,417,876; and an Unassigned Fund Balance totaling (\$2,546,052). (See page 20 for a detailed breakdown).
- The General Fund had a combined fund balance of \$40,074,179 consisting of \$2,995,512 of non-spendable fund balance and \$37,078,667 of committed fund balance.
- The Housing Strategic Fund had an unassigned fund balance in the amount of (\$2,436,034).
- The Economic Strategic Fund had combined fund balance of \$2,416,515 consisting of \$357,192 of restricted fund balance and \$2,059,323 of Committed Fund Balance for current and future economic development activities.
- The Capital Projects Fund had a Restricted Fund Balance in the amount of \$9,458,188 to fund current and future City capital improvements.
- The Other Governmental Funds have a combined fund balance of \$8,926,391.

Long-Term Debt

- The City's total net general obligation debt decreased to \$296,342,680 at June 30, 2018, a decrease of \$10,509,747. Water and sewer projects had a net decrease in debt of \$4,047,205 and governmental capital projects had a net decrease in debt of \$6,462,542.

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 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).

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 Cityfest, Inc. 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 Cityfest, Inc. manages cultural events.
- *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. Business-type Activities also includes the operations of the Wilmington Neighborhood Conservancy Land Bank, a blended component unit that was formed to address blight and vacant property issues with the City of Wilmington.
- *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, the Rock Manor Golf Corporation, 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. 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 funds report activities that provide supplies and services to the general public: water, sewer, and stormwater management services through the Water and Sewer Fund, and the development of vacant and abandoned property through the Wilmington Neighborhood Conservancy Land Bank Corporation (a blended component unit). 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 and other post-employment benefits to its employees. The required supplementary information can be found on page 100.

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 114.

Statistical Section. The City provides certain unaudited informational and statistical schedules that begin on page 135.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$108,197,707	\$110,579,056	\$72,968,088	\$65,797,816	\$181,165,795	\$176,376,872
Capital assets(net)	193,388,531	189,976,230	309,059,708	306,750,918	502,448,239	\$496,727,148
Total Assets	301,586,238	300,555,286	382,027,796	372,548,734	683,614,034	673,104,020
Deferred outflows of resources	13,947,533	20,958,471	3,734,019	4,630,186	17,681,552	25,588,657
Long-term liabilities	291,217,162	333,914,548	194,198,063	212,458,439	485,415,225	\$546,372,987
Other Liabilities	45,430,844	20,064,548	28,949,826	16,012,016	74,380,670	\$36,076,564
Total Liabilities	336,648,006	353,979,096	223,147,889	228,470,455	559,795,895	\$582,449,551
Deferred inflows of resources	4,877,914	3,798,376	218,559	309,120	5,096,473	\$4,107,496
Net Position						
Net Investment in Capital Assets	85,923,514	80,030,613	127,230,361	120,943,085	213,153,875	200,973,698
Restricted	8,771,679	7,095,826	35,165,006	-	43,936,685	7,095,826
Unrestricted	(120,687,342)	(123,390,154)	-	27,456,260	(120,687,342)	(95,933,894)
Total Net Position	(\$25,992,149)	\$ (36,263,715)	\$162,395,367	\$148,399,345	\$136,403,218	\$112,135,630

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

The remaining portions of the City's net position are either restricted \$43,936,685 or unrestricted (\$120,687,342). 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 \$136,403,218.

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 \$, over the course of this year's operations. The net position of governmental activities increased \$12,638,629, and the net position of business-type activities increased by \$13,938,899.

City of Wilmington's Changes in Net Position
Year Ended June 30, 2018

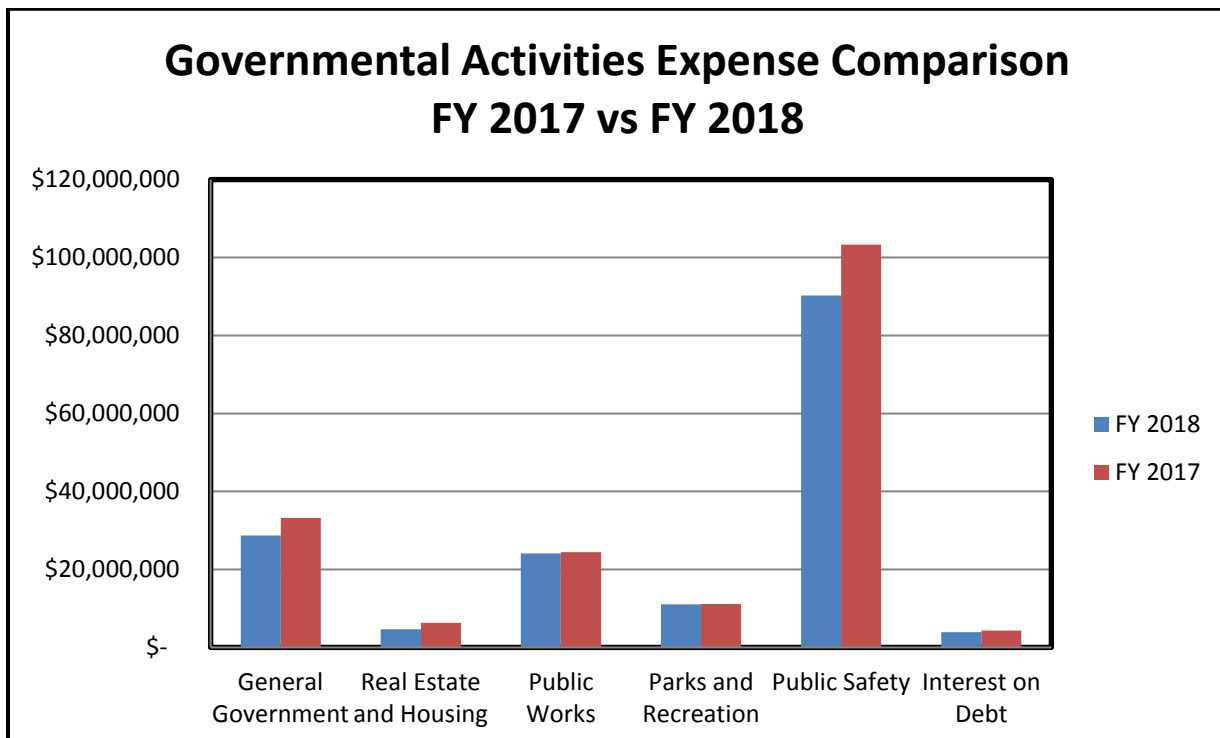
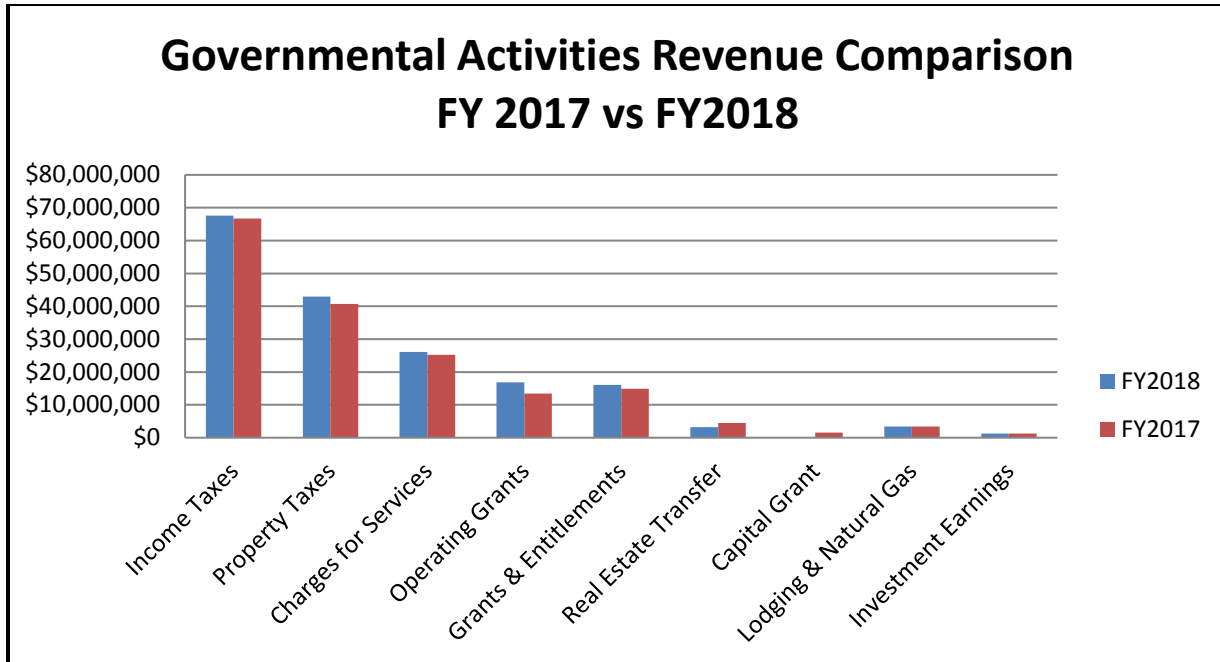
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for Services	\$ 26,060,447	\$ 25,265,160	\$ 83,329,958	\$ 83,541,753	\$ 109,390,405	\$ 108,806,913
Operating Grants & Contributions	16,805,129	13,401,628	-	-	16,805,129	13,401,628
Capital Grants & Contributions	202,539	1,544,083	4,264,405	293,155	4,466,944	1,837,238
General Revenues:						
Total Taxes	117,012,053	115,294,836	-	-	117,012,053	115,294,836
Investment Earnings	1,253,510	1,254,149	-	-	1,253,510	1,254,149
Other Revenues	16,073,953	14,920,128	-	-	16,073,953	14,920,128
Total Revenues	177,407,631	171,679,984	87,594,363	83,834,908	265,001,994	255,514,892
EXPENSES						
General Government	28,701,894	33,209,538	-	-	28,701,894	33,209,538
Real Estate and Housing	6,708,205	6,310,506	-	-	6,708,205	6,310,506
Public Works	24,080,545	24,429,688	-	-	24,080,545	24,429,688
Parks and Recreation	11,098,419	11,161,909	-	-	11,098,419	11,161,909
Public Safety	90,296,885	103,283,261	-	-	90,296,885	103,283,261
Interest on Long Term Debt	3,883,054	4,316,733	5,579,041	6,715,356	9,462,095	11,032,089
Business Type Activities	-	-	68,076,423	63,612,248	68,076,423	63,612,248
Total Expenses	164,769,002	182,711,635	73,655,464	70,327,604	238,424,466	253,039,239
Change in Net Position	12,638,629	(11,031,651)	13,938,899	13,507,304	26,577,528	2,475,653
Net Position - Beginning (restated)	(38,630,778)	(25,232,064)	148,456,468	134,892,041	109,825,690	109,659,977
Net Position - Ending (restated)	\$ (25,992,149)	\$ (36,263,715)	\$ 162,395,367	\$ 148,399,345	\$ 136,403,218	\$ 112,135,630

Governmental Activities

Revenues of governmental activities for fiscal year 2018 increased from 2017 by \$5,727,647. This net increase reflects an increase in charges for services of \$795,287 and an increase in general revenues of \$1,717,217. Operating grants increased by \$3,403,501 and capital grants decreased by \$1,341,544. The charges for services revenue, which reimburse the City for specific activities, is the second largest source of governmental activity revenue at 14.7%. The key revenue elements are discussed later in the fund statement comparisons. Expenses and transfers of governmental activities for fiscal year 2018 decreased by \$17,942,633 compared to 2017. 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 2018 as compared to fiscal year 2017.

Business-type Activities

Net position of business-type activities increased by \$13,938,899 for the current fiscal year primarily as a result of increased charges for services. 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 \$58,439,239. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB 54:

- \$ 4,055,143 is recorded as non-spendable due to a \$2,995,512 advance to the Motor Vehicle Fund by the General Fund and \$1,059,631 in the Wilmington Park Trust Fund Commission;
- \$17,512,722 is recorded as Restricted; \$9,815,380 for capital projects, \$5,215,212 for park operations, \$2,481,680 for Other Purposes;
- \$39,137,990 is recorded as Committed; \$15,730,559 for the Budget Reserve Account, \$2,059,323 for Economic Development, \$21,348,108 for Tax Stabilization Reserve, \$279,886 for Other Purposes;
- (\$2,546,052) is the remaining fund balance, thus 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, 2018, the fund balance composition included:

- \$2,995,512 is recorded as non-spendable due to an advance to the Motor Vehicle Fund;
- \$15,730,559 is recorded as Committed for the Budget Reserve Account. The Budget Reserve Account shall be determined at the end of each fiscal year and shall be equal to ten percent of the general fund operating budget (excluding extraordinary or one-time items) as authorized by city council as required by City Code. The amount so designated as the budget reserve account shall only be accessed for adverse economic conditions or public emergency and when declared by council by ordinance enacted by a two-thirds vote (nine) of city council, following certification by the mayor of such economic conditions or public emergency.
- \$21,348,108 is recorded as Tax Stabilization Reserve. The Tax Stabilization Reserve provides future tax stabilization for the General Fund. This reserve is funded based on the amount of the General Fund's net unrestricted fund balance. The City is authorized to access the Tax Stabilization Reserve as may be necessary when authorized by City Council by ordinance

The schedule on the following page presents General Fund revenues and expenditures for fiscal year 2018 compared to budget and fiscal year 2017.

The revenues for fiscal year 2018 increased \$4,091,697 compared to the prior fiscal year. Primary factors in these results are:

- Property Taxes increased by \$2,669,226 due a 7.5 % increase in the tax on real property and increases in assessed value due to new development.
- Wage Taxes increased by a modest \$589,571 while Net Profit Taxes decreased by \$127,059.
- Real Estate Transfer Taxes decreased by \$1,277,223 while activity remained high the value of commercial properties sold decrease as compared to FY2017.

- 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 decreased by \$266,001 primarily due to a decrease in on street parking citation revenues.

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

	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	<u>Final</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:						
Taxes:						
Property	\$ 40,596,912	\$ 43,266,138	\$ 2,669,226	\$ 43,849,861	\$ 43,266,138	\$ (583,723)
Wage	60,334,780	60,924,351	589,571	60,311,600	60,924,351	612,751
Net Profit	6,577,048	6,449,989	(127,059)	6,000,000	6,449,989	449,989
Franchise	921,140	888,718	(32,422)	952,421	888,718	(63,703)
Real Estate Transfer	4,459,923	3,182,700	(1,277,223)	2,404,650	3,182,700	778,050
Head	3,853,010	3,693,366	(159,644)	3,874,000	3,693,366	(180,634)
Lodging & Natural Gas	1,207,278	1,268,092	60,814	1,298,033	1,268,092	(29,941)
Intergovernmental	20,776,372	21,847,536	1,071,164	19,997,989	21,847,536	1,849,547
Licenses and Permits	4,694,187	5,734,367	1,040,180	4,790,900	5,734,367	943,467
Fines and Forfeitures	5,936,872	5,670,871	(266,001)	6,700,000	5,670,871	(1,029,129)
Charges for Services	6,992,734	7,032,356	39,622	7,061,138	7,032,356	(28,782)
Investment Earnings	506,098	989,567	483,469	340,000	989,567	649,567
Total Revenues	<u>156,856,354</u>	<u>160,948,051</u>	<u>4,091,697</u>	<u>157,580,592</u>	<u>160,948,051</u>	<u>3,367,459</u>
Expenditures:						
General Governmental Services:						
Mayor's Office	11,044,789	9,603,027	1,441,762	10,167,823	9,603,027	564,796
City Council	2,242,109	2,133,087	109,022	2,357,519	2,133,087	224,432
Audit	686,278	728,431	(42,153)	806,358	728,431	77,927
Law	3,028,382	2,881,761	146,621	2,817,411	2,881,761	(64,350)
Finance	9,464,740	9,082,346	382,394	9,984,410	9,082,346	902,064
Human Resources	2,052,498	1,991,580	60,918	2,231,464	1,991,580	239,884
Treasurer	589,779	556,821	32,958	568,518	556,821	11,697
Planning	1,757,221	1,496,303	260,918	1,876,210	1,496,303	379,907
Real Estate and Housing	1,932,663	1,525,980	406,683	2,221,405	1,525,980	695,425
Public Works	22,340,123	23,808,873	(1,468,750)	24,601,519	23,808,873	792,646
Parks and Recreation	9,639,615	8,868,945	770,670	8,774,315	8,868,945	(94,630)
Public Safety:						
Licenses and Inspection	5,008,394	4,689,781	318,613	5,194,212	4,689,781	504,431
Fire	29,212,283	28,039,917	1,172,366	25,578,292	28,039,917	(2,461,625)
Police	64,401,412	58,872,550	5,528,862	57,394,938	58,872,550	(1,477,612)
Total Expenditures	<u>163,400,286</u>	<u>154,279,402</u>	<u>9,120,884</u>	<u>154,574,394</u>	<u>154,279,402</u>	<u>294,992</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(6,543,932)</u>	<u>6,668,649</u>	<u>13,212,581</u>	<u>3,006,198</u>	<u>6,668,649</u>	<u>3,662,451</u>
Other Financing Sources (Uses)						
Bonds Issued	18,655,459	-	(18,655,459)	-	-	-
Bond Premiums	2,868,201	-	(2,868,201)	-	-	-
Bond Payments to Escrow Agent	(21,523,660)	-	21,523,660	-	-	-
Transfers Out	(1,841,656)	(523,244)	1,318,412	(523,244)	(523,244)	-
Total Other Financing Sources (Uses)	<u>(1,841,656)</u>	<u>(523,244)</u>	<u>1,318,412</u>	<u>(523,244)</u>	<u>(523,244)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (8,385,588)</u>	<u>\$ 6,145,405</u>	<u>\$ 14,530,993</u>	<u>\$ 2,482,954</u>	<u>\$ 6,145,405</u>	<u>\$ 3,662,451</u>

The current year's expenditures decreased by \$9,120,884 and transfers out decreased by \$1,318,412 compared to fiscal year 2017 spending levels.

- Mayor's Office expenditures decreased by \$1,441,762, primarily due to a decrease in Debt Service of \$1,132,661
- Real Estate & Housing expenditures decreased by \$406,683, primarily due to reductions in Personal Services of \$112,572 and a decrease of \$298,182 in Debt Service.
- Public Works expenditures, which represented 15% of the City's General Fund expenditures, increased by \$1,468,750, due primarily to \$107,315 in Personal Services, \$815,005 in Materials Supplies and Equipment, and \$546,430 in Debt Service.
- Parks and Recreation expenditures, which represented 6% of the City's General Fund expenditures, decreased by \$770,670, primarily due to a decrease in Personal Services of \$35,189, \$285,369 in Materials, Supplies and Equipment and \$450,112 in Debt Service.
- Fire expenditures, which represented 18% of the City's General Fund expenditures decreased by \$1,172,366, primarily due to decrease in Personal Services of \$1,026,818 and in Materials, Supplies and Equipment of \$265,012.
- Police expenditures, which represented 38% of the City's General Fund expenditures decreased by \$5,528,862, primarily due to a decrease in personal services of \$2,702,460 attributable to better management of overtime and a decrease in Materials, Supplies and Equipment of \$2,813,445.

Other Major Funds – Comparison to Prior Year

The Housing Strategic Fund reported an ending fund balance of (\$2,436,034), a decrease of \$2,822,346 from the prior fiscal year due to the expenditure of \$791,500 in funds to fulfill the City's affordable housing programs and due to the impairment of a receivable from the Wilmington Housing Partnership.

Fund balance of the Economic Strategic Fund decreased by \$996,606 in fiscal year 2018 due to an increase in employment-based incentives to assist new employers to locate their workforce to the City of Wilmington. There was no offsetting revenue gain.

The fund balance of \$9,458,188 for the Capital Projects Fund was \$6,078,232 less than fiscal year 2017 due to an increase in capital outlays.

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

The operation of the Business-type activities increased the City's net position by \$10,763,115 in fiscal year 2018.

- Direct User Charges for water, sewer, and storm water decreased by \$2,449,106.
- New Castle County sewer charges decreased by \$1,020,956.
- Capital Grant and Contribution revenue increased from \$293,155 in 2017 to \$592,005 in 2018.
- Other Income increased by \$3,387,164 mainly for fines and penalties due to an increase in collection enforcement.

Compared to fiscal year 2017 results, total expenses increased by \$2,831,244 or 4.0%. This was driven in part by increases in cost of Personal Services of \$922,792 and material, supplies and contractual services of \$3,308,005. Depreciation dropped by \$263,974 and interest expense dropped by \$1,135,579.

General Fund Budgetary Highlights

The City adopted the fiscal year 2018 budget on May 18, 2017 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.

As part of an effort to eliminate a structural deficit in the General Fund, the City adopted a property tax increase of 7.5% on assessed value of taxable real property. The final General Fund budget contained \$157,580,592 of revenues, \$154,923,075 of expenditures before other financing uses. The actual results were revenues before other financing sources (uses) of \$3,367,459 over budget, expenditures of \$294,993 under budget.

- Property Taxes were \$583,723 below expectations due to some properties being re-assessed downward.
- Wage Tax revenues, representing 38.0% of General Fund Tax revenues, were over budget \$612,751, better than expected due to steady economic growth.
- Net Profit Tax revenues, representing were over budget \$449,989, due to stronger earnings from partnership and LLC members.
- Real Estate Transfer Taxes were over budget by \$778,050 primarily due to continued growth in commercial market.
- Fines and Forfeitures were under budget by \$1,029,129 primarily due to the reduction of parking ticket citations.
- Intergovernmental Revenues were over budget by \$1,849,547 primarily due to increased revenue for the City's share of State collected UCC fees, corporate filing fees, and LLC tax.

- Investment earnings were over the budget by \$649,567 due to capital projects spending less than had been anticipated and interest rate increases in general.
- Mayor's Office expenditures were under budget by \$564,796, primarily due to the elimination of positions, and a decrease in Materials, Supplies and Equipment.
- Finance expenditures were under budget by \$902,064, primarily due to a decrease in Personal Services and Material Supplies and Equipment.
- Public Works expenditures were under budget by \$792,646 attributable to a decrease in salaries and benefits for vacant positions.
- Real Estate and Housing expenditures were under budget by \$695,425 attributable to a decrease in Debt Service
- Fire expenditures were over budget by \$2,461,626 due to an increase in personal services of \$1,159,290 attributable to overtime and increase in Material Supplies and Equipment of \$1,210,554 attributable to increased Workers Compensation Costs.
- Police expenditures were over budget by \$1,477,612 due to an increase in Personal Services of \$1,597,985 attributable to overtime costs.

A budget amendment was passed in January 2018 amending the Fiscal Year 2018 position allocation list by making certain changes in the Department of Public Works, the Mayor's Office, and the Department of Human Resources, including reclassifications and salary adjustments in the Department of Public Works and the Department of Human Resources and a title change and reclassification in the Mayor's Office.

The fiscal impact resulting from the aforementioned personnel adjustments was de minimis. The minor increase in costs as a result of the adjustments were offset through normal operational savings elsewhere in the respective departments' budget accounts or covered through internal departmental budget transfer(s) as approved by the Office of Budget and Management.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2018, the City had invested \$502,448,239, net of accumulated depreciation, in a broad range of capital assets. The table on the following page presents fiscal year 2018 asset balances compared to fiscal year 2017 balances (further detail in Note 6 as required by GASB 34). Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Capital Improvements were primarily focused on streets and signals (\$71,614,582 invested), buildings and improvements (\$49,581,586 invested), and in vehicle and other equipment acquisitions (\$ 25,215,519 invested).

Business-type Activities:

- Additional capital improvements included \$4,219,620 for reservoirs and water filter facilities.
- Wastewater Pump & Treatment Facilities placed in service \$1,836,322.
- Water Lines added \$349,664 as the City continues its efforts to reline or replace aging water lines.
- Sewer Lines added \$180,375 as the City continues its efforts to reline or replace aging sewer lines.

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	
	2018	2017	2018	2017	2018	2017
Land	\$ 24,090,181	\$ 24,090,181	\$ 4,060,443	\$ 4,060,443	\$ 28,150,624	\$ 28,150,624
Art	1,960,443	1,960,443	-	-	1,960,443	1,960,443
Construction in Progress	7,517,855	5,052,962	19,176,431	15,026,951	26,694,286	20,079,913
Buildings & Improvements	49,581,586	51,174,479	19,849,908	20,386,282	69,431,494	71,560,761
Parks & Recreation Facilities	13,408,365	13,507,812	-	-	13,408,365	13,507,812
Streets & Signals	71,614,582	70,726,759	-	-	71,614,582	70,726,759
Water Reservoirs, Facilities & Water Lines	-	-	143,502,427	143,100,385	143,502,427	143,100,385
Wastewater Facilities & Sewer Lines	-	-	121,980,500	124,176,857	121,980,500	124,176,857
Vehicles, Equipment & Other	25,215,519	23,463,594	490,000	-	25,705,519	23,463,594
Totals	\$ 193,388,531	\$ 189,976,230	\$ 309,059,709	\$ 306,750,918	\$ 502,448,240	\$ 496,727,148

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 \$296,342,680. Of this amount, \$ 104,860,021 comprises debt related to Governmental activities and \$191,482,659 is supported by Business-Type activities. Additionally, there is \$201,035,364 in long-term liabilities, such as capital leases, insurance claims payables, compensated absences, new pension liability and net OPEP liability. Similar long-term liabilities of \$6,214,961 exist on the Business-Type activities.

- On July 19, 2017, the City entered into a General Obligation Financing agreement with Delaware Department of Natural Resources & Environmental Control for \$3,490,753. Loan proceeds are to finance or reimburse costs associated with the acquisition, restoration, and conservation of the South Wilmington Wetlands.

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 and AA rating from Standard & Poor's Corporation 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		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	<u>\$ 104,860,021</u>	<u>\$ 111,322,563</u>	<u>\$ 191,482,659</u>	<u>\$ 195,529,864</u>	<u>\$ 296,342,680</u>	<u>\$ 306,852,427</u>

Economic Factors and 2018 Budgets and Rates

Wilmington's economy continues to be driven by its position as an employment center for corporate banking. There are 11,809 employees in the Finance and Insurance industry, which equates to the about one-fourth of the City's nearly 50,000-person total workforce, making it the largest employment sector in Wilmington. Areas of notable growth over the past year include the construction industry, which involves the construction of buildings as well as specialty trades, and the Information industry, which involves data processing and telecommunications, among other things.

The continued transformation of the City's Downtown and its Riverfront neighborhoods is expected to add to the City's economic growth. The City recently unveiled a 200 plus upscale apartment complex where once stood a dilapidated parking garage, another 200 plus upscale unit residential project is under development along the Brandywine River, two new hotels along the Riverfront are under development and a road connection bridge is being constructed from the developed area of the Riverfront on the Christina River. In addition, construction is underway on a 161,000 square foot fieldhouse/athletic arena, seating 2,500 patrons and open to community sporting events throughout the year.

As the City prepares its budget, focus remains on fiscal responsibility while also improving services to its customers – the citizens, visitors, and utility users within and outside the City. Crime rates, particularly violent and drug related crime, has dropped significantly over the past year, improving the quality of life for our neighborhoods.

All of these economic factors were taken into account when adopting the General Fund budget for fiscal year 2018. The City's budget addresses economic development, public safety, and infrastructure needs.

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 J. Brett Taylor, Director of Finance, 800 N. French Street, 5th Floor, City of Wilmington, Delaware 19801.

The component units issue their own audited financial statements. These statements may be obtained directly from the component units from sources listed in Note 1, page 37 and 38 and the financial statements are listed on page 34.

