# CITY OF WILMINGTON, DELAWARE

# COMPREHENSIVE ANNUAL FINANCIAL

# REPORT

# FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**PREPARED BY THE DEPARTMENT OF FINANCE**

BIG BOMBER

.

**CITY OF WILMINGTON, DELAWARE**
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

## TABLE OF CONTENTS

**Page**


**INTRODUCTORY SECTION**
Letter of Transmittal ..... iii
GFOA Certificate of Achievement for Excellence in Financial Reporting ..... ix
Organizational Chart ..... x
Listing of Principal Officials ..... xi

**FINANCIAL SECTION**
Report of Independent Auditors ..... 1
Management's Discussion and Analysis ..... 3
Basic Financial Statements:
Government-Wide Financial Statements:
Statement of Net Assets ..... 18
Statement of Activities ..... 19
Fund Financial Statements:
Balance Sheet – Governmental Funds ..... 20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets ..... 21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..... 23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Funds
General Fund ..... 24
Police Special ..... 25
Commerce ..... 26
Statement of Fund Net Assets – Proprietary Funds ..... 28
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds ..... 29
Statement of Cash Flows – Proprietary Funds ..... 30
Statement of Fiduciary Net Assets ..... 32
Statement of Changes in Fiduciary Net Assets – Pension Trust Funds ..... 33
Statement of Net Assets – Discretely Presented Component Units ..... 34
Statement of Activities – Discretely Presented Component Units ..... 35
Notes to Financial Statements ..... 36

**TABLE OF CONTENTS**
**(continued)**


| | Page |
|---|---|
| Required Supplementary Information: | |
| Pension Funding Status and Progress | 76 |
| Combining and Individual Fund Financial Statements and Schedules: | |
| General Fund | 78 |
| Schedule of Expenditures by Department – Budget and Actual | 80 |
| Non-Major Governmental Funds – Special Revenue Funds | 87 |
| Combining Balance Sheet | 88 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 89 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual | 90 |
| Internal Service Funds | 91 |
| Combining Statement of Fund Net Assets | 92 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets | 93 |
| Combining Statement of Cash Flows | 94 |
| Fiduciary Funds | 95 |
| Combining Statement of Fiduciary Net Assets – Pension Trust Funds | 96 |
| Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds | 97 |
| Combining Statement of Changes in Assets and Liabilities – All Agency Funds | 98 |

| STATISTICAL SECTION | Table | Page |
|---|---|---|
| Government-wide Net Assets Information: | | |
| Net Assets by Component | I | 101 |
| Changes in Net Assets | II | 102 |
| Governmental Fund Information: | | |
| Fund balances of Governmental Funds | III | 104 |
| Changes in Fund Balances of Governmental Funds | IV | 105 |
| Assessed Value and Estimated Actual Value of Taxable Property | V | 106 |
| Direct and Overlapping Property Tax Rates | VI | 107 |
| Principal Property Taxpayers | VII | 108 |
| Property Tax Levies and Collections | VIII | 109 |
| Ratios of Outstanding Debt by Type | IX | 110 |
| Ratios of General Bonded Debt Outstanding | X | 111 |
| Direct and Overlapping Governmental Activities Debt | XI | 112 |
| Legal Debt Margin Information | XII | 113 |
| Demographic and Economic Statistics | XIII | 114 |
| Principal Employers | XIV | 115 |
| Full-Time Equivalent City Government Employees | XV | 116 |
| Operating Indicators by Function | XVI | 117 |
| Capital Asset Statistics by Function | XVII | 118 |

JAMES M. BAKER
MAYOR

City of Wilmington
Delaware

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

December 20, 2007

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, 2007.

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, 2007, 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, 2007, 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 and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Profile of the Government

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

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

The annual budget serves as the foundation for the City of Wilmington's financial planning and control. All departments of the City of Wilmington are required to submit their budget requests to the Office of Management and Budget for inclusion into the comprehensive budget. Annual appropriated budgets are adopted for the General Fund, Commerce Fund, and certain Non-Major Governmental 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 presents expenditures over appropriation and the cause of these variances.

## Economic Condition and Outlook

**Looking Forward in City Government.** The Fiscal Year 2008 operating budget represents a 10% increase over that of fiscal year 2007 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 2008 budget reflects the following:

- The fiscal year General Fund operating budget for 2008 totals $127,737,644. The 2008 budget represents an $11.0 million or 10% increase from FY 2007. The expansion and diversification of the City's revenues resulting from the Governor's Task Force and County Relief Packages, along with the Finance Department's Plan for Change, have greatly improved the City's financial strength and stability. This year's budget is an ambitious spending plan designed to result in significant improvement to City services without requiring an increase in property taxes nor the use of budget reserves.

- The Police Department's uniformed authorized strength is being expanded with the addition of 18 new patrol officers at first year cost of about $1.2 million. Additionally, six officers previously paid through several expiring grants were transferred from the General Fund. An additional eleven officer positions were transferred into the New Castle County Policing Grant. These additional positions will bring the authorized police strength to 340.

- The Finance Department is creating a program to raise additional revenues from the collection of outstanding taxes and fees, as well as focusing on and greatly improving the Sheriff Sale process. Eight positions will be added to implement the program at a cost of $442,487. The return to the General Fund is projected to be:
  - an additional collection of $500,000 in property taxes from delinquent payers or more timely addition to the tax rolls of renovated properties,
  - $2.1 million in wage taxes from current non-filers,
  - $900,000 in parking/booting/red light fines from delinquent payers, and
  - $1 million in vacant property registration fees from delinquent owners and assuring currently imposed fees are timely collected.

  This represents a projected return of investment of $104 for every dollar spent. The additional benefit of pursuing delinquent property and vacant property registration fees is to urge investors to invest in their properties thereby providing housing affordable to the City's residents or to sell the properties to future homeowners or interested investors.

- The Mayor's budget reflects an increase of $865,000 in project funding. The Hope Commission that was created in fiscal year 2007 will receive the second installment ($500,000) of a three-year commitment. The increase includes $250,000 for the Youth and Families Division of the Parks Department to fund the Mayor's Youth Initiative that will greatly expand summer youth programs and employment.

- The Internal Services Funds increase over $1.9 million. The budgets include a $1.1 million increase in motor vehicle costs to cover the purchase of new firefighting apparatus and rising fuel costs. There is additional funding of $356,000 in Data Processing to support the costs of the ongoing Munis system conversion and improvement to the network. Communications received $242,000 to create wireless hotspots throughout the City and replace communications equipment at the fire stations.

- The FY 2008 Budget raises water, sewer, and stormwater rates 12.5% as part of the four-year plan of rate increases to prevent further operating deficits in the Water/Sewer Fund and to ensure adequate cash flow for infrastructure maintenance and repair. Even with the rate increases, City users will benefit from rates lower than those offered by surrounding private water utilities and the New Castle County sewage authority.

**Factors Affecting Financial Condition**

**Jobs.** The Wilmington City Council, the City of Wilmington's Office of Economic Development, the Wilmington Economic Development Corporation (WEDCO), and the State of Delaware's Economic Development Office have been successful in relocating and promoting the construction of the AAA Mid-Atlantic building, the Barclays buildings, Chase Center on the Riverfront, Shipyard Shops, Riverfront Market, Delaware Center for the Contemporary Arts and the ING buildings to the Riverfront. The project has been successful in transforming the area into a thriving center of employment, recreation and residential life for the city.

**Local Economy.** The City of Wilmington and Wilmington's Economic Development Office acquired the services of the EDIS Company to begin construction of an $8.6 million 455-space parking garage and retail facility between Market and King Streets. The Renaissance Center project has been completed and combined a new 150,000 square foot office tower with the existing historically preserved older structures. Phase I of the Ships Tavern District of historically preserved and reconstructed building is complete with approximately 80% of its 85 upper-level residential units occupied and 35% of its street-level retail space occupied.

Two new office buildings in the western gateway of the downtown, near I-95, were completed in May 2007. The Wilmington Saving Funds Society Center, a new 225,000 square foot office building at Delaware Avenue and Washington Street, was completed. The new building allowed WSFS to consolidate hundreds of its employees disbursed throughout the suburbs into a new, much larger headquarters in the City. This new structure also will house a large law firm and the main downtown branch of the United States Post Office. Across 11th street from the WSFS Center, Blue Cross Blue Shield (BCBSDE) is consolidating its city and suburban operations into a tower built above the Corporate Plaza Garage. The recently completed tower will house 700 employees, of which 465 will be relocated from the suburbs. The relocation of all BCBSDE employees should be completed by the end of 2007.

**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 that is on target to complete the second 26-story condominium tower project.
- The City of Wilmington and the Delaware Department of Transportation (DelDOT) announced the closure of Market Street in Downtown Wilmington from Fourth to Seventh Streets beginning July 12, 2006. The closure marks the beginning of the third and final phase of the Market Street Reconstruction Project that will be completed in two segments during 2006 and 2007. The first phase of the Market Street makeover, begun in 2001, involved the portion from Ninth Street to Eleventh Street, and the second phase started in 2003 resulted in the reconstruction of Seventh Street and Ninth Street.
- One of Wilmington's historic downtown buildings will soon become an artist apartment complex known as 'Shipley Lofts,' part of the new trend toward downtown living and recreation. Wilmington Mayor James M. Baker, Reverend Canon Lloyd Casson, Rector of the Episcopal Church of Sts. Andrew and Matthew at 8th and Shipley Streets and Christopher W. White, President of Shipley Village CDC, made the announcement that the much-discussed project is finally becoming a reality. The property was transferred to the Shipley Village Community Development Corporation, the community development arm of the Church. When completed in

the fall of 2008, Shipley Lofts will contain 23 loft apartments, each equaling 886 square feet. The building will also feature a first floor gallery for art shows and displays, for both residents and artists from the local community. The City is committing $400,000 for the project. The Longwood Foundation has also pledged $400,000, with major construction financing provided by Citizens Bank and the Delaware Community Investment Corporation and tax credit financing provided by the Delaware State Housing Authority.

- The development of commercial and residential buildings at the City's riverfront continues the most extensive mixed-use project in Wilmington's history. The Justison Landing Project is under construction and expects to be completed over the next three to five years along the Christina Riverfront. The Justison Landing project will include 700 new residential units, including townhouses, condominiums, and apartments, as well as 75,000 square feet of retail space, 300,000 square feet of commercial space, and twelve levels of on-site garage parking. On the south side of the river, a Shop-Rite supermarket is expected to be completed next year.

**Major Initiatives.** In October 2005 the Director of Finance with the support of the Mayor and City Council put together a "Plan for Change" which included five new positions which would assist in the collection of $2.9 million in additional revenue at a cost of approximately $500,000 for FY 2007. The results were the collection of over $8.2 million in FY2007 and are outlined below:

- $1.1 Million - Enhanced Wage Tax collections as a result of the city reinstituting the State Matching process where City Residents are identified through their State of Delaware annual filing and then compared to the city's wage tax database.
- $1.4 Million – Increasing Sheriff sale collection activity which resulted in the increased collections of Water/Sewer charges, Real Estate taxes and Vacant Housing Fees.
- $700,000 - Increased delinquent collections by creating a new collection letter and strategy to address those entities who have past due balances of Business License, Net Profits, Wage Taxes and Head Taxes.
- $800,000 - Implemented "cutting edge" booting and collection technology to parking citation collection which allows the scofflaw enforcers to have a scanner in the enforcement van that automatically identifies vehicles with unpaid parking citations. The scofflaw enforcers attach a self releasing "smart boot" to a vehicle which allows the violator to be back on the road within minutes by payment by placing a call to a 24 hour Customer Service operation. The City received the Award of Excellence from the International Parking Institute at their annual conference in May 2007.
- $4.2 Million – Utility Initiatives included the auditing of the utility billing database for the conversion to the City's new financial software, the final implementation of the radio auto-read equipment which allows for more accurate reads, and a reduction in staff (two meter readers).

This program continues into FY 2008 and beyond.

**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 plans 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, 2006. The City of Wilmington has received this prestigious award for twenty-two 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 received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated for the fiscal year beginning July 1, 2007. In order to qualify for the Distinguished Budget Presentation Award, the government's budget documentation was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications medium.

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

## Acknowledgements

The preparation of this report would not have been accomplished without the efficient and dedicated services of the staff of the Department of Finance, Office of Management and Budget, City Treasurer, Audit, Law, other City departments, various elected and appointed officials, and the efforts of our independent auditors, 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
Director of Finance

Winston L. Robinson
Senior Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Wilmington Delaware

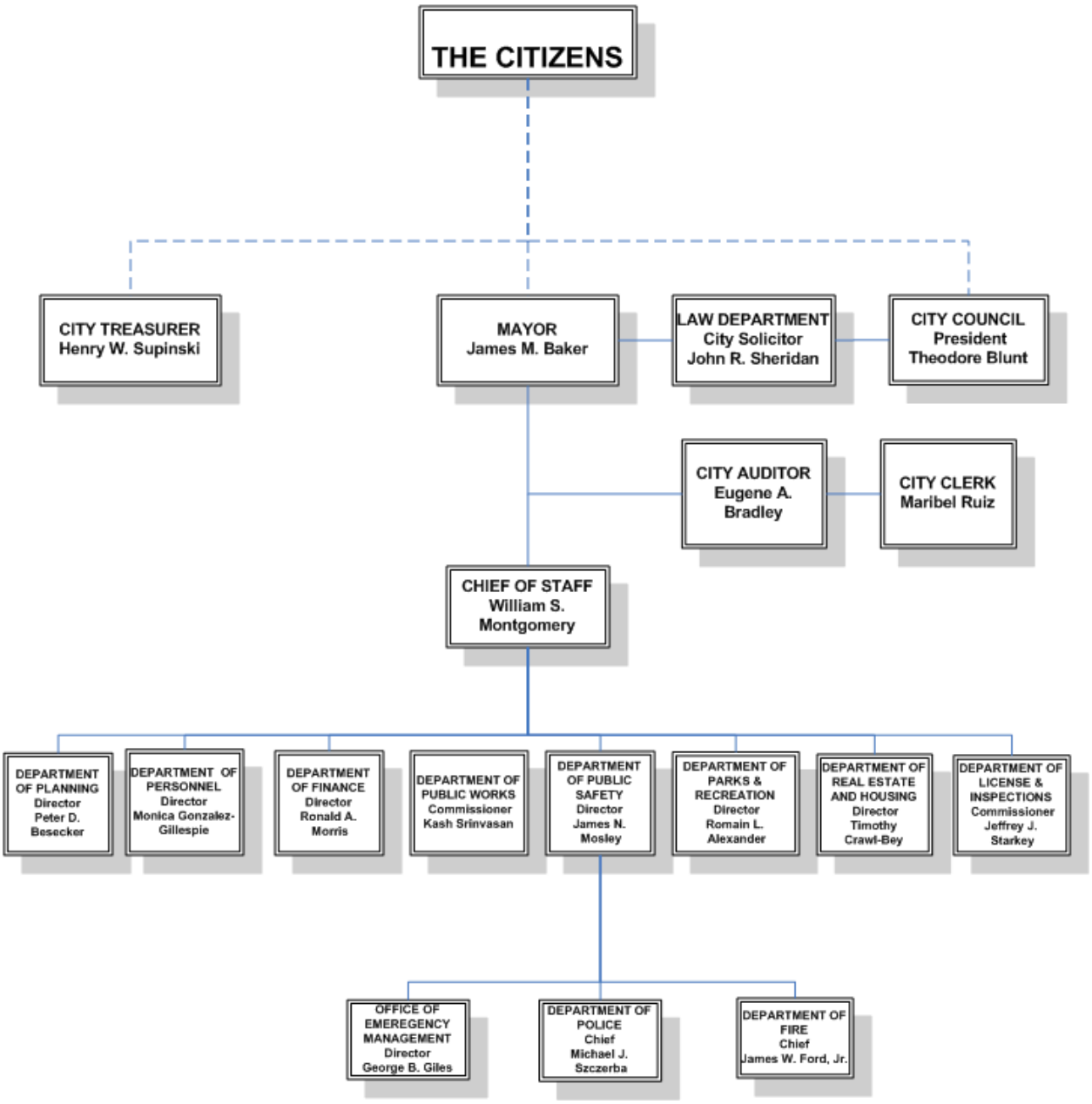
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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, 2007**

## Executive

| | |
|---|---|
| **Mayor** | **James M. Baker** |
| City Treasurer | Henry W. Supinski |

## 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 | R. Campbell Hay |
| 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 |

## Department Heads

| | |
|---|---|
| Chief of Staff | William S. Montgomery |
| City Solicitor | John R. Sheridan, Esquire |
| City Auditor | Eugene Bradley, CPA |
| Clerk of Council | Maribel Ruiz |
| Planning | Peter D. Besecker |
| Personnel | Monica Gonzalez-Gillespie |
| Finance | Ronald A. Morris |
| Public Works | Kash Srinivasan |
| Public Safety | James N. Mosley |
| Parks and Recreation | Romain L. Alexander |
| Real Estate and Housing | Timothy Crawl-Bey |
| Licenses and Inspections | Jeffrey J. Starkey |
| Police | Michael J. Szczerba |
| Fire | Willie J. Patrick, Jr. |

McBride Shopa & company P.A.

Thomas John Shopa, CPA, CFP, CVA
Charles H. Elter, CPA, CFP
Robert S. Smith, CPA
Ronald E. Derr, CPA
George G. Fournaris, CPA, CGFM

Donald S. Emenheiser, CPA, CFP, MBA
Edward T. Gallagher, CPA, CIA
Dana L. Ketterer, CPA
Clyde G. Hartman, CPA/ABV, CFE, CVA
Cameron B. McDonald, CPA, CCIFP
Jean D. Lloyd, CPA
Scott G. Sipple, Jr., CPA
Stuart A. Solomon, CPA (NJ)
Alison L. Houck, CPA

Members of:
American Institute of CPA's
Private Companies Practice Section
Delaware Society of CPA's

Certified Public Accountants
A Professional Association

270 Presidential Drive
Wilmington, DE 19807
(302) 656-5500
(302) 656-8024 Fax

37212 Rehoboth Avenue Ext.
Rehoboth Beach, DE 19971
(302) 227-4872
(302) 227-4873 Fax
www.mcbrideshopa.com

# Report of Independent Auditors

The Honorable Mayor, James M. Baker, Jr. and
Members of City Council
City of Wilmington, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware, as of and for the fiscal year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wilmington's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the following discretely presented component units: the Brandywine Gateway Corporation, the Christina Gateway Corporation, the Wilmington Downtown Business Improvement District and the Riverfront Wilmington Business Improvement District which represent 7.0% and 34.3%, respectively, of the component unit assets and revenues. We did not audit the financial statements of the Wilmington Park Trust Commission, a blended component unit reported as a non-major special revenue fund, which represents 1.1% and 0.5%, respectively, of the government-wide assets and revenues. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units and the Wilmington Park Trust Commission is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.



BDO SEIDMAN ALLIANCE An Independent Member of the BDO Seidman Alliance

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware, as of June 30, 2007, and the respective changes in financial position and cash flows, thereof, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2007, on our consideration of the City of Wilmington, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and pension funding status and progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilmington's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McBride, Shopa & Co

Wilmington, Delaware
December 20, 2007

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

**June 30, 2007**

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, 2007. 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 $236,515,579 (net assets), an increase of $33,738,932 from the previous year. The net assets of governmental activities increased $23,715,855 from the previous year, while the net assets from business activities increased $10,023,077.

- Discretely presented component units reported net assets of $48,509,581, a decrease of $1,395,747 from the restated previous year.

### Fund Level

- As of the close of the current fiscal year, the City of Wilmington's governmental funds reported combined ending fund balances of $88,595,789, a decrease of $16,030,339 from the previous year. Of the current ending balances, the unreserved balance of the General Fund is $51,603,947 or 38 % of the total General Fund expenditures and transfers out. Of the unreserved balance, $5,500,000 is designated for specific activities detailed in Note 11, $19,880,198 is designated for Permanent Investment, and $26,223,749 is designated for the Budget Reserve Account for Public Emergencies and fiscal year 2008 expenditures.

- The Capital Projects Fund had a fund balance in the amount of $13,934,737 to fund current and future City capital improvements.

- The Police Special Fund has a fund balance of $4,655,073 to fund Public Safety concerns.

- The Commerce Fund Balance designates $8,620,524 for future economic development activities.

### Long-Term Debt

- The City's total net general obligation debt decreased to $211,593,439 at June 30, 2007, a decrease of $6,632,975. Current capital funding requirements of the water and sewer projects resulted in a $4,963,685 net increase in debt while this was offset by a net debt reduction as government activity projects required $11,596,660 less in funding than debt repayment.

## Overview of the Financial Statements

This discussion and analysis is an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial

statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

- *Governmental Activities* – Most of the City's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include General Governmental Services, Commerce, Real Estate and Housing, Public Works, Parks and Recreation, and Public Safety. Also included is the Wilmington Park Trust Commission (The Trust) which is presented as a blended component unit. The Trust was organized for the purpose of financing the maintenance and improvements of the parks in and around the City of Wilmington.

- *Business-type Activities* – The City charges fees to customers to help cover all or most of the cost of certain services provided. The City provides water, wastewater, stormwater treatment services.

- *Discretely Presented Component Units* – Component units are legally separate organizations for which the City is financially accountable. The City includes the following component units in this report: 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 the Wilmington Parking Authority.

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

- *Governmental Funds* – Most of the City's basic services are reported in the governmental funds, which focus on how cash flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides.

Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, reconciliations are provided (page 21) to explain the differences between the Governmental Funds Balance Sheet and the Statement of Net Assets and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities (page 23). These funds are reported using the modified accrual basis of accounting, which primarily measures cash and other financial assets, available to satisfy current liabilities. Governmental funds of the City include the General Fund, 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, workers' compensation and risk management.

- *Fiduciary Funds* – The City acts as a fiduciary to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Wilmington's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found beginning on page 32 of this report. These funds are used where the City holds assets in trust or as an agent for others, including the pension trust funds and agency funds. Complete financial statements with accompanying notes of the Firefighter's Pension Plan and the 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 36 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information can be found on page 76.

**Other Information.** Other information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and presented in a single column in the basic financial statements, but they are not reported individually, as with major funds, on the governmental fund financial statements. Detailed General Fund budget information as well as combining and individual fund statements begin on page 78.

**Statistical Section.** The City provides certain informational and statistical schedules that begin on page 99.

## Financial Analysis of the Government as a Whole

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

**City of Wilmington's Net Assets as of June 30, 2007**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other Assets | $ 142,815,020 | $ 155,496,184 | $ 7,422,382 | $ 13,693,166 | $ 150,237,402 | $ 169,189,350 |
| Capital Assets | 180,443,350 | 154,024,140 | 183,975,203 | 163,175,660 | 364,418,553 | 317,199,800 |
| **Total Assets** | 323,258,370 | 309,520,324 | 191,397,585 | 176,868,826 | 514,655,955 | 486,389,150 |
| Long Term Liabilities | 152,590,106 | 163,670,802 | 97,871,260 | 94,589,585 | 250,461,366 | 258,260,387 |
| Other Liabilities | 16,967,647 | 15,864,760 | 10,711,363 | 9,487,356 | 27,679,010 | 25,352,116 |
| **Total Liabilities** | 169,557,753 | 179,535,562 | 108,582,623 | 104,076,941 | 278,140,376 | 283,612,503 |
| **Net Assets:** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 72,981,412 | 44,920,136 | 99,552,941 | 82,303,094 | 172,534,353 | 127,223,230 |
| Restricted | 37,550,546 | 47,553,927 | 13,216,350 | 13,216,350 | 50,766,896 | 60,770,277 |
| Unrestricted | 43,168,659 | 37,510,699 | (29,954,329) | (22,727,559) | 13,214,330 | 14,783,140 |
| **Total Net Assets** | $ 153,700,617 | $ 129,984,762 | $ 82,814,962 | $ 72,791,885 | $ 236,515,579 | $ 202,776,647 |

The largest component of City's net assets, $172,534,353, is reflected as investment in capital assets (e.g., land, buildings, equipment, and others), less any debt outstanding that was needed to acquire or construct the assets. The increase in Invested in Capital Assets (Net of Related Debt) of $45,311,123 is caused primarily by the increase of net capital assets being greater than the increase in net debt as the City invests in its infrastructure. Restricted net assets in the amount of $50,766,896 represent resources that are subject to a City of Wilmington charter provision or enabling legislation as to how they may be used; these decreased by $10,003,381 primarily due to an increase of expenditures for capital projects. The unrestricted net assets of governmental activities increased by $5,657,960 in part due to the increase in capital assets acquired using grants and capital gains during FY 2007. Unrestricted net assets of business-type activities decreased by $7,226,770 due in part to principal payments on debt, capital acquisitions, and the current year deficit change on net assets.

**Changes in Net Assets.** A schedule of a comparison of year-to-year changes in activity is on the following page.

The combined net assets of the City increased $33,738,932 over the course of this year's operations. The net assets of governmental activities increased $23,715,855, and the net assets of business-type activities increased by $10,023,077. A significant part of the former increase ($9,594,000) came from the sale of properties at the old public works yard for economic development; the proceeds were reinvested in a new public works yard.

