CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL

REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

PREPARED BY THE DEPARTMENT OF FINANCE

The Annual Clifford Brown Jazz Festival is one of the largest free weeklong outdoor concerts on the East Coast. The festival draws thousands of visitors to the City every year.

CITY OF WILMINGTON, DELAWARE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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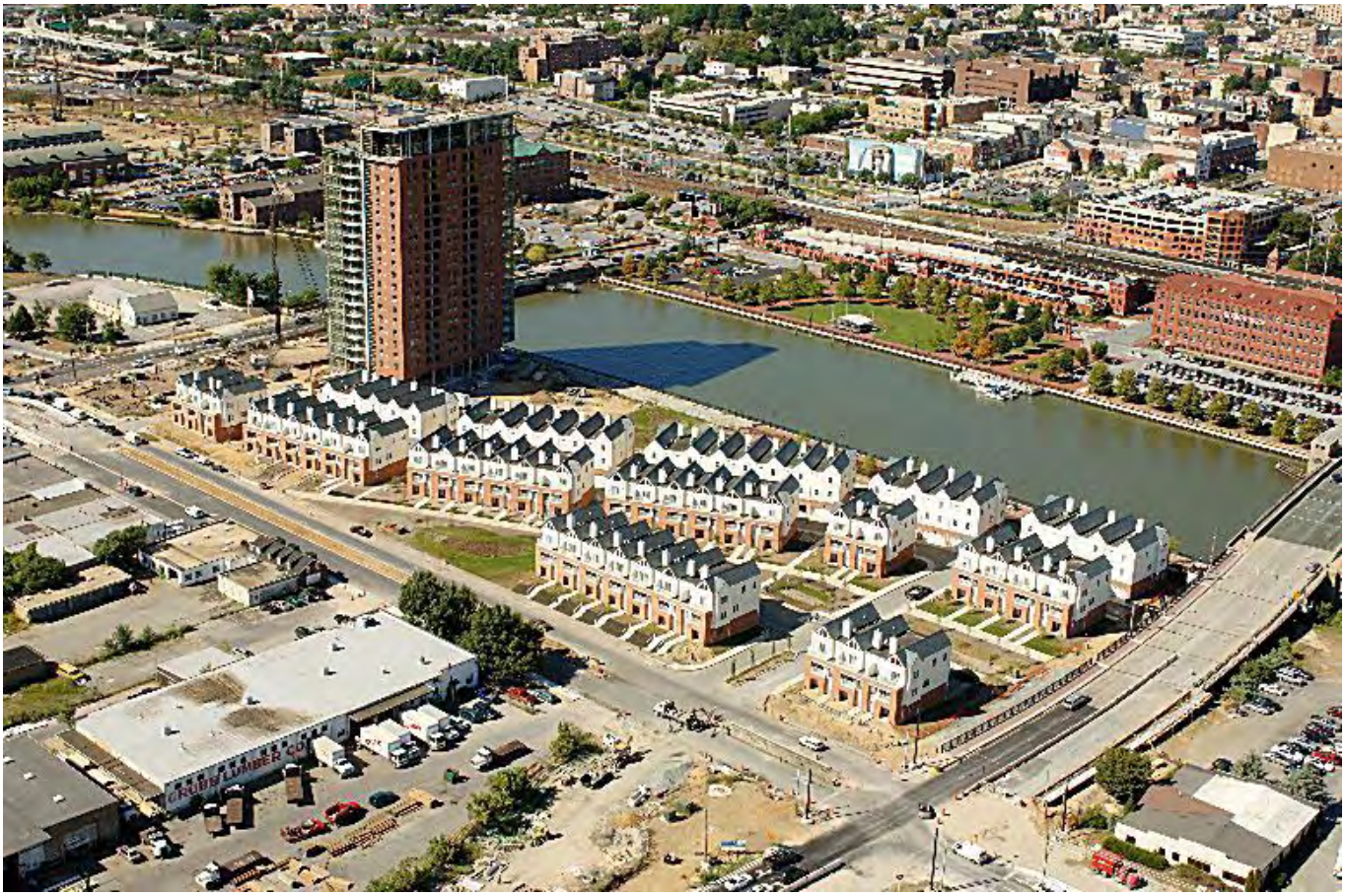
The Christina Riverfront is rapidly re-developing into an exciting mixed-use of residential, restaurants, entertainment, offices and conference center facilities. The Christina Landing Project has now been completed and sold all 63 townhouses on a formerly industrial work- site. The project is about 90% occupied, while the 22-story apartment tower should have its' first tenants by year-end 2005. A companion 26-story condominium tower is now rising out of the ground adjacent to the apartment tower, and it is about two-thirds pre-sold.



December 7, 2005

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

The City Charter requires that the City government publish a complete set of financial statements audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Wilmington for the fiscal year ended June 30, 2005.

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

The City of Wilmington's financial statements have been audited by McBride Shopa & Company, P.A., a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wilmington for the fiscal year ended June 30, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Wilmington's financial statements, for the fiscal year ended June 30, 2005, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Wilmington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis

on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Wilmington's separately issued Single Audit Report.

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

Profile of the Government

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

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

The annual budget serves as the foundation for the City of Wilmington's financial planning and control. All departments of the City of Wilmington are required to submit their budget requests to the Office of Management and Budget for inclusion into the comprehensive budget. Annual appropriated budgets are adopted for the General Fund, Commerce Fund, and certain Non-Major Special Revenue Funds. 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 amount to balance total appropriations and estimated revenues.

Thirty (30) days prior to the commencement of a new fiscal year, the annual operating budget must be enacted through legislation. Appropriations are legislated at the functional level. By legislative action, the annual appropriated budget may be amended. Budgetary transfers within a function at the expense category (e.g., personal services or materials, supplies, equipment) may be made without legislative approval. Appropriation control is maintained through a budget-tracking process within the accounting system at the functional and object levels. Note 2-B expenditure over appropriation was incurred at the legal functional level during the year except as indicated in Note 2-B.

The Fiscal Year 2006 operating budget represents a 4.9% increase over that of fiscal year 2005 budget, and it supports the continuing efforts to make improvements in the areas of public safety, code enforcement, and neighborhood stabilization, which are vital factors for the progress that has been made throughout Wilmington to continue without interruption.

The fiscal year 2006 budget reflects the following:

- The fiscal year General Fund operating Budget for 2006 totals $96,691,544. This represents a $4.5 million or 4.9% increase from FY 2005. The City has now settled with all of its labor unions and the cumulative cost effects of these contracts are reflected in the budget. The exception is the cost of the Police contract, which is being offset by a three-year grant from New Castle County (NCC). By shifting 37 officers into the NCC grant, the City's general Fund is paraded e Police contract cost increase of $2.26 million.

- There is a 6.9% increase in the Property Tax Rate.

- Total Materials, Supplies and Equipment costs rose $739,550, with almost 70% of this attributable to Data Processing costs. An ongoing conversion to a new mainframe software system, along with an accounting change that no longer allows capitalization of PC's and printers (Under $5,000) is responsible for the $513,804 increase. In Fire, $100,000 was added to complete the purchase of five pieces of new firefighting apparatus. The expansion of the Camera Watch program with 16 additional cameras, along with the cost on an Airbridge connection for 90 Police Data Terminals, added $92,000 to the budget.

- Staffing was reorganized in the General Fund, resulting in a net decrease of 30 positions, from 863 to 833. As mentioned above, 37 police officers were shifted from the General Fund into the NCC grant. Two Emergency Call Operators were added to the Police Department. License and Inspection added a Code Enforcement Officer and a Mechanical Code Enforcement Inspector. In addition, a net of two Code Enforcement Officer positions previously funded by CDBG were shifted into the General Fund at the request of HUD. IN Planning, a consultant position was converted into a Planner II positions and in the City Treasurer Office, an office Assistant position was added.

Factors Affecting Financial Condition

Jobs. The City's Economic Development Office, in conjunction with Wilmington City Council, the Wilmington Economic Development Corporation (WEDCO), and the State of Delaware's Development Office, utilized tax incentive programs, bonding financing agreements with several corporations from fiscal year 2005 through the first half of fiscal year 2006, to create 1,362 new jobs in the City and retain 394 existing jobs. Our creative and aggressive encouragement of business growth has yielded productive results, including the following:

Local Economy. Along the Christina Riverfront, the City has completed the sale of eight (8) acres of land where the City's Public Works Yard was previously located. Earlier this summer, the AAA Mid-Atlantic Region headquarters opened for business and 350 new jobs were relocated to the City of Wilmington. On four (4) acres of real estate controlled by the State of

Delaware, development is under way to construct approximately 750 residential units, 200,000 square feet of office space, and housing a variety of businesses that will cover a wide spectrum of goods and services. The Juniper Bank's new world headquarters is being constructed with 250,000 square feet and with an adjacent 1,200-car parking garage, on the Christina Riverfront. Also, the Chase Center on the Riverfront has been redesigned and renovated to provide services for conferences, conventions and special exhibits.

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

- The Christina Landing project is an $80 million townhouse and condominium project, consisting of 63 townhouses, a 26-six story condominium tower and apartment tower. The sixty-three townhouses scheduled for construction have been sold with a projected occupancy rate of 90% by the end of the year 2005. The 22-story apartment tower has been erected and is awaiting its first tenants by year-end 2005. A companion 26-story condominium tower is presently under construction and has been two-thirds pre-sold.

- Through the Christina Gateway Corporation, a jointly owned and operated real estate holding company, the City's Office Economic Development succeeded in the latter part of 2005 in redesigning and concluding a complex multi-sided deal to ensure the construction and mid-2007 completion of the much needed 450 parking space, Ships Tavern Garage. This facility is expected to go far toward reinvigorating the residential/commercial district.

- At the western edge of downtown, the Buccini/Pollin Group, in a joint-venture development with Wilmington Savings Fund Society (WSFS), is building a 275,000 square-foot office building that will house the headquarters of WSFS, law offices, and the new downtown central post office. E. A. DelleDonne & Associates is adding approximately 175,000 square feet of parking spaces in order to accommodate the major consolidation of an existing health insurer that will bring more than 425 new jobs to the City by spring 2007.

- The increased attention to public safety, represents a fundamental priority of the Mayor and City Council and is an essential ingredient in sustaining economic development throughout the City. Notwithstanding the impending merger of the credit-card bank, MBNA, with Bank of America, the momentum of across-the-board economic, cultural, residential, and entertainment re-development in Wilmington continues to move forward. Bank of America has announced its intention to make Wilmington the world headquarters of its credit-card banking subsidiary. While the full effect of the merger is yet to be seen, the foundation for an expanding diversified economy in Wilmington is firm and well positioned to meet that challenges of so many newcomers putting down roots in our community.

- Both large and small scale construction activities are making Wilmington "sing" with the sights and sounds of new physical development, well-paying construction jobs, and a changing and evermore impressive skyline. The City and friends in the art community continue to look for ways to meet the growing demand of professional artists for 'live/work' space. The Market Street spine from 4th to 9th Streets and adjacent parallel and side streets on either side are increasingly attractive to small-scale developers looking for historical settings with good studio, living and performing spaces. This renewed interest in applying a "Main Street" approach to preserving and restoring downtown retail and cultural establishments, will be a major focus of attention, along with targeted neighborhood economic redevelopment, for fiscal years 2006 and 2007.

Pension and Other Post-Employment Benefits. The City of Wilmington covers the majority of all full-time employees by one of its five single-employer and one multi-employer defined benefit pension plans. Each year, an independent actuary, engaged by the plans, calculates the amount of the annual contribution that the City of Wilmington must make to the pension plans to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City of Wilmington fully funds the annual required contribution to the pension plan as determined by the actuary.

The City of Wilmington provides post-retirement healthcare benefits to all employees who retire from the City on or after January 1, 2000, and meet certain eligibility requirements. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. Eligible retirees may participate in the dental program.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington, Delaware, for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The City of Wilmington has received this prestigious award for twenty-one years. 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 audited financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Wilmington also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated for the fiscal year beginning July 1, 2005. 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, City Treasurer, Audit, Law, other City departments, various elected and appointed officials, and the efforts of our independent auditors, McBride Shopa & Company, 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.

Respectfully submitted,

Ronald A. Morris	Robert C. Johnson, Sr.
Director of Finance	Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wilmington, Delaware

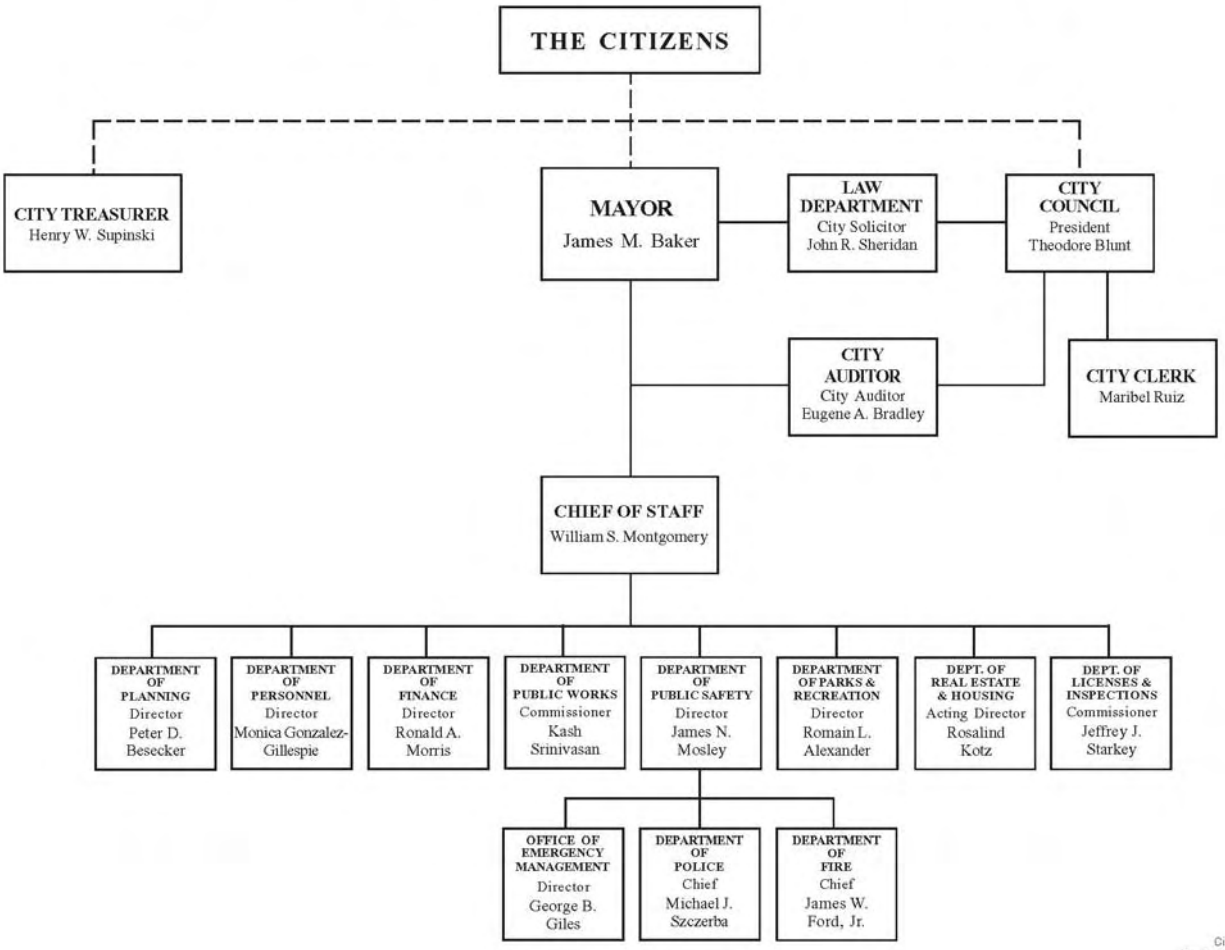
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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

President

Executive Director

CITY OF WILMINGTON ORGANIZATION CHART



City of Wilmington
Listing of Principal Officials
June 30, 2005

Executive

Mayor	**James M. Baker**

City Council

President	Theodore Blunt
1st District	Charles Potter, Jr.
2nd District	Norman D. Griffiths
3rd District	Stephanie T. Bolden
4th District	Hanifa G.N. Shabazz
5th District	Samuel Prado
6th District	Kevin F. Kelley, Sr.
7th District	Paul F. Ignudo, Jr.
8th District	Gerald L. Brady, Sr.
Council Person at Large	Michael A. Brown, Sr.
Council Person at Large	Loretta Walsh
Council Person at Large	Theopalis K. Gregory
Council Person at Large	Charles M. Freel

Chief of Staff	William S. Montgomery
City Solicitor	John R. Sheridan, Esquire
City Auditor	Eugene Bradley, CPA
Clerk of Council	Maribel Ruiz
City Treasurer	Henry W. Supinski

Department Heads

Planning	Peter D. Besecker
Personnel	Monica Gonzalez-Gillespie
Finance	Ronald A. Morris (Eff. 10-19-05)
Public Works	Kash Srinivasan
Public Safety	James N. Mosley
Parks and Recreation	Romain L. Alexander
Real Estate and Housing	Rosalind Kotz (Acting)
Licenses and Inspections	Jeffrey J. Starkey
Police	Michael J. Szczerba
Fire	James W. Ford

SEAL OF THE CITY OF WILMINGTON
DELAWARE

Auditors Opinion

Auditors Opinion

CITY OF WILMINGTON, DELAWARE
Management's Discussion and Analysis,

June 30, 2005

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, 2005. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal.

Financial Highlights

Government-wide

- The assets of the City exceeded its liabilities at the close of the fiscal year by $159,142,990 (net Assets), an increase of $12,361,126 from the prior year's results.

- Component units reported net assets of $51,935,471, an increase of $1,303,651 compared to the previous year.

Fund Level

- As of the close of the current fiscal year, the City of Wilmington's governmental funds reported combined fund balances of $46,136,932, an increase of $905,783 compared to the prior year.

- The Capital Projects Funds had a deficit unreserved and undesignated fund balance in the amount of $4,165,217.

- The Commerce Fund Balance designates $12,786,316 for future economic development activities.

- The unreserved balance of the General Fund is $31,751,854 or 33 % of the total General Fund expenditures. Of the unreserved balance, $12,440,414 is designated for Permanent Investment, and $19,311,440 is designated for the Budget Reserve Account for Public Emergencies and fiscal year 2006 expenditures.

Long-Term Debt

- The City's total net bonded debt was $156,788,619 at June 30, 2005. (See Note 8, p.66)

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.

This report conforms to current Generally Accepted Accounting Principles.

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

The Statement of Net Assets (pages 29-30) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators as to whether the financial position of the City is improving or deteriorating.

The Statement of Activities (page 31) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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).

- *Governmental Activities* – Most of the City's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include General Governmental Services, Commerce, Real Estate and Housing, Public Works, Parks and Recreation, and Public Safety.

- *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 and wastewater treatment services.

- *Discretely Presented Component Units* – Component units are legally separate organizations for which the City is financially accountable. The City includes the following component units in this report: Brandywine Gateway Corporation, Christina Gateway Corporation, Rock Manor Golf Corporation, Wilmington UDAG Corporation, Wilmington Economic Development Corporation, Wilmington Downtown Business Improvement District, Riverfront Wilmington Business Improvement District, and

- Wilmington Parking Authority. The Wilmington Park Trust Commission (The Trust) is a blended component unit. The Trust was organized for the purpose of financing the maintenance and improvements of the parks in and around the City of Wilmington.

Fund Financial Statements. The fund financial statements begin on page 31 and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental Funds* – Most of the City's basic services are reported in the governmental funds, which focus on how cash flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, reconciliations are provided (page 33) to explain the differences between the Governmental Funds Balance Sheet and the Statement of Net Assets and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities (page 35). 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, Police Special Fund, Commerce Fund, Special Revenue Funds (Other Governmental Funds), and the Capital Projects Fund.

- *Proprietary Funds* – When the City charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize the accrual basis of accounting, the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public – water and sewer services. The Internal Service Funds report activities that provide supplies and services for the City's other programs and activities - data processing services, word processing services, mail service, mapping and graphics, duplication and reproduction, motor vehicle charges, health insurance claims, workers' compensation claims and risk management issues.

- *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 on pages 39-40 of this report. These funds are used where the City holds assets in trust or as an agent for others, including the pension trust funds and agency funds. Complete financial statements with accompanying notes of the Firefighter's Pension Plan and the Policeman's 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 43 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. A budgetary comparison schedule has been provided for the General Fund and the Commerce Fund.

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. Combining and individual fund statements begin on page 101.

Statistical Section. The City provides certain informational and statistical schedules that begin on page 115.

Financial Analysis of the Government as a Whole (Primary Government)

Net Assets. A summary of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other Assets	$ 109,386,218	$ 97,155,294	$ 5,209,342	$ 6,905,308	$ 114,595,560	$ 104,060,602
Capital Assets	124,411,406	119,074,327	159,345,186	152,018,812	283,756,592	271,093,139
Total Assets	233,797,624	216,229,621	164,554,528	158,924,120	398,352,152	375,153,741
Long Term Liabilities	111,625,657	137,505,387	69,145,494	70,959,380	180,771,151	208,464,767
Other Liabilities	44,975,301	13,608,992	13,462,710	6,298,118	58,438,011	19,907,110
Total Liabilities	156,600,958	151,114,379	82,608,204	77,257,498	239,209,162	228,371,877
Net Assets:						
Invested in Capital Assets, Net of Related Debt	40,607,371	30,309,702	90,773,133	81,489,353	131,380,504	111,799,055
Restricted	18,550,295	18,881,357	-	-	18,550,295	18,881,357
Unrestricted	18,039,000	15,924,183	(8,826,809)	177,269	9,212,191	16,101,452
Total Net Assets	$ 77,196,666	$ 65,115,242	$ 81,946,324	$ 81,666,622	$ 159,142,990	$ 146,781,864

The largest component of Total Net Assets, $131,380,504, is reflected as Investment In Capital Assets (e.g., land, buildings, equipment, and others), less any debt outstanding that was needed to acquire or construct the assets. Restricted net assets in the amount of $18,550,295 represent resources that are subject to a City of Wilmington charter provision or enabling legislation as to how they may be used.

Changes in Net Assets. The combined net assets of the City increased by $12,361,126 from $146,781,864 to $159,142,990. The governmental activities net assets increased from $65,115,242 to $77,196,666, an increase of $12,081,424, and the business-type activities net

assets increased from $81,666,622 to $81,946,324, an increase of $279,702. A significant amount of the increase is due to higher than expected tax revenues and a grant for policing activities from The New Castle County Government in the governmental activities.