BASIC FINANCIAL STATEMENTS

City of Wilmington, Delaware

Statement of Net Position
June 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments (Note 3)	\$ 54,204,733	\$ 16,094,938	\$ 70,299,671	\$ 8,636,070
Receivables, Net (Note 4)	27,001,777	38,727,332	65,729,109	3,341,679
Internal Balances	(204,349)	204,349	-	-
Due from Other Funds (Note 7)	7,781,153	-	7,781,153	-
Due from Other Governments	2,269,730	1,231,525	3,501,255	-
Due from Component Unit	275,000	-	275,000	-
Prepaid Items & Other Assets	355,000	67,401	422,401	64,500
Net Pension Asset	165,719	31,373	197,092	281,964
Restricted Cash and Investments (Note 3)	16,348,944	16,611,170	32,960,114	8,888,502
Capital Assets, Net (Note 6):				
Land	24,090,181	4,060,443	28,150,624	16,319,058
Intangible Assets	-	-	-	5,000,000
Art	1,960,443	-	1,960,443	-
Construction in Progress	7,517,855	19,176,431	26,694,286	2,370,971
Buildings & Improvements	49,581,586	19,849,908	69,431,494	24,279,567
Parks & Recreation Facilities	13,408,365	-	13,408,365	-
Streets & Street Signals	71,614,582	-	71,614,582	-
Water & Sewer Systems	-	265,482,926	265,482,926	-
Vehicles, Equipment, and Other	25,215,519	-	25,215,519	928,810
Property Held for Future Use	-	490,000	490,000	-
Total Assets	301,586,238	382,027,796	683,614,034	70,111,121
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on pensions	10,585,975	319,256	10,905,231	249,209
Deferred on refunding of bonds	3,361,558	3,414,763	6,776,321	-
Total Deferred Outflows of Resources	13,947,533	3,734,019	17,681,552	249,209
LIABILITIES				
Accounts Payable & Accrued Expenses	10,487,245	12,552,749	23,039,994	797,269
Salaries and Benefits Payable	3,754,041	330,981	4,085,022	338,010
Unearned Revenue	1,756,288	-	1,756,288	376,892
Other Liabilities	6,283,282	3,430,295	9,713,577	275,000
Long Term Liabilities				
Due Within One Year:				
Bonds Payable	8,478,240	12,178,345	20,656,585	590,321
Notes Payable	-	-	-	137,157
Capital Leases	2,610,523	-	2,610,523	-
Claims Liabilities	6,059,360	-	6,059,360	-
Compensated Absences	6,001,865	457,456	6,459,321	-
Due in More Than One Year:				
Bonds Payable	104,853,275	188,440,558	293,293,833	12,219,751
Notes Payable	-	-	-	1,331,731
Capital Leases	3,726,052	-	3,726,052	-
Claims Liabilities	14,978,571	-	14,978,571	-
Compensated Absences	1,999,861	-	1,999,861	-
Net Other Post Employment Benefits Liability	42,968,772	-	42,968,772	-
Net Pension Liability	122,690,631	5,757,505	128,448,136	-
Total Liabilities	336,648,006	223,147,889	559,795,895	16,066,131
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on pensions and OPEB	4,877,914	218,559	5,096,473	424,161
NET POSITION				
Net Investment in Capital Assets	85,923,514	127,230,361	213,153,875	34,729,446
Restricted for:				
Net Pension Asset	-	-	-	281,964
Capital Projects	-	500,000	500,000	-
Operation and Maintenance Reserve	-	12,826,435	12,826,435	-
Rate Stabilization Reserve	-	21,838,571	21,838,571	-
Debt Service	-	-	-	570,144
Park Operations & Other - Expendable	6,274,843	-	6,274,843	303,684
Park Operations & Other - Nonexpendable	-	-	-	2,620,269
Other Purposes	2,496,836	-	2,496,836	-
Unrestricted	(120,687,342)	-	(120,687,342)	15,364,531
Total Net Position	\$ (25,992,149)	\$ 162,395,367	\$ 136,403,218	\$ 53,870,038

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

City of Wilmington, Delaware
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component Units
		Charges for Services	Grants and Contributions		Governmental Activities	Primary Government		
			Operating	Capital		Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Governmental Services	\$ 28,701,894	\$ 12,349,560	\$ 306,290	\$ -	\$ (16,046,044)	\$ -	\$ (16,046,044)	\$ -
Real Estate and Housing	6,708,205	576,854	3,595,098	-	(2,536,253)	-	(2,536,253)	-
Public Works	24,080,545	154,446	1,315,353	202,539	(22,408,207)	-	(22,408,207)	-
Parks and Recreation	11,098,419	226,823	2,696,222	-	(8,175,374)	-	(8,175,374)	-
Public Safety	90,296,885	12,752,764	8,892,166	-	(68,651,955)	-	(68,651,955)	-
Interest on Long-term Debt	3,883,054	-	-	-	(3,883,054)	-	(3,883,054)	-
Total Governmental Activities	164,769,002	26,060,447	16,805,129	202,539	(121,700,887)	-	(121,700,887)	-
Business Type Activities	73,655,464	83,329,958	-	4,264,405	-	13,938,899	13,938,899	-
Total Primary Governments	\$ 238,424,466	\$109,390,405	\$ 16,805,129	\$ 4,466,944	(121,700,887)	13,938,899	(107,761,988)	-
Component Units:								
Christina Gateway Corporation	29,551	-	-	-	-	-	-	(29,551)
Wilmington UDAG Corporation	150,024	\$ 139,059	-	-	-	-	-	(10,965)
Wilmington Parking Authority	6,890,274	\$ 8,422,965	-	-	-	-	-	1,532,691
Downtown Visions	3,214,094	\$ 2,807,168	-	-	-	-	-	(406,926)
Riverfront Business								
Improvement District	439,970	\$ 470,930	-	-	-	-	-	30,960
Rock Manor Golf Corporation	219,029	\$ 264,918	-	-	-	-	-	45,889
Total Component Units	\$ 10,942,942	\$ 12,105,040	\$ -	\$ -	-	-	-	1,162,098
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					42,912,480	-	42,912,480	-
Income Taxes					67,549,952	-	67,549,952	-
Real Estate Transfer					3,182,700	-	3,182,700	-
Lodging & Franchise Taxes					3,366,921	-	3,366,921	-
Investment Earnings					1,253,510	-	1,253,510	39,635
Other Revenues including Capital Asset Gains					347,572	-	347,572	(346,564)
Grants, Entitlements, and Contributions not Restricted to Specific Programs					15,726,381	-	15,726,381	879,288
Total General Revenues					134,339,516	-	134,339,516	572,359
Transfers					-	-	-	-
Total General Revenues after Transfers					134,339,516	-	134,339,516	572,359
Change in Net Position					12,638,629	13,938,899	26,577,528	1,734,457
Net Position - Beginning					(36,263,715)	148,399,345	112,135,630	51,967,175
Prior Period Adjustment (Note 18)					(2,367,063)	57,123	(2,309,940)	168,406
Net Position - Ending					\$ (25,992,149)	\$ 162,395,367	\$ 136,403,218	\$ 53,870,038

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

City of Wilmington, Delaware

Balance Sheet
Governmental Funds
June 30, 2018

	General	Housing Strategic	Economic Strategic	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 3)	\$ 17,662,954	\$ -	\$ 2,135,532	\$ -	\$ 4,432,107	\$ 24,230,593
Receivables, Net (Note 4)	24,771,011	1,395,000	-	-	828,565	26,994,576
Due from Other Funds (Note 7)	19,607,313	-	-	-	-	19,607,313
Due from Other Component Unit	275,000	-	-	-	-	275,000
Due From Other Governments	-	-	-	383,092	1,886,638	2,269,730
Advances Due From Other Funds	2,995,512	-	-	-	-	2,995,512
Restriicted Assets:						
Cash and Investments (Note 3)	-	-	357,192	9,685,692	6,300,027	16,342,911
TOTAL ASSETS	65,311,790	1,395,000	2,492,724	10,068,784	13,447,337	92,715,635
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 3,515,634	\$ 27,473	\$ 76,209	\$ 609,996	\$ 1,590,166	\$ 5,819,478
Salaries and Benefits Payable	3,480,918	-	-	-	168,270	3,649,188
Due to Other Funds	2,610	425,189	-	-	703,790	1,131,589
Unearned Revenue	-	-	-	600	1,755,687	1,756,287
Other Liabilities	2,904,911	3,378,372	-	-	-	6,283,283
Total Liabilities	9,904,073	3,831,034	76,209	610,596	4,217,913	18,639,825
Deferred Inflows of Resources:						
Unavailable Revenues	15,333,538	-	-	-	303,033	15,636,571
Fund Balances:						
Nonspendable						
Advance to Motor Vehicle Fund (Note 7)	2,995,512	-	-	-	-	2,995,512
Trust for Park Operations	-	-	-	-	1,059,631	1,059,631
Restricted						
Capital Projects	-	-	357,192	9,458,188	-	9,815,380
Park Operations	-	-	-	-	5,215,212	5,215,212
Other Purposes	-	-	-	-	2,481,680	2,481,680
Committed						
Budget Reserve Account	15,730,559	-	-	-	-	15,730,559
Economic Development	-	-	2,059,323	-	-	2,059,323
Other Purposes	-	-	-	-	279,886	279,886
Tax Stabilization Reserve	21,348,108	-	-	-	-	21,348,108
Unassigned	-	(2,436,034)	-	-	(110,018)	(2,546,052)
Total Fund Balances	40,074,179	(2,436,034)	2,416,515	9,458,188	8,926,391	58,439,239
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 65,311,790	\$ 1,395,000	\$ 2,492,724	\$ 10,068,784	\$ 13,447,337	\$ 92,715,635

The notes to 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, 2018

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)	\$ 58,439,239
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in Note 6 are included in the Statement of Net Position. Also excluded are \$21,469,751 of internal service fund assets accounted for in the following line.	171,918,783
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.	3,333,707
Net Pension Asset	165,719
Some of the city's taxes and other revenues will be collected after yearend, but are not available soon enough to pay current-year's expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.	15,636,571
Deferred Outflows of Resources:	
Deferred amounts on refunding of bonds	3,193,672
Deferred amounts on pensions	10,585,975
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	\$ (7,825,979)
Other Post Employment Benefit (OPEB) Liability	(42,968,772)
Accrued Interest on Long Term Debt	(671,548)
Capital Leases	(603,371)
Bonds and Notes Payable	(109,627,600)
Net Pension Liability	(122,690,631)
	(284,387,901)
Deferred Inflows of Resources:	
Deferred amounts on pensions	(4,877,914)
Total Net Position of Governmental Activities (Page 18)	<u>\$ (25,992,149)</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, 2018

	General	Housing Strategic	Economic Strategic	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 43,266,138	\$ -	\$ -	\$ -	\$ -	\$ 43,266,138
Wage	60,924,351	-	-	-	-	60,924,351
Net Profit	6,449,989	-	-	-	-	6,449,989
Franchise	888,718	-	-	-	1,193,900	2,082,618
Real Estate Transfer	3,182,700	-	-	-	-	3,182,700
Head	3,693,366	-	-	-	-	3,693,366
Lodging & Natural Gas	1,268,092	-	-	-	-	1,268,092
Intergovernmental	21,847,536	-	-	1,108,279	8,797,235	31,753,050
Licenses and Permits	5,734,367	-	-	-	-	5,734,367
Fines and Forfeitures	5,670,871	-	-	-	-	5,670,871
Charges for Services	7,032,356	83,677	-	-	2,843,857	9,959,890
Investment Earnings	989,567	-	-	-	332,061	1,321,628
Total Revenues	<u>160,948,051</u>	<u>83,677</u>	<u>-</u>	<u>1,108,279</u>	<u>13,167,053</u>	<u>175,307,060</u>
EXPENDITURES						
Current:						
General Governmental Services	24,109,418	-	996,606	64,890	1,577,067	26,747,981
Real Estate and Housing	613,939	2,822,344	-	-	3,465,981	6,902,264
Public Works	19,500,224	-	-	83,126	1,059,318	20,642,668
Parks and Recreation	7,414,774	-	-	65,854	2,767,759	10,248,387
Public Safety	90,420,484	-	-	55,742	3,960,849	94,437,075
Debt service:						
Principal retirement	7,507,637	-	-	-	-	7,507,637
Interest	4,712,926	83,678	-	-	-	4,796,604
Capital Outlays	-	-	-	8,822,122	-	8,822,122
Total Expenditures	<u>154,279,402</u>	<u>2,906,022</u>	<u>996,606</u>	<u>9,091,734</u>	<u>12,830,974</u>	<u>180,104,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,668,649</u>	<u>(2,822,345)</u>	<u>(996,606)</u>	<u>(7,983,455)</u>	<u>336,079</u>	<u>(4,797,678)</u>
OTHER FINANCING SOURCES (USES)						
Bond Anticipation Note Issued	-	-	-	1,399,724	-	1,399,724
Capital Lease Issued	-	-	-	505,499	-	505,499
Transfers In	-	-	-	-	523,244	523,244
Transfers Out	(523,244)	-	-	-	-	(523,244)
Total Other Financing Sources (Uses)	<u>(523,244)</u>	<u>-</u>	<u>-</u>	<u>1,905,223</u>	<u>523,244</u>	<u>1,905,223</u>
Net Change in Fund Balances	6,145,405	(2,822,345)	(996,606)	(6,078,232)	859,323	(2,892,455)
Fund Balance - Beginning	<u>33,928,774</u>	<u>386,311</u>	<u>3,413,121</u>	<u>15,536,420</u>	<u>8,067,068</u>	<u>61,331,694</u>
Fund Balance - Ending	<u>\$ 40,074,179</u>	<u>\$ (2,436,034)</u>	<u>\$ 2,416,515</u>	<u>\$ 9,458,188</u>	<u>\$ 8,926,391</u>	<u>\$ 58,439,239</u>

The notes to financial statements are an integral part of this 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, 2018

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) \$ (2,892,455)

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

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

Capital Assets Acquisition	\$ 9,335,487	
Depreciation Expense	(6,423,797)	2,911,690

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)	\$ 253,314	
Property and Other Taxes	(178,046)	
Fees and Fines	170,826	246,094

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.

	Debt Issued	Repayments	
Bond Anticipation Note Issued	\$ (1,399,724)	\$ 7,401,307	
Bond Premiums	-	1,221,005	
Capital Lease	(505,499)	166,320	
Amortization of Premiums and Deferred Losses	-	(356,312)	
Net Adjustment	\$ (1,905,223)	\$ 8,432,320	\$ 6,527,097

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	\$ 404,129	
Other Post Employment Benefit (OPEB) Liability	(726,767)	
Accrued Interest on Long-Term Debt	8,825	(313,813)

The cost of pension benefits earned 6,160,016

Change in Net Position of governmental activities (page 19) \$ 12,638,629

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



Aerial view of the City of Wilmington

City of Wilmington, Delaware
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Taxes:				
Property	43,849,861	43,849,861	43,266,138	(583,723)
Wage	60,311,600	60,311,600	60,924,351	612,751
Net Profit	6,000,000	6,000,000	6,449,989	449,989
Franchise	952,421	952,421	888,718	(63,703)
Real Estate Transfer	2,404,650	2,404,650	3,182,700	778,050
Head	3,874,000	3,874,000	3,693,366	(180,634)
Lodging & Natural Gas	1,298,033	1,298,033	1,268,092	(29,941)
Intergovernmental	19,997,989	19,997,989	21,847,536	1,849,547
Licenses and Permits	4,790,900	4,790,900	5,734,367	943,467
Fines and Forfeitures	6,700,000	6,700,000	5,670,871	(1,029,129)
Charges for Services	7,061,138	7,061,138	7,032,356	(28,782)
Investment Earnings	340,000	340,000	989,567	649,567
Total Revenues	157,580,592	157,580,592	160,948,051	3,367,459
Expenditures:				
General Governmental Services:				
Mayor's Office	10,933,971	10,167,823	9,603,027	564,796
City Council	2,338,254	2,357,519	2,133,087	224,432
Audit	756,358	806,358	728,431	77,927
Law	2,727,179	2,817,411	2,881,761	(64,350)
Finance	9,967,239	9,984,410	9,082,346	902,064
Human Resources	2,215,564	2,231,464	1,991,580	239,884
Treasurer	568,518	568,518	556,821	11,697
Planning	1,876,210	1,876,210	1,496,303	379,907
Real Estate and Housing	2,151,337	2,221,405	1,525,980	695,425
Public Works	24,495,283	24,601,519	23,808,873	792,646
Parks and Recreation	8,770,695	8,774,315	8,868,945	(94,630)
Public Safety:				
Licenses and Inspection	5,167,462	5,194,212	4,689,781	504,431
Fire	25,578,292	25,578,292	28,039,917	(2,461,625)
Police	57,376,713	57,394,938	58,872,550	(1,477,612)
Total Expenditures	154,923,075	154,574,394	154,279,402	294,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,657,517	3,006,198	6,668,649	3,662,451
Other Financing Sources (Use)				
Transfers Out*	-	(523,244)	(523,244)	-
Total Other Financing Sources (Uses)	-	(523,244)	(523,244)	-
Net Change in Fund Balances	\$ 2,657,517	\$ 2,482,954	6,145,405	\$ 3,662,451
Fund Balance - Beginning			33,928,774	
Fund Balance - Ending			\$ 40,074,179	

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

*Reference Note 2C



Brandywine Park



Wilmington Riverfront Marketplace



Protecting Our City



City of Wilmington, Delaware

Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities			Governmental
	Water/Sewer	Wilmington Land Bank	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and Cash Equivalents (Note 3)	\$ 13,877,309	\$ 2,217,629	\$ 16,094,938	\$ 29,974,142
Receivables, Net (Note 4)	38,268,332	459,000	38,727,332	7,200
Prepaid Items & Other Assets	-	67,401	67,401	355,000
Due from Other Funds (Note 7)	204,349	-	204,349	-
Due From Other Governments	1,231,525	-	1,231,525	-
Total Current Assets	53,581,515	2,744,030	56,325,545	30,336,342
Noncurrent assets:				
Restricted Cash and Investments (Note 3)	16,611,170	-	16,611,170	6,034
Net Pension Asset	31,373	-	31,373	-
Capital Assets, Net (Note 6):				
Land	4,060,443	-	4,060,443	-
Construction in Progress	19,176,431	-	19,176,431	1,814,956
Building and Improvements	19,849,908	-	19,849,908	3,074,495
Reservoirs and Water Filter Facilities	99,447,608	-	99,447,608	-
Water Lines	44,054,819	-	44,054,819	-
Wastewater Pump and Treatment Facilities	93,517,469	-	93,517,469	-
Sewer Lines	28,463,030	-	28,463,030	-
Vehicles, Machinery & Equipment	-	-	-	16,580,300
Property Held for Future Use	-	490,000	490,000	-
Total Noncurrent Assets	325,212,251	490,000	325,702,251	21,475,785
Total Assets	378,793,766	3,234,030	382,027,796	51,812,127
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on pensions	319,256	-	319,256	-
Deferred amounts on refunding of bonds	3,414,763	-	3,414,763	167,886
Total Deferred Outflow of Resources	3,734,019	-	3,734,019	167,886
LIABILITIES				
Current Liabilities:				
Accounts Payable	11,416,019	1,123	11,417,142	3,893,665
Salaries and Benefits Payable	330,981	-	330,981	131,741
Due to Other Funds	-	-	-	9,125,288
Unearned Revenue	3,430,295	-	3,430,295	-
Accrued Interest Payable	1,135,607	-	1,135,607	81,890
Bonds Payable	12,178,345	-	12,178,345	393,282
Capital Leases	-	-	-	2,610,522
Compensated Absences	457,456	-	457,456	166,646
Claims Liability	-	-	-	6,059,360
Total Current Liabilities	28,948,703	1,123	28,949,826	22,462,394
Noncurrent Liabilities:				
Advances from Other Funds (Note 7)	-	-	-	4,772,027
Bonds Payable	188,440,558	-	188,440,558	3,310,633
Capital Leases	-	-	-	3,122,681
Claims Liabilities	-	-	-	14,978,571
Net Pension Liability	5,757,505	-	5,757,505	-
Total Noncurrent Liabilities	194,198,063	-	194,198,063	26,183,912
Total Liabilities	223,146,766	1,123	223,147,889	48,646,306
DEFERRED INFLOWS OF RESOURCES				
Deferred Amounts on Pensions	218,559	-	218,559	-
NET POSITION				
Net investment in capital assets	124,497,454	490,000	124,987,454	12,206,553
Restricted for:				
Capital Projects	-	500,000	500,000	-
Operation and Maintenance Reserve	12,826,435	-	12,826,435	-
Rate Stabilization Reserve	21,838,571	-	21,838,571	-
Unrestricted	-	2,242,907	2,242,907	(8,872,846)
Total Net Position	\$ 159,162,460	\$ 3,232,907	\$ 162,395,367	\$ 3,333,707

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

City of Wilmington, Delaware

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities			Governmental
	Water/Sewer	Wilmington Land Bank	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for Services				
Sewer Charges for New Castle County	\$ 21,522,899	\$ -	\$ 21,522,899	\$ -
Water & Sewer Charges for Direct Users	54,430,390	-	54,430,390	-
Other Charges for Services	21,142	-	21,142	43,337,650
Employee Contributions	-	-	-	1,221,982
Other	7,355,527	-	7,355,527	18,725
Total Operating Revenues	83,329,958	-	83,329,958	44,578,357
OPERATING EXPENSES				
Personnel Services	10,679,878	105,799	10,785,677	2,878,771
Materials, Supplies and Contracted Services	47,909,618	130,002	48,039,620	10,077,730
Subsidy Allowance on Properties Held	-	255,467	255,467	-
Depreciation and Amortization	8,989,575	-	8,989,575	3,809,700
Claims Expense	-	-	-	27,452,448
Insurance Premiums	-	6,084	6,084	715,860
Total operating expenses	67,579,071	497,352	68,076,423	44,934,509
Operating Income (loss)	15,750,887	(497,352)	15,253,535	(356,152)
NON-OPERATING REVENUES (EXPENSES)				
Investment Earnings	-	736	736	263,930
Interest Expense	(5,579,777)	-	(5,579,777)	(255,350)
Gain on Sale of Assets	-	-	-	347,572
Total Non-Operating Revenues (Expenses)	(5,579,777)	736	(5,579,041)	356,152
Income (Loss) Before Capital Grants and Contributions and Transfers	10,171,110	(496,616)	9,674,494	-
Capital Grants and Contributions	592,005	3,672,400	4,264,405	-
Change in net position	10,763,115	3,175,784	13,938,899	-
Total Net Position - Beginning	148,399,345	-	148,399,345	3,333,707
Prior Period Adjustment (Note 18)	-	57,123	57,123	-
Total Net Position - Ending	\$ 159,162,460	\$ 3,232,907	\$ 162,395,367	\$ 3,333,707

The notes to 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, 2018

	Business-type		Governmental
	Activities		Activities
	Water and Sewer Fund	Wilmington Land Bank	Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 80,126,094	\$ -	\$ -
Receipts from Government Grants	-	1,441,000	-
Receipts from Corporate Grants	-	1,130,000	-
Receipts from Interfund Services Provided	-	-	45,204,030
Payments to Suppliers	(45,763,319)	(77,525)	(35,673,614)
Payments to Employees	(10,612,564)	(103,571)	(2,901,223)
Grant Payments Made	-	(120,000)	-
Acquisition of Property	-	(110,134)	-
Net Cash Provided by Operating Activities	23,750,211	2,159,770	6,629,193
Cash Flows from Noncapital Financing Activities:			
Advances From Other Funds	-	-	4,955,163
Advances (To) Other Funds	(830,019)	-	-
Investment Earnings	-	-	263,932
Transfers From Other Funds	-	-	-
Net Cash (Used in) Noncapital Financing Activities	(830,019)	-	5,219,095
Cash Flows From Capital and Related Financing Activities:			
Capital Grants and Contributions	592,003	-	-
Proceeds from Capital Debt	4,383,044	-	-
Acquisition and Construction of Capital Assets	(10,808,365)	-	(4,346,436)
Principal Paid on Bonds	(9,661,774)	-	(460,961)
Interest Paid on Bonds	(6,479,236)	-	(159,386)
Principal Paid on Capital Leases	-	-	(2,908,711)
Interest Paid on Capital Leases	-	-	(158,833)
Repayment Due to Other Funds	-	-	(63,064)
Proceeds from Sale of Capital Assets	-	-	378,686
Net Cash (Used in) Capital and Related Financing Activities	(21,974,328)	-	(7,718,705)
Cash Flows From Investing Activities:			
Proceeds from sales and maturities of investments	-	57,123	-
Interest received on Notes	-	736	-
Net Cash provided by Investing Activities	-	57,859	-
Net Increase (Decrease) in Cash and Cash Equivalents	945,864	2,217,629	4,129,583
Cash and Cash Equivalents - June 30, 2017 (including \$19,713,587 and \$244,339, respectively, reported in restricted accounts)	29,542,615	-	25,850,593
Cash and Cash Equivalents - June 30, 2018 (including \$16,611,169 and \$6,034, respectively, reported in restricted accounts)	\$ 30,488,479	\$ 2,217,629	\$ 29,980,176
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 15,750,887	\$ 3,175,048	\$ (356,152)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:			
Subsidy on Allowance on Properties Held	-	255,467	-
Contributed Property Revenue	-	(695,000)	-
Purchases of Property Held	-	(110,134)	-
Depreciation and Amortization	8,989,575	-	3,809,700
Changes in Assets and Liabilities:			
Increase (decrease) in Receivables	(1,410,250)	(459,000)	625,672
Increase (decrease) Pension Assets	(8,582)	-	-
(Increase) decrease Pension Deferred Charges	448,582	-	-
Increase (decrease) in Accounts Payable	2,146,296	(6,611)	663,884
Increase in Accrued Salaries	18,857	-	11,197
Increase in Compensated Absences	(19,921)	-	(33,649)
Increase in Unearned Revenue	(1,793,613)	-	-
Decrease in Claims Liability	-	-	1,908,541
Increase (decrease) Pension Liability	(281,060)	-	-
Increase(decrease) Pension Deferred Inflows	(90,561)	-	-
Net Cash Provided by Operating Activities	\$ 23,750,209	\$ 2,159,770	\$ 6,629,193

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



Family Fun in Wilmington



City of Wilmington
Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2018

	<u>Total Pension Trust Funds</u>
ASSETS	
Cash and Cash Equivalents (Note 3)	\$ 10,975,406
Receivables:	
Accrued Interest & Other Receivables	<u>272,094</u>
Total Receivables	272,094
Investments, at Fair Value:	
Money Market Mutual Funds	4,387,053
U.S. Treasury Obligations	16,089,002
U.S. Government Agencies - Guaranteed	2,600,222
Corporate & Foreign Bonds	17,675,923
Common Equity & Marketable Securities	74,165,221
Global & International Funds	66,327,714
Mutual Funds	67,649,158
Real Estate Investment Trust	5,800,000
Total Investments	<u>254,694,293</u>
Total Assets	265,941,793
LIABILITIES	
Accounts Payable	54,310
Salaries and Benefits Payable	477,864
Due to Other Governments	7,781,153
Compensated Absences	15,472
Pension Checks	<u>178,646</u>
Total Liabilities	8,507,445
Net Position:	
Net Position Restricted for Pensions	237,455,605
Net Position Restricted for OPEB	<u>19,978,743</u>
Total Net Position	<u>\$ 257,434,348</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, 2018

	Total Pension Trust Funds
ADDITIONS	
Contributions:	
City	
Paid Directly by the City	\$ 17,054,089
Paid by the State	
On-Behalf of the City	6,630,754
Employees	1,800,271
Federal Drug Subsidies & Other	<u>142,597</u>
Total Contributions	<u>25,627,711</u>
Investment Income	
Investment Earnings	33,221,073
Net (Appreciation) in Fair Value	<u>(11,816,476)</u>
Total Investment Income	<u>21,404,597</u>
Less: Investment Expense	<u>(612,629)</u>
Net Investment Income	<u>20,791,968</u>
Total Additions	<u>46,419,679</u>
DEDUCTIONS	
Benefits Paid	29,629,998
Administrative Expenses	<u>739,159</u>
Total Deductions	<u>30,369,157</u>
Net Increase in Plans' Net Position	16,050,522
Net Position - Beginning	<u>241,383,826</u>
Net Position - Ending	<u>\$ 257,434,348</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, 2018

ASSETS	Christina Gateway Corporation	Wilmington UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Rock Manor Golf Corporation	Total
Cash and Cash Equivalents (Note 3)	\$ 1,579,820	\$ 2,043,888	\$ 3,036,106	\$ 1,023,285	\$ 140,245	\$ 812,726	8,636,070
Investments at Fair Value	-	-	7,282,997	-	-	-	7,282,997
Receivables, Net	-	3,042,299	85,590	174,575	39,215	-	3,341,679
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	-	-	-	35,361	-	-	35,361
Investments at Cost	-	1,000,000	-	-	-	-	1,000,000
Investments at Fair Value	-	-	570,144	-	-	-	570,144
Net Pension Asset	-	-	281,964	-	-	-	281,964
Deferred Charges & Other Assets	-	1,038	-	63,001	461	-	64,500
Capital Assets, Net:							
Land	-	-	16,319,058	-	-	-	16,319,058
Intangible Assets	-	-	5,000,000	-	-	-	5,000,000
Construction in Progress	-	653,640	1,717,331	-	-	-	2,370,971
Building and Improvements	-	-	19,833,166	651,956	-	3,794,445	24,279,567
Vehicles, Machinery & Equipment	-	-	772,944	115,751	40,115	-	928,810
Total Assets	1,579,820	6,740,865	54,899,300	2,063,929	220,036	4,607,171	70,111,121
DEFERRED OUTFLOWS OF RESOURCES	-	-	249,209	-	-	-	249,209
LIABILITIES							
Accounts Payable & Accrued Expenses	12,418	329,777	384,632	57,832	11,610	1,000	797,269
Due to Primary Government	-	-	275,000	-	-	-	275,000
Salaries and Benefits Payable	-	-	141,858	196,152	-	-	338,010
Unearned Revenue	-	-	-	37,928	-	159,157	197,085
Long-term Liabilities							
Due within One Year							
Bonds Payable	-	-	590,321	-	-	-	590,321
Notes Payable	-	-	-	25,607	60,000	51,550	137,157
Due in More than One Year							
Bonds Payable	-	-	12,219,751	-	-	-	12,219,751
Notes Payable	-	-	-	517,432	50,000	764,299	1,331,731
Total Liabilities	12,418	329,777	13,611,562	834,951	121,610	976,006	15,886,324
DEFERRED INFLOWS OF RESOURCES							
Deferred Parking Revenue	-	-	179,807	-	-	-	179,807
Deferred Pension Related Activities	-	-	424,161	-	-	-	424,161
Total Deferred Inflows of Resources	-	-	603,968	-	-	-	603,968
NET POSITION (DEFICIT)							
Net Investment in Capital Assets	-	653,640	30,832,427	224,668	40,115	2,978,596	34,729,446
Restricted for:							
Donor Imposed	-	-	-	303,684	-	-	303,684
Restricted for Net Pension Asset	-	-	281,964	-	-	-	281,964
Debt Service	-	-	570,144	-	-	-	570,144
Under Contractual Agreement	-	1,000,000	1,620,269	-	-	-	2,620,269
Unrestricted (Deficit)	1,567,402	4,757,448	7,628,175	700,626	58,311	652,569	15,364,531
Total Net Position (Deficit)	\$ 1,567,402	\$ 6,411,088	\$ 40,932,979	\$ 1,228,978	\$ 98,426	\$ 3,631,165	\$ 53,870,038

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, 2018

	Program Revenues		Net (Expense) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Christina Gateway Corporation	UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Rock Manor Golf Corporation	Total
Christina Gateway Corporation	\$ 29,551	\$ -	\$ (29,551)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,551)
Wilmington UDAG Corporation	150,024	139,059	-	(10,965)	-	-	-	-	(10,965)
Wilmington Parking Authority	6,890,274	8,422,965	-	-	1,532,691	-	-	-	1,532,691
Downtown Visions	3,214,094	2,807,168	-	-	-	(406,926)	-	-	(406,926)
Riverfront Business Improvement District	439,970	470,930	-	-	-	-	30,960	-	30,960
Rock Manor Golf Corporation	219,029	264,918	-	-	-	-	-	45,889	45,889
	<u>10,942,942</u>	<u>12,105,040</u>	<u>(29,551)</u>	<u>(10,965)</u>	<u>1,532,691</u>	<u>(406,926)</u>	<u>30,960</u>	<u>45,889</u>	<u>1,162,098</u>
General Revenues									
Investment Earnings			-	28,668	2,874	2,859	2,209	3,025	39,635
Grants, Entitlements, and Contributions			-	-	-	378,532	53,300	447,456	879,288
Other Revenues including Capital Asset Gains/Losses			(328,200)	-	(18,364)	-	-	-	(346,564)
Total General Revenues			<u>(328,200)</u>	<u>28,668</u>	<u>(15,490)</u>	<u>381,391</u>	<u>55,509</u>	<u>450,481</u>	<u>572,359</u>
Change in Net Position			(357,751)	17,703	1,517,201	(25,535)	86,469	496,370	1,734,457
Net Position (Deficit) - Beginning			1,925,153	6,393,385	39,415,778	1,254,513	11,957	2,966,389	51,967,175
Prior Period Adjustment (Note 18)			-	-	-	-	-	168,406	168,406
Net Position (Deficit) - Restated			<u>1,925,153</u>	<u>6,393,385</u>	<u>39,415,778</u>	<u>1,254,513</u>	<u>11,957</u>	<u>3,134,795</u>	<u>52,135,581</u>
Net Position (Deficit) - Ending			<u>\$ 1,567,402</u>	<u>\$ 6,411,088</u>	<u>\$ 40,932,979</u>	<u>\$ 1,228,978</u>	<u>\$ 98,426</u>	<u>\$ 3,631,165</u>	<u>\$ 53,870,038</u>

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

1. Summary of Significant Accounting Policies

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has adopted all applicable GASB statements through No.86. The more significant of the City's accounting policies are described below. These policies should be recognized by the reader as integral to the preparation and use of the accompanying financial statements.