**City of Wilmington's Changes in Net Assets**
**Year Ended June 30, 2007**

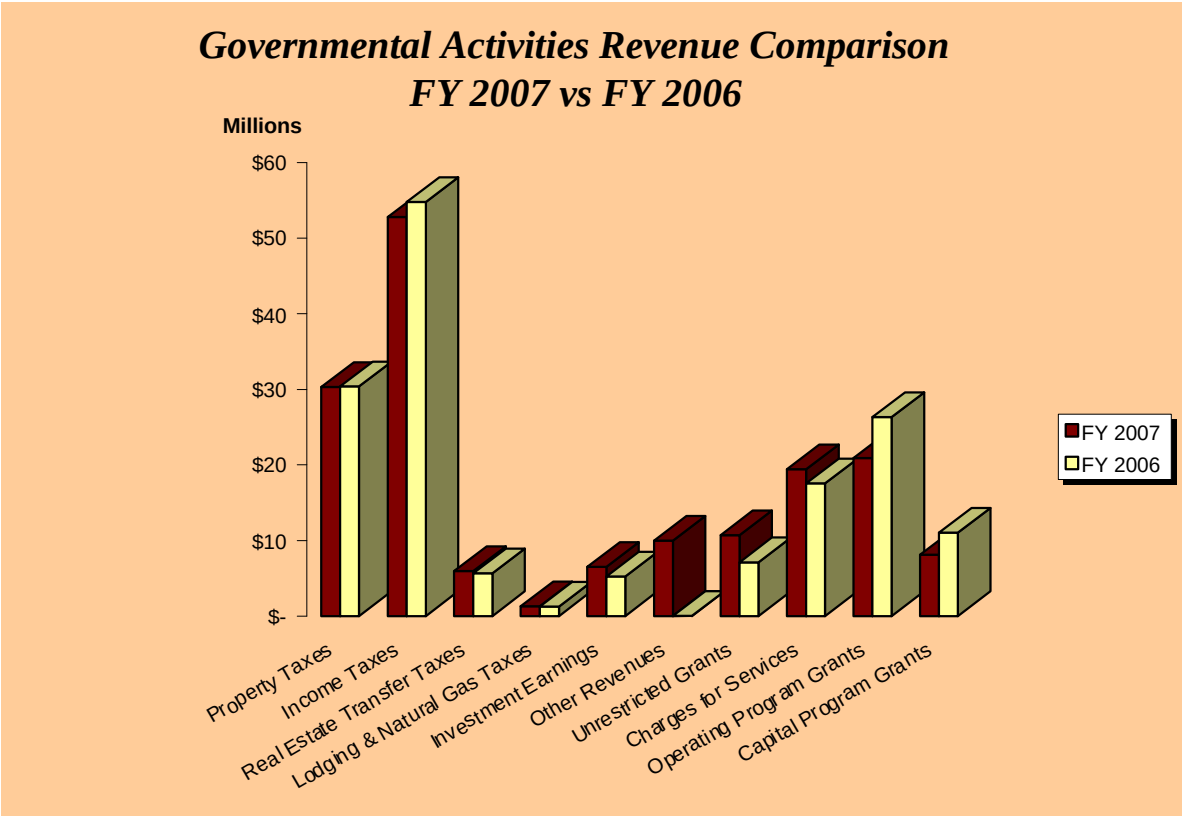
| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| **REVENUES** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 19,432,872 | $ 18,357,838 | $51,689,684 | $ 40,929,948 | $ 71,122,556 | $ 59,287,786 |
| Operating Grants & Contributions | 20,915,294 | 26,298,656 | - | 177,326 | 20,915,294 | 26,475,982 |
| Capital Grants & Contributions | 8,135,550 | 11,066,220 | - | - | 8,135,550 | 11,066,220 |
| General Revenues: | | | | | | |
| Total Taxes | 90,353,738 | 91,353,757 | - | - | 90,353,738 | 91,353,757 |
| Investment Earnings | 6,523,991 | 5,268,048 | - | - | 6,523,991 | 5,268,048 |
| Other Revenues | 20,678,653 | 7,140,100 | - | - | 20,678,653 | 7,140,100 |
| **Total Revenues** | 166,040,098 | 159,484,619 | 51,689,684 | 41,107,274 | 217,729,782 | 200,591,893 |
| **EXPENSES** | | | | | | |
| General Government | 21,059,597 | 17,908,626 | - | - | 21,059,597 | 17,908,626 |
| Commerce | 1,678,227 | 2,541,506 | - | - | 1,678,227 | 2,541,506 |
| Real Estate and Housing | 6,554,301 | 7,178,124 | - | - | 6,554,301 | 7,178,124 |
| Public Works | 18,308,616 | 16,916,066 | - | - | 18,308,616 | 16,916,066 |
| Parks and Recreation | 9,641,670 | 7,805,055 | - | - | 9,641,670 | 7,805,055 |
| Public Safety | 74,738,935 | 65,487,887 | - | - | 74,738,935 | 65,487,887 |
| Interest on Long Term Debt | 5,342,897 | 7,473,268 | - | - | 5,342,897 | 7,473,268 |
| Water/Sewer | - | - | 46,666,607 | 42,741,286 | 46,666,607 | 42,741,286 |
| **Total Expenses** | 137,324,243 | 125,310,532 | 46,666,607 | 42,741,286 | 183,990,850 | 168,051,818 |
| **Subtotal** | 28,715,855 | 34,174,087 | 5,023,077 | (1,634,012) | 33,738,932 | 32,540,075 |
| Transfers | (5,000,000) | - | 5,000,000 | - | - | - |
| **Change in Net Assets** | $ 23,715,855 | $ 34,174,087 | $10,023,077 | $ (1,634,012) | $ 33,738,932 | $ 32,540,075 |

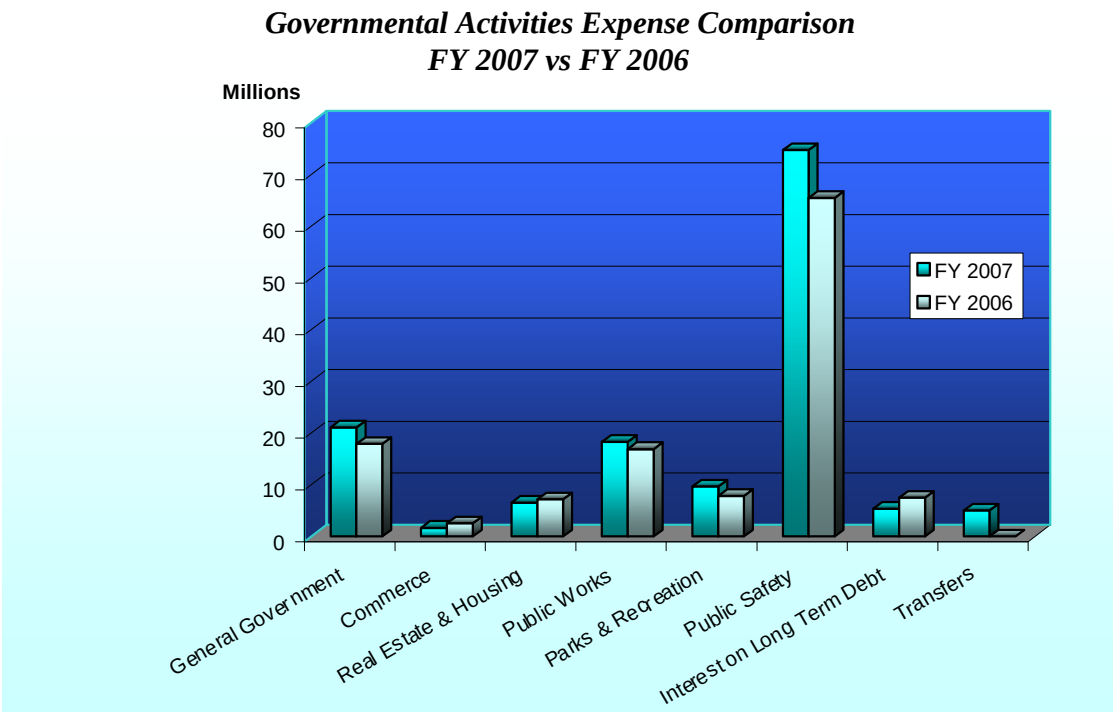
## Governmental Activities

Revenues of governmental activities for fiscal year 2007 exceeded 2006 by $6,555,479. The primary source of this increase was $9,594,000 of proceeds from the sale of the old public works yard. The key revenue elements are discussed later in the fund statement comparisons.

Expenses and transfers of governmental activities for fiscal 2007 increased by $17,013,711 compared to 2006. Of the increase, $8,234,497 came from additional or filled positions in public safety. Key cost elements are discussed later in the fund statement comparison.

The charts on the following page depict a comparative view of the revenues and expenses of the governmental activities for fiscal year 2007 as compared to fiscal year 2006.


Governmental Activities Revenue Comparison
FY 2007 vs FY 2006
Millions
$60
$50
$40
$30
$20
$10
$-
FY 2007
FY 2006
Property Taxes
Income Taxes
Real Estate Transfer Taxes
Lodging & Natural Gas Taxes
Investment Earnings
Other Revenues
Unrestricted Grants
Charges for Services
Operating Program Grants
Capital Program Grants


Governmental Activities Expense Comparison
FY 2007 vs FY 2006
Millions
80
70
60
50
40
30
20
10
0
FY 2007
FY 2006
General Government
Commerce
Real Estate & Housing
Public Works
Parks & Recreation
Public Safety
Interest on Long Term Debt
Transfers

## Business-type Activities

Net assets of the business-type activities increased by $10,023,077 for the current fiscal year primarily due to increased charges for services due in part to a 15% rate increase and a $5,000,000 transfer from the General Fund. Detail 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 $88,595,789. Of the current ending fund balances, $51,603,947 is reported as unreserved in the General Fund, $11,084,592 as reserved for special revenue projects, and $25,907,250 as unreserved for special revenue and capital projects.

The unreserved balance of the General Fund amounts to 38% of total General Fund expenditure and transfers out. Of the unreserved General Fund balance, the City has designated $5,500,000 for specific activities detailed in Note 11, $19,880,198 into a Permanent Investment Reserve, and $26,223,749 into a Budget Reserve account for Public Emergencies.

The fund balance of the Capital Projects Fund increased to $13,934,737 as the result of unspent bond funds. The Police Special Fund has $4,655,073 available from a New Castle County grant to pay for public safety expenditures, primarily additional police officers. The Commerce Fund has available $8,620,524 to pay for economic development activities including funding future debt service on port related long term obligations.

## 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 $51,603,947, a decrease of $6,440,469 over fiscal year 2006. The General Fund unreserved fund balance designates part as a $19,880,198 Permanent Investment Reserve intended to provide the operating funds needed for day-to-day operations of the City. The remainder after special designations of $26,223,749 (detailed in Note 11) is a Budget Reserve for Public Emergencies that can be used with the approval of a majority of the thirteen members of City Council.

The schedule on the following page presents General Fund revenues and expenditures for 2007 compared to budget and 2006.

The revenues for fiscal year 2007 increased $3,898,074 compared to the prior fiscal year. Primary contributing areas are:

- Intergovernmental Revenue increased by $4,113,739 compared to 2006 primarily caused by a $3,903,312 increase in state shared revenues from filing fees (the first full year of UCC filing fees).
- Investment Earnings increased by $1,375,895 based on higher rates and larger available balances to invest.
- Net Profit Taxes increased by $551,135 and Wage Taxes fell by $3,699,491 compared to 2006. Wage Taxes in 2006 were inflated by the impact of a merger of local credit card company.

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

| | 2006 Actual | 2007 Actual | Variance Positive (Negative) | Final Budget | 2007 Actual | Variance Positive (Negative) |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Taxes: | | | | | | |
| Property | $30,289,277 | $30,227,452 | $ (61,825) | $ 30,466,500 | $30,227,452 | $ (239,048) |
| Wage | 51,536,049 | 47,836,558 | (3,699,491) | 43,124,844 | 47,836,558 | 4,711,714 |
| Net Profit | 3,541,769 | 4,093,904 | 552,135 | 3,149,225 | 4,093,904 | 944,679 |
| Franchise | 2,074,646 | 2,044,715 | (29,931) | 2,313,333 | 2,044,715 | (268,618) |
| Real Estate Transfer | 5,663,155 | 5,940,697 | 277,542 | 3,500,000 | 5,940,697 | 2,440,697 |
| Head | 2,239,433 | 2,154,655 | (84,778) | 2,114,000 | 2,154,655 | 40,655 |
| Lodging & Natural Gas | 1,262,453 | 1,303,322 | 40,869 | 1,332,500 | 1,303,322 | (29,178) |
| Intergovernmental | 13,911,731 | 18,025,470 | 4,113,739 | 15,993,807 | 18,025,470 | 2,031,663 |
| Licenses and Permits | 4,395,440 | 4,597,081 | 201,641 | 3,501,500 | 4,597,081 | 1,095,581 |
| Fines and Forfeitures | 3,705,122 | 4,512,276 | 807,154 | 3,125,000 | 4,512,276 | 1,387,276 |
| Charges for Services | 4,032,123 | 4,437,247 | 405,124 | 3,142,533 | 4,437,247 | 1,294,714 |
| Investment Earnings | 3,858,255 | 5,234,150 | 1,375,895 | 3,865,929 | 5,234,150 | 1,368,221 |
| **Total Revenues** | 126,509,453 | 130,407,527 | 3,898,074 | 115,629,171 | 130,407,527 | 14,778,356 |
| **Expenditures:** | | | | | | |
| General Governmental Services: | | | | | | |
| Mayor's office | 4,446,525 | 5,788,573 | (1,342,048) | 5,896,171 | 5,788,573 | 107,598 |
| City Council | 2,251,052 | 2,711,085 | (460,033) | 2,640,791 | 2,711,085 | (70,294) |
| Audit | 583,502 | 589,033 | (5,531) | 663,356 | 589,033 | 74,323 |
| Law | 2,216,251 | 3,409,363 | (1,193,112) | 3,418,818 | 3,409,363 | 9,455 |
| Finance | 3,927,996 | 4,592,718 | (664,722) | 4,755,454 | 4,592,718 | 162,736 |
| Personnel | 1,441,063 | 1,617,315 | (176,252) | 1,582,949 | 1,617,315 | (34,366) |
| Treasurer | 391,018 | 419,532 | (28,514) | 388,697 | 419,532 | (30,835) |
| Planning | 1,242,117 | 1,527,256 | (285,139) | 1,475,706 | 1,527,256 | (51,550) |
| Other Fiscal Charges | - | 331,065 | (331,065) | - | 331,065 | (331,065) |
| Real Estate and Housing | 1,411,446 | 1,518,222 | (106,776) | 1,530,035 | 1,518,222 | 11,813 |
| Public Works | 15,349,675 | 19,643,794 | (4,294,119) | 20,415,601 | 19,643,794 | 771,807 |
| Parks and Recreation | 7,927,289 | 10,270,354 | (2,343,065) | 9,412,935 | 10,270,354 | (857,419) |
| Public Safety: | | | | | | |
| Licenses and Inspection | 2,964,975 | 3,990,529 | (1,025,554) | 4,134,993 | 3,990,529 | 144,464 |
| Fire | 21,319,877 | 24,225,666 | (2,905,789) | 22,471,867 | 24,225,666 | (1,753,799) |
| Police | 38,015,910 | 43,191,615 | (5,175,705) | 41,561,726 | 43,191,615 | (1,629,889) |
| **Total Expenditures** | 103,488,696 | 123,826,120 | (20,337,424) | 120,349,099 | 123,826,120 | (3,477,021) |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 23,020,757 | 6,581,407 | (16,439,350) | (4,719,928) | 6,581,407 | 18,255,377 |
| **Other Financing Sources (Uses)** | | | | | | |
| Proceeds from Capital Asset Sales | 11,614 | - | 11,614 | - | - | - |
| Bonds issued | - | 26,232,582 | (26,232,582) | - | 26,232,582 | (26,232,582) |
| Bond Premiums | - | 846,829 | (846,829) | - | 846,829 | (846,829) |
| Bond Payments to Escrow Agent | - | (26,747,759) | 26,747,759 | - | (26,747,759) | 26,747,759 |
| Transfers out | (645,992) | (13,353,528) | 12,707,536 | (11,183,110) | (13,353,528) | 2,170,418 |
| **Total Other Financing Sources (Uses)** | (634,378) | (13,021,876) | 12,387,498 | (11,183,110) | (13,021,876) | 1,838,766 |
| **Net Change in Fund Balances** | $22,386,379 | $ (6,440,469) | $ 28,826,848 | $(15,903,038) | $ (6,440,469) | $ 20,094,143 |

- Licenses and Permits Fees increased by $201,641 over 2006 primarily due to the continued revitalization and construction boom in the City.

- Fines and Forfeitures increased by $807,154 compared to 2006 as the Finance Department introduced new and innovative methods to collect the outstanding parking tickets.

The current year's expenditures and transfers increased by $33,044,960 compared to fiscal year 2006 spending levels. Most of the $13,353,528 transfers out were related to the use of the 2006 surplus to fund specific projects. The General Fund also made voluntary additional contributions of $1,500,000 to related pension trusts and funded a catastrophic reserve in the risk management fund. In addition:

- General Governmental expenditures for 2007, which were 15% of General Fund expenditures, experienced an increase of $4,486,416 compared to the 2006 results. One time expenditures included $500,000 to support the expansion of a local hospital, $235,000 for a City golf course, bond issuance costs of $331,065 related to debt refunding, and $1,032,293 of law costs primarily related to renegotiation of a contract and actions related to keeping local schools open.

- Public Works, 14% of General Fund expenditures, saw expenditures increase $4,294,119 over 2006. The first year impact of 2006 debt issuances help increase debt service by $2,010,858. Electricity and heating gas expenditures rose $400,438 and higher snow removal costs amounted to $251,279.

- Parks and Recreation, 7% of General Fund expenditures, had expenditure increases of $2,343,065. A $900,000 charge related to reconstruction after a fire at a pool facility and debt service increases accounted for an additional $458,673.

- Licenses and Inspections, 3% of General Fund expenditures, had expenditure increases of $1,025,554. Staff increases and related payroll costs pushed up personal services by $531,163 and demolition costs increased $201,439.

- Fire expenditures, which represented 18% of the City's General Fund expenditures, experienced an increase of $2,905,789. Expenditure increases occurred for overtime caused in part by $827,909 shift changes, voluntary pension contributions added $826,045, and $296,487 in motor vehicle costs.

- Police expenditures, which represented 31% of the City's General Fund expenditures, incurred an increase of $5,175,705. Salaries and benefits increased by $2,607,271 primarily as a reflection of 19 new positions and general cost increases. In addition, voluntary pension contributions added $826,045; general liability costs increased $601,482 plus $405,605 funding the catastrophic reserve.

- Transfers were budgeted based on the 2006 surplus and included $3,500,000 to the Commerce Fund to fund future economic initiatives, $2,720,380 to the Capital Projects Funds to fund capital improvements, and $5,000,000 to the Water and Sewer Fund as support for the Combined Sewer Overflow infrastructure rebuilding effort.

## Other Major Funds – Comparison to Prior Year.

The Commerce Fund experienced a $7,807,493 reduction in intergovernmental revenue compared to 2006 because of a $5,000,000 prepayment by the State in 2006. Debt Service costs were reduced by $1,464,371 as remaining debt related to the Port continues to dwindle.

The Police Special Fund revenues were reduced from $9,753,450 in 2006 to $2,000,000 as the last of the payments were received from New Castle County. Incurred expenditures were essentially constant increasing only $143,465.

## Proprietary Funds

### Water/Sewer Fund - Comparison to Prior Year

The operation of the Business-type activities increased the City's net assets by $10,023,077. Compared to 2006, the Water/Sewer System's charges for services in fiscal year 2007 increased by $10,036,456 or 24%.

- Sewer Service Charges to New Castle County increased 2.7% from $15,818,123 to $16,242,123.
- Other charges (primarily direct user charges) increased by 38% from $25,289,151 to $34,901,607. This increase is partially the result of the City of Wilmington's 12.3% increase in the water rates in FY 2007. Revenues for 2006 were reduced by over $1,000,000 by adjustments resulting from updating meters of the water system. In 2007, the increase sales resulted from meter read accuracy, increased collections of delinquent accounts, and a review of connections to assure that all customers had billed meters. In a revenue neutral move, the City reduced sewer fees and instituted a stormwater charge.
- The General Fund transferred $5,000,000 to the Water and Sewer Fund as support for the Combined Sewer Overflow infrastructure rebuilding effort. The Water and Sewer Fund is also now recording as Investment Earnings interest on unspent capital funds from bond proceeds.
- Compared to fiscal year 2006 results, total expenses increased by $3,925,321 or 9%. Depreciation increased by $1,217,878 over 2006, repairs to water and sewer lines were up $894,578, electricity and heating oil was up $444,022, general liability insurance was up $531,407, partially offset by a reduction in interest expense of $663,382.

### General Fund Budgetary Highlights

The City adopted the fiscal year 2007 budget on May 18, 2006, 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 $115,629,171 of revenues before other financing sources (uses), and $120,349,099 of expenditures. The actual results were revenues before other financing sources (uses) of $14,778,356 above budget and expenditures of $3,477,021 were over budget.

- Wage Tax revenues, representing 51% of General Fund Tax revenues, exceeded the budget by $4,711,714 due in part to severance packages offered by MBNA due to certain employees after the sale of MBNA to Bank of America.
- Net Profit Taxes exceeded the budget by $944,679. Continued profitability of the legal service industry is primarily responsible for the increase in this revenue source.
- Real Estate Transfer Taxes exceed budget by $2,440,697. Reflected in this increase in sales in of commercial properties.
- Intergovernmental revenues exceed budget by $2,031,663 due primarily to $1,719,006 received from the State as the last expansion of state shared revenues took effect.
- Investment earnings increased by $1,368,221 more than budget due to large amounts available for investment and rising rates.

- Other Fiscal Charges of $331,065 relate to bond issuance costs of refunding bonds that were authorized by Council but unbudgeted.

- Public Works expenditures were under budget by $771,807 due to reduced debt service costs attributed bond refunding and reduced property maintenance costs as the old Public Works Yard was vacated and operations moved to temporary facilities.

- Fire expenditures were over budget by $1,753,799 due to in part to $552,642 of increased overtime, $574,703 related to State pass-through funding of pensions, and $261,918 of higher motor vehicle costs.

- Police expenditures were over budget by $1,629,889 due to in part to $224,311 of increased salaries and overtime, $338,904 related to State pass-through funding of pensions, $401,859 for increased general liability and workers compensation costs, and $186,423 of higher motor vehicle costs.

## Capital Assets and Debt Administration

**Capital Assets**. As of June 30, 2007, the City had invested $364,418,553, net of accumulated depreciation, in a broad range of capital assets. The following table presents 2007 asset balances compared to 2006 balances (further detail in Note 6 as required by GASB 34).

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Land | $ 24,090,181 | $ 23,937,941 | $ 3,656,612 | $ 3,656,612 | $ 27,746,793 | $ 27,594,553 |
| Art | 1,183,107 | 1,183,107 | - | - | 1,183,107 | 1,183,107 |
| Construction in Progress | 1,615,605 | 16,107,487 | 27,439,205 | 15,759,489 | 29,054,810 | 31,866,976 |
| Buildings & Improvements | 53,470,378 | 18,726,136 | 3,974,632 | - | 57,445,010 | 18,726,136 |
| Parks & Recreation Facilities | 9,567,231 | 9,588,948 | - | - | 9,567,231 | 9,588,948 |
| Streets & Signals | 69,209,608 | 68,223,528 | - | - | 69,209,608 | 68,223,528 |
| Water Reservoirs, Facilities & Water Lines | - | - | 56,957,157 | 54,683,113 | 56,957,157 | 54,683,113 |
| Wastewater Facilities & Sewer Lines | - | - | 91,947,597 | 89,076,446 | 91,947,597 | 89,076,446 |
| Vehicles, Equipment & Other | 21,307,240 | 16,256,993 | - | - | 21,307,240 | 16,256,993 |
| **Totals** | $ 180,443,350 | $ 154,024,140 | $ 183,975,203 | $ 163,175,660 | $ 364,418,553 | $ 317,199,800 |

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

Governmental Activities:

- There was an addition of $35,784,274 in buildings and improvements. Two main projects were completed in 2007; $32,122,749 related to the relocation and construction of the Public Works Yard; Governmental Activities retained $28,107,969 of the costs and Business-type Activities hold $4,014,780. A parking garage was built at the Christina Landing residential development for $6,507,937.

- There was an addition of $2.5 million in Vehicles for the purchase of fire apparatus and additional City vehicles.

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

Business-type Activities:

- As noted above, buildings and improvements added $4,014,780 related to the New Public Works Yard.
- Water Treatment Facilities and Water Lines added $4,439,641 primarily due to water line relining projects.
- Sewer Lines added $6,309,006 primarily due to improvements to the Combined Sewer Overflow (CSO) system.
- The majority of costs in Construction in Progress related to the Cool Spring Reservoir rebuilding project.

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 $211,593,439. Of this amount, $119,120,746 comprises debt backed by the full faith and credit of the government for Governmental activities, and $92,472,693 is supported by Business-Type activities.

- On December 22, 2006, the City entered into a $2,548,501 General Obligation financing agreement with the Delaware Drinking Water State Revolving Fund to partially fund the Porter Filter Plant upgrade project.
- On December 22, 2006, the City entered into a $1,246,499 General Obligation financing agreement with the Delaware's 21st Century Fund Drinking Water Management Account to provide additional funding for the Porter Filter Plant upgrade project.
- On March 30, 2007, the City entered into a $3,185,000 General Obligation financing agreement with the Delaware Drinking Water State Revolving Fund to provide additional funding for the City's water main upgrade projects.
- On May 31, 2007, the City issued $46,510,000 of General Obligation Bonds, Series of 2007A; the proceeds of the bonds were applied to advance refund bonds in Series 1998 and Series 2002.