City of Wilmington's Changes in Net Assets

Year Ended June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
REVENUES						
Program Revenues:						
Charges for Services	$ 14,933,441	$ 12,952,060	$ 38,632,385	$ 37,917,607	$ 53,565,826	$ 50,869,667
Operating Grants & Contributions	17,815,357	11,751,700	148,493	1,901,533	17,963,850	13,653,233
Capital Grants & Contributions	5,211,389	2,300,217	-	-	5,211,389	2,300,217
General Revenues:						
Total Taxes	87,512,471	84,239,984	-	-	87,512,471	84,239,984
Investment Earnings	3,113,915	2,857,460	-	-	3,113,915	2,857,460
Other	11,514,969	9,496,006	-		11,514,969	9,496,006
Gains (Losses) on Capital Assets	1,816,418	2,115,997	-	(1,383)	1,816,418	2,114,614
Total Revenues	141,917,960	125,713,424	38,780,878	39,817,757	180,698,838	165,531,181
EXPENSES						
General Government	33,731,581	27,860,683	-	-	33,731,581	27,860,683
Commerce	2,112,027	1,906,066	-	-	2,112,027	1,906,066
Real Estate and Housing	9,058,065	8,108,654	-	-	9,058,065	8,108,654
Public Works	12,984,809	14,338,205	-	-	12,984,809	14,338,205
Parks and Recreation	6,836,358	8,559,178	-	-	6,836,358	8,559,178
Public Safety	58,997,339	48,632,268	-	-	58,997,339	48,632,268
Interest on Long Term Debt	6,116,357	5,502,044	-	-	6,116,357	5,502,044
Water/Sewer	-	-	38,501,176	35,986,327	38,501,176	35,986,327
Total Expenses	129,836,536	114,907,098	38,501,176	35,986,327	168,337,712	150,893,425
Increase in Net Assets before Transfers	12,081,424	10,806,326	279,702	3,831,430	12,361,126	14,637,756
Transfers	-	1,000,000	-	(1,000,000)	-	-
Increase in Net Assets	12,081,424	11,806,326	279,702	2,831,430	12,361,126	14,637,756
Net Assets - Beginning	65,115,242	53,308,916	81,666,622	78,835,192	146,781,864	132,144,108
Net Assets - Ending	$ 77,196,666	$ 65,115,242	$ 81,946,324	$ 81,666,622	$ 159,142,990	$ 146,781,864

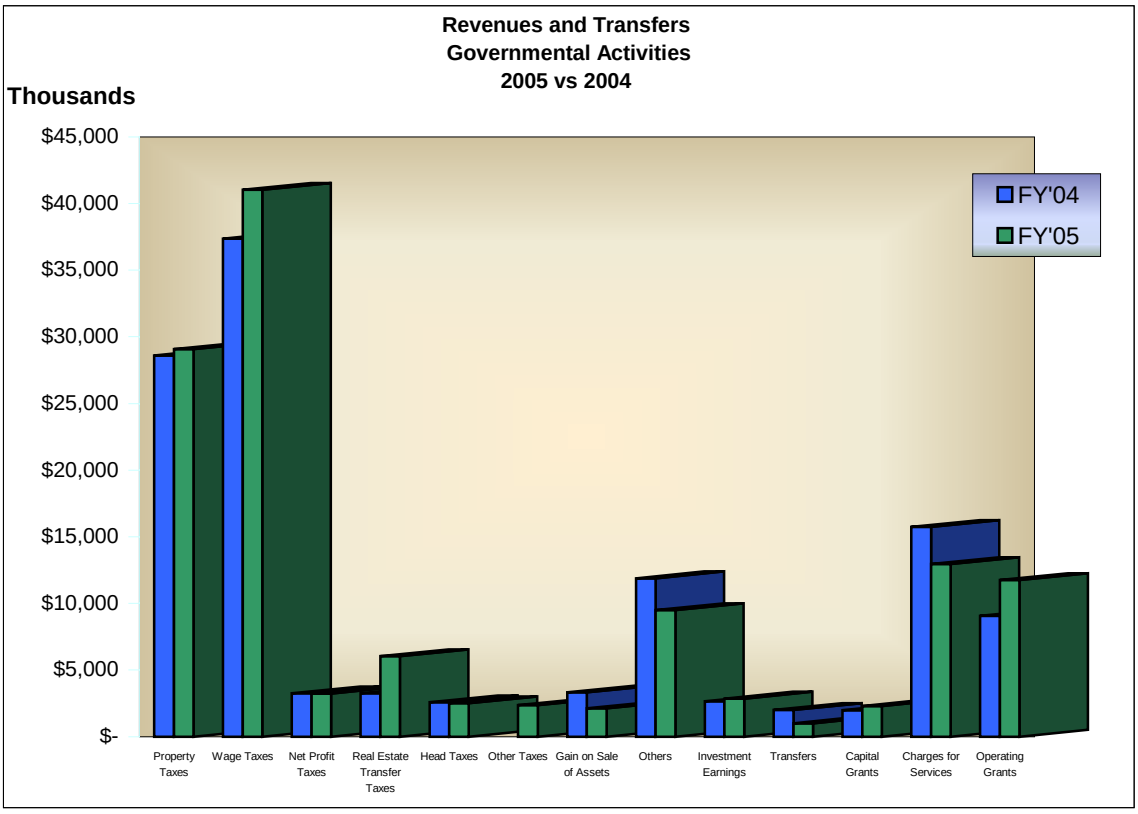
Governmental Activities

The following chart depicts a comparative view of the revenues of the governmental activities for fiscal year 2005 as compared to fiscal year 2004:

The key revenue elements are discussed later in the fund statement comparisons.

Governmental Activities Revenue and Transfers

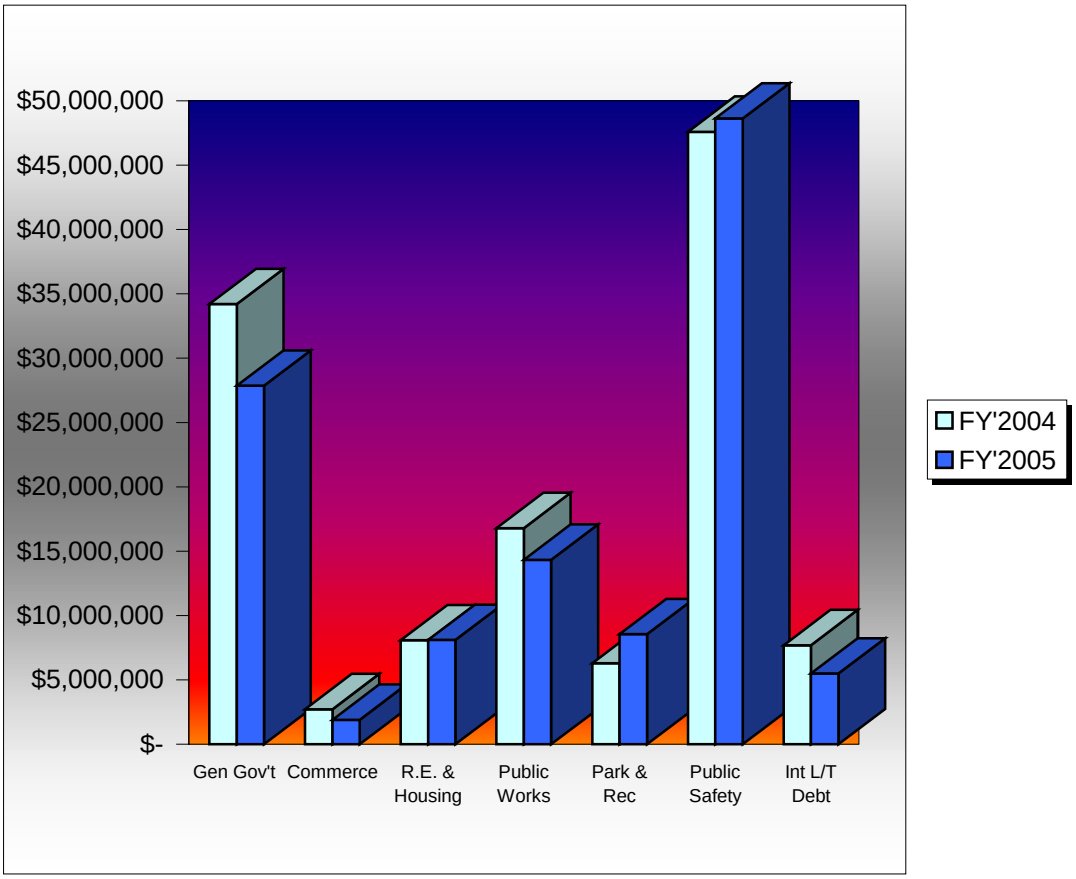
	2005	2004
Property Taxes	$ 28,417,535	$ 29,068,010
Wage Taxes	43,801,665	41,030,254
Net Profit Taxes	3,546,455	3,240,693
Real Estate Transfer Taxes	6,021,220	6,033,039
Head Taxes	2,433,334	2,500,666
Other Taxes	3,292,262	2,367,322
Gain on Sale of Assets	1,816,418	2,115,997
Others	11,514,969	9,496,006
Investment Earnings	3,113,915	2,857,460
Transfers	-	1,000,000
Capital Grants	5,211,389	2,300,217
Charges for Services	14,933,441	12,952,060
Operating Grants	17,815,357	11,751,700
Total Revenues and Transfers	$ 141,917,960	$ 126,713,424



The following chart depicts functional expenses of the governmental activities for the fiscal year 2005 as compared to fiscal year 2004. Explanation for the variances in expenses are explained in the financial analysis of the City's Funds, Governmental Funds section below:

Governmental Activities Expenditures

Expenditures Category	2005	2004
General Government	$ 33,731,581	$ 27,860,683
Commerce	2,112,027	1,906,066
Real Estate & Housing	9,058,065	8,108,654
Public Works	12,984,809	14,338,205
Parks & Recreation	6,836,358	8,559,178
Public Safety	58,997,339	48,632,268
Interest on Long-term Debt	6,116,357	5,502,044
	$ 129,836,536	**$ 114,907,098**



Business-type Activities

Net assets of the business-type activities increased by $279,702 for the current fiscal year. Explanations of the variance are contained in the financial analysis of the City's Funds, Proprietary Funds section below.

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported fund balances of $46,136,932. Of the current ending fund balances, $31,751,854 is reported as unreserved in the General Fund, $5,763,979 is reserved for Park Operations, ($4,165,217) is related to Capital Projects need of financing, and $12,786,316 is reserved for economic development in the Commerce Fund.

Governmental Funds

General Fund – Comparison to Prior Year.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, the unreserved fund balance was $31,751,854, an increase of $6,011,309 over the fiscal year 2004. The General Fund unreserved fund balance is designated as follows: $19,311,440 for Budget Reserves for Public Emergencies, and $12,440,414 for Permanent Investment Reserves.

The revenues for fiscal year 2005 increased $5,144,554 compared to the prior fiscal year. Primary contributing areas are mentioned below:

- Wage and Net Profit taxes increased by $3,077,173 compared to 2004 due primarily to increased payments received from the Top 100 taxpayers, which would include severance packages offered by MBNA that had a significant impact on this increase, and Earned Income Tax Division staff increased their auditing of Businesses and increased collections efforts by the Delinquent Accounts Division.

- Franchise taxes increased by $257,698 compared to the prior year's results. The increase is primarily due to the effect of the increased in natural gas prices on the natural gas tax.

- Other Taxes: Lodging, Limited Liability Taxes, and Corporate Filing Fees, which are new revenue sources for the City enacted through state legislation in fiscal year 2003, contributed $3,292,262, an increase of $924,940 over the fiscal year 2004 revenues because of the increase in corporate activity.

- Licenses and Permits Fees increased by $694,251 primarily due to the rise in Building and Demolition Permits, associated with the renovation and construction boom in the City, and additionally, Fire Plan Review Fees contributed to the increase.

- Due to the rise in the rate of return on invested funds, the interest earned in 2005 increased by $724,922.

- Property Tax Revenues decreased $650,475, due to the activity involving various taxable and non-taxable properties.

- The decrease of $839,405 in Charges For Services is primarily due to the removal of billings for Vacant Property Registration Fees deemed uncollectible.

The current year's expenditures increased by $12,762,027 or 15.1%, compared to fiscal year 2004 spending levels. The major factors contributing to the increase of fiscal year 2005 expenditures were raises and retroactive pay due to the ratification of the Union contracts. The increased pension costs were due to the City's increased funding of costs in anticipation of future needs.

- General Governmental expenditures for 2005, which were 13.3% of the entire General Fund expenditures, experienced an increase of $1,703,682 compared to the 2004 results.

- Public Safety expenditures, which represented 59% of the City's General Fund expenditures, experienced an increase of $7,553,557 due mainly to the raises and retroactive pay increases and the hiring of new officers under the New Castle County Government grant.

    - The Police Department expenditures increased by $5,096,015, and the Fire Department expenditures increased by $2,093,645. In both categories, ratification of Union contracts and overtime were the major contributing factors.

- Pension and Retirement costs increased by an additional $3 million in excess of the actuarially recommended annual contribution, for the purpose of reducing the unfunded pension liability.

City of Wilmington, Delaware

General Fund

Schedule of Revenues, Expenditures-Actual and Actual

	FY'05 Actual Amounts	FY'04 Actual Amounts	Actual to Actual Variance O (U)
Revenues:			
Taxes:			
Property	$ 28,417,535	$ 29,068,010	$ (650,475)
Wages	43,801,665	41,030,254	2,771,411
Franchise	2,689,238	2,431,540	257,698
Real Estate Transfer Taxes	6,021,220	6,033,039	(11,819)
Net Profit	3,546,455	3,240,693	305,762
Head	2,433,334	2,500,666	(67,332)
Other Taxes	3,292,262	2,367,322	924,940
Licenses, Permits and Fees	4,174,056	2,479,805	1,694,251
Fines and Forfeitures	2,818,007	2,783,406	34,601
Charges for Services	4,286,492	5,125,897	(839,405)
Interest	1,538,286	813,364	724,922
Total Revenues	$ 103,018,550	$ 97,873,996	$ 5,144,554
Expenditures:			
General Governmental Services:			
Mayor's office	$ 4,220,603	$ 3,673,018	$ 547,585
City Council	2,061,544	1,874,826	186,718
Audit	556,892	515,807	41,085
Law	2,080,955	1,911,983	168,972
Finance	3,158,985	2,666,298	492,687
Personnel	1,326,047	1,235,971	90,076
Treasurer	352,631	330,978	21,653
Planning	1,259,587	1,104,681	154,906
Real Estate and Housing	1,607,314	1,027,154	580,160
Parks and Recreation:	7,732,563	6,863,342	869,221
Public Safety:			-
Police	37,838,539	32,742,524	5,096,015
Fire	16,748,812	14,655,167	2,093,645
Municipal Court	-	5,473	(5,473)
Licenses and Inspection	2,848,401	2,479,031	369,370
Public Works	15,502,801	13,447,394	2,055,407
Total Expenditures	$ 97,295,674	$ 84,533,647	$ 12,762,027

Proprietary Funds

Water/Sewer Fund - Comparison to Prior Year

The operation of the Business-type activities increased the City's net assets by $279,702. Compared to 2004, the Water/Sewer System's revenues in fiscal year 2005 increased by $714,778 or 1.9%.

- Sewer Service Charges to New Castle County increased 2.7% from $15,003,123 to $15,405,124.

- Other operating revenues (primarily direct user charges) increased by 1.4% from $22,829,055 to $23,157,974. The City of Wilmington's implementation of radio read technology has afforded the City more accurate meter reads and financial data.

- Compared to fiscal year 2004 results, operating expenses increased by $2,577,933 or 7.8%. The increased costs are primarily due to raises and retroactive pay due to the ratification of Union contracts, higher charges for the management of the sewage treatment plant and costs associated with implementation of the Combined Sewer Overflows.

General Fund Budgetary Highlights

The City adopted the fiscal year 2005 budget on May 20, 2004, and amended it to meet operational needs during the year. The City's practice is to (a) amend budgeted revenue only for grants or new revenue streams and (b) amend budgeted expenditures primarily to approve new spending authority.

The final budget contained $92,360,733 of revenues and other financing sources (uses), and $92,182,803 of expenditures. The actual results were revenues and other financing sources (uses) of $10,946,250 above budget, and expenditures of $5,112,871 were over budget.

Governmental activities resulted in the increase of the City's net assets by $12,361,126.

- Property Tax revenues, representing 30% of General Fund Tax revenues, exceeded the budget by $498,335 due to consistent and timely penalty and interest billings.

- Net Profit Taxes exceeded the budget by $1,646,455. Continued profitability of the legal service industry is primarily responsible for the increase in this revenue source.

- Real Estate Transfer Taxes exceeded budget by $3,421,220. There was an increase in property acquired and new businesses relocating within the City limits.

- Franchise Taxes exceed budget by $889,238. Reflected in this increase is the impact of the increasing natural gas prices on the natural gas tax.

- Other Taxes: Contributed $3,292,262 to the City's total revenue for fiscal year 2005, an increase of $517,262 over budget due to increased corporate activity.

- General Governmental expenditures for 2005 exceeded budget by $562,806, primarily caused by raises and retroactive pay, due to the ratification of Union contracts. The increased pension costs were due to the funding in excess of the actuarially determined amounts.

- The Public Works Department expenditures were higher than budget by $668,787, primarily for the reasons stated above.

- Public Safety expenditures were higher than budget by $3,804,360: the Police Department expenditures were higher than budget by $2,766,293, and the Fire Department expenditures were higher than budget by $1,010,597. The primary contributors to costs increases in both areas were raises and retroactive pay due to the ratification of Union contracts approved by City Council. The increased pension costs were due to the funding in excess of the actuarially determined amounts.

- A budgeted transfer of $2.5 million from the Water/Sewer Fund was not required in fiscal year 2005, because the General Fund experienced a surplus.

Commerce Fund Budgetary Highlights

- In fiscal year 2005, the Commerce Fund actual revenues were under budget due to the State of Delaware's prepayment of the port acquisition note in prior years which resulted the early recognition of the deferred gain as of June 20, 2004.

Police Special Fund Budgetary Highlights

- In fiscal year 2005, the Police Special Fund was created with a $15 million grant funded over two years from the New Castle County Government to provide assistance to the City of Wilmington's policing activities.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2005, the City invested $283,756,552, net of accumulated depreciation, in a broad range of capital assets (see the table below).

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	$ 17,258,698	$ 19,722,975	$ 3,656,612	3,656,612	$ 20,915,310	$ 23,379,587
Buildings	27,609,353	28,656,060	42,609,897	44,414,801	70,219,250	73,070,861
Improvements other than Buildings	57,836,533	52,642,703	86,174,963	79,390,215	144,011,496	132,032,918
Street and Utilities	5,257,108	5,404,427	12,918,353	13,262,474	18,175,461	18,666,901
Machinery and Equipment	8,374,005	7,034,506	13,963,135	11,235,345	22,337,140	18,269,851
Vehicles	7,531,656	4,994,480	22,226	59,365	7,553,882	5,053,845
Other	544,013	619,176	-	-	544,013	619,176
Totals	$ 124,411,366	$ 119,074,327	$ 159,345,186	$ 152,018,812	$ 283,756,552	$ 271,093,139

The City is not yet required to and has not yet completed the inventory required to meet the GASB Statement No. 34 requirements to capitalize highway, street, and bridge infrastructure; thus it is not reporting a value for those assets. The City intends to account for infrastructure by the GASB Statement No. 34 deadline of June 30, 2006.

Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- There was an increase of $5 million in improvements other than buildings, mainly due to the $20 million relocation project of the Public Works Yard, and infrastructure improvements related to Christina Landing (a major residential development). This project is expected to be completed in fiscal year 2007.

- There was an increase of $1.4 million in Vehicles for the purchase of fire apparatus and additional City vehicles.

- Machinery and Equipment increased $1.3 million, primarily due to the City's three-year project to install a new financial system.

Business-type Activities:

- Improvements Other than Buildings increased $7 million primarily due to water infrastructure improvements and improvements to the Combined Sewer Overflow (CSO).

- Machinery and Equipment increased $1.7 million due to the installation of the new radio read technology.

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

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $156,788,619. Of this amount, $104,768,155 comprises debt backed by the full faith and credit of the government for Governmental activities, and $52,020,464 is supported by Business-Type activities.

- On April 1, 2005, the City issued $18,785,000 of General Obligation Bonds, Series of 2005, to advance refund earlier debt.
- On March 18, 2005 the City issued $1,350,000 of General Obligation Bonds, Series B of 2005 to purchase fire apparatus.
- On April 1, 2005, the City issued $12,945,000 of General Obligation Bonds, Series B of 2004 to advance refund earlier debt.

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 A2 rating from Moody's Investors Service and A+ rating from Standard & Poor's Corporation for general obligation debt.

Additional information on the City's long-term debt can be found in Note 8 to the financial statements.

General Obligations Bonds

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	$ 104,768,155	$ 108,436,971	$ 52,020,464	$ 55,763,675	$ 156,788,619	$ 164,200,646

Economic Factors and 2005 Budgets and Rates

The City of Wilmington's unemployment rate of 6.2% trended downwards while per capita income continues to grow. The City's diversified service economy is evidenced by the Riverfront District and the Ship's Tavern District – Retail Development, and the relocation of the following to the City: Buccini/Pollin Group, AAA providing up to 400 new jobs, Parcels, Inc providing 50 new jobs, and the relocation of ING to the former Chase building bringing up to 300 new jobs.

Private developers are investing in downtown residential expansion with the following new housing initiatives: The Residences at Center City with over 100 units, The Residences on Rodney Square with 275 units, and Christina Landing with 65 townhouses, 200 apartments, and 220 condominiums.

All of these economic factors were taken into account when adopting the General Fund budget for fiscal year 2005. The City's budget addressed the economic development, public safety, and infrastructure needs. Tax and service charge rates primarily stayed unchanged in fiscal year 2005. The property tax rate was unchanged while added taxable reassessments increases the taxable base.

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 Ronald A. Morris, Director of Finance, 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 43 to the financial statements.

Basic Financial Statements

City of Wilmington, Delaware

Statement of Net Assets
June 30, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Cash and Cash Equivalents	$ 37,258,185	$ 250	$ 37,258,435	$ 9,822,936
Investments	-	-	-	3,083,784
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	826,184	-	826,184	-
Customer	-	4,831,466	4,831,466	293,996
Parking Citations	481,599	-	481,599	-
Business Licenses	166,041	-	166,041	-
Wage Taxes	1,491,333	-	1,491,333	-
Mortgages	902,358	-	902,358	33,112,356
Notes Receivable	21,921,066	-	21,921,066	-
Other	738,264	-	738,264	350,000
Employee Travel Advances	5,021	115	5,136	-
Internal Balances	10,755,782	(10,755,782)	-	
Due from Other Governmental Agencies	12,796,705	-	12,796,705	-
Due from Fiduciary Funds	4,307,307	-	4,307,307	-
Prepaid Expenses/Costs	-	-	-	87,838
Accrued Interest Receivable	312,215	-	312,215	536,137
Deferred Charges	702,583	377,511	1,080,094	690,477
Other Assets	-	-	-	16,519
Restricted Assets:				
Cash and Investments	16,721,575	-	16,721,575	1,315,130
Capital Assets not being depreciated				
Land	17,258,698	3,656,612	20,915,310	16,559,144
Capital Assets (net of accumlated depreciation)				
Buildings	27,609,353	42,609,897	70,219,250	24,758,709
Improvements other than Building	57,836,573	86,174,963	144,011,536	-
Streets and Water Utilties	5,257,108	12,918,353	18,175,461	-
Machinery and Equipment	8,374,005	13,963,135	22,337,140	2,609,938
Vehicles	7,531,656	22,226	7,553,882	170,975
Other	544,013	-	544,013	1,430,522
Total Assets	$ 233,797,624	$ 153,798,746	$ 387,596,370	$ 94,838,461

City of Wilmington, Delaware

Statement of Net Assets
June 30, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities:				
Accounts Payable and Other	$ 6,997,683	$ 1,882,693	$ 8,880,376	$ 1,723,070
Interest Payable	1,505,144	824,235	2,329,379	239,503
Refundable Deposits	349,198	-	349,198	2,500
Unearned Revenue	15,160,734	-	15,160,734	199,140
Funds Held in Escrow	80,595	-	80,595	-
Long Term Liabilities				
Due Within One Year:				
Loan Payable	100,257	958,900	1,059,157	218,669
Bond Anticipation Note	-	-	-	-
General Obligation Bonds Payable	11,659,016	4,540,985	16,200,001	-
Mortgage Payable	-	-	-	4,039
Obligations under Capital Lease	816,314	1,037,658	1,853,972	11,800
Revenue Bonds Payable	-	-	-	1,640,068
Compensated Absences	5,900,556	573,441	6,473,997	-
Deferred Amounts on Refunding	(525,228)	(261,948)	(787,176)	-
Due in More Than One Year:				
Loan Payable	986,921	12,585,292	13,572,213	13,908,965
Bond Anticipation Note	1,350,000	-	1,350,000	-
General Obligation Bonds Payable	93,109,139	47,479,479	140,588,618	-
Revenue Bonds Payable	-	-	-	21,333,176
Mortgage Payable	-	-	-	1,593,272
Claims Liabilities	20,881,947	-	20,881,947	-
Obligations under Capital Lease	1,592,522	3,940,228	5,532,750	24,042
Deferred Amounts on Refunding	(3,363,840)	(1,708,541)	(5,072,381)	-
Minority Interest	-	-	-	2,004,746
Total Liabilities	156,600,958	71,852,422	228,453,380	42,902,990
Net Assets				
Investment in Capital Assets, Net of Related Debt	40,607,371	90,773,133	131,380,504	18,482,365
Restricted for:				
Debt Service	-	-	-	2,379,696
Park Operations	5,763,979	-	5,763,979	-
Economic Development	12,786,316	-	12,786,316	12,160,000
Unrestricted	18,039,000	(8,826,809)	9,212,191	18,913,410
Total Net Assets	$ 77,196,666	$ 81,946,324	$ 159,142,990	$ 51,935,471