A. Financial Reporting Entity

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

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

Blended Component Unit

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

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

Wilmington Neighborhood Conservancy Land Bank Corporation was organized to address blight and vacant property issues in the City of Wilmington, and is dedicated to the productive and adaptive re-use of problem parcels. The source of funding, decisions about what property to buy and other operational decisions are made by a 15 member board comprised of City Council members, City officials, officials from Wilmington Housing Partnership and representatives from the Governor's office, State Senate and State House of Representatives. The corporation is engaged in only business-type activities and has a December 31 fiscal year end.

Discretely Presented Component Units

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

Rock Manor Golf Corporation (Rock Manor) was organized for the purpose of assisting the City in the administration of the golf course operations of the Rock Manor Golf Course and the Ed "Porky" Oliver Golf Course. The City appoints Rock Manor's entire governing board. The City has a significant influence over programs, projects, and activities of the Corporation. Rock Manor is reflected as a discretely presented component unit in the accompanying financial statements.

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 services 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 c/o City of Wilmington City Treasurer 800 French Street Wilmington, Delaware 19801	Wilmington Parking Authority 625 North Orange Street Wilmington, Delaware 19801
Riverfront Wilmington Business Improvement District 800 South Madison Street Wilmington, Delaware 19805	Cityfest Inc. c/o City of Wilmington Office of the Mayor 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	Rock Manor Golf Corporation c/o City of Wilmington City Treasurer 800 French Street Wilmington, Delaware 19801
Wilmington Downtown Business Improvement District 409 Orange Street Wilmington, Delaware 19801	Wilmington Neighborhood Conservancy Land Bank Corporation 1007 N Orange Street Wilmington, DE 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 2018 include property taxes levied principally on July 1, 2018 and collected within 60 days. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants (when all applicable eligibility requirements have been met) and certain intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

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

The City reports the following major governmental funds:

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

The Housing Strategic Fund, a capital projects fund, is used to account for the City's efforts to assure affordable housing in the City of Wilmington. The revenue sources include a 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 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 storm water 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.) On February 28, 2018, the Board of Pensions and Retirement amended the pension investment policy statement, setting new target allocations, as follows: U.S. equities at 45%, Non-U.S. equities at 18%, real estate at 5%, and fixed income at 32%. The Policy emphasizes having adequate liquidity to permit benefit payments when due, while at the same time fostering growth in response to the Funds' long-term liabilities through asset allocation and investment guidelines. The Policy seeks to optimize diversification through asset allocation and certain other constraints.

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

Receivables

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

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

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

Wage Taxes are recorded when paid. Wage taxes withheld by employers and remittable to the City at yearend are recorded as receivables. Receivables are also recorded on a calendar year basis when employers' payments are reconciled to submitted employee W-2 information due January 31. A one-time penalty of five percent (5%) or a minimum of \$5 is imposed on receivables after February 1 with interest

imposed at a rate of one and one-half percent (1 ½ %) per month until paid; in certain circumstances penalties of 5% per month may be applied. Additional fines and potential criminal penalties may be imposed under certain circumstances.

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

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

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

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

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

Prepaid Items

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

Capital Assets

Capital assets are reported in the Government-wide and Proprietary Fund financial statements. The City has defined capital assets as assets with a minimum cost of \$5,000 (\$25,000 to \$50,000 for land improvements, buildings, and infrastructure) and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Donated capital assets including donated works of art and capital assets received in a service concession arrangement are recorded at acquisition 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. Under GASB No. 65, bond issuance costs are expensed when incurred.

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

Deferred Inflows and Outflows

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

Self-Insurance

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

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

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

Net Position and Fund Balance

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 constraints. The unrestricted component of net position consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

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

- **Unassigned** – All amounts not included in other spendable classifications. The General Fund is the only fund that reports a positive unassigned fund balance.

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

2. **Stewardship, Compliance, and Accountability**

A. **Legally Adopted Governmental Fund Budgets**

Budgets for Governmental funds have been legally adopted for the year ended June 30, 2018. Governmental funds include the General Fund and the non-major funds, which are shown on page 127. 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. Similar comparison schedules for the non-major funds as well as additional detail on General Fund expenditures are presented in the combining and individual fund financial statements and schedule section of this report. More detailed information on the budgeting process is included on pages 115 and 116.

B. **Expenditures Over Appropriations**

Annually, all unbudgeted expenditures and transfers are included in a Reconciliation Ordinance submitted to City Council for its approval. The Reconciliation Ordinance is submitted at the time the audited financial statements are submitted to Council. Overages in the Police and Fire Departments are primarily due to an increase in personnel service and workers compensation costs respectively.

General Fund	<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Variance</u>
Law	\$ 2,817,411	\$ 2,881,761	\$ (64,350)
Parks and Recreation	8,774,315	8,868,945	(94,630)
Police	57,394,938	58,872,550	(1,477,612)
Fire	25,578,292	28,039,917	(2,461,625)
Non-Major Funds			
Delaware Criminal Justice Planning	2,175,155	2,189,033	(13,878)

C. **Transfers**

The Mayor's Office transferred \$363,184 to Cityfest, Inc., a blended component unit, of the City of Wilmington. This transfer was done in support of various art and cultural programs. The Mayor's Office also transferred \$210,274 to various special revenue funds to support the funds' operations for the year ended June 30, 2018.

3. Deposits and Investments

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

	<u>Primary Government</u>	<u>Pension Funds</u>	<u>Discretely Presented Component Units</u>
<u>Deposits</u>			
Insured Deposits (FDIC)	\$ 1,853,646	\$ -	\$ 1,273,849
Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name	7,109,172	2,549,606	-
Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name	86,936,332	8,425,800	2,478,369
Certificate of Deposits due within 2-5 Years - Collateral held by pledging bank's agent in the City or Unit's name	-	-	-
Uninsured and Uncollateralized	<u>2,088,736</u>	<u>-</u>	<u>4,768,008</u>
Total Deposits	<u>\$ 97,987,886</u>	<u>\$ 10,975,406</u>	<u>\$ 8,520,226</u>
<u>Investments</u>			
Money Market Mutual Funds	\$ 2,756,708	\$ 4,387,053	\$ 94,861
U.S. Government Obligations	-	16,089,002	570,144
U.S. Agencies - Government Guaranteed	-	2,600,222	4,364,272
U.S. Agencies - Other	-	-	-
Municipal Bonds	-	-	517,956
Corporate & Foreign Bonds	-	17,675,923	2,305,908
Common Equity & Marketable Securities	-	74,165,221	-
Global & International Funds	-	66,327,714	-
Mutual Funds	2,515,191	67,649,158	-
Real Estate Investment Trust and Other	<u>-</u>	<u>5,800,000</u>	<u>1,000,000</u>
Total Investments	<u>\$ 5,271,899</u>	<u>\$ 254,694,293</u>	<u>\$ 8,853,141</u>
Total Deposits and Investments	<u>\$ 103,259,785</u>	<u>\$ 265,669,699</u>	<u>\$ 17,373,367</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 exchange traded funds and mutual fund assets amounting to \$5,271,899

Component Units - The Wilmington Parking Authority is exposed to this risk in that they held money market fund assets amounting to \$94,861, U.S. Treasury Notes amounting to \$4,364,272 due within five years, Corporate & Foreign Bonds amounting to \$2,305,908, due within five years and municipal bonds amounting to \$517,956, as of June 30, 2018.

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 following is a maturity schedule summarizing fixed income and short-term investments as of June 30, 2018.

<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	\$ 16,089,003	\$ 723,946	\$ 10,052,025	\$ 5,313,032	\$ -	\$ -
U.S. Govt. Agencies - Guaranteed	2,600,224	876,269	1,723,955	-	-	-
U.S. Govt. Agencies - Other	-	-	-	-	-	-
Foreign Gov'ts.	-	-	-	-	-	-
Corporate Bonds	<u>17,675,922</u>	<u>2,317,865</u>	<u>12,569,507</u>	<u>2,788,550</u>	-	-
Total	<u>\$ 36,365,149</u>	<u>\$ 3,918,080</u>	<u>\$ 24,345,487</u>	<u>\$ 8,101,582</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements

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

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

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

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

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

The City has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other Governmental Funds				
Money Market Funds	\$ 2,756,708	\$ 2,756,708	\$ -	\$ -
U.S. Treasury Obligations	-	-	-	-
Mutual Funds	2,515,191	2,515,191	-	-
Exchange Traded Funds	-	-	-	-
Total Other Governmental Funds	<u>\$ 5,271,899</u>	<u>\$ 5,271,899</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Funds Investments				
Money Market Funds	\$ 4,387,049	\$ 4,387,049	\$ -	\$ -
Debt Securities				
U.S. Treasury Obligations	16,089,002	16,089,002	-	-
U.S. Government Agencies				
Guaranteed	2,600,223	2,600,223	-	-
Other	-	-	-	-
Corporate Bonds	17,675,923	17,675,923	-	-
Total Debt Securities	<u>\$ 40,752,197</u>	<u>\$ 40,752,197</u>	<u>\$ -</u>	<u>\$ -</u>

	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Equity Securities				
Materials	\$ 1,646,524	\$ 1,646,524	\$ -	\$ -
Industrials	7,798,499	7,798,499	-	-
Telecommunication Services	949,586	949,586	-	-
Consumer Discretionary	9,371,583	9,371,583	-	-
Consumer Staples	4,569,305	4,569,305	-	-
Energy	2,848,055	2,848,055	-	-
Financial	9,542,422	9,542,422	-	-
Health Care	7,811,393	7,811,393	-	-
Information Technology	17,920,272	17,920,272	-	-
Utilities	1,913,167	1,913,167	-	-
Total Common Equity Securities	<u>64,370,806</u>	<u>64,370,806</u>	<u>-</u>	<u>-</u>
Global & International Funds	66,327,714	66,327,714	-	-
Mutual Funds	77,443,576	77,443,576	-	-
Real Estate Investment Trust	5,800,000	-	-	5,800,000
Total Fiduciary Funds Investments	<u>\$ 254,694,293</u>	<u>\$ 248,894,293</u>	<u>\$ -</u>	<u>\$ 5,800,000</u>

The Real Estate Investment consists of an investment in one partnership, the objective of the investment is to combine an attractive income yield with long-term capital growth by investing primarily in institutional quality real estate assets and real estate related investments within the United States. This investment is valued at the net asset value (NAV) of interests in the partnership. The NAV, as provided by the General Partner, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The General Partner will generally determine the NAV of the Fund on at least a quarterly basis. Limited Partners may elect, upon at least 90 days' written notice to the General Partner, to have some or all of their Interests redeemed at the Net Asset Value Per Share as of the last day of the calendar quarter immediately preceding the date of the redemption. To the extent that liquid assets of the Fund, as determined by the General Partner, are insufficient to satisfy redemption requests, interests are generally expected to be redeemed on a pro rata basis as liquid assets become available. The General Partner cannot be required to sell investments to satisfy redemption requests. As of June 30, 2018, the fair value for this investment was \$5,800,000.

Component Units**Wilmington Parking Authority**

	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unrestricted Investments				
Money Market Mutual Funds	\$ 94,861	\$ 94,861	\$ -	\$ -
U.S. Treasury Obligations	4,364,272	4,364,272	-	-
Municipal Bonds	517,956	517,956	-	-
Corporate Bonds	2,305,908	2,305,908	-	-
Total Unrestricted Investments	\$ 7,282,997	\$ 7,282,997	\$ -	\$ -
Restricted Investments				
Certificate of deposit	\$ 544,292	\$ 544,292	\$ -	\$ -
Treasury obligation fund	15,572	15,572	-	-
Total Restricted Investments	\$ 559,864	\$ 559,864	\$ -	\$ -

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, 2018, the Pension Trust Funds' fixed income and short-term investments had the following risk characteristics.

Moody's Ratings or Comparable	Percent of Total Benefit	
	Trust Funds	Market Value
Baa and higher	7.24%	\$ 17,675,922
Government	9.39%	22,943,576
	<u>16.63%</u>	<u>\$ 40,619,498</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, 2018, there were no investments with a fair value in excess of 5% of the Funds' net position invested in any one particular issue.

Foreign Currency Risk

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

Currency	Fair Value in U.S. Dollars	Equities
Euros	\$ 52,269	\$ 52,269
Total in Foreign Denominated Investments	\$ 52,269	\$ 52,269

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

Investment Commitments

The Pension Funds had no investment commitments at June 30, 2018.

Reconciliation to Statements of Net Position

The following provides the 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	\$ 97,987,886	\$ 10,975,406	\$ 8,671,431
Investments	5,271,899	254,694,293	8,853,141
	\$ 103,259,785	\$ 265,669,699	\$ 17,524,572
Unrestricted	\$ 70,299,671	\$ -	\$ 15,919,067
Restricted	32,960,114	-	1,605,505
Fiduciary Funds	-	265,669,699	-
	\$ 103,259,785	\$ 265,669,699	\$ 17,524,572

Restricted Cash and Investments

At June 30, 2018, the City had \$6,300,027 of investments in a non-major special revenue fund. These are shown as restricted assets in the Statement of Net Position as they are in separate accounts within a blended component unit and are available only for park operations.

The City also had \$26,320,866 in temporarily restricted cash at June 30, 2018. The components were: \$3,479,284 related to Water and Sewer Fund contractual requirements and \$22,841,582 related to unspent proceeds of bond offerings (\$13,131,886 in the Water and Sewer Fund, \$9,346,470 in the Capital Projects Fund, \$357,192 in the Economic Strategic Fund, \$3,525 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. The City classifies these as restricted funds due to the source, the management of the funds, and the expenditure restrictions. The funds have never been used for temporary purposes and City policies prevent this from occurring.

Component Unit**UDAG- Grow Wilmington Fund**

On October 28, 2014 Wilmington UDAG Corp (WUC) entered into a Multi-Party Loan and Participation Agreement (MPLPA) with Grow America Fund, Inc. (GAF) and Discover Bank to establish a revolving loan fund (the Grow Wilmington Fund) intended to make loans to small businesses (Program Loans) in the City of Wilmington under the Small Business Act. As of June 30, 2018 WUC's equity interest in the Grow Wilmington Fund was \$1,000,000 with \$0 related liability. At the termination of the MPLPA, originally set for 2024 or earlier as mutually agreed, WUC will receive back its equity interest in the Grow Wilmington Fund, plus earnings, minus fees and any defaults not covered by collateral. WUC will provide assistance in marketing the Grow Wilmington Fund to potential borrowers. The Program Loans are made in GAF's name as the lender. GAF, with input from WUC, determines the terms for each Program Loan, including the amount of the loan and the security collateral for repayment of the loan. At June 30, 2018 there were eight Program Loans outstanding, all in current status, with 61% concentrated in one borrower.

4. Receivables**Primary Government**

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

	Governmental Activities			Business-type	
	General	Housing Strategic	Non- Major Funds	Water & Sewer Fund	
Receivables:					
Property Taxes	\$ 7,667,349	\$ -	\$ -	\$ 7,667,349	\$ -
Wage taxes	12,098,984	-	-	12,098,984	-
Parking & Red Light Citations	14,583,908	-	-	14,583,908	-
Business Licenses	1,208,489	-	-	1,208,489	-
Signs and Licenses	8,734,406	-	-	8,734,406	-
Other	2,471,120	3,425,844	828,566	6,725,530	-
Notes - Current	273,832	-	-	273,832	-
Notes - NonCurrent	2,317,910	-	-	2,317,910	-
Utility Bills	-	-	-	-	49,566,658
Gross Receivables	49,355,998	3,425,844	828,566	53,610,408	49,566,658
Less: Allowance for Uncollectibles	(24,577,786)	(2,030,844)	-	(26,608,630)	(10,839,326)
Net Total Receivables	\$ 24,778,212	\$ 1,395,000	\$ 828,566	\$ 27,001,778	\$ 38,727,332

Internal Service Fund receivables amounting to \$7,200 are included in Governmental Activities receivables in the Statement of Net Position. Revenues of the Water and Sewer Fund are reported net of the change in uncollectible amounts; the change in 2018 increased revenues by \$1,066,705.

Discretely Presented Component Units

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

	Downtown Visions	Riverfront Business Improvement District	Wilmington UDAG Corporation	Wilmington Parking Authority	Total
Receivables:					
Accounts	\$ 174,575	\$ 39,215	\$ -	\$ 85,590	\$ 299,380
Mortgages and Loans	-	-	3,042,299	-	3,042,299
Total Receivables	\$ 174,575	\$ 39,215	\$ 3,042,299	\$ 85,590	\$ 3,341,679

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, 2018, in the amount of \$2,591,742 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. On October 3, 2018, the Diamond State Port Corporation paid the outstanding balance of the note in full.

The City of Wilmington provides a line of construction funding to the Wilmington Housing Partnership Corporation up to a maximum of \$4,000,000 outstanding at any one time. The funding is provided as part of the proceeds of a \$4,000,000 line of credit with JP Morgan Chase, further discussed in Note 8. During the year ended June 30, 2018, due to economic factors, the receivable from Wilmington Housing Partnership Corporation became impaired and an allowance for the doubtful portion of the receivable was established by the City. The net receivable at June 30, 2018, in the amount of \$1,395,000 (\$3,425,844 less allowance of \$2,030,844) is included in the government-wide statement of net position and governmental funds balance sheet. The amount is considered 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, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 24,090,181	\$ -	\$ -	\$ 24,090,181
Art	1,960,443	-	-	1,960,443
Construction-In-Progress	<u>5,052,962</u>	<u>4,250,373</u>	<u>(1,785,479)</u>	<u>7,517,856</u>
Total Capital Assets not being Depreciated	<u>31,103,586</u>	<u>4,250,373</u>	<u>(1,785,479)</u>	<u>33,568,480</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	78,290,105	-	-	78,290,105
Parks and Recreation Facilities	32,569,688	702,351	-	33,272,039
Streets and Street Signals	122,398,275	4,737,552	(2,848,411)	124,287,416
Vehicles, Equipment and Other Assets	<u>66,922,853</u>	<u>5,777,127</u>	<u>(2,421,136)</u>	<u>70,278,844</u>
Total Capital Assets Being Depreciated	<u>300,180,921</u>	<u>11,217,030</u>	<u>(5,269,547)</u>	<u>306,128,404</u>
Less Accumulated Depreciation For:				
Buildings	(27,115,626)	(1,592,893)	-	(28,708,519)
Parks and Recreation Facilities	(19,062,876)	(800,798)	-	(19,863,674)
Streets and Street Signals	(51,670,516)	(3,850,729)	2,848,411	(52,672,834)
Vehicles, Equipment and Other Assets	<u>(43,459,259)</u>	<u>(3,989,078)</u>	<u>2,385,011</u>	<u>(45,063,326)</u>
Total Accumulated Depreciation	<u>(141,308,277)</u>	<u>(10,233,498)</u>	<u>5,233,422</u>	<u>(146,308,353)</u>
Total Capital Assets Being Depreciated, Net	<u>158,872,644</u>	<u>983,532</u>	<u>(36,125)</u>	<u>159,820,051</u>
Governmental Activities Capital Assets, Net	<u>\$ 189,976,230</u>	<u>\$ 5,233,905</u>	<u>\$ (1,821,604)</u>	<u>\$ 193,388,531</u>

The capital asset activity for Business-type Activities for the year ended June 30, 2018 was as follows:

	<u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,060,443	\$ 490,000	\$ -	\$ 4,550,443
Construction-In-Progress	<u>15,026,951</u>	<u>10,458,702</u>	<u>(6,309,222)</u>	<u>19,176,431</u>
Total Capital Assets not being Depreciated	<u>19,087,394</u>	<u>10,948,702</u>	<u>(6,309,222)</u>	<u>23,726,874</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	25,150,718	72,904	-	25,223,622
Reservoirs and Water Filter Facilities	131,754,487	4,219,620	-	135,974,107
Water Lines	66,019,331	349,664	(280,257)	66,088,738
Wastewater Pump and Treatment Facilities	183,341,835	1,836,322	-	185,178,157
Sewer Lines	<u>37,356,919</u>	<u>180,375</u>	<u>(37,766)</u>	<u>37,499,528</u>
Total Capital Assets Being Depreciated	<u>443,623,290</u>	<u>6,658,885</u>	<u>(318,023)</u>	<u>449,964,152</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(4,764,436)	(609,278)	-	(5,373,714)
Reservoirs and Water Filter Facilities	(34,164,212)	(2,362,287)	-	(36,526,499)
Water Lines	(20,509,221)	(1,804,955)	280,257	(22,033,919)
Wastewater Pump and Treatment Facilities	(88,180,388)	(3,480,300)	-	(91,660,688)
Sewer Lines	<u>(8,341,509)</u>	<u>(732,755)</u>	<u>37,766</u>	<u>(9,036,498)</u>
Total Accumulated Depreciation	<u>(155,959,766)</u>	<u>(8,989,575)</u>	<u>318,023</u>	<u>(164,631,318)</u>
Total Capital Assets Being Depreciated, Net	<u>287,663,524</u>	<u>(2,330,690)</u>	<u>-</u>	<u>285,332,834</u>
Business-type Activities Capital Assets, Net	<u>\$ 306,750,918</u>	<u>\$ 8,618,012</u>	<u>\$ (6,309,222)</u>	<u>\$ 309,059,708</u>

Interest costs related to Proprietary Fund construction is capitalized as part of the capitalized value of the asset constructed. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds. The amount capitalized in 2018 was \$263,456.

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

Governmental Activities

General Government	\$ 1,523,997
Real Estate and Housing	20,172
Public Works	5,586,819
Parks and Recreation	1,188,269
Public Safety	<u>1,914,241</u>

Total Depreciation Expense - Governmental Activities \$ 10,233,498

Business-type Activities

Water/Sewer	<u>\$ 8,989,575</u>
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Total Depreciation Expense - Business-type Activities \$ 8,989,575

Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2018. 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	\$ 48,102,786	\$ 6,405,491
Reservoirs & Other Water and Wastewater Projects	<u>110,464,473</u>	<u>9,748,156</u>
Total	<u>\$ 158,567,260</u>	<u>\$ 16,153,646</u>

B. Component Units

The Capital asset activity for the City's component units for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 16,647,258	\$ -	\$ (328,200)	\$ 16,319,058
Intangible Assets	5,000,000	-	-	5,000,000
Construction-In-Progress	<u>1,026,580</u>	<u>1,736,419</u>	<u>(392,028)</u>	<u>2,370,971</u>
Total Capital Assets Not Being Depreciated	<u>22,673,838</u>	<u>1,736,419</u>	<u>(720,228)</u>	<u>23,690,029</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	67,113,382	967,599	(11,169)	68,069,812
Machinery and Equipment	4,633,550	67,875	-	4,701,425
Vehicles & Other Assets	<u>232,612</u>	<u>58,025</u>	<u>-</u>	<u>290,637</u>
Total Capital Assets Being Depreciated	<u>71,979,544</u>	<u>1,093,499</u>	<u>(11,169)</u>	<u>73,061,874</u>
Less Accumulated Depreciation For:				
Buildings	(41,797,844)	(1,994,260)	1,861	(43,790,243)
Machinery and Equipment	(3,648,871)	(205,128)	-	(3,853,999)
Vehicles & Other Assets	<u>(178,240)</u>	<u>(32,015)</u>	<u>-</u>	<u>(210,255)</u>
Total Accumulated Depreciation	<u>(45,624,955)</u>	<u>(2,231,403)</u>	<u>1,861</u>	<u>(47,854,497)</u>
Total Capital Assets Being Depreciated, Net	<u>26,354,589</u>	<u>(1,137,904)</u>	<u>(9,308)</u>	<u>25,207,377</u>
Capital Assets, Net	<u>\$ 49,028,427</u>	<u>\$ 598,515</u>	<u>\$ (729,536)</u>	<u>\$ 48,897,406</u>

7. Interfund Balances and Transfers

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

The General Fund is owed \$7,781,153 by the Fiduciary Funds at June 30, 2018. The liability relates to the pension payments disbursed from the General Fund on behalf of the Fiduciary Funds during the year. On November 14, 2018, \$2,300,000 of the liability was repaid.

As of June 30, 2017, \$625,672 was due to the Workers' Compensation Internal Service Fund for premiums billed. As of June 30, 2018, the Workers' Compensation Internal Service Fund received the final repayment from the Water and Sewer Fund.

The General Fund is owed \$2,995,516 by the Motor Vehicle Fund at June 30, 2018; 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 also owed \$6,829,772 by the Data Processing Fund, the Motor Vehicle Fund, the Communications Fund, the Risk Management Fund, and the Workers' Compensation Fund due to the General Fund's role as receiver, investor and distributor of cash.

During the year ended June 30, 2018, the City of Wilmington transferred \$363,184 to Cityfest, Inc. and \$160,060 to special revenue funds.

The composition of interfund balances as of June 30, 2018, is as follows:

	Payable Funds					Total
	General	Other Governmental Funds	Internal Service Funds	Water & Sewer	Fiduciary Funds	
Receivable Funds						
General Fund	\$ -	\$ 1,128,979	\$ 13,897,315	\$ -	\$ 7,781,153	\$ 22,807,447
Water & Sewer Fund	204,349	-	-	-	-	204,349
Total	\$ 204,349	\$ 1,128,979	\$ 13,897,315	\$ -	\$ 7,781,153	\$ 23,011,796

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

The City has a Line of Credit with JP Morgan Chase Bank in the amount of \$3,378,372. The proceeds of the line are to be used to develop housing within the City. The funds provide a line of construction financing of up to \$3,378,372 to the Wilmington Housing Partnership (WHP) (See Note 5) and funds housing projects. Draws on the line occur as construction activity occurs and repayments occur as housing is sold. The line of credit bears interest on the balance outstanding at the Adjusted London Interbank Offered Rate (LIBOR) plus 1.25%. The interest rate at June 30, 2018 was 3.375% and the Line of Credit matures on September 29, 2019. The line of credit is classified as other liability in the Housing Strategic Fund. An analysis of the activity of the credit line is presented below

	Beginning Fiscal Year Liability		Draws		Repayments		Ending Fiscal Year Liability
	<u> </u>		<u> </u>		<u> </u>		<u> </u>
2017 - 2018	\$ 3,378,372	\$		-	\$	-	\$ 3,378,372

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, 2018.

	Balance			Balance	Due Within
	<u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>One Year</u>
Government Activities:					
Bonds Payable	\$ 111,322,563	\$ 1,399,724	\$ (7,862,265)	\$ 104,860,022	\$ 8,478,240
Premium on Debts Issued	9,748,897	-	(1,277,404)	8,471,493	-
Total Bonds Payable	121,071,460	1,399,724	(9,139,669)	113,331,515	8,478,240
Capital Leases	8,906,107	505,499	(3,075,031)	6,336,575	2,610,523
Insurance Claims Payables	19,129,391	27,370,907	(25,462,367)	21,037,931	6,059,360
Compensated Absences	8,439,505	5,631,386	(6,069,165)	8,001,726	6,001,865
Net Pension Liability	136,100,027	230,483	(13,639,879)	122,690,631	-
Net OPEB Liability	40,268,059	6,483,270	(3,782,557)	42,968,772	-
Government Activity					
Long-Term Liabilities	<u>\$ 333,914,549</u>	<u>\$ 41,621,269</u>	<u>\$ (61,168,668)</u>	<u>\$ 314,367,150</u>	<u>\$ 23,149,988</u>
Business-type Activities					
Bonds Payable	\$ 195,529,864	\$ 5,614,569	\$ (9,661,774)	\$ 191,482,659	\$ 12,178,345
Premium on Debt Issue	10,412,633	-	(1,276,389)	9,136,244	-
Total Bonds Payable	205,942,497	5,614,569	(10,938,163)	200,618,903	12,178,345
Net Pension Liability	6,038,565	-	(281,060)	5,757,505	-
Compensated Absences	477,377	549,386	(569,307)	457,456	457,456
Business-type Activities					
Long-Term Liabilities	<u>\$ 212,458,439</u>	<u>\$ 6,163,955</u>	<u>\$ (11,788,530)</u>	<u>\$ 206,833,864</u>	<u>\$ 12,635,801</u>

	Balance			Balance	Due Within
	<u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>One Year</u>
Discretely Presented Component Units					
Wilmington Parking Authority	\$ 13,454,751	\$ -	\$ (644,679)	\$ 12,810,072	\$ 625,000
Downtown Visions	567,989	-	(24,946)	543,043	25,607
Rock Manor	863,773	-	(47,924)	815,849	51,550
Riverfront Business					-
Improvement District	<u>169,073</u>	<u>-</u>	<u>(59,073)</u>	<u>110,000</u>	<u>60,000</u>
Component Units					
Long-Term Liabilities	<u>\$ 15,055,586</u>	<u>\$ -</u>	<u>\$ (776,622)</u>	<u>\$ 14,278,964</u>	<u>\$ 762,157</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, General obligation bonds recorded in the business-type activities section are payable from revenues of the Water & Sewer Fund. These include general obligation financing agreements with the Delaware Drinking Water State Revolving Fund (DDWSRF) acting through the Delaware Department of Health & Social Services and the Delaware Water Pollution Control Revolving Fund (DWPCRF) of the Delaware Department of Natural Resources and Environmental Control. General obligation 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. 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 if the resources of the Authority are insufficient to cover debt service on the bonds.

The City is subject to the rules and regulations established by the Internal Revenue Code and the U.S. Treasury that, under certain conditions, may create an arbitrage rebate to be paid to the federal government.

The City's debt service payments of \$11,980,293 in fiscal year 2018 were within the statutory debt limit of \$27,111,539.