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 A1 rating from Moody's Investors Service and AA- rating from Standard & Poor's Corporation for general obligation debt.

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

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| General Obligation Bonds | $ 119,120,746 | $ 130,717,406 | $ 92,472,693 | $ 87,509,008 | $ 211,593,439 | $ 218,226,414 |

## Economic Factors and 2007 Budgets and Rates

The City of Wilmington's unemployment rate of 3.5% 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 2007. The City's budget addresses economic development, public safety, and infrastructure needs.

Tax and service charge rates primarily stayed unchanged in fiscal year 2007. The property tax rate was unchanged while added taxable reassessments increased 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 37 and the financial statements are listed on page 34.

# BASIC FINANCIAL STATEMENTS

## City of Wilmington, Delaware

### Statement of Net Assets
### June 30, 2007

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **ASSETS** | | | | |
| Cash and Investments (Note 3) | $ 95,215,488 | $ 250 | $ 95,215,738 | $ 21,944,134 |
| Receivables, Net (Note 4) | 29,456,405 | 8,422,956 | 37,879,361 | 7,589,463 |
| Internal Balances | 2,399,558 | (2,399,558) | - | - |
| Due from Other Governments | 13,804,804 | 504,536 | 14,309,340 | - |
| Prepaid Items & Other Assets | 1,938,765 | 894,198 | 2,832,963 | 970,386 |
| Restricted Assets: | | | | |
| Cash and Investments | - | - | - | 3,611,587 |
| Capital Assets, Net (Note 6) | | | | |
| Land | 24,090,181 | 3,656,612 | 27,746,793 | 19,579,858 |
| Art | 1,183,107 | - | 1,183,107 | - |
| Construction in Progress | 1,615,605 | 27,439,205 | 29,054,810 | 1,579,220 |
| Buildings & Improvements | 53,470,378 | 3,974,632 | 57,445,010 | 33,854,167 |
| Parks & Recreation Facilities | 9,567,231 | - | 9,567,231 | - |
| Streets & Street Signals | 69,209,608 | - | 69,209,608 | - |
| Water & Sewer Systems | - | 148,904,754 | 148,904,754 | - |
| Vehicles, Equipment, and Other | 21,307,240 | - | 21,307,240 | 2,048,677 |
| **Total Assets** | 323,258,370 | 191,397,585 | 514,655,955 | 91,177,492 |
| **LIABILITIES** | | | | |
| Accounts Payable & Accrued Expenses | 11,656,819 | 9,750,849 | 21,407,668 | 1,775,363 |
| Salaries and Benefits Payable | 1,478,236 | 121,013 | 1,599,249 | 199,024 |
| Unearned Revenue | 2,775,218 | 839,501 | 3,614,719 | 122,320 |
| Other Liabilities | 1,715,662 | - | 1,715,662 | 240,000 |
| Long Term Liabilities | | | | |
| Due Within One Year: | | | | |
| Bonds Payable | 12,831,619 | 6,984,040 | 19,815,659 | 2,932,394 |
| Capital Leases | 848,418 | 1,401,175 | 2,249,593 | - |
| Claims Liabilities | 5,046,606 | - | 5,046,606 | - |
| Compensated Absences | 1,742,905 | 232,648 | 1,975,553 | - |
| Due in More Than One Year: | | | | |
| Bonds Payable | 106,784,542 | 86,407,569 | 193,192,111 | 35,517,741 |
| Capital Leases | 2,049,504 | 2,845,828 | 4,895,332 | - |
| Claims Liabilities | 16,434,308 | - | 16,434,308 | - |
| Compensated Absences | 6,193,916 | - | 6,193,916 | - |
| Minority Interest | - | - | - | 1,881,069 |
| **Total Liabilities** | 169,557,753 | 108,582,623 | 278,140,376 | 42,667,911 |
| **NET ASSETS** | | | | |
| Investment in Capital Assets, Net of Related Debt | 72,981,412 | 99,552,941 | 172,534,353 | 18,614,353 |
| Restricted for: | | | | |
| Debt Service | - | - | - | 2,680,486 |
| Capital Projects | 14,493,441 | 13,216,350 | 27,709,791 | - |
| Public Safety | 4,655,073 | - | 4,655,073 | - |
| Park Operations | 6,429,519 | - | 6,429,519 | - |
| Economic Development | 11,972,513 | - | 11,972,513 | - |
| Unrestricted | 43,168,659 | (29,954,329) | 13,214,330 | 27,214,742 |
| **Total Net Assets** | $ 153,700,617 | $ 82,814,962 | $ 236,515,579 | $ 48,509,581 |

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, 2007

| | | Program Revenues | | | Net (Expense) Revenues and Changes in Net Assets | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Grants and Contributions | | Primary Government | | | |
| Functions/Programs | Expenses | Charges for Services | Operating | Capital | Governmental Activities | Business-type Activities | Total | Component Units |
| **Primary Government:** | | | | | | | | |
| **Governmental Activities:** | | | | | | | | |
| General Governmental Services | $ 20,824,597 | $ 7,129,053 | $ 53,042 | $ - | $ (13,642,502) | $ - | $ (13,642,502) | $ - |
| Commerce | 1,678,227 | - | - | - | (1,678,227) | - | (1,678,227) | - |
| Real Estate and Housing | 6,554,301 | 1,000 | 5,234,951 | - | (1,318,350) | - | (1,318,350) | - |
| Public Works | 18,308,616 | 217,669 | 1,202,018 | 7,881,774 | (9,007,155) | - | (9,007,155) | - |
| Parks and Recreation | 9,641,670 | - | 4,527,474 | 253,776 | (4,860,420) | - | (4,860,420) | - |
| Public Safety | 74,738,935 | 12,085,150 | 9,897,809 | - | (52,755,976) | - | (52,755,976) | - |
| Interest on Long-term Debt | 5,342,897 | - | - | - | (5,342,897) | - | (5,342,897) | - |
| **Total Governmental Activities** | 137,089,243 | 19,432,872 | 20,915,294 | 8,135,550 | (88,605,527) | - | (88,605,527) | - |
| **Business-type Activities:** | | | | | | | | |
| Water/Sewer | 46,666,607 | 51,143,730 | - | - | - | 4,477,123 | 4,477,123 | - |
| **Total Primary Governments** | $ 183,755,850 | $ 70,576,602 | $ 20,915,294 | $ 8,135,550 | (88,605,527) | 4,477,123 | (84,128,404) | - |
| **Component Units:** | | | | | | | | |
| Brandywine Gateway Corporation | $ 328,841 | $ 1,581,967 | $ - | $ - | - | - | - | 1,253,126 |
| Christina Gateway Corporation | 6,782 | 40,183 | - | - | - | - | - | 33,401 |
| Rock Manor Golf Corporation | 125,405 | 500 | - | - | - | - | - | (124,905) |
| Wilmington UDAG Corporation | 1,449,424 | 399,270 | - | - | - | - | - | (1,050,154) |
| Wilmington Economic Development Corporation | 570,518 | 376,954 | - | - | - | - | - | (193,564) |
| Wilmington Parking Authority | 7,025,585 | 7,047,982 | - | - | - | - | - | 22,397 |
| Downtown Visions | 1,921,504 | 1,890,040 | - | - | - | - | - | (31,464) |
| Riverfront Business Improvement District | 299,859 | 327,231 | - | - | - | - | - | 27,372 |
| **Total Component Units** | $ 11,727,918 | $ 11,664,127 | $ - | $ - | - | - | - | (63,791) |
| | **General Revenues:** | | | | | | | |
| | Taxes: | | | | | | | |
| | Property Taxes, Levied for General Purposes | | | | 30,323,434 | - | 30,323,434 | - |
| | Income Taxes | | | | 52,786,285 | - | 52,786,285 | - |
| | Real Estate Transfer | | | | 5,940,697 | - | 5,940,697 | - |
| | Lodging & Natural Gas Taxes | | | | 1,303,322 | - | 1,303,322 | - |
| | Investment Earnings | | | | 6,523,991 | 500,000 | 7,023,991 | 1,038,046 |
| | Other Revenues including Capital Asset Gains | | | | 10,002,069 | 45,954 | 10,048,023 | (2,330,002) |
| | Payments from Primary Government | | | | (235,000) | - | (235,000) | 235,000 |
| | Payments from Component Units | | | | 275,000 | - | 275,000 | (275,000) |
| | Grants, Entitlements, and Contributions not Restricted to Specific Programs | | | | 10,401,584 | - | 10,401,584 | - |
| | Transfers | | | | (5,000,000) | 5,000,000 | - | - |
| | **Total General Revenues and Transfers** | | | | 112,321,382 | 5,545,954 | 117,867,336 | (1,331,956) |
| | Changes in Net Assets | | | | 23,715,855 | 10,023,077 | 33,738,932 | (1,395,747) |
| | **Net Assets - Beginning** | | | | 129,984,762 | 72,791,885 | 202,776,647 | 50,893,394 |
| | **Prior Period Adjustments** | | | | - | - | - | (988,066) |
| | **Net Assets - Beginning As Restated** | | | | 129,984,762 | 72,791,885 | 202,776,647 | 49,905,328 |
| | **Net Assets - Ending** | | | | $ 153,700,617 | $ 82,814,962 | $ 236,515,579 | $ 48,509,581 |

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

## City of Wilmington, Delaware

## Balance Sheet
## Governmental Funds
## June 30, 2007

| | General | Capital Projects | Police Special | Commerce | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and Cash Equivalents | $ 35,473,824 | $ 10,669,910 | $ 4,704,870 | $ 8,875,713 | $ 4,169,753 | $ 63,894,070 |
| Investments | - | - | - | - | 6,532,238 | 6,532,238 |
| Receivables, Net (Note 4) | 11,564,175 | 3,812,500 | - | 13,977,373 | 102,357 | 29,456,405 |
| Due from Other Funds | 15,735,929 | - | - | - | - | 15,735,929 |
| Due from Component Unit | 466,287 | - | - | - | - | 466,287 |
| Due from Other Governments | 611,339 | 2,585,151 | - | - | 4,766,756 | 7,963,246 |
| Prepaid Items & Other Assets | 250,000 | - | - | - | - | 250,000 |
| **TOTAL ASSETS** | $ 64,101,554 | $ 17,067,561 | $ 4,704,870 | $ 22,853,086 | $ 15,571,104 | $ 124,298,175 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **Liabilities:** | | | | | | |
| Accounts Payable | $ 4,316,298 | $ 2,171,857 | $ 1,231 | $ 1,046,984 | $ 1,175,366 | $ 8,711,736 |
| Salaries and Benefits Payable | 1,329,074 | - | 48,566 | 8,205 | 58,501 | 1,444,346 |
| Due to Other Funds | - | - | - | - | 2,741,478 | 2,741,478 |
| Deferred Revenue | 5,136,573 | 960,967 | - | 13,177,373 | 1,814,251 | 21,089,164 |
| Other Liabilities | 1,715,662 | - | - | - | - | 1,715,662 |
| **Total Liabilities** | 12,497,607 | 3,132,824 | 49,797 | 14,232,562 | 5,789,596 | 35,702,386 |
| **Fund Balances:** | | | | | | |
| Reserved for: | | | | | | |
| Public Safety | - | - | 4,655,073 | - | - | 4,655,073 |
| Park Operations | - | - | - | - | 6,429,519 | 6,429,519 |
| Unreserved, Reported In: | | | | | | |
| General Fund, Designated: | | | | | | |
| Special Designations | 5,500,000 | - | - | - | - | 5,500,000 |
| Permanent Investment Reserve | 19,880,198 | - | - | - | - | 19,880,198 |
| Budget Reserve Account for Public Emergencies | 26,223,749 | - | - | - | - | 26,223,749 |
| Special Revenue Funds | - | - | - | 8,620,524 | 3,351,989 | 11,972,513 |
| Capital Project Funds | - | 13,934,737 | - | - | - | 13,934,737 |
| **Total Fund Balances** | 51,603,947 | 13,934,737 | 4,655,073 | 8,620,524 | 9,781,508 | 88,595,789 |
| **Total Liabilities and Fund Balances** | $ 64,101,554 | $ 17,067,561 | $ 4,704,870 | $ 22,853,086 | $ 15,571,104 | $ 124,298,175 |

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

## City of Wilmington, Delaware

## Reconciliation of Governmental Funds Balance Sheet
## To the Statement of Net Assets
## For the Year Ended June 30, 2007

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

| | | |
|---|---|---|
| **Total Fund Balances for Government Funds (Page 20)** | | $ 88,595,789 |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in Note 6 are included in the Statement of Net Assets. Also excluded are $17,407,314 of internal service fund assets accounted for in the following line. | | 163,036,036 |
| Internal Service funds are used by management to charge the costs of centrally managed services to using funds and departments. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. The increase is equal to the internal service net assets. | | 4,395,887 |
| Some of the city's taxes and other revenues will be collected after yearend, but are not available soon enough to pay current-year's expenditures and, therefore, are reported as deferred revenue in the fund statements. | | 18,313,946 |
| Long-term liabilities applicable to the governmental activities including bonds payable are not due and payable in the current year and, accordingly, are not reported as fund liabilities. | | |
| Compensated Absences | $ (7,742,395) | |
| Accrued Interest on Long Term Debt | (1,378,937) | |
| Deferred Amounts - Bond Issuance Costs | 1,282,196 | |
| Deferred Amounts - Bond Premium | (2,818,531) | |
| Deferred Amounts - Advance Refunding Difference | 2,303,416 | |
| Bonds and Notes Payable | (112,286,790) | (120,641,041) |
| **Total Net Assets of Governmental Activities (Page 18)** | | $ 153,700,617 |

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, 2007

| | General | Capital Projects | Police Special | Commerce | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Taxes: | | | | | | |
| Property | $ 30,227,452 | $ - | $ - | $ - | $ - | $ 30,227,452 |
| Wage | 47,836,558 | - | - | - | - | 47,836,558 |
| Net Profit | 4,093,904 | - | - | - | - | 4,093,904 |
| Franchise | 2,044,715 | - | - | - | - | 2,044,715 |
| Real Estate Transfer | 5,940,697 | - | - | - | - | 5,940,697 |
| Head | 2,154,655 | - | - | - | - | 2,154,655 |
| Lodging & Natural Gas | 1,303,322 | - | - | - | - | 1,303,322 |
| Intergovernmental | 18,025,470 | 8,135,550 | 2,000,000 | 671,361 | 11,566,408 | 40,398,789 |
| Licenses and Permits | 4,597,081 | - | - | - | - | 4,597,081 |
| Fines and Forfeitures | 4,512,276 | - | - | - | - | 4,512,276 |
| Charges for Services | 4,437,247 | - | - | - | 75,160 | 4,512,407 |
| Investment Earnings | 5,234,150 | - | - | 518,573 | 771,268 | 6,523,991 |
| **Total Revenues** | 130,407,527 | 8,135,550 | 2,000,000 | 1,189,934 | 12,412,836 | 154,145,847 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General Governmental Services | 19,464,699 | - | - | - | 1,163,813 | 20,628,512 |
| Commerce | - | - | - | 1,613,148 | - | 1,613,148 |
| Real Estate and Housing | 341,591 | - | - | - | 6,225,862 | 6,567,453 |
| Public Works | 14,436,588 | - | - | - | 766,107 | 15,202,695 |
| Parks and Recreation | 7,605,362 | - | - | - | 1,550,456 | 9,155,818 |
| Public Safety | 70,056,698 | - | 3,620,921 | - | 1,000,089 | 74,677,708 |
| Debt Service: | | | | | | |
| Principal Retirement | 7,078,167 | - | - | 4,571,463 | - | 11,649,630 |
| Interest and Fiscal Charges | 4,843,015 | - | - | 1,330,551 | - | 6,173,566 |
| Capital Outlays | - | 29,025,784 | - | - | 829,847 | 29,855,631 |
| **Total Expenditures** | 123,826,120 | 29,025,784 | 3,620,921 | 7,515,162 | 11,536,174 | 175,524,161 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 6,581,407 | (20,890,234) | (1,620,921) | (6,325,228) | 876,662 | (21,378,314) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Proceeds from | | | | | | |
| Capital Asset Sales | - | 9,594,000 | - | 408,069 | - | 10,002,069 |
| Bonds Issued | 26,232,582 | - | - | 1,123,958 | - | 27,356,540 |
| Bond Premiums | 846,829 | - | - | 36,283 | - | 883,112 |
| Bond Payments to Escrow Agent | (26,747,759) | - | - | (1,145,987) | - | (27,893,746) |
| Transfers In | - | 1,979,673 | - | 4,005,727 | 2,873,855 | 8,859,255 |
| Transfers Out | (13,353,528) | (505,727) | - | - | - | (13,859,255) |
| **Total Other Financing Sources (Uses)** | (13,021,876) | 11,067,946 | - | 4,428,050 | 2,873,855 | 5,347,975 |
| **Net Change in Fund Balances** | (6,440,469) | (9,822,288) | (1,620,921) | (1,897,178) | 3,750,517 | (16,030,339) |
| **Fund Balance - Beginning** | 58,044,416 | 23,757,025 | 6,275,994 | 10,517,702 | 6,030,991 | 104,626,128 |
| **Fund Balance - Ending** | $ 51,603,947 | $ 13,934,737 | $ 4,655,073 | $ 8,620,524 | $ 9,781,508 | $ 88,595,789 |

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

## City of Wilmington, Delaware

## Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended June 30, 2007

Amounts reported for governmental activities in the Statement of Activities (Page 19) are different because:

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds (Page 22)** | | $ (16,030,339) |
| Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital asset acquisitions exceeded depreciation expense. | | |
| Capital assets acquisition | $ 29,783,000 | |
| Depreciation expense | (5,058,365) | 24,724,635 |
| In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets less accumulated depreciation. | | (8,047) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The following are the net changes in these non-current resources. | | |
| Port of Wilmington Sale Proceeds | $ (671,361) | |
| Property and Other Taxes | 951,805 | |
| Fees and Fines | 1,611,738 | 1,892,182 |

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

| | Debt Issued | Repayments | |
|---|---|---|---|
| General Obligation Bonds | $ (27,356,540) | $ 39,496,172 | |
| Issuance Costs & Similar Items | (537,863) | (305,167) | |
| Net Adjustment | (27,894,403) | 39,191,005 | 11,296,602 |

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following are the impact of the net changes in balances.

| | | |
|---|---|---|
| Compensated Absences | $ (545,059) | |
| Accrued Interest on Long-Term Debt | 837,791 | 292,732 |
| The net revenue of internal service funds is reported with governmental activities. | | 1,548,090 |
| **Change in net assets of governmental activities (page 19)** | | $ 23,715,855 |

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

## City of Wilmington, Delaware

## General Fund
## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance with Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **Revenues:** | | | | |
| Taxes: | | | | |
| Property | $ 30,466,500 | $ 30,466,500 | $ 30,227,452 | $ (239,048) |
| Wage | 43,124,844 | 43,124,844 | 47,836,558 | 4,711,714 |
| Net Profit | 3,149,225 | 3,149,225 | 4,093,904 | 944,679 |
| Franchise | 2,313,333 | 2,313,333 | 2,044,715 | (268,618) |
| Real Estate Transfer | 3,500,000 | 3,500,000 | 5,940,697 | 2,440,697 |
| Head | 2,114,000 | 2,114,000 | 2,154,655 | 40,655 |
| Lodging & Natural Gas | 1,332,500 | 1,332,500 | 1,303,322 | (29,178) |
| Intergovernmental | 9,583,807 | 15,993,807 | 18,025,470 | 2,031,663 |
| Licenses and Permits | 3,501,500 | 3,501,500 | 4,597,081 | 1,095,581 |
| Fines and Forfeitures | 3,125,000 | 3,125,000 | 4,512,276 | 1,387,276 |
| Charges for Services | 4,132,533 | 3,142,533 | 4,437,247 | 1,294,714 |
| Investment Earnings | 4,365,929 | 3,865,929 | 5,234,150 | 1,368,221 |
| **Total Revenues** | 110,709,171 | 115,629,171 | 130,407,527 | 14,778,356 |
| **Expenditures:** | | | | |
| General Governmental Services: | | | | |
| Mayor's Office | 5,860,709 | 5,896,171 | 5,788,573 | 107,598 |
| City Council | 2,623,069 | 2,640,791 | 2,711,085 | (70,294) |
| Audit | 548,902 | 663,356 | 589,033 | 74,323 |
| Law | 2,832,692 | 3,418,818 | 3,409,363 | 9,455 |
| Finance | 3,903,893 | 4,755,454 | 4,592,718 | 162,736 |
| Personnel | 1,512,350 | 1,582,949 | 1,617,315 | (34,366) |
| Treasurer | 379,004 | 388,697 | 419,532 | (30,835) |
| Planning | 1,385,890 | 1,475,706 | 1,527,256 | (51,550) |
| Other Fiscal Charges | - | - | 331,065 | (331,065) |
| Real Estate and Housing | 1,494,739 | 1,530,035 | 1,518,222 | 11,813 |
| Public Works | 19,958,691 | 20,415,601 | 19,643,794 | 771,807 |
| Parks and Recreation | 8,820,398 | 9,412,935 | 10,270,354 | (857,419) |
| Public Safety: | | | | |
| Licenses and Inspection | 3,976,236 | 4,134,993 | 3,990,529 | 144,464 |
| Fire | 17,220,079 | 22,471,867 | 24,225,666 | (1,753,799) |
| Police | 37,709,056 | 41,561,726 | 43,191,615 | (1,629,889) |
| **Total Expenditures** | 108,225,708 | 120,349,099 | 123,826,120 | (3,477,021) |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 2,483,463 | (4,719,928) | 6,581,407 | 11,301,335 |
| **Other Financing Sources (Uses)** | | | | |
| Bonds Issued | - | - | 26,232,582 | (26,232,582) |
| Bond Premiums | - | - | 846,829 | (846,829) |
| Bond Payments to Escrow Agent | - | - | (26,747,759) | 26,747,759 |
| Transfer Out | - | (11,183,110) | (13,353,528) | (2,170,418) |
| **Total Other Financing Sources (Uses)** | - | (11,183,110) | (13,021,876) | (2,502,070) |
| **Net Change in Fund Balances** | 2,483,463 | (15,903,038) | (6,440,469) | 9,462,569 |
| **Fund Balance - Beginning** | 58,044,416 | 58,044,416 | 58,044,416 | - |
| **Fund Balance - Ending** | $ 60,527,879 | $ 42,141,378 | $ 51,603,947 | $ 9,462,569 |

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

## City of Wilmington, Delaware

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
## Major Fund
## Police Special
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance with Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 2,000,000 | $ 2,000,000 | $ 2,000,000 | $ - |
| **Total Revenues** | 2,000,000 | 2,000,000 | 2,000,000 | - |
| **Expenditures:** | | | | |
| Personal Services | 3,026,645 | 3,026,645 | 3,026,645 | - |
| Materials, Supplies and Equipment | 594,276 | 594,276 | 594,276 | - |
| **Total Expenditures** | 3,620,921 | 3,620,921 | 3,620,921 | - |
| **Deficiency of Revenues Under Expenditures** | (1,620,921) | (1,620,921) | (1,620,921) | - |
| **Net Change in Fund Balances** | (1,620,921) | (1,620,921) | (1,620,921) | - |
| **Fund Balance - Beginning** | 6,275,994 | 6,275,994 | 6,275,994 | - |
| **Fund Balance - Ending** | $ 4,655,073 | $ 4,655,073 | $ 4,655,073 | $ - |

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

## City of Wilmington, Delaware

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
## Major Fund
## Commerce
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance with Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 312,722 | $ 312,722 | $ 671,361 | $ 358,639 |
| Investment Earnings | 857,034 | 857,034 | 518,573 | (338,461) |
| **Total Revenues** | 1,169,756 | 1,169,756 | 1,189,934 | 20,178 |
| **Expenditures:** | | | | |
| Personal Services | 678,175 | 678,175 | 649,889 | 28,286 |
| Materials, Supplies and Equipment | 409,700 | 1,271,970 | 963,259 | 308,711 |
| Debt Service | 5,668,766 | 5,781,353 | 5,902,014 | (120,661) |
| Total Expenditures | 6,756,641 | 7,731,498 | 7,515,162 | 216,336 |
| **Deficiency of Revenues Under Expenditures** | (5,586,885) | (6,561,742) | (6,325,228) | 236,514 |
| **Other Financing Sources** | | | | |
| Proceeds from | | | | |
| Capital Asset Sales | - | - | 408,069 | 408,069 |
| Bonds Issued | - | - | 1,123,958 | 1,123,958 |
| Bond Premiums | - | - | 36,283 | 36,283 |
| Bond Payments to Escrow Agent | - | - | (1,145,987) | (1,145,987) |
| Transfers In | - | 3,500,000 | 4,005,727 | 505,727 |
| **Total Other Financing Sources** | - | 3,500,000 | 4,428,050 | 928,050 |
| **Net Change in Fund Balances** | (5,586,885) | (3,061,742) | (1,897,178) | 1,164,564 |
| **Fund Balance - Beginning** | 10,517,702 | 10,517,702 | 10,517,702 | - |
| **Fund Balance - Ending** | $ 4,930,817 | $ 7,455,960 | $ 8,620,524 | $ 1,164,564 |