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

City of Wilmington, Delaware

Statement of Activities

For the Year Ended June 30, 2005

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Functions/Programs								
Primary Government:								
Governmental Activities:								
General Governmental Services	$ 33,731,581	$ 6,879,434	$ 30,270	$ 39,118	$ (26,782,759)	$ -	$ (26,782,759)	$ -
Commerce	2,112,027	-	-	-	(2,112,027)	-	(2,112,027)	-
Real Estate and Housing	9,058,065	-	8,508,795	-	(549,270)	-	(549,270)	-
Public Works	12,984,809	19,329	-	5,172,271	(7,793,209)	-	(7,793,209)	-
Parks and Recreation	6,836,358	-	842,157	-	(5,994,201)	-	(5,994,201)	-
Public Safety	58,997,339	8,034,678	8,434,135	-	(42,528,526)	-	(42,528,526)	-
Interest on Long-term Debt	6,116,357	-	-	-	(6,116,357)	-	(6,116,357)	-
Total Governmental Activities	129,836,536	14,933,441	17,815,357	5,211,389	(91,876,349)	-	(91,876,349)	-
Business-Type Activities:								
Water/Sewer	38,501,176	38,632,385	148,493	-	-	279,702	279,702	-
Total Primary Governments	168,337,712	53,565,826	17,963,850	5,211,389	(91,876,349)	279,702	(91,596,647)	-
Component Units:								
Brandywine Gateway Corporation	675,725	610,754	-	-	-	-	-	(64,971)
Christina Gateway Corporation	158,940	46,476	-	-	-	-	-	(112,464)
Rock Manor Golf Corporation	998,430	909,089		-	-	-	-	(89,341)
Wilmington UDAG Corporation	823,592	573,566	-	-	-	-	-	(250,026)
Wilmington Economic Development Corporation	388,994	398,839	-	-	-	-	-	9,845
Wilmington Parking Authority	6,472,529	6,315,077	-	-	-	-	-	(157,452)
Downtown Visions	1,666,369	1,706,911	-	-	-	-	-	40,542
Riverfront Business Improvement District	203,960	216,408	-	-	-	-	-	12,448
Total Component Units	$ 11,388,539	$ 10,777,120	$ -	$ -	$ -	$ -	$ -	$ (611,419)
	General Revenues:							
	Property Taxes				28,417,535	-	28,417,535	-
	Wage Taxes				43,801,665	-	43,801,665	-
	Net Profit Taxes				3,546,455	-	3,546,455	-
	Real Estate Transfer Taxes				6,021,220	-	6,021,220	-
	Head Taxes				2,433,334	-	2,433,334	-
	Other Taxes				3,292,262	-	3,292,262	-
	Gain on Sale of Assets				1,858,993	-	1,858,993	1,840,047
	Others				11,472,394	-	11,472,394	(539,853)
	Interest Earned on Investments				3,113,915	-	3,113,915	614,876
	Total General Revenues and Transfers				103,957,773	-	103,957,773	1,915,070
	Changes in Net Assets				12,081,424	279,702	12,361,126	1,303,651
	Net Assets - Beginning				65,115,242	81,666,622	146,781,864	50,712,874
	Prior Period Adjustments				-	-	-	(81,054)

City of Wilmington, Delaware

Balance Sheet
Governmental Funds
June 30, 2005

	General	Capital Projects	Police Special Fund	Commerce Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	$ 36,323,500	$ -	$ -	$ 10,927,195	$ 281,356	$ 47,532,051
Investments	-	-	-	-	5,513,024	5,513,024
Receivables (net):						
Property Taxes	826,184	-	-	-	-	826,184
Parking Citations	481,599	-	-	-	-	481,599
Business Licenses	166,041	-	-	-	-	166,041
Wage Taxes	1,491,333	-	-	-	-	1,491,333
Mortgages	-	-	-	800,000	102,358	902,358
Notes Receivable	-	-	-	21,921,066	-	21,921,066
Other	658,664	79,600	-	-	-	738,264
Accrued Interest Receivable	312,215	-	-	-	-	312,215
Employee Travel Advances	2,582	-	-	-	2,439	5,021
Due from Other Funds	-	-	4,269,090	2,091,550	526,226	6,886,866
Due from Other Governments	105,259	1,549,753	7,500,000	-	3,641,693	12,796,705
Total Assets and Other Debits	$ 40,367,377	$ 1,629,353	$ 11,769,090	$ 35,739,811	$ 10,067,096	$ 99,572,727
Liabilities:						
Accounts Payable	$ 1,081,217	$ 1,721,476	$ 2,384	$ 25,200	$ 840,784	$ 3,671,061
Accrued Wages Payable	757,264	-	-	7,229	56,608	821,101
Refundable Deposits	429,168	-	-	-	-	429,168
Due to Other Funds	4,535,312	3,592,435	13,256	-	2,291,662	10,432,665
Unearned Revenue	1,812,562	480,659	11,753,450	21,921,066	1,114,063	37,081,800
Environmental Reserve (Note 5-A)	-	-	-	1,000,000	-	1,000,000
Total Liabilities	8,615,523	5,794,570	11,769,090	22,953,495	4,303,117	53,435,795
Fund Balances:						
Reserved for:						
Park Operations	-	-	-	-	5,763,979	5,763,979
Unreserved:						
Capital Projects	-	(4,165,217)	-	-	-	(4,165,217)
Unreserved Designated:						
Designated for:						
Economic Development	-	-	-	12,786,316	-	12,786,316
Permanent Investment Reserves	12,440,414	-	-	-	-	12,440,414
Budget Reserve Account for Public Emergencies	19,311,440	-	-	-	-	19,311,440
Total Fund Balances	31,751,854	(4,165,217)	-	12,786,316	5,763,979	46,136,932
Total Liabilities and Fund Balances	$ 40,367,377	$ 1,629,353	$ 11,769,090	$ 35,739,811	$ 10,067,096	$ 99,572,727

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

City of Wilmington

Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Assets
For the Year Ended June 30, 2005

The Total Net Assets reported for governmental activities in the Statement of Net Assets (Page 30) is different because:

Total Fund Balances for Government Funds (Page 32)		$ 46,136,932
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in Note 6 are included in the Statement of Net Assets.		124,411,406
Other assets are not available to pay current-period expenditures and therefore are not recorded in the funds.		20,246,124
Deferred revenues reported in the fund are recognized in governmental activities.		21,921,066
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	(5,900,556)	
Other Long-term Liabilities	(1,506,114)	
Claim Liabilities	(20,881,947)	
Interest Payable	(1,505,144)	
Bonds and Notes Payable	(105,725,101)	(135,518,862)
Total Net Assets of Governmental Activities (Page 30)		$ 77,196,666

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, 2005

	General	Capital Projects	Police Special Fund	Commerce Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	$ 28,417,535	$ -	$ -	$ -	$ -	$ 28,417,535
Wages	43,801,665	-	-	-	-	43,801,665
Franchise	2,689,238	-	-	-	-	2,689,238
Real Estate Transfer	6,021,220	-	-	-	-	6,021,220
Net Profit	3,546,455	-	-	-	-	3,546,455
Head	2,433,334	-	-	-	-	2,433,334
Other Taxes	3,292,262	-	-	-	-	3,292,262
Intergovernmental	-	3,341,224	3,246,550	3,300,589	15,950,645	25,839,008
Licenses and Permits	4,174,056	-	-	-	-	4,174,056
Fines and Forfeitures	2,818,007	-	-	-	-	2,818,007
Charges for Services	4,286,492	-	-	-	-	4,286,492
Interest	1,538,286	-	-	902,916	672,713	3,113,915
Program Income	-	-	-	-	478,479	478,479
Other	-	30,000	-	-	794,642	824,642
Total Revenues	103,018,550	3,371,224	3,246,550	4,203,505	17,896,479	131,736,308
Expenditures:						
Current:						
General Governmental Services	13,942,870	-	-	-	298,793	14,241,663
Commerce	-	-	-	1,236,442	-	1,236,442
Real Estate and Housing	474,428	-	-	-	8,388,617	8,863,045
Public Works	12,237,952	-	-	-	1,827,199	14,065,151
Parks and Recreation	5,971,118	-	-	-	1,477,966	7,449,084
Public Safety	55,948,991	-	3,246,550	-	5,536,284	64,731,825
Debt Service:						
Principal Retirement	5,494,641	-	-	4,080,206	-	9,574,847
Interest and Fiscal Charges	3,225,674	-	-	1,385,539	-	4,611,213
Bond Issuance Costs	397,575	-	-	-	-	397,575
Capital Outlays						
Capital Projects	-	9,495,688	-	-	-	9,495,688
Total Expenditures	97,693,249	9,495,688	3,246,550	6,702,187	17,528,859	134,666,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,325,301	(6,124,464)	-	(2,498,682)	367,620	(2,930,225)
Other Financing Sources (Uses)						
Transfers In	275,000	-	-	-	-	275,000
Bonds Anticipation Note	-	1,350,000	-	-	-	1,350,000
Bonds Anticipation Note Repayment	(4,500,000)	-	-	-	-	(4,500,000)
Refunding Bonds Issued	21,311,105	-	-	-	-	21,311,105
Bond Premiums	777,555	-	-	-	-	777,555
Payment to Refunded Bond Escrow Agent	(17,191,175)	-	-	-	-	(17,191,175)
Proceeds from the Sale of Assets	13,433	-	-	1,800,000	-	1,813,433
Total Other Financing Sources (Uses)	685,918	1,350,000	-	1,800,000	-	3,835,918
Net Change in Fund Balances	6,011,219	(4,774,464)	-	(698,682)	367,620	905,693
Fund Balance - Beginning	25,740,545	609,247	-	13,484,998	5,396,359	45,231,149
Fund Balance - Ending	$ 31,751,764	$ (4,165,217)	$ -	$ 12,786,316	$ 5,763,979	$ 46,136,842

The notes to the financial staements are an integral part of the statement. -

City of Wilmington, Delaware

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds To the Statement of Activities For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds (Page 34)	$	905,783
Capital outlays are reported as expenditures in governmental funds; however, in the governmental-wide statements, capital outlays are reported are reported increases in capital assets (not expenses) and the cost of general capital assets is allocated over their estimated useful lives and reported as depreciation expense. All depreciation is reported as part of functional program expenses. The current amounts were:		
Capital assets acquisition		9,495,688
Depreciation expense		(3,602,706)
The net effect of various miscellaneous transacations involving capital assets is to decrease net assets.		(2,021,224)
Repayment of general long-term liabilities is reported as an expenditure in governmental funds, but the repayment reduces general long-term liabilties in the statement of net assets. During the current fiscal year, these amouts consisted of:		
Principal Payments		9,574,847
Bond proceeds provide current financial resources to the governmental funds; however, issuing bonds increases general long-term liabilities in the statement of net assets.		
Bond Anticipation Notes		1,350,000
Certain additional expenses are reported in the statement of activities because they are due and payable and are funded with future economic resources rather than current available financial resources:		
Accrued interest		(1,505,144)
Other		(2,115,820)
Change in net assets of governmental activities (page 31)	$	12,081,424

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

City of Wilmington, Delaware

Statement of Fund Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities	Governmental Activities
Assets	**Water and Sewer**	**Internal Service Funds**
Curent Assets		
Cash and Cash Equivalents	$ 250	$ 934,685
Receivables (Net of Allowances for Uncollectibles):		
Customer	4,831,466	-
Employee Travel Advances	115	-
Due from Other Funds	-	22,363,331
Total Current Assets	4,831,831	23,298,016
Noncurrent Assets		
Deferred Charges	377,511	9,907
Capital Assets		
Land	3,656,612	-
Building	115,524,228	73,204
Building Improvements	98,231,724	28,554
Water and Street Utiltiies	16,801,268	-
Machinery and Equipment	27,956,699	4,873,111
Vehicles	813,242	14,336,760
Less Accumulated Depreciation	(103,638,587)	(11,929,025)
Total Capital Assets	159,345,186	7,382,604
Total Noncurrent Assets	159,722,697	7,392,511
Total Assets	164,554,528	30,690,527
Liabilities		
Current Liabilities		
Accounts Payable	1,782,017	1,473,666
Accrued Wages and Payroll Withholdings	100,676	18,599
Accrued Interst Payable	824,235	-
Compensated Absences	573,441	160,864
Loans Payable- State of Delaware	958,900	-
General Obligation Bonds-Current	4,540,985	34,964
Deferred Amounts on Refunding-Current	(261,948)	-
Obligations under Capital Lease-Current	1,037,658	1,481,756
Total Current Liabilities	9,555,964	3,169,849
Noncurrent Liabilites		
General Obligation Bonds Payable	47,479,479	867,969
Capital Leases Payable	3,940,228	110,766
Loans Payable- State of Delaware	12,585,292	-
Deferred Amounts on Refunding	(1,708,541)	-
Due to Other Funds	10,755,782	3,767,699
Claims Liabilities	-	20,881,947
Total Noncurrent Liabilities	73,052,240	25,628,381
Total Liabilities	82,608,204	28,798,230
Net Assets		
Invested in Capital Assets, Net of Related Debt	90,773,133	4,033,270
Unrestricted	(8,826,809)	(2,994,852)
Total Net Assets	$ 81,946,324	$ 1,038,418

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

City of Wilmington, Delaware

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
Operating Revenues:		
Charges for Services	$ 38,563,098	$ 23,795,712
Rentals and Concessions	69,287	-
Employee Contributions	-	428,815
Other	-	90,027
Total Operating Revenues	38,632,385	24,314,554
Operating Expenses:		
Personal Services	8,721,496	1,411,609
Materials, Supplies and Contractual Services	21,257,240	5,651,946
Depreciation and Amortization	5,470,572	1,359,092
Claims Expense	-	14,464,256
Insurance Premiums	-	242,563
Total Operating Expenses	35,449,308	23,129,466
Operating Income	3,183,077	1,185,088
Non-Operating Revenues (Expenses):		
Interest Expense	(3,051,868)	(149,263)
Gain (Loss) on Sale of Assets	-	2,593
Other	148,493	-
Total Non-Operating Revenues (Expenses):	(2,903,375)	(146,670)
Change in Net Assets	279,702	1,038,418
Total Net Assets - Beginning	81,666,622	-
Total Net Assets - Ending	$ 81,946,324	$ 1,038,418

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

City of Wilmington, Delaware

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business-type Activities	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from Customers and Users	$ 39,516,319	$ 23,798,305
Payments to Suppliers	(25,062,211)	(18,125,844)
Payments to Employees	(8,735,347)	(1,455,219)
Other Operating Revenues	-	518,842
Net Cash Provided by Operating Activities	5,718,761	4,736,084
Cash Flows from Noncapital Financing Activities		
Advances to Other Funds	-	(1,754,198)
Net Cash Used by Capital and Related Financing Activities	-	(1,754,198)
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Capital Debt	11,299,079	-
Acquisition and Construction of Capital Assets	(12,763,916)	(2,471,137)
Principal Paid on Capital Debt	(15,050,416)	(37,475)
Interest Paid on Capital Debt	(3,506,009)	-
Proceeds from Capital Lease and Notes	3,675,320	960,343
Principal Paid on Capital Lease and Notes	(1,523,473)	(1,329,392)
Interest Paid on Capital Lease and Notes	(76,630)	(149,263)
State Contributions	148,493	-
Receipts from Other Funds	12,078,791	-
Net Cash Used by Capital and Related Financing Activities	(5,718,761)	(3,026,924)
Net Increase in Cash and Cash Equivalents	-	(45,038)
Cash and Cash Equivalents - July 1, 2004	250	979,723
Cash and Cash Equivalents - June 30, 2005	$ 250	$ 934,685
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	3,183,077	1,185,088
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	5,470,572	1,359,092
Decrease in Provision for Uncollectible Accounts	(1,546,858)	
Loss on Sale of Assets	-	2,593
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	2,059,309	-
Decrease (Increase) in Employee Travel Advances	331	251
Increase in Accounts Payable	(3,392,711)	(258,887)
Increase (Decrease) in Compensated Absences	11,998	(9,218)
Increase (Decrease) in Accrued Salaries	(25,849)	2,002
Decrease in Accrued Interest	(41,108)	-
Increase in Claims Liability	-	2,455,163
Net Cash Provided by Operating Activities	$ 5,718,761	$ 4,736,084

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

City of Wilmington

Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Total Pension and Other Employee Benefit Trust Funds	Total Agency Funds
Assets		
Cash and Cash Equivalents	$ 9,356,510	$ -
Receivables:		
Accrued Interest Receivable	673,962	-
Total Receivables	673,962	-
Investments, at Fair Value:		
U.S.Treasury Obligations	22,347,447	-
Stocks	80,559,889	-
Corporate Obligations	31,750,682	-
Mutual Funds	4,264,223	-
Total Investments	138,922,241	-
Due from Other Funds	3,056,973	216,425
Due from Other Governments	-	152,394
Total Assets	152,009,686	368,819
Liabilities:		
Accounts Payable	74,447	80,569
Accrued Wages and Fringes	3,299	346
Liability for Stale-dated Pension Checks	170,881	-
Due to Other Funds	7,446,226	134,479
Compensated Absences	6,832	-
Funds Held in Escrow	-	153,211
Total Liabilities	7,701,685	368,819
Net Assets		
Held in Trust for Pension Benefits	$ 144,308,001	$ -

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

City of Wilmington, Delaware

Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2005

	Total Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
City	$ 10,308,868
State	6,428,777
Employees	1,488,308
Total Contributions	18,225,953
Investment Income	
Interest	4,995,052
Net Depreciation in Fair Value	4,880,317
Total Investment Earnings	9,875,369
Net Investment Income	9,875,369
Total Additions	28,101,322
Deductions:	
Benefits Paid	16,806,910
Administrative Expenses	2,033,245
Total Deductions	18,840,155
Net Increase in Plan Net Assets	9,261,167
Net Assets - Beginning as Previously Reported	134,012,214
Prior Period Adjustments	1,034,620
Net Assets - Beginning	135,046,834
Net Assets - Ending	$ 144,308,001

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

City of Wilmington, Delaware

Combining Statement of Net Assets
Component Units
June 30, 20005

ASSETS	Brandywine Gateway Corporation	Christina Gateway Corporation	Rock Manor Golf Corporation	Wilmington UDAG Corporation	Wilmington Economic Development Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Total Component Units
Cash and Cash Equivalents	$ 444,581	$ 5,035,551	$ 54,928	$ 727,057	$ 1,050,648	$ 2,427,026	$ 20,357	$ 62,788	$ 9,822,936
Investments	-	-	-	-		3,083,784			3,083,784
Receivables (Net):									
Mortgages and Notes	12,160,000	-	-	7,204,135	501,043	13,247,178	-	-	33,112,356
Customer	-	-	400	184,560	-	47,886	55,632	5,518	293,996
Other	350,000	-	-	-	-	-	-	-	350,000
Prepaid Expenses	-	-	32,265	22,537	1,833	25,214	5,989	-	87,838
Restricted Assets:									
Investments	-	-	-	-	-	1,315,130	-	-	1,315,130
Accrued Interest Receivable	101,334	5,034	-	42,832	-	386,937	-	-	536,137
Deferred Charges	-	-	-	-	-	690,477	-	-	690,477
Other Assets	-	-	-	-	16,519	-	-	-	16,519
Capital Assets not being deprciated									
Land				748,354	4,321	15,806,469			16,559,144
Capital Assets (Net of accumulated depreciation)									
Building and Improvements	-	-	-	66,804	2,608,058	21,581,667	502,180	-	24,758,709
Machinery and Equipment	-	-	221,493	15,289	67,784	1,949,571	346,431	9,370	2,609,938
Vehicles	-	-	-		-	-	170,975	-	170,975
Construction in Progress	-	-	-	573,640	-	856,882	-	-	1,430,522
Total Assets	13,055,915	5,040,585	309,086	9,585,208	4,250,206	61,418,221	1,101,564	77,676	94,838,461
LIABILITIES									
Accounts Payable	372,200	-	75,818	277,250	82,332	778,574	18,934	16,154	1,621,262
Accrued Wages and Payroll Withholdings	-	-	-	-	-	43,004	58,804	-	101,808
Accrued Interest	-	-	-	-	-	239,503	-	-	239,503
Refundable Deposits	-	1,000	-	-	-	1,500	-	-	2,500
Unearned Revenue	-	-	74,710	-	-	122,393	2,037	-	199,140
Long-term Liabilities									
Due within One Year									
Loans Payable	-	-	165,000	-	-	-	53,669		218,669
Obligation under Capital Lease	-	-	7,606	-	1,721	-	2,473	-	11,800
Revenue Bonds Payable	-	-	-	-	-	1,640,068		-	1,640,068
Mortgage Payable	-	-	-	-	4,039	-		-	4,039
Due More than One Year									
Loans Payable	12,160,000	-	280,500	-	-	-	740,619	727,846	13,908,965
Obligation under Capital Lease	-	-	11,454	-	6,821	-	5,767	-	24,042
Revenue Bonds Payable	-	-	-	-	-	21,333,176	-	-	21,333,176
Minority Interest	-	-	-	-	-	2,004,746	-	-	2,004,746
Mortgage Payable	-	-	-	-	1,593,272	-	-	-	1,593,272
Total Liabilities	12,532,200	1,000	615,088	277,250	1,688,185	26,162,964	882,303	744,000	42,902,990
NET ASSETS									
Invested in Capital Assets Net of Related Debt	-	-	(143,067)	1,404,087	-	17,221,345	-	-	18,482,365
Restricted for:									
Debt Service	-	-	-	-	1,049,829	1,329,867	-	-	2,379,696
Under Contractual Agreement	-	-	-	-	-	12,160,000	-	-	12,160,000
Unrestricted	523,715	5,039,585	(162,935)	7,903,871	1,512,192	4,544,045	219,261	(666,324)	18,913,410
Total Net Assets	$ 523,715	$ 5,039,585	$ (306,002)	$ 9,307,958	$ 2,562,021	$ 35,255,257	$ 219,261	$ (666,324)	$ 51,935,471

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

City of Wilmington, Delaware

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2005

			Net (Expense) Revenues and Changes in Net Assets								
	Expenses	Program Revenues Charges for Services	Brandywine Gateway Corporation	Christina Gateway Corporation	Rock Manor Golf Corporation	Wilmington UDAG Corporation	Wilmington Economic Development Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Development District	Totals
Component Units:											
Brandywine Gateway Corporation	$ 675,725	$ 610,754	$ (64,971)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (64,971)
Christina Gateway Corporation	158,940	46,476	-	(112,464)	-	-	-	-	-	-	(112,464)
Rock Manor Golf Corporation	998,430	909,089	-	-	(89,341)	-	-	-	-	-	(89,341)
Wilmington UDAG Corporation	823,592	573,566	-	-	-	(250,026)	-	-	-	-	(250,026)
Wilmington Economic Development Corporation	388,994	398,839	-	-	-		9,845	-	-	-	9,845
Wilmington Parking Authority	6,472,529	6,315,077	-	-	-	-	-	(157,452)	-	-	(157,452)
Downtown Visions	1,666,369	1,706,911	-	-	-	-	-		40,542	-	40,542
Riverfront Business Improvement District	203,960	216,408	-	-	-	-	-	-	-	12,448	12,448
Total Component Units	$ 11,388,539	$ 10,777,120	(64,971)	(112,464)	(89,341)	(250,026)	9,845	(157,452)	40,542	12,448	(611,419)
General Revenues											
Gain (Loss) on Sale of Assets			-	1,933,090	-	-	(52,500)	(40,543)	-	-	1,840,047
Others			-	-	-	-	(543,834)	3,929	-	52	(539,853)
Interest Earned on Investments			-	-	-	-	-	610,831	3,734	311	614,876
Total General Revenues			-	1,933,090	-	-	(596,334)	574,217	3,734	363	1,915,070
Changes in Net Assets			(64,971)	1,820,626	(89,341)	(250,026)	(586,489)	416,765	44,276	12,811	1,303,651
Net Assets - Beginning As Previously Reported			588,686	3,218,959	(216,661)	9,467,629	3,319,919	34,838,492	174,985	(679,135)	50,712,874
Prior Period Adjustments			-	-	-	90,355	(171,409)	-	-	-	(81,054)
Net Assets - Beginning As Restated			588,686	3,218,959	(216,661)	9,557,984	3,148,510	34,838,492	174,985	(679,135)	50,631,820
Net Assets - Ending			$ 523,715	$ 5,039,585	$ (306,002)	$ 9,307,958	$ 2,562,021	$ 35,255,257	$ 219,261	$ (666,324)	$ 51,935,471

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

CITY OF WILMINGTON, DELAWARE

Notes to Financial Statements

June 30, 2005

1. Summary of Significant Accounting Policies

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant policies of the City are described below.