The following is a summary of general obligation bonds outstanding as of June 30, 2018:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2018
2002/2025	\$ 11,000,000	Series of 2002 - DDWSRF	2.96%	\$ 4,977,370
2005/2028	13,700,000	Series of 2005C - DDWSRF	2.37%	8,928,207
2006/2019	46,510,000	Series of 2007A	4.00% - 5.00%	12,760,000
2007/2028	2,548,501	Series of 2006 - DDWSRF	2.50%	1,698,636
2007/2028	1,246,499	Series of 2006B - DDWSRF	2.50%	830,821
2007/2028	3,185,000	Series of 2007 - DDWSRF	2.69%	2,134,327
2008/2028	74,750,000	Series of 2008A	3.0% - 5.00%	2,045,000
2009/2030	18,975,000	Series of 2008 DDWSRF	2.92%	15,312,134
2009/2030	5,000,000	Series of 2008B DDWSRF	2.92%	3,648,812
2009/2031	8,899,999	Series of 2009 ARRA/SRF	3.24%	3,219,511
2009/2031	2,800,000	Series of 2009C DDWSRF	2.00%	2,051,016
2010/2025	47,345,000	Series of 2010A	1.10% - 5.00%	29,616,984
2011/2031	26,505,000	Series of 2011A	2.00% - 5.00%	25,175,000
2011/2020	17,460,000	Series of 2011B	0.89% - 3.26%	7,540,000
2011/2030	2,700,000	Series of 2011CREB	4.63%	2,700,000
2011/2032	2,500,000	Series of 2011 DDWSRF	2.92%	2,238,841
2011/2032	2,500,000	Series of 2011A DDWSRF	2.00%	1,948,338
2012/2033	2,500,000	Series of 2012A DDWSRF	2.41%	2,379,421
2012/2022	1,556,594	Series of 2011SEU DNREC	1.99%	718,987
2012/2034	2,000,000	Series of 2012B DDWSRF	2.41%	1,741,466
2012/2035	1,200,000	Series of 2012C DDWPCRF	2.41%	1,166,665
2012/2032	1,500,000	Series of 2012D DDWCRF	3.00%	130,693
2014/2034	36,060,000	Series of 2014 SRF CO-GEN	2.00%	34,333,078
2013/2025	37,535,000	Series of 2013A	2.22%	37,395,000
2014/2036	2,500,000	Series of 2014 SRF	2.20%	2,288,644
2014/2036	4,000,000	Series of 2014A SRF	1.50%	4,000,000
2015/2035	39,425,000	Series 2015	2.00% - 5.00%	37,765,000
2017/2028	40,785,000	Series 2017	2.00% - 5.00%	40,785,000
2016/2037	5,000,000	Series of 2016 SRF	2.00%	3,217,933
2017/2019	6,000,000	Series 2016 BAN	1.36%	1,445,930
2018/2034	3,490,753	Series of 2017 SRF	0.00%	2,149,866
Total General Obligation Bonds Payable				\$ 296,342,680

Primary Government

On February 8, 2017, the City issued \$40,785,000 of General Obligation Bonds, Series of 2017. The bond matures in varying amounts between December 1, 2019 and December 1, 2028, and bears interest rate between 2.0% - 5.0%. The net proceeds were used to refund the City's General Obligation Bonds Series of 2008A and partially 2015. As of June 30, 2018 balance outstanding on this loan is \$40,785,000. The 2017 advance refunding reduced total debt service payments over the next 13 years by nearly \$4.5 million. This resulted in an economic gain of approximately \$4.3 million.

On March 29, 2017, the City issued a General Obligation Bond Anticipation Note (Street Repairs Project), Series of 2017, due March 29, 2019, in the amount of \$6,000,000. The funding was drawn as needed and the interest rate was 68.5% of the Adjusted London Interbank Offered Rate (LIBOR) plus 0.52%, not to exceed 5%. As of June 30, 2018 balance outstanding on this loan is \$1,445,930.

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

- A DDWSRF agreement dated June 29, 2018, for an amount not to exceed \$2,000,000 at an interest rate of 2.00% is related to costs associated with upgrades to the Porter Filter Plant.

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

Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 8,478,222	\$ 4,426,901	\$ 12,178,345	\$ 6,331,031
2020	9,432,147	4,102,347	12,826,342	5,946,912
2021	9,922,059	3,726,986	12,597,157	5,545,662
2022	8,001,367	3,361,874	14,222,228	5,113,811
2023	7,769,461	3,023,540	14,049,218	4,644,682
2024-2028	33,429,964	7,135,854	72,031,398	17,732,567
2029-2033	23,732,543	1,393,577	41,032,836	6,332,532
2034-2037	4,094,258	313,827	8,873,031	439,539
	104,860,021	\$ 27,484,906	187,810,555	\$ 52,086,736
Add: Construction Period Bonds	-		3,672,104	
Total	\$ 104,860,021		\$ 191,482,659	

Component Units

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

Year Ending June 30	Component Units' Debt Service Schedule							
	Wilmington Parking Authority		Downtown Visions		Riverfront Business Improvement District		Rock Manor	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 625,000	\$ 455,765	\$ 25,607	\$ 26,919	\$ 60,000	\$ -	\$ 51,550	\$ 48,732
2020	650,000	430,765	517,436	25,506	50,000	-	53,408	35,386
2021	680,000	404,765	-	-	-	-	55,332	33,092
2022	710,000	370,765	-	-	-	-	57,326	30,686
2023	750,000	335,265	-	-	-	-	54,483	28,164
2024-2028	4,235,000	1,191,551	-	-	-	-	543,750	118,640
2029-2033	4,650,000	467,232	-	-	-	-	-	-
Total	<u>\$ 12,300,000</u>	<u>\$ 3,656,108</u>	<u>\$ 543,043</u>	<u>\$ 52,425</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 815,849</u>	<u>\$ 294,700</u>

C. Prior Year Defeasance of Debt

In prior years, the City defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2018 \$60,660,000 of bonds outstanding are considered defeased.

D. Conduit Debt Obligations

From time to time, the City has issued revenue bonds for the express purpose of providing capital financing to third parties that are not part of the City or its component units. Although the debt bears the City's name, the City has no obligation for this debt beyond the resources of the third party or the related project as provided for in the bonds. Because the City has no liability for this debt, it is not recorded in the City's financial statements. As of June 30, 2018, seven issues with debt of \$34,544,277 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 also has a product purchase agreement with VAR Technology Finance for the purchase of information technology (IT) hardware. As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net position. As of June 30, 2018, payments under these capital leases are as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>			
	<u>Data Processing</u>	<u>Motor Vehicle</u>	<u>Communications</u>	<u>General</u>
2019	\$ 221,620	\$ 2,191,606	\$ -	\$ 197,297
2020	221,620	1,409,530	-	195,147
2021	221,620	1,377,217	-	129,264
2022	-	388,628	-	107,753
2023	-	-	-	53,877
Total Minimum Lease Payments	664,859	5,366,981	-	683,338
Less: Amount Representing Interest	(56,013)	(212,623)	-	(79,967)
Present Value of Lease Payments	<u>\$ 608,846</u>	<u>\$ 5,154,358</u>	<u>\$ -</u>	<u>\$ 603,371</u>

Capitalized leases for the City at June 30, 2018, consist of the following capital assets shown at original costs as summarized below:

<u>Type of Property</u>	<u>Primary Government</u>			
	<u>Data Processing</u>	<u>Motor Vehicle</u>	<u>Communications</u>	<u>General</u>
Vehicles	\$ -	\$ 15,503,418	\$ -	\$ -
Equipment	1,037,176	-	-	919,327
Construction in Progress	\$ -	-	-	-
Total	1,037,176	15,503,418	-	919,327
Less: Accumulated Depreciation	(222,252)	(8,527,323)	-	(200,305)
Net Assets Under Lease	<u>\$ 814,924</u>	<u>\$ 6,976,096</u>	<u>\$ -</u>	<u>\$ 719,023</u>

B. Operating Leases - Lessee - Component Unit

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

Downtown Visions has an operating lease agreement to lease office space in Wilmington, Delaware through October 31, 2019. The lease requires bargain rent of \$0 per month. Downtown Visions recorded the fair market value of the contributed rent at the inception of the lease as a contribution.

The value of the total donated warehouse and office space was \$27,144 and \$12,492 for the fiscal years ended June 30, 2018 and 2017, respectively.

C. Operating Leases - Lessor - Component Unit

The Wilmington Parking Authority leases space to commercial tenants at its Brandywine Gateway and Corporate Plaza facilities. All such leases are classified as operating leases. Rental income from these leases during fiscal year 2017 was \$148,725. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2018:

<u>Year Ending June 30</u>	<u>Wilmington Parking Authority</u>
2019	\$ 64,581
2020	17,837
2021	-
Total Minimum Future Rental Income	<u>\$ 82,418</u>

In June 2016, the Authority purchased the rights to a subterranean parcel of airspace for \$5,000,000, which it then leased to a tenant. The tenant will construct a public parking garage, with construction set to commence within 60 days of the execution of the lease and scheduled to be completed within 26 months. Rental payments are scheduled to begin on the first anniversary of either the date of issuance of the final certificate of occupancy by the City of Wilmington or 29 months from the lease commencement date, June 14, 2016, whichever occurs earlier. Rental payments are contingent upon the profitability of the garage. If rental payments do not meet the annual guaranteed rent of \$200,000, the difference shall accrue and be added to the Purchase Price. The lease includes provisions for both a put and a call option. The put option grants the Authority the irrevocable option to sell the Property to the tenant at the Purchase Price under certain parameters. The call option grants the tenant the exclusive and irrevocable right to purchase the Property at the Purchase Price under certain parameters. In accordance with the lease, the Authority's rights to the parcel were pledged as collateral to secure a commercial loan for the tenant.

The Rock Manor Golf Corporation has entered into agreements with the City of Wilmington and an independent management company to license the operations of Rock Manor Golf Course and Ed "Porky"

Oliver Golf Course. These licenses are for initial 20-year terms beginning in 2007 and 2009, respectively, and provide the management company the full use of these golf course facilities and require it to be responsible for staffing and the acquisition of certain equipment.

The agreements further provide for the management company to pay an annual base rent and an additional revenue sharing payment contingent on operating revenues exceeding certain threshold amounts. The revenue sharing payments for the years ended June 30, 2018 and 2017 were \$37,305 and \$36,117, respectively.

The following is a schedule of minimum future annual base license fee income for the lease agreement license arrangements:

<u>Year Ending June 30</u>	<u>Rock Manor</u>
2019	\$ 130,000
2020	130,000
2021	130,000
2022	130,000
2023	<u>130,000</u>
Total Minimum Future Rental Income	\$ <u>650,000</u>

11. Deferred Revenues and Deferred Inflows of Resources

Governmental Funds report unavailable revenue as deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

	<u>Governmental Fund Financial Statements</u>	<u>Government-wide Financial Statements</u>
Deferred Inflows of Resources:		
<u>Unavailable Revenue</u>		
General Fund		
Property and Wage Taxes	\$ 9,077,314	\$ -
Permits and Other Revenues	3,664,482	-
Revenue on Notes Receivable	2,591,742	-
Total General Fund	<u>15,333,538</u>	<u>-</u>
Other Governmental Funds		
Extra Duty Revenue	303,033	-
Total Deferred Inflows of Resources	<u><u>\$ 15,636,571</u></u>	<u><u>\$ -</u></u>

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

	<u>Governmental Fund Financial Statements</u>	<u>Government-wide Financial Statements</u>
<u>Unearned Revenues</u>		
Non-Major Funds		
Unearned Grant Revenues		
Delaware Criminal Justice Planning	\$ 737,019	\$ 737,019
Special Projects	610,810	610,810
Park Recreation Assistance	271,901	271,901
Community Development Block Grants	20,671	20,671
Home Partnership Program	7,716	7,716
HUD Emergency Shelter Grant	882	882
HUD Homes for People with AIDS Grant	227	227
Delaware Neighborhood Stabilization Program	104,429	104,429
Historic Restoration Loan Grant	2,032	2,032
Capital Projects	600	600
Total Unearned Revenue	<u><u>\$ 1,756,287</u></u>	<u><u>\$ 1,756,287</u></u>
Water & Sewer Fund		
Unearned Service Charges		<u><u>\$ 3,430,295</u></u>

12. Fund Balance/Net Position

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 no Unassigned Fund Balance as of June 30, 2018. Of the \$7,067,196 due from the Motor Vehicle Fund, \$2,995,512 related to the acquisition of garage assets and motor vehicles and 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 and the Tax Stabilization Reserve.

- The Budget Reserve Account of \$15,730,559 was legislated to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions or a public emergency. This is equal to 10% of the fiscal year 2018 expenditures budgeted as of the end of June 30, 2018.
- On October 4, 2018, the City Code was amended to also create a Tax Stabilization Reserve, retroactively, effective for the year ended June 30, 2018, to provide future tax stabilization for the General Fund. This reserve of \$21,348,108 is funded based on the amount of the General Fund's net unrestricted fund balance. The City is authorized to access the Tax Stabilization Reserve as may be necessary when authorized by City Council by ordinance.

Other Major Funds

The Economic Strategic Fund had Restricted Fund Balance of \$357,192 consisting of unspent bond funds used for infrastructure incentives and Committed Fund Balance of \$2,059,323 to fulfill the City's economic incentive programs. The Capital Project Fund has Restricted Fund Balance of \$9,458,188 at June 30, 2018 consisting primarily of unspent bond funds. The Housing Strategic Fund had an Unassigned Fund Balance of (\$2,436,034).

Other Funds

The following fund had Fund Balances designated for specific purposes: the Non major Fund, Wilmington Park Related Commissions (including one blended component) had Park Maintenance Nonspendable Fund Balance of \$1,059,631, Restricted Fund Balance of \$5,215,212 for Park Operations and Restricted Fund Balance for Other Purposes totals \$753,408.

The Special Revenue Funds had a Restricted Fund Balances of \$2,008,158 related to cable television and internal capital and related programs.

Business Type Activities / Water and Sewer Fund

The Water and Sewer Fund had a net position of \$159,162,460 as of June 30, 2018. On October 4, 2018, the City Code was amended to create an Operation and Maintenance Reserve, retroactively, effective for the year ended June 30, 2018 to provide funding in the event of adverse economic conditions or a public emergency as certified by the Mayor that impacts the operations and maintenance of the Water and Sewer Fund such that immediate action is required. This reserve is determined at the end of each fiscal year and is equal to seventeen percent of the following fiscal year's Water and Sewer Fund operating budget as authorized by City Council by ordinance. The City is authorized to access the Operation and Maintenance

Reserve when approved by City Council by ordinance. The restricted net position for the Operation and Maintenance Reserve as of June 30, 2018 was \$12,826,435.

The Code was also amended to create a Rate Stabilization Reserve within the Water and Sewer Fund to provide a reserve to provide future rate stabilization for the Water and Sewer fund. The Water and Sewer Fund Rate Stabilization Reserve amount is the net unrestricted Water and Sewer Fund balance as determined at the fiscal year end. The City is authorized to access the Rate Stabilization Reserve when approved by City Council by ordinance. The restricted net position for the Rate Stabilization Reserve as of June 30, 2018 was \$21,838,571.

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

The City is self-insured up to the State Tort Immunity Law limitation of \$300,000 for state law claims, and insurance threshold/retention of \$750,000 for claims not covered by tort immunity for actuarially determined exposure of general liability, automotive liability, law enforcement liability, employee benefits liability, employment practices liability, management liability, abuse/molestation liability, and inland marine liability. Resources are allocated to the Risk Management Fund (an Internal Service Fund) from the operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. The claims liability includes amounts for incremental claim adjustment expenses and estimates of subrogation. An actuarial valuation is performed on an annual basis. These amounts were not discounted and were adjusted by a risk margin calculated to provide a statistical confidence level of 80%. An analysis of claims liabilities recorded in the Risk Management Fund is presented below:

	Beginning Liability	Claims and		Ending Liability
	Fiscal Year	Changes in	Claim Payments	Fiscal Year
		Estimates		
2016 - 2017	\$ 6,095,157	\$ 1,758,911	\$ (3,185,461)	\$ 4,668,607
2017 - 2018	4,668,607	1,752,231	(1,698,682)	4,722,156

B. Workers' Compensation

The City is also self-insured for workers' compensation for the year ended June 30, 2018. Effective July 1, 2018, the City is only self-insured up to the insurance retention of \$3 million. The City's compensation payments are calculated based upon the Workers' Compensation Law of the State of Delaware. Resources are allocated to the Workers' Compensation Fund (an Internal Service Fund) from operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. An actuarial valuation is performed on an annual basis. This valuation is not discounted and is adjusted by a risk margin calculated to provide a statistical confidence level of 55%. An analysis of the claims liabilities recorded in the Workers' Compensation Fund is presented below:

	Beginning Liability	Claims and		Ending Liability
	Fiscal Year	Changes in	Claim Payments	Fiscal Year
		Estimates		
2016 - 2017	\$ 11,164,374	\$ 11,746,475	\$ (9,604,640)	\$ 13,306,209
2017 - 2018	13,306,209	5,555,904	(4,090,362)	14,771,751

C. Health Insurance

The City is also self-insured under an employee health and welfare plan administered by Blue Cross/Blue Shield of Delaware. The City has medical stop loss insurance for large general health and prescription claims exceeding \$175,000 in any year. 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. Highmark of Delaware calculates the City's claims exposure annually. An analysis of claims liabilities recorded in the Health and Welfare Fund is presented below:

	Beginning Liability	Claims and		Ending Liability
	Fiscal Year	Changes in	Claim Payments	Fiscal Year
	Fiscal Year	Estimates	Claim Payments	Fiscal Year
2016 - 2017	\$ 1,116,441	\$ 19,943,005	\$ (19,904,871)	\$ 1,154,575
2017 - 2018	1,154,575	20,062,772	(19,673,323)	1,544,024

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 is a co-permittee on the Post-Closure Permit for the Pigeon Point Landfill operated by the Delaware Solid Waste Authority (DSWA). The City is currently a party to an appeal before the Environmental Appeals Board, appealing DNREC's issuance of a Notice of Violation to DSWA and the City. Management is of the opinion that the outcome of this matter will not have a material adverse effect on the City's financial position.

The City also is involved in lawsuits arising in the ordinary course of business, including claims alleging property damage, personal injury, discriminatory personnel practices, constitutional violations and/or conduct otherwise inconsistent with federal, state or city law. 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, 2018.

C. Contractual Agreements

The City has entered into the following multi-year contractual agreements:

Fleet Services

On October 1, 2017, the City of Wilmington signed a 5-year contract for the maintenance and repairs of all city vehicles.

Pharmaceutical Benefits

On July 1, 2016, the City of Wilmington entered into a 3-year contract with a pharmacy benefit management service.

Refuse Disposal

On July 1, 2016, the City of Wilmington signed a 5-year contract with the Delaware Solid Waste Authority for solid waste and recyclable materials collections.

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

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

	Firefighters	Police	Plan I Non- uniformed	Plan II Non- uniformed	Plan III Non- uniformed	Park Trust
Number of Retirees & Beneficiaries Receiving Benefits	293	479	138	167	311	2
Number of Terminated Employees Entitled to Benefits	0	0	0	132	98	0
Number of Fully Vested, Partially Vested, & Non-Vested Active Employees	32	41	0	5	395	1
Current Year Annual Covered Payroll	\$1,922,886	\$3,189,901	\$ -	\$ 99,991	\$18,998,060	\$50,810

The City's current-year total payroll for all employees was \$76,398,675.

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

The funding policy, annual pension costs, and funding status and funding progress are presented in a schedule on pages 86 through 89 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 five 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, 2018, represented 96% 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). During the year ended June 30, 2018, the Trustees amended the Funds' investment policy statement to revise the asset allocation target ranges and add real estate investment trusts to the asset allocation.

As of June 30, 2018, there were no cash or investments with any one organization or issuer in excess of 5% of the individual plans' net positions.

Membership, Benefit and Contribution Provisions

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

Member pension benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan administrative costs are paid from plan assets as approved by the Pension Trustees. Contributions to the City Sponsored Plans by the State of Delaware on behalf of the City are recorded as intergovernmental revenue in the City's fund and government-wide statements and as a pension expense. The contributions (Firefighters - \$4,817,278; Police - \$1,812,310 Plan 1 - \$1,168 Plan II \$ 17,820 Plan III \$1,636) are included in the pension statements as separately presented component of City contributions to the trusts. Total pension expense recognized by the City for the ended June 30, 2018 was \$23,843,380.

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

City of Wilmington, Delaware
Statements of Fiduciary Net Position
For the Year Ended June 30, 2018

	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension
ASSETS				
Cash and Cash Equivalents	\$ 1,593	\$ 2	\$ 7,423,710	\$ 48,769
Receivables:				
Accrued Interest & Other Receivables	7,035	17,405	73,774	-
Total Receivables	7,035	17,405	73,774	-
Investments, at Fair Value:				
Money Market Funds	101,921	252,169	1,381,983	122,334
U.S. Treasury Obligations	385,442	953,646	5,226,354	-
U.S. Government Agencies - Other	62,293	154,123	844,657	-
Corporate & Foreign Bonds	423,460	1,047,708	5,741,849	-
Common Equity & Marketable Securities	1,542,124	3,815,461	20,910,220	-
Global & International Funds	1,502,022	3,716,243	20,366,466	-
Mutual Funds	1,439,331	3,561,136	19,516,418	123,661
Real Estate Investment Trust	138,950	343,784	1,884,073	-
Total Investments	5,595,543	13,844,270	75,872,020	245,995
Due from Other Pension Trust Fund	-	-	713,300	-
Total Assets	5,604,171	13,861,677	84,082,804	294,764
LIABILITIES				
Accounts Payable	1,304	2,208	12,875	8,910
Salaries and Benefits Payable	3,345	5,791	4,022	-
Due to Other Funds	-	-	7,781,153	-
Compensated Absences	-	-	15,472	-
Liability for Stale-dated Pension Checks	38,911	8,517	8,453	-
Total Liabilities	43,560	16,516	7,821,975	8,910
Net Position				
Net Position Restricted for Pensions	<u>\$ 5,560,611</u>	<u>\$ 13,845,161</u>	<u>\$ 76,260,829</u>	<u>\$ 285,854</u>

City of Wilmington, Delaware
Statements of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension
ADDITIONS				
Contributions:				
City				
Paid Directly by the City	\$ 45,666	\$ 260,899	\$ 5,010,567	\$ -
Paid by the State				
On Behalf of the City	1,168	17,820	1,636	-
Employees	-	-	542,262	-
Total Contributions	46,834	278,719	5,554,465	-
Investment Income				
Investment Earnings	\$ 827,711	\$ 1,982,489	\$ 10,554,317	7,622
Net Appreciation				
(Depreciation) in Fair Value	(323,973)	(775,963)	(4,131,048)	6,961
Total Investment Earnings	503,738	1,206,526	6,423,269	14,583
Less: Investment Expense	(15,398)	(36,881)	(194,349)	-
Net Investment Income	488,340	1,169,645	6,228,920	14,583
Total Additions	535,174	1,448,364	11,783,385	14,583
DEDUCTIONS				
Benefits Paid	487,026	928,307	5,311,556	17,820
Administrative Expenses	52,385	74,794	255,839	3,032
Total Deductions	539,411	1,003,101	5,567,395	20,852
Net Change in Plan Net Position	(4,237)	445,263	6,215,991	(6,269)
Net Position - Beginning	5,564,848	13,399,898	70,044,838	292,123
Net Position - Ending	\$ 5,560,611	\$ 13,845,161	\$ 76,260,829	\$ 285,854
Change in Total Pension Liability				
Service Cost	\$ -	\$ (20,454)	\$ (1,258,925)	\$ -
Interest	(386,632)	(1,053,054)	(7,575,252)	-
Difference between expected and actual exp				-
Benefit Payments	487,026	928,307	5,311,556	-
Net Change	100,394	(145,201)	(3,522,621)	-
Pension Liability - Beginning	(5,463,913)	(14,665,865)	(103,717,714)	(293,944)
Pension Liability - Ending	(5,363,519)	(14,811,066)	(107,240,335)	(293,944)
Net Pension Asset / (Liability)	\$ 197,092	\$ (965,905)	\$ (30,979,506)	\$ (8,090)

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

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

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

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

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

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

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

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

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

Changes in the Plans' Net Pension Liability: Changes in the Plans' net pension liability for the year ended June 30, 2017 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Firefighters Plan			
Balance June 30, 2017	\$ 86,279,726	\$ 47,215,756	\$ 39,063,970
Changes for the Year			
Service Cost	234,550	-	234,550
Interest	6,130,822	-	6,130,822
Difference between expected and actual exp	-	-	-
Changes of assumptions	-	-	-
Contributions - Other Entities	-	4,817,278	(4,817,278)
Contributions - Employees	-	1,651,227	(1,651,227)
Contributions - Employer	-	117,647	(117,647)
Net Investment Income	-	3,947,989	(3,947,989)
Benefit Payments	(7,463,842)	(7,463,842)	-
Administrative Expense	-	(115,730)	115,730
Net Changes	<u>(1,098,470)</u>	<u>2,954,569</u>	<u>(4,053,039)</u>
Balance June 30, 2018	<u>\$ 85,181,256</u>	<u>\$ 50,170,325</u>	<u>\$ 35,010,931</u>
Police Plan			
Balance June 30, 2017	\$ 148,145,220	\$ 86,582,890	\$ 61,562,330
Changes for the Year			
Service Cost	478,819	-	478,819
Interest	10,583,509	-	10,583,509
Difference between expected and actual exp	-	-	-
Changes of assumptions	-	-	-
Contributions - Other Entities	-	1,812,310	(1,812,310)
Contributions - Employer	-	6,848,501	(6,848,501)
Contributions - Employees	-	191,395	(191,395)
Net Investment Income	-	7,503,707	(7,503,707)
Benefit Payments	(11,410,939)	(11,410,939)	-
Administrative Expense	-	(195,036)	195,036
Net Changes	<u>(348,611)</u>	<u>4,749,938</u>	<u>(5,098,549)</u>
Balance June 30, 2018	<u>\$ 147,796,609</u>	<u>\$ 91,332,828</u>	<u>\$ 56,463,781</u>

Nonuniformed Employees Plan I (Closed)

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

Contributions: Employee - none. Employer - actuarially determined.

Nonuniformed Employees Plan II (Closed)

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

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

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

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

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

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

Contributions: Employee - none. Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

Nonuniformed Employees Plan III (Closed)

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

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

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

Wilmington Parks Trust Commission Pension Plan

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

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

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

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

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

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

Vesting: 5 years of credited service.

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

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

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

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

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2018 was 11.42% of covered payroll.

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

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

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

Vesting: 5 years of credited service.

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

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

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

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

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2018 was 7.10% of covered payroll.

Component Units (Wilmington Parking Authority)

The Wilmington Parking Authority has a noncontributory single-employer defined benefit pension plan covering substantially all of its employees. The annual required contribution was \$129,728 for the year ended June 30, 2018. This contribution was computed using the aggregate cost method, assuming a 6.00% 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. The Wilmington Parking Authority's financial statements can be obtained by contacting the Authority's Finance Director at 625 North Orange Street, Wilmington Delaware 19801.

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 Sponsored Plans and the multi-employer plans administered by the Delaware Public Employees' Retirement System (1)

	Firefighters Pension	Police Pension	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension	County & Municipal Police and Firefighters	County & Municipal Other Employees
Plan Type	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Cost sharing Multi-Employer	Cost sharing Multi-Employer
Annual Required								
Required Contribution	\$ 5,010,577	\$ 7,843,831	\$ 47,224	\$ 260,899	\$ 5,005,567	\$ 6,871	\$ 3,144,860	\$ 572,848
Contribution	6,468,505	8,660,811	46,834	260,899	5,010,567	-	3,144,860	572,848
Contribution Excess (Deficiency)	\$ 1,457,928	\$ 816,980	\$ (390)	\$ -	\$ 5,000	\$ (6,871)	\$ -	\$ -
Actuarial Valuation Date	July 1, 2016 (2)	July 1, 2016 (2)	July 1, 2016 (2)	July 1, 2016 (2)	July 1, 2016 (2)	July 1, 2016 (2)	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2017
Net Pension Liability								
Total Pension Liability	85,181,255	147,796,607	5,363,519	14,811,066	107,240,335	293,944	115,454,577	12,552,102
Plan Fiduciary Net Position	50,170,324	91,332,826	5,560,611	13,845,161	76,260,829	285,854	111,989,949	10,998,630
Net Pension Liability (Asset)	\$ 35,010,931	\$ 56,463,781	\$ (197,092)	\$ 965,905	\$ 30,979,506	\$ 8,090	\$ 3,464,628	\$ 1,553,472
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.90%	61.80%	103.70%	93.50%	71.10%	97.25%	97.00%	87.62%
City's Proportionate Share of the Net Pension Liability	100%	100%	100%	100%	100%	100%	34%(3)	22%(3)

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

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

	Firefighters Pension	Police Pension	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension	County & Municipal Police and Firefighters	County & Municipal Other Employees
Deferred Outflows of Resources								
Net Difference Due to Change in Proportion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,297	\$ 181,010
Net Difference Between Projected and Actual Earnings on Plan Investments	251,788	3,622	-	-	1,390	15,873	1,765,909	176,715
Differences Between Expected and Actual Experience	-	-	-	-	-	646	829,081	421,970
Changes Of Assumption	-	-	-	-	-	-	2,925,066	496,159
Contributions Made After the Measurement Date	-	-	-	-	-	-	3,144,860	572,848
	<u>\$ 251,788</u>	<u>\$ 3,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,390</u>	<u>\$ 16,519</u>	<u>\$ 8,783,213</u>	<u>\$ 1,848,702</u>
Deferred Inflows of Resources								
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ -	\$ -	\$ 16,061	\$ 19,725	\$ -	\$ -	\$ -	\$ -
Net Difference Due to Change in Proportion	-	-	-	-	-	-	40,682	2,016
Changes Of Assumption	-	-	-	-	373,272	-	1,276,628	-
Differences Between Expected and Actual Experience	-	-	-	-	756,963	430	2,112,874	104,702
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,130,235</u>	<u>\$ 430</u>	<u>\$ 3,430,184</u>	<u>\$ 106,718</u>
Amortization of Net Difference Between Projected and Actual Earnings on Plan Investments								
2019	\$ 622,854	\$ 995,593	\$ 66,828	\$ 154,126	\$ 124,933	\$ 6,084	\$ 132,532	\$ 147,074
2020	104,684	64,042	(1,329)	3,451	(206,962)	6,084	1,564,597	281,819
2021	(377,726)	(816,685)	(62,671)	(136,426)	(837,600)	3,921	933,279	220,920
2022	(98,024)	(239,328)	(18,889)	(40,876)	(209,216)	-	(721,826)	60,281
2023	-	-	-	-	-	-	35,962	133,408
Thereafter	-	-	-	-	-	-	263,625	325,634
Total	<u>\$ 251,788</u>	<u>\$ 3,622</u>	<u>\$ (16,061)</u>	<u>\$ (19,725)</u>	<u>\$ (1,128,845)</u>	<u>\$ 16,089</u>	<u>\$ 2,208,169</u>	<u>\$ 1,169,136</u>

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

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

	Firefighters Pension		Police Pension		Plan I Non-uniformed Pension		Plan II Non-uniformed Pension		Plan III Non-uniformed Pension		Wilmington Park Trust Pension		County & Municipal Police and Firefighters		County & Municipal Other Employees	
Actuarial Assumptions																
Discount Rate	7.4% (4)		7.4% (4)		7.4% (4)		7.4% (4)		7.4% (4)		6.5%(5)		7%(6)		7%(6)	
Investment Rate of Return (7)	7.40%		7.40%		7.40%		7.40%		7.40%		6.50%		7.00%		7.00%	
Asset Class:	Target		Target		Target		Target		Target		Target		Target		Target	
	Allocation	Return	Allocation	Return	Allocation	Return	Allocation	Return	Allocation	Return	Allocation	Return	Allocation	Return	Allocation	Return
Domestic Equity	45.0%	5.5%	45.0%	5.5%	45.0%	5.5%	45.0%	5.5%	45.0%	5.5%	29.2%	6.5%	33.5%	5.7%	33.5%	5.7%
International Equity	18.0%	5.6%	18.0%	5.6%	18.0%	5.6%	18.0%	5.6%	18.0%	5.6%	9.6%	6.5%	13.7%	5.7%	13.7%	5.7%
Real Estate	5.0%	4.7%	5.0%	4.7%	5.0%	4.7%	5.0%	4.7%	5.0%	4.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fixed Income	32.0%	1.8%	32.0%	1.8%	32.0%	1.8%	32.0%	1.8%	32.0%	1.8%	38.1%	6.5%	26.6%	2.0%	26.6%	2.0%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	22.7%	7.8%	22.7%	7.8%
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.1%	0.0%	3.5%	0.0%	3.5%	0.0%
Projected Salary Increases	3.00%		3.00%		4.00% per year graded to 3.00% per year based on age (8)						4.00%		2.5% + Merit		2.5% + Merit	
	Projected Salary Increases includes inflation of 2.50%															
Includes Inflation Rate of	3.00%		3.00%		3.00%		3.00%		3.00%		n/a					
Cost-of-Living Adjustments	None		None		None		None		None		None		0.0%		0.0%	
Mortality Rates	<i>Healthy Lives:</i> RP-2000 Mortality Table projected with Scale AA				<i>Healthy Lives:</i> RP-2000 Combined Healthy Mortality Table projected fully generational with Scale AA.								<i>Pre-retirement:</i> None			
	<i>Disabled Lives:</i> 2011 Sex Distinct PBGC Disability Mortality Tables, 100% Non-Social Security Eligible Participants				<i>Disabled Lives:</i> RP-2000 Disabled Mortality Table								<i>Post-Retirement:</i> RP-2000 Mortality Table projected with Sace AA for 15 years.			
Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate																
1% Decrease	\$	41,905,277	\$	69,910,865	\$	147,903	\$	2,349,869	\$	42,910,630	\$	44,026	\$	21,908,835	\$	3,495,446
Discount Rate	35,010,931		56,463,781		(197,092)		965,905		30,979,506		8,090		3,464,628		1,553,472	
1% Increase	29,035,105		44,983,211		(501,675)		(216,129)		20,862,302		(22,471)		(11,553,087)		(43,636)	
Money-Weighted Rate of Return	8.91%		9.10%		9.41%		9.19%		8.88%		6.50%		n/a		n/a	

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

1. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, therefore actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.
2. The actuarial valuation is done every other year. The last valuation completed as of the July 1, 2016. The valuation calculates an Annual Required Contribution for each of the following two years; this may be recalculated to reflect significant changes in staff levels or salary increases. Actual contributions are based on the higher of percentage of pay (actual amounts may vary based on actual payroll) or level dollar. The Total Pension Liability as of June 30, 2018 was determined by a roll forward of the actuarial valuations.
3. The City's proportion of the Plans' collective net pension liability, collective deferred inflows, collective outflows of resources, and collective pension expense is based on the ratio of the City's contributions to the Plans' total employer contribution (excluding contributions for specific individual employer liabilities) during the measurement period.
4. The discount rate as of June 30, 2018 is 7.40%, which is assumed long-term expected rate of return on plan investments. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payment for current plan members following the procedures described in paragraphs 39-45 so GASBS No. 67
5. The discount rate as of June 30, 2018 is 6.5%, which is assumed long-term expected rate of return on plan investments. Projections of the Plan's fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payment for current plan members following the procedures described in paragraphs 39-45 so GASBS No. 67
6. The discount rate used to measure the total pension liability as of June 30, 2017 was 7.00%. The change in the discount rate assumption to 7.00% from 7.20% was adopted by the Board of Pension Trustees in Fiscal Year 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at the rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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.
7. The long-term expected rate of return for each pension plan's investment net of investment expenses, 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 the measurement date are summarized by plan.
8. 4.00% per year until age 30, 3.50% from ages 30 through 44, 3.00% per year for ages 45 and thereafter.