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, 2007

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water and Sewer | Internal Service Funds |
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and Cash Equivalents | $ 250 | $ 24,789,180 |
| Receivables, Net (Note 4) | 8,422,956 | - |
| Due from Other Governments | 504,536 | - |
| **Total Current Assets** | 8,927,742 | 24,789,180 |
| **Noncurrent Assets:** | | |
| Deferred Charges | 894,198 | 58,614 |
| Prepaid Items & Other Assets | - | 347,955 |
| Capital Assets, Net (Note 6) | | |
| Land | 3,656,612 | - |
| Construction in Progress | 27,439,205 | 307,218 |
| Buildings & Improvements | 3,974,632 | 10,029 |
| Reservoirs and Water Filter Facilities | 29,562,286 | - |
| Water Lines | 27,394,871 | - |
| Wastewater Pump and Treatment Facilities | 80,689,927 | - |
| Sewer Lines | 11,257,670 | - |
| Vehicles, Machinery & Equipment | - | 17,090,067 |
| **Total Noncurrent Assets** | 184,869,401 | 17,813,883 |
| **Total Assets** | 193,797,143 | 42,603,063 |
| **LIABILITIES** | | |
| **Current Liabilities:** | | |
| Accounts Payable | 8,861,334 | 1,334,042 |
| Salaries and Benefits Payable | 121,013 | 33,890 |
| Due to Other Funds | 2,399,558 | 5,219,622 |
| Deferred Revenue | 839,501 | - |
| Accrued Interest Payable | 889,515 | 232,104 |
| Bonds Payable | 6,984,040 | 437,148 |
| Capital Leases | 1,401,175 | 848,418 |
| Compensated Absences | 232,648 | 194,426 |
| Claims Liabilities | - | 5,046,606 |
| **Total Current Liabilities** | 21,728,784 | 13,346,256 |
| **Noncurrent Liabilities:** | | |
| Bonds Payable | 86,407,569 | 6,377,108 |
| Capital Leases | 2,845,828 | 2,049,504 |
| Compensated Absences | - | - |
| Claims Liabilities | - | 16,434,308 |
| **Total Noncurrent Liabilities** | 89,253,397 | 24,860,920 |
| **Total Liabilities** | 110,982,181 | 38,207,176 |
| **NET ASSETS** | | |
| Invested in Capital Assets, Net of Related Debt | 99,552,941 | 8,253,840 |
| Restricted for: | | |
| Capital Projects | 13,216,350 | 558,704 |
| Unrestricted | (29,954,329) | (4,416,657) |
| **Total Net Assets** | $ 82,814,962 | $ 4,395,887 |

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

## City of Wilmington, Delaware

## Statement of Revenues, Expenses and Changes in Fund Net Assets
## Proprietary Funds
## For the Year Ended June 30, 2007

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water and Sewer | Internal Service Funds |
| **OPERATING REVENUES** | | |
| Charges for Services | $ 49,018,338 | $ 30,224,671 |
| Employee Contributions | - | 405,822 |
| Intergovernmental | 1,336,516 | - |
| Other | 788,876 | 713,312 |
| **Total Operating Revenues** | 51,143,730 | 31,343,805 |
| **OPERATING EXPENSES** | | |
| Personal Services | 8,316,532 | 2,456,522 |
| Materials, Supplies and Contractual Services | 28,062,129 | 8,026,295 |
| Depreciation and Amortization | 6,307,969 | 2,836,753 |
| Claims Expense | - | 15,691,946 |
| Insurance Premiums | - | 192,766 |
| **Total Operating Expenses** | 42,686,630 | 29,204,282 |
| **Operating Income** | 8,457,100 | 2,139,523 |
| **NON-OPERATING REVENUES (EXPENSES)** | | |
| Investment Earnings | 500,000 | - |
| Interest Expense | (3,861,912) | (660,003) |
| Bond Issuance Expense | (118,065) | (7,299) |
| Gain on Sale of Assets | 45,954 | 75,869 |
| **Total Non-Operating Revenues (Expenses):** | (3,434,023) | (591,433) |
| **Income Before Transfers** | 5,023,077 | 1,548,090 |
| Transfers in | 5,000,000 | - |
| **Change in Net Assets** | 10,023,077 | 1,548,090 |
| **Total Net Assets - Beginning** | 72,791,885 | 2,847,797 |
| **Total Net Assets - Ending** | $ 82,814,962 | $ 4,395,887 |

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, 2007

| | Business-type Activities | Governmental Activities |
|---|---|---|
| | Water and Sewer Fund | Internal Service Funds |
| **Cash Flows From Operating Activities:** | | |
| Receipts from Customers and Users | $ 48,059,659 | $ - |
| Receipts from Interfund Services Provided | - | 31,343,805 |
| Payments to Suppliers | (26,538,408) | (23,664,578) |
| Payments to Employees | (8,592,984) | (2,424,946) |
| **Net Cash Provided by Operating Activities** | 12,928,267 | 5,254,281 |
| **Cash Flows from Noncapital Financing Activities** | | |
| Transfers from Other Funds | 5,000,000 | - |
| Advances from Other Funds | 1,899,558 | (342,284) |
| **Net Cash Provided by (Used in) Noncapital Financing Activities** | 6,899,558 | (342,284) |
| **Cash Flows From Capital and Related Financing Activities:** | | |
| Proceeds from Capital Debt | 28,718,135 | 1,107,444 |
| Acquisition and Construction of Capital Assets | (27,107,512) | (2,852,621) |
| Principal Paid on Capital Debt | (23,193,929) | (2,399,565) |
| Interest Paid on Capital Debt | (4,042,247) | - |
| Proceeds from Capital Lease and Notes | 50,390 | - |
| Principal Paid on Capital Lease and Notes | (1,352,857) | - |
| Interest Paid on Capital Lease | (331,970) | (530,095) |
| Bond Issuance Costs Capitalized | (370,389) | - |
| Proceeds from Sale of Capital Assets | 45,954 | 75,869 |
| **Net Cash Provided by (Used in) Capital and Related Financing Activities** | (27,584,425) | (4,598,968) |
| **Cash Flows From Investing Activities:** | | |
| Interest Received on Unspent Bond Proceeds | 500,000 | - |
| **Net Cash provided by investing activities** | 500,000 | - |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (7,256,600) | 313,029 |
| **Cash and Cash Equivalents - July 1, 2006** | 7,256,850 | 24,476,151 |
| **Cash and Cash Equivalents - June 30, 2007** | $ 250 | $ 24,789,180 |
| **Reconciliation of Operating Income to Net Cash Pro** | | |
| Operating Income | $ 8,457,100 | $ 2,139,523 |
| Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities: | | |
| Depreciation and Amortization | 6,307,969 | 2,836,753 |
| Changes in Assets and Liabilities: | | |
| (Increase) in Receivables | (3,193,571) | - |
| (Decrease) in Prepaid Expenses | - | (255,000) |
| Increase in Accounts Payable | 1,523,721 | 281,503 |
| Increase (Decrease) in Compensated Absences | (268,021) | 4,526 |
| Increase (Decrease) in Accrued Salaries | (8,431) | 5,264 |
| Increase in Deferred Revenue | 109,500 | - |
| Increase in Claims Liability | - | 241,712 |
| **Net Cash Provided by Operating Activities** | $ 12,928,267 | $ 5,254,281 |

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

SEAL OF THE CITY OF WILMINGTON
DELAWARE

## City of Wilmington

## Statement of Fiduciary Net Assets
## Fiduciary Funds
## June 30, 2007

| | Total Pension Funds | Total Agency Funds |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 15,687,260 | $ 9,883 |
| Receivables: | | |
| Due from Federal Government | - | 141,740 |
| Securities Receivable | 889,060 | - |
| Accrued Interest Receivable | 742,841 | - |
| Total Receivables | 1,631,901 | 141,740 |
| Investments, at Fair Value: | | |
| Money Market Mutual Funds | 5,855 | - |
| U.S. Government Obligations | 9,066,073 | - |
| U.S. Agencies - Government Guaranteed | 144,054 | - |
| U.S. Agencies - Other | 27,552,228 | - |
| Foreign Government Obligations | 974,083 | - |
| Corporate Bonds | 21,684,103 | - |
| Stocks | 106,013,217 | - |
| Other Mutual Funds | 232,304 | - |
| Total Investments | 165,671,917 | - |
| Due from Other Funds | 7,635 | - |
| **Total Assets** | 182,998,713 | 151,623 |
| **LIABILITIES** | | |
| Accounts Payable | 165,569 | 7,806 |
| Securities Payable | 1,556,049 | - |
| Salaries and Benefits Payable | 3,101 | 53 |
| Due to Other Funds | 5,241,563 | 133,881 |
| Compensated Absences | 6,827 | - |
| Liability for Stale-dated Pension Checks | 173,825 | - |
| Funds held in Escrow | - | 9,883 |
| **Total Liabilities** | 7,146,934 | 151,623 |
| **Net Assets** | | |
| Held in Trust for Pension Benefits | $ 175,851,779 | $ - |

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

## City of Wilmington, Delaware

## Statement of Changes in Fiduciary Net Assets
## Pension Trust Funds
## For the Year Ended June 30, 2007

| | Total Pension Funds |
|---|---|
| **ADDITIONS** | |
| **Contributions:** | |
| City | |
| Paid Directly by the City | $ 10,312,036 |
| Paid by the State | |
| On-Behalf of the City | 7,323,607 |
| Employees | 1,432,007 |
| **Total Contributions** | 19,067,650 |
| **Investment Income** | |
| Interest | 5,719,084 |
| Net Appreciation in Fair Value | 17,286,027 |
| Total Investment Earnings | 23,005,111 |
| Less: Investment Expense | (780,371) |
| **Net Investment Income** | 22,224,740 |
| **Total Additions** | 41,292,390 |
| **DEDUCTIONS** | |
| Benefits Paid | 18,178,593 |
| Administrative Expenses | 591,497 |
| **Total Deductions** | 18,770,090 |
| **Net Increase in Plan Net Assets** | 22,522,300 |
| **Net Assets - Beginning** | 153,329,479 |
| **Net Assets - Ending** | $ 175,851,779 |

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

## City of Wilmington, Delaware

## Combining Statement of Net Assets
## Discretely Presented Component Units
## June 30, 2007

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| Cash and Cash Equivalents | $ 82,192 | $ 507,043 | $ 257,775 | $ 2,686,496 | $ 832,013 | $ 7,219,686 | $ 88,704 | $ 73,604 | $ 11,747,513 |
| Investments | - | - | - | - | - | 10,196,621 | - | - | 10,196,621 |
| Receivables, Net | - | 1,700,000 | 48,712 | 4,491,215 | 334,293 | 921,150 | 44,377 | 49,716 | 7,589,463 |
| Restricted Assets: | | | | | | | | | |
| Investments | - | - | - | - | - | 3,611,587 | - | - | 3,611,587 |
| Deferred Charges & Other Assets | - | - | - | - | 13,966 | 944,297 | 12,123 | - | 970,386 |
| Capital Assets, Net: | | | | | | | | | |
| Land | - | 2,900,000 | - | 392,089 | 4,321 | 16,283,448 | - | - | 19,579,858 |
| Construction in Progress | - | - | - | 573,639 | - | 1,005,581 | - | - | 1,579,220 |
| Building and Improvements | - | - | - | 396,629 | 1,509,024 | 31,329,694 | 618,820 | - | 33,854,167 |
| Vehicles, Machinery & Equipment | - | - | - | - | 52,281 | 1,672,139 | 318,054 | 6,203 | 2,048,677 |
| **Total Assets** | 82,192 | 5,107,043 | 306,487 | 8,540,068 | 2,745,898 | 73,184,203 | 1,082,078 | 129,523 | 91,177,492 |
| **LIABILITIES** | | | | | | | | | |
| Accounts Payable & Accrued Expenses | - | 1,000 | 1,471 | 98,104 | 93,149 | 1,531,584 | 29,666 | 20,389 | 1,775,363 |
| Due to Other Governments | - | - | 240,000 | - | - | - | - | - | 240,000 |
| Salaries and Benefits Payable | - | - | - | - | - | 109,283 | 89,741 | - | 199,024 |
| Deferred Revenue | - | 7,500 | - | - | - | 96,633 | 18,187 | - | 122,320 |
| Long-term Liabilities | | | | | | | | | |
| Due within One Year | | | | | | | | | |
| Bonds Payable | - | - | 325,559 | - | - | 2,449,624 | 157,211 | - | 2,932,394 |
| Due in More than One Year | | | | | | | | | |
| Loans Payable | - | - | - | - | 1,550,000 | 32,793,102 | 492,830 | 681,809 | 35,517,741 |
| Minority Interest | - | - | - | - | - | 1,881,069 | - | - | 1,881,069 |
| **Total Liabilities** | - | 8,500 | 567,030 | 98,104 | 1,643,149 | 38,861,295 | 787,635 | 702,198 | 42,667,911 |
| **NET ASSETS** | | | | | | | | | |
| Invested in Capital Assets Net of Related Debt | - | - | - | 1,362,357 | - | 17,251,996 | - | - | 18,614,353 |
| Restricted for: | | | | | | | | | |
| Debt Service | - | - | - | - | 815,617 | 1,864,869 | - | - | 2,680,486 |
| Unrestricted | 82,192 | 5,098,543 | (260,543) | 7,079,607 | 287,132 | 15,206,043 | 294,443 | (572,675) | 27,214,742 |
| **Total Net Assets** | $ 82,192 | $ 5,098,543 | $ (260,543) | $ 8,441,964 | $ 1,102,749 | $ 34,322,908 | $ 294,443 | $ (572,675) | $ 48,509,581 |

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

## City of Wilmington, Delaware

## Combining Statement of Activities
## Discretely Presented Component Units
## For the Year Ended June 30, 2007

| | | | 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 | Total |
| Brandywine Gateway Corporation | $ 328,841 | $ 1,581,967 | $ 1,253,126 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,253,126 |
| Christina Gateway Corporation | 6,782 | 40,183 | - | 33,401 | - | - | - | - | - | - | 33,401 |
| Rock Manor Golf Corporation | 125,405 | 500 | - | - | (124,905) | - | - | - | - | - | (124,905) |
| Wilmington UDAG Corporation | 1,449,424 | 399,270 | - | - | - | (1,050,154) | - | - | - | - | (1,050,154) |
| Wilmington Economic Development Corporation | 570,518 | 376,954 | - | - | - | - | (193,564) | - | - | - | (193,564) |
| Wilmington Parking Authority | 7,300,585 | 7,047,982 | - | - | - | - | - | (252,603) | - | - | (252,603) |
| Downtown Visions | 1,921,504 | 1,890,040 | - | - | - | - | - | - | (31,464) | - | (31,464) |
| Riverfront Business Improvement District | 299,859 | 327,231 | - | - | - | - | - | - | - | 27,372 | 27,372 |
| | $ 12,002,918 | $ 11,664,127 | 1,253,126 | 33,401 | (124,905) | (1,050,154) | (193,564) | (252,603) | (31,464) | 27,372 | (338,791) |
| **General Revenues** | | | | | | | | | | | |
| Payments from the Primary Government | | | - | - | 235,000 | - | - | - | - | - | 235,000 |
| Investment Earnings | | | - | - | 9,839 | 50,132 | - | 947,240 | 26,266 | 4,569 | 1,038,046 |
| Other Revenues | | | (350,000) | - | - | 331,656 | - | (2,328,493) | - | 16,835 | (2,330,002) |
| Total General Revenues | | | (350,000) | - | 244,839 | 381,788 | - | (1,381,253) | 26,266 | 21,404 | (1,056,956) |
| Change in Net Assets | | | 903,126 | 33,401 | 119,934 | (668,366) | (193,564) | (1,633,856) | (5,198) | 48,776 | (1,395,747) |
| **Net Assets - Beginning** | | | (820,934) | 5,065,142 | (380,477) | 9,110,330 | 2,284,379 | 35,956,764 | 299,641 | (621,451) | 50,893,394 |
| **Prior Period Adjustments** | | | - | - | - | - | (988,066) | - | - | - | (988,066) |
| **Net Assets - Beginning As Restated** | | | (820,934) | 5,065,142 | (380,477) | 9,110,330 | 1,296,313 | 35,956,764 | 299,641 | (621,451) | 49,905,328 |
| **Net Assets - Ending** | | | $ 82,192 | $ 5,098,543 | $ (260,543) | $ 8,441,964 | $ 1,102,749 | $ 34,322,908 | $ 294,443 | $ (572,675) | $ 48,509,581 |

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

## 1. Summary of Significant Accounting Policies

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has adopted all GASB Statements through No. 48 with the exception of No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City is not required by GASB to implement these statements before fiscal year 2008. The significant policies of the City are described below.

### A. Financial Reporting Entity

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

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

#### Blended Component Unit

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

#### Discretely Presented Component Units

The component units' columns in the entity-wide financial statements include the financial data of the City's 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

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

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

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 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. All remaining governmental funds are aggregated and reported as non-major funds. In addition, the fund financial statements present internal service funds and fiduciary funds by fund type.

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

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

### Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (non-exchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds report only assets and liabilities as they do not have a measurement focus, but do use the accrual basis of accounting.

### Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes, wage taxes, parking citations, and business licenses as available if they are collected within 60 days after year-end. Revenues for 2007 include property taxes levied principally on July 1, 2006, and collected prior to September 1, 2007. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants and certain intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

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

The City reports the following major governmental funds:

> **The General Fund** is the City's primary operating fund. It accounts for all financial transactions of the City except those resources required to be accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, employee taxes, and intergovernmental revenues. This fund accounts for expenditures for the general administrative

services of the City, parks and recreation, public safety, public works, licenses and inspections, real estate and housing, and debt service on general long-term obligations.

**The Police Special Fund**, a special revenue 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**, a special revenue 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 Capital Projects Fund** is used to account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds or other Governmental Fund Types.

The City reports the following major enterprise fund:

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

The City also reports the following fund types:

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

**Fiduciary Funds** are used where the City holds assets in trust for others and reports the City's five pension trust funds and a pension healthcare trust funds.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer fund and internal service funds are charges to customers for sales and services. The

Water and Sewer fund recognizes as operating revenues the portion of connection fees related to the cost to connect customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

## D. Assets, Liabilities and Fund Equity

### Deposits and Investments

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

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

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

**Restricted Investments** may occur in connection with various bond and trust agreements. Investments are deposited into restricted accounts for the purpose of 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** 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."

### Investment Policies

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

- Certificates of Deposits from financial institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or, to the extent not insured, collateralized by U.S. Government securities,
- U.S. Government securities,
- Obligations issued or guaranteed by any U.S. Government agency,

- Collateralized repurchase agreements with respect to a U.S. Government securities or U.S. Government agency securities and,
- Obligations of States, Counties or Cities with a rating of "A" or better.

The City is not authorized to invest in:
- Any speculative type investments,
- Corporate equities,
- Corporate debt securities.

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

The Investment Policy Statement of the City of Wilmington Board of Pensions and Retirement delineates the following asset mix, intended to meet the Funds' investment objectives while limiting investment risk by assuring an acceptable level of diversification in the portfolio. Domestic equity exposure must be maintained between 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 -** The Wilmington Park Trust Fund Commission (a blended component unit) has authority to invest in corporate equities and debt through a 1935 Act of the State Legislature. The Wilmington Parking Authority has authority to invest cash from operations and bond issues, and the assets of its pension funds under The Investment Policy Statement approved by its Board of Directors.

## Receivables

**Property Taxes** are recorded as receivables at the time the tax is levied and billed on July 1 of each year and each quarter thereafter. The taxes become a lien when levied. Annual property taxes are due August 31. Penalty and interest on delinquent property taxes are recorded when imposed on September 15 at a nine percent (9%) penalty rate 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.

**Water, Sewer, and Stormwater Customer Charges** are recorded when billed except that an estimated amount is recorded for services rendered but not yet billed as of the close of the fiscal year. Generally, this estimate is based on actual billings made subsequent to 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.

**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.

**Wage Taxes** are recorded when paid. Wage taxes withheld by employers and remittable to the City at yearend are recorded as receivable. Receivables are also recorded on a calendar year basis when employers' payments are reconciled 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.

**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.

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

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

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

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

## Inventories and Prepaid Items

Inventories are valued at cost using the perpetual method. The inventory is maintained for gasoline in the Motor Vehicle Fund. Significant prepayments to vendors are recorded as prepaid items and recorded as expenditures when consumed rather than when purchased.

## Capital Assets

Capital assets are reported in the Government-wide and Proprietary Fund financial statements. The City has defined capital assets as assets with a minimum cost of $5,000 ($25,000 to $50,000 for land improvements, buildings, and infrastructure) and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Collections of art (primarily sculptures) are capitalized but not depreciated if they are preserved and not held for investment. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the estimated useful lives of the related assets. The City records six months of depreciation in the year the asset is acquired. The City and its component units generally use the following estimated useful lives unless an asset's life has been adjusted based on actual experience:

| Asset Class | Years |
|---|---|
| Streets & Signals | 20 - 35 |
| Buildings | 50 - 60 |
| Utility Plants and Lines | 50 - 60 |
| Machinery and Equipment | 10 - 15 |
| Vehicles | 5 - 10 |

## Deferred Revenue

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

## Compensated Absences

City employees are granted vacation, sick leave and compensatory time in varying amounts based on length of service and bargaining unit. A limited number of vacation, sick days, and compensatory time may be carried forward from year to year, and upon termination, employees are paid accumulated vacation, sick days, and compensatory time at the appropriate rates. Other than for Governmental Funds, the unpaid vested vacation, sick pay, and compensatory time liabilities have been accrued. In the Governmental Funds, (General Fund and Special Revenue Funds) compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate unpaid vacation, sick leave, and compensatory time at June 30 from future resources (typically, of the General Fund) rather than from currently available, expendable resources.

## Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred items and amortized over the term of the related debt.

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

## Self-Insurance

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

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

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

## Net Assets and Fund Equity

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

In the governmental fund financial statements, reservations of fund balance represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. "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, 2007, included the General, Commerce and non-major funds included on page 90. Special revenue funds adopt budgets equal to the expenditures available for reimbursement by grants.

All budgets for the above funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary comparison schedules for the General, Police Special, and Commerce Funds are presented as part of the Basic Statements. Such comparison schedules for the non-major funds and more detail on General Fund expenditures are presented in the combining and individual fund financial statements and schedules section of this report.

## B. Expenditures Over Appropriations

During the year ended June 30, 2007, expenditures exceeded appropriations in the following departments. The main cause was higher internal service costs primarily related to data processing. The State payments to the police pension plan were higher than budgeted and caused police department expenditures to be higher than budgeted.

| Fund | Department | Expenditures Over Budget |
|---|---|---|
| General Fund | City Council | $ 70,294 |
| | Parks and Receration | 857,419 |
| | Personnel | 34,366 |
| | Treasurer | 30,835 |
| | Planning | 51,550 |
| | Fire | 1,753,799 |
| | Police | 1,629,889 |

## 3. Deposits and Investments

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

| | Primary Government | Pension Funds | Discretely Presented Component Units |
|---|---|---|---|
| **Deposits** | | | |
| Insured Deposits (FDIC) | $ 182,234 | $ 368,828 | $ 700,283 |
| Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name | 1,079,495 | 1,643,509 | 3,669,334 |
| Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name | 82,472,826 | 13,674,923 | 275,709 |
| Uninsured and Uncollateralized | - | - | 7,086,762 |
| **Total Deposits** | $ 83,734,555 | $ 15,687,260 | $ 11,732,088 |
| **Investments** | | | |
| Repurchase Agreements | $ - | $ - | $ 1,289,205 |
| Money Market Mutual Funds | 5,145,991 | 5,855 | - |
| U.S. Government Obligations | 275,600 | 9,066,073 | 8,913,353 |
| U.S. Agencies - Government Guaranteed | - | 144,054 | 3,605,650 |
| U.S. Agencies - Other | - | 27,552,228 | - |
| Foreign Government Obligations | - | 974,083 | - |
| Corporate Bonds | - | 21,684,103 | - |
| Stock Equities | 3,117,565 | 106,013,217 | - |
| Mutual Funds | 2,951,910 | 232,304 | - |
| **Total Investments** | $ 11,491,066 | $ 165,671,917 | $ 13,808,208 |

**Custodial Credit Risk – Deposits**

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

**Custodial Credit Risk – Investments**

**Primary Government and Fiduciary Funds -** Custodial credit risk for investments exists when, in the event of a failure the counterparty to a transaction, a government may be unable to recover the value of investments or collateral securities that are in the possession of an outside party. The table below (the same table provides custodial credit risk and interest rate risk data) provides information about the custodial credit risk associated with the Fiduciary Funds' investments. The investments disclosed in the table are uninsured and uncollateralized, held by the counterparty or by its trust department but not in the City's name. The government's investment policy limits the amount of securities that can be held by counterparties to no more than 5% of assets.

**Interest Rate Risk**

**Fiduciary Funds -** Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Investment Policy Statement's policy with regards to interest rate risk is that the average duration of fixed income securities held shall never be more than nine months greater or less than the most recently published average duration of the Lehman Brothers Intermediate Government/Corporate Index. The City invests in various collateralized mortgage obligations classified as U.S. Government Agencies not explicitly guaranteed by the government; as of June 30, 2007, the portfolio included $5,830,776 of these securities. These securities are based on cash flows from interest payments on underlying mortgages and are sensitive to prepayments specifically during periods of declining interest rates. The following is a maturity schedule summarizing fixed income and short-term investments as of June 30, 2007.

| | | Investment Maturities (in Years) | | | | |
|---|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **< 1 year** | **1-4.9** | **5-9.9** | **10-19.9** | **> 20** |
| U.S. Treasuries | $ 9,066,073 | $ 99,297 | $ 4,335,152 | $ 4,631,624 | $ - | $ - |
| U.S. Govt. Agencies - Guaranteed | 144,054 | - | 5,292 | - | 71,629 | 67,133 |
| U.S. Govt. Agencies - Other | 27,552,228 | 2,534,096 | 8,212,128 | 6,802,664 | 6,102,954 | 3,900,386 |
| Foreign Gov'ts. | 974,083 | - | 974,083 | - | - | - |
| Corporate Bonds | 21,684,103 | 2,577,306 | 14,483,630 | 2,308,631 | 1,610,665 | 703,871 |
| Total | $ 59,420,541 | $ 5,210,699 | $ 28,010,285 | $ 13,742,919 | $ 7,785,248 | $ 4,671,390 |

**Credit Risk**

The Investment Policy Statement's address's credit risk by requiring 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, 2007, the Benefit Trust Funds fixed income and short-term investments had the following risk characteristics.

| Moody's Ratings or Comparable | Percent of Total Benefit Trust Funds | Market Value |
|---|---|---|
| AAA to A | 12.52% | $ 20,546,237 |
| Government | 21.44% | 35,192,951 |
| | 33.96% | $ 55,739,188 |

**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, 2007, there were no investments with a fair value in excess of 5% of the Funds' net assets invested in any one particular issue.