A. Financial Reporting Entity

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

Financial accountability is defined in GASB Statement No. 14 – "The Financial Reporting Entity." The City is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board, and it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may also be financially accountable if an organization is fiscally dependent on the City regardless to whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Blended Component Unit

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

Discretely Presented Component Units

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

Brandywine Gateway Corporation and Christina Gateway Corporation offer small business loans and other financial assistance within the City. The City appoints a majority of both governing bodies (most of whom are City officials), provides all executive, administrative, and support services, and maintains the books and records. The City has a significant influence over programs, projects, and activities of the Corporations.

Rock Manor Golf Corporation ("Rock Manor") was organized for the purpose of assisting the City in the administration of the golf course operations of the Rock Manor Golf Course. The City appoints the Rock Manor's entire governing board. The City has a significant influence over programs, projects, and activities of the Corporation.

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

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

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

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

Riverfront Wilmington Business Improvement District (RWBID) was organized to supplement City safety and cleaning service in the Wilmington Riverfront area. The City appoints the corporation's entire board. The corporation's services are funded by charges

assessed on taxable property in the district at a rate approved by the City. The corporation has a December 31 fiscal 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
22 South Heald Street
Wilmington, Delaware 19801

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

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

Rock Manor Golf Corporation
19 Caruthers Lane
Wilmington, Delaware 19803

Wilmington Parking Authority
625 North Orange Street
Wilmington, Delaware 19801

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

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

Related Organizations

Officials of the City's primary government appoint a voting majority of the governing board of the Wilmington Housing Partnership Corporation and the Wilmington Housing Authority. 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 and the Wilmington Housing Authority are not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Effective July 1, 2001, the City adopted the provisions of GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” as modified by GASB Statement No. 37. These statements affect the manner in which the City records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

The City of Wilmington will be implementing the GASB 34 requirement of reporting bridges, roads and infrastructure as capital assets in the fiscal year ending June 30, 2006. The City is not required this year under GASB reporting principles, but has nearly the fixed asset inventory and will be recording the changes in 2006.

Management's Discussion and Analysis – Generally accepted accounting principles require that financial statements be accompanied by a narrative introduction and analytic overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private sector organizations.

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all the City's activities. The accrual basis of accounting is used by commercial enterprises to prepare their financial statements. Generally, under this accounting basis, revenues are recognized when earned and expenses are recorded when incurred for activities related to exchange and exchange–like activities. In addition, long-lived assets (such as buildings and equipment) are capitalized and depreciated over their estimated economic lives, and long-term debt is reported as an obligation of the entity.

Statement of Net Assets – The statement of net assets is designed to reflect the financial position of the primary government (governmental and business-type activities) and its component units. The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net assets of the City are broken down into three categories – (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of each function is compared to the revenue generated directly by that function.

Accordingly, the City has recorded capital and certain long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

The primary impact of GASB Statement No. 34 on the City's accounting and financial reporting practices was to (1) classify certain activities as governmental that were previously reported as fiduciary, (2) report the residual balances of certain internal activities within the net assets of governmental activities, (3) report all long-term assets, including capital assets, and liabilities in the statement of net assets, and (4) report all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

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 year-end. Revenues for 2005 include property taxes levied principally on July 1, 2004, and collected prior to September 1, 2005. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants and certain intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

Expenditures 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 expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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 used to account for all financial transactions not accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, employee taxes, and other intergovernmental revenues. This fund accounts for the general administrative services of the City not recorded elsewhere, including the activities of the various departments, parks and recreation expenditures, public safety, public works, licenses and inspections, real estate and housing, transportation, personnel activities, and debt service on general long-term obligations.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds or other Governmental Fund Types.

The Police Special Fund is used to account for a special grant from the New castle County government to be used for expanding police activities within the City of Wilmington.

The Commerce Fund is used to account for the proceeds from the sale of the Port of Wilmington to the State of Delaware, debt service payments on the remaining Port debt, and certain economic development activities.

The City reports the following major enterprise fund:

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

The City also reports the following fund types:

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

Fiduciary Funds are used where the City holds assets in trust or as an agent for others and include pension and other employee benefit trust funds and agency funds.

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

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

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

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

Fiduciary Funds employ the economic resources measurements focus and accrual basis of accounting, as do proprietary funds. The principal sources of revenue in the Fiduciary Funds are pension contribution from the State and City governments and employee contribution. Thus, the discussion of measurement focus and basis of accounting just provided for proprietary funds applies equally to trust funds. Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement

focus (i.e., since they do not report equity). The agency fund, however, use the accrual basis of accounting to recognize receivables and payables.

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 of three months or less 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 three months 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.

Pooled Investments

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

In connection with various bond and trust agreements, investments were deposited into restricted accounts for the purpose of paying debt service or constructing capital additions.

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 - Carrying Value

Investments are stated at fair value.

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

Receivables

Receivables have been established and are carried for property taxes, business license fees, wage taxes, parking citations, and water and sewer charges.

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 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. An allowance for uncollectible accounts is recorded based on historical collection trends and experience.

Water and Sewer 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 year-end after giving effect to charges for the subsequent reporting period. Thereafter, interest and penalty on delinquent water and sewer charges are recorded when imposed - forty-five (45) days after the due date and each thirty days thereafter as long as the balance remains outstanding. Penalty and interest are charged at a nine percent (9%) penalty rate 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. An allowance for uncollectible accounts is recorded based on historical collection trends and experience.

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. Thereafter, interest and penalty are assessed at a rate of three percent (3% each) per month. An allowance for uncollectible accounts is recorded based on historical collection trends and experience.

Wage Taxes are recorded when paid, and receivables are recorded when employers' accounts are reconciled to payments on a calendar-year basis to submitted employee W-2 information due January 31. A $300 late filing fine is imposed after February 1. 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. An allowance for uncollectible accounts is recorded based on historical collection trends, experience, and direct contact with employers.

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. An allowance for uncollectible accounts is recorded based on historical collection trends and experience.

Due to/Due from Other Funds

During the course of normal operations, the City has numerous transactions between funds, including cash transactions, operating expenditures and transfers of resources to provide services, operating transfers, to construct assets and to service debt. These short-term transactions (or receivables/payables) are classified as "due from other funds" or "due to other funds" on the balance sheet. A detailed schedule is presented in Note 7.

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

Bond Issuance/Deferred Financing Costs

Bond issuance costs associated with general obligation bonds have been deferred in the Government-wide and Proprietary Fund financial statements and are amortized over the terms of the bonds using the straight-line method. In addition, the City has, in accordance with the provisions of GASB Statement No. 23, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities," deferred accounting gains and/or losses resulting from refunding transactions and amortized such gains and/or losses using the straight-line method in the Government-wide and Proprietary Fund financial statements.

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 and an estimated useful life in excess of two years. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset’s life is 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' 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:

Asset Class	Years
Buildings	50
Building Improvements	50
Machinery and Equipment	10
Vehicles	5

The funds expended for infrastructure for the year ended June 30, 2005, do not have a significant impact upon the financial statements.

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 Obligations

Obligations including revenue and general obligation bonds, mortgages and notes payable, loans payable, compensated absences, capital leases, and claims liabilities are reported in the government-wide statement of net assets and the proprietary fund financial statements. The City does not maintain a debt service fund.

Self-Insurance

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

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

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

Unearned Revenues

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

Fund Balances

Governmental fund "reserves" represent those portions of fund balances not appropriable for expenditures or amounts legally segregated for a specific future use. "Designated" fund balance represents tentative plans for future use of financial resources and "undesignated" fund balance indicates that portion of fund equity, which is available for appropriation in future periods.

2. Stewardship, Compliance, and Accountability

A. Legally Adopted Governmental Fund Budgets

Governmental funds, for which budgets have been legally adopted for the year ended June 30, 2005, included the General, Commerce and certain non-major funds.

Budgetary comparison schedules for the General and Commerce Funds are presented as required supplementary information. Such comparison schedules for the non-major funds are presented in the combining and individual fund financial statements and schedules section of this report.

B. Expenditures Over Appropriations

During the year ended June 30, 2005, expenditures exceeded appropriations in all departments. In all instances, the main cause was personnel services and the settlement of union contracts.

Fund	Department or Budget Item	Expenditures Over Budget
General Fund	Mayor's office	2,991
General Fund	City Council	112,081
General Fund	Audit	53,554
General Fund	Law	39,828
General Fund	Finance	168,109
General Fund	Personnel	92,256
General Fund	Treasurer	27,959
General Fund	Planning	66,028
General Fund	Real Estate and Housing	66,172
General Fund	Parks and Recreation:	10,746
General Fund	Police	2,766,293
General Fund	Fire	1,010,597
General Fund	Licenses and Inspection	27,470
General Fund	Public Works	668,787

3. Deposits and Investments

The City pools surplus cash and investments of all funds for investment purposes with the City Treasurer. The City also 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. The following is a reconciliation of deposit and investment balances, including both surplus cash and pooled pension funds.

	Primary Government	Component Units	Total
Statement of Net Assets			
Cash and Cash Equivalents	$ 53,980,010	$ 9,822,936	$ 63,802,946
Investments		4,398,914	4,398,914
	$ 53,980,010	$ 14,221,850	68,201,860
Statement of Fiduciary Net Assets			
Cash and Cash Equivalents (pension)	$ 9,356,510		9,356,510
Investments (pension)	138,922,241		138,922,241
	$ 148,278,751		148,278,751
Total			$ 216,480,611

Deposits and Investments	
Bank deposits	$ 73,159,456
Investments in securities, mutual funds and similar vehicles (pension)	143,321,155
Total	$ 216,480,611

Primary Government

Investment Policy - 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.

Investment Policy - Deposits and Investments – Fiduciary Funds

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 45% and 65%. International equity exposure must be maintained at or below 10%. Fixed income exposure must be maintained between 30% and 50%. Exposure in alternate investments must be maintained at or below 5%. (Although authorized, the Board has chosen not to invest any funds in alternate investments.) The Policy emphasizes having adequate liquidity to permit benefit payments when due, while at the same time fostering growth in response to the Funds' long-term liabilities through asset allocation and investment guidelines. The Policy seeks to optimize diversification through asset allocation and certain other constraints.

Component Units

Investment Policies

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.

Custodial Credit Risk – Deposits

Primary Government

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. At June 30, 2005, the carrying value and the bank balances of the City's cash deposits were $63,336,520 and $$58,765,728 respectively. Of the City's bank balances, including certificates of deposit, $400,000 was insured and $58,365,728 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Component Units

At June 30, 2005, the carrying value and the bank balances of the City's component units' cash deposits were $9,822,836 and $9,781,139 respectively. Of the bank balances, $9,136,157 was uninsured and uncollateralized.

Custodial Credit Risk – Investments

Primary Government

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. As of June 30, 2005, the City held all surplus funds as cash and cash equivalents.

Deposits and Investments – Fiduciary Funds

Custodial Credit Risk – Deposits

The City's Pension Trust Funds do not maintain any checking or other demand deposits accounts. The Pension Trust Funds hold funds in certificates of deposit to meet current liquidity needs. As with all City deposits, described above, they are required by law to be federally insured or, to the extent not insured, collateralized by direct obligations of the United States of America. Of the Pension Trust Funds' certificates of deposit balances, of $9,356,510 at June 30, 2005, all were collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Custodial Credit Risk – Investments

The table below provides information about the custodial credit risk associated with the Fiduciary Funds' investments. The investments disclosed below are uninsured and uncollateralized, held by the counterparty or by its trust department but not in the City's name.

Fiduciary Funds' Investments

Investment Type	Fair Value
U.S. Treasuries	$ 7,558,321
U.S. Gov't. Agencies	19,966,783
Domestic Corporate Debt Securities	25,762,635
Domestic Corporate Equity Securities	80,492,780
Foreign Corporate Equity Securities	5,141,722
	$ 138,922,241

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. 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 Lehman Brothers Intermediate Government/Corporate Index. Additionally, no fixed income security (excepting U.S. Treasury Securities) shall have a life of more than fifteen years from the date of purchase. The following is a listing of fixed income and short term investments and the related maturity schedule. The totals are derived from the individual assets held by the City as of June 30, 2005. As investment managers may be contractually granted the flexibility to augment their portfolios with investments outside their primary investment classification, these totals may differ from disclosures made on the Statement of Fiduciary Net Assets (pages 39 and 78), which reflects the primary asset class in which the fund managers invest.

		Investment Maturities (in Years)				
Investment Type	Fair Value	< 1 year	1-4.9	5-9.9	10-19.9	> 20
Banks	$ 3,383,143	$ -	$ 2,587,866	$ 795,277	$ -	-
Financials	10,307,952	680,860	7,807,372	1,819,720	-	-
Industrials	4,998,369	580,502	2,677,620	1,613,824	126,423	-
Foreign Gov'ts.	-	-	-	-	-	-
Other Bonds (Yankee, Canadian)	1,899,400	861,695	1,037,685	-	-	-
Transportation	1,001,320	-	563,800	437,520	-	-
U.S. Treasuries	8,365,967	2,826,246	3,813,040	1,726,681	-	-
U.S. Gov't. Agencies	10,063,799	-	10,063,799	-	-	-
Utilities	4,172,451	1,005,210	2,333,691	833,550	-	-
CD's	9,356,510	9,356,510	-	-	-	-
Mortgage Pools	9,902,984	7,323	9,895,661	-	-	-
Other Investments *	2,744	2,744	-	-	-	-
Total	$ 63,454,639	$ 15,321,090	$ 40,780,534	$ 7,226,572	$ 126,423	-

* Pooled investments – specific maturities not available.

Credit Risk

The Investment Policy Statement's policy with regards to credit risk is 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, 2005, the Pension Funds fixed income and short-term investments had the following risk characteristics.

Moody's Ratings or Comparable	Percent of Total Pension Funds	Market Value
AAA to A	21.47%	$ 29,823,469
BBB to B	4.21%	5,844,894
CCC to C	0.00%	-
Less than C	0.00%	-
Government	13.27%	18,429,766
Not Rated	0.00%	-
	38.94%	$ 54,098,129

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, 2005, there were no investments with a fair value in excess of 5% of the Funds' net assets invested in any one particular issue.

Foreign Currency Risk

The Pension Funds' exposure to foreign currency risk derives from its positions in foreign currency–denominated equity investments. The system's exposure to foreign currency risk is summarized as follows:

Currency	Fair Value in U.S. Dollars	Equities	Fixed Income	Cash
Euros	$ 2,676,440	$ 2,676,440	$ -	$ -
Swiss Francs	969,167	969,167	-	-
British Pounds	1,306,755	1,306,755	-	-
Japanese Yen	189,360	189,360	-	-
Total in Foreign Denominated Investments	$ 5,141,722	$ 5,141,722	$ -	$ -

The pension fund's investment policy permits it to invest up to 10 percent of total investments in foreign currency–denominated investments. The system's current position is 3.7 percent.

Investment Commitments at June 30, 2005

The pension funds had no investment commitments at June 30, 2005.

4. Receivables

Primary Government

Receivables as of year-end for the Government's major funds and other funds (including applicable allowances for uncollectible accounts) are as follows:

	Governmental Activities					Business-type Activities	
	General	Capital Projects	Commerce Fund	Other Funds	Total Governmental	Water and Sewer	Totals Receivables
Receivables:							
Property Taxes	$ 3,007,466	$ -	$ -	$ -	$ 3,007,466	$ -	$ 3,007,466
Parking Citations	18,018,739	-	-	-	18,018,739	-	18,018,739
Business Licenses	608,486	-	-	-	608,486	-	608,486
Utility Billings	-	-	-	-	-	10,560,946	10,560,946
Wage Taxes	1,970,773	-	-	-	1,970,773	-	1,970,773
Signs and Licenses	3,382,239	-	-	-	3,382,239	-	3,382,239
Other	563,227	79,600	-	-	642,827	-	642,827
Diamond State Port	-	-	21,921,066	-	21,921,066	-	21,921,066
Mortgages	-	-	800,000	950,579	1,750,579	-	1,750,579
Gross Receivables	27,550,930	79,600	22,721,066	950,579	51,302,175	10,560,946	61,863,121
Less: Allowance for Uncollectibles	(23,927,109)	-	-	(848,221)	(24,775,330)	(5,729,480)	(30,504,810)
Net Total Receivables	$ 3,623,821	$ 79,600	$ 22,721,066	$ 102,358	$ 26,526,845	$ 4,831,466	$ 31,358,311

Component Units

Receivables as of year-end for the Component Units are as follows:

	Brandywine Gateway Corporation	Wilmington UDAG Corporation	Wilmington Parking Authority	Wilmington Economic Development Corporation	Other Component Units	Total
Receivables:						
Accounts	$ 350,000	$ 184,560	$ 88,395	$ -	$ 61,550	$ 684,505
Mortgages and Loans	12,160,000	7,204,135	13,247,178	934,819	-	33,546,132
Less: Allowance for Uncollectibles	-	-	(40,509)	(433,776)	-	(474,285)
Net Total Receivables	$ 12,510,000	$ 7,388,695	$ 13,295,064	$ 501,043	$ 61,550	$ 33,756,352

5. Notes Receivable

A. Deferred Notes – General Fund

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 Agreement contains certain indemnification provisions under which the City may be liable to reimburse the DSPC for certain costs incurred As a result, the City has recorded an environmental liability reserve account in the amount of $1,000,000. The Note Receivable in the amount of $21,921,066 is included in the government-wide statement of net assets and governmental funds balance sheet.

B. Component Units

Brandywine Gateway Corporation lent the principal sum of $12,160,000 in construction funds to a developer in the form of a mortgage note, which was made permanent in April 1984. The note was assigned to and assumed by DCL Leasing Partners Limited Partnership, Ltd.-VI (DCL) in December 1986. DCL is required to pay interest only on a monthly basis through June 2008, computed at an annual rate of 5%. From July through December 2008, six equal monthly installments of principal and interest of $253,333 will be due. A balloon payment for the unpaid principal will be due and payable on January 2, 2009. The note is secured by a second mortgage between DCL and Hercules Incorporated.

Wilmington Parking Authority's amount due under contractual agreement of $12,532,200 represents a receivable, including current accrued interest, resulting from a 1980 loan agreement with certain parties to provide for the construction of a new office building and parking facility within the limits of the City. As a result, the U.S. Department of Housing and Urban Development (HUD) agreed to provide the City with an Urban Development Action Grant (UDAG). In accordance with the terms of the agreement, a quasi-governmental development corporation was formed to act as a conduit for the UDAG grant and lent $12,160,000 of such funds to an independent company that constructed and operates the facility. The term of the loan is 25 years, with required interest payable annually, as defined by the agreement, on the unamortized loan balance and the entire principal due at maturity. By agreement, the Wilmington Parking Authority is the recipient of the annual interest payments and will receive the principal upon repayment of the loan.

On December 30, 1993, the Authority accepted a $1,938,000 mortgage note receivable from the City of Wilmington in conjunction with the sale of a parcel of land to the City. The note expires June 30, 2014, and is payable in equal monthly installments of $12,260, including interest at 4.5% annually. The outstanding balance, as of June 30, 2005, is $1,087,178.

Wilmington UDAG Corporation has made several loans to developers and individuals under UDAG loan agreements by using funds received from UDAG loan paybacks and investment earnings. Typically, the loans carry favorable terms to the borrowers as an incentive for

increased private investment for economic revitalization in the City or as a means for low-income individuals to obtain financing in housing projects. Common terms offered included below-market or zero interest, extended interest-only payback periods, and scheduled conditional debt forgiveness. The following table summarizes the entity's notes and loans receivable balances at June 30, 2005:

Notes and Loans Balances	
Commercial Entities	
Eugene A. DelleDonne and Son, L.P.	$ 5,300,000
Adams Four Associates, LLP (Magellan)	989,017
800 Delaware Avenue (DelleDonne)	300,000
Harold Garfinkel	315,684
DDR, LLC (Fox Valley)	149,434
Kuumba Academy	150,000
	$ 7,204,135

6. Capital Assets

A. Primary Government

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital Assets not being Depreciated:				
Land	$ 19,722,975	$ -	$ 2,464,277	$ 17,258,698
Total Capital Assets not being Depreciated	19,722,975	-	2,464,277	17,258,698
Capital Assets being Depreciated:				
Buildings	44,061,672	-	-	44,061,672
Improvements Other Than Buildings	60,259,048	7,028,366	590,000	66,697,414
Streets and Utilities	7,365,926	-	-	7,365,926
Machinery and Equipment	26,004,352	2,443,334	32,190	28,415,496
Vehicles	15,177,204	3,921,713	-	19,098,917
Other Assets	1,065,741	300,535	533,411	832,865
Total Capital Assets being Depreciated	153,933,943	13,693,948	1,155,601	166,472,290
Less Accumulated Depreciation For:				
Buildings	(15,405,610)	(1,046,709)	-	(16,452,319)
Improvements Other Than Buildings	(7,616,347)	(1,273,994)	(29,500)	(8,860,841)
Streets and Utilities	(1,961,499)	(147,319)	-	(2,108,818)
Machinery and Equipment	(18,969,846)	(1,140,806)	(32,190)	(20,078,462)
Vehicles	(10,182,724)	(1,347,566)	-	(11,530,290)
Other Assets	(446,565)	(48,101)	(205,814)	(288,852)
Total Accumulated Depreciation	(54,582,591)	(5,004,495)	(267,504)	(59,319,582)
Total Capital Assets being Depreciated, Net	99,351,352	8,689,453	888,097	107,152,708
Governmental Activities Capital Assets, Net	$ 119,074,327	$ 8,689,453	$ 3,352,374	$ 124,411,406

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	$ 3,656,612	$ -	$ -	$ 3,656,612
Total Capital Assets Not Being Depreciated	3,656,612	-	-	3,656,612
Capital Assets Being Depreciated:				
Buildings	115,524,228	-	-	115,524,228
Improvements Other Than Buildings	89,537,775	8,693,949	-	98,231,724
Streets and Utilities	16,801,268	-	-	16,801,268
Machinery and Equipment	23,886,732	4,069,967	-	27,956,699
Vehicles	813,242	-	-	813,242
Total Capital Assets Being Depreciated	246,563,245	12,763,916	-	259,327,161
Less Accumulated Depreciation For:				
Buildings	(71,109,427)	(1,804,904)	-	(72,914,331)
Improvements Other Than Buildings	(10,147,560)	(1,909,201)	-	(12,056,761)
Streets and Utilities	(3,538,794)	(344,121)	-	(3,882,915)
Machinery and Equipment	(12,651,387)	(1,342,177)	-	(13,993,564)
Vehicles	(753,877)	(37,139)	-	(791,016)
Total Accumulated Depreciation	(98,201,045)	(5,437,542)	-	(103,638,587)
Total Capital Assets Being Depreciated, Net	148,362,200	7,326,374	-	155,688,574
Business-type Activities Capital Assets, Net	$ 152,018,812	$ 7,326,374	$ -	$ 159,345,186

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

Governmental Activities	
General Government	$ 239,193
Commerce	95,968
Real Estate and Housing	333,982
Public Works	2,498,205
Parks and Recreation	552,217
Public Safety	1,284,930
Total Depreciation Expense - Governmental Activities	$ 5,004,495
	-
Total Depreciation Expense - Business-type Activities	
Water/Sewer	$ 5,437,542

B. Component Units

Capital asset activity for the City's component units for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 19,926,054	$ -	$ 3,366,910	$ 16,559,144
Construction-In-Progress	1,821,905	790,954	1,182,337	1,430,522
Total Capital Assets Not Being Depreciated	21,747,959	790,954	4,549,247	17,989,666
Capital Assets Being Depreciated:				
Buildings and Improvements	46,104,337	1,293,913	-	47,398,250
Machinery and Equipment	3,853,431	45,737	236,169	3,662,999
Vehicles	-	170,975	-	170,975
Total Capital Assets Being Depreciated	49,957,768	1,510,625	236,169	51,232,224
Less Accumulated Depreciation For:				
Buildings	(21,139,762)	(1,484,452)	-	(22,624,214)
Machinery and Equipment	(869,115)	(357,456)	(158,182)	(1,068,389)
Vehicles	-	-	-	-
Total Accumulated Depreciation	(22,008,877)	(1,841,908)	(158,182)	(23,692,603)
Total Capital Assets Being Depreciated, Net	27,948,891	(331,283)	77,987	27,539,621
Component Units Activities Capital Assets, Net	$ 49,696,850	$ 459,671	$ 4,627,234	$ 45,529,287

7. Interfund Balances and Transfers

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disburser of cash. The Water and Sewer Fund balances payable to the General Fund amounting to $10,755,782 will supply funding of capital projects under draw down type bond financing. The Capital Project Fund payable to the General Fund amounting to $3,592,435 represents costs paid by the General Fund to be reimbursed from State Grants. The Fiduciary Fund payable amounting to $4,307,307 primarily represents a liability to the General Fund for prior years' pension charges paid and not reimbursed. Additionally, this net amount reflects interfund balances from General Fund cash receiving, paying and investing activities. Inter fund balances are not expected to be repaid within one year.