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

The City under City Code Section 39-5, provides post-retirement health care benefits (the Retired City Employees Medical Program) to all active full-time employees employed by the City as of and after January 1, 2000 who are eligible for a City pension or retired employees receiving a pension pursuant to the State "County and Municipal Pension" with not less than 20 years of service as city employees. The Plan is administered by the city's Board of Pension and Retirements which consists of the following: the Director of Finance, the Mayor's Chief of Staff, the City Auditor, the City Solicitor, the Human Resources Director, the City Treasurer, a Member of Council, chosen by the Council, and four other employees who shall be appointed by the mayor and confirmed by the City Council. The plan's benefit terms and contribution requirements were established by, can be diminished or eliminated by the City Council. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. Eligibility and healthcare benefits are different based on certain criteria significantly based on employee's hire date.

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

Separate financial statements are not issued and accordingly are included here. As of June 30, 2017, the plan's participants are summarized as follows

Inactive Plan Members Currently Receiving Benefits	
Retirees	284
Spouses and Widows	77
 Inactive Plan Members Entitled to Receive Future Benefits	 16
 Active Plan Members	 <u>962</u>
 Total Plan Members	 <u><u>1,339</u></u>

Statement of Fiduciary Net Position

	<u>2018</u>
ASSETS	
Cash and Cash Equivalents	\$ 266,617
Accrued Interest & Other Receivables	68
Investments, at Fair Value:	
Money Market Funds	10,366
Global & International Funds	3,630,822
Mutual Funds	17,239,843
Total Investments	<u>20,881,031</u>
Total Assets	<u>21,147,716</u>
LIABILITIES	
Accounts Payable	11,931
Accrued Expenses	443,742
Due to Pension Trust Fund	713,300
Total Liabilities	<u>1,168,973</u>
NET POSITION	
Restricted for OPEB	<u><u>\$ 19,978,743</u></u>

Statement of Changes in Fiduciary Net Position

	2018
ADDITIONS	
Contribution:	
Paid Directly by the City	\$ 3,237,230
Employees	948,969
Federal Drug Subsidies & Other	123,141
Total Contributions	4,309,340
Investment Income	
Investment Earnings	440,053
Net Appreciation in Fair Value	1,004,345
Total Investment Earnings	1,444,398
Less: Investment Expense	(5,614)
Net Investment Income	1,438,784
Total Additions	5,748,124
DEDUCTIONS	
Benefits Paid	4,010,507
Administrative Expenses	42,347
Total Deductions	4,052,854
Net Increase in Plan Net Position	1,695,270
Net Position Restricted For OPEB - Beginning	18,283,473
Net Position Restricted For OPEB - Ending	\$ 19,978,743

Contribution Requirements

The City's funding policy is for its governmental activities to fund at least the actuarially determined Annual Required Contribution (ARC), of the explicit liability and the City's business-activities fund its full ARC. For the year ended June 30, 2018, the City contributed \$3,237,230 and retiree premium sharing added \$948,969.

Investments

The Plan's assets are invested in accordance with the City's Board of Pension and Retirement's Investment Policy Statement.

No investment that is not insured by the U.S Government represented 5% or more the Plan's investments as of June 30, 2018.

The Plan's long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 excluding inflation for each major asset class and the Plan's target asset allocation as of June 30, 2018 are as follows:

<u>Asset Class</u>	<u>Expected Long-Term Real Rate of Return</u>	<u>Target Asset Allocation</u>
Domestic Equity	6.90%	47%
International Equity	8.10%	18%
Fixed Income	1.80%	35%
Cash	0.00%	0%

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 13.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan's Total OPEB Liability, Plan Fiduciary Net Position and Net OPEB Liability

The following summarizes the changes in Plan's Total OPEB Liability, Plan Fiduciary Net Position and Net OPEB Liability for the year ended June 30, 2018:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance June 30, 2017	<u>\$ 60,476,018</u>	<u>\$ 18,283,473</u>	<u>\$ 42,192,545</u>
Changes for the Year			
Service Cost	2,077,036	-	2,077,036
Interest	4,404,968	-	4,404,968
Contributions - State		123,141	(123,141)
Contributions - Employees	-	948,969	(948,969)
Contributions - Employer	-	3,237,230	(3,237,230)
Net Investment Income	-	1,438,784	(1,438,784)
Benefit Payments	(4,010,507)	(4,010,507)	-
Administrative Expense	-	(42,347)	42,347
Net Changes	<u>2,471,497</u>	<u>1,695,270</u>	<u>776,227</u>
Balance June 30, 2018	<u>\$ 62,947,515</u>	<u>\$ 19,978,743</u>	<u>\$ 42,968,772</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability			31.74%
Covered Payroll			\$ 52,664,700
Net OPEB Liability as a Percentage of Covered Payroll			81.59%

OPEB Liability Actuarial Assumptions

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

Measurement Date	June 30, 2018, updated from the June 30, 2016 actuarial valuation
Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	7.4%
Cash Flows	Pay as you go contributions plus an additional \$600,000 per year
Expected Return on Plan Assets	7.4% per year, net of investment expenses
Healthcare Trend Rate - As follows	from July 1, 2018 through July 1, 2032
Pre-Medicare	Decreasing .3% per year from 9% to 4.5%
Medicare Eligible	Decreasing .1% per year from 6% to 4.5%
Payroll Increase	3% Annually
Rate of Mortality	
Healthy Lives	RP-2000 Combined Healthy Mortality Table projected fully generational with Scale AA
Uniformed Disabled Lives	2016 PBGC Disabled Mortality Tables, 100% Non-Social Security Disabled
Non-Uniformed Disabled Lives	RP-2000 Disabled Mortality Table
Administrative Expenses	Average monthly per capita cost of \$35.81

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2010 through July 1, 2014. The following changes were made between the July 1, 2014 and July 1, 2016 valuations:

- Healthy mortality rates were updated to fully incorporate fully generational mortality improvement.
- NonUniform and Uniform disabled mortality rates were updated from the Sex Distinct PBGC Disability Mortality with a 50% / 50% blend based on Social Security eligibility to RP-2000 Disabled Mortality. Disability rates now differ between uniformed and non-uniformed.
- Retirement Rates were updated for non-uniform Plan II actives with 34 or more years of service and extended from age 65 to age 70 for City Council Plan II.
- The discount rate was increased from 4.78% to 7.4%.
- Salary scale was adjusted from 4% to 3%.

Schedule of Deferred Inflows and OutFlows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEP plan investments	\$ -	\$ 393,121
	<u>\$ -</u>	<u>\$ 393,121</u>

Sensitivity of the Net OPEB Liability

The following presents the Plan's net OPEB liability using a discount rate that is 1-percentage point lower and 1-percentage-point higher than the current discount rate:

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
Total OPEB Liability	\$ 70,868,317	\$62,947,515	\$ 56,340,196
Plan Fiduciary Net Position	19,978,743	19,978,743	19,978,743
Net OPEB Liability	<u>\$ 50,889,574</u>	<u>\$42,968,772</u>	<u>\$ 36,361,453</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 28.2%	 31.7%	 35.5%

The following presents the Plan's net OPEB liability using a healthcare trend rate that is 1-percentage point lower and 1-percentage-point higher than the current healthcare trend rate:

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 57,051,310	\$62,947,515	\$ 70,251,391
Plan Fiduciary Net Position	19,978,743	19,978,743	19,978,743
Net OPEB Liability	<u>\$ 37,072,567</u>	<u>\$42,968,772</u>	<u>\$ 50,272,648</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 35.0%	 31.7%	 28.4%

17. Tax Abatements

The City of Wilmington offers a comprehensive array of services designed to assist businesses considering a move to or expansion within Wilmington. To facilitate capital investment and encourage employment within the boundaries of Wilmington, the City offers several tax abatement programs:

- A 5-year abatement of the employer's Head Tax (\$15/month/employee) for businesses new to the City that hire at least 50 new employees, or if less than 25 employees, invest in a City location or commit to a City tenure of at least 5 years; abatements are also available for existing businesses meeting certain conditions. The Head Tax abatement is authorized under City Code Section 5-102A. The city currently has three active head tax abatements
 - A Chemical Company – Under the abatement program and an agreement with the City, the Company retained approximately 550 full time employees in the City. The City of Wilmington forgoes \$99,000 a year in head tax revenue but in return receives \$875,000 a year in wage tax revenue. The Company agrees to maintain an average payroll of \$70M a year for 10 years. Additionally, under an Employment Incentive Agreement, the Company received a cash advance in the amount of \$1.65M for committing to keep its location within the City of Wilmington and \$350,000 for building infrastructure improvements.
 - A Financial Services Company – This Company has relocated approximately 135 full time employees to the City. The City of Wilmington will forgo \$22,500 per year in head tax revenue but in return receives \$285,000 per year in wage tax revenue.
 - An Advertising & Marketing Company – This company must retain at least 70 full time employees and an annual payroll of at least \$6.5M for 10 ½ years. In return the City forgoes \$8,400 a year in head tax revenue but receives \$81,250 a year in wage tax revenue. Additionally the company received \$300,000 for capital improvements to its leased space.
- A 10-year abatement of City Real Estate Taxes on a citywide basis for commercial new construction, commercial redevelopment, or commercial renovation, regardless of use. The abatement is applied to the incremental increase in the building assessment resulting from the project. During years 1-5, 100% of the incremental assessment is abated. Throughout years 6-10, the incremental assessment value is phased in 20% per year. This is roughly equivalent to 7.5 year 100% abatement on the difference in the building assessment before and after the project. The City of Wilmington also offers a 20-year abatement of Real Estate Taxes for off-street parking structures. The Property Tax abatement is authorized under several sections in City Code Chapter 44
 - As of June 30, 2018, the City of Wilmington had an assessment reduction of \$45,382,100, resulting in a \$905,373 reduction in property tax revenue.
 - The benefits of these reductions are unquantifiable but include increased jobs, wage tax revenue, head tax revenue and license and inspection fees.

18. Implementation of New Pronouncements and Prior Period Adjustments

For the year ended June 30, 2018, the City has implemented Governmental Standards Board Statement No. 75 (GASBS No. 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting). This statement establishes accounting and financial reporting standards to improve the information provided by state and local governments about financial support for OPEB Plans.

The City's governmental activities beginning net position, OPEB liability, and deferred outflows of the government-wide governmental statement of net position as of June 30, 2017 has been restated to reflect this implementation as follows:

<u>Governmental Activities</u>	<u>OPEB Liability</u>	<u>Deferred Inflow</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
As previously reported	\$ 40,268,059	\$ -	\$ (123,390,154)	\$ (36,263,715)
Benefits	<u>1,924,486</u>	<u>442,577</u>	<u>(2,367,063)</u>	<u>(2,367,063)</u>
As restated	<u>\$ 42,192,545</u>	<u>\$ 442,577</u>	<u>\$ (125,757,217)</u>	<u>\$ (38,630,778)</u>

The City's business-type activities beginning net position as of June 30, 2017 have been restated to report the opening net position of Wilmington Neighborhood Conservancy Land Bank as follows:

<u>Business-Type Activities</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
As previously reported	\$ 27,456,260	\$ 148,399,345
Wilmington Neighborhood Conservancy Land Bank	<u>57,123</u>	<u>57,123</u>
As restated	<u>\$ 27,513,383</u>	<u>\$ 148,456,468</u>

Rock Manor Golf Corporation, a discretely presented component unit, restated its June 30, 2017 financial statements to restate accounts payable and net investment in capital assets of \$168,406 as of June 30, 2017 as follows:

<u>Component Units</u>	<u>Total Net Position</u>
As previously reported	\$ 51,967,175
Payable and Capital Assets	<u>168,406</u>
As restated	<u>\$ 52,135,581</u>

19. Subsequent Events

On October 10, 2018, the City issued \$37,030,000 General Obligation Bonds, Series 2018. The proceeds of the bonds will be applied to finance various capital projects of the City, currently refund certain of the City's outstanding General Obligation Bond, Series 2007A and pay the cost of issuance of the 2018 Bonds.

On October 18, 2018, the City issued a \$17,000,000 General Obligation Bond Anticipation Note (Capital Projects – Capital Budget 2016), Series of 2018, in a private placement with a financial institution.

On September 13, 2018, the City issued a \$15,107,399 General Obligation Bond, Series of 2018B-WPCRF, acting by and through the Delaware Department of Natural Resources and Environmental Control's Delaware Water Pollution Revolving Loan Fund (the buyer of the bond). The proceeds of the bond will finance the Wetland Park Project which will replace a combined sewer system in the City's Southbridge area with separate sanitary sewer and stormwater collection and conveyance systems, restore and revitalize wetlands redirect flood waters and separated stormwater; and create a passive park open space.

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

Schedule 1 - Schedule of Contributions

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

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
Firefighters	2018	\$ 5,010,577	\$ 6,468,505	\$(1,457,928)	\$ 1,965,421	329.12%
Police	2018	7,843,831	8,660,811	(816,980)	3,189,901	271.51%
Plan I	2018	47,224	46,834	390	-	0.00%
Plan II	2018	260,899	260,899	-	99,991	260.92%
Plan III	2018	5,005,567	5,010,567	(5,000)	18,998,060	26.37%
County & Municipal						
Police and Firefighters	2018	3,144,860	3,144,860	-	27,538,276	11.42%
Other Employees	2018	572,848	572,848	-	8,079,653	7.09%
Park Trust	2018	6,871	-	6,871	50,810	0.00%
Firefighters	2017	4,818,613	5,694,748	(876,135)	2,749,624	207.11%
Police	2017	7,720,417	7,792,823	(72,406)	4,207,671	185.21%
Plan I	2017	142,697	142,271	426	-	0.00%
Plan II	2017	327,005	344,825	(17,820)	125,182	275.46%
Plan III	2017	5,329,433	5,334,462	(5,029)	20,323,708	26.25%
County & Municipal						
Police and Firefighters	2017	3,936,472	3,936,472	-	28,557,308	13.78%
Other Employees	2017	620,566	620,566	-	9,213,913	6.74%
Park Trust	2017	6,871	-	6,871	48,589	0.00%

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
Firefighters	2016	\$ 4,976,363	\$ 5,763,606	\$ (787,243)	\$ 2,512,968	229.35%
Police	2016	7,924,320	7,951,533	(27,213)	4,050,903	196.29%
Plan I	2016	191,336	181,075	10,261	-	0.00%
Plan II	2016	344,868	344,868	-	154,882	222.66%
Plan III	2016	5,281,751	5,281,751	-	21,315,013	24.78%
County & Municipal						
Police and Firefighters	2016	3,343,522	3,343,522	-	24,141,030	13.85%
Other Employees	2016	483,619	483,619	-	7,787,744	6.21%
Park Trust	2016	12,370	14,147	(1,777)	49,790	28.41%
Firefighters	2015	4,715,554	4,250,239	465,315	3,057,532	139.01%
Police	2015	7,949,984	7,806,453	143,531	4,900,751	159.29%
Plan I	2015	260,008	193,527	66,481	42,426	456.15%
Plan II	2015	420,806	341,395	79,411	189,905	179.77%
Plan III	2015	5,504,662	5,436,184	68,478	21,571,117	25.20%
County & Municipal						
Police and Firefighters*	2015	3,348,608	3,348,608	-	23,615,373	14.18%
Other Employees*	2015	363,062	363,062	-	5,527,605	6.57%
Park Trust	2015	12,370	48,765	(36,395)	47,875	101.86%
Firefighters	2014	4,715,554	4,715,554	-	3,527,279	133.69%
Police	2014	7,949,984	7,949,984	-	5,496,728	144.63%
Plan I	2014	260,008	260,008	-	86,057	302.13%
Plan II	2014	420,806	420,806	-	286,614	146.82%
Plan III	2014	5,504,662	5,504,662	-	22,807,717	24.14%
Park Trust	2014	12,370	24,740	(12,370)	47,875	51.68%

* Information prior to 2015 is not readily available.

Schedule 2 - Schedule of Changes in the Employers' Net Pension Liability And Related Ratios

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

<i>Fiscal Year Ended June 30,</i>	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>
Total Pension Liability						
Service Cost	\$ 234,550	\$ 478,819	\$ -	\$ 20,454	\$ 1,258,925	\$ -
Interest Cost	6,130,822	10,583,509	386,632	1,053,054	7,575,252	-
Difference Between Expected and Actual expenses	-	-	-	-	-	-
Changes in Assumptions	-	-	-	-	-	-
Benefit Payments	(7,463,842)	(11,410,939)	(487,026)	(928,307)	(5,311,556)	-
Net Change in Total Pension Liability	(1,098,470)	(348,611)	(100,394)	145,201	3,522,621	-
Total Pension Liability, beginning	86,279,726	148,145,220	5,463,913	14,665,865	103,717,714	293,944
Total Pension Liability, ending (a)	<u>\$ 85,181,256</u>	<u>\$ 147,796,609</u>	<u>\$ 5,363,519</u>	<u>\$ 14,811,066</u>	<u>\$ 107,240,335</u>	<u>\$ 293,944</u>
Plan Fiduciary Net Position						
Contributions from Employer	\$ 1,651,227	\$ 6,848,501	\$ 45,666	\$ 260,899	\$ 5,010,567	\$ -
Contributions from Member	117,647	191,395	-	-	542,262	-
Contributions from State / Other	4,817,278	1,812,310	1,168	17,820	1,636	-
Net Investment Income	3,947,989	7,503,707	488,340	1,169,645	6,228,920	14,583
Administrative Expenses	(115,730)	(195,036)	(52,385)	(74,794)	(255,838)	(17,820)
Benefit Payments	(7,463,842)	(11,410,939)	(487,026)	(928,307)	(5,311,556)	(3,032)
Net Change in Fiduciary Net Position	2,954,569	4,749,938	(4,237)	445,263	6,215,991	(6,269)
Plan Fiduciary Net Position, Beginning	47,215,756	86,582,890	5,564,848	13,399,898	70,044,838	292,123
Plan Fiduciary Net Position, Ending (b)	<u>\$ 50,170,325</u>	<u>\$ 91,332,828</u>	<u>\$ 5,560,611</u>	<u>\$ 13,845,161</u>	<u>\$ 76,260,829</u>	<u>\$ 285,854</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 35,010,931</u>	<u>\$ 56,463,781</u>	<u>\$ (197,092)</u>	<u>\$ 965,905</u>	<u>\$ 30,979,506</u>	<u>\$ 8,090</u>
Plan Fiduciary Net Position as a % of						
Total Pension Liability	58.90%	61.80%	103.67%	93.48%	71.11%	97.25%
Covered Payroll	\$ 1,965,421	\$ 3,189,901	\$ -	\$ 99,991	\$ 18,998,060	\$ 50,810
Net Pension Liability as a % of						
Covered Payroll	1781.35%	1770.08%	0.00%	965.99%	163.07%	15.92%

Sch. 2 (Cont.)

<i>Fiscal Year Ended June 30,</i>	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
Total Pension Liability						
Service Cost	\$ 328,135	\$ 631,591	\$ -	\$ 25,607	\$ 1,346,770	\$ 7,738
Interest Cost	6,197,043	10,602,014	397,681	1,043,065	7,316,385	18,493
Difference Between Expected and Actual expenses	(1,367,656)	(3,766,323)	(464,924)	(566,350)	(721,159)	862
Changes in Assumptions	2,579,588	5,081,048	101,205	237,807	(622,120)	-
Benefit Payments	(7,193,939)	(11,253,686)	(604,889)	(928,766)	(4,850,914)	(17,820)
Net Change in Total Pension Liability	543,171	1,294,644	(570,927)	(188,637)	2,468,962	9,273
Total Pension Liability, beginning	85,736,555	146,850,576	6,034,840	14,854,502	101,248,752	284,671
Total Pension Liability, ending (a)	<u>\$ 86,279,726</u>	<u>\$ 148,145,220</u>	<u>\$ 5,463,913</u>	<u>\$ 14,665,865</u>	<u>\$ 103,717,714</u>	<u>\$ 293,944</u>
Plan Fiduciary Net Position						
Contributions from Employer	\$ 4,061,268	\$ 6,064,563	\$ 137,532	\$ 327,005	\$ 5,329,433	\$ -
Contributions from Member	170,902	252,462	-	-	415,868	-
Contributions from State / Other	1,633,480	1,728,260	4,739	17,820	5,029	-
Net Investment Income	4,605,151	8,770,524	605,454	1,391,930	6,479,038	22,030
Administrative Expenses	(91,387)	(127,240)	(56,438)	(95,206)	(275,564)	(2,961)
Benefit Payments	(7,193,939)	(11,253,686)	(604,889)	(928,766)	(4,850,914)	(17,820)
Net Change in Fiduciary Net Position	3,185,475	5,434,883	86,398	712,783	7,102,890	1,249
Plan Fiduciary Net Position, Beginning	44,030,281	81,148,007	5,478,450	12,687,120	62,941,948	290,874
Plan Fiduciary Net Position, Ending (b)	<u>\$ 47,215,756</u>	<u>\$ 86,582,890</u>	<u>\$ 5,564,848</u>	<u>\$ 13,399,903</u>	<u>\$ 70,044,838</u>	<u>\$ 292,123</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 39,063,970</u>	<u>\$ 61,562,330</u>	<u>\$ (100,935)</u>	<u>\$ 1,265,962</u>	<u>\$ 33,672,876</u>	<u>\$ 1,821</u>
Plan Fiduciary Net Position as a % of						
Total Pension Liability	54.72%	58.44%	101.85%	91.37%	67.53%	99.38%
Covered Payroll	\$ 2,749,624	\$ 4,207,671	\$ -	\$ 125,182	\$ 20,323,708	\$ 48,589
Net Pension Liability as a % of						
Covered Payroll	1420.70%	1463.10%	0.00%	1011.30%	165.68%	3.75%

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

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

Sch. 2 (Cont.)**Schedule of Net Pension Liability of Pension Plans Administered by the Delaware Public Employees Retirement System**

	Proportion of Collective Net Pension Asset	Proportion of Total Pension Asset (Liability)	Covered Payroll	Net Pension Asset as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of Total Pension Asset / Liability
County & Municipal Pension Plans as of June 30, 2017					
Police and Firefighters	34.00%	\$ 3,464,628	\$ 27,538,276	12.58%	97.00%
Other Employees	21.58%	\$ 1,553,472	\$ 8,079,653	19.23%	87.62%
County & Municipal Pension Plans as of June 30, 2016					
Police and Firefighters	33.00%	(5,234,459)	28,557,308	-18.33%	94.70%
Other Employees	21.58%	(1,337,306)	9,213,913	-14.51%	86.38%
County & Municipal Pension Plans as of June 30, 2015					
Police and Firefighters	33.08%	1,743,533	24,141,030	-7.22%	101.97%
Other Employees	21.78%	(9,293)	7,787,744	0.12%	99.89%
County & Municipal Pension Plans as of June 30, 2014					
Police and Firefighters	33.96%	3,698,693	23,615,373	-15.66%	104.47%
Other Employees	20.75%	76,367	5,527,605	-1.38%	101.07%

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

Sch. 2 (Cont.)

Notes to Required Supplementary Information

Note 1 - Methods and Assumptions Used to Determine Contributions Rates

	<u>Firefighters</u>		<u>Police</u>		<u>Plan I Non-uniformed</u>		<u>Plan II Non-uniformed</u>		<u>Plan III Non-uniformed</u>		<u>Park Trust</u>	
	June 30, 2018											
Actuarial Valuation Date	July 1, 2017		July 1, 2017		July 1, 2017		July 1, 2017		July 1, 2017		July 1, 2017	
Measurement Date	June 30, 2018		June 30, 2018		June 30, 2018		June 30, 2018		June 30, 2018		June 30, 2018	
Actuarial Cost Method	Entry Age Normal											
Amortization Method	Level Percent of Pay											
Remaining Amortization	Fully amortized on June 30, 2029											
Asset Valuation Method	5 Year Smoothed Market											
Discount Rate	7.40%		7.40%		7.40%		7.40%		7.40%		6.50%	
Investment Rate of Return	7.40%		7.40%		7.40%		7.40%		7.40%		6.50%	
Asset Class:	Target		Target		Target		Target		Target		Target	
	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>
Domestic Equity	45.0%	5.5%	45.0%	5.5%	45.0%	5.5%	45.0%	5.5%	45.0%	5.5%	29.2%	6.5%
Non-U.S. Equity	18.0%	5.6%	18.0%	5.6%	18.0%	5.6%	18.0%	5.6%	18.0%	5.6%	9.6%	6.5%
Fixed Income	5.0%	4.7%	5.0%	4.7%	5.0%	4.7%	5.0%	4.7%	5.0%	4.7%	0.0%	0.0%
Real Estate	32.0%	1.8%	32.0%	1.8%	32.0%	1.8%	32.0%	1.8%	32.0%	1.8%	38.1%	6.5%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash												
Projected Salary Increases	3.00%		3.00%		4.00% per year graded to 3.00% per year based on age						4.00%	
Includes Inflation Rate of	3.00%		3.00%		3.00%		3.00%		3.00%		n/a	
Cost-of-Living Adjustments	None		None		None		None		None		None	
Mortality Rates	<i>Healthy Lives:</i> RP-2000 Mortality Table projected with Scale AA				<i>Healthy Lives:</i> RP-2000 Combined Healthy Mortality Table projected fully generational with Scale AA.				<i>Pre-retirement:</i> None			
	<i>Disabled Lives:</i> 2011 Sex Distinct PBGC Disability Mortality Tables, 100% Non-Social Security Eligible Participants				<i>Disabled Lives:</i> RP-2000 Disabled Mortality Table				<i>Post-Retirement:</i> RP-2000 Mortality Table projected with Sace AA for 15 years.			
	June 30, 2017											
Actuarial Valuation Date	July 1, 2016		July 1, 2016		July 1, 2016		July 1, 2016		July 1, 2016		July 1, 2016	
Measurement Date	June 30, 2017		June 30, 2017		June 30, 2017		June 30, 2017		June 30, 2017		June 30, 2017	
Actuarial Cost Method	Entry Age Normal											
Amortization Method	Level Percent of Pay											
Remaining Amortization	Fully amortized on June 30, 2029											
Asset Valuation Method	5 Year Smoothed Market											
Discount Rate	7.40%		7.40%		7.40%		7.40%		7.40%		6.50%	
Investment Rate of Return	7.40%		7.40%		7.40%		7.40%		7.40%		6.50%	
Asset Class:	Target		Target		Target		Target		Target		Target	
	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>	<u>Allocation</u>	<u>Return</u>
Domestic Equity	49.0%	7.0%	49.0%	7.0%	49.0%	7.0%	49.0%	7.0%	49.0%	7.0%	30.0%	6.5%
Non-U.S. Equity	16.0%	8.3%	16.0%	8.3%	16.0%	8.3%	16.0%	8.3%	16.0%	8.3%	5.4%	6.5%
Fixed Income	35.0%	1.5%	35.0%	1.5%	35.0%	1.5%	35.0%	1.5%	35.0%	1.5%	37.5%	6.5%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	27.0%	0.0%
Projected Salary Increases	5.50%		5.50%		5.50%		5.50%		5.50%		4.00%	
Includes Inflation Rate of	3.00%		3.00%		3.00%		3.00%		3.00%		Not Provided	
Cost-of-Living Adjustments	Ad Hoc		Ad Hoc		None		None		None		None	
Mortality Rates	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years none for Park Trust Disabled Lives: 2011 Sex Distinct PBGC Disability Mortality Table blended 50%/50% for Social Security Eligible Participants and Non-Social Security Eligible Participants except for Park Trust											

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

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

	June 30, 2015					
Actuarial Valuation Date	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014	July 1, 2014
Measurement Date	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Normal					
Amortization Method	Level Percent Closed Period					
Remaining Amortization	14 years					
Asset Valuation Method	5 Year Smoothed Market					
Discount Rate	7.50%	7.50%	7.50%	7.50%	7.40%	6.50%
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.40%	6.50%
Asset Class:						
Domestic Equity	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%
Non-U.S. Equity	8.30%	8.30%	8.30%	8.30%	8.30%	6.50%
Fixed Income	1.50%	1.50%	1.50%	1.50%	1.50%	6.50%
Alternative Investments	n/a	n/a	n/a	n/a	n/a	6.50%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Projected Salary Increases	5.50% (1)	5.50% (1)	5.50% (1)	5.50% (2)	5.50% (2)	4.00%
Includes Inflation Rate of	3.00%	3.00%	3.00%	3.00%	3.00%	Not Provided
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None
Mortality Rates	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years. Disabled Lives: 2011 Sex Distinct PBGC Disability Mortality Table blended 50%/50% for Social					

Sch. 2 (Cont.)