**Foreign Currency Risk**

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

| Currency | Fair Value in U.S. Dollars | Equities |
|---|---|---|
| Australian Dollars | $ 777,565 | $ 777,565 |
| British Pounds | 3,117,751 | 3,117,751 |
| Canadian Dollars | 207,712 | 207,712 |
| Euros | 5,921,625 | 5,921,625 |
| Japanese Yen | 890,799 | 890,799 |
| Swiss Francs | 1,623,564 | 1,623,564 |
| Total in Foreign Denominated Investments | $ 12,539,016 | $ 12,539,016 |

The pension fund's investment policy permits it to invest up to 10 % of total investments in foreign currency–denominated investments. The system's current position is 7.7 %.

**Investment Commitments at June 30, 2007**

The pension funds had no investment commitments at June 30, 2007.

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

| | Primary Government | Fiduciary Funds | Component Units |
|---|---|---|---|
| Cash and Cash Equivalents | $ 83,734,555 | $ 15,687,260 | $ 11,732,088 |
| Investments | 11,491,066 | 165,671,917 | 13,808,208 |
| | $ 95,225,621 | $ 181,359,177 | $ 25,540,296 |
| Unrestricted | $ 95,215,738 | $ - | $ 21,928,709 |
| Restricted | - | - | 3,611,587 |
| Fiduciary Funds | 9,883 | 181,359,177 | - |
| | $ 95,225,621 | $ 181,359,177 | $ 25,540,296 |

## 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 (no differences exist between government-wide and fund basis receivables):

| | Governmental Activities | | | | | Business-type Activities |
|---|---|---|---|---|---|---|
| | General | Capital Projects | Commerce | Non-Major Funds | Total Governmental | Water and Sewer |
| **Receivables:** | | | | | | |
| Property Taxes | $ 2,945,805 | $ - | $ - | $ - | $ 2,945,805 | $ - |
| Wage Taxes | 7,186,048 | - | - | - | 7,186,048 | - |
| Parking & Redlight Citations | 23,225,627 | - | - | - | 23,225,627 | - |
| Business Licenses | 859,230 | - | - | - | 859,230 | - |
| Signs and Licenses | 2,734,188 | - | - | - | 2,734,188 | - |
| Other | 1,655,683 | - | - | 102,357 | 1,758,040 | - |
| Utility Billings | - | - | - | - | - | 12,812,622 |
| Notes - Current | - | 3,812,500 | 369,316 | - | 4,181,816 | - |
| Notes - Noncurrent | - | - | 13,608,057 | - | 13,608,057 | - |
| **Gross Receivables** | 38,606,581 | 3,812,500 | 13,977,373 | 102,357 | 56,498,811 | 12,812,622 |
| Less: Allowance for Uncollectibles | (27,042,406) | - | - | - | (27,042,406) | (4,389,665) |
| **Net Total Receivables** | $ 11,564,175 | $ 3,812,500 | $ 13,977,373 | $ 102,357 | $ 29,456,405 | $ 8,422,957 |

## Discretely Presented Component Units

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

| | Christina Gateway Corporation | Wilmington UDAG Corporation | Wilmington Parking Authority | Wilmington Economic Development Corporation | Other Component Units | Total |
|---|---|---|---|---|---|---|
| **Receivables:** | | | | | | |
| Accounts | $ 1,700,000 | $ - | $ 948,725 | $ - | $ 117,555 | $ 2,766,280 |
| Mortgages and Loans | - | 5,461,122 | - | 334,293 | - | 5,795,415 |
| Less: Allowance for Uncollectibles | - | - | - | - | (23,462) | (23,462) |
| Net Total Receivables | $ 1,700,000 | $ 5,461,122 | $ 948,725 | $ 334,293 | $ 94,093 | $ 8,538,233 |

## 5. Notes Receivable

### A. Primary Government

On September 1, 1995, the City entered into an agreement with the Diamond State Port Corporation (DSPC), selling the assets of the Port of Wilmington. In exchange for the assets sold (net book value of $71.9 million), DSPC agreed to make payments to the City under deferred payment notes totaling $115.5 million over 30 years, discounted at 7% interest rate. The 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 at June 30, 2007, in the amount of $13,977,373 is included in the government-wide statement of net assets and governmental funds balance sheet; the current and non-current amounts are disclosed in the schedule in Note 4 and are accounted for as assets of the Commerce Fund.

As part of the economic development of the riverfront, the City of Wilmington and State of Delaware entered into a series of contracts the essence of which was to sell the former City Public Works Yard and surrounding properties to a developer. The City's proceeds from the transaction were $9,594,000 which was recognized as a gain in the Capital Projects Fund. The gain combined with State grants and City bond funds were reinvested in a new Public Works Yard. The City moved into the new Yard during 2007. As part of the transaction, the City recorded a $3,812,500 note receivable in the Capital Projects fund at June 30, 2007. The receivable is included in the statement of net assets and governmental funds balance sheet; in Note 4, the receivable is disclosed as a current amount due to the Capital Projects Fund. Under certain conditions, contingent payments are due the City if development reaches certain goals. These payments have not been included as part of the sale revenues, but will be recognized if and as the goals are met and payment becomes due and payable.

### B. Component Units

In May 2007 the Brandywine Gateway Corporation agreed to a discounted payoff of a $12,160,000 note due to Wilmington Parking Authority. The amount paid was $11,290,000; the transaction, after including the impact of accrued interest and the assumption of certain liabilities, resulted in a loss to Wilmington Parking Authority of $2,067,875.

## 6. Capital Assets

### A. Primary Government

The capital asset activity for Governmental Activities for the year ended June 30, 2007 was as follows:

| | June 30, 2006 | Increases | Decreases | June 30, 2007 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | $ 23,937,941 | $ 152,240 | $ - | $ 24,090,181 |
| Art | 1,183,107 | - | - | 1,183,107 |
| Construction in Progress | 16,107,487 | 24,216,549 | (38,708,431) | 1,615,605 |
| Total Capital Assets not being Depreciated | 41,228,535 | 24,368,789 | (38,708,431) | 26,888,893 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 31,420,280 | 35,784,274 | (385,664) | 66,818,890 |
| Parks and Recreation Faciltities | 21,655,989 | 477,533 | - | 22,133,522 |
| Streets and Street Signals | 102,379,338 | 4,224,629 | (1,354,570) | 105,249,397 |
| Vehicles, Equipment and Other | 34,305,213 | 8,527,486 | (1,909,393) | 40,923,306 |
| Total Capital Assets being Depreciated | 189,760,820 | 49,013,922 | (3,649,627) | 235,125,115 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | (12,694,144) | (887,792) | 233,424 | (13,348,512) |
| Parks and Recreation Faciltities | (12,067,041) | (499,250) | - | (12,566,291) |
| Streets and Street Signals | (34,155,810) | (3,238,549) | 1,354,570 | (36,039,789) |
| Vehicles, Equipment and Other | (18,048,220) | (3,269,527) | 1,701,681 | (19,616,066) |
| Total Accumulated Depreciation | (76,965,215) | (7,895,118) | 3,289,675 | (81,570,658) |
| Total Capital Assets being Depreciated, Net | 112,795,605 | 41,118,804 | (359,952) | 153,554,457 |
| Governmental Activities Capital Assets, Net | $154,024,140 | $ 65,487,593 | $ (39,068,383) | $180,443,350 |

The capital asset activity for Business-type Activities for the year ended June 30, 2007 was as follows:

| | June 30, 2006 | Increases | Decreases | June 30, 2007 |
|---|---|---|---|---|
| **Business-type Activities:** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | $ 3,656,612 | $ - | $ - | $ 3,656,612 |
| Construction in Progress | 15,759,489 | 27,107,512 | (15,427,796) | 27,439,205 |
| Total Capital Assets not being Depreciated | 19,416,101 | 27,107,512 | (15,427,796) | 31,095,817 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 9,065,898 | 4,163,432 | (9,214,550) | 4,014,780 |
| Reservoirs and Water Filter Facilities | 44,834,092 | 515,717 | - | 45,349,809 |
| Water Lines | 36,002,118 | 4,439,641 | (1,535,788) | 38,905,971 |
| Wastewater Pump and Treatment Facilties | 140,037,526 | - | - | 140,037,526 |
| Sewer Lines | 10,528,048 | 6,309,006 | (1,508,509) | 15,328,545 |
| Total Capital Assets being Depreciated | 240,467,682 | 15,427,796 | (12,258,847) | 243,636,631 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | (9,065,898) | (188,800) | 9,214,550 | (40,148) |
| Reservoirs and Water Filter Facilities | (14,936,745) | (850,778) | - | (15,787,523) |
| Water Lines | (11,216,352) | (1,830,536) | 1,535,788 | (11,511,100) |
| Wastewater Pump and Treatment Facilties | (56,501,801) | (2,845,798) | - | (59,347,599) |
| Sewer Lines | (4,987,327) | (592,057) | 1,508,509 | (4,070,875) |
| Total Accumulated Depreciation | (96,708,123) | (6,307,969) | 12,258,847 | (90,757,245) |
| Total Capital Assets being Depreciated, Net | 143,759,559 | 9,119,827 | - | 152,879,386 |
| Business-type Activities Capital Assets, Net | $163,175,660 | $ 36,227,339 | $ (15,427,796) | $183,975,203 |

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

| | |
|---|---|
| **Governmental Activities** | |
| General Government | $ 891,076 |
| Commerce | 65,079 |
| Real Estate and Housing | 12,812 |
| Public Works | 4,452,430 |
| Parks and Recreation | 804,919 |
| Public Safety | 1,668,802 |
| **Total Depreciation Expense - Governmental Activities** | $ 7,895,118 |
| **Business-type Activities** | |
| Water/Sewer | $ 6,307,969 |
| **Total Depreciation Expense - Business-type Activities** | $ 6,307,969 |

## Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2007. The programs include street paving, an emergency communications system, and a reservoir and other water and wastewater facilities.

| Project | Spent-to-Date | Remaining Commitment |
|---|---|---|
| General Capital Projects | $ 3,630,491 | $ 3,981,550 |
| Reservoirs & Other Water and Wastewater Projects | 26,400,465 | 18,947,280 |
| Total | $ 30,030,956 | $ 22,928,830 |

## B. Component Units

Capital asset activity for the City's component units (2006 is restated to account for a write-down in value of a building at WEDCO) for the year ended June 30, 2007, was as follows:

| | Beginning Balance (as Restated) | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | | |
| Land | $ 19,579,858 | $ - | $ - | $ 19,579,858 |
| Construction-In-Progress | 6,790,857 | 9,058,411 | (14,270,048) | 1,579,220 |
| Total Capital Assets Not Being Depreciated | 26,370,715 | 9,058,411 | (14,270,048) | 21,159,078 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 45,927,675 | 13,036,455 | (483,489) | 58,480,641 |
| Machinery and Equipment | 3,187,640 | 341,831 | (359,122) | 3,170,349 |
| Vehicles | 160,408 | - | - | 160,408 |
| Total Capital Assets Being Depreciated | 49,275,723 | 13,378,286 | (842,611) | 61,811,398 |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (23,333,699) | (1,522,154) | 229,379 | (24,626,474) |
| Machinery and Equipment | (1,096,136) | (302,176) | 194,232 | (1,204,080) |
| Vehicles | (65,000) | (13,000) | - | (78,000) |
| Total Accumulated Depreciation | (24,494,835) | (1,837,330) | 423,611 | (25,908,554) |
| Total Capital Assets Being Depreciated, Net | 24,780,888 | 11,540,956 | (419,000) | 35,902,844 |
| Component Units Activities | | | | |
| Capital Assets, Net | $ 51,151,603 | $ 20,599,367 | $ (14,689,048) | $ 57,061,922 |

## 7. Interfund Balances and Transfers

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disburser of cash. The payable from the Internal Service Funds (primarily the Motor Vehicle Fund) arises from vehicle purchases that will be collected through charges to the General and other funds. The Fiduciary Fund payable amounting to $ 5,450,488 primarily represents a liability to the General Fund for temporary funding of cash requirements of pensioner payments. Interfund balances are expected to be repaid within one year.

The composition of interfund balances as of June 30, 2007, is as follows.

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Non-Major Governmental Funds | $ 2,741,478 |
| | Internal Service Funds | 5,219,622 |
| | Enterprise Fund | 2,399,558 |
| | Fiduciary Funds | 5,375,271 |
| Total | | $ 15,735,929 |

At June 30, 2006, the City designated part of the 2006 General Fund surplus for specific purposes. Budget amendments during 2007 enacted these designations resulting in General Fund transfers in the amount of $3,500,000 to the Commerce Fund to replenish the Economic Strategic Fund, a transfer of $2,873,855 to the Nonmajor Governmental Funds (to support $2,300,000 of Housing Opportunity projects, to fund $423,855 of City Council cable television projects, and provide $150,000 to match public safety grants), and a one-time transfer of $5,000,000 to the Water and Sewer Fund to support previous capital projects primarily related to combined sewer overflows.

An economic development project in the amount of $505,727 was also transferred from the Capital Project Fund into the Commerce Fund.

## 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, 2007:

| | Balance June 30, 2006 | Additions | Reductions | Balance June 30, 2007 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Bonds Payable | $ 130,717,406 | $ 29,146,507 | $ (40,743,167) | $ 119,120,746 | $ 12,928,593 |
| Less: Deferred Amounts | | | | | |
| Premium on Debts Issued | 2,168,418 | 940,895 | (223,606) | 2,885,707 | 309,601 |
| Gain on Refunding | (1,772,353) | (1,022,861) | 404,922 | (2,390,292) | (406,575) |
| Total Bonds Payable | 131,113,471 | 29,064,541 | (40,561,851) | 119,616,161 | 12,831,619 |
| Capital Leases | 3,930,892 | - | (1,032,970) | 2,897,922 | 848,418 |
| Insurance Claims Payable | 21,239,202 | 15,033,658 | (14,791,946) | 21,480,914 | 5,046,606 |
| Compensated Absences | 7,387,237 | 2,467,001 | (1,917,417) | 7,936,821 | 1,742,905 |
| Governmental Activity Long-Term Liabilities | $ 163,670,802 | $ 46,565,200 | $ (58,304,184) | $ 151,931,818 | $ 20,469,548 |
| **Business-type Activities:** | | | | | |
| Bonds Payable | $ 87,509,008 | $ 28,157,614 | $ (23,193,929) | $ 92,472,693 | $ 7,006,085 |
| Less: Deferred Amounts | | | | | |
| Premium on Debts Issued | 1,929,055 | 560,521 | (176,200) | 2,313,376 | 212,743 |
| Gain on Refunding | (898,617) | (705,269) | 209,426 | (1,394,460) | (234,788) |
| Total Bonds Payable | 88,539,446 | 28,012,866 | (23,160,703) | 93,391,609 | 6,984,040 |
| Capital Leases | 5,549,470 | 50,390 | (1,352,857) | 4,247,003 | 1,401,175 |
| Compensated Absences | 500,669 | 264,384 | (532,405) | 232,648 | 232,648 |
| Business-type Activity Long-Term Liabilities | $ 94,589,585 | $ 28,327,640 | $ (25,045,965) | $ 97,871,260 | $ 8,617,863 |
| **Discretely Presented Component Units** | | | | | |
| Brandywine Gateway | $ 12,160,000 | $ - | $ (12,160,000) | $ - | $ - |
| Rock Manor Golf Corporation | 398,795 | - | (73,236) | 325,559 | 325,559 |
| Wilmington Economic Development Corporation | 1,556,837 | - | (6,837) | 1,550,000 | - |
| Wilmington Parking Authority | 36,542,660 | 500,000 | (1,799,934) | 35,242,726 | 2,449,624 |
| Downtown Visions | 692,099 | - | (42,058) | 650,041 | 157,211 |
| Riverfront Business Improvement District | 681,809 | - | - | 681,809 | - |
| Component Units Long-Term Liabilities | $ 52,032,200 | $ 500,000 | $ (14,082,065) | $ 38,450,135 | $ 2,932,394 |

## B. General Obligation Bonds

The City of Wilmington issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General Fund revenues are used to satisfy general obligation bonds payable recorded in the governmental activities section of the government-wide statement of net assets; bonds recorded in the business-type activities section are payable from revenues of the Water & Sewer Fund. General obligation bonds are secured by the full faith and credit of the City. Bonds issued by the Wilmington Parking Authority (a discretely presented component unit) are guaranteed by the City in the event that resources of the Authority are insufficient to cover debt service on the bonds. The City is subject to the rules and regulations established by the Internal Revenue Code and the U.S. Treasury that, under certain conditions, may create an arbitrage rebate to be paid to the federal government. The City's debt service payments of $10,268,422 in 2007 were within the statutory debt limit of $21,061,092.

The following is a summary of general obligation bonds outstanding as of June 30, 2007:

| Date of Issue/ Maturity | Amount of Original Issue | Description | Interest Rates | Balance Outstanding June 30, 2007 |
|---|---|---|---|---|
| 1993/2022 | $ 68,305,000 | Series of 1993B | 3.9% - 5.1% | $ 23,365,000 |
| 1993/2013 | 1,938,000 | Series of 1993 - WPA | 4.50% | 882,058 |
| 1993/2016 | 20,000,000 | Series of 1993 - DNREC | 3.25% | 10,801,155 |
| 1996/2016 | 5,500,000 | Series of 1996B | 4.15% - 6.20% | 3,515,000 |
| 1998/2018 | 45,500,000 | Series of 1998 | 3.6% - 5.25% | 9,665,000 |
| 2000/2008 | 2,000,000 | Series of 2000 | 70% of Prime Rate | 132,500 |
| 2001/2012 | 22,165,000 | Series of 2001 | 3.25% - 5.0% | 4,700,000 |
| 2002/2023 | 34,780,000 | Series of 2002 | 4.0% - 5.375% | 6,940,000 |
| 2002/2025 | 11,000,000 | Series of 2002 - DDWSRF | 2.96% | 10,997,000 |
| 2004/2022 | 12,945,000 | Series of 2004B | 2.0% -4.2% | 12,805,000 |
| 2005/2016 | 18,785,000 | Series of 2005 | 3.0% - 5.0% | 16,590,000 |
| 2005/2028 | 13,700,000 | Series of 2005C - DNREC (Only $1,875,726 drawn at June 30, 2007) | 1.185% | 1,875,726 |
| 2006/2025 | 46,465,000 | Series of 2006A | 3.25% - 5.0% | 45,605,000 |
| 2006/2025 | 17,725,000 | Series of 2006B Demand Bonds | Variable | 17,210,000 |
| 2006/2025 | 46,510,000 | Series of 2007A | 4.0% - 5.0% | 46,510,000 |
| | Total General Obligation Bonds Payable | | | $ 211,593,439 |

### Primary Government

On August 23, 2002, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for $11,000,000. The net loan proceeds were used for costs associated with the City's Cool Spring Reservoir project. Cash draws were completed in 2007 and a final loan closing occurred. The loan bears an interest rate of 1.185%. Payments are due every six months, with a final payment due April 30, 2028. The loan is recorded in the Water and Sewer Fund.

On September 16, 2005, the City entered into a further General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) for an amount not to exceed $13,700,000. The net loan proceeds supplement the 2002 loan for the costs associated with the City's Cool Spring Reservoir project; the 2002 loan will be fully utilized before draws on the 2005 loan begin. A final loan

closing will occur at the end of the project. The loan bears an interest rate of 1.185%. Payments are due every six months, with a final payment due April 30, 2028. The loan is recorded in the Water and Sewer Fund.

On February 16, 2006, the City issued $17,725,000 of General Obligation Variable Rate Demand Bonds, Series of 2006B. The proceeds of the bonds were applied primarily to the new public works yard capital project of the City. The bonds mature in varying amounts annually between October 1, 2006, and October 1, 2025; these maturities and estimates of interest are included in the debt service schedule below. The variable interest rates are determined weekly by a remarketing agent and are set at the lowest interest rate that would cause the market value for the bonds to equal 100 percent of the principal amount under prevailing market conditions. Interest is paid monthly. Interest rates were between 3% and 4% during 2006. The Demand Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on notice and delivery to the City's remarketing agent; the loans are also subject to voluntary and mandatory redemption provisions. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate. If the remarketing agent is unable to resell any repurchased bonds, the City has a Standby Purchase Agreement with Bank of America, N.A., whereby the repurchased bonds are repaid over five-year period with equal monthly principal payments. This agreement expires February 15, 2009, unless extended or terminated sooner. The City is required to pay quarterly remarketing and liquidity fees at an annual rate of 8.0 and 10.9 basis points on the outstanding principal amount.

On December 22, 2006, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed $2,548,501. Coincident with this loan, the City also entered into a General Obligation Financing agreement with 21st Century Fund Drinking Water Management Account acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed $1,246,499. The net loan proceeds of both loans supplement other funding for the costs associated with the City's Porter Filter Plant upgrade project. Cash draws against the loans will be made periodically; as of June 30, no draws had been made. A final loan closing will occur at the end of the project. The loans bear an interest rate of 1.25%. Payments are due every six months, with final payments due July 31, 2028. The loans are recorded in the Water and Sewer Fund.

On March 30, 2007, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed $3,185,000. The net loan proceeds supplement other funding for the costs associated with the City's water main upgrade projects. Cash draws against the loans will be made periodically; as of June 30, no draws had been made. A final loan closing will occur at the end of the project. The loans bear an interest rate based on the Fund's current interest rate at the time the loan is drawn down. Payments are due every six months, with final payments due March 31, 2028. The loan is recorded in the Water and Sewer Fund.

On May 31, 2007, the City issued $46,510,000 of General Obligation Bonds, Series of 2007A. The bonds mature in varying amounts between June 1, 2008, and June 1, 2023, and bear annual interest rates between 4.0% and 5.0%. As discussed later in this note, the proceeds of the bonds were applied to advance refund bonds in Series 1998 and Series 2002.

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

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2008 | $ 12,928,593 | $ 5,283,274 | $ 7,006,085 | $ 3,892,337 |
| 2009 | 11,086,007 | 4,796,603 | 6,677,393 | 3,748,518 |
| 2010 | 12,320,345 | 4,246,864 | 7,731,465 | 3,460,580 |
| 2011 | 10,189,559 | 3,653,708 | 5,244,882 | 3,173,582 |
| 2012 | 6,742,033 | 3,279,421 | 5,442,394 | 2,979,471 |
| 2013-2017 | 26,631,253 | 12,586,316 | 25,071,799 | 12,071,320 |
| 2018-2022 | 21,264,478 | 6,855,466 | 24,106,722 | 7,362,162 |
| 2023-2027 | 17,958,478 | 1,817,944 | 23,016,227 | 2,018,761 |
| | 119,120,746 | $ 42,519,596 | 104,296,967 | $ 38,706,731 |
| Less: Funds Not Drawn | - | | (11,824,274) | |
| Total | $ 119,120,746 | | $ 92,472,693 | |

## Component Units

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

| Year Ending June 30 | Component Unit's Debt Service Schedule | | | | | |
|---|---|---|---|---|---|---|
| | Wilmington Economic Development Corporation | | Wilmington Parking Authority | | Riverfront Business Improvement District | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2008 | $ - | $ - | $ 2,449,623 | $ 1,455,332 | $ - | $ - |
| 2009 | - | - | 2,752,584 | 1,376,637 | - | - |
| 2010 | - | - | 2,251,169 | 1,280,035 | - | - |
| 2011 | - | - | 2,252,881 | 1,193,864 | - | - |
| 2012 | - | - | 2,154,248 | 1,112,783 | - | - |
| 2013-2017 | - | - | 10,069,653 | 4,025,125 | - | - |
| 2018-2022 | - | - | 2,739,598 | 2,659,238 | - | - |
| 2023-After | 1,550,000 | - | 10,572,970 | 3,526,325 | 681,809 | - |
| Total | $ 1,550,000 | $ - | $ 35,242,726 | $ 16,629,339 | $ 681,809 | $ - |

| Year Ending June 30 | Rock Manor Golf Course Corporation | | Downtown Visions | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2008 | $ 325,559 | $ 45,695 | $ 157,211 | $ 49,751 |
| 2009 | - | - | 28,233 | 47,398 |
| 2010 | - | - | 464,597 | 43,400 |
| Total | $ 325,559 | $ 45,695 | $ 650,041 | $ 140,549 |

## C. Prior-Year Defeasance of Debt

In 2007 the City defeased part of its Series 1998 and Series 2002 General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City and Authority's financial statements. At June 30, 2006, $45,695,000 of City of Wilmington bonds outstanding are considered defeased. An economic gain was realized on the transaction; the savings resulting from the transaction were calculated as:

| | |
|---|---|
| Cash flow requirements of debt service on the old debt | $ 66,431,646 |
| Cash flow requirements of debt service on the new debt | 65,190,532 |
| Net savings from refunding | $ 1,241,014 |

## 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, 2007, nine issues with debt of $48,291,307 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 and PNC Bank N.A. The agreements allow the City to purchase equipment at an adjustable market rate of interest. The City records these transactions as capital leases and capital purchases of motor vehicles through its Motor Vehicle Fund (internal service) and water meters through the Water/Sewer Fund. As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net assets. At June 30, 2007, the City has $7,135,643 of water meters and $4,400,332 of motor vehicles under lease with accumulated depreciation of $1,474,020 and $1,227,256, respectively.