The composition of inter-fund balances as of June 30, 2005, is as follows.

Interfund Transactions	Interfund Receivables	Interfund Payables
General Fund	**$ -**	**$ 4,535,312**
Special Revenue Funds:		
Park Recreation Assistance	-	555,326
Community Development Block Grant	-	244,015
Section 8 Housing Assistance	-	327,416
Police Special	4,269,090	-
Park Trust	-	94,550
Delaware Criminal Justice Planning	-	506,768
Municipal Street Aid	221,554	-
Home Partnership Program	35,024	-
Urban Enterprise Community Grants	-	58,632
Housing Opportunities for People with Aids	-	469,003
Community Policing	-	-
Wilmington Arts Commission	-	14,365
National Endowment for the Arts	-	21,587
Special Projects	259,281	-
Commerce	2,091,550	-
US Department of Commerce	10,367	-
Total Special Revenue Funds	**6,886,866**	**2,291,662**
Capital Projects Funds	**-**	**3,592,435**
Enterprise Funds:		
Water and Sewer	-	10,755,782
Total Enterprise Funds	**-**	**10,755,782**
Internal Service funds:		
Data Processing	-	1,641,522
Word Processing	33,712	-
Mail Service	-	18,248
Duplication and Reproduction	21,832	-
Mapping and Graphics	13,284	-
Motor Vehicle	-	1,932,127
Communications	-	175,802
Risk Management	6,609,278	-
Worker's Compensation	14,541,282	-
Health and Welfare	1,143,943	-
Total Internal Service Funds	**22,363,331**	**3,767,699**
	-	-
Fiduciary Funds:		
Fire Pension	-	6,233,552
Police Pension	-	206,422
Plan I Nonuniformed Pension	-	549,532
Plan II Nonuniformed Pension	-	456,720
Plan III Nonuniformed Pension	1,895,942	-
Escrow Loans and Grants	216,425	-
Pension Healthcare	1,161,031	-
Emergency Shelter Grant	-	134,479
Total Fiduciary Funds	**3,273,398**	**7,580,705**
Grand Total	**$ 32,523,595**	**$ 32,523,595**

8. 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, 2005:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 108,436,971	$ 22,056,120	$ (25,724,936)	$ 104,768,155	$ 11,659,016
Less: Deferred Amounts on Refunding	(3,327,476)	(1,051,556)	489,964	(3,889,068)	(525,228)
Capital Leases	2,777,856	960,374	(1,329,394)	2,408,836	816,314
Loan-WPA	1,201,067	-	(113,889)	1,087,178	100,257
Compensated Absences	5,490,185	410,371	-	5,900,556	5,900,556
Bond Anticipation Notes	4,500,000	1,350,000	(4,500,000)	1,350,000	-
Claims Liabilities (Note 11)	18,426,784	14,473,256	(12,018,093)	20,881,947	-
Governmental Activities Long-Term Liabilities	$ 137,505,387	$ 38,198,565	$ (43,196,348)	$ 132,507,604	$ 17,950,915
Business-Type Activities:					
Water Sewer Fund Bonds Payable	$ 55,763,675	$ 10,795,521	$ (14,538,732)	$ 52,020,464	$ 4,540,985
Less: Deferred Amounts on Refunding	(1,604,447)	(604,209)	238,167	(1,970,489)	(261,948)
Capital Leases	2,195,627	2,782,259	-	4,977,886	1,037,658
Loan-State of Delaware	14,174,604	294,567	(924,979)	13,544,192	958,900
Compensated Absences	561,443	11,998	-	573,441	573,441
Business-Type Activities Long-Term Liabilities	$ 71,090,902	$ 13,280,136	$ (15,225,544)	$ 69,145,494	$ 6,849,036

B. General Obligation Bonds

General Fund revenues are used to satisfy general obligation bonds payable recorded in the government-wide statement of net assets. General obligation bonds recorded in the Proprietary Funds are payable from revenues and restricted investments of the specific fund in which they are recorded. General obligation bonds are secured by the full faith and credit of the City. Bonds issued by the Wilmington Parking Authority (component unit) are guaranteed by the City; in the event, 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, create an arbitrage rebate to be paid to the federal government. As of June 30, 2005, the City had no arbitrage rebate liability.

The following is a summary of general obligation bonds outstanding as of June 30, 2005:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2005
2005/2016	$ 18,785,000	Series of 2005	3.0% - 5.0%	$ 18,785,000
2004/2022	12,945,000	Series of 2004B	2.0% -4.2%	12,945,000
2001/2023	34,780,000	Series of 2002	4.0% - 5.375%	32,295,000
2001/2012	22,165,000	Series of 2001	3.25% - 5.0%	8,425,000
2000/2005	2,000,000	Series of 2000	70% of Prime Rate	1,925,000
1998/2018	45,500,000	Series of 1998	3.6% - 5.25%	37,935,000
1996/2016	5,500,000	Series of 1996B	4.15% - 6.20%	4,000,000
1993/2022	68,305,000	Series of 1993B	3.9% - 5.1%	38,870,000
				155,180,000
Plus: Bond Premiums				1,608,619
Total General Obligation Bonds Payable				$ 156,788,619
2005/2006	$ 1,350,000	Series of 2005	1.27%	$ 1,350,000
Total Bond Anticipation Note				$ 1,350,000

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

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2006	$ 11,659,016	$ 4,688,946	$ 4,540,985	$ 2,324,849
2007	10,697,354	4,172,551	5,007,645	2,090,244
2008	11,176,339	3,689,080	5,228,661	1,865,803
2009	10,889,612	3,241,928	5,020,388	1,657,275
2010	11,393,182	2,699,429	5,251,819	1,409,724
2011-2015	24,396,408	8,771,019	12,013,593	4,849,205
2016-2020	17,458,113	3,557,795	9,536,886	2,238,770
2021-2023	6,034,786	584,825	4,875,254	404,855
Total Bonds	103,704,810	31,405,573	51,475,231	16,840,725
Bond Premiums	1,063,345	-	545,233	-
	$ 104,768,155	$ 31,405,573	$ 52,020,464	$ 16,840,725

Primary Government

On April 1, 2005, the City issued $18,785,000 of General Obligation Bonds, Series of 2005. The proceeds of the bonds were applied to advance refund earlier debt the City's General Obligation Bonds, Series 1996A, in the amount of $14,405,000, and to currently refund the City's $4,500,000 General Obligation Bonds, Series A of 2004 and to pay the costs of issuance of bonds. The bonds mature in varying amounts between October 1, 2005, and April 17, 2017, and bear annual interest rates between 3.0% and 5.0%.

The advance refunding resulted in a fiscal year 2005 accounting gain of $698,760. The accounting gain resulting from the refunding transaction is being deferred and amortized. Amortization for 2005 was $6,492 in the Water and Sewer Fund and $8,697 for governmental activities.

On March 18, 2005, the City issued $1,350,000 of General Obligation Bonds, Series B of 2005. The net proceeds of the bonds were used to purchase five pieces of fire apparatus. The bonds will be repaid immediately upon the closing of the General Obligation Bonds, Series C of 2005. The interest rate as of June 30, 2004, was 3.3%.

On April 1, 2005, the City issued $12,945,000 of General Obligation Bonds, Series B of 2004. The proceeds of the bonds were applied to advance refund earlier debt the City's General Obligation Bonds, Series 1993B, in the amount of $11,655,000, and a portion of interest due on January 1, 2005 and to pay the costs of issuance of bonds. The bonds mature in varying amounts between July 1, 2005, and January 1, 2023, and bear annual interest rates between 2.0% and 4.2%.

The current refunding resulted in a fiscal year 2005 accounting gain of $957,206. The accounting gain resulting from the refunding transaction is being deferred and amortized. Amortization for 2005 was $12,915 in the Water and Sewer Fund and $27,522 for governmental activities.

On January 30, 2004, the City issued $4,500,000 of General Obligation Bonds, Series A of 2004. The net proceeds of the bonds were used to acquire certain land and/or long-term easements with respect to land in connection with the Christina Landing Development. The bonds mature on February 1, 2006. Interest is payable quarterly, at the LIBOR rate plus eighteen basis points (not to exceed 6%). The interest rate as of June 30, 2004, was 1.27%.

On August 23, 2003, the City entered into a General Obligation Financing agreement with Delaware Drinking Water Fund (DDWF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed $11,000,000. The net loan proceeds will be primarily used for the costs associated with the City's Cool Spring Reservoir project. The loan bears an interest rate of 2.96%. Payments are due every six months, with a final payment due May 1, 2025. The total amount of the loan outstanding as of June 30, 2005, is $860,909, which is recorded in the Water and Sewer Fund.

On May 15, 2002, the City issued $34,780,000 of General Obligation Bonds, Series of 2002. The net proceeds of the bonds were used to finance capital projects in the General ($18,775,000), Water/Sewer ($15,000,000), and Internal Service ($1,005,000) Funds. The bonds mature in varying amounts between May 15, 2002, and June 1, 2023, and bear annual interest rates between 4.0% and 5.375%.

On October 15, 2001, the City issued $22,165,000 of General Obligation Bonds, Series of 2001. The proceeds of the bonds were applied to refund certain outstanding bonds. A portion of the proceeds of the Bonds was used to affect the refunding of the City's General Obligation Bonds, Series 1992A, in the amount of $9,640,000, and Series 1992B Bonds in the amount of $6,600,000.

The advance refunding resulted in a fiscal year 2002 accounting loss of $6,725,077. The accounting loss resulting from the refunding transaction is being deferred and amortized. Amortization for 2005 was $218,766 in the Water and Sewer Fund and $453,747 for governmental activities.

On July 20, 2000, the City issued $2,000,000 of General Obligation Bonds to acquire property for future development. The bonds mature in varying amounts through September 2005 and bear annual interest rates of 70% of the prime rate.

On August 27, 1998, the City issued $45,500,000 of General Obligation Bonds, Series of 1998. The net proceeds of the bonds were used to finance capital projects in the General ($31,234,543) and Water/Sewer ($14,265,457) Funds. The bonds mature in varying amounts between February 1, 1999, and February 1, 2018, and bear annual interest rates between 3.60% and 5.25%.

On June 1, 1996, the City issued $5,500,000 of General Obligation Bonds, Series of 1996B. The net proceeds of the bonds were issued to fully pay off the Line of Credit Note, Series 1994. The Line of Credit Note proceeds were used to finance capital improvements at the Port of Wilmington before its September 1, 1995 sale. $3,140,000 of series bonds mature between October 1, 1997, and October 1, 2010, and bear annual interest rates between 4.15% and 6.05%. $2,360,000 of term bonds bearing an annual interest rate of 6.20% mature between October 1, 2011, and on October 1, 2016.

On December 1, 1993, the City issued $68,305,000 of General Obligation Bonds, Series of 1993B. The net proceeds of the bonds were used to partially refund the City's General Obligation Bonds, Series of 1988, 1990, 1992A, 1992B, and 1992C in the aggregate principal amount of $59,785,000. The defeased debt has been repaid.

On October 8, 1993, the City entered into a General Obligation Financing Agreement with the Delaware Water Pollution Control Revolving Fund (DWPC) acting by and through the Delaware Department of Natural Resources and Environmental Control (DNREC) for an amount not to exceed $20,000,000. The net loan proceeds were used to finance the cost of expansion of the City's wastewater treatment facilities. The loan bears an interest rate of 3.25%. Amortization started on April 1, 1997, with a final payment due on October 1, 2016. The total amount of the

loan outstanding as of June 30, 2005, is $12,683,283, which is recorded in the Water and Sewer Fund.

On December 30, 1993, the City purchased six parcels of land located at 11th and French and 12th and King Streets in Wilmington, Delaware, from the Wilmington Parking Authority for $1,938,000 by way of a loan held by the Wilmington Parking Authority (WPA). The land had a book value of $4,583,276, and the Authority appropriately recorded a loss on the sale in the amount of $2,645,276. The loan, which began accruing interest on January 1, 1994, at 4.5%, with monthly installments of $12,260 beginning on July 1, 1994, and extending over 20 years, is reflected as a loan payable.

Component Units

The following is a summary of long-term debt of the Component units.

Component Unit	Date of Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding at June 30, 2005
Wilmington Parking Authority	1992/2015	$ 35,920,000	Parking Revenue Bonds	5.7% - 6.25%	$ 935,000
Wilmington Parking Authority	1992/2015	21,075,000	Parking Revenue Bonds	2.5% - 5.25%	18,435,000
Wilmington Parking Authority	2003/2013	3,250,000	Promissory Note	5.48%	3,127,862
Rock Manor Golf Corporation	2002/2008	460,000	Notes Payable to Bank	4.75% - 6%	345,500
Rock Manor Golf Corporation	2002/2008	100,000	Credit Line		100,000
WEDCO	1992/Upon Sale	800,000	Mortgage Payable	0%	800,000
WEDCO	1992/Upon Sale	750,000	Mortgage Payable	0%	750,000
WEDCO	Various	116,184	Various	0%	47,311
Brandywine Gateway	Various	12,160,000	Mortgage Payable	0%	12,160,000
Downtown Visions	2000/2009	637,500	Community Investment	7.78%	556,391
Downtown Visions	2003/2008	156,000	Wilmington Saving Fund Secured Loan	6%	139,526
Downtown Visions	2003/2007	50,990	Wilmington Saving Fund Secured Loan	6.25%	13,405
Downtown Visions	2003/2007		Wilmington Saving Fund Secured Loan	6.25%	13,012
Downtown Visions	2004/2008		Wilmington Saving Fund Secured Loan	6.00%	36,613
Downtown Visions	2004/2008	32,000	GMAC	1.90%	24,774
Downtown Visions	2004/2008	-	GMAC	10.50%	10,568
Riverfront Development Business District	1998/Open	800,000	Riverfront Development Corporation	4.25%	727,846
Sub-total					38,222,808
Bond Premium/Bond Discount					475,381
Total Long-term Debt					$ 38,698,189

In addition, WEDCO has a secondary loan from Wilmington UDAG Corporation in the amount of $22,645. The loan is payable when the entity ceases to exist. It is collateralized by a first lien on all loans receivable funded from this loan.

On December 31, 1991, a part owner of a parking garage also owned by the Wilmington Parking Authority entered into a $2,500,000 mortgage loan with Wilmington Trust Company. This loan, guaranteed by the Authority, bears interest at the bank's prime rate plus .25%, and matures December 2004.

In addition, the Brandywine Gateway Corporation is obligated to pay the Wilmington Parking Authority $12,160,000 with the proceeds from a note receivable of the same amount.

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

	Component Unit's Debt Service Schedule							
Year Ending	Wilmington Economic Development Corporation		Rock Manor Golf Course Corporation		Wilmington Parking Authority		Brandywine Gateway Corporation	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 4,039	$ 1,648	$ 65,000	$ 16,673	$ 1,593,500	$ 968,848	$ -	$ -
2007	4,189	1,499	165,000	13,748	1,656,000	906,786	-	-
2008	4,343	1,345	65,000	10,823	1,657,000	844,248	-	-
2009	4,503	1,185	65,000	7,898	1,718,000	781,523	-	-
2010	4,688	1,185	65,000	4,973	2,140,000	704,218	-	-
2011-2015	25,549	770	20,500	1,609	11,638,362	2,160,862	12,160,000	-
2016-2020	1,550,000	1,546	-	-	2,095,000	55,119	-	-
Total	$ 1,597,311	$ 9,178	$ 445,500	$ 55,724	$ 22,497,862	$ 6,421,604	$ 12,160,000	$ -

Year Ending	Downtown Visions		Riverfront Business Improvement District		Total Component Unit's Debt Service	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2006	$ 53,669	$ 51,954	$ -	$ -	$ 1,716,208	$ 1,039,123
2007	55,908	49,751	-	-	1,881,097	971,784
2008	185,853	47,398	-	-	1,912,196	903,814
2009	498,010	43,400	-	-	2,285,513	834,006
2010	849	37,270	-	-	2,210,537	747,646
2011-2015	-	-	-	-	23,844,411	2,163,241
2016-2020	-	-	-	-	3,645,000	56,665
2021-2023	-	-	727,846	-	727,846	-
Total	$ 794,289	$ 229,773	$ 727,846	$ -	$ 38,222,808	$ 6,716,279

C. Prior-Year Defeasance of Debt

In prior years, the City (primary government) and the Wilmington Parking Authority (component unit) defeased certain general obligation and other bonds by placing the proceeds of new bonds in irrevocable trusts 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 and Authority's financial statements.

At June 30, 2005, $100,615,000 of City of Wilmington and $2,000,000 of Wilmington Parking Authority bonds are outstanding and 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, 2005, ten issues with debt of $55,327,720 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.

9. Leases

A. Leases - Lessee

1. Capital Lease - Primary Government

The City has a Master Equipment Lease/Purchase Agreement with Wilmington Trust Company. The agreement allows the City to purchase equipment at an adjustable market rate of interest. The agreement calls for a series of acceptance certificates/schedules of payments constituting a single transaction. As of June 30, 2005, the City had drawn down a total of $18,466,148. Each draw has a separate lease schedule. The leases currently expire between 2005 and 2010 and the total quarterly payment at June 30, 2005, was $541,776. The City records purchases and related liabilities as follows: computer equipment through its Data Processing Fund (internal service), motor vehicles through its Motor Vehicle Fund (internal service), and water meters through the Water/Sewer Fund. Furthermore, this Agreement is classified as a capital lease in accordance with Financial Accounting Standards Board Statement No. 13, "Accounting for Leases." As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net assets.

A schedule of future minimum lease payments and related present value of the net minimum lease payments as of June 30, 2005, follows:

Year Ending June 30	Water/ Sewer	Motor Vehicle
2006	$ 1,228,405	$ 883,907
2007	1,225,398	653,308
2008	1,219,998	438,628
2009	1,145,077	421,978
2010	703,076	176,306
Total Minimum Lease Payments	5,521,954	2,574,127
Less: Amount Representing Interest	544,068	165,291
Present Value of Lease payments	$ 4,977,886	$ 2,408,836

2. Operating Leases- Component Unit

In May 1995, the Wilmington Parking Authority (component unit) sold one of its parking garages for $4,800,400 and simultaneously leased the facility back for a period of eight years at $20,000 per month or $240,000 per year. The operating arrangement was amended to extend the lease term to May 31, 2007 and the monthly rental payment increased from $20,000 to $23,000 effective for the months beginning June 1, 2003. The Authority recorded unearned revenue equal to the net present value of the minimum lease payments or $1,430,038 in accordance with sale-leaseback accounting rules. The unearned revenue is being amortized using the straight-line basis over the life of the lease. The final unearned revenue was recognized during the fiscal year 2003. Minimum future rental payments on non-cancelable operating leases as of June 30, 2005, are as follows:

Year Ending June 30	Wilmington Parking Authority
2006	$ 276,000
2007	253,000
	$ 529,000

B. 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 2005 was $139,735. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2005:

Year Ending June 30	Wilmington Parking Authority
2006	$ 77,657
2007	72,107
2008	48,115
2009	6,000
2010	6,000
2011 and thereafter	430,000
Total Minimum Future Rental Income	**$ 639,879**

10. Fund Balance

Fund balance amounts have been designated in the General Fund for specific purposes. Designations have been established as follows:

- The entire balance amount ($5,763,979) of Wilmington Park Trust Commission is Restricted for Parks Operations in accordance with the bequest of grantors.

- Budget Reserve Amount for Public Emergencies ($19,311,440) was legislated to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by economic changes and/or unfunded legislative mandates.

- Permanent Investment ($12,440,414) was established within the City Code for the purpose of providing a longer-term reserve for the City to address certified emergencies.

- Economic Development ($12,786,316), these funds, representing the entire fund balance of the Commerce Fund, are set aside by the City Council for economic development.

- Capital Projects (Deficit) ($4,165,217), these funds, representing the deficit balance of the Capital Projects Fund.

11. Self Insurance Funds

A. Risk Management

The City is self-insured for actuarially determined exposure of general liability, automotive liability, police professional liability, and public officials' liability. An actuarial valuation is performed on an annual basis. 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. These amounts were not discounted and were adjusted by a risk margin calculated to provide a statistical confidence level of 80%.

For the year ended June 30, 2005, the Unpaid Claims liability decreased due to a reduction in the Incurred Claims amount. This reduction was due to a revision in the actuarially determined estimate, caused primarily by the impact of the settlement of certain large claims in the City's favor. An analysis of claims liabilities recorded in the Risk Management Fund is presented below:

	Year Ended June 30, 2005	Year Ended June 30, 2004
Unpaid Claims, Beginning of Fiscal Year	$ 5,862,378	$ 10,265,753
Incurred Claims	223,905	(3,562,840)
Claim Payments	(504,809)	(840,535)
Unpaid Claims, End of Fiscal Year	$ 5,581,474	$ 5,862,378

B. Workers' Compensation

The City is also self-insured for workers' compensation. The City's compensation payments are calculated based upon the Workers' Compensation Law of the State of Delaware. Resources are allocated to the Workers' Compensation Fund (an Internal Service Fund) from operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. 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 Workers' Compensation Fund is presented below:

	Year Ended June 30, 2005	Year Ended June 30, 2004
Unpaid Claims, Beginning of Fiscal Year	$ 11,647,493	$ 12,592,162
Incurred Claims	4,830,784	1,184,888
Claim Payments	(2,303,802)	(2,129,557)
Unpaid Claims, End of Fiscal Year	$ 14,174,475	$ 11,647,493

C. Health Insurance

The City is also self-insured under an employee health and welfare plan administered by Blue Cross/Blue Shield of Delaware. Resources are allocated to the Health and Welfare Fund (an Internal Service Fund) from the operating funds to provide for expected future payments on claims previously incurred including both reported and unreported claims. Blue Cross/Blue Shield of Delaware estimated the City's claims exposure to be $1,126,068 at June 30, 2005, which was recorded in the Health and Welfare Fund. An analysis of claims liabilities recorded in the Health and Welfare Fund is presented below:

	Year Ended June 30, 2005	Year Ended June 30, 2004
Unpaid Claims, Beginning of Fiscal Year	$ 916,913	$ 1,186,029
Incurred Claims	9,409,787	8,918,840
Claim Payments	(9,200,632)	(9,187,956)
Unpaid Claims, End of Fiscal Year	$ 1,126,068	$ 916,913

12. Unearned Revenues

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

In the Governmental Funds, unearned revenues totaled $37,081,800. In the General Fund, $1,812,562 consists primarily of $64,227 for parking citations, $396,518 for property taxes, $1,165,630 for wage taxes, $125,076 for business licenses, and $60,810 for sign permits recorded in the General Fund, all of which have been deemed to be measurable but not available. In the Commerce Fund, unearned revenues represent the deferred note receivable of $21,921,066 on the sale of the Port of Wilmington to the Diamond State Port Corporation (Note 5-A).

In the Special Revenue Funds, $1,114,063 of unearned revenues consists of grant amounts that have been received in the current reporting period but will be earned in a subsequent period.

In the Police Special Fund, $11,753,450 of unearned revenue consists of funds appropriated by New Castle County that have been received in the current reporting period but will be earned in a subsequent period.

In the Capital Project Fund, $480,659 of unearned revenue consists of grant amounts that have been received in the current reporting period but will be earned in a subsequent period.