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

(1) Based on a service dependent scale, with 5.5% for service of less than 19 years, 4.5% thereafter.
 (2) For employees under 30, 5.5%; 5% thereafter

Note 2 - Methods and Assumptions Used to Determine Contributions Rates

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

Schedule 3 - Schedule of Investment Returns

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

<u>Year Ended</u>						
<u>June 30</u>	<u>Firefighters</u>	<u>Police</u>	<u>Plan I Non-uniformed</u>	<u>Plan II Non-uniformed</u>	<u>Plan III Non-uniformed</u>	<u>Park Trust</u>
2018	8.91%	9.10%	9.41%	9.19%	8.88%	6.50%
2017	11.15%	11.36%	11.83%	11.57%	11.09%	6.50%
2016	2.27%	2.27%	2.48%	2.22%	2.42%	6.50%
2015	2.27%	2.37%	2.25%	2.31%	2.15%	6.50%
2014	11.80%	11.60%	2.80%	11.50%	24.60%	6.50%

**Schedule 4 - Schedule of Changes in the Employer's Net OPEB Liability
and Related Ratios
Post-Retirement Healthcare Benefit Fund**

In accordance with GASB No. 74, the following required supplementary information is provided with respect to the City's Net OPEB Liability. Information prior to 2018 is not readily available.

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 2,077,036	\$ 1,829,043
Interest Cost	4,404,968	4,218,769
Benefit Payments	<u>(4,010,507)</u>	<u>(3,308,910)</u>
Net Change in Total OPEB Liability	2,471,497	2,738,902
Total OPEB Liability, beginning	<u>60,476,018</u>	<u>57,737,116</u>
Total OPEB Liability, ending (a)	<u>\$ 62,947,515</u>	<u>\$ 60,476,018</u>
Plan Fiduciary Net Position		
Contributions from Employer	\$ 3,237,230	\$ 3,468,492
Contributions from Member	948,969	98,998
Contributions from State/Other	123,141	749,554
Net Investment Income	1,438,784	1,741,353
Administrative Expenses	(42,347)	(52,610)
Benefit Payments	<u>(4,010,507)</u>	<u>(3,308,910)</u>
Net Change in Fiduciary Net Position	1,695,270	2,696,877
Plan Fiduciary Net Position, Beginning	<u>18,283,473</u>	<u>15,586,596</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 19,978,743</u>	<u>\$ 18,283,473</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 42,968,772</u>	<u>\$ 42,192,545</u>
Plan Fiduciary Net Position as a % of Total OPEB Liability	31.74%	30.23%
Covered Payroll	\$ 52,664,700	\$ 57,356,023
Net OPEB Liability as a % of Covered Employee Payroll	81.59%	73.56%

Schedule 4 (Cont.)

Notes to Required Supplementary Information
OPEB Liability Methods and Assumptions

June 30, 2018

Actuarial Valuation Date	July 1, 2016	
Actuarial Cost Method	Individual Entry Age Actuarial Cost Method	
Discount Rate	7.40%	
Investment Rate of Return	7.40%	
Asset Class:		
	<u>Target Allocation</u>	<u>Long-term Expected Return</u>
Domestic Equity	47.00%	6.80%
Non-U.S. Equity	18.00%	8.30%
Fixed Income	35.00%	1.10%
Cash	0.00%	0.00%
Payroll Increase	3% Annually	
Healthcare Trend Rate - Decreasing as follows from July 1, 2017 through July 1, 2032		
Pre-Medicare	.3% per year from 9% to 4.5%	
Medicare Eligible	.1% per year from 6% to 4.5%	
Rate of Mortality		
Healthy Lives	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years	
Uniformed Disabled Lives	2016 PBGC Disabled Mortality Tables, 100% Non-Social Security Disabled	
Non-Uniformed Disabled Lives	RP-2000 Disabled Mortality Table	
Administrative Expenses	Average monthly per capita cost of \$35.81	

June 30, 2017

Actuarial Valuation Date	July 1, 2016	
Actuarial Cost Method	Entry Age Actuarial Cost Method	
Discount Rate	7.40%	
Investment Rate of Return	7.40%	
Asset Class:		
	<u>Target Allocation</u>	<u>Long-term Expected Return</u>
Domestic Equity	47.00%	6.80%
Non-U.S. Equity	18.00%	8.30%
Fixed Income	35.00%	1.10%
Cash	0.00%	0.00%
Payroll Increase	3% Annually	
Healthcare Trend Rate - Decreasing as follows from July 1, 2017 through July 1, 2032		
Pre-Medicare	.3% per year from 9% to 4.5%	
Medicare Eligible	.1% per year from 6% to 4.5%	
Rate of Mortality		
Healthy Lives	Healthy Lives: RP-2000 Mortality Table projected with Scale AA for 15 years	
Uniformed Disabled Lives	2016 PBGC Disabled Mortality Tables, 100% Non-Social Security Disabled	
Non-Uniformed Disabled Lives	RP-2000 Disabled Mortality Table	
Administrative Expenses	Average monthly per capita cost of \$35.81	

The following changes were made between the July 1, 2014 and July 1, 2016 valuations:

- Healthy mortality rates were updated to fully incorporate fully generational mortality improvement.
- NonUniform and Uniform disabled mortality rates were updated from the Sex Distinct PBGC Disability Mortality with a 50% / 50% blend based on Social Security eligibility to RP-2000
- Retirement Rates were updated for non-uniform Plan II actives with 34 or more years of service and extended from age 65 to age 70 for City Council Plan II.
- The discount rate was increased from 4.78% to 7.4%.
- Salary scale was adjusted from 4% to 3%.

**Schedule 5 - Schedule of Actuarially Determined Contributions
Post-Retirement Healthcare Benefit Fund (OPEB)**

In accordance with GASB No. 74, the following required supplementary information is provided with respect to the City’s Actuarially Determined OPEB Contribution. Information prior to 2017 is not readily available.

AS OF JUNE 30, 2018

Fiscal Year End	Actuarially Determined Contribution	Contributions Recognized by Plan	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	\$ 3,848,008	\$ 3,360,372	\$ 487,636	\$ 52,664,700	81.59%
2017	7,846,287	3,567,490	4,278,797	57,356,023	6.22%

Notes to the Schedule of Actuarially Determined Contributions

Notes to Schedule of Contribution

June 30, 2018

Actuarial Valuation Date	June 30, 2016
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value
Amortization Method	30-year closed amortization as of July 1, 2016
Discount Rate	7.40%
Amortization growth Rate	3.00%
Ultimate Medical Trend	4.50%
Salary Increases	3.00%
Mortality Rates:	Healthy: <i>RP-2000 Healthy Mortality Table projected fully generational with Scale AA.</i>
	Disabled:
	- Uniform: 2016 PBGC Disabled Mortality Tables
	- Non-Uniform: RP-2000 Disabled Mortality Tables
Administrative Expenses	
Per Person Cost Trends:	Average monthly per capita cost of \$35.81.

June 30, 2017

Valuation Date:	June 30, 2014
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation
Actuarial Cost Method:	Projected Unit Cost
Amortization Method	30 year open amortization
Asset Valuation Method:	Market Value.
Actuarial Assumptions:	
Amortization Growth Rate	4.00%
Projected Salary Increases	4.00%
Discount Rate	4.78%
Ultimate Rate of Medical Inflation	4.50%
Mortality Rates	RP-2000 projected with Scale AA 15 years.
Administrative Expenses	
Per Person Cost Trends:	Average monthly per capita cost of \$38.05.

See additional information regarding assumption in the notes to the schedule of changes in net pension liability.

Schedule 6 - Schedule of OPEB Investment Returns
Post-Retirement Healthcare Benefit Fund (OPEB)

In accordance with GASBS No. 74, the following required supplementary information is provided indicating the annual money-weighted rate of return, net of investment expense. Information prior to 2017 is not readily available.

<u>Year Ended June 30</u>	<u>Money Weighted Rate of Return</u>
2018	13.32%
2017	10.60%

**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, 2018, 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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
MAYOR'S OFFICE				
Office of the Mayor				
Personal Services	\$ 1,512,690	\$ 1,517,697	\$ 1,580,057	\$ (62,360)
Materials, Supplies and Equipment	1,209,908	793,678	636,271	157,406
Special Purpose	672,000	216,465	-	216,465
Debt Service	<u>1,459,936</u>	<u>1,459,936</u>	<u>1,655,056</u>	<u>(195,120)</u>
Office of the Mayor	<u>4,854,534</u>	<u>3,987,776</u>	<u>3,871,384</u>	<u>116,392</u>
Management and Budget				
Personal Services	580,505	580,505	497,389	83,116.20
Materials, Supplies and Equipment	<u>97,635</u>	<u>152,635</u>	<u>135,556</u>	<u>17,079</u>
Management and Budget	<u>678,140</u>	<u>733,140</u>	<u>632,945</u>	<u>100,195</u>
Office of Emergency Management				
Personal Services	65,878	65,878	70,694	(4,816)
Materials, Supplies and Equipment	316,698	316,698	321,864	(5,166)
Debt Service	<u>44,284</u>	<u>44,284</u>	<u>50,568</u>	<u>(6,284)</u>
Office of Emergency Management	<u>426,860</u>	<u>426,860</u>	<u>443,126</u>	<u>(16,266)</u>
Economic Development				
Personal Services	675,824	675,824	500,209	175,615
Materials, Supplies and Equipment	198,967	198,967	150,080	48,887
Debt Service	<u>2,452,307</u>	<u>2,452,307</u>	<u>2,491,446</u>	<u>(39,139)</u>
Economic Development	<u>3,327,098</u>	<u>3,327,098</u>	<u>3,141,735</u>	<u>185,363</u>
Cultural Affairs				
Personal Services	286,376	281,376	182,136	99,240
Materials, Supplies and Equipment	<u>550,945</u>	<u>581,555</u>	<u>551,553</u>	<u>30,002</u>
Cultural Affairs	<u>837,321</u>	<u>862,931</u>	<u>733,689</u>	<u>129,242</u>
Constituent Services				
Personal Services	672,721	672,721	645,459	27,262
Materials, Supplies and Equipment	<u>137,297</u>	<u>157,297</u>	<u>134,689</u>	<u>22,608</u>
Constituent Services	<u>810,018</u>	<u>830,018</u>	<u>780,148</u>	<u>49,870</u>
Mayor's Office Total				
Personal Services	3,793,994	3,794,001	3,475,944	318,057
Materials, Supplies and Equipment	2,511,450	2,200,830	1,930,014	270,816
Special Purpose	672,000	216,465	-	216,465
Debt Service	<u>3,956,527</u>	<u>3,956,527</u>	<u>4,197,069</u>	<u>(240,542)</u>
Mayor's Office Total	<u>\$ 10,933,971</u>	<u>\$ 10,167,823</u>	<u>\$ 9,603,027</u>	<u>\$ 564,796</u>
CITY COUNCIL				
City Council				
Personal Services	\$ 743,982	\$ 743,982	\$ 673,666	\$ 70,316
Materials, Supplies and Equipment	636,023	620,288	595,312	24,976
Debt Service	<u>707</u>	<u>707</u>	<u>707</u>	<u>-</u>
City Council	<u>\$ 1,380,712</u>	<u>\$ 1,364,977</u>	<u>\$ 1,269,685</u>	<u>\$ 95,292</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2018

	<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	\$ 864,116	\$ 864,116	\$ 748,435	\$ 115,681
Materials, Supplies and Equipment	<u>93,426</u>	<u>128,426</u>	<u>114,966</u>	<u>13,460</u>
City Clerk	<u>957,542</u>	<u>992,542</u>	<u>863,401</u>	<u>129,141</u>
City Council Offices Total				
Personal Services	1,608,098	1,608,098	1,422,102	185,996
Materials, Supplies and Equipment	729,449	748,714	710,278	38,436
Debt Service	<u>707</u>	<u>707</u>	<u>707</u>	<u>-</u>
City Council Offices Total	<u>\$ 2,338,254</u>	<u>\$ 2,357,519</u>	<u>\$ 2,133,087</u>	<u>\$ 224,432</u>
AUDIT				
Audit Department				
Personal Services	\$ 453,723	\$ 453,723	\$ 395,898	\$ 57,825
Materials, Supplies and Equipment	<u>302,635</u>	<u>352,635</u>	<u>332,533</u>	<u>20,102</u>
Audit Department	<u>\$ 756,358</u>	<u>\$ 806,358</u>	<u>\$ 728,431</u>	<u>\$ 77,927</u>
LAW				
Law Department				
Personal Services	\$ 2,033,801	\$ 2,033,801	\$ 2,079,733	\$ (45,932)
Materials, Supplies and Equipment	<u>693,378</u>	<u>783,610</u>	<u>802,028</u>	<u>(18,418)</u>
Law Department	<u>\$ 2,727,179</u>	<u>\$ 2,817,411</u>	<u>\$ 2,881,761</u>	<u>\$ (64,350)</u>
FINANCE				
Finance Administrative				
Personal Services	\$ 291,295	\$ 317,295	\$ 300,073	\$ 17,222
Materials, Supplies and Equipment	116,364	110,364	124,383	(14,019)
Debt Service	<u>23,044</u>	<u>23,044</u>	<u>30,420</u>	<u>(7,376)</u>
Finance Administrative	<u>430,703</u>	<u>450,703</u>	<u>454,875</u>	<u>(4,172)</u>
Earned Income Tax				
Personal Services	1,530,483	1,515,483	1,403,639	111,844
Materials, Supplies and Equipment	<u>919,407</u>	<u>910,042</u>	<u>764,086</u>	<u>145,956</u>
Earned Income Tax	<u>2,449,890</u>	<u>2,425,525</u>	<u>2,167,725</u>	<u>257,801</u>
Accounting				
Personal Services	934,377	894,527	769,396	125,131
Materials, Supplies and Equipment	<u>241,815</u>	<u>242,428</u>	<u>214,209</u>	<u>28,220</u>
Accounting	<u>\$ 1,176,192</u>	<u>\$ 1,136,955</u>	<u>\$ 983,605</u>	<u>\$ 153,350</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2018

	<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	\$ 424,148	\$ 424,248	\$ 292,099	\$ 132,149
Materials, Supplies and Equipment	140,953	156,193	140,020	16,173
Procurement and Records	<u>565,101</u>	<u>580,441</u>	<u>432,119</u>	<u>148,322</u>
Delinquent Accounts Division				
Personal Services	256,844	256,844	240,223	16,621
Materials, Supplies and Equipment	71,780	71,780	96,666	(24,886)
Delinquent Accounts Division	<u>328,624</u>	<u>328,624</u>	<u>336,889</u>	<u>(8,265)</u>
Central Cashier				
Personal Services	465,531	465,531	475,743	(10,212)
Materials, Supplies and Equipment	330,591	375,673	356,602	19,071
Central Cashier	<u>796,122</u>	<u>841,204</u>	<u>832,346</u>	<u>8,858</u>
Billing & Customer Service				
Personal Services	188,452	217,202	234,016	(16,814)
Materials, Supplies and Equipment	67,493	63,393	71,469	(8,076)
Billing & Customer Service	<u>255,945</u>	<u>280,595</u>	<u>305,485</u>	<u>(24,890)</u>
Finance Parking				
Personal Services	1,403,002	1,403,002	1,244,611	158,391
Materials, Supplies and Equipment	2,561,660	2,537,360	2,324,691	212,669
Finance Parking	<u>3,964,662</u>	<u>3,940,362</u>	<u>3,569,302</u>	<u>371,060</u>
Finance Department Total				
Personal Services	5,494,132	5,494,132	4,959,800	534,332
Materials, Supplies and Equipment	4,450,063	4,467,234	4,092,126	375,108
Debt Service	23,044	23,044	30,420	(7,376)
Finance Department Total	<u>\$ 9,967,239</u>	<u>\$ 9,984,410</u>	<u>\$ 9,082,346</u>	<u>\$ 902,064</u>
HUMAN RESOURCES				
Personnel - Admin				
Personal Services	\$ 364,224	\$ 364,224	\$ 383,305	\$ (19,081)
Materials, Supplies and Equipment	324,254	346,754	241,899	104,855
Personnel - Admin	<u>688,478</u>	<u>710,978</u>	<u>625,204</u>	<u>85,774</u>
Human Resource and Services				
Personal Services	1,072,858	1,072,858	924,768	148,090
Materials, Supplies and Equipment	436,514	429,914	421,416	8,498
Debt Service	17,714	17,714	20,192	(2,478)
Human Resource and Services	<u>1,527,086</u>	<u>1,520,486</u>	<u>1,366,376</u>	<u>154,110</u>
Human Resources Department Total				
Personal Services	1,437,082	1,437,082	1,308,072.35	129,010
Materials, Supplies and Equipment	760,768	776,668	663,315	113,353
Debt Service	17,714	17,714	20,192	(2,478)
Human Resources Department Total	<u>\$ 2,215,564</u>	<u>\$ 2,231,464</u>	<u>\$ 1,991,580</u>	<u>\$ 239,884</u>
TREASURER				
Treasurer's Office				
Personal Services	\$ 350,352	\$ 350,352	\$ 342,935	\$ 7,417
Materials, Supplies and Equipment	218,166	218,166	213,886	4,280
Treasurer's Office Department Total	<u>\$ 568,518</u>	<u>\$ 568,518</u>	<u>\$ 556,821</u>	<u>\$ 11,697</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2018

	<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	\$ 1,061,550	\$ 1,061,550	\$ 1,016,947	\$ 44,603
Materials, Supplies and Equipment	554,732	554,732	351,284	203,448
Debt Service	259,928	259,928	128,071	131,856
Planning	<u>\$ 1,876,210</u>	<u>\$ 1,876,210</u>	<u>\$ 1,496,303</u>	<u>\$ 379,907</u>
REAL ESTATE & HOUSING				
Real Estate and Housing - Admin				
Personal Services	\$ 76,493	\$ 76,493	\$ 89,904	\$ (13,411)
Materials, Supplies and Equipment	212,595	272,595	263,106	9,489
Debt Service	1,489,843	1,489,843	879,215	610,628
Real Estate and Housing - Admin	<u>1,778,931</u>	<u>1,838,931</u>	<u>1,232,225</u>	<u>606,707</u>
Real Estate and Housing - Rehabilitation				
Personal Services	76,575	76,575	62,388	14,187
Materials, Supplies and Equipment	209,118	219,186	210,973	8,213
Debt Service	86,713	86,713	20,394	66,319
Real Estate and Housing - Rehabilitation	<u>372,406</u>	<u>382,474</u>	<u>293,755</u>	<u>88,719</u>
Real Estate & Housing Department Total				
Personal Services	153,068	153,068	152,292	776
Materials, Supplies and Equipment	421,713	491,781	474,079	17,702
Debt Service	1,576,556	1,576,556	899,609	676,947
Real Estate & Housing Department Total	<u>\$ 2,151,337</u>	<u>\$ 2,221,405</u>	<u>\$ 1,525,980</u>	<u>\$ 695,425</u>
PUBLIC WORKS				
Public Works - Admin				
Personal Services	\$ 849,402	\$ 841,052	\$ 708,343	\$ 132,709
Materials, Supplies and Equipment	582,418	663,118	709,587	(46,469)
Debt Service	414,747	414,747	151,714	263,033
Public Works - Admin	<u>1,846,567</u>	<u>1,918,917</u>	<u>1,569,644</u>	<u>349,273</u>
Street Maintenance				
Personal Services	62,282	70,282	62,252	8,030
Materials, Supplies and Equipment	360,606	903,206	940,268	(37,062)
Debt Service	1,530,260	1,530,260	1,828,555	(298,295)
Street Maintenance	<u>1,953,148</u>	<u>2,503,748</u>	<u>2,831,075</u>	<u>(327,327)</u>
Transportation/WILDOT				
Personal Services	1,412,313	1,412,313	1,200,816	211,497
Materials, Supplies and Equipment	1,222,964	1,222,964	1,214,064	8,900
Debt Service	1,069,988	1,069,988	1,439,608	(369,620)
Transportation/WILDOT	<u>\$ 3,705,265</u>	<u>\$ 3,705,265</u>	<u>\$ 3,854,487</u>	<u>\$ (149,222)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2018

	<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	\$ 3,259,383	\$ 3,259,383	\$ 2,791,131	\$ 468,252
Materials, Supplies and Equipment	2,138,578	2,082,578	1,984,630	97,948
Street Cleaning	<u>5,397,961</u>	<u>5,341,961</u>	<u>4,775,761</u>	<u>566,200</u>
Rubbish Collection				
Personal Services	3,768,205	3,768,205	3,520,535	247,670
Materials, Supplies and Equipment	4,125,337	3,554,337	3,351,327	203,010
Rubbish Collection	<u>7,893,542</u>	<u>7,322,542</u>	<u>6,871,862</u>	<u>450,680</u>
Property Maintenance				
Personal Services	389,491	389,841	407,293	(17,452)
Materials, Supplies and Equipment	2,749,040	2,858,976	2,609,979	248,997
Debt Service	560,269	560,269	888,771	(328,502)
Property Maintenance	<u>3,698,800</u>	<u>3,809,086</u>	<u>3,906,043</u>	<u>(96,957)</u>
Public Works Department Total				
Personal Services	9,741,076	9,741,076	8,690,370	1,050,706
Materials, Supplies and Equipment	11,178,943	11,285,179	10,809,855	475,324
Debt Service	3,575,264	3,575,264	4,308,648	(733,384)
Public Works Department Total	<u>\$ 24,495,283</u>	<u>\$ 24,601,519</u>	<u>\$ 23,808,873</u>	<u>\$ 792,646</u>
PARKS & RECREATION				
Parks and Recreation - Admin				
Personal Services	\$ 573,636	\$ 573,636	\$ 542,864	\$ 30,772
Materials, Supplies and Equipment	363,805	363,805	295,432	68,373
Debt Service	808,433	808,433	707,203	101,230
Parks and Recreation - Admin	<u>1,745,874</u>	<u>1,745,874</u>	<u>1,545,498</u>	<u>200,376</u>
Park Maintenance				
Personal Services	1,915,340	1,915,340	1,876,591	38,749
Materials, Supplies and Equipment	1,307,490	1,308,282	1,477,295	(169,013)
Debt Service	570,336	570,336	667,657	(97,321)
Park Maintenance	<u>3,793,166</u>	<u>3,793,958</u>	<u>4,021,543</u>	<u>(227,585)</u>
Recreation				
Personal Services	527,899	527,899	579,423	(51,524)
Materials, Supplies and Equipment	436,153	450,216	481,041	(30,825)
Recreation	<u>\$ 964,052</u>	<u>\$ 978,115</u>	<u>\$ 1,060,464</u>	<u>\$ (82,349)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2018

	<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	\$ 795,152	\$ 795,152	\$ 763,229	\$ 31,923
Materials, Supplies and Equipment	446,911	434,843	400,517	34,326
Debt Service	68,994	68,994	79,313	(10,319)
William Hicks Anderson Center	<u>1,311,057</u>	<u>1,298,989</u>	<u>1,243,059</u>	<u>55,929</u>
Youth and Families				
Personal Services	741,426	741,426	712,690	28,736
Materials, Supplies and Equipment	215,120	215,953	285,691	(69,738)
Youth and Families	<u>956,546</u>	<u>957,379</u>	<u>998,381</u>	<u>(41,002)</u>
Parks and Recreation Department Total				
Personal Services	4,553,453	4,553,453	4,474,797	78,656
Materials, Supplies and Equipment	2,769,479	2,773,099	2,939,976	(166,877)
Debt Service	1,447,763	1,447,763	1,454,172	(6,409)
Parks and Recreation Department Total	<u>\$ 8,770,695</u>	<u>\$ 8,774,315</u>	<u>\$ 8,868,945</u>	<u>\$ (94,630)</u>
LICENSE & INSPECTION				
License and Inspection				
Personal Services	\$ 3,666,533	\$ 3,666,533	\$ 3,375,388	\$ 291,145
Materials, Supplies and Equipment	1,195,969	1,222,719	1,034,433	188,286
Special Purpose	300,000	300,000	275,000	25,000
Debt Service	4,960	4,960	4,960	-
License and Inspection	<u>\$ 5,167,462</u>	<u>\$ 5,194,212</u>	<u>\$ 4,689,781</u>	<u>\$ 504,431</u>
FIRE DEPARTMENT				
Fire - Admin				
Personal Services	\$ 4,884,874	\$ 4,884,874	\$ 6,137,577	\$ (1,252,703)
Materials, Supplies and Equipment	963,036	979,156	825,487	153,669
Debt Service	705,697	705,697	797,478	(91,781)
Fire - Admin	<u>6,553,607</u>	<u>6,569,727</u>	<u>7,760,542</u>	<u>(1,190,815)</u>
Fire - Suppression				
Personal Services	15,899,434	15,899,434	15,934,935	(35,501)
Materials, Supplies and Equipment	1,876,203	1,908,000	3,097,599	(1,189,599)
Fire - Suppression	<u>17,775,637</u>	<u>17,807,434</u>	<u>19,032,534</u>	<u>(1,225,100)</u>
Fire - Prevention				
Personal Services	895,371	895,371	766,457	128,914
Materials, Supplies and Equipment	353,677	305,760	480,384	(174,624)
Fire - Prevention	<u>1,249,048</u>	<u>1,201,131</u>	<u>1,246,841</u>	<u>(45,710)</u>
Fire Department Total				
Personal Services	21,679,679	21,679,679	22,838,969	(1,159,290)
Materials, Supplies and Equipment	3,192,916	3,192,916	4,403,470	(1,210,554)
Debt Service	705,697	705,697	797,478	(91,781)
Fire Department Total	<u>\$ 25,578,292</u>	<u>\$ 25,578,292</u>	<u>\$ 28,039,917</u>	<u>\$ (2,461,625)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
POLICE DEPARTMENT				
Police - Admin				
Personal Services	\$ 5,617,089	\$ 5,617,089	\$ 5,712,815	\$ (95,726)
Materials, Supplies and Equipment	1,455,991	1,360,407	1,515,432	(155,026)
Police - Admin	<u>7,073,080</u>	<u>6,977,496</u>	<u>7,228,247</u>	<u>(250,752)</u>
Police - Patrol				
Personal Services	23,180,003	23,180,003	22,204,374	975,629
Materials, Supplies and Equipment	2,805,642	2,804,422	2,902,784	(98,362)
Debt Service	231,277	231,277	336,699	(105,422)
Police - Patrol	<u>26,216,922</u>	<u>26,215,702</u>	<u>25,443,857</u>	<u>771,845</u>
Police - Special Operations				
Personal Services	4,039,714	4,039,714	4,472,207	(432,493)
Materials, Supplies and Equipment	408,338	460,442	423,836	36,606
Police - Special Operations	<u>4,448,052</u>	<u>4,500,156</u>	<u>4,896,043</u>	<u>(395,887)</u>
Police - Support Services				
Personal Services	1,263,551	1,263,551	1,414,480	(150,929)
Materials, Supplies and Equipment	1,020,505	1,065,475	918,512	146,963
Police - Support Services	<u>2,284,056</u>	<u>2,329,026</u>	<u>2,332,992</u>	<u>(3,966)</u>
Police - Investigations				
Personal Services	10,162,784	10,162,784	12,184,671	(2,021,887)
Materials, Supplies and Equipment	1,056,234	1,086,478	1,130,291	(43,813)
Police - Investigations	<u>11,219,018</u>	<u>11,249,262</u>	<u>13,314,962</u>	<u>(2,065,700)</u>
Police - Communications				
Personal Services	4,161,053	4,161,053	4,033,632	127,421
Materials, Supplies and Equipment	1,264,944	1,257,324	908,337	348,987
Debt Service	180,855	180,855	42,536	138,319
Police - Communications	<u>5,606,852</u>	<u>5,599,232</u>	<u>4,984,505</u>	<u>614,727</u>
Police Operations				
Materials, Supplies and Equipment	528,733	524,065	671,944	(147,879)
Police Operations	<u>528,733</u>	<u>524,065</u>	<u>671,944</u>	<u>(147,879)</u>
Police Department Total				
Personal Services	48,424,194	48,424,194	50,022,179	(1,597,985)
Materials, Supplies and Equipment	8,540,387	8,558,612	8,471,136	87,476
Debt Service	412,132	412,132	379,235	32,897
Police Department Total	<u>\$ 57,376,713</u>	<u>\$ 57,394,938</u>	<u>\$ 58,872,550</u>	<u>\$ (1,477,612)</u>
TOTAL EXPENDITURES	<u><u>\$ 154,923,075</u></u>	<u><u>\$ 154,574,394</u></u>	<u><u>\$ 154,279,402</u></u>	<u><u>\$ 294,993</u></u>

CITY OF WILMINGTON, DELAWARE

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

The **CityFest Fund** accounts for arts and cultural programs sponsored by the City of Wilmington and private contributions.