As of June 30, 2007, payments under these capital leases are as follows:

| Year Ending June 30 | Water/ Sewer | Motor Vehicle |
|---|---|---|
| 2008 | $ 1,583,097 | $ 983,221 |
| 2009 | 1,510,017 | 947,226 |
| 2010 | 1,066,046 | 721,307 |
| 2011 | 363,077 | 554,616 |
| Total Minimum Lease Payments | 4,522,237 | 3,206,370 |
| Less: Amount Representing Interest | (275,234) | (308,448) |
| Present Value of Lease Payments | $ 4,247,003 | $ 2,897,922 |

### 2. Operating Leases- Component Unit

In May 1995, the Wilmington Parking Authority (component unit) sold one of its parking garages and simultaneously leased the facility back through May 31, 2007. The lease was not extended, and as of May 31, 2007, the Wilmington Parking Authority no longer operates, or has any obligations associated with the parking garage.

## 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 2007 was $115,101. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2007:

| Year Ending June 30 | Wilmington Parking Authority |
|---|---|
| 2008 | $ 87,905 |
| 2009 | 55,155 |
| 2010 | 56,634 |
| 2011 | 58,150 |
| 2012 | 55,115 |
| 2013 and thereafter | 418,000 |
| **Total Minimum Future Rental Income** | $ 730,959 |

## 10. Deferred Revenues

Governmental Funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In government-wide statement, deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

| | | Governmental Fund Financial Statements | Government-wide Financial Statements |
|---|---|---|---|
| **Unavailable Revenues** | | | |
| **General Fund** | | | |
| Property and Wage Taxes | $ 2,342,071 | | |
| Permits and Other Revenues | 2,794,502 | | |
| | | $ 5,136,573 | $ - |
| **Commerce Fund** | | | |
| Revenue on Notes Receivable | | 13,177,373 | - |
| **Unearned Revenues** | | | |
| **Capital Project Fund** | | | |
| Unearned grant revenue | | 960,967 | 960,967 |
| **Non-Major Funds** | | | |
| Unearned grant revenues | | | |
| Delaware Criminal Justice Planning | | 92,777 | 92,777 |
| Special Project | | 1,164,433 | 1,164,433 |
| Park Recreation Assistance | | 139,835 | 139,835 |
| Community Development Block Grant | | 417,206 | 417,206 |
| | | 1,814,251 | 1,814,251 |
| **Total** | | $ 21,089,164 | $ 2,775,218 |
| **Water & Sewer Fund** | | | |
| Unearned service charges | | | $ 839,501 |

## 11. Fund Balance

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

- Special Designations ($5,500,000):
  - $ 3,000,000 Estimated impact of one-time Wage Tax Refunds
  - 1,000,000 Support of the Hope Commission
  - 500,000 Decrease unfunded liability of Pension Healthcare Plan
  - 500,000 Increase Community Protection Cameras
  - 500,000 Increase Risk Management Catastrophic Reserve
- Permanent Investment ($19,880,198) was established within the City Code for the purpose of providing a longer-term reserve for the City to address certified emergencies.
- Budget Reserve Amount for Public Emergencies ($26,223,749) 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.

**Other Funds**
The following funds have reserved fund balances designated for specific purposes:

| | | | |
|---|---|---|---|
| Major Fund | Police Special Fund | Public Safety | $ 4,655,073 |
| Non-major Fund | Wilmington Park Trust Commission | Park Maintenance | 6,429,519 |

The unreserved funds balances for all special revenue funds amounting to $11,972,513 and all capital funds totaling $13,934,737 are designated to be used for subsequent years' expenditures for various grants, activities, and capital projects.

## 12. Self Insurance Funds

## A. Risk Management

The City is self-insured for actuarially determined exposure of general liability, automotive liability, police professional liability, and public officials' liability. Resources are allocated to the Risk Management Fund (an Internal Service Fund) from the operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. The claims liability includes amounts for incremental claim adjustment expenses and estimates of subrogation. An actuarial valuation is performed on an annual basis. These amounts were not discounted and were adjusted by a risk margin calculated to provide a statistical confidence level of 80%.

For the year ended June 30, 2007, the Unpaid Claims liability increased due to an increase in the Incurred Claims amount. This increase was primarily caused by a fire at a City Parks facility. An analysis of claims liabilities recorded in the Risk Management Fund is presented below:

| | Beginning Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Ending Fiscal Year Liability |
|---|---|---|---|---|
| 2005 - 2006 | $ 5,581,474 | $ (517,476) | $ (464,324) | $ 4,599,674 |
| 2006 - 2007 | 4,599,674 | 2,039,123 | (1,139,123) | 5,499,674 |

## B. Workers' Compensation

The City is also self-insured for workers' compensation. The City's compensation payments are calculated based upon the Workers' Compensation Law of the State of Delaware, a law significantly changed during 2007. Resources are allocated to the Workers' Compensation Fund (an Internal Service Fund) from operating funds to provide for expected future payments on claims previously incurred, including both reported and unreported claims. An actuarial valuation is performed on an annual basis. This valuation is not discounted and is adjusted by a risk margin calculated to provide a statistical confidence level of 80%. During the year, the City enhanced its management of cases including the review of all open cases and engaging a third party administrator. This effort resulted in the revaluation of claim data by the administrator and a new actuary. This effort was ongoing at June 30 and the 2007 reserve was calculated using an actuarial report and other claim data resulting in no change to the liability. An analysis of claims liabilities recorded in the Workers' Compensation Fund is presented below:

| | Beginning Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Ending Fiscal Year Liability |
|---|---|---|---|---|
| 2005 - 2006 | $ 14,174,405 | $ 2,954,692 | $ (2,193,498) | $ 14,935,599 |
| 2006 - 2007 | 14,935,599 | 2,861,842 | (2,861,842) | 14,935,599 |

## C. Health Insurance

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

| | Beginning Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | Ending Fiscal Year Liability |
|---|---|---|---|---|
| 2005 - 2006 | $ 1,448,168 | $ 11,354,826 | $ (11,099,065) | $ 1,703,929 |
| 2006 - 2007 | 1,703,929 | 10,132,693 | (10,790,981) | 1,045,641 |

# 13. Commitments and Contingencies

## A. Grant Compliance

The City receives Federal and State funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on the filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustment resulting from subsequent examinations is recognized in the year in which the results of such examinations become known. City officials do not expect any significant adjustment as a result of these examinations.

## B. Litigation – Primary Government

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

The City and the vendor that manages the City's wastewater treatment plant have entered into arbitration over a contract dispute. The City and vendor are in the middle of a twenty-year agreement. The dispute centers on escalation clauses and the inclusion of certain costs; the City is paying the vendor's current estimate of costs pending resolution of the issue. The vendor has raised issues related to a prior year; the City believes that the prior year issues are without merit and that the vendor's current estimate of costs is overstated. Management is of the opinion that the outcome of this arbitration will not have a material adverse effect on the City's financial position.

The City also is involved in numerous additional lawsuits arising in the ordinary course of business, including claims for property damage, personal injury and discriminatory personnel practices, and suits contesting the legality of certain rates and charges. Based on the advice of the City Solicitor, City management is of the opinion that the outcome of this pending litigation will not have a material adverse effect on the City's financial position at June 30, 2007.

## C. Litigation – Component Unit

WEDCO, a component unit, has been identified as a potentially responsible party along with two other parties for environmental liabilities related to the contamination of the 12th Street landfill site. The complaint alleges that the parties are jointly and severally liable for the cleanup costs that are estimated as at least $3.6 million. WEDCO intends to defend the matter vigorously. It is not possible to determine the likely outcome and any potential financial exposure. As a result of this legal exposure and WEDCO's limited unrestricted resources, the auditor's opinion on WEDCO's financials includes a "going concern" qualification. Further information is available in WEDCO's separately issued statements.

# 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 | 317 | 422 | 259 | 141 | 126 |
| Number of Terminated Employees Entitled to Benefits | 7 | 19 | - | 158 | 51 |
| Number of Fully Vested, Partially Vested, & Non-Vested Active Employees | 81 | 124 | 45 | 62 | 592 |
| Current Year Annual Covered Payroll | $ 5,251,464 | $ 8,595,485 | $ 2,011,227 | $ 2,801,288 | $ 23,296,416 |

The City's current-year total payroll for all employees was $64,543,865.

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 Pension and Retirement (Trustees) of the Pension Funds receives contributions from the City and State and is responsible for the funding policy. The City Treasurer is the custodian of the Funds' investment assets, effects disbursements from the Funds, and executes other transactions therein. The City Treasurer and outside custodians, both under the direction of the Board of Trustees, manage the Funds' investments. The Trustees have authorized certain cash and investments of the Funds to be pooled for investing by outside custodians. The Funds' portion is reported on the balance sheet as "pooled investments." Funds under outside management at June 30, 2007, 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, 2007, the following individual plan had cash or investments in excess of 5% of the individual plan's net assets.

| Name of Insitution | Investment Type | Firefighters |
|---|---|---|
| Wilmington Saving Fund Society | Certificates of Deposit | $ 3,615,000 |

## 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.

Member pension benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan administrative costs are paid from plan assets as approved by the Pension Trustees.

Contributions to the pension plans by the State of Delaware on-behalf of the City are recorded as intergovernmental revenue in the City's fund and government-wide statements and as a pension expense. The contributions (Fire - $4,548,904; Police - $2,728,503; Plan I - $46,200) are included in the pension statements as separately presented component of City contributions to the trusts.

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

## City of Wilmington

## Statement of Fiduciary Net Assets
## Pension Trust Funds
## June 30, 2007

| | Plan I Non-uniformed Pension | Plan II Non-uniformed Pension | Plan III Non-uniformed Pension | Wilmington Park Trust Pension |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 381,966 | $ 591,200 | $ 3,312,742 | $ - |
| Receivables: | | | | |
| Securities Receivable | 46,823 | 82,251 | 174,159 | - |
| Accrued Interest Receivable | 36,960 | 64,925 | 137,472 | - |
| Total Receivables | 83,783 | 147,176 | 311,631 | - |
| Investments, at Fair Value: | | | | |
| Money Market Mutual Funds | - | - | - | 5,855 |
| U.S. Government Obligations | 438,985 | 771,136 | 1,632,802 | - |
| U.S. Agencies - Government Guaranteed | 7,587 | 13,327 | 28,219 | - |
| U.S. Agencies - Other | 1,361,787 | 2,392,160 | 5,065,158 | - |
| Foreign Government Obligations | 51,301 | 90,117 | 190,814 | - |
| Corporate Bonds | 1,092,246 | 1,918,674 | 4,062,599 | - |
| Stocks | 5,583,304 | 9,807,812 | 20,767,058 | - |
| Other Mutual Funds | - | - | - | 232,304 |
| Total Investments | 8,535,210 | 14,993,226 | 31,746,650 | 238,159 |
| Due from Other Funds | - | - | 173 | 7,462 |
| **Total Assets** | 9,000,959 | 15,731,602 | 35,371,196 | 245,621 |
| **LIABILITIES** | | | | |
| Accounts Payable | 4,576 | 10,397 | 21,269 | 8,250 |
| Securitites Payable | 81,951 | 143,958 | 304,816 | - |
| Salaries and Benefits Payable | 302 | 621 | 1,575 | - |
| Due to Other Funds | 34 | 69 | 5,241,390 | - |
| Compensated Absences | 683 | 683 | 3,413 | - |
| Liability for Stale-dated Pension Checks | 37,717 | 8,266 | 5,284 | - |
| **Total Liabilities** | 125,263 | 163,994 | 5,577,747 | 8,250 |
| **Net Assets** | | | | |
| Held in Trust for Pension Benefits | $ 8,875,696 | $ 15,567,608 | $ 29,793,449 | $ 237,371 |

## City of Wilmington, Delaware

## Statement of Changes in Fiduciary Net Assets
## Pension Trust Funds
## For the Year Ended June 30, 2007

| | Plan I Non-uniformed Pension | Plan II Non-uniformed Pension | Plan III Non-uniformed Pension | Wilmington Park Trust Pension |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| **Contributions:** | | | | |
| City | | | | |
| Paid Directly by the City | $ 444,462 | $ 48,456 | $ 2,908,438 | $ 7,462 |
| Paid by the State | | | | |
| On-Behalf of the City | 46,200 | - | - | - |
| Employees | - | - | 500,622 | - |
| **Total Contributions** | 490,662 | 48,456 | 3,409,060 | 7,462 |
| **Investment Income** | | | | |
| Investment Earnings | 294,618 | 522,591 | 868,642 | 9,271 |
| Net Appreciation in Fair Value | 960,281 | 1,708,340 | 2,632,523 | 21,015 |
| Total Investment Earnings | 1,254,899 | 2,230,931 | 3,501,165 | 30,286 |
| Less: Investment Expense | (43,409) | (77,225) | (119,003) | - |
| **Net Investment Income** | 1,211,490 | 2,153,706 | 3,382,162 | 30,286 |
| **Total Additions** | 1,702,152 | 2,202,162 | 6,791,222 | 37,748 |
| **DEDUCTIONS** | | | | |
| Benefits Paid | 1,189,886 | 787,916 | 1,586,739 | 16,500 |
| Administrative Expenses | 53,142 | 92,285 | 214,355 | 3,909 |
| **Total Deductions** | 1,243,028 | 880,201 | 1,801,094 | 20,409 |
| **Net Increase in Plan Net Assets** | 459,124 | 1,321,961 | 4,990,128 | 17,339 |
| **Net Assets - Beginning** | 8,416,572 | 14,245,647 | 24,803,321 | 220,032 |
| **Net Assets - Ending** | $ 8,875,696 | $ 15,567,608 | $ 29,793,449 | $ 237,371 |

## Firefighters Pension Plan (Closed)

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

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

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

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

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

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

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

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

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

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2002 | $ 5,055,204 | 100.0% | $ - |
| 2003 | 4,686,914 | 100.0% | - |
| 2004 | 4,923,603 | 100.0% | - |
| 2005 | 4,755,418 | 100.0% | - |
| 2006 | 4,584,666 | 100.0% | - |
| 2007 | 5,317,764 | 100.0% | - |

## Police Pension Plan (Closed)

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

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

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

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

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

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

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

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

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

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2002 | $ 5,975,440 | 100.0% | $ - |
| 2003 | 4,387,021 | 100.0% | - |
| 2004 | 5,195,626 | 100.0% | - |
| 2005 | 5,989,169 | 100.0% | - |
| 2006 | 5,813,130 | 100.0% | - |
| 2007 | 7,594,204 | 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 six years:

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2002 | $ 115,360 | 100.0% | $ - |
| 2003 | 238,066 | 100.0% | - |
| 2004 | 256,374 | 100.0% | - |
| 2005 | - | 100.0% | - |
| 2006 | 436,685 | 100.0% | - |
| 2007 | 490,662 | 100.0% | - |

## Nonuniformed Employees Plan II (Closed)

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

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

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

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

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

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

Contributions: Employee - none.
Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

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

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2002 | $ - | 100.0% | $ - |
| 2003 | - | 100.0% | - |
| 2004 | - | 100.0% | - |
| 2005 | 257,768 | 100.0% | - |
| 2006 | - | 100.0% | - |
| 2007 | 48,456 | 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 six years:

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2002 | $ 374,201 | 100.0% | $ - |
| 2003 | 825,342 | 100.0% | - |
| 2004 | 893,621 | 100.0% | - |
| 2005 | 4,046,130 | 100.0% | - |
| 2006 | 1,890,483 | 100.0% | - |
| 2007 | 2,908,438 | 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 2007, 2006, and 2005 were $1,858,712, $1,631,263, and $1,325,960, respectively. Those amounts are equal to the required contribution for each year.

## Wilmington Parks Trust Commission Pension Plan

Plan Description and Eligibility: The Park Trust Commission Employees Plan III is a single-employer defined benefit plan that covers all Park Trust Commission employees.

Service Benefits: 1.75% of average monthly earnings multiplied by total years of service (maximum 25 years); a credited year of service for every year with 1,500 hours of service after hire, buyback or December 31, 1990.

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

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

| Fiscal Year Ending June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 2002 | $ - | 100.0% | $ - |
| 2003 | - | 100.0% | - |
| 2004 | 1,619 | 100.0% | - |
| 2005 | 59,852 | 100.0% | - |
| 2006 | 7,311 | 100.0% | - |
| 2007 | 7,462 | 100.0% | - |

## 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 | Park Trust Commission |
|---|---|---|---|---|---|---|
| Annual Required Contribution and Pension Cost (7/1/06-6/30/07) (1) | $ 5,317,764 | $ 7,594,204 | $ 490,662 | $ 48,456 | $ 2,908,438 | $ 7,462 |
| Actuarial Valuation Date | July 1, 2006 | July 1, 2006 | July 1, 2006 | July 1, 2006 | July 1, 2006 | July 1, 2005 |
| Actuarial Cost Method | Aggregate Entry Age | 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 | Level Percent Closed |
| Remaining Amortization Period (2) | 23 years | 23 years | 23 years | 23 years | 23 years | 23 years |
| Asset Valuation Method | Fair Value | 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% | 8.00% |
| Projected Salary Increases | 5.50% (4) | 5.50% (4) | 5.50% (3) | 5.00% (3) | 5.50% (3) | 5.00% |
| Includes Inflation rate of | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Cost-of-Living Adjustments | Ad Hoc | Ad Hoc | None | None | None | None |

(1) The actuarial valuation is done every other year. The last valuation completed was the July 1, 2007 valuation for the fscal year ended June 30, 2006. 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 $125,424 for the year ended June 30, 2007. This contribution was computed using the aggregate cost method, assuming a 7% annual return on investments and 4.5% projected salary increases.

The City is neither trustee nor manager of the Wilmington Parking Authority's plan and has no legal responsibility to make contributions to the pension plan, and no City employee participates in the Authority's pension plan. Because the Authority's pension plan is not significant in comparison to the financial statements of the City, full pension disclosures for the Authority are not presented, but are presented in the Authority's financial statements.

## 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 $8,000 for eligible retirees who are less than 65 years of age. The Program pays not less than 80% of the blended rate up to $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, 2007, the plan has 1,364 eligible participants. The plan is on a pay as you go basis. Benefit expenses recognized during 2007 were $654,082 and participant contributions were $115,435.

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. Subsequent Events

On July 31, 2007, the City entered into a credit agreement with a bank for an amount not to exceed $4,000,000. Under a related agreement, the City will loan the proceeds to the Wilmington Housing Partnership Corporation (a non-profit corporation) for the purpose of promoting local housing developments. The loan bears an interest rate of 0.25 above the LIBOR. Interest is due quarterly; principal payments will be made as housing is sold with a final payment of outstanding balances due July 31, 2010.

On December 14, 2007, the City entered into a $18,665,000 General Obligation Bond Anticipation Note with a financial institution. The Note matures and interest at an annual rate of 3.5% is payable on July 14, 2008. The proceeds will be used to fund the City's capital improvement program.

## 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.

| 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** | | | | | | |
| **7/1/2002** | 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% |
| **7/1/2006** | 38,981,502 | 79,837,691 | 40,856,189 | 48.8% | 5,251,464 | 778.0% |
| **Police** | | | | | | |
| **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% |
| **7/1/2006** | 63,439,079 | 119,177,885 | 55,738,806 | 53.2% | 8,595,485 | 648.5% |
| **Plan I Non-Uniformed** | | | | | | |
| **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% |
| **7/1/2006** | 8,416,572 | 11,073,704 | 2,657,132 | 76.0% | 2,011,227 | 132.1% |
| **Plan II Non-Uniformed** | | | | | | |
| **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% |
| **7/1/2006** | 14,245,647 | 9,712,162 | (4,533,485) | 146.7% | 2,801,288 | -161.8% |
| **Plan III Non-Uniformed** | | | | | | |
| **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% |
| **7/1/2006** | 24,803,321 | 49,254,247 | 24,450,926 | 50.4% | 23,296,416 | 105.0% |
| **Park Trust** | | | | | | |
| **7/1/2001** | $ 166,933 | $ 230,057 | $ 63,124 | 72.6% | $ 131,863 | 47.9% |
| **7/1/2003** | 173,772 | 240,896 | 67,124 | 72.1% | 91,031 | 73.7% |
| **7/1/2005** | 220,810 | 176,218 | (44,592) | 125.3% | 94,902 | -47.0% |

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

## CITY OF WILMINGTON, DELAWARE

## MAJOR GOVERNMENTAL FUND

## GENERAL FUND

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

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

### Budgetary Accounting Control

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

Budgets for the other Special Revenue Funds, which are non-major funds, are appropriated based on grant agreements with various State, Federal, and private agencies. Based on the duration of these agreements, budget appropriations often overlap the City's fiscal year and remain open until completion of the grant. Therefore, the Special Revenue Funds' actual results of operations also represent the Funds' final appropriations through June 30, 2007, with the unspent appropriations becoming the succeeding year's authorization. The Director of Finance has the authority to re-appropriate these unspent appropriations into the succeeding fiscal year. Consequently, the budgeted appropriations for Special Revenue Funds represent the City's final appropriations for the fiscal year supported by the corresponding grant revenues. Budgetary comparison schedules for non-major special revenue funds with legally adopted budgets are presented in the combining and individual fund financial statements and schedules section of this report.

Ninety (90) days prior to the commencement of a new fiscal year, the Mayor must submit to City Council a proposed operating budget. City Council reviews the budget, conducts hearings, and proposes changes in expenditure levels. City Council cannot modify the Mayor's estimates of revenues, but may propose changes in the tax levy in the amount necessary, in the Mayor's estimate, to balance total appropriations and estimated revenues. The annual budget may not be adopted until City Council has enacted required revenue measures.

Thirty (30) days prior to the commencement of a new fiscal year, the annual operating budget is enacted through legislation. Appropriations are legislated at the functional level. By legislative action, the annual appropriated budget may be amended. Budgetary transfers within a function at the expense category (e.g., personal services or travel, materials, supplies) may be made without legislative approval. Appropriation control is maintained through a budget-tracking process within the accounting system at both the functional and object levels.

## CITY OF WILMINGTON, DELAWARE

## MAJOR GOVERNMENTAL FUND

## GENERAL FUND

### Budgetary Accounting Control (continued)

The actual results of operations as compared to the City Council-adopted appropriations at the functional level are presented in the Schedule of Revenues, Expenditures and Changes in Fund Balances. Budget and Actual (GAAP Basis) is presented for the General Fund to provide a meaningful comparison of actual results with the budget.

Appropriations for the Capital Projects Fund that remain open and carry over to succeeding years until the related expenditures are made, modified or canceled are adopted on a multi-year basis. Appropriations for this fund are controlled on a project basis, and therefore, budgetary comparison schedules on an annual basis do not provide meaningful information and, accordingly, are not presented.