13. Commitments and Contingencies

A. Delaware Solid Waste Authority

The Delaware Solid Waste Authority (DSWA) is a public corporation of the State of Delaware. DSWA's primary functions include the planning and administration of a comprehensive statewide program for the management, collection, transportation, storage and disposal of solid waste and sewage sludge. The Governor appoints DSWA's Board.

The City has a contract (1997 Restated sewage sludge agreement) with DSWA for acceptance and disposal of sewage sludge that is collected at the City's regional wastewater treatment plant. Although the City had no direct obligation for DSWA's debts or operating expenses, it was contractually required to pay DSWA a monthly charge to defray its debt service. The City and DSWA had agreed that the City would continue to provide payments to defray the DSWA's debt service in exchange for the ability to dispose of processed sludge at DSWA's landfill at no charge. These payments totaled $305,280 for debt service related to certain improvements. The City's requirement to contribute towards the basic debt service ended in June 2003. The requirement to contribute towards the debt service on the improvements will continue until February 1, 2005. The DSWA will continue to monitor, maintain and improve the Pigeon Point City-owned landfill, until such time the City takes possession of the landfill.

B. Funding Commitments

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.

C. Litigation

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

The City is involved in numerous additional lawsuits arising in the ordinary course of business, including claims for property damage, personal injury and discriminatory personnel practices, and suits contesting the legality of certain rates and charges. Based on the advice of the City

Solicitor, City management is of the opinion that the outcome of this pending litigation will not have a material adverse effect on the City's financial position at June 30, 2005.

14. Pension Plans

A. Primary Government

Description of the Plans

The City of Wilmington covers substantially all full-time employees by one of its five single-employer plans and the Delaware County and Municipal Police/Firefighter Pension Plan, a cost-sharing, multi-employer defined benefit pension plan discussed below. The City's current-year covered payroll and membership consisted of the following:

	Firefighters	Police	Nonuniformed Plan I	Nonuniformed Plan II	Nonuniformed Plan III
Number of Retirees & Beneficiaries Receiving Benefits	305	405	299	127	89
Number of Terminated Employees Entitled to Benefits	7	19	-	46	119
Number of Fully Vested, Partially Vested, & Non-Vested Active Employees	92	152	56	69	465
Current Year Annual Covered Payroll	$ 5,148,849	$ 8,687,536	$ 2,287,449	$ 2,694,348	$ 19,456,448

The City's current-year total payroll for all employees was $61,045,009

With the exception of the component units, the City Council is responsible for setting benefits and contributions and amending plan provisions. The various plans are authorized according to provisions of Chapter 39 of the City Code.

Cash and Investments

The Board of 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, 2005, represented 95% of all available funds. The investment policy of the funds is in accordance with the Objectives and Guidelines Statement and is adopted by the Trustees (Note 3).

As of June 30, 2005, the following individual plans have investments at fair value in excess of 5% of the individual plan's net assets.

Name of Insitution	Investment Type	Firefighters	Plan III Nonuniformed	Police
Wilmington Saving Fund Society	Certificates of Deposit	$ -	$ 1,440,000	$ -
Wilmington Trust Company	Certificates of Deposit	$ 3,265,000	$ -	$ 1,895,000

Membership, Benefit and Contribution Provisions

A description of the individual plans including eligibility provisions, types of benefits, and contribution requirements is presented below in general terms on the following pages. The City Board of Pensions and Retirements, various boards of trustees, and the City Treasurer administer the single employer plans. Financial statements for the City Firefighters' and Police Pension Plans are available from the City Treasurer's Office, Louis L. Redding Building, 800 French Street, Wilmington, Delaware 19801. The State Board of Pension Trustees and the State Office of Pensions administer the multi-employer plan. Detailed information and financial statements and further information for the Delaware County and Municipal Police/Firefighters Pension Plan are available in the State of Delaware Code and from the State Board of Pension Trustees and Office of Pensions, Delaware Public Employees Retirement System, McArdle Building, 860 Silver Lake Blvd., Suite 1, Dover, Delaware, 19904-2402.

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

City of Wilmington

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Plan I Non-uniformed Pension	Plan II Non-uniformed Pension	Plan III Non-uniformed Pension	Post Retirement Benefit Fund
Assets				
Cash and Cash Equivalents	$ -	$ 97,297	$ 1,443,249	$ 4,582
Receivables:				
Accrued Interest Receivable	43,843	88,474	68,324	17,628
Total Receivables	43,843	88,474	68,324	17,628
Investments, at Fair Value:				
U.S.Treasury Obligations	1,424,180	2,219,418	2,873,944	1,027,388
Stocks	5,381,401	8,386,284	10,859,473	-
Corporate Obligations	2,093,282	3,262,135	4,224,167	414,131
Mutual Funds	268,004	417,654	540,824	252,175
Total Investments	9,166,867	14,285,491	18,498,408	1,693,694
Due from Other Funds	-	-	1,895,942	1,161,031
Total Assets	9,210,710	14,471,262	21,905,923	2,876,935
Liabilities:				
Accounts Payable	4,943	5,697	23,566	16,203
Accrued Wages and Fringes	321	663	1,672	-
Liability for Stale-dated Pension Checks	36,505	8,265	5,285	-
Due to Other Funds	549,532	456,720	-	-
Compensated Absences	683	1,369	3,414	-
Total Liabilities	591,984	472,714	33,937	16,203
Net Assets				
Held in Trust for Pension Benefits	$ 8,618,726	$ 13,998,548	$ 21,871,986	$ 2,860,732

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

City of Wilmington, Delaware

Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2005

	Plan I Non-uniformed Pension	Plan II Non-uniformed Pension	Plan III Non-uniformed Pension	Post Retirement Benefit Fund
Additions:				
Contributions:				
City	$ 592,320	$ 240,000	$ 3,587,772	$ 1,476,908
State	39,600	-	-	-
Employees	-	17,768	458,358	158,785
Total Contributions	631,920	257,768	4,046,130	1,635,693
Investment Income				
Interest	321,893	523,584	676,365	50,825
Net Depreciation in Fair Value	251,460	352,236	836,045	-
Total Investment Earnings	573,353	875,820	1,512,410	50,825
Less Investment Expense	(37,806)	(58,916)	(76,291)	-
Net Investment Income	535,547	816,904	1,436,119	50,825
Total Additions	1,167,467	1,074,672	5,482,249	1,686,518
Deductions:				
Benefits Paid	1,282,115	768,585	1,053,793	440,909
Administrative Expenses	112,437	84,678	393,241	35,999
Total Deductions	1,394,552	853,263	1,447,034	476,908
Net Increase (Decrease) in Plan Net Assets	(227,085)	221,409	4,035,215	1,209,610
Net Assets - Beginning	8,845,811	13,777,139	17,836,771	1,651,122
Net Assets - Ending	$ 8,618,726	$ 13,998,548	$ 21,871,986	$ 2,860,732

Firefighters Pension Plan (Closed)

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

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

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

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

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

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

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

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/2003	$ 4,686,914	100.0%	$ -
6/30/2004	4,923,603	100.0%	-
6/30/2005	4,755,418	100.0%	-

Police Pension Plan (Closed)

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

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

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

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

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

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

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

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

dependent parent. For the 1984 group, benefits are the same except the amounts change to a lump sum of 50%, $50 a month per child with a maximum of $150 per month per family.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/2003	$ 4,387,021	100.0%	$ -
6/30/2004	5,195,626	100.0%	-
6/30/2005	5,989,169	100.0%	-

Nonuniformed Employees Plan I (Closed)

Plan Description and Eligibility: The Nonuniformed Employees Plan I is a single-employer defined benefit plan that covers all Nonuniformed City employees hired before July 1, 1979, who have not opted to convert to a later plan.

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

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

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

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

Contributions: Employee - none.
Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

Contributions: none.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/2003	$ 238,066	100.0%	$ -
6/30/2004	256,374	100.0%	-
6/30/2005	631,920	100.0%	-

Nonuniformed Employees Plan II (Closed)

Plan Description and Eligibility: The Nonuniformed Employees Plan II is a single-employer defined benefit plan that covers all nonuniformed City employees hired after June 30, 1979, and before January 1, 1991, employees hired before June 30, 1979, but not eligible for Plan I, employees who have opted to convert from Plan I, and not employees who have opted to convert to a later plan.

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

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

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

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

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

Contributions: Employee - none.
Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/2003	$ -	100.0%	$ -
6/30/2004	-	100.0%	-
6/30/2005	257,768	100.0%	-

Nonuniformed Employees Plan III

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

Service Benefits: 1.85% of final average earnings (five consecutive years out of the last ten that produce the highest average) times credited years of service (maximum 30 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, if retirement commenced the day before death (without reduction for early commencement); payments continue until death or remarriage. If employee is unmarried, a designated beneficiary receives a total equal to 120 monthly payments.

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

Death Benefit: Same as Survivor Benefit.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/2003	$ 825,342	100.0%	$ -
6/30/2004	893,621	100.0%	-
6/30/2005	4,046,130	100.0%	-

Delaware Municipal Police/Firefighter Pension Plan

The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System. The plan, which is the Delaware Municipal Police/Firefighter Pension Plan, covers City police and firefighter employees hired on or after February 1, 1993. Benefit provisions of the plan are established under the provisions of the State law and may be amended by an act of the State legislature. The plan provides retirement, disability, and death benefits to plan members and beneficiaries.

The contribution policy is set by State law and requires contributions by active members and by participating employers. Plan members are required to contribute 5% of their base compensation. 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 City's contributions to the plan for 2005, 2004, and 2003 were $1,325,960, $1,093,249, and $1,028,760, respectively. Those amounts are equal to the required contribution for each year.

Funding Policy and Annual Pension Cost

The following are the annual pension cost, actuarial methods, and assumptions of the City's single employer pension plans.

	Firefighters	Police	Plan I Nonuniformed	Plan II Nonuniformed	Plan III Nonuniformed
Annual Required Contribution and Pension Cost (7/1/04-6/30/05) (1)	$ 4,013,796	$ 5,663,950	$ 421,920	$ -	$ 1,884,654
Actuarial Valuation Date	July 1, 2004	July 1, 2004	July 1, 2004	July 1, 2004	July 1, 2004
Actuarial Cost Method	Aggregate Entry Age	Aggregate Entry Age	Aggregate Entry Age	Aggregate Entry Age	Aggregate Entry Age
Amortization Method	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining Amortization Period (2)	25 years	25 years	25 years	25 years	25 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Actuarial Assumptions					
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases	5.50% (4)	5.50% (4)	5.50% (3)	5.00% (3)	5.50% (3)
Includes Inflation rate of	3.00%	3.00%	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None

(1) The actuarial valuation is done every other year. The last valuation completed was the July 1, 2005 valuation for the fiscal year ended June 30, 2004 The contribution for the year after the valuation is equal to an increase of 4% of the contribution for the year the valuation was completed. Contributions are based on percentage of pay, and actual amounts may vary based on actual payroll.

(2) The amortization period remaining does not include amounts paid into the Firefighters Pension Plan and the Police Pension Plan for the Cost-of-Living Adjustment for each plan.

(3) For employees under 30. 5.5%; 5% thereafter.

(4) Based on a sevice dependent scale.

B. Component Units

The Wilmington Parking Authority has a noncontributory single-employer defined benefit pension plan covering substantially all of its employees. The annual required contribution was $87,431 for the year ended June 30, 2005. This contribution was computed using the aggregate cost method, assuming an 8% annual return on investments and 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.

15. Post-Retirement Benefit Fund

The City under City code Section 39-5, provides post-retirement health care benefits (the Retired City Employees Medical Program) to all active full-time employees eligible for a city pension, or retired uniformed service employees receiving a pension pursuant to the State "County and Municipal Pension" program as of January 1, 2000, and who meet certain eligibility requirements. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. The Program pays not less than 80% of the blended rate up to a maximum of $5,000 for eligible retirees who are less than 65 years of age. The Program pays not less than 80% of the blended rate up to $2,000 for retirees who are 65 years or older. The blended rate is the average cost of medical coverage to the City for all active participants in the medical coverage program. Eligible retirees may participate in the dental program, but the retiree pays the full premium.

As of June 30, 2005, the plan has 1,220 eligible participants. The plan is on a pay as you go basis. Benefit expenses recognized during 2005 were $440,909 and participant contributions were $158,785. The City made an additional $1.0 million contribution to fund future costs for the Pension Healthcare plan.

The City has elected not to apply GASB No. 27 – Accounting for Pensions by State and Local Governmental Employers to post employment healthcare benefits.

16. Prior Period Adjustment

The Fiduciary Net Assets was restated due to a State of Delaware contribution received in fiscal year 2005 that was attributable to fiscal year 2004 in the amount of $1,034,620:

Net Assets as of June 30, 2004	$134,012,214
Prior period adjustment	1,034,620
Restated Net Assets as of June 30, 2005	$135,046,834

17. Prior Period Adjustment – Component Units

Wilmington UDAG Corporation

During fiscal year 2004, WUC overstated accounts payable and the WCCNPAC allocations included in contractual obligations expense. As a result, the 2004 statements have been restated to reflect an increase in accounts payable and a decrease in beginning unrestricted net assets at June 30, 2004, in the amount of $90,355.

Net Assets as of June 30, 2004	$9,648,439
Prior period adjustment	(90,355)
Net Assets restated	$9,557,984

Wilmington Economic Development Corporation

During fiscal year 2004, organization discovered that an amount previously recorded as a grant receivable should not have been recorded. As a result, the 2004 statements have been restated and reduced by $171,409, since the transaction occurred in a prior year.

Net Assets as of June 30, 2004	$3,319,919
Prior period adjustment	(171,409)
Net Assets restated	$3,145,510

18. Subsequent Events

On September 21, 2005, the City issued a $2,234,500 General Obligation Bond Anticipation Note, Series 2005. The net proceeds of the bond anticipation note were used to fund the Christina Landing Development. The bond anticipation note matures on October 1, 2005. Interest is payable in full at maturity at an annual interest rate of 2.6%.

On August 27, 2005, the City issued $8,278,000 of General Obligation Bonds, Series D of 2005. The net proceeds of the bonds were used to finance capital projects in the General Fund. The bonds mature in varying amounts between February 1, 1999, and February 1, 2018, and bear annual interest rates between 3.60% and 5.25%.

On July 12, 2005, the City retired $1,567,500 of General Obligation Bonds, Series 2002 with the net proceeds from the sale of the Layton Homes property. The sale resulted in an accounting loss of $432,500.

19. Subsequent Events – Component Unit

On September 22, 2005, the Wilmington Parking Authority issued Guaranteed Parking Revenue Bonds, Series 2005, in the amount of $18.2 million with interest rates ranging from 3.0% to 4.26%. The Bonds were issued for the following:

- Finance the development and construction of a new public parking facility to be located in the City within the block bordered by Delaware Avenue, Washington Street, Tenth Street and Jefferson Street containing approximately 550 parking spaces;
- Refund the Wilmington Parking Authority's outstanding Guaranteed Parking Revenue Bonds, series 1992A; and
- Pay expenses related to issuing and insuring the 2005 Bonds.

Required Supplementary Information

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.

City of Wilmington, Delaware

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

For the Year Ended June 30, 2005

	Budgeted Amounts		FY'05 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	$ 27,919,200	$ 27,919,200	$ 28,417,535	$ 498,335
Wage	39,600,000	39,600,000	43,801,665	4,201,665
Franchise	1,800,000	1,800,000	2,689,238	889,238
Real Estate Transfer Taxes	2,600,000	2,600,000	6,021,220	3,421,220
Net Profit	1,900,000	1,900,000	3,546,455	1,646,455
Head	2,482,000	2,482,000	2,433,334	(48,666)
Other Taxes	2,775,000	2,775,000	3,292,262	517,262
Licenses, Permits and Fees	2,307,000	2,307,000	4,174,056	1,867,056
Fines and Forfeitures	3,260,000	3,260,000	2,818,007	(441,993)
Charges for Services	3,872,533	3,872,533	4,286,492	413,959
Interest	1,070,000	1,070,000	1,538,286	468,286
Total Revenues	89,585,733	89,585,733	103,018,550	13,432,817
Expenditures:				
General Governmental Services:				
Mayor's office	4,217,612	4,217,612	4,220,603	(2,991)
City Council	1,949,463	1,949,463	2,061,544	(112,081)
Audit	503,338	503,338	556,892	(53,554)
Law	2,041,127	2,041,127	2,080,955	(39,828)
Finance	2,990,876	2,990,876	3,158,985	(168,109)
Personnel	1,233,791	1,233,791	1,326,047	(92,256)
Treasurer	324,672	324,672	352,631	(27,959)
Planning	1,193,559	1,193,559	1,259,587	(66,028)
Real Estate and Housing	1,541,142	1,541,142	1,607,314	(66,172)
Parks and Recreation:	7,721,817	7,721,817	7,732,563	(10,746)
Public Safety:		-		
Police	35,072,246	35,072,246	37,838,539	(2,766,293)
Fire	15,738,215	15,738,215	16,748,812	(1,010,597)
Municipal Court	-	-		-
Licenses and Inspection	2,820,931	2,820,931	2,848,401	(27,470)
Public Works	14,834,014	14,834,014	15,502,801	(668,787)
Total Expenditures	$ 92,182,803	$ 92,182,803	$ 97,295,674	$ (5,112,871)
Excess (Deficit) of Revenues over Expenditures	$ (2,597,070)	$ (2,597,070)	$ 5,722,876	$ 8,319,946
Other Financing Sources (Uses)				
Transfer In	2,775,000	2,775,000	275,000	(2,500,000)
Transfer Out	(55,000)	(55,000)	-	55,000
Gain on Sale of Capital Assets	-	-	13,433	13,433
Total Other Financing Sources (Uses)	2,720,000	2,720,000	288,433	(2,431,567)
Net Change in Fund Balances	122,930	122,930	6,011,309	5,888,379
Fund Balance - Beginning	-	-	25,740,545	25,740,545
Fund Balance - Ending	$ 122,930	$ 122,930	$ 31,751,854	$ 31,628,924

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

City of Wilmington, Delaware

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

Commerce Fund

For the Year Ended June 30, 2005

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	$ 7,797,382	$ 7,797,382	$ 3,300,589	$ (4,496,793)
Interest	-	-	902,916	902,916
Other	-	-	-	-
Total Revenues	7,797,382	7,797,382	4,203,505	(3,593,877)
Expenditures:			-	
Personal Services	622,392	622,392	592,968	29,424
Materials, Supplies and Equipment	679,912	679,912	643,474	36,438
Debt Service	6,160,215	6,160,215	5,465,745	694,470
Total Expenditures	7,462,519	7,462,519	6,702,187	760,332
Excess of Expenditures Over Revenues	334,863	334,863	(2,498,682)	(2,833,545)
Other Financing Sources				
Proceeds from Bonds	-	-	-	-
Transfer In	-	-	-	-
Gain on Sale of Capital Assets	-	-	1,800,000	1,800,000
Total Other Financing Sources	-	-	1,800,000	1,800,000
Net Change in Fund Balances	334,863	334,863	(698,682)	(1,033,545)
Fund Balance - Beginning	-	-	13,484,998	7,689,683
Fund Balance - Ending	$ 334,863	$ 334,863	$ 12,786,316	$ 6,656,138

City of Wilmington, Delaware
Notes to Required Supplementary Information
June 30, 2005

Budgetary Accounting Control

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

Budgets for the other Special Revenue Funds, which are non-major funds, are appropriated based on grant agreements with various State, Federal, and private agencies. Based on the duration of these agreements, budget appropriations often overlap the City's fiscal year and remain open until completion of the grant. Therefore, the Special Revenue Funds' actual results of operations also represent the Funds' final appropriations through June 30, 2005, 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.

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.

Pension Funding Status and Progress

In accordance with GASB Statement No. 27, the following required supplementary information is provided with regard to pension funding progress. The plans have a valuation performed every two years, and the schedule presents the last three completed valuations covering six years.

City of Wilmington
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Entry Age	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll
	(1)	(2)	(2-1)	(1 / 2)	(5)	((2-1) / 5)
Firefighters						
7/1/1994	$ 18,615,609	$ 56,166,664	$ 37,551,055	33.1%	$ 5,443,302	689.9%
7/1/1996	20,917,057	56,853,588	35,936,531	36.8%	5,202,424	690.8%
7/1/1998	26,820,040	63,351,816	36,531,776	42.3%	5,797,980	630.1%
7/1/2000	41,778,193	67,735,582	25,957,389	61.7%	5,778,465	449.2%
7/1/2002	33,415,101	71,342,762	37,927,661	46.8%	5,930,087	639.6%
7/1/2004	35,988,659	78,282,035	42,293,376	46.0%	5,148,859	821.4%
Police						
7/1/1994	$ 26,490,745	$ 69,851,146	$ 43,360,401	37.9%	9,380,668	462.2%
7/1/1996	33,486,694	73,222,018	39,735,324	45.7%	8,595,575	462.3%
7/1/1998	44,763,287	85,230,893	40,467,606	52.5%	8,779,819	460.9%
7/1/2000	68,132,142	96,129,065	27,996,923	70.9%	9,671,554	289.5%
7/1/2002	53,575,870	98,707,703	45,131,833	54.3%	9,115,761	495.1%
7/1/2004	55,912,712	109,873,650	53,960,938	50.9%	8,687,036	621.2%
Plan I Non-Uniformed						
7/1/1994	$ 9,803,773	$ 13,480,000	$ 3,676,227	72.7%	$ 4,432,650	82.9%
7/1/1996	10,364,346	12,629,630	2,265,284	82.1%	2,877,776	78.7%
7/1/1998	11,988,347	13,383,987	1,395,640	89.6%	2,545,860	54.8%
7/1/2000	18,480,784	12,803,551	(5,677,233)	144.3%	2,363,392	-240.2%
7/1/2002	10,414,621	11,471,041	1,056,420	90.8%	2,448,504	43.1%
7/1/2004	8,845,811	11,567,327	2,721,516	76.5%	2,287,449	119.0%
Plan II Non-Uniformed						
7/1/1994	$ 8,344,437	$ 8,400,000	$ 55,563	99.3%	$ 12,603,664	0.4%
7/1/1996	9,406,352	8,841,905	(564,447)	106.4%	9,205,548	-6.1%
7/1/1998	12,941,871	9,113,195	(3,828,676)	142.0%	8,453,160	-45.3%
7/1/2000	20,828,020	10,824,475	(10,003,545)	192.4%	8,915,130	-112.2%
7/1/2002	14,089,648	9,867,213	(4,222,435)	142.8%	9,202,060	-45.9%
7/1/2004	13,777,139	8,624,587	(5,152,552)	159.7%	2,694,348	-191.2%
Plan III Non-Uniformed						
7/1/1994	$ 5,826,318	$ 12,400,985	$ 6,574,667	47.0%	$ 17,743,185	37.1%
7/1/1996	7,752,243	12,733,377	4,981,134	60.9%	13,116,910	38.0%
7/1/1998	11,066,073	15,076,439	4,010,366	73.4%	14,057,963	28.5%
7/1/2000	17,862,788	20,403,158	2,540,370	87.5%	17,055,921	14.9%
7/1/2002	15,271,986	24,171,908	8,899,922	63.2%	19,908,621	44.7%
7/1/2004	17,836,771	35,491,489	17,654,718	50.3%	19,456,448	90.7%

City of Wilmington
Pension Funding Status and Progress (Continued)

Schedule of Contributions

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Firefighters			
6/30/1999	$ 3,641,141	100.0%	$ -
6/30/2000	3,348,302	100.0%	-
6/30/2001	4,167,655	100.0%	-
6/30/2002	5,055,204	100.0%	-
6/30/2003	4,686,914	100.0%	-
6/30/2004	4,923,603	100.0%	-
Police			
6/30/1999	$ 4,242,981	100.0%	$ -
6/30/2000	4,618,413	100.0%	-
6/30/2001	4,437,978	100.0%	-
6/30/2002	5,975,440	100.0%	-
6/30/2003	4,387,021	100.0%	-
6/30/2004	5,195,626	100.0%	-
Plan I Non-Uniformed			
6/30/1999	$ 191,645	100.0%	$ -
6/30/2000	174,827	100.0%	-
6/30/2001	69,200	100.0%	-
6/30/2002	115,360	100.0%	-
6/30/2003	238,066	100.0%	-
6/30/2004	256,374	100.0%	-
Plan II Non-Uniformed			
6/30/1999	$ -	100.0%	$ -
6/30/2000	-	100.0%	-
6/30/2001	-	100.0%	-
6/30/2002	-	100.0%	-
6/30/2003	-	100.0%	-
6/30/2004	-	100.0%	-
Plan III Non-Uniformed			
6/30/1999	$ 488,061	100.0%	$ -
6/30/2000	512,464	100.0%	-
6/30/2001	-	100.0%	-
6/30/2002	374,201	100.0%	-
6/30/2003	825,342	100.0%	-
6/30/2004	893,621	100.0%	-

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

City of Wilmington, Delaware

Non-major Governmental 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 Community Development Block Grant Fund accounts for the City's Community Development Block Grant 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 Section 8 Housing Assistance Fund accounts for United States Department of Housing and Urban Development Grants designated to subsidize rents for low-income public housing agencies.