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, 2018

ASSETS	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	City Fest	Cable Television	Special Projects	Total Nonmajor Governmental Funds
Cash and Cash Equivalents (Note 3)	\$ 75,122	\$ -	\$ -	\$ -	\$ -	\$ 480,079	\$ 1,121,872	\$ 371,107	\$ 2,038,827	\$ 345,100	\$ 4,432,107
Restricted Assets:											
Cash and Investments (Note 3)	-	6,300,027	-	-	-	-	-	-	-	-	6,300,027
Receivables, Net (Note 4)	-	22,275	-	-	-	97,872	-	112,489	-	595,930	828,566
Due from Other Governments	184,230	-	353,810	91,157	432,105	-	381,440	-	-	443,893	1,886,635
Prepaid Items & Other Assets	-	-	-	-	-	-	-	-	-	-	-
Total Assets	259,352	6,322,302	353,810	91,157	432,105	577,951	1,503,312	483,596	2,038,827	1,384,923	13,447,335
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	39,851	3,300	173,509	30,860	102,436	-	734,133	332,520	4,399	169,156	1,590,164
Salaries and		-									
Benefits Payable	33,472	6,936	25,852	1,614	-	-	17,004	-	27,117	56,275	168,270
Due to Other Funds	-	47,661	144,445	53,825	329,625	-	-	-	(847)	129,081	703,790
Unearned Revenue	271,901	-	20,671	7,716	227	104,429	737,019	-	-	613,724	1,755,687
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	345,224	57,897	364,477	94,015	432,288	104,429	1,488,156	332,520	30,669	968,236	4,217,911
Deferred Inflows of Resources:											
Unavailable Revenues	-	-	-	-	-	-	-	-	-	303,033	303,033
Fund Balances:											
Nonspendable	-	1,059,631	-	-	-	-	-	-	-	-	1,059,631
Restricted	-	5,215,212	-	-	-	473,522	-	-	2,008,158	-	7,696,892
Committed	-	-	-	-	-	-	15,156	151,076	-	113,654	279,886
Unassigned	(85,872)	(10,438)	(10,667)	(2,858)	(183)	-	-	-	-	-	(110,018)
Total Fund Balances	(85,872)	6,264,405	(10,667)	(2,858)	(183)	473,522	15,156	151,076	2,008,158	113,654	8,926,391
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 259,352	\$ 6,322,302	\$ 353,810	\$ 91,157	\$ 432,105	\$ 577,951	\$ 1,503,312	\$ 483,596	\$ 2,038,827	\$ 1,384,923	\$ 13,447,335

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, 2018

	<u>Park Recreation Assistance</u>	<u>Wilmington Park Related Commissions</u>	<u>Community Development & Recovery Block Grants</u>	<u>Home Partnership Program</u>	<u>Home for People with AIDS Grant</u>	<u>Delaware Neighborhood Stablization Program</u>	<u>Delaware Criminal Justice Planning</u>	<u>City Fest</u>	<u>Cable Television</u>	<u>Special Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES											
Intergovernmental	\$ 1,245,737	\$ -	\$ 1,462,010	\$ 360,857	\$ 685,088	\$ 246,854	\$ 2,175,155	\$ 377,224	\$ -	\$ 2,244,310	\$ 8,797,235
Franchise Tax Revenue	-	-	-	-	-	-	-	-	1,193,900	-	1,193,900
Program Revenue	123,138	78,830	83,240	45,725	-	588,985	-	133,948	-	1,327,793	2,381,659
Public Contributions	-	-	-	-	-	-	-	462,198	-	-	462,198
Investment Earnings	-	332,049	-	-	-	-	-	12	-	-	332,061
Total Revenues	1,368,875	410,879	1,545,250	406,582	685,088	835,839	2,175,155	973,382	1,193,900	3,572,103	13,167,053
EXPENDITURES											
Current:											
General Governmental Services	-	80,964	-	-	-	-	-	-	1,039,610	456,493	1,577,067
Real Estate and Housing	-	-	1,545,250	406,582	685,088	440,858	-	-	-	388,203	3,465,981
Public Works	-	-	-	-	-	-	-	-	-	1,059,318	1,059,318
Parks and Recreation	1,368,875	265,436	-	-	-	-	-	991,151	-	142,297	2,767,759
Public Safety	-	-	-	-	-	-	2,189,033	-	-	1,771,816	3,960,849
Total Expenditures	1,368,875	346,400	1,545,250	406,582	685,088	440,858	2,189,033	991,151	1,039,610	3,818,127	12,830,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	64,479	-	-	-	394,981	(13,878)	(17,769)	154,290	(246,024)	336,079
Other Financing Sources											
Transfers in	-	-	-	-	-	-	-	363,184	-	160,060	523,244
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	363,184	-	160,060	523,244
Net change in Fund Balances	-	64,479	-	-	-	394,981	(13,878)	345,415	154,290	(85,964)	859,323
Fund Balance - Beginning	(85,872)	6,199,926	(10,667)	(2,858)	(183)	78,540	29,034	168,845	1,853,868	(163,566)	8,067,068
Fund Balance - Ending	\$ (85,872)	\$ 6,264,405	\$ (10,667)	\$ (2,858)	\$ (183)	\$ 473,521	\$ 15,156	\$ 514,260	\$ 2,008,158	\$ (249,530)	\$ 8,926,391

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Park Recreation Assistance				
Revenues	\$ 1,368,875	\$ 1,368,875	\$ 1,368,875	\$ -
Expenditures	<u>1,368,875</u>	<u>1,368,875</u>	<u>1,368,875</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Development Block Grant				
Revenues	\$ 1,545,250	\$ 1,545,250	\$ 1,545,250	\$ -
Expenditures	<u>1,545,250</u>	<u>1,545,250</u>	<u>1,545,250</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Home Partnership Program				
Revenues	\$ 406,582	\$ 406,582	\$ 406,582	\$ -
Expenditures	<u>406,582</u>	<u>406,582</u>	<u>406,582</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Home for People With AIDS				
Revenues	\$ 685,088	\$ 685,088	\$ 685,088	\$ -
Expenditures	<u>685,088</u>	<u>685,088</u>	<u>685,088</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Delaware Neighborhood Stabilization Program				
Revenues	\$ 835,839	\$ 835,839	\$ 835,839	\$ -
Expenditures	<u>835,839</u>	<u>835,839</u>	<u>440,858</u>	<u>(394,981)</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,981</u>	<u>\$ 394,981</u>
Delaware Criminal Justice Planning				
Revenues	\$ 2,175,155	\$ 2,175,155	\$ 2,175,155	\$ -
Expenditures	<u>2,175,155</u>	<u>2,175,155</u>	<u>2,189,033</u>	<u>13,878</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,878)</u>	<u>\$ (13,878)</u>
Cable Television				
Revenues	\$ 1,193,900	\$ 1,193,900	\$ 1,193,900	\$ -
Expenditures	<u>1,193,900</u>	<u>1,193,900</u>	<u>1,039,610</u>	<u>(154,290)</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,290</u>	<u>\$ 154,290</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 was completely self-insured for its workers' compensation exposure during the period of 1995 through June 30, 2017. Effective July 1, 2017, the City began to pay insurance premiums for specific excess loss insurance for workers compensation exposure. 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 Net Position
Internal Service Funds
June 30, 2018

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Internal Service Funds
ASSETS											
Current Assets:											
Cash and Cash Equivalents (Note 3)	\$ -	\$ 23,245	\$ 8,663	\$ 14,038	\$ 24,209	\$ -	\$ 103	\$ 8,011,829	\$ 16,511,308	\$ 5,380,747	\$ 29,974,142
Receivables, Net (Note 4)	-	-	-	-	-	7,200	-	-	-	-	7,200
Prepaid Items & Other Assets	-	-	-	-	-	-	-	-	355,000	-	355,000
Total Current Assets	-	23,245	8,663	14,038	24,209	7,200	103	8,011,829	16,866,308	5,380,747	30,336,342
Noncurrent Assets:											
Restricted Assets:											
Cash and Investments (Note 3)	3,525	-	-	-	-	2,509	-	-	-	-	6,034
Capital Assets, Net:											
Construction in Progress	1,334,158	-	-	-	-	480,798	-	-	-	-	1,814,956
Building and Improvements	9,690	-	-	-	-	3,058,580	6,225	-	-	-	3,074,495
Machinery & Equipment	2,311,962	-	-	-	-	791,996	1,116,900	-	9,384	-	4,230,242
Vehicles	-	-	-	-	-	12,350,058	-	-	-	-	12,350,058
Total Noncurrent Assets	3,659,335	-	-	-	-	16,683,941	1,123,125	-	9,384	-	21,475,785
Total Assets	3,659,335	23,245	8,663	14,038	24,209	16,691,141	1,123,228	8,011,829	16,875,692	5,380,747	51,812,127
DEFERRED OUTFLOWS OF RESOURCES											
Deferred on Refunding of Bonds	26,213	-	-	-	-	137,303	4,370	-	-	-	167,886
Total Deferred Outflows of Resources	26,213	-	-	-	-	137,303	4,370	-	-	-	167,886
LIABILITIES											
Current Liabilities:											
Accounts Payable	500,306	1,806	1,637	7,012	4,615	1,059,522	71,646	216,272	219,249	1,811,599	3,893,664
Salaries and Benefits Payable	46,263	5,687	1,415	1,415	8,344	-	12,688	6,568	37,248	12,113	131,741
Accrued Interest Payable	15,533	-	-	-	-	50,002	211	8,072	8,072	-	81,890
Due to Other Funds	1,479,408	-	-	-	-	2,295,169	988,656	2,547,856	1,814,199	-	9,125,288
Bonds Payable	153,380	-	-	-	-	232,036	7,866	-	-	-	393,282
Capital Lease	608,846	-	-	-	-	2,001,676	-	-	-	-	2,610,522
Claims Liability	-	-	-	-	-	-	-	-	6,059,360	-	6,059,360
Compensated Absences	78,867	15,752	5,611	5,611	11,250	-	3,971	7,401	25,173	13,010	166,646
Total current liabilities	2,882,603	23,245	8,663	14,038	24,209	5,638,405	1,085,038	2,786,169	8,163,301	1,836,722	22,462,393
Noncurrent Liabilities:											
Advances to Other Funds (Note 7)	-	-	-	-	-	4,772,027	-	-	-	-	4,772,027
Bonds Payable	824,635	-	-	-	-	2,441,297	44,701	-	-	-	3,310,633
Capital Leases	-	-	-	-	-	3,122,681	-	-	-	-	3,122,681
Claims Liabilities	-	-	-	-	-	-	-	4,722,156	8,712,391	1,544,024	14,978,571
Total Noncurrent Liabilities	824,635	-	-	-	-	10,336,005	44,701	4,722,156	8,712,391	1,544,024	26,183,912
Total Liabilities	3,707,238	23,245	8,663	14,038	24,209	15,974,410	1,129,739	7,508,325	16,875,692	3,380,746	48,646,305
NET POSITION											
Net investment in capital assets	2,098,687	-	-	-	-	9,023,554	1,074,928	-	9,384	-	12,206,553
Unassigned	(2,120,377)	-	-	-	-	(8,169,520)	(1,077,069)	503,504	(9,384)	2,000,000	(8,872,846)
Total Net Position	\$ (21,690)	\$ -	\$ -	\$ -	\$ -	\$ 854,034	\$ (2,141)	\$ 503,504	\$ -	\$ 2,000,000	\$ 3,333,707

City of Wilmington, Delaware

Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	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
OPERATING REVENUES											
Charges for Services	\$ 4,703,253	\$ 270,123	\$ 240,108	\$ 197,474	\$ 316,278	\$7,248,297	\$ 1,831,456	\$ 2,655,970	\$ 6,609,386	\$19,265,305	\$43,337,650
Employee Contributions	-	-	-	-	-	-	-	-	-	1,221,982	1,221,982
Other	-	-	-	-	-	-	-	18,725	-	-	18,725
Total Operating Revenues	<u>4,703,253</u>	<u>270,123</u>	<u>240,108</u>	<u>197,474</u>	<u>316,278</u>	<u>7,248,297</u>	<u>1,831,456</u>	<u>2,674,695</u>	<u>6,609,386</u>	<u>20,487,287</u>	<u>44,578,357</u>
OPERATING EXPENSES											
Personal Services	1,175,027	148,621	32,055	30,656	211,594	-	250,885	176,510	594,905	258,518	2,878,771
Materials, Supplies, Equipment and Contracted Services	3,126,187	121,502	208,053	166,818	104,684	4,285,194	1,228,626	162,059	508,610	165,997	10,077,730
Depreciation and Amortization	367,725	-	-	-	-	3,091,964	349,620	-	391	-	3,809,700
Claims Expense	-	-	-	-	-	-	-	1,752,231	5,637,445	20,062,772	27,452,448
Insurance Premiums	-	-	-	-	-	-	-	715,860	-	-	715,860
Total Operating Expenses	<u>4,668,939</u>	<u>270,123</u>	<u>240,108</u>	<u>197,474</u>	<u>316,278</u>	<u>7,377,158</u>	<u>1,829,131</u>	<u>2,806,660</u>	<u>6,741,351</u>	<u>20,487,287</u>	<u>44,934,509</u>
Operating Income (Loss)	<u>34,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,861)</u>	<u>2,325</u>	<u>(131,965)</u>	<u>(131,965)</u>	<u>-</u>	<u>(356,152)</u>
NONOPERATING REVENUES (EXPENSES)											
Investment Earnings	-	-	-	-	-	-	-	131,965	131,965	-	263,930
Interest Expense	(34,314)	-	-	-	-	(218,711)	(2,325)	-	-	-	(255,350)
Gain on Sales of Assets	-	-	-	-	-	347,572	-	-	-	-	347,572
Total Non-Operating Revenues (Expenses)	<u>(34,314)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,861</u>	<u>(2,325)</u>	<u>131,965</u>	<u>131,965</u>	<u>-</u>	<u>356,152</u>
Total Net Position - Beginning	<u>(21,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>854,034</u>	<u>(2,141)</u>	<u>503,504</u>	<u>-</u>	<u>2,000,000</u>	<u>3,333,707</u>
Total Net Position - Ending	<u>\$ (21,690)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,034</u>	<u>\$ (2,141)</u>	<u>\$ 503,504</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 3,333,707</u>

City of Wilmington, Delaware
Combining Statement of Cash Flows
Internal service funds

June 30, 2018

	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	\$ 4,703,253	\$ 270,123	\$ 240,108	\$ 197,475	\$ 316,278	\$ 7,248,297	\$ 1,831,456	\$ 2,674,695	\$ 7,235,058	\$ 20,487,287	\$ 45,204,030
Payments to Suppliers	(2,886,102)	(123,006)	(233,597)	(175,467)	(112,413)	(3,481,747)	(1,268,724)	(2,855,804)	(4,656,072)	(19,880,682)	(35,673,614)
Payments to Employees	(1,180,254)	(149,738)	(32,332)	(30,718)	(210,953)	-	(273,322)	(178,050)	(591,766)	(254,090)	(2,901,223)
Net Cash Provided by (Used in) Operating Activities	636,897	(2,621)	(25,821)	(8,710)	(7,088)	3,766,550	289,410	(359,159)	1,987,220	352,515	6,629,193
Cash Flows from Noncapital Financing Activities											
Net Advances From Other Funds	318,643	-	-	-	-	2,600,616	(131,716)	359,159	1,808,461	-	4,955,163
Investment Earnings	-	-	-	-	-	-	-	131,966	131,966	-	263,932
Net Cash Provided by (Used in) Noncapital Financing Activities	318,643	-	-	-	-	2,600,616	(131,716)	491,125	1,940,427	-	5,219,095
Cash Flows from Capital and Related Financing Activities:											
Acquisition and Construction of Capital Assets	(642,229)	-	-	-	-	(3,704,207)	-	-	-	-	(4,346,436)
Principal Paid on Bonds	(267,506)	-	-	-	-	(172,014)	(21,441)	-	-	-	(460,961)
Interest Paid / Accrued on Bonds	(66,733)	-	-	-	-	(88,559)	(4,094,00)	-	-	-	(159,386)
Principal Paid on Capital Leases	(213,711)	-	-	-	-	(2,563,642)	(131,358)	-	-	-	(2,908,711)
Interest Paid on Capital Leases	(3,666)	-	-	-	-	(154,366)	(801)	-	-	-	(158,833)
Repayment Due to Other Funds	-	-	-	-	-	(63,064)	-	-	-	-	(63,064)
Proceeds from Sale of Capital Assets	-	-	-	-	-	378,686	-	-	-	-	378,686
Net Cash Used in Noncapital and Related Financing Activities	(1,193,845)	-	-	-	-	(6,367,166)	(157,694)	-	-	-	(7,718,705)
Net Increase (Decrease) in Cash and Cash Equivalents	(238,305)	(2,621)	(25,821)	(8,710)	(7,088)	-	-	131,966	3,927,647	352,515	4,129,583
Cash and Cash Equivalents - June 30, 2017											
(including \$241,830 for the Data Processing Fund & \$2,509 for the Motor Vehicle Fund reported in restricted accounts)	241,830	25,866	34,484	22,748	31,297	2,509	103	7,879,863	12,583,661	5,028,232	25,850,593
Cash and Cash Equivalents - June 30, 2018											
(including \$3,525 for the Data Processing Fund & \$2,509 for the Motor Vehicle Fund reported in restricted accounts)	\$ 3,525	\$ 23,245	\$ 8,663	\$ 14,038	\$ 24,209	\$ 2,509	\$ 103	\$ 8,011,829	\$ 16,511,308	\$ 5,380,747	\$ 29,980,176
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:											
Operating Income	\$ 34,314	\$ -	\$ -	\$ -	\$ -	\$ (128,861)	\$ 2,325	\$ (131,965)	\$ (131,965)	\$ -	\$ (356,152)
Adjustments to Reconcile Operating Income to Cash Provided by (Use in) Operating Activities											
Depreciation and Amortization	367,725	-	-	-	-	3,091,964	349,620	-	391	-	3,809,700
Changes in assets and liabilities											
(Increase) Decrease in Receivables	-	-	-	-	-	-	-	-	625,672	-	625,672
Increase (Decrease) in Accounts Payable	240,085	(1,504)	(25,544)	(8,648)	(7,729)	803,447	(40,098)	(279,203)	24,440	(41,362)	663,884
Increase (Decrease) in Compensated Absences	(5,409)	(1,166)	(343)	(343)	690	-	(24,895)	(2,181)	137	(139)	(33,649)
Increase (Decrease) in Accrued Salaries	182	49	66	281	(49)	-	2,458	641	3,002	4,567	11,197
Increase (Decrease) in Accrued Interest	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Claims Liability	-	-	-	-	-	-	-	53,549	1,465,543	389,449	1,908,541
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net cash Provided (Used) by Operating Activities	\$ 636,897	\$ (2,621)	\$ (25,821)	\$ (8,710)	\$ (7,088)	\$ 3,766,550	\$ 289,410	\$ (359,159)	\$ 1,987,220	\$ 352,515	\$ 6,629,193

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. These plans are closed

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. This plan is closed

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, 2018

	Firefighters Pension	Police Pension	Plan I Non- uniformed Pension	Plan II Non- uniformed Pension	Plan III Non- uniformed Pension	Wilmington Park Trust Pension	Total Retirement Funds	Post - Retirement Healthcare Benefit	Total Pension Trust Funds
ASSETS									
Cash and Cash Equivalents (Note 3)	\$ 2,696,433	\$ 538,282	\$ 1,593	\$ 2	\$ 7,423,710	\$ 48,769	\$ 10,708,789	\$ 266,617	\$ 10,975,406
Receivables:									
Accrued Interest & Other Receivables	59,683	114,130	7,035	17,405	73,773	-	272,026	68	272,094
Total Receivables	<u>59,683</u>	<u>114,130</u>	<u>7,035</u>	<u>17,405</u>	<u>73,773</u>	<u>-</u>	<u>272,026</u>	<u>68</u>	<u>272,094</u>
Investments, at Fair Value:									
Money Market Funds	864,714	1,653,561	101,922	252,172	1,381,985	122,334	4,376,688	10,365	4,387,053
U.S. Treasury Obligations	3,270,157	6,253,403	385,442	953,646	5,226,354	-	16,089,002	-	16,089,002
U.S. Government Agencies - Guaranteed	528,506	1,010,643	62,293	154,123	844,657	-	2,600,222	-	2,600,222
Corporate & Foreign Bonds	3,592,706	6,870,200	423,460	1,047,708	5,741,849	-	17,675,923	-	17,675,923
Common Equity & Marketable Securities	15,074,393	28,826,215	1,776,767	4,396,006	24,091,840	-	74,165,221	-	74,165,221
Global & International Funds	12,743,407	24,368,755	1,502,022	3,716,242	20,366,466	-	62,696,892	3,630,822	66,327,714
Mutual Funds	10,220,771	19,544,809	1,204,687	2,980,589	16,334,798	123,661	50,409,315	17,239,843	67,649,158
Real Estate Investment Trust	1,178,874	2,254,319	138,950	343,784	1,884,073	-	5,800,000	-	5,800,000
Total Investments	<u>47,473,528</u>	<u>90,781,905</u>	<u>5,595,543</u>	<u>13,844,270</u>	<u>75,872,022</u>	<u>245,995</u>	<u>233,813,263</u>	<u>20,881,030</u>	<u>254,694,293</u>
Due from Other Pension Trust Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>713,300</u>	<u>-</u>	<u>713,300</u>	<u>-</u>	<u>713,300</u>
Total Assets	<u>50,229,644</u>	<u>91,434,317</u>	<u>5,604,171</u>	<u>13,861,677</u>	<u>84,082,805</u>	<u>294,764</u>	<u>245,507,378</u>	<u>21,147,715</u>	<u>266,655,093</u>
LIABILITIES									
Accounts Payable	5,978	11,103	1,305	2,208	12,875	8,910	42,379	11,931	54,310
Salaries and Benefits Payable	7,915	13,050	3,344	5,791	4,022	-	34,122	443,742	477,864
Due to Other Pension Trust Fund	-	-	-	-	-	-	-	713,300	713,300
Due to Other Governments	-	-	-	-	7,781,153	-	7,781,153	-	7,781,153
Compensated Absences	-	-	-	-	15,472	-	15,472	-	15,472
Liability for Stale-dated Pension Checks	45,426	77,339	38,911	8,517	8,453	-	178,646	-	178,646
Total Liabilities	<u>59,319</u>	<u>101,492</u>	<u>43,560</u>	<u>16,516</u>	<u>7,821,975</u>	<u>8,910</u>	<u>8,051,772</u>	<u>1,168,973</u>	<u>9,220,745</u>
Net Position									
Held in Trust for Pension & OPEB Benefits	<u>\$ 50,170,325</u>	<u>\$ 91,332,825</u>	<u>\$ 5,560,611</u>	<u>\$ 13,845,161</u>	<u>\$ 76,260,830</u>	<u>\$ 285,854</u>	<u>\$ 237,455,606</u>	<u>\$ 19,978,742</u>	<u>\$ 257,434,348</u>

City of Wilmington, Delaware
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2018

	<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	\$ 1,651,227	\$ 6,848,500	\$ 45,666	\$ 260,899	\$ 5,010,567	\$ -	\$ 13,816,859	\$ 3,237,230	\$ 17,054,089
Paid by the State									
On-Behalf of the City	4,817,277	1,812,309	1,168	-	-	-	6,630,754	-	6,630,754
Employees	117,646	191,394	-	-	542,262	-	851,302	948,969	1,800,271
Federal Drug Subsidies & Other	-	-	-	17,820	1,636	-	19,456	123,141	142,597
Total Contributions	<u>6,586,150</u>	<u>8,852,203</u>	<u>46,834</u>	<u>278,719</u>	<u>5,554,465</u>	<u>-</u>	<u>21,318,371</u>	<u>4,309,340</u>	<u>25,627,711</u>
Investment Income									
Investment Earnings	6,689,285	12,738,705	829,138	1,985,910	10,530,360	7,622	32,781,020	440,053	33,221,073
Net Appreciation									
(Depreciation) in Fair Value	(2,617,437)	(4,998,470)	(325,400)	(779,384)	(4,107,090)	6,961	(12,820,820)	1,004,344	(11,816,476)
Total Investment Earnings	4,071,848	7,740,235	503,738	1,206,526	6,423,270	14,583	19,960,200	1,444,397	21,404,597
Less: Investment Expense	(123,858)	(236,529)	(15,398)	(36,881)	(194,349)	-	(607,015)	(5,614)	(612,629)
Net Investment Income	<u>3,947,990</u>	<u>7,503,706</u>	<u>488,340</u>	<u>1,169,645</u>	<u>6,228,921</u>	<u>14,583</u>	<u>19,353,185</u>	<u>1,438,783</u>	<u>20,791,968</u>
Total Additions	<u>10,534,140</u>	<u>16,355,909</u>	<u>535,174</u>	<u>1,448,364</u>	<u>11,783,386</u>	<u>14,583</u>	<u>40,671,556</u>	<u>5,748,123</u>	<u>46,419,679</u>
DEDUCTIONS									
Benefits Paid	7,463,842	11,410,940	487,026	928,307	5,311,556	17,820	25,619,491	4,010,507	29,629,998
Administrative Expenses	115,729	195,034	52,385	74,794	255,838	3,032	696,812	42,347	739,159
Total Deductions	<u>7,579,571</u>	<u>11,605,974</u>	<u>539,411</u>	<u>1,003,101</u>	<u>5,567,394</u>	<u>20,852</u>	<u>26,316,303</u>	<u>4,052,854</u>	<u>30,369,157</u>
Net Change in Plan Net Position	2,954,569	4,749,935	(4,237)	445,263	6,215,992	(6,269)	14,355,253	1,695,269	16,050,522
Net Position - Beginning	47,215,756	86,582,890	5,564,848	13,399,898	70,044,838	292,123	223,100,353	18,283,473	241,383,826
Net Position - Ending	<u>\$ 50,170,325</u>	<u>\$ 91,332,825</u>	<u>\$ 5,560,611</u>	<u>\$ 13,845,161</u>	<u>\$ 76,260,830</u>	<u>\$ 285,854</u>	<u>\$ 237,455,606</u>	<u>\$ 19,978,742</u>	<u>\$ 257,434,348</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.	136
Revenue Capacity These schedules contain information to help the reader assess the City’s most consistent year-to-year revenue source, the property tax.	141
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.	145
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	149
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.	152

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.

Table I

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 75,133,657	\$ 81,867,549	\$ 82,216,326	\$ 79,317,727	\$ 68,699,894	\$ 70,032,240	\$ 74,784,855	\$ 73,262,924	\$ 80,030,613	\$ 85,923,514
Restricted	21,463,882	4,970,647	5,470,837	5,934,339	21,403,317	18,685,810	12,380,914	5,493,479	7,584,160	8,771,679
Unrestricted	31,145,169	25,986,816	23,402,664	25,864,401	17,545,747	(119,636,657)	(116,324,021)	(104,130,565)	(123,390,154)	(120,687,342)
Total Governmental Activities Net Position	\$ 127,742,708	\$ 112,825,012	\$ 111,089,827	\$ 111,116,467	\$ 107,648,958	\$ (30,918,607)	\$ (29,158,252)	\$ (25,374,162)	\$ (35,775,381)	\$ (25,992,149)
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 109,256,602	\$ 110,672,786	\$ 112,071,075	\$ 118,391,959	\$ 118,345,142	\$ 116,604,537	\$ 116,858,039	\$ 117,697,946	\$ 120,943,085	\$ 127,230,361
Restricted	19,441,751	-	-	-	-	-	-	-	-	35,165,006
Unrestricted	(41,690,813)	(25,777,628)	(14,446,190)	(16,294,598)	(8,337,387)	(3,290,174)	5,835,485	17,194,095	27,456,260	-
Total Business-type Activities Net Position	\$ 87,007,540	\$ 84,895,158	\$ 97,624,885	\$ 102,097,361	\$ 110,007,755	\$ 113,314,363	\$ 122,693,524	\$ 134,892,041	\$ 148,399,345	\$ 162,395,367
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 184,390,259	\$ 192,540,335	\$ 194,287,401	\$ 197,709,686	\$ 187,045,036	\$ 186,636,777	\$ 191,642,894	\$ 190,960,870	\$ 200,973,698	\$ 213,153,875
Restricted	40,905,633	4,970,647	5,470,837	5,934,339	21,403,317	18,685,810	12,380,914	5,493,479	7,584,160	43,936,685
Unrestricted	(10,545,644)	209,188	8,956,474	9,569,803	9,208,360	(122,926,831)	(110,488,536)	(86,936,470)	(95,933,894)	(120,687,342)
Total Primary Government Net Position	\$ 214,750,248	\$ 197,720,170	\$ 208,714,712	\$ 213,213,828	\$ 217,656,713	\$ 82,395,756	\$ 93,535,272	\$ 109,517,879	\$ 112,623,964	\$ 136,403,218

Note: Net position reflects any prior year restatements

Table II

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental Activities:										
General Government	\$ 26,059,767	\$ 26,393,092	\$ 29,488,557	\$ 35,708,148	\$ 28,485,274	\$ 27,630,002	\$ 28,495,073	\$ 28,460,217	\$ 33,209,538	\$ 28,701,894
Commerce	9,454,881	7,711,248	-	-	-	-	-	-	-	-
Real Estate and Housing	8,156,663	11,672,335	9,558,053	10,276,370	4,925,920	5,431,791	6,434,211	6,874,842	6,310,506	6,708,205
Public Works	22,601,418	23,110,033	23,033,197	23,177,193	23,242,074	23,807,433	23,447,957	25,374,633	24,429,688	24,080,545
Parks and Recreation	10,027,975	10,605,259	9,423,690	9,632,204	9,196,053	9,077,378	10,317,892	9,939,326	11,161,909	11,098,419
Public Safety	86,901,639	86,039,994	82,913,341	84,777,539	90,571,399	90,737,719	83,938,497	89,768,212	103,283,261	90,296,885
Interest on Long-Term Debt	5,352,455	4,519,308	5,616,097	4,768,486	5,150,078	4,743,372	4,342,767	4,602,942	4,316,733	3,883,054
Total Governmental Activities Expenses	168,554,798	170,051,269	160,032,935	168,339,940	161,570,798	161,427,695	156,976,397	165,020,172	182,711,635	164,769,002
Business-type Activities:										
Water/Sewer	53,181,200	55,033,937	54,723,619	60,884,644	59,908,774	64,984,276	64,092,907	65,443,575	70,327,604	73,655,464
Total Business-Type Activities Expenses	53,181,200	55,033,937	54,723,619	60,884,644	59,908,774	64,984,276	64,092,907	65,443,575	70,327,604	73,655,464
Total Primary Government Expenses	\$ 221,735,998	\$ 225,085,206	\$ 214,756,554	\$ 229,224,584	\$ 221,479,572	\$ 226,411,971	\$ 221,069,304	\$ 230,463,747	\$ 253,039,239	\$ 238,424,466
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 7,438,126	\$ 7,619,652	\$ 8,906,826	\$ 8,937,613	\$ 9,710,578	\$ 10,378,709	\$ 10,471,882	\$ 11,935,090	\$ 13,029,923	\$ 12,349,560
Commerce	30,893	161,203	-	-	-	-	-	-	-	-
Real Estate and Housing	39,798	541,183	795,318	1,915,305	-	-	247,075	339,598	317,489	576,854
Public Works	254,077	273,147	374,128	283,289	294,972	224,135	162,702	148,264	165,377	154,446
Parks and Recreation	-	22,964	59,026	284,258	312,783	190,332	79,359	20,714	510,646	226,823
Public Safety	12,854,296	15,433,702	13,774,372	16,408,085	10,843,278	15,380,748	14,612,394	14,447,109	12,147,225	12,752,764
Operating Grants and Contributions	17,706,081	19,236,629	20,569,251	19,362,707	17,388,953	16,907,582	19,095,300	18,746,664	14,684,689	16,805,129
Capital Grants and Contributions	1,841,887	1,103,155	1,908,256	1,311,524	1,933,252	1,377,611	2,341,802	1,136,175	1,544,083	202,539
Total Governmental Activities Revenues	40,165,158	44,391,635	46,387,177	48,502,781	40,483,816	44,459,117	47,010,514	46,773,614	42,399,432	43,068,115
Business-type Activities:										
Charges for Services:										
Water	53,020,756	52,217,917	58,346,241	64,744,275	67,065,579	76,491,666	73,926,346	77,136,007	83,541,753	83,329,958
Operating Grants and Contributions	-	572,410	9,092,105	574,876	469,271	67,784	167,892	502,438	293,155	4,264,405
Total Business-type Activities Revenues	53,020,756	52,790,327	67,438,346	65,319,151	67,534,850	76,559,450	74,094,238	77,638,445	83,834,908	87,594,363
Total Primary Government Revenues	\$ 93,185,914	\$ 97,181,962	\$ 113,825,523	\$ 113,821,932	\$ 108,018,666	\$ 121,018,567	\$ 121,104,752	\$ 124,412,059	\$ 126,234,340	\$ 130,662,478