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **MAYOR'S OFFICES** | | | | |
| **Office of the Mayor** | | | | |
| Personal Services | $ 1,132,468 | $ 1,156,415 | $ 1,108,825 | $ 47,590 |
| Materials, Supplies and Equipment | 1,355,080 | 1,549,849 | 1,575,477 | (25,628) |
| Special Purpose | 535,000 | 291,190 | 235,000 | 56,190 |
| Debt Service | 906,280 | 941,477 | 942,062 | (585) |
| **Total Office of the Mayor** | 3,928,828 | 3,938,931 | 3,861,364 | 77,567 |
| **Management and Budget** | | | | |
| Personal Services | 398,957 | 407,802 | 416,000 | (8,198) |
| Materials, Supplies and Equipment | 51,125 | 51,696 | 58,318 | (6,622) |
| **Total Management and Budget** | 450,082 | 459,498 | 474,318 | (14,820) |
| **Office of Emergency Management** | | | | |
| Personal Services | 48,936 | 50,006 | 65,256 | (15,250) |
| Materials, Supplies and Equipment | 92,070 | 92,070 | 76,895 | 15,175 |
| **Total Office of Emergency Management** | 141,006 | 142,076 | 142,151 | (75) |
| **Cultural Affairs** | | | | |
| Personal Services | 242,472 | 248,019 | 261,416 | (13,397) |
| Materials, Supplies and Equipment | 465,326 | 465,326 | 458,432 | 6,894 |
| Special Purpose | 55,000 | 55,000 | 72,768 | (17,768) |
| **Total Cultural Affairs** | 762,798 | 768,345 | 792,616 | (24,271) |
| **Constituent Services** | | | | |
| Personal Services | 395,046 | 404,372 | 378,060 | 26,312 |
| Materials, Supplies and Equipment | 182,949 | 182,949 | 140,064 | 42,885 |
| **Total Constituent Services** | 577,995 | 587,321 | 518,124 | 69,197 |
| **Mayor's Offices** | | | | |
| Personal Services | 2,217,879 | 2,266,614 | 2,229,557 | 37,057 |
| Materials, Supplies and Equipment | 2,146,550 | 2,341,890 | 2,309,186 | 32,704 |
| Special Purpose | 590,000 | 346,190 | 307,768 | 38,422 |
| Debt Service | 906,280 | 941,477 | 942,062 | (585) |
| **Total Mayor's Offices** | $ 5,860,709 | $ 5,896,171 | $ 5,788,573 | $ 107,598 |
| **CITY COUNCIL** | | | | |
| **City Council** | | | | |
| Personal Services | $ 448,249 | $ 456,018 | $ 450,820 | $ 5,198 |
| Materials, Supplies and Equipment | 693,463 | 723,560 | 736,385 | (12,825) |
| Special Purpose | 143,000 | 143,000 | 142,754 | 246 |
| Debt Service | 25,766 | 6,862 | 6,862 | - |
| **Total City Council** | 1,310,478 | 1,329,440 | 1,336,821 | (7,381) |

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual (Continued)
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **CITY COUNCIL (Continued)** | | | | |
| **City Clerk** | | | | |
| Personal Services | $ 539,384 | $ 550,987 | $ 622,045 | $ (71,058) |
| Materials, Supplies and Equipment | 96,647 | 66,097 | 73,545 | (7,448) |
| **Total City Clerk** | 636,031 | 617,084 | 695,590 | (78,506) |
| **Cable and Communication** | | | | |
| Personal Services | 573,180 | 586,685 | 578,122 | 8,563 |
| Materials, Supplies and Equipment | 97,854 | 95,172 | 88,142 | 7,030 |
| Debt Service | 5,526 | 12,410 | 12,410 | - |
| **Total Cable and Communication** | 676,560 | 694,267 | 678,674 | 15,593 |
| **City Council Offices** | | | | |
| Personal Services | 1,560,813 | 1,593,690 | 1,650,987 | (57,297) |
| Materials, Supplies and Equipment | 887,964 | 884,829 | 898,072 | (13,243) |
| Special Purpose | 143,000 | 143,000 | 142,754 | 246 |
| Debt Service | 31,292 | 19,272 | 19,272 | - |
| **Total City Council Offices** | $ 2,623,069 | $ 2,640,791 | $ 2,711,085 | $ (70,294) |
| **AUDIT** | | | | |
| **Audit Department** | | | | |
| Personal Services | $ 368,110 | $ 317,670 | $ 235,764 | $ 81,906 |
| Materials, Supplies and Equipment | 180,792 | 345,686 | 353,269 | (7,583) |
| **Total Audit Department** | $ 548,902 | $ 663,356 | $ 589,033 | $ 74,323 |
| **LAW** | | | | |
| **Law Department** | | | | |
| Personal Services | $ 1,674,814 | $ 1,738,972 | $ 1,830,769 | $ (91,797) |
| Materials, Supplies and Equipment | 1,157,878 | 1,679,846 | 1,578,594 | 101,252 |
| **Total Law Department** | $ 2,832,692 | $ 3,418,818 | $ 3,409,363 | $ 9,455 |
| **FINANCE** | | | | |
| **Finance Administrative** | | | | |
| Personal Services | $ 171,661 | $ 166,042 | $ 172,936 | $ (6,894) |
| Materials, Supplies and Equipment | 199,047 | 198,052 | 123,516 | 74,536 |
| **Total Finance Administrative** | 370,708 | 364,094 | 296,452 | 67,642 |
| **Earned Income Tax** | | | | |
| Personal Services | 688,886 | 705,746 | 680,695 | 25,051 |
| Materials, Supplies and Equipment | 251,380 | 268,415 | 263,288 | 5,127 |
| **Total Earned Income Tax** | 940,266 | 974,161 | 943,983 | 30,178 |
| **Accounting** | | | | |
| Personal Services | 748,857 | 772,112 | 802,069 | (29,957) |
| Materials, Supplies and Equipment | 140,396 | 139,889 | 170,550 | (30,661) |
| Debt Service | 108,458 | - | - | - |
| **Total Accounting** | 997,711 | 912,001 | 972,619 | (60,618) |

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual (Continued)
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **FINANCE (Continued)** | | | | |
| **Procurement and Records** | | | | |
| Personal Services | $ 280,521 | $ 272,042 | $ 273,069 | $ (1,027) |
| Materials, Supplies and Equipment | 145,041 | 196,188 | 214,192 | (18,004) |
| **Total Procurement and Records** | 425,562 | 468,230 | 487,261 | (19,031) |
| **Delinquent Accounts Division** | | | | |
| Personal Services | 30,264 | 31,189 | 40,523 | (9,334) |
| Materials, Supplies and Equipment | 232,789 | 23,826 | 19,216 | 4,610 |
| **Total Delinquent Accounts Division** | 263,053 | 55,015 | 59,739 | (4,724) |
| **Central Cashier** | | | | |
| Personal Services | 193,160 | 212,770 | 232,676 | (19,906) |
| Materials, Supplies and Equipment | 435,224 | 1,454,911 | 1,264,176 | 190,735 |
| **Total Central Cashier** | 628,384 | 1,667,681 | 1,496,852 | 170,829 |
| **Billing & Customer Service** | | | | |
| Personal Services | 124,719 | 135,509 | 248,817 | (113,308) |
| Materials, Supplies and Equipment | 153,490 | 178,763 | 86,995 | 91,768 |
| **Total Billing & Customer Service** | 278,209 | 314,272 | 335,812 | (21,540) |
| **Finance Department** | | | | |
| Personal Services | 2,238,068 | 2,295,410 | 2,450,785 | (155,375) |
| Materials, Supplies and Equipment | 1,557,367 | 2,460,044 | 2,141,933 | 318,111 |
| Debt Service | 108,458 | - | - | - |
| **Total Finance Department** | $ 3,903,893 | $ 4,755,454 | $ 4,592,718 | $ 162,736 |
| **PERSONNEL** | | | | |
| **Personnel - Admin** | | | | |
| Personal Services | $ 181,211 | $ 185,161 | $ 201,915 | $ (16,754) |
| Materials, Supplies and Equipment | 188,442 | 177,379 | 160,581 | 16,798 |
| **Total Personnel - Admin** | 369,653 | 362,540 | 362,496 | 44 |
| **Human Resource and Services** | | | | |
| Personal Services | 855,042 | 920,003 | 945,588 | (25,585) |
| Materials, Supplies and Equipment | 287,655 | 300,406 | 309,231 | (8,825) |
| **Total Human Resource and Services** | 1,142,697 | 1,220,409 | 1,254,819 | (34,410) |
| **Personnel Department** | | | | |
| Personal Services | 1,036,253 | 1,105,164 | 1,147,503 | (42,339) |
| Materials, Supplies and Equipment | 476,097 | 477,785 | 469,812 | 7,973 |
| **Total Personnel Department** | $ 1,512,350 | $ 1,582,949 | $ 1,617,315 | $ (34,366) |
| **TREASURER** | | | | |
| **Treasurer's Office** | | | | |
| Personal Services | $ 282,165 | $ 291,071 | $ 313,538 | $ (22,467) |
| Materials, Supplies and Equipment | 96,839 | 97,626 | 105,994 | (8,368) |
| **Total Treasurer's Office** | $ 379,004 | $ 388,697 | $ 419,532 | $ (30,835) |

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual (Continued)
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **PLANNING** | | | | |
| **Planning** | | | | |
| Personal Services | $ 815,783 | $ 832,619 | $ 871,103 | $ (38,484) |
| Materials, Supplies and Equipment | 381,119 | 414,245 | 427,311 | (13,066) |
| Debt Service | 188,988 | 228,842 | 228,842 | - |
| **Total Planning** | $ 1,385,890 | $ 1,475,706 | $ 1,527,256 | $ (51,550) |
| **OTHER FISCAL CHARGES** | | | | |
| **Other Fiscal Charges** | | | | |
| Debt Service | $ - | $ - | $ 331,065 | $ (331,065) |
| **Total Other Fiscal Charges** | $ - | $ - | $ 331,065 | $ (331,065) |
| **REAL ESTATE & HOUSING** | | | | |
| **Real Estate and Housing - Admin** | | | | |
| Personal Services | $ (8,062) | $ (8,062) | $ 11,179 | $ (19,241) |
| Materials, Supplies and Equipment | 84,777 | 115,560 | 89,144 | 26,416 |
| Debt Service | 1,096,776 | 1,108,249 | 1,108,249 | - |
| **Total Real Estate and Housing - Admin** | 1,173,491 | 1,215,747 | 1,208,572 | 7,175 |
| **Real Estate and Housing - Rehabilitation** | | | | |
| Personal Services | 107,275 | 109,906 | 117,749 | (7,843) |
| Materials, Supplies and Equipment | 136,000 | 136,000 | 123,519 | 12,481 |
| Debt Service | 77,973 | 68,382 | 68,382 | - |
| **Total Real Estate and Housing - Rehabilitation** | 321,248 | 314,288 | 309,650 | 4,638 |
| **Real Estate & Housing Department** | | | | |
| Personal Services | 99,213 | 101,844 | 128,928 | (27,084) |
| Materials, Supplies and Equipment | 220,777 | 251,560 | 212,663 | 38,897 |
| Debt Service | 1,174,749 | 1,176,631 | 1,176,631 | - |
| **Total Real Estate & Housing Department** | $ 1,494,739 | $ 1,530,035 | $ 1,518,222 | $ 11,813 |
| **PUBLIC WORKS** | | | | |
| **Public Works - Admin** | | | | |
| Personal Services | $ 574,019 | $ 592,133 | $ 537,104 | $ 55,029 |
| Materials, Supplies and Equipment | 427,753 | 518,159 | 703,187 | (185,028) |
| Debt Service | 955,299 | 944,295 | 944,295 | - |
| **Total Public Works - Admin** | 1,957,071 | 2,054,587 | 2,184,586 | (129,999) |
| **Street Maintenance** | | | | |
| Materials, Supplies and Equipment | 658,015 | 581,301 | 492,909 | 88,392 |
| Debt Service | 2,387,880 | 3,216,935 | 3,053,605 | 163,330 |
| **Total Street Maintenance** | 3,045,895 | 3,798,236 | 3,546,514 | 251,722 |

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual (Continued)
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **PUBLIC WORKS (Continued)** | | | | |
| **Transportation/WILDOT** | | | | |
| Personal Services | $ 890,939 | $ 914,301 | $ 979,157 | $ (64,856) |
| Materials, Supplies and Equipment | 953,730 | 1,338,240 | 1,336,850 | 1,390 |
| Debt Service | 822,323 | 867,087 | 867,087 | - |
| **Total Transportation/WILDOT** | 2,666,992 | 3,119,628 | 3,183,094 | (63,466) |
| **Street Cleaning** | | | | |
| Personal Services | 2,465,868 | 2,526,874 | 2,018,249 | 508,625 |
| Materials, Supplies and Equipment | 1,252,678 | 1,500,220 | 1,720,900 | (220,680) |
| **Total Street Cleaning** | 3,718,546 | 4,027,094 | 3,739,149 | 287,945 |
| **Rubbish Collection** | | | | |
| Personal Services | 2,442,408 | 2,498,823 | 2,314,238 | 184,585 |
| Materials, Supplies and Equipment | 3,287,381 | 2,863,914 | 2,783,221 | 80,693 |
| **Total Rubbish Collection** | 5,729,789 | 5,362,737 | 5,097,459 | 265,278 |
| **Property Maintenance** | | | | |
| Personal Services | 353,979 | 363,386 | 322,999 | 40,387 |
| Materials, Supplies and Equipment | 1,336,384 | 1,347,716 | 1,227,776 | 119,940 |
| Debt Service | 1,150,035 | 342,217 | 342,217 | - |
| **Total Property Maintenance** | 2,840,398 | 2,053,319 | 1,892,992 | 160,327 |
| **Public Works Department** | | | | |
| Personal Services | 6,727,213 | 6,895,517 | 6,171,747 | 723,770 |
| Materials, Supplies and Equipment | 7,915,941 | 8,149,550 | 8,264,843 | (115,293) |
| Debt Service | 5,315,537 | 5,370,534 | 5,207,204 | 163,330 |
| **Total Public Works Department** | $ 19,958,691 | $ 20,415,601 | $ 19,643,794 | $ 771,807 |
| **PARKS & RECREATION** | | | | |
| **Parks and Recreation - Admin** | | | | |
| Personal Services | $ 508,840 | $ 525,086 | $ 422,642 | $ 102,444 |
| Materials, Supplies and Equipment | 221,610 | 249,625 | 295,328 | (45,703) |
| Debt Service | 2,183,996 | 2,185,203 | 2,185,206 | (3) |
| **Total Parks and Recreation - Admin** | 2,914,446 | 2,959,914 | 2,903,176 | 56,738 |
| **Park Maintenance** | | | | |
| Personal Services | 1,671,651 | 1,696,668 | 1,469,279 | 227,389 |
| Materials, Supplies and Equipment | 1,173,573 | 1,352,710 | 2,309,224 | (956,514) |
| Debt Service | 246,815 | 468,109 | 468,106 | 3 |
| **Total Park Maintenance** | 3,092,039 | 3,517,487 | 4,246,609 | (729,122) |
| **Recreation** | | | | |
| Personal Services | 501,931 | 506,667 | 535,164 | (28,497) |
| Materials, Supplies and Equipment | 349,499 | 361,878 | 393,982 | (32,104) |
| **Total Recreation** | 851,430 | 868,545 | 929,146 | (60,601) |

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual (Continued)
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **PARKS & RECREATION (Continued)** | | | | |
| **William Hicks Anderson Center** | | | | |
| Personal Services | $ 691,342 | $ 700,008 | $ 694,890 | $ 5,118 |
| Materials, Supplies and Equipment | 330,274 | 401,691 | 393,067 | 8,624 |
| Debt Service | 11,176 | 11,682 | 11,682 | - |
| **Total William Hicks Anderson Center** | 1,032,792 | 1,113,381 | 1,099,639 | 13,742 |
| **Youth and Families** | | | | |
| Personal Services | 675,081 | 698,998 | 829,206 | (130,208) |
| Materials, Supplies and Equipment | 254,610 | 254,610 | 262,578 | (7,968) |
| **Total Youth and Families** | 929,691 | 953,608 | 1,091,784 | (138,176) |
| **Parks and Recreation Department** | | | | |
| Personal Services | 4,048,845 | 4,127,427 | 3,951,181 | 176,246 |
| Materials, Supplies and Equipment | 2,329,566 | 2,620,514 | 3,654,179 | (1,033,665) |
| Debt Service | 2,441,987 | 2,664,994 | 2,664,994 | - |
| **Total Parks and Recreation Department** | $ 8,820,398 | $ 9,412,935 | $ 10,270,354 | $ (857,419) |
| **LICENSE & INSPECTION** | | | | |
| **License and Inspection** | | | | |
| Personal Services | $ 2,935,462 | $ 3,004,102 | $ 2,844,616 | $ 159,486 |
| Materials, Supplies and Equipment | 782,351 | 872,468 | 869,413 | 3,055 |
| Special Purpose | 219,650 | 219,650 | 237,725 | (18,075) |
| Debt Service | 38,773 | 38,773 | 38,775 | (2) |
| **Total License and Inspection** | $ 3,976,236 | $ 4,134,993 | $ 3,990,529 | $ 144,464 |
| **FIRE DEPARTMENT** | | | | |
| **Fire - Admin** | | | | |
| Personal Services | $ 848,446 | $ 5,160,984 | $ 5,646,618 | $ (485,634) |
| Materials, Supplies and Equipment | 429,276 | 762,515 | 949,329 | (186,814) |
| Debt Service | 669,484 | 354,122 | 354,122 | - |
| **Total Fire - Admin** | 1,947,206 | 6,277,621 | 6,950,069 | (672,448) |
| **Fire - Suppression** | | | | |
| Personal Services | 12,888,010 | 13,566,998 | 14,235,783 | (668,785) |
| Materials, Supplies and Equipment | 1,450,527 | 1,641,843 | 1,863,820 | (221,977) |
| **Total Fire - Suppression** | 14,338,537 | 15,208,841 | 16,099,603 | (890,762) |
| **Fire - Prevention** | | | | |
| Personal Services | 679,486 | 724,006 | 850,338 | (126,332) |
| Materials, Supplies and Equipment | 254,850 | 261,399 | 325,656 | (64,257) |
| **Total Fire - Prevention** | 934,336 | 985,405 | 1,175,994 | (190,589) |
| **Fire Department** | | | | |
| Personal Services | 14,415,942 | 19,451,988 | 20,732,739 | (1,280,751) |
| Materials, Supplies and Equipment | 2,134,653 | 2,665,757 | 3,138,805 | (473,048) |
| Debt Service | 669,484 | 354,122 | 354,122 | - |
| **Total Fire Department** | $ 17,220,079 | $ 22,471,867 | $ 24,225,666 | $ (1,753,799) |

## City of Wilmington, Delaware

## General Fund
## Schedule of Departmental Expenditures - Budget and Actual (Continued)
## For the Year Ended June 30, 2007

| | Budgeted Amounts | | | Variance from Final Budget - |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **POLICE DEPARTMENT** | | | | |
| **Police - Admin** | | | | |
| Personal Services | $ 2,568,418 | $ 4,871,309 | $ 5,416,929 | $ (545,620) |
| Materials, Supplies and Equipment | 776,315 | 919,186 | 887,700 | 31,486 |
| Debt Service | 809,752 | 808,214 | 808,214 | - |
| **Total Police - Admin** | 4,154,485 | 6,598,709 | 7,112,843 | (514,134) |
| **Police - Patrol** | | | | |
| Personal Services | 14,540,106 | 15,013,212 | 15,177,187 | (163,975) |
| Materials, Supplies and Equipment | 1,693,690 | 1,860,700 | 2,050,388 | (189,688) |
| **Total Police - Patrol** | 16,233,796 | 16,873,912 | 17,227,575 | (353,663) |
| **Police - Special Operations** | | | | |
| Personal Services | 3,306,131 | 3,390,467 | 3,565,644 | (175,177) |
| Materials, Supplies and Equipment | 416,114 | 459,153 | 474,551 | (15,398) |
| **Total Police - Special Operations** | 3,722,245 | 3,849,620 | 4,040,195 | (190,575) |
| **Police - Support Services** | | | | |
| Personal Services | 1,084,450 | 1,123,590 | 1,086,462 | 37,128 |
| Materials, Supplies and Equipment | 487,805 | 504,779 | 445,021 | 59,758 |
| **Total Police - Support Services** | 1,572,255 | 1,628,369 | 1,531,483 | 96,886 |
| **Police - Investigations** | | | | |
| Personal Services | 6,995,822 | 7,288,725 | 7,759,412 | (470,687) |
| Materials, Supplies and Equipment | 633,860 | 727,814 | 868,887 | (141,073) |
| **Total Police - Investigations** | 7,629,682 | 8,016,539 | 8,628,299 | (611,760) |
| **Police - Communications** | | | | |
| Personal Services | 2,779,099 | 2,858,031 | 2,837,034 | 20,997 |
| Materials, Supplies and Equipment | 985,549 | 977,243 | 1,111,174 | (133,931) |
| Debt Service | 149,945 | 150,003 | 150,003 | - |
| **Total Police - Communications** | 3,914,593 | 3,985,277 | 4,098,211 | (112,934) |
| **Police Operations** | | | | |
| Materials, Supplies and Equipment | 482,000 | 609,300 | 553,009 | 56,291 |
| **Total Police Operations** | 482,000 | 609,300 | 553,009 | 56,291 |
| **Police Department** | | | | |
| Personal Services | 31,274,026 | 34,545,334 | 35,842,668 | (1,297,334) |
| Materials, Supplies and Equipment | 5,475,333 | 6,058,175 | 6,390,730 | (332,555) |
| Debt Service | 959,697 | 958,217 | 958,217 | - |
| **Total Police Department** | $ 37,709,056 | $ 41,561,726 | $ 43,191,615 | $ (1,629,889) |
| **Total Expenditures** | $ 108,225,708 | $ 120,349,099 | $ 123,826,120 | $ (3,477,021) |

## CITY OF WILMINGTON, DELAWARE

## NON-MAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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

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

**The Cable Television Fund** accounts for funding allocated by City Council to support equipment and capital needs of the cable and television division of City Council.

**The Housing Opportunities Fund** accounts for funding of the City's efforts to assure affordable housing in the City of Wilmington.

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

# City of Wilmington, Delaware

## Combining Balance Sheet
## Non-Major Governmental Funds - Special Revenue Funds
## June 30, 2007

| 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 | Home for People with AIDS Grant | Cable Television | Housing Opportunities | Special Projects Funds | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash and Cash Equivalents | $ - | $ 654,680 | $ 38,432 | $ 675,903 | $ - | $ 1,883 | $ - | $ - | $ 498,855 | $ 2,300,000 | $ - | $ 4,169,753 |
| Investments | - | - | - | - | - | 6,532,238 | - | - | - | - | - | 6,532,238 |
| Receivables, Net (Note 4) | - | 102,357 | - | - | - | - | - | - | - | - | - | 102,357 |
| Due from Other Governments | 834,075 | - | 474,325 | - | 263,868 | 115,953 | 1,031,609 | 318,742 | - | - | 1,728,184 | 4,766,756 |
| **Total Assets** | $ 834,075 | $ 757,037 | $ 512,757 | $ 675,903 | $ 263,868 | $ 6,650,074 | $ 1,031,609 | $ 318,742 | $ 498,855 | $ 2,300,000 | $ 1,728,184 | $ 15,571,104 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | | | | | |
| **Liabilities:** | | | | | | | | | | | | |
| Accounts Payable | $ 130,573 | $ 326,716 | $ 4,950 | $ 122,769 | $ - | $ 23,445 | $ 36,890 | $ 160,046 | $ - | $ - | $ 369,977 | $ 1,175,366 |
| Salaries and Benefits Payable | 33,172 | 13,115 | - | - | 164 | 1,869 | 6,001 | 214 | - | - | 3,966 | 58,501 |
| Due to Other Funds | 530,495 | - | 507,807 | - | 263,704 | 195,241 | 895,941 | 158,482 | - | - | 189,808 | 2,741,478 |
| Deferred Revenue | 139,835 | 417,206 | - | - | - | - | 92,777 | - | - | - | 1,164,433 | 1,814,251 |
| **Total Liabilities** | 834,075 | 757,037 | 512,757 | 122,769 | 263,868 | 220,555 | 1,031,609 | 318,742 | - | - | 1,728,184 | 5,789,596 |
| **Fund Balances:** | | | | | | | | | | | | |
| Reserved - Capital Project | - | - | - | - | - | - | - | - | 498,855 | 2,300,000 | - | 2,798,855 |
| Reserved - Public Works | - | - | - | 553,134 | - | - | - | - | - | - | - | 553,134 |
| Reserved - Park Operation | - | - | - | - | - | 6,429,519 | - | - | - | - | - | 6,429,519 |
| **Total Fund Balances** | - | - | - | 553,134 | - | 6,429,519 | - | - | 498,855 | 2,300,000 | - | 9,781,508 |
| **Total Liabilities and Fund Balances** | $ 834,075 | $ 757,037 | $ 512,757 | $ 675,903 | $ 263,868 | $ 6,650,074 | $ 1,031,609 | $ 318,742 | $ 498,855 | $ 2,300,000 | $ 1,728,184 | $ 15,571,104 |

## City of Wilmington, Delaware

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
## Non-Major Governmental Funds - Special Revenue Funds
## For the Year Ended June 30, 2007

| | 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 | Home for People with AIDS Grant | Cable Television | Housing Opportunities | Special Projects | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | | | |
| Intergovernmental | $1,155,304 | $2,250,364 | $1,924,446 | $1,176,739 | $ 331,614 | $ 80,542 | $ 724,202 | $ 728,527 | $ - | $ - | $ 3,194,670 | $ 11,566,408 |
| Interest Income | - | - | - | - | - | 771,268 | - | - | - | - | - | 771,268 |
| Other/Private Contributions | - | - | - | - | - | 160 | - | - | 75,000 | - | - | 75,160 |
| **Total Revenues** | 1,155,304 | 2,250,364 | 1,924,446 | 1,176,739 | 331,614 | 851,970 | 724,202 | 728,527 | 75,000 | - | 3,194,670 | 12,412,836 |
| **EXPENDITURES** | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General Governmental Services | - | 63,881 | - | - | - | - | 3,481 | - | - | - | 1,096,451 | 1,163,813 |
| Real Estate and Housing | - | 2,186,483 | 1,924,446 | - | 331,614 | - | - | 728,527 | - | - | 1,054,792 | 6,225,862 |
| Public Works | - | - | - | 743,057 | - | - | - | - | - | - | 23,050 | 766,107 |
| Parks and Recreation | 1,155,304 | - | - | - | - | 333,990 | - | - | - | - | 61,162 | 1,550,456 |
| Public Safety | - | - | - | - | - | - | 593,705 | - | - | - | 406,384 | 1,000,089 |
| Capital Outlays | - | - | - | - | - | - | 127,016 | - | - | - | 702,831 | 829,847 |
| **Total Expenditures** | 1,155,304 | 2,250,364 | 1,924,446 | 743,057 | 331,614 | 333,990 | 724,202 | 728,527 | - | - | 3,344,670 | 11,536,174 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | - | - | - | 433,682 | - | 517,980 | - | - | 75,000 | - | (150,000) | 876,662 |
| **Other Financing Sources** | | | | | | | | | | | | |
| Transfers in: | - | - | - | - | - | - | - | - | 423,855 | 2,300,000 | 150,000 | 2,873,855 |
| **Total Other Financing Sources** | - | - | - | - | - | - | - | - | 423,855 | 2,300,000 | 150,000 | 2,873,855 |
| **Net change in Fund Balances** | - | - | - | 433,682 | - | 517,980 | - | - | 498,855 | 2,300,000 | - | 3,750,517 |
| **Fund Balance - Beginning** | - | - | - | 119,452 | - | 5,911,539 | - | - | - | - | - | 6,030,991 |
| **Fund Balance - Ending** | $ - | $ - | $ - | $ 553,134 | $ - | $ 6,429,519 | $ - | $ - | $ 498,855 | $ 2,300,000 | $ - | $ 9,781,508 |