The Municipal Street Aid Fund accounts for an annual entitlement from the State of Delaware that is used for street lighting within the City.

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 Wilmington Park Trust Commission accounts for private funds received to finance the renovation and maintenance of parks, fountains, and other receptacles for water in the City of Wilmington.

The 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 Urban Enterprise Community Grant Fund accounts for a United States Department of Health and Human Services Grant received through the State of Delaware, dedicated to creating economic revitalization and human development in distressed urban and rural areas.

The U.S. Department of Commerce Fund accounts for funding through this area to develop minority business development and participation in the local economy through networking and training programs.

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 to be used for specific purposes.

City of Wilmington, Delaware

Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
June 30, 2005

Assets	Park Recreation Assistance	Community Development Block Grant	Section 8 Housing Assistance	Municipal Street Aid	Home Partnership Program	Wilmington Park Trust Commission	Delaware Criminal Justice Planning	HOPWA Grant	Urban Enterprise Community Grant	Wilmington Arts Commission	National Endowment For the Arts	Special Projects Funds	U.S. Department of Commerce	Total Nonmajor Governmental Funds
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ 281,356	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 281,356
Investments	-	-	-	-	-	5,513,024	-	-	-	-	-	-	-	5,513,024
Receivables:														
Mortgages	-	102,358	-	-	-	-	-	-	-	-	-	-	-	102,358
Employee Travel Advances	-	-	-	-	-	-	2,163	-	-	276	-	-	-	2,439
Due from Other Funds	-	-	-	221,554	35,024	-	-	-	-	-	-	259,281	10,367	526,226
Due from Other Governments	757,507	372,929	411,892	51,054	-	74,832	530,817	623,131	58,632	14,089	22,029	685,148	39,633	3,641,693
Total Assets	$ 757,507	$ 475,287	$ 411,892	$ 272,608	$ 35,024	$ 5,869,212	$ 532,980	$ 623,131	$ 58,632	$ 14,365	$ 22,029	$ 944,429	$ 50,000	$ 10,067,096
Liabilities and Fund Balances														
Liabilities:														
Accounts Payable	$ 105,414	$ 110,159	$ 84,476	$ 272,608	$ 2,560	$ 9,298	$ 18,548	$ 153,892	$ -	$ -	$ -	$ 33,829	$ 50,000	$ 840,784
Accrued Wages and Payroll Withholdings	18,600	18,755	-	-	826	1,385	7,664	236	-	-	442	8,700	-	56,608
Due to Other Funds	555,326	244,015	327,416	-	-	94,550	506,768	469,003	58,632	14,365	21,587	-	-	2,291,662
Unearned Revenue	78,167	102,358	-	-	31,638	-	-	-	-	-	-	901,900	-	1,114,063
Total Liabilities	757,507	475,287	411,892	272,608	35,024	105,233	532,980	623,131	58,632	14,365	22,029	944,429	50,000	4,303,117
Fund Balances:														
Reserved	-	-	-	-	-	5,763,979	-	-	-	-	-	-	-	5,763,979
Total Fund Balances	-	-	-	-	-	5,763,979	-	-	-	-	-	-	-	5,763,979
Total Liabilities and Fund Balances	$ 757,507	$ 475,287	$ 411,892	$ 272,608	$ 35,024	$ 5,869,212	$ 532,980	$ 623,131	$ 58,632	$ 14,365	$ 22,029	$ 944,429	$ 50,000	$ 10,067,096

City of Wilmington, Delaware

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Non-Major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2005

	Park Recreation Assistance	Community Development Block Grant	Section 8 Housing Assistance	Municipal Street Aid	Home Partnership Program	Wilmington Park Trust Commission	Delaware Criminal Justice Planning	HOPWA Grant	Urban Enterprise Community Grant	Wilmington Arts Commission	National Endowment for the Arts	Special Projects	U.S. Department of Commerce	Total Nonmajor Governmental Funds
Revenues:														
Intergovernmental	$1,077,017	$ 3,627,076	$ 2,636,532	$1,827,199	$ 501,142	$ -	$ 2,000,154	$1,139,388	$ 39,118	$ -	$ 30,270	$3,014,765	$ 57,984	$ 15,950,645
Program Income	-	478,479	-	-	-	-	-	-	-	-	-	-	-	478,479
Interest Income	-	-	-	-	-	667,589	-	-	-	-	-	5,124	-	672,713
Other/Private Contributions	121,905	-	-	-	6,000	81,598	-	-	-	-	-	516,241	-	725,744
Total Revenues	1,198,922	4,105,555	2,636,532	1,827,199	507,142	749,187	2,000,154	1,139,388	39,118	-	30,270	3,536,130	57,984	17,827,581
Expenditures:														
Current:														
General Governmental Services	-	-	-	-	-	102,523	-	-	39,118	68,898	30,270	-	57,984	298,793
Real Estate and Housing	-	4,105,555	2,636,532	-	507,142	-	-	1,139,388	-	-	-	-	-	8,388,617
Public Works	-	-	-	1,827,199	-	-	-	-	-	-	-	-	-	1,827,199
Parks and Recreation	1,198,922	-	-	-	-	279,044	-	-	-	-	-	-	-	1,477,966
Public Safety	-	-	-	-	-	-	2,000,154	-	-	-	-	3,536,130	-	5,536,284
Total Expenditures	1,198,922	4,105,555	2,636,532	1,827,199	507,142	381,567	2,000,154	1,139,388	39,118	68,898	30,270	3,536,130	57,984	17,528,859
Excess (Deficiency) of Expenditures over Revenues	-	-	-	-	-	367,620	-	-	-	(68,898)	-	-	-	298,722
Other Financing Sources (Uses)														
Transfers in:														
General Fund	-	-	-	-	-	-	-	-	-	68,898	-	-	-	68,898
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	68,898	-	-	-	68,898
Net change in Fund Balances	-	-	-	-	-	367,620	-	-	-	-	-	-	-	367,620
Fund Balance - Beginning	-	-	-	-	-	5,396,359	-	-	-	-	-	-	-	5,396,359
Fund Balance - Ending	$ -	$ -	$ -	$ -	$ -	$ 5,763,979	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,763,979

City of Wilmington, Delaware

Schedule of Revenues, Expenditures
Changes in Fund Balance-Budget and Actual
Non- Major Funds - Special Revenue Funds
For the Year Ended June 30, 2005

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Park Recreation Assistance			
Revenues	$ 568,000	$ 1,198,922	$ 630,922
Expenditures	568,000	1,198,922	630,922
Excess Revenues Over Expenditures	$ -	$ -	$ -
Commmunity Development Block Grant			
Revenues	$ 3,649,000	$ 4,105,555	$ 456,555
Expenditures	3,649,000	4,105,555	456,555
	-	-	-
Excess Revenues Over Expenditures	$ -	$ -	$ -
Section 8 Housing Assistance			
Revenues	$ 2,931,806	$ 2,636,532	$ (295,274)
Expenditures	2,931,806	2,636,532	(295,274)
Excess Revenues Over Expenditures	$ -	$ -	$ -
Municipal Street Aid			
Revenues	$ 1,495,113	$ 1,827,199	$ 332,086
Expenditures	1,495,113	1,827,199	332,086
Excess Revenues Over Expenditures	$ -	$ -	$ -
Home Partnership Program			
Revenues	$ 754,092	$ 507,142	$ (246,950)
Expenditures	754,092	507,142	(246,950)
Excess Revenues Over Expenditures	$ -	$ -	$ -
Home for People With Aids			
Revenues	$ 794,440	$ 1,139,388	$ 344,948
Expenditures	794,440	1,139,388	344,948
Excess Revenues Over Expenditures	$ -	$ -	$ -

City of Wilmington, Delaware
Internal Service Funds

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

Additional internal service funds are as follows:

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

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

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

City of Wilmington, Delaware

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2005

	Data Processing	Word Processing	Mail Service	Duplication and Reproductior	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
ASSETS											
Current Assets:											
Cash and Cash Equivalents	$ 933,435	$ -	$ -	$ -	$ -	$ 150	$ 300	$ 400	$ 400	$ -	$ 934,685
Travel Advances	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	33,712	-	21,832	13,284	-	-	6,609,278	14,541,282	1,143,943	22,363,331
Total Current assets	933,435	33,712	-	21,832	13,284	150	300	6,609,678	14,541,682	1,143,943	23,298,016
Noncurrent Assets:											
Deferred Charges	9,907	-	-	-	-	-	-	-	-	-	9,907
Capital Assets:											
Land, Buildings and Improvements	47,520	11,600	-	-	-	-	42,638	-	-	-	101,758
Machinery and Equipment	2,568,115	59,073	38,733	-	18,554	692,868	1,308,166	169,889	12,565	5,148	4,873,111
Vehicles	-	-	-	-	-	14,299,160	-	37,600	-	-	14,336,760
Less Accumulated Depreciation	(832,416)	(60,647)	(15,496)	-	(6,904)	(9,863,308)	(958,165)	(175,681)	(12,565)	(3,843)	(11,929,025)
Total Capital Assets (net of Accumulated Depreciation)	1,783,219	10,026	23,237	-	11,650	5,128,720	392,639	31,808	-	1,305	7,382,604
Total Noncurrent Assets	1,793,126	10,026	23,237	-	11,650	5,128,720	392,639	31,808	-	1,305	7,392,511
Total Assets	2,726,561	43,738	23,237	21,832	24,934	5,128,870	392,939	6,641,486	14,541,682	1,145,248	30,690,527
LIABILITIES											
Current Liabilities:											
Accounts Payable	98,106	8,150	391	5,356	12,479	787,907	188,910	14,908	341,059	16,400	1,473,666
Accrued Wages and Payroll Withholdings	4,467	2,938	726	782	1,725	-	2,254	1,148	3,674	885	18,599
Due to Other Funds	1,641,522	-	18,248	-	-	1,932,127	175,802	-	-	-	3,767,699
Compensated Absences	41,968	32,650	3,872	15,694	10,730	-	25,973	5,538	22,544	1,895	160,864
General Obligation Bonds Payable	-	-	-	-	-	-	-	-	-	-	-
Obligation under Capital Lease	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	1,786,063	43,738	23,237	21,832	24,934	2,720,034	392,939	21,594	367,277	19,180	5,420,828
Noncurrent Liabilities:											
General Obligation Bonds Payable	940,498	-	-	-	-	-	-	-	-	-	940,498
Obligation under Capital Lease	-	-	-	-	-	2,408,836	-	-	-	-	2,408,836
Claims Liability	-	-	-	-	-	-	-	5,581,474	14,174,405	1,126,068	20,881,947
Total Noncurrent Liabilities	940,498	-	-	-	-	2,408,836	-	5,581,474	14,174,405	1,126,068	24,231,281
Total Liabilities	2,726,561	43,738	23,237	21,832	24,934	5,128,870	392,939	5,603,068	14,541,682	1,145,248	29,652,109
NET ASSETS											
Invested in Capital Assets, Net of Related Debt	842,721	10,026	23,237	-	11,650	2,719,884	392,639	31,808	-	1,305	4,033,270
Unrestricted	(842,721)	(10,026)	(23,237)	-	(11,650)	(2,719,884)	(392,639)	1,006,610	-	(1,305)	(2,994,852)
Total Net Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,038,418	$ -	$ -	$ 1,038,418

City of Wilmington, Delaware

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2005

	Data Processing	Word Processing	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
Operating Revenues:											
Charges for Services	$ 1,390,860	$ 354,317	$ 289,060	$ 230,741	$ 244,360	$ 3,899,879	$ 1,231,531	$ 1,667,564	$ 5,369,308	$ 9,075,517	$ 23,753,137
Employee Contributions	-	-	-	-	-	-	-	-	-	428,815	428,815
Other	-	-	-	-	-	-	-	-	90,027	-	90,027
Total Operating Revenues	1,390,860	354,317	289,060	230,741	244,360	3,899,879	1,231,531	1,667,564	5,459,335	9,504,332	24,271,979
Operating Expenses:											
Personal Services	449,093	255,433	70,108	70,258	115,498	-	207,346	96,489	281,105	71,104	1,616,434
Materials, Supplies, Equipment and Contractual Services	742,769	97,609	214,432	160,483	127,007	2,729,955	951,117	53,158	347,666	22,925	5,447,121
Depreciation and Amortization	152,281	1,275	4,520	-	1,855	1,112,546	73,068	13,031	-	516	1,359,092
Claims Expense	-	-	-	-	-	-	-	223,905	4,830,564	9,409,787	14,464,256
Insurance Premiums	-	-	-	-	-	-	-	242,563	-	-	242,563
Total Operating Expenses	1,344,143	354,317	289,060	230,741	244,360	3,842,501	1,231,531	629,146	5,459,335	9,504,332	23,129,466
Operating Income	46,717	-	-	-	-	57,378	-	1,038,418	-	-	1,142,513
Nonoperating Revenues (Expenses):											
Interest Expense	(46,717)	-	-	-	-	(102,546)	-	-	-	-	(149,263)
Loss on Sale of Assets	-	-	-	-	-	45,168	-	-	-	-	45,168
Total Nonoperating Revenues (Expenses)	(46,717)	-	-	-	-	(57,378)	-	-	-	-	(104,095)
Change in Net Assets	-	-	-	-	-	-	-	1,038,418	-	-	1,038,418
Total Net Assets - Beginning	-	-	-	-	-	-	-	-	-	-	-
Total Net Assets - Ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,038,418	$ -	$ -	$ 1,038,418

City of Wilmington, Delaware

Internal Service Funds
Combining Statement of Cash Flows
June 30, 2005

	Data Processing	Word Processing	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
Cash Flows From Operating Activities:											
Receipts from Customers and Users	$ 1,390,860	$ 354,317	$ 289,060	$ 230,741	$ 244,360	$3,945,047	$ 1,231,531	$ 1,667,564	$ 5,369,308	$ 9,075,517	$ 23,798,305
Payments to Suppliers	(725,788)	(126,909)	(237,823)	(201,011)	(128,970)	(2,351,288)	(972,425)	(819,461)	(2,531,195)	(10,030,974)	(18,125,844)
Payments to Employees	(438,633)	(228,563)	(54,909)	(50,272)	(105,303)	-	(160,896)	(85,978)	(263,628)	(67,037)	(1,455,219)
Other Receipts	-	-	-	-	-	-	-	-	90,027	428,815	518,842
Net Cash Provided by Operating Activities	226,439	(1,155)	(3,672)	(20,542)	10,087	1,593,759	98,210	762,125	2,664,512	(593,679)	4,736,084
Cash Flows from Noncapital Financing Activities		-									
Advances From (To) Other Funds	1,150,170	1,155	3,672	20,542	(10,087)	11,518	(98,210)	(762,125)	(2,664,512)	593,679	(1,754,198)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,150,170	1,155	3,672	20,542	(10,087)	11,518	(98,210)	(762,125)	(2,664,512)	593,679	(1,754,198)
Cash Flows from Capital and Related Financing Activities:											
Principal Paid on Capital Debt	(37,475)	-	-	-	-	-	-	-	-	-	(37,475)
Purchase of Capital Assets	(1,337,455)	-	-	-	-	(1,133,682)	-	-	-	-	(2,471,137)
Proceeds from Capital Lease	-	-	-	-	-	960,343	-	-	-	-	960,343
Principal Paid on Capital Lease	-	-	-	-	-	(1,329,392)	-	-	-	-	(1,329,392)
Interest Paid on Capital Lease	(46,717)	-	-	-	-	(102,546)	-	-	-	-	(149,263)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,421,647)	-	-	-	-	(1,605,277)	-	-	-	-	(3,026,924)
Net Increase in Cash and Cash Equivalents	(45,038)	-	-	-	-	-	-	-	-	-	(45,038)
Cash and Cash Equivalents - July 1, 2004	978,473	-	-	-	-	150	300	400	400	-	979,723
Cash and Cash Equivalents - June 30, 2005	$ 933,435	$ -	$ -	$ -	$ -	$ 150	$ 300	$ 400	$ 400	$ -	$ 934,685
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:											
Operating Income	$ 46,717	$ -	$ -	$ -	$ -	$ 57,378	$ -	$ 1,080,993	$ -	$ -	1,185,088
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities:											
Depreciation and Amortization	152,281	1,275	4,520	-	1,855	1,112,546	73,068	13,031	-	516	1,359,092
Increase in Provision for Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of Assets	-	-	-	-	-	45,168	-	(42,575)	-	-	2,593
Changes in Assets and Liabilities:											
Employee Travel Advances	-	-	-	-	-	-	251	-	-	-	251
Accounts Payable	16,981	6,402	(8,013)	(21,843)	11,915	378,667	21,737	(6,034)	142,878	(801,577)	(258,887)
Compensated Absences	11,419	(9,619)	(378)	1,088	(3,937)	-	2,553	(2,713)	(5,628)	(2,003)	(9,218)
Accrued Salaries	(959)	787	199	213	254	-	601	327	350	230	2,002
Claims Liability	-	-	-	-	-	-	-	(280,904)	2,526,912	209,155	2,455,163
Net Cash Provided by Operating Activities	$ 226,439	$ (1,155)	$ (3,672)	$ (20,542)	$ 10,087	$1,593,759	$ 98,210	$ 762,125	$ 2,664,512	$ (593,679)	$ 4,736,084

CITY OF WILMINGTON, DELAWARE

FIDUCIARY FUNDS

PENSION TRUST FUNDS

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

Uniformed Plans	Non-Uniformed Plans
Fire Pension	Plan I
Police Pension	Plan II
	Plan III

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

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

In fiscal year 1991, 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.

POST RETIREMENT BENEFIT FUND

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

AGENCY FUNDS

The Rent Escrow Fund accounts for rents deposited by tenants as a result of disputed repairs not done by landlords to bring rental properties up to City code.

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

The Section 108 Program accounts for loans received by the City from the U.S. Department of Housing and Urban Development on behalf of businesses in the City. The City acts as an agent for these funds.

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

City of Wilmington

Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Fire Pension	Police Pension	Plan I Non-uniformed Pension	Plan II Non-uniformed Pension	Plan III Non-uniformed Pension	Post Retirement Benefit Fund	Total Pension and Other Employee Benefit Trust Funds	Total Agency Funds
Assets								
Cash and Cash Equivalents	$ 5,893,370	$ 1,918,012	$ -	$ 97,297	$ 1,443,249	$ 4,582	$ 9,356,510	$ -
Receivables:								
Accrued Interest Receivable	178,457	277,236	43,843	88,474	68,324	17,628	673,962	-
Total Receivables	178,457	277,236	43,843	88,474	68,324	17,628	673,962	-
Investments, at Fair Value:								
U.S.Treasury Obligations	5,796,924	9,005,593	1,424,180	2,219,418	2,873,944	1,027,388	22,347,447	-
Stocks	21,904,234	34,028,497	5,381,401	8,386,284	10,859,473	-	80,559,889	-
Corporate Obligations	8,520,408	13,236,559	2,093,282	3,262,135	4,224,167	414,131	31,750,682	-
Mutual Funds	1,090,876	1,694,690	268,004	417,654	540,824	252,175	4,264,223	-
Total Investments	37,312,442	57,965,339	9,166,867	14,285,491	18,498,408	1,693,694	138,922,241	-
Due from Other Funds	-	-	-	-	1,895,942	1,161,031	3,056,973	216,425
Due from Other Governments	-	-	-	-	-	-	-	152,394
Total Assets	43,384,269	60,160,587	9,210,710	14,471,262	21,905,923	2,876,935	152,009,686	368,819
Liabilities:								
Accounts Payable	9,383	14,655	4,943	5,697	23,566	16,203	74,447	80,569
Accrued Wages and Fringes	321	322	321	663	1,672	-	3,299	346
Liability for Stale-dated Pension Checks	45,426	75,400	36,505	8,265	5,285	-	170,881	-
Due to Other Funds	6,233,552	206,422	549,532	456,720	-	-	7,446,226	134,479
Compensated Absences	683	683	683	1,369	3,414	-	6,832	-
Funds Held in Escrow	-	-	-	-	-	-	-	153,425
Total Liabilities	6,289,365	297,482	591,984	472,714	33,937	16,203	7,701,685	368,819
Net Assets								
Held in Trust for Pension Benefits	$ 37,094,904	$ 59,863,105	$ 8,618,726	$ 13,998,548	$ 21,871,986	$ 2,860,732	$ 144,308,001	$ -

City of Wilmington, Delaware

Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2005

	Fire Pension	Police Pension	Plan I Non-uniformed Pension	Plan II Non-uniformed Pension	Plan III Non-uniformed Pension	Post Retirement Benefit Fund	Total Pension and Other Employee Benefit Trust Funds
Additions:							
Contributions:							
City	$ 554,700	$ 3,800,710	$ 592,320	$ 240,000	$ 3,587,772	$ 1,476,908	$ 10,252,410
State	4,200,718	2,188,459	39,600	-	-	-	6,428,777
Employees	309,457	600,398	-	17,768	458,358	158,785	1,544,766
Total Contributions	5,064,875	6,589,567	631,920	257,768	4,046,130	1,635,693	18,225,953
Investment Income							
Interest	1,370,879	2,051,506	321,893	523,584	676,365	50,825	4,995,052
Net Depreciation in Fair Value	1,370,905	2,069,671	251,460	352,236	836,045	-	4,880,317
Total Investment Earnings	2,741,784	4,121,177	573,353	875,820	1,512,410	50,825	9,875,369
Less Investment Expense	(153,883)	(239,060)	(37,806)	(58,916)	(76,291)	-	(565,956)
Net Investment Income	2,587,901	3,882,117	535,547	816,904	1,436,119	50,825	9,309,413
Total Additions	7,652,776	10,471,684	1,167,467	1,074,672	5,482,249	1,686,518	27,535,366
Deductions:							
Benefits Paid	5,860,957	7,400,551	1,282,115	768,585	1,053,793	440,909	16,806,910
Administrative Expenses	685,574	155,360	112,437	84,678	393,241	35,999	1,467,289
Total Deductions	6,546,531	7,555,911	1,394,552	853,263	1,447,034	476,908	18,274,199
Net Increase (Decrease) in Plan Net Assets	1,106,245	2,915,773	(227,085)	221,409	4,035,215	1,209,610	9,261,167
Net Assets - Beginning as Previously Reported	35,988,659	55,912,712	8,845,811	13,777,139	17,836,771	1,651,122	134,012,214
Prior Period Adjustments	-	1,034,620	-	-	-	-	1,034,620
Net Assets - Beginning	35,988,659	56,947,332	8,845,811	13,777,139	17,836,771	1,651,122	135,046,834
Net Assets - Ending	$ 37,094,904	$ 59,863,105	$ 8,618,726	$ 13,998,548	$ 21,871,986	$ 2,860,732	$ 144,308,001