Table II

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes										
Property Taxes	\$ 32,690,788	\$ 35,207,881	\$ 39,428,237	\$ 39,334,457	\$ 38,383,979	\$ 40,031,479	\$ 40,289,471	\$ 40,785,515	\$ 40,691,422	\$ 42,912,480
Income Taxes	57,543,505	57,426,347	55,958,208	63,519,580	61,873,590	62,058,990	62,286,478	63,093,666	66,747,652	67,549,952
Other Taxes	2,668,996	1,883,389	1,561,633	2,971,602	2,999,468	2,117,563	2,501,244	2,174,189	4,459,923	3,182,700
Lodging & Natural Gas Taxes	1,306,744	1,161,077	1,244,958	1,106,677	1,040,162	1,184,326	1,270,638	1,167,563	1,207,278	3,366,921
Investment Earnings	1,168,607	1,708,886	1,287,448	494,437	1,049,413	1,004,623	324,461	270,511	1,254,149	1,253,510
Payments from Component Units	500,000	-	-	-	-	-	-	-	-	-
Other Revenues including Capital Asset Sales Gains	-	110,976	-	-	-	84,681	-	-	176,448	-
Grants, Entitlements, and Contributions not Restricted to Specific Programs	10,757,780	13,243,382	11,897,908	12,437,046	12,505,037	13,621,030	14,137,931	14,539,204	14,743,680	15,726,381
Transfers	-	-	-	-	(232,176)	-	2,976	-	-	-
Total Governmental Activities	106,636,420	110,741,938	111,378,392	119,863,799	117,619,473	120,102,692	120,813,199	122,030,648	129,280,552	134,339,516
Business-type Activities:										
Investment Earnings	313,311	131,228	15,000	37,969	52,142	4,135	3,502	3,647	-	-
Transfers	-	-	-	-	232,176	-	-	-	-	-
Other Revenues including Capital Asset Sales Gains	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	313,311	131,228	15,000	37,969	284,318	4,135	3,502	3,647	-	-
Total Primary Government	\$ 106,949,731	\$ 110,873,166	\$ 111,393,392	\$ 119,901,768	\$ 117,903,791	\$ 120,106,827	\$ 120,816,701	\$ 122,034,295	\$ 129,280,552	\$ 134,339,516
CHANGE IN NET POSITION										
Governmental Activities	\$ (21,753,220)	\$ (14,917,696)	\$ (2,267,366)	\$ 26,640	\$ (3,467,509)	\$ 3,134,114	\$ 10,847,316	\$ 3,784,090	\$ (11,031,651)	\$ 12,638,629
Business-type Activities	152,867	(2,112,382)	12,729,727	4,472,476	7,910,394	11,579,309	10,004,833	12,198,517	13,507,304	13,938,899
Total Primary Government	\$ (21,600,353)	\$ (17,030,078)	\$ 10,462,361	\$ 4,499,116	\$ 4,442,885	\$ 14,713,423	\$ 20,852,149	\$ 15,982,607	\$ 2,475,653	\$ 26,577,528

Table III

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL FUND										
Nonspendable										
Long-term Note Receivable	\$ 7,962,476	\$ 10,508,968	\$ 6,500,000	\$ 9,988,293	\$ 8,771,914	\$ 5,460,671	\$ 3,184,707	\$ 3,121,642	\$ 3,058,580	\$ 2,995,512
Committed										
Special Designations	-	-	-	-	-	-	-	-	-	-
Budget Reserve Account	14,560,571	14,761,419	13,933,709	14,292,802	14,537,615	15,003,965	15,169,686	15,403,864	15,730,559	15,730,559
Other Purposes	294,828	-	430,000	-	-	-	-	-	-	21,348,108
Unassigned										
Other Purposes	9,912,050	5,774,119	16,937,671	20,964,373	23,262,923	25,592,630	24,694,765	23,788,856	15,139,635	-
Total General Fund	\$ 32,729,925	\$ 31,044,506	\$ 37,801,380	\$ 45,245,468	\$ 46,572,452	\$ 46,057,266	\$ 43,049,158	\$ 42,314,362	\$ 33,928,774	\$ 40,074,179
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Park Operations	-	-	820,344	799,803	879,788	991,205	977,910	968,468	1,023,792	1,059,631
Restricted										
Capital Projects Funds	16,820,184	10,756,912	11,301,494	22,033,428	14,826,533	11,551,577	6,778,734	21,340,305	16,024,754	9,815,380
Park Operations	4,554,207	4,970,647	4,650,493	5,134,536	5,696,996	6,143,028	5,123,545	4,931,600	5,163,418	5,215,212
Other Purposes	89,491	-	-	-	-	245,392	478,635	433,004	78,540	2,761,566
Committed										
Affordable Housing	5,378,951	3,603,392	2,219,614	1,329,261	1,178,585	631,127	(346,207)	1,115,369	386,312	-
Economic Development	8,793,057	8,124,949	6,685,727	5,639,243	5,550,802	5,550,802	5,215,443	6,732,194	2,924,787	2,059,323
Other Purposes	608,060	874,627	790,556	775,204	1,644,281	1,742,099	1,891,276	1,694,095	2,064,464	-
Unassigned										
Other Purposes	-	-	-	-	-	(118,672)	(127,655)	(100,017)	(263,146)	(2,546,052)
Total All Other Governmental Funds	\$ 36,243,950	\$ 28,330,527	\$ 26,468,228	\$ 35,711,475	\$ 29,776,985	\$ 26,736,559	\$ 19,991,681	\$ 37,115,018	\$ 27,402,921	\$ 18,365,060

Table IV

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes, Related Penalties and Interest										
Property Taxes	\$ 31,911,858	\$ 35,398,064	\$ 39,187,019	\$ 39,013,879	\$ 38,181,077	\$ 38,140,803	\$ 40,046,863	\$ 40,246,355	\$ 40,596,912	\$ 43,266,138
Wage Taxes	51,845,669	54,146,338	51,732,408	55,815,188	56,558,250	55,819,469	57,891,999	57,554,177	60,334,780	60,924,351
Net Profit	4,059,847	4,693,460	4,818,119	5,040,088	5,439,220	5,547,134	5,746,392	5,545,183	6,577,048	6,449,989
Franchise	2,006,557	1,775,266	1,771,473	1,716,982	1,863,137	916,631	899,239	952,421	921,140	2,082,618
Real Estate Transfer	2,668,996	1,883,389	1,561,633	2,971,602	2,999,468	2,117,563	2,501,244	2,174,189	4,459,923	3,182,700
Head Taxes	2,787,027	3,178,931	3,665,320	3,662,183	3,538,656	4,071,552	4,260,172	3,926,973	3,853,010	3,693,366
Lodging & Natural Gas	1,306,744	1,161,077	1,244,958	1,106,677	1,040,162	1,184,326	1,270,638	1,167,563	1,207,278	1,268,092
Intergovernmental	31,977,973	35,914,336	34,753,438	34,272,415	32,911,841	32,162,180	36,276,503	35,513,456	31,643,707	31,468,695
Licenses and Permits	4,382,137	4,489,246	3,987,861	4,843,537	4,573,516	3,880,469	4,296,561	4,829,292	4,694,187	5,734,367
Fines and Forfeitures	6,395,262	7,583,731	8,698,896	9,484,531	7,096,186	8,466,787	7,387,420	7,889,370	5,936,872	5,670,871
Charges for Services	4,610,583	5,035,301	5,958,581	7,495,032	5,865,902	6,626,184	6,826,272	7,083,670	8,815,269	10,244,245
Investment Earnings	1,162,296	1,708,886	1,287,448	494,437	1,049,413	1,004,623	324,455	326,238	997,789	1,321,628
Other	-	-	-	-	-	-	-	1,704,229	-	-
Total Revenues	145,114,949	156,968,025	158,667,154	165,916,551	161,116,828	159,937,721	167,727,758	168,913,116	170,037,915	175,307,060
EXPENDITURES										
General Government	25,436,843	25,033,199	31,650,965	34,037,673	26,751,489	26,295,676	28,053,730	27,773,804	30,533,408	26,747,981
Commerce	9,324,722	7,711,248	-	-	-	-	-	-	-	-
Real Estate and Housing	8,137,793	11,099,966	9,543,270	10,253,569	4,909,695	5,411,073	6,544,038	6,849,812	6,407,812	6,902,264
Public Works	18,488,759	18,883,832	18,619,338	18,629,588	18,596,378	19,342,030	19,682,837	20,505,252	19,744,936	20,642,668
Parks and Recreation	9,133,636	9,636,781	8,452,461	8,607,042	8,145,406	8,104,354	9,537,746	8,861,133	10,081,649	10,248,387
Public Safety	84,168,848	82,336,748	79,671,627	80,231,287	85,840,469	87,586,989	91,138,795	88,769,676	100,782,119	94,437,075
Debt Service:										
Principal	10,134,948	6,477,638	2,775,559	5,615,432	7,177,478	6,840,368	7,570,521	8,041,584	8,540,841	7,507,637
Interest	5,352,913	5,002,246	5,403,006	5,315,850	5,071,563	5,196,196	4,937,476	5,087,280	4,988,228	4,796,604
Capital Outlay - Capital Projects	4,649,853	7,607,704	2,021,953	7,198,258	9,121,210	4,775,999	6,747,270	8,634,350	6,957,569	8,822,122
Total Expenditures	174,828,315	173,789,362	158,138,179	169,888,699	165,613,688	163,552,685	174,212,413	174,522,891	188,036,562	180,104,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,713,366)	(16,821,337)	528,975	(3,972,148)	(4,496,860)	(3,614,964)	(6,484,655)	(5,609,775)	(17,998,647)	(4,797,678)
OTHER FINANCING SOURCES (USES)										
Proceeds from Sales of Capital Assets	500,000	110,976	3,566,586	-	-	-	-	-	-	-
Capital Lease Issued	-	-	-	-	-	-	413,828	-	-	505,499
Bond Anticipation Notes	-	-	-	-	-	-	-	-	-	1,399,724
Bond Anticipation Note Repayment	-	-	-	-	-	-	-	-	(232,485)	-
Bonds Issued	3,882,000	35,598,915	799,014	33,404,051	16,853,656	-	-	18,317,711	-	-
Bond Refunding	-	-	-	-	-	-	-	-	18,887,944	-
Premium on Debt Issued	-	3,042,569	-	686,181	3,604,591	-	-	3,145,040	-	-
Payment to Refunded Bond Escrow Agent	-	(31,529,965)	-	(12,012,682)	(20,275,357)	-	-	(238,505)	(21,523,660)	-
Transfers In	21,795,110	1,497,943	1,549,497	6,500,356	676,363	139,434	43,421	2,125,000	1,841,656	523,244
Transfers Out	(21,795,110)	(1,497,943)	(1,549,497)	(6,500,356)	(969,899)	(54,753)	(40,445)	(2,180,727)	(1,841,656)	(523,244)
Total Other Financing Sources (Uses)	4,382,000	7,222,495	4,365,600	22,077,550	(110,646)	84,681	416,804	21,168,519	-	1,905,223
Net Change in Fund Balances	(25,331,366)	(9,598,842)	4,894,575	18,105,402	(4,607,506)	(3,530,283)	(6,067,851)	15,558,744	(17,998,647)	(2,892,455)
Prior Period Adjustments	-	-	-	-	-	(25,329)	(372,073)	-	134,752	-
Net Change in Fund Balances	\$ (25,331,366)	\$ (9,598,842)	\$ 4,894,575	\$ 18,105,402	\$ (4,607,506)	\$ (3,555,612)	\$ (6,439,924)	\$ 16,388,601	\$ (17,863,895)	\$ (2,892,455)
Debt Service as a Percentage of Noncapital Expenditures	9.10%	6.91%	5.24%	6.72%	7.83%	7.58%	7.47%	7.91%	7.47%	7.18%

Notes: For 2011, \$3,566,586 has been reclassified from capital outlays to General Government Services as these assets were not retained by the City.

Table V

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

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Property ¹	Total Taxable Assessed Value ¹	Total Direct Tax Rate
	Residential Property ¹	Commercial / Industrial ¹	Public Utilities ¹	Other ¹			
2018	\$ 1,024,296,850	\$ 1,021,750,260	\$ 101,095,100	\$ 1,399,855,748	\$ 1,386,497,563	\$ 2,160,800,395	1.9950
2017	1,023,680,150	1,043,252,760	102,091,200	1,396,165,748	1,390,336,833	2,174,853,025	1.9950
2016	1,022,984,750	1,035,348,960	101,798,000	1,399,989,148	1,409,849,628	2,150,271,230	1.8550
2015	1,023,886,650	1,044,702,260	99,982,500	1,397,270,150	1,417,368,498	2,148,473,062	1.8550
2014	1,024,679,550	1,082,958,860	98,233,600	1,375,022,050	1,435,955,650	2,144,938,410	1.7670
2013	1,024,913,050	1,075,701,160	107,892,500	1,373,198,450	1,400,528,750	2,181,176,410	1.7670
2012	1,023,334,086	1,093,993,660	118,312,800	1,375,814,250	1,388,865,950	2,222,588,846	1.7670
2011	1,026,282,336	1,112,256,660	110,102,079	1,387,286,850	1,396,000,000	2,239,927,925	1.7670
2010	1,023,574,236	1,104,886,660	110,016,900	1,385,965,250	1,404,261,490	2,220,181,556	1.6064
2009	1,008,914,100	1,123,514,260	105,256,100	1,343,427,250	1,398,063,065	2,183,048,645	1.3969
2008	988,275,200	1,087,989,910	123,729,300	1,342,013,700	1,241,121,950	2,300,886,160	1.3969

Source: New Castle County Board of Taxable Assessment

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

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

Table VI

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

Fiscal Year	City of Wilmington			New Castle County			School Districts		Total School District	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Millage	
2018	1.8550	0.1400	1.9950	0.2266	0.0170	0.2436	1.6620	-	2.3140	4.5526
2017	1.7250	0.1300	1.8550	0.2265	0.0171	0.2436	2.1740	-	2.1740	4.2726
2016	1.7050	0.1500	1.8550	0.2265	0.0171	0.2436	1.9840	-	1.9840	4.0826
2015	1.7250	0.1300	1.8550	0.2217	0.0219	0.2436	1.7710	-	1.7710	3.8696
2014	1.6470	0.1200	1.7670	0.2217	0.0219	0.2436	1.7410	-	1.7410	3.7516
2013	1.6470	0.1200	1.7670	0.2192	0.0244	0.2436	1.6620	-	1.6620	3.6726
2012	1.6470	0.1200	1.7670	0.2192	0.0244	0.2436	1.6620	-	1.6620	3.4534
2011	1.6770	0.0900	1.7670	0.2192	0.0244	0.2436	1.6870	-	1.6870	3.6976
2010	1.4964	0.1100	1.6064	0.2192	0.0244	0.2436	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

Table VII

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

Taxpayer	2009			2018		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Buccini Pollin Group	\$ 105,571,700	1	2.78%	\$ 95,453,800	1	4.42%
JP Morgan Chase	-		-	55,412,300	2	2.50%
Bank of America (MBNA)	78,568,900	3	-	54,057,400	3	2.50%
M&T Bank	-		-	52,803,060	4	2.44%
Delmarva Power & Light	82,768,900	2	2.18%	-		-
DCL Leasing Partners	58,084,300	5	1.53%	41,000,000	5	1.90%
1201 Market Street LLC	51,775,000	7	1.36%	35,000,000	6	1.62%
Calpine Mid-Atlantic	-		-	32,900,100	7	1.52%
TRC Rubenstein	15,113,600	12	0.40%	28,548,300	8	1.32%
222 Delaware Partners, LP	27,608,600	9	0.73%	22,000,000	9	1.02%
Brandywine Office Investment	-		-	21,329,800	10	0.99%
Verizon	-		-	15,866,100	11	0.74%
Hub Properties Trust	31,152,500	8	0.82%	-		-
MacQuarie BDN Christina	59,471,900	4	1.57%	-		-
E.I. DuPont Nemours & Co	52,839,800	6	1.39%	-		-
Rodney Square Investors, LP	27,054,400	10	0.71%	-		-
100 West Tenth Street	22,386,600	11	-	-		-
Totals	<u>\$ 612,396,200</u>		<u>13.47%</u>	<u>\$ 454,370,860</u>		<u>20.97%</u>

Source: City of Wilmington, Finance Department
City of Wilmington, Office of Management and Budget

Table VIII

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

Fiscal Year	Total Tax Levy ¹ for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 44,048,151	\$ 42,013,651	95.4%	\$ 134,236	\$ 42,147,887	95.7%
2017	40,668,276	39,149,761	96.3%	145,857	39,295,618	96.6%
2016	40,870,003	38,674,616	94.6%	85,165	38,759,781	94.8%
2015	40,483,896	39,025,330	96.4%	106,780	39,132,110	96.7%
2014	38,093,079	37,124,677	97.5%	185,624	37,310,301	97.9%
2013	38,259,246	37,731,960	98.6%	28,896	37,760,856	98.7%
2012	39,745,263	38,702,002	97.4%	n/a	38,702,002	97.4%
2011	38,895,688	38,125,142	98.0%	197,494	38,322,636	98.5%
2010	35,194,544	34,274,358	97.4%	735,955	35,010,313	99.5%
2009	30,584,384	29,860,037	97.6%	612,904	30,472,941	99.6%
2008	30,655,108	29,066,946	94.8%	1,491,236	30,558,182	99.7%

Source: City of Wilmington, Finance Department

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

Table IX

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2018	\$ 113,331,514	\$ 6,336,576	\$ 200,618,903	\$ -	\$ 320,286,993	13.04%	\$ 4,504
2017	121,071,460	8,906,107	205,942,497	-	335,920,064	17.90%	4,702
2016	130,158,601	8,002,476	212,336,961	-	350,498,038	18.77%	4,880
2015	118,554,593	6,342,315	188,301,573	-	313,198,481	17.31%	4,361
2014	123,749,602	8,923,438	185,462,754	-	318,135,794	17.56%	4,473
2013	131,313,797	7,826,042	177,282,263	-	316,422,102	17.34%	4,438
2012	138,515,466	5,563,191	154,748,260	-	298,826,917	16.03%	4,103
2011	121,026,852	5,622,812	141,934,292	-	268,583,956	15.48%	3,791
2010	123,300,093	4,617,605	135,126,708	351,043	263,395,449	14.96%	3,718
2009	122,296,222	1,203,743	128,412,490	1,470,834	253,383,289	15.70%	3,568

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

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

¹ See Table XIII for population data.

This ratio uses population data from the prior calendar year.

Table X

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property¹	Per Capita²
2018	\$ 313,950,417	14.53%	\$ 4,415
2017	327,013,957	15.04%	4,577
2016	342,495,562	15.93%	4,769
2015	306,856,166	14.28%	4,273
2014	309,212,356	14.42%	4,348
2013	308,596,060	14.15%	4,329
2012	293,263,726	11.62%	4,025
2011	262,961,144	11.74%	3,711
2010	258,426,801	11.64%	3,648
2009	250,708,712	10.55%	3,530

Source: City of Wilmington, Treasurer's Office

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

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(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	\$ 464,840,000	15.3%	\$ 71,120,520
Various School Districts	<u>267,391,231</u>	15.6%	<u>41,713,032</u>
Subtotal - Overlapping Debt			112,833,552
City of Wilmington Direct Debt	119,668,090	100%	<u>119,668,090</u>
Totals			<u>\$ 232,501,642</u>

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

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

Table XII

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Budget	\$ 157,594,361	\$ 147,521,170	\$ 143,952,638	\$ 140,363,055	\$ 145,043,428	\$ 147,325,316	\$ 150,039,645	\$ 151,696,858	\$ 154,038,640	\$ 154,923,078
Debt Service Limit	27,579,013	25,816,205	25,191,712	24,563,535	25,382,600	25,781,930	26,256,938	26,546,950	26,956,762	27,111,539
Total Net Debt Service Applicable to Limit	<u>11,713,497</u>	<u>11,479,884</u>	<u>8,178,565</u>	<u>10,931,282</u>	<u>12,249,041</u>	<u>10,768,172</u>	<u>12,478,444</u>	<u>13,078,215</u>	<u>13,474,832</u>	<u>12,220,563</u>
Legal Debt Service Margin	<u>\$ 15,865,516</u>	<u>\$ 14,336,321</u>	<u>\$ 17,013,147</u>	<u>\$ 13,632,253</u>	<u>\$ 13,133,559</u>	<u>\$ 15,013,758</u>	<u>\$ 13,778,494</u>	<u>\$ 13,468,735</u>	<u>\$ 13,481,930</u>	<u>\$ 14,890,976</u>
Total Net Debt Service Applicable to the Limit as a Percentage of Debt Limit	42.00%	44.00%	32.00%	45.00%	48.00%	42.00%	48.00%	49.00%	50.00%	45.00%

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
2018	71,106	\$ 1,924,270,572	\$ 27,062	33,460	4.30%	35.00	\$ 40,221
2017	71,442	1,876,281,246	26,263	31,918	7.50%	35.30	40,065
2016	71,948	1,867,122,548	25,951	32,622	7.00%	35.10	38,979
2015	71,817	1,809,142,047	25,191	30,320	5.10%	34.80	38,727
2014	71,119	1,811,472,049	25,471	28,652	9.60%	34.80	39,761
2013	71,292	1,824,362,280	25,590	27,985	11.20%	33.70	39,019
2012	71,305	1,824,694,950	25,590	27,718	10.30%	34.40	37,352
2011	70,851	1,734,928,437	24,487	27,418	12.10%	34.90	38,325
2010	70,839	1,761,128,379	24,861	26,990	11.70%	34.00	32,884
2009	71,014	1,614,290,248	22,732	28,562	12.10%	35.60	34,381

Sources: Delaware Office of Occupational and Labor
 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 2009		Percentage of Total ₁ Employment	Calendar Year 2018		Percentage of Total ₁ Employment
	Employees	Rank		Employees	Rank	
Christiana Care Health System	7,000	4	2.49%	11,302	1	4.15%
State of Delaware	7,400	2	2.63%	8,000	2	2.94%
DuPont Company (Science and Engineering)	8,100	1	2.88%	6,000	3	2.20%
Amazon (DE Fulfillment Centers)	-	-	0.00%	4,300	4	1.58%
University of Delaware	4,036	7	1.43%	4,000	5	1.47%
Nemours (A.I. DuPont Hospital)	2,797	8	24.36%	3,795	6	1.39%
YMCA of Delaware	-	-	0.00%	2,469	7	0.91%
Christina School District	2,641	9	0.94%	2,390	8	0.88%
AstraZeneca Pharmaceuticals LP	2,500	10	0.89%	2,200	9	0.81%
Red Clay School District	1,860	13	0.66%	2,200	10	0.81%
Delaware Tech. Comm. College (Public Ed.)	-	-	0.00%	2,100	11	0.77%
New Castle County Government	1,500	14	0.53%	2,000	12	0.73%
M&T Bank (Wilmington Trust Corp.)	2,297	11	0.82%	1,900	13	0.70%
Brandywine School District	1,482	17	0.53%	1,472	14	0.54%
Computer Aid, INC (CAI)	-	-	0.00%	1,200	15	0.44%
St. Francis Healthcare	1,100	20	0.39%	1,200	16	0.44%
City of Wilmington	1,196	19	0.42%	1,078	17	0.40%
DuPont Pharmaceuticals	-	-	0.00%	1,001	18	0.37%
The Chemours Company	-	-	0.00%	1,000	19	0.37%
Wilmington VA Medical Center	-	-	0.00%	980	20	0.36%
Delmarva Power/Pepco. (Connectiv)	1,483	16	0.53%	898	21	0.33%
AAA	-	-	0.00%	890	22	0.33%
Blackrock Capital Management, Inc.	-	-	0.00%	834	23	0.31%
WSFS Bank	-	-	0.00%	801	24	0.29%
Aetna	-	-	0.00%	750	25	0.28%
Goodwill of Delaware	-	-	0.00%	680	26	0.25%
Christan Care Visiting Nurses Association	-	-	0.00%	670	27	0.25%
Bank One Card Services	7,000	5	2.49%	-	-	0.00%
Bank of America (MBNA)	7,000	3	2.49%	-	-	0.00%
Chase Manhattan Bank	6,000	6	2.13%	-	-	0.00%
Walgreen's Inc	2,000	12	0.71%	-	-	0.00%
PNC Financial Services Group	1,500	15	0.53%	-	-	0.00%
Colonial School District	1,400	18	0.50%	-	-	0.00%
Totals	70,292		48.35%	66,110		24.30%

City of Wilmington, Department of Finance
City of Wilmington, Office of Management and Budget

Total Employment in New Castle County

Table XV

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

Company	2018 Withholdings	% of Total
Total of Ten Largest	\$ 22,315,103	38.00%
Total Wage Tax Collected	\$ 59,449,803	100.00%

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)**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Mayor's Office	60.00	60.00	59.00	58.00	57.00	60.00	59.00	59.00	59.00	57.00
City Council	29.00	29.00	29.00	28.00	27.00	29.00	29.00	29.00	29.00	29.00
Audit	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Law	23.00	23.00	23.00	21.00	21.00	21.00	20.00	20.00	20.00	18.00
Finance	70.00	75.00	97.00	93.00	90.00	87.00	88.00	88.00	86.00	85.00
Human Resources	23.00	23.00	23.00	22.00	22.00	21.00	22.00	22.00	24.00	23.00
Treasurer	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00
Planning	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00
Real Estate and Housing	17.00	17.00	17.00	16.00	15.00	15.00	12.00	12.00	11.00	11.00
Parks and Recreation	58.00	53.00	50.00	44.00	44.00	44.00	42.00	41.00	41.00	40.00
Public Safety										
Police	431.00	416.00	402.00	390.00	382.00	382.00	382.00	382.00	381.00	376.00
Fire	180.00	172.00	172.00	177.00	177.00	177.00	177.00	177.00	177.00	161.00
License and Inspection	46.00	44.00	42.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00
Public Works	235.00	229.00	229.00	226.00	226.00	224.00	223.00	223.00	221.00	219.00
Totals	<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>	<u>1,113.00</u>	<u>1,112.00</u>	<u>1,107.00</u>	<u>1,078.00</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Physical Arrests/Charges	n/a	11,737	n/a	16,051	12,991	17,143	9,765	10,259	10,335	10,578
Police Calls - Incident	n/a	119,412	n/a	183,041	106,470	102,903	96,703	103,786	97,747	130,263
Police Calls - Administrative	n/a	56,072	n/a	28,449	31,345	60,972	61,544	50,863	104,208	174,733
Fire/EMS Calls	16,976	17,659	18,448	18,932	20,201	20,401	21,992	22,448	23,829	19,819
Inspections	1,802	1,862	1,589	1,677	1,416	1,959	1,756	1,682	1,538	2,356
Parking Violations Issued	79,262	70,030	83,149	71,229	68,465	68,365	66,300	68,365	60,069	55,228
Redlight Tickets Issued	n/a	32,948	25,318	58,708	60,004	41,861	37,764	42,711	38,044	30,080
Building Permits Issued	4,330	4,225	4,077	3,419	3,119	3,150	2,818	2,818	2,961	2,882
Health and Welfare										
Meals served-Summer	325,381	192,159	235,608	211,263	213,549	161,948	225,392	209,052	169,486	169,994
Meals served-Evening	120,631	229,590	112,850	114,201	98,555	91,888	136,437	150,120	154,000	207,415
Emergency Shelter	354	469	438	230	516	1,370	1,449	672	2,649	2,010
HOPWA (Housing) *	169	141	230	177	147	114	114	210	211	191
HPRP	n/a	726	726	24	-	-	-	-	-	-
Water										
Water Production (millions of gallons)	6,720	6,154	6,541	6,541	5,835	5,749	5,561	5,547	5,760	5,785
Water Sold (millions of gallons)	5,069	4,705	6,690	6,690	3,286	3,262	3,270	3,152	3,337	3,383
Wastewater										
Average Daily Sewage Treatment (Millions of gallons)	69.32	85.03	72.35	72.35	75.00	75.00	70.38	65.83	65.83	65.00
Landfill										
Annual Tons of Refuse	29,727	29,527	30,331	20,904	16,838	17,922	20,329	19,853	21,016	23,353

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

Table XVIII

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Patrol Units	239	267	247	241	233	213	213	206	203	211
Paramedic Units	3	3	3	3	3	3	3	3	3	3
Fire Units	45	42	44	41	42	42	42	41	41	38
Highways, Streets, and Bridges										
Roads & Streets (miles)	147	147	147	147	148	148	148	148	148	148
Health and Welfare										
Buses	2	2	2	2	2	3	3	3	3	3
Water										
Production Capacity (millions of gallons per day)	40	40	40	40	40	50	42	42	42	40
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	105	105	105	105	105	168	168	168	168	168

Sources: Various City of Wilmington departments.

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