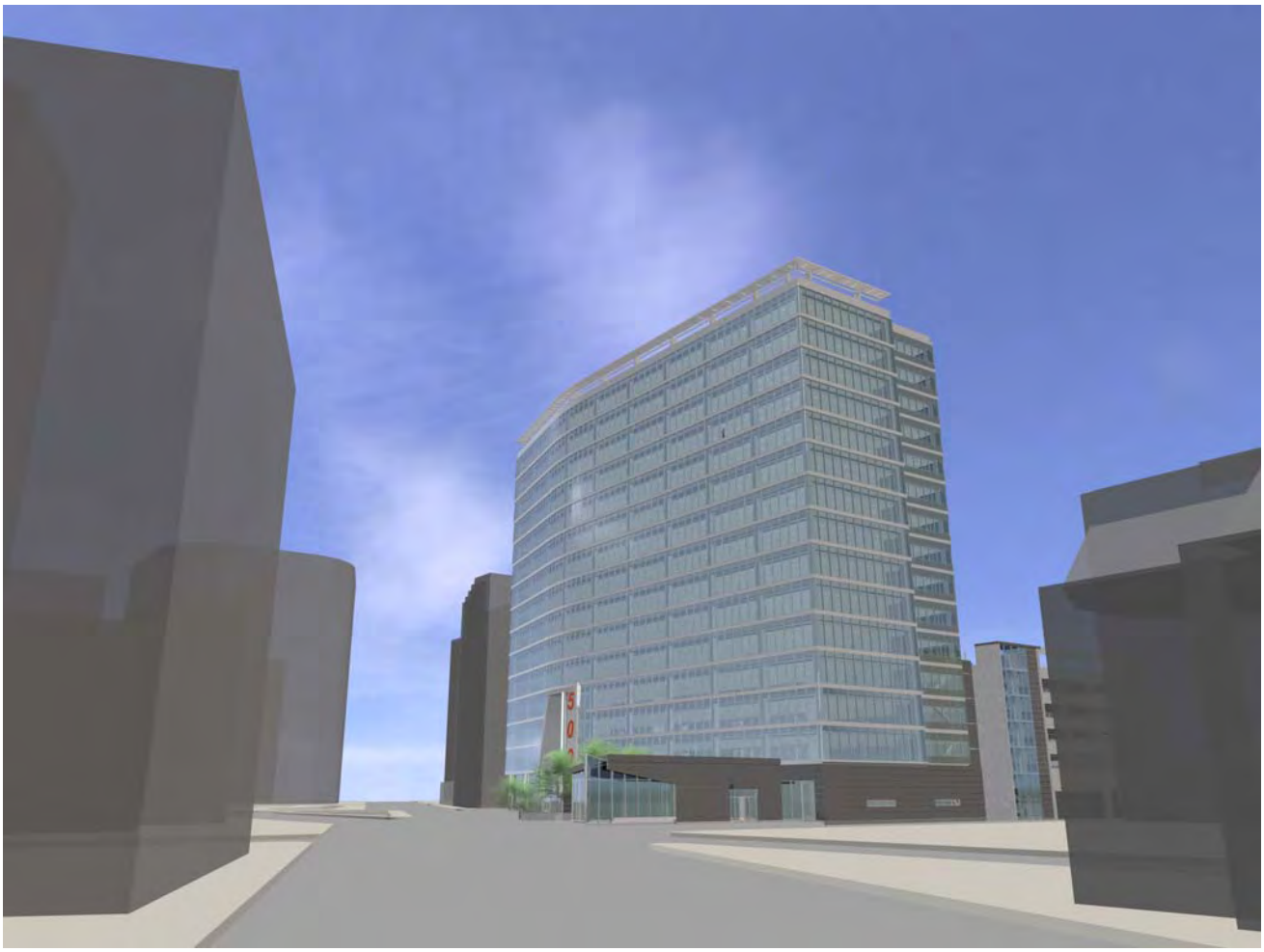
City of Wilmington, Delaware

Combining Statement of Changes in Net Assets
All Agency Funds
For the Fiscal Year Ended June 30, 2005

	Balance at June 30, 2004	Additions	Deductions	Balance at June 30, 2005
ESCROW LOANS AND GRANTS				
Assets:				
Due from Other Funds	$ 573,388	$ 216,425	$ 573,388	$ 216,425
Total Assets	$ 573,388	$ 216,425	$ 573,388	$ 216,425
Liabilities:				
Accounts Payable	$ 20,388	$ 63,000	$ 20,388	$ 63,000
Funds Held in Escrow	553,000	153,425	553,000	153,425
				-
Total Liabilities	$ 573,388	$ 216,425	$ 573,388	$ 216,425
EMERGENCY SHELTER GRANT				
Assets:				
Due from Other Governments	$ 178,594	$ 152,394	$ 178,594	$ 152,394
Total Assets	$ 178,594	$ 152,394	$ 178,594	$ 152,394
Liabilities:				
Accounts Payable	$ 18,370	$ 17,569	$ 18,370	$ 17,569
Accrued Wages and Fringes	364	346	364	346
Due to Other Funds	159,859	134,479	159,859	134,479
Total Liabilities	$ 178,593	$ 152,394	$ 178,593	$ 152,394
SUMMARY OF AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ -	$ -
Due from Other Funds	573,388	216,425	573,388	216,425
Due from Other Governments	178,594	152,394	178,594	152,394
Total Assets	$ 751,982	$ 368,819	$ 751,982	$ 368,819
Liabilities:				
Accounts Payable	$ 38,758	$ 80,569	$ 38,758	$ 80,569
Accrued Wages and Fringes	364	346	364	346
Due to Other Funds	159,859	134,479	159,859	134,479
Notes Payable	-	-	-	-
Funds Held in Escrow	553,000	153,425	553,000	153,425
Total Liabilities	$ 751,981	$ 368,819	$ 751,981	$ 368,819

City of Wilmington, Delaware

Capital Assets Used in the Operations of Governmental Funds



CITY OF WILMINGTON, DELAWARE
Capital Assets Used in the Operations of Governmental Funds
Comparative Schedule by Source

	2005	2004
Governmental Funds Capital Assets:		
Land	$ 17,258,698	$ 19,722,975
Buildings	27,609,353	28,656,060
Building Improvements	57,836,573	52,642,703
Street and Utilities	5,257,108	5,404,427
Equipment	8,374,005	7,034,506
Vehicles	7,531,656	4,994,480
Other Assets	544,013	619,176
Total Governmental Funds Capital Assets	$ 124,411,406	$ 119,074,327
Investment in General Fixed Assets From:		
Capital Projects Funds	$ 103,498,695	$ 98,161,616
General Fund Revenues	2,060,525	2,060,525
Special Revenue Funds Revenues	18,852,186	18,852,186
Total Governmental Funds Capital Assets	$ 124,411,406	$ 119,074,327

City of Wilmington

Statistical Section
(Unaudited)

The following tables present selected financial, economic, and demographic statistical data organized into multi-year formats.

Table 1

City of Wilmington
Governmental Expenditures by Function
(Unaudited)

Last Ten Fiscal Years

Fiscal Year	General Government	Commerce	Real Estate and Housing	Public Works	Parks and Recreation	Public Safety	Capital Outlays	Principal Payments	Interest Payments	Bonds Issuance Costs	Total
2005	$ 14,241,663	$ 1,236,442	$ 8,863,045	$14,065,151	$ 7,449,084	$ 64,731,825	$ 9,495,688	$ 9,574,847	$ 4,611,213	$397,575	$ 134,666,533
2004	13,439,612	1,810,417	7,935,627	11,570,411	6,390,136	50,891,648	7,664,015	8,660,870	5,502,554	-	113,865,291
2003	14,495,849	2,575,276	7,956,163	14,583,648	7,032,067	54,110,914	6,655,980	9,156,620	5,820,204	-	122,386,722
2002	14,706,775	3,281,376	7,564,299	14,092,783	5,850,726	53,278,040	3,757,293	7,963,411	4,713,784	514,789	115,723,279
2001	15,328,398	3,690,304	6,741,099	12,229,271	7,251,154	44,820,879	7,432,548	4,730,061	3,732,657	-	105,956,371
2000	15,004,184	4,678,415	6,652,541	10,160,894	7,416,208	43,291,315	12,801,482	5,320,342	3,904,631	-	109,230,012
1999	17,152,463	3,506,521	6,181,177	10,975,927	7,440,123	39,238,255	16,066,748	5,336,199	3,336,915	-	109,234,328
1998	12,125,912	3,289,604	6,315,469	9,468,789	5,709,391	35,320,978	7,325,148	4,949,971	2,978,152	-	87,483,414
1997	9,559,788	3,850,283	6,950,287	11,186,616	5,234,260	33,733,314	4,518,833	2,992,622	2,957,843	-	80,983,846
1996	8,764,004	7,065,964	5,990,448	12,097,931	4,871,684	31,242,450	4,565,932	3,174,014	3,386,159	-	81,158,586

Source: Financial Statements

Table 2

City of Wilmington, Delaware
Governmental Revenues By Source
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes	Licenses & Permits	Fines and Forfeitures	Charges for Services	Inter-Governmental	Interest	Other Income	Total
2005	$90,201,709	$ 4,174,056	$ 2,818,007	$ 4,286,492	$ 25,839,008	$ 3,113,915	$ 1,303,121	$ 131,736,308
2004	86,671,524	2,479,805	2,783,406	5,125,897	16,758,565	2,857,460	1,333,567	118,010,224
2003	76,900,282	2,811,199	3,394,601	4,745,897	20,412,105	2,649,356	660,709	111,574,149
2002	79,153,658	2,575,989	4,142,057	4,085,950	20,462,343	3,430,624	719,603	114,570,224
2001	69,649,762	2,710,586	1,992,739	1,368,606	14,249,138	5,357,956	3,224,441	98,553,228
2000	66,909,609	2,867,953	2,049,087	1,154,005	13,565,758	6,262,745	3,483,657	96,292,814
1999	69,054,251	2,578,393	2,284,145	1,225,215	16,366,478	7,052,440	3,176,473	101,737,395
1998	67,169,069	2,669,501	2,615,780	1,424,961	14,312,849	4,718,550	3,022,127	95,932,837
1997	56,145,346	2,652,559	2,250,640	961,003	14,042,898	4,910,247	3,157,776	84,120,469
1996	54,595,476	2,595,950	2,427,851	785,026	13,363,235	496,125	3,754,974	78,018,637

Governmental Tax Revenues By Source
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Property Taxes	Wages Taxes	Net Profit Taxes	Franchise Fees	Real Estate Transfer Taxes	Head Taxes	Other Taxes	Total
2005	$ 28,417,535	$ 43,801,665	$ 3,546,455	$ 2,689,238	$ 6,021,220	$ 2,433,334	$ 3,292,262	$90,201,709
2004	29,068,010	41,030,254	3,240,693	2,431,540	6,033,039	2,500,666	2,367,322	86,671,524
2003	28,598,639	37,369,184	3,256,223	1,840,354	3,262,024	2,573,858	-	76,900,282
2002	26,088,116	41,225,538	3,014,110	2,066,036	4,235,821	2,524,037	-	79,153,658
2001	22,716,220	38,557,371	1,288,704	1,451,078	2,336,701	3,299,688	-	69,649,762
2000	22,744,851	34,649,986	2,608,936	1,576,913	2,694,184	2,634,739	-	66,909,609
1999	23,564,697	35,184,760	2,088,700	1,711,664	3,150,781	3,353,649	-	69,054,251
1998	22,531,695	36,689,417	1,933,587	1,384,479	2,408,491	2,221,400	-	67,169,069
1997	19,907,710	29,974,733	1,640,043	1,427,786	1,501,847	1,693,227	-	56,145,346
1996	20,381,493	28,917,322	1,574,598	1,408,073	1,501,847	812,143	-	54,595,476

Source: Financial Statements

City of Wilmington
Property Tax Levies and Collections
(Unaudited)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax levy
2005	$ 28,718,484	$ 26,965,293	93.9%	$ 1,090,556	$ 28,055,849	97.7%	$ 3,007,466	10.5%
2004	28,036,411	23,480,668	83.8%	4,580,590	28,061,258	100.1%	1,778,473	6.3%
2003	28,737,675	27,107,949	94.3%	1,525,963	28,633,912	99.6%	1,462,480	5.1%
2002	28,247,996	24,596,758	87.1%	445,303	25,042,061	88.7%	727,368	2.6%
2001	22,571,945	22,099,303	97.9%	749,930	22,849,233	101.2%	526,021	2.3%
2000	22,744,851	21,377,849	94.0%	514,167	21,892,016	96.3%	530,623	2.3%
1999	23,564,697	22,599,984	95.9%	613,105	23,213,089	98.5%	633,692	2.7%
1998	22,531,695	21,585,785	95.8%	728,767	22,314,552	99.0%	545,173	2.4%
1997	19,907,710	18,942,915	95.2%	588,953	19,531,868	98.1%	332,970	1.7%
1996	20,381,493	18,598,973	91.3%	1,147,882	19,746,855	96.9%	347,148	1.7%

Uniform Financial Report

Table 4

City of Wilmington
Assessed and Estimated Actual Value of Property
(Unaudited)

Last Ten Fiscal Years

	Real Property		Tax Exempt Property		Total	
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	$ 3,509,891,010	$ 3,509,891,010	1,294,837,900	$ 1,294,837,900	$ 4,804,728,910	$ 4,804,728,910
2004	3,509,891,010	3,509,891,010	1,294,837,900	1,294,837,900	4,804,728,910	4,804,728,910
2003	3,494,093,710	3,494,093,710	1,294,837,900	1,294,837,900	4,788,931,610	4,788,931,610
2002	2,877,759,877	2,877,759,877	1,296,014,160	1,296,014,160	3,173,774,037	3,173,774,037
2001	2,531,437,546	2,531,437,546	N/A	N/A	2,531,437,546	2,531,437,546
2000	2,110,113,191	2,110,113,191	N/A	N/A	2,110,113,191	2,110,113,191
1999	2,102,649,126	2,102,649,126	N/A	N/A	2,102,649,126	2,102,649,126
1998	2,085,292,700	2,085,292,700	N/A	N/A	2,085,292,700	2,085,292,700
1997	2,177,955,491	2,177,955,491	N/A	N/A	2,177,955,491	2,177,955,491
1996	1,968,023,897	1,968,023,897	N/A	N/A	1,968,023,897	1,968,023,897

Table 5

City of Wilmington
Property Tax Rates
Direct and Overlapping Governments
(per $100 of Assessed Value)
(Unaudited)

Last Ten Fiscal Years

Fiscal Year	City	School District	New Castle County	Totals	Percent Assessed to Appraised Value
2005	$ 1.3067	$ 1.0870	$ 0.1580	$ 2.5517	100.0 %
2004	1.3067	1.0870	0.1580	2.5517	100.0
2003	1.3067	1.0870	0.1580	2.5517	100.0
2002	1.3067	1.0870	0.1580	2.5517	100.0
2001	1.0819	1.0253	0.1580	2.2652	100.0
2000	1.0819	1.0253	0.1580	2.2652	100.0
1999	1.0819	1.0253	0.1580	2.2652	100.0
1998	1.0819	1.0253	0.1580	2.2652	100.0
1997	1.0018	1.0253	0.1580	2.1851	100.0
1996	1.0018	0.9878	0.1580	2.1476	100.0

Table 6

CITY OF WILMINGTON
Principal Taxpayers
June 30, 2005
(Unaudited)

Name	Property Type	2005 Taxable Assessment	Percent of Total Gross Levy
MBNA and Related Entities	Corporate Headquarters	$ 91,247,900	2.6%
Conectiv	Office Building and Generating Facility	81,916,300	2.3%
Brandywine Operating Partnership	Office Building	63,704,500	1.8%
E.I. du Pont Nemours & Co.	Corporate Headquarters	57,119,200	1.6%
Hercules Incorporated	Corporate Headquarters	58,084,300	1.7%
1201 Market Street LLC	Office Building	51,775,000	1.5%
Verizon	Office Building	42,725,500	1.2%
Hub Properties Trust	Office Building	36,072,400	1.0%
Tatten Partners	Office Building	27,608,600	0.8%
Rodney Square Investors L P	Office Building	27,054,360	0.8%
100 West Tenth Street Corp.	Office Building	21,870,700	0.6%
TRC One Rodney Square	Office Building	15,113,600	0.5%
Elk Grove Suites	Office Building	13,542,000	0.4%
	Total	$ 587,834,360	16.8%

Table 7

City of Wilmington
Computation of Legal Debt Margin
June 30, 2005
(Unaudited)

General Operating Budget for 2005	$	92,182,803
Legal Limitation 17.5% of Budget	$	16,131,991
Principal and Interest Expended in 2005	$	8,720,315
Percent of Operating Budget - Actual		9.5%

Note: The City is limited to the issuance of general obligation debt provided that 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 amount issued for Water and Sewer and Port purposes.

TABLE 8

City of Wilmington
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
Total General Governmental Expenditures
Last Ten years
(Unaudited)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Gross Debt Payable from Enterprise/ Internal Service Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2005	$ 72,664	$ 3,509,891,010	$ 180,156,713	$ 70,542,542	$ 109,614,171	3.1%	$ 1,509
2004	72,664	3,509,891,010	189,049,800	72,133,906	116,915,894	3.3%	1,609
2003	72,503	3,494,093,710	193,818,399	74,604,280	119,214,119	3.4%	1,644
2002	73,400	2,877,759,877	210,402,400	77,922,408	132,479,992	4.6%	1,805
2001	73,000	2,531,437,546	193,200,403	73,204,816	119,995,587	4.7%	1,644
2000	72,582	2,110,113,191	201,850,206	78,628,919	123,221,287	5.8%	1,698
1999	72,582	2,102,649,126	212,644,705	82,705,577	129,939,128	6.2%	1,790
1998	72,600	2,085,292,700	182,689,920	72,272,197	110,417,723	5.3%	1,521
1997	72,600	2,177,955,491	187,255,451	72,207,552	115,047,899	5.3%	1,585
1996	72,600	1,968,023,897	193,705,913	69,084,472	124,621,441	6.3%	1,717

Source: City of Wilmington

TABLE 9

City of Wilmington
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
Total General Governmental Expenditures
Last Ten years
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2005	$ 9,574,847	$ 4,611,213	$ 14,186,060	$ 134,666,533	10.5%
2004	8,661,380	5,502,044	14,163,424	113,861,906	12.4%
2003	9,156,620	5,820,204	14,976,824	122,386,721	12.2%
2002	7,963,411	4,713,784	12,677,195	115,723,726	11.0%
2001	4,730,061	3,732,657	8,462,718	105,956,371	8.0%
2000	5,320,342	3,904,631	9,224,973	109,227,012	8.4%
1999	5,336,199	3,336,915	8,673,114	109,234,328	7.9%
1998	5,499,971	2,978,152	8,478,123	87,483,414	9.7%
1997	2,992,622	2,957,843	5,950,465	80,983,846	7.3%
1996	3,174,014	3,386,159	6,560,173	74,092,622	8.9%

TABLE 10

City of Wilmington
Computation of Direct and Overlapping Debt
(Unaudited)

City of Wilmington Debt as of June 30, 2005	$ 180,567,713	
Add: New Castle County Debt (15.3% of $191,260,000)	29,262,780	
Add: Various School Districts' Debt (15.6% of $154,538,414)	24,107,993	
Total: Direct and Overlapping Debt		$ 233,938,486
Less: Self-Supporting City Debt	(77,922,408)	
Less: Self-supporting New Castle County Debt (15.3% of $71,547,155)	(10,946,715)	
Total: Self-Supporting Debt		(88,869,123)
Total estimated non-self-supporting debt of the City of Wilmington including non-self-supporting ovelapping debt of New Castle County and the various school districts.		$ 145,069,363

TABLE 11

City of Wilmington
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
Total General Governmental Expenditures
Last Ten years
(Unaudited)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement Principal	Interest	Total	Coverage
2005	$ 6,925,908	$ 3,900,601	$ 3,025,307	$ 1,547,436	$ 1,024,223	$ 2,571,659	1.18
2004	6,989,421	3,851,252	3,138,169	3,655,202	1,013,856	4,669,058	0.67
2003	7,412,472	3,556,677	3,855,795	2,990,906	1,391,944	4,382,850	0.88
2002	7,991,864	3,270,038	4,721,826	2,808,216	1,663,829	4,472,045	1.06
2001	8,023,724	2,942,577	5,081,147	2,677,058	1,889,253	4,566,311	1.11
2000	7,383,368	2,739,491	4,643,877	2,608,639	2,012,293	4,620,932	1.00
1999	7,013,390	2,645,000	4,368,390	2,405,191	2,145,339	4,550,530	0.96
1998	6,664,420	2,503,310	4,161,110	2,269,858	2,321,286	4,591,144	0.91
1997	6,475,910	2,470,104	4,005,806	2,089,349	2,485,067	4,574,416	0.88
1996	6,438,121	2,346,947	4,091,174	1,988,542	2,616,175	4,604,717	0.89

Note: Revenue Bonds issued by the Wilmington Parking Authority are guaranteed by the City of Wilmington in the event resources of the Authority are insufficient to cover the required debt service. Debt service requirements have been reduced for amounts paid from sources not requiring cash flows from operations.

City of Wilmington
Demographics Statistics
Last Ten years
(Unaudited)

Fiscal Year	Poplation (1)	Total Households (2)	Total Median Age (2)	Median Household Effective Buying Income	Number of Persons Unemployed (2)	Unemployment Rate (1)
2005	72,664	35,100	34.1	$ 31,499	2,046	6.2%
2004	72,664	28,700	33.7	31,499	2,185	6.3%
2003	72,503	28,617	36.9	36,064	1,814	4.5%
2002	73,400	29,900	36.3	36,084	2,482	6.8%
2001	73,000	30,300	35.5	37,489	1,756	4.9%
2000	72,582	29,700	35.3	35,037	1,978	5.7%
1999	72,582	29,300	35.1	32,092	1,768	5.2%
1998	72,600	27,900	34.2	31,002	1,725	5.2%
1997	72,600	29,300	34.1	29,720	2,241	6.3%
1996	72,600	29,200	34.1	40,304	1,809	5.4%

Source: (1) "A Survey of Buying Power" by Sales and marketing Management - September 30, 2005
(2) State of Delaware - Department of Labor

TABLE 13

City of Wilmington
Property Value, Construction and Bank Deposits
Last Ten years
(Unaudited)

Fiscal Year	Assessed Property Value	New Construction Number of Permits	New Construction Value of Permits	Ratio of Debt Bank Deposits
2005	$ 3,509,891,010	58	$ 43,000,000	$ 54,453,000
2004	3,509,891,010	58	14,540,236	54,453,000
2003	3,494,093,710	55	66,686,100	57,816,985
2002	2,877,759,877	95	29,084	59,397,710
2001	2,531,437,546	49	12,914,795	86,171,159
2000	2,110,113,191	49	119,687,000	73,226,217
1999	2,102,649,126	75	41,364,454	63,836,538
1998	2,085,292,700	75	17,015,545	62,149,000
1997	2,177,955,491	42	55,550,559	42,720,000
1996	1,968,023,897	61	18,728,801	40,746,000

TABLE 14

City of Wilmington
Major Area Employers - Unaudited

The estimated number of employees of the largest employers within commuting distance of the City include:

Name	Number of Location	Business	Employees
State of Delaware	Throughout Delaware	Government	14,573
MBNA America	Christiana/Wilmington	Banking	10,326
Du Pont Co.	Throughout Wilm. Area	Chemical	9,900
Christiana Care Health Services	Christiana/Wilmington	Health Care	7,300
Total County/Municipal Government	Throughout Wilm. Area	Government	6,800
AstraZeneca Inc.	Fairfax	Pharmaceuticals	4,500
University of Delaware	Newark	Education	3,860
J.P. Morgan Bank	New Castle County	Financial Services	3,500
Wal-Mart Stores Inc.	Throughout Delaware	Retail	3,068
Bank One Card Services	Wilmington	Banking	2,800
Christina School District	Wilmington	Education	2,789
U.S. Government	Throughout Delaware	Government	2,709
Nemours	Throughout Wilm. Area	Health Care	2,566
Wilmington Trusr Corp	Throughout Wilm. Area	Banking	2,289
Daimler Chrysler Corp	Newark	Auto	2,235
Citigroup Inc.	Throughout Wilm. Area	Financial Services	1,984
Red Clay School District	Wilmington	Education	1,862
Saturn Corp./General Motors Corp	New Castle County	Auto	1,845
PNC Financial Services Group	Throughout Delaware	Banking	1,705
Sears, Roebuck & Co.	Throughout Delaware	Retail	1,557
Delaware National Guard	Throughout Delaware	Military	1,500
Conectiv Inc.	Throughout Delaware	Utilities	1,482
Colonial School District	Wilmington	Education	1,400
Happy Harry's Inc.	Throughout Delaware	Pharmacy	1,397
Brandywine School District	Wilmington	Education	1,355
Delaware Park	Wilmington	Racetrack/Casino	1,330

Source: State of Delaware, Department of Labor