## City of Wilmington, Delaware

## Schedule of Revenues, Expenditures
## Changes in Fund Balances - Budget and Actual
## Non-Major Funds - Special Revenue Funds
## For the Year Ended June 30, 2007

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|---|---|---|
| **Park Recreation Assistance** | | | |
| Revenues | $ 1,155,304 | $ 1,155,304 | $ - |
| Expenditures | 1,155,304 | 1,155,304 | - |
| **Excess Revenues Over Expenditures** | $ - | $ - | $ - |
| **Commmunity Development Block Grant** | | | |
| Revenues | $ 2,250,364 | $ 2,250,364 | $ - |
| Expenditures | 2,250,364 | 2,250,364 | - |
| **Excess Revenues Over Expenditures** | $ - | $ - | $ - |
| **Section 8 Housing Assistance** | | | |
| Revenues | $ 1,924,446 | $ 1,924,446 | $ - |
| Expenditures | 1,924,446 | 1,924,446 | - |
| **Excess Revenues Over Expenditures** | $ - | $ - | $ - |
| **Municipal Street Aid** | | | |
| Revenues | $ 1,176,739 | $ 1,176,739 | $ - |
| Expenditures | 1,176,739 | 743,057 | (433,682) |
| **Excess Revenues Over Expenditures** | $ - | $ 433,682 | $ 433,682 |
| **Home Partnership Program** | | | |
| Revenues | $ 331,614 | $ 331,614 | $ - |
| Expenditures | 331,614 | 331,614 | - |
| **Excess Revenues Over Expenditures** | $ - | $ - | $ - |
| **Home for People With Aids** | | | |
| Revenues | $ 728,527 | $ 728,527 | $ - |
| Expenditures | 728,527 | 728,527 | - |
| **Excess Revenues Over Expenditures** | $ - | $ - | $ - |

## CITY OF WILMINGTON, DELAWARE

## INTERNAL SERVICE FUNDS

*The Internal Service Funds account for certain services provided to operating departments of the City.*

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

Additional internal service funds are as follows:

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

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

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

# City of Wilmington, Delaware

## Combining Statement of Fund Net Assets
## Internal Service Funds
## June 30, 2007

| | Data Processing | Word Processing | Mail Service | Duplication and Reproduction | Mapping and Graphics | Motor Vehicle | Communications | Risk Management | Workers' Compensation | Health and Welfare | Total Internal Service Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | |
| **Current Assets:** | | | | | | | | | | | |
| Cash and Cash Equivalents | $ 236,111 | $ 70,635 | $ - | $ 34,139 | $ 14,915 | $ 150 | $ 300 | $ 8,106,253 | $ 14,963,015 | $ 1,363,662 | $ 24,789,180 |
| Prepaid Items and Other Assets | - | - | - | - | - | 92,955 | - | - | 255,000 | - | 347,955 |
| **Total Current assets** | 236,111 | 70,635 | - | 34,139 | 14,915 | 93,105 | 300 | 8,106,253 | 15,218,015 | 1,363,662 | 25,137,135 |
| **Noncurrent Assets:** | | | | | | | | | | | |
| Deferred Charges | 37,354 | - | - | - | - | 13,873 | 7,387 | - | - | - | 58,614 |
| Capital Assets, Net: | | | | | | | | | | | |
| Construction In Progress | 100,809 | - | - | - | - | 206,409 | - | - | - | - | 307,218 |
| Buildings and Improvements | - | - | - | - | - | - | 10,029 | - | - | - | 10,029 |
| Machinery and Equipment | 2,630,568 | - | 36,577 | - | - | 213,902 | 935,070 | 319 | - | - | 3,816,436 |
| Vehicles | - | - | - | - | - | 13,273,631 | - | - | - | - | 13,273,631 |
| **Total Noncurrent Assets** | 2,768,731 | - | 36,577 | - | - | 13,707,815 | 952,486 | 319 | - | - | 17,465,928 |
| **Total Assets** | 3,004,842 | 70,635 | 36,577 | 34,139 | 14,915 | 13,800,920 | 952,786 | 8,106,572 | 15,218,015 | 1,363,662 | 42,603,063 |
| **LIABILITIES** | | | | | | | | | | | |
| **Current Liabilities:** | | | | | | | | | | | |
| Accounts Payable | 119,221 | 5,825 | 9,496 | 20,416 | 5,345 | 421,664 | 92,611 | 94,068 | 249,100 | 316,296 | 1,334,042 |
| Salaries and Benefits Payable | 14,813 | 3,588 | 893 | 1,574 | - | - | 3,792 | 2,718 | 5,378 | 1,134 | 33,890 |
| Accrued Interest Payable | 84,510 | - | - | - | 2,304 | 115,937 | 29,353 | - | - | - | 232,104 |
| Due to Other Funds | - | - | 25,251 | - | - | 5,093,694 | 100,677 | - | - | - | 5,219,622 |
| Bonds Payable | 222,197 | - | - | - | - | 148,101 | 66,850 | - | - | - | 437,148 |
| Capital Lease | - | - | - | - | - | 848,418 | - | - | - | - | 848,418 |
| Claims Liability | - | - | - | - | - | - | - | 1,139,123 | 2,861,842 | 1,045,641 | 5,046,606 |
| Compensated Absences | 48,980 | 61,222 | 937 | 12,149 | 7,266 | - | 28,735 | 5,608 | 27,938 | 591 | 194,426 |
| **Total Current Liabilities** | 489,721 | 70,635 | 36,577 | 34,139 | 14,915 | 6,627,814 | 322,018 | 1,242,517 | 3,144,258 | 1,363,662 | 13,346,256 |
| **Noncurrent Liabilities:** | | | | | | | | | | | |
| Bonds Payable | 2,515,121 | - | - | - | - | 3,231,219 | 630,768 | - | - | - | 6,377,108 |
| Capital Lease | - | - | - | - | - | 2,049,504 | - | - | - | - | 2,049,504 |
| Claims Liability | - | - | - | - | - | - | - | 4,360,551 | 12,073,757 | - | 16,434,308 |
| **Total Noncurrent Liabilities** | 2,515,121 | - | - | - | - | 5,280,723 | 630,768 | 4,360,551 | 12,073,757 | - | 24,860,920 |
| **Total Liabilities** | 3,004,842 | 70,635 | 36,577 | 34,139 | 14,915 | 11,908,537 | 952,786 | 5,603,068 | 15,218,015 | 1,363,662 | 38,207,176 |
| **NET ASSETS** | | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 552,763 | - | 36,577 | - | - | 7,416,700 | 247,481 | 319 | - | - | 8,253,840 |
| Restricted for: | | | | | | | | | | | |
| Capital Projects | 558,704 | - | - | - | - | - | - | - | - | - | 558,704 |
| Unrestricted | (1,111,467) | - | (36,577) | - | - | (5,524,317) | (247,481) | 2,503,185 | - | - | (4,416,657) |
| **Total Net Assets** | $ - | $ - | $ - | $ - | $ - | $ 1,892,383 | $ - | $ 2,503,504 | $ - | $ - | $ 4,395,887 |

## City of Wilmington, Delaware

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
## Internal Service Funds
## For the Year Ended June 30, 2007

| | 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 | $ 2,444,909 | $ 409,045 | $ 318,723 | $ 233,594 | $ 330,529 | $ 5,838,656 | $ 1,353,083 | $ 4,612,221 | $ 3,720,072 | $ 10,963,839 | $ 30,224,671 |
| Employee Contributions | - | - | - | - | - | - | - | - | - | 405,822 | 405,822 |
| Other | - | - | - | - | - | 700,087 | - | 6,117 | 7,108 | - | 713,312 |
| **Total Operating Revenues** | 2,444,909 | 409,045 | 318,723 | 233,594 | 330,529 | 6,538,743 | 1,353,083 | 4,618,338 | 3,727,180 | 11,369,661 | 31,343,805 |
| **OPERATING EXPENSES** | | | | | | | | | | | |
| Personal Services | 684,974 | 294,892 | 70,856 | 77,031 | 164,629 | - | 277,947 | 487,649 | 333,808 | 64,736 | 2,456,522 |
| Materials, Supplies, Equipment and Contractual Services | 1,263,899 | 114,153 | 242,214 | 156,563 | 165,900 | 3,223,054 | 916,366 | 898,672 | 531,530 | 513,944 | 8,026,295 |
| Depreciation and Amortization | 325,387 | - | 5,653 | - | - | 2,398,701 | 106,884 | 128 | - | - | 2,836,753 |
| Claims Expense | - | - | - | - | - | - | - | 2,039,123 | 2,861,842 | 10,790,981 | 15,691,946 |
| Insurance Premiums | - | - | - | - | - | - | - | 192,766 | - | - | 192,766 |
| **Total Operating Expenses** | 2,274,260 | 409,045 | 318,723 | 233,594 | 330,529 | 5,621,755 | 1,301,197 | 3,618,338 | 3,727,180 | 11,369,661 | 29,204,282 |
| **Operating Income** | 170,649 | - | - | - | - | 916,988 | 51,886 | 1,000,000 | - | - | 2,139,523 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | | | | | | | |
| Interest Expense | (165,065) | - | - | - | - | (444,767) | (50,171) | - | - | - | (660,003) |
| Bond Issuance Costs | (5,584) | - | - | - | - | - | (1,715) | - | - | - | (7,299) |
| Gain on Sale of Assets | - | - | - | - | - | 75,869 | - | - | - | - | 75,869 |
| **Total Non-Operating Revenues (Expenses)** | (170,649) | - | - | - | - | (368,898) | (51,886) | - | - | - | (591,433) |
| **Change in Net Assets** | - | - | - | - | - | 548,090 | - | 1,000,000 | - | - | 1,548,090 |
| **Total Net Assets - Beginning** | - | - | - | - | - | 1,344,293 | - | 1,503,504 | - | - | 2,847,797 |
| **Total Net Assets - Ending** | $ - | $ - | $ - | $ - | $ - | $ 1,892,383 | $ - | $ 2,503,504 | $ - | $ - | $ 4,395,887 |

# City of Wilmington, Delaware

## Combining Statement of Cash Flows
## Internal Service Funds
## June 30, 2007

| | Data Processing | Word Processing | Mail Service | Duplication and Reproduction | Mapping and Graphics | Motor Vehicle | Communications | Risk Management | Workers' Compensation | Health and Welfare | Total Internal Service Funds |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash Flows From Operating Activities:** | | | | | | | | | | | |
| Receipts from Customers and Users | $ 2,444,909 | $ 409,045 | $318,723 | $ 233,594 | $330,529 | $ 6,538,743 | $ 1,353,083 | $ 4,618,338 | $ 3,727,180 | $ 11,369,661 | $ 31,343,805 |
| Payments to Suppliers | (1,294,074) | (127,630) | (233,991) | (149,300) | (168,727) | (3,337,476) | (874,290) | (2,206,684) | (3,592,025) | (11,680,381) | (23,664,578) |
| Payments to Employees | (697,682) | (260,365) | (69,284) | (74,683) | (163,918) | - | (271,361) | (481,451) | (337,618) | (68,584) | (2,424,946) |
| **Net Cash Provided by (Used in) Operating Activities** | 453,153 | 21,050 | 15,448 | 9,611 | (2,116) | 3,201,267 | 207,432 | 1,930,203 | (202,463) | (379,304) | 5,254,281 |
| **Cash Flows from Noncapital Financing Activities** | | - | | | | | | | | | |
| Advances From (To) Other Funds | - | - | (15,448) | - | - | (427,513) | 100,677 | - | - | - | (342,284) |
| **Net Cash Provided by (Used in) Capital and Related Financing Activities** | - | - | (15,448) | - | - | (427,513) | 100,677 | - | - | - | (342,284) |
| **Cash Flows from Capital and Related Financing Activities:** | | | | | | | | | | | |
| Proceeds from Bonds and Capital Leases | - | - | - | - | - | 1,107,444 | - | - | - | - | 1,107,444 |
| Acquisition and Construction of Capital Assets | (642,177) | - | - | - | - | (1,432,535) | (777,909) | - | - | - | (2,852,621) |
| Principal Paid on Bond Maturities and Capital Leases | (194,863) | - | - | - | - | (2,146,350) | (58,352) | - | - | - | (2,399,565) |
| Interest Paid on Bonds and Capital Leases | (122,282) | - | - | - | - | (378,182) | (29,631) | - | - | - | (530,095) |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | 75,869 | - | - | - | - | 75,869 |
| **Net Cash Provided by (Used in) Capital and Related Financing Activities** | (959,322) | - | - | - | - | (2,773,754) | (865,892) | - | - | - | (4,598,968) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (506,169) | 21,050 | - | 9,611 | (2,116) | - | (557,783) | 1,930,203 | (202,463) | (379,304) | 313,029 |
| **Cash and Cash Equivalents - July 1, 2006** | 742,280 | 49,585 | - | 24,528 | 17,031 | 150 | 558,083 | 6,176,050 | 15,165,478 | 1,742,966 | 24,476,151 |
| **Cash and Cash Equivalents - June 30, 2007** | $ 236,111 | $ 70,635 | $ - | $ 34,139 | $ 14,915 | $ 150 | $ 300 | $ 8,106,253 | $ 14,963,015 | $ 1,363,662 | $ 24,789,180 |
| **Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:** | | | | | | | | | | | |
| Operating Income | $ 170,649 | $ - | $ - | $ - | $ - | $ 916,988 | $ 51,886 | $ 1,000,000 | $ - | $ - | 2,139,523 |
| Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities: | | | | | | | | | | | |
| Depreciation and Amortization | 325,387 | - | 5,653 | - | - | 2,398,701 | 106,884 | 128 | - | - | 2,836,753 |
| Changes in Assets and Liabilities: | | | | | | | | | | | |
| (Increase) in Prepaid Expenses | - | - | - | - | - | - | - | - | (255,000) | - | (255,000) |
| Increase (Decrease) in Accounts Payable | (30,175) | 3,786 | 9,009 | 8,437 | (2,827) | (114,422) | 45,369 | 26,976 | 54,442 | 280,908 | 281,503 |
| Increase (Decrease) in Compensated Absences | (13,405) | 17,429 | 765 | 598 | 782 | - | 2,461 | 1,423 | (3,321) | (2,206) | 4,526 |
| Increase (Decrease) in Accrued Salaries | 697 | (165) | 21 | 576 | (71) | - | 832 | 1,676 | 1,416 | 282 | 5,264 |
| Increase (Decrease) in Claims Liability | - | - | - | - | - | - | - | 900,000 | - | (658,288) | 241,712 |
| **Net Cash Provided by Operating Activities** | $ 453,153 | $ 21,050 | $ 15,448 | $ 9,611 | $ (2,116) | $ 3,201,267 | $ 207,432 | $ 1,930,203 | $ (202,463) | $ (379,304) | $ 5,254,281 |

## CITY OF WILMINGTON, DELAWARE

## FIDUCIARY FUNDS

## PENSION TRUST FUNDS

### Retirement Funds

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

| Uniformed Plans | Non-Uniformed Plans |
|---|---|
| Fire Pension | Plan I |
| Police Pension | Plan II |
| | Plan III |
| | Park Trust |

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

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

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

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

### Post Retirement Benefit Fund

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

## AGENCY FUNDS

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

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

# City of Wilmington

## Combining Statement of Fiduciary Net Assets
## Pension Trust Funds
## June 30, 2007

| | Fire Pension | Police Pension | Plan I Non-uniformed Pension | Plan II Non-uniformed Pension | Plan III Non-uniformed Pension | Wilmington Park Trust Pension | Total Retirement Funds | Post - Retirement Healthcare Benefit | Total Pension Funds |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| Cash and Cash Equivalents | $ 6,093,362 | $ 4,537,737 | $ 381,966 | $ 591,200 | $ 3,312,742 | $ - | $ 14,917,007 | $ 770,253 | $ 15,687,260 |
| Receivables: | | | | | | | | | |
| Securities Receivable | 211,063 | 374,764 | 46,823 | 82,251 | 174,159 | - | 889,060 | - | 889,060 |
| Accrued Interest Receivable | 166,602 | 295,818 | 36,960 | 64,925 | 137,472 | - | 701,777 | 41,064 | 742,841 |
| Total Receivables | 377,665 | 670,582 | 83,783 | 147,176 | 311,631 | - | 1,590,837 | 41,064 | 1,631,901 |
| Investments, at Fair Value: | | | | | | | | | |
| Money Market Mutual Funds | - | - | - | - | - | 5,855 | 5,855 | - | 5,855 |
| U.S. Government Obligations | 1,978,792 | 3,513,536 | 438,985 | 771,136 | 1,632,802 | - | 8,335,251 | 730,822 | 9,066,073 |
| U.S. Agencies - Government Guaranteed | 34,198 | 60,723 | 7,587 | 13,327 | 28,219 | - | 144,054 | - | 144,054 |
| U.S. Agencies - Other | 6,138,459 | 10,899,430 | 1,361,787 | 2,392,160 | 5,065,158 | - | 25,856,994 | 1,695,234 | 27,552,228 |
| Foreign Government Obligations | 231,248 | 410,603 | 51,301 | 90,117 | 190,814 | - | 974,083 | - | 974,083 |
| Corporate Bonds | 4,923,460 | 8,742,080 | 1,092,246 | 1,918,674 | 4,062,599 | - | 20,739,059 | 945,044 | 21,684,103 |
| Stocks | 25,167,575 | 44,687,468 | 5,583,304 | 9,807,812 | 20,767,058 | - | 106,013,217 | - | 106,013,217 |
| Other Mutual Funds | - | - | - | - | - | 232,304 | 232,304 | - | 232,304 |
| Total Investments | 38,473,732 | 68,313,840 | 8,535,210 | 14,993,226 | 31,746,650 | 238,159 | 162,300,817 | 3,371,100 | 165,671,917 |
| Due from Other Funds | - | - | - | - | 173 | 7,462 | 7,635 | - | 7,635 |
| **Total Assets** | 44,944,759 | 73,522,159 | 9,000,959 | 15,731,602 | 35,371,196 | 245,621 | 178,816,296 | 4,182,417 | 182,998,713 |
| **LIABILITIES** | | | | | | | | | |
| Accounts Payable | 13,782 | 22,263 | 4,576 | 10,397 | 21,269 | 8,250 | 80,537 | 85,032 | 165,569 |
| Securitites Payable | 369,407 | 655,917 | 81,951 | 143,958 | 304,816 | - | 1,556,049 | - | 1,556,049 |
| Salaries and Benefits Payable | 301 | 302 | 302 | 621 | 1,575 | - | 3,101 | - | 3,101 |
| Due to Other Funds | 35 | 35 | 34 | 69 | 5,241,390 | - | 5,241,563 | - | 5,241,563 |
| Compensated Absences | 1,365 | 683 | 683 | 683 | 3,413 | - | 6,827 | - | 6,827 |
| Liability for Stale-dated Pension Checks | 45,426 | 77,132 | 37,717 | 8,266 | 5,284 | - | 173,825 | - | 173,825 |
| **Total Liabilities** | 430,316 | 756,332 | 125,263 | 163,994 | 5,577,747 | 8,250 | 7,061,902 | 85,032 | 7,146,934 |
| **Net Assets** | | | | | | | | | |
| Held in Trust for Pension Benefits | $ 44,514,443 | $ 72,765,827 | $ 8,875,696 | $ 15,567,608 | $ 29,793,449 | $ 237,371 | $ 171,754,394 | $ 4,097,385 | $ 175,851,779 |

# City of Wilmington, Delaware

## Combining Statement of Changes in Fiduciary Net Assets
## Pension Trust Funds
## For the Year Ended June 30, 2007

| | Fire Pension | Police Pension | Plan I Non-uniformed Pension | Plan II Non-uniformed Pension | Plan III Non-uniformed Pension | Wilmington Park Trust Pension | Total Retirement Funds | Post - Retirement Healthcare Benefit | Total Pension Funds |
|---|---|---|---|---|---|---|---|---|---|
| **ADDITIONS** | | | | | | | | | |
| **Contributions:** | | | | | | | | | |
| City | | | | | | | | | |
| Paid Directly by the City | $ 768,860 | $ 4,865,701 | $ 444,462 | $ 48,456 | $ 2,908,438 | $ 7,462 | $ 9,043,379 | $ 1,268,657 | $ 10,312,036 |
| Paid by the State | | | | | | | | | |
| On-Behalf of the City | 4,548,904 | 2,728,503 | 46,200 | - | - | - | 7,323,607 | - | 7,323,607 |
| Employees | 304,329 | 511,621 | - | - | 500,622 | - | 1,316,572 | 115,435 | 1,432,007 |
| **Total Contributions** | 5,622,093 | 8,105,825 | 490,662 | 48,456 | 3,409,060 | 7,462 | 17,683,558 | 1,384,092 | 19,067,650 |
| **Investment Income** | | | | | | | | | |
| Investment Earnings | 1,622,695 | 2,259,230 | 294,618 | 522,591 | 868,642 | 9,271 | 5,577,047 | 142,037 | 5,719,084 |
| Net Appreciation in Fair Value | 4,667,274 | 7,294,602 | 960,281 | 1,708,340 | 2,632,523 | 21,015 | 17,284,035 | 1,992 | 17,286,027 |
| Total Investment Earnings | 6,289,969 | 9,553,832 | 1,254,899 | 2,230,931 | 3,501,165 | 30,286 | 22,861,082 | 144,029 | 23,005,111 |
| Less: Investment Expense | (210,983) | (329,751) | (43,409) | (77,225) | (119,003) | - | (780,371) | - | (780,371) |
| **Net Investment Income** | 6,078,986 | 9,224,081 | 1,211,490 | 2,153,706 | 3,382,162 | 30,286 | 22,080,711 | 144,029 | 22,224,740 |
| **Total Additions** | 11,701,079 | 17,329,906 | 1,702,152 | 2,202,162 | 6,791,222 | 37,748 | 39,764,269 | 1,528,121 | 41,292,390 |
| **DEDUCTIONS** | | | | | | | | | |
| Benefits Paid | 6,089,247 | 7,906,410 | 1,189,886 | 787,916 | 1,586,739 | 16,500 | 17,576,698 | 601,895 | 18,178,593 |
| Administrative Expenses | 78,891 | 96,748 | 53,142 | 92,285 | 214,355 | 3,909 | 539,330 | 52,167 | 591,497 |
| **Total Deductions** | 6,168,138 | 8,003,158 | 1,243,028 | 880,201 | 1,801,094 | 20,409 | 18,116,028 | 654,062 | 18,770,090 |
| **Net Increase in Plan Net Assets** | 5,532,941 | 9,326,748 | 459,124 | 1,321,961 | 4,990,128 | 17,339 | 21,648,241 | 874,059 | 22,522,300 |
| **Net Assets - Beginning** | 38,981,502 | 63,439,079 | 8,416,572 | 14,245,647 | 24,803,321 | 220,032 | 150,106,153 | 3,223,326 | 153,329,479 |
| **Net Assets - Ending** | $ 44,514,443 | $ 72,765,827 | $ 8,875,696 | $ 15,567,608 | $ 29,793,449 | $ 237,371 | $ 171,754,394 | $ 4,097,385 | $ 175,851,779 |

## City of Wilmington, Delaware

## Combining Statement of Changes in Assets and Liabilities
## All Agency Funds
## For the Fiscal Year Ended June 30, 2007

| | Balance at June 30, 2006 | Additions | Deductions | Balance at June 30, 2007 |
|---|---|---|---|---|
| **ESCROW LOANS AND GRANTS** | | | | |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 282,630 | $ 107,277 | $ 380,024 | $ 9,883 |
| **Total Assets** | $ 282,630 | $ 107,277 | $ 380,024 | $ 9,883 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 130,062 | $ - | $ 130,062 | $ - |
| Funds Held in Escrow | 152,568 | - | 142,685 | 9,883 |
| | | | | - |
| **Total Liabilities** | $ 282,630 | $ - | $ 272,747 | $ 9,883 |
| **EMERGENCY SHELTER GRANT** | | | | |
| **ASSETS** | | | | |
| Due from Federal Government | $ 211,613 | $ 5,358 | $ 75,231 | $ 141,740 |
| **Total Assets** | $ 211,613 | $ 5,358 | $ 75,231 | $ 141,740 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 12,259 | $ 103,571 | $ 108,024 | $ 7,806 |
| Accrued Wages and Fringes | 78 | 53 | 78 | 53 |
| Due to Other Funds | 199,276 | 112,451 | 177,846 | 133,881 |
| **Total Liabilities** | $ 211,613 | $ 216,075 | $ 285,948 | $ 141,740 |
| **TOTALS - ALL AGENCY FUNDS** | | | | |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 282,630 | $ 107,277 | $ 380,024 | $ 9,883 |
| Due from Federal Government | 211,613 | 5,358 | 75,231 | 141,740 |
| **Total Assets** | $ 494,243 | $ 112,635 | $ 455,255 | $ 151,623 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 142,321 | $ 103,571 | $ 238,086 | $ 7,806 |
| Accrued Wages and Fringes | 78 | 53 | 78 | 53 |
| Due to Other Funds | 199,276 | 112,451 | 177,846 | 133,881 |
| Funds Held in Escrow | 152,568 | - | 142,685 | 9,883 |
| **Total Liabilities** | $ 494,243 | $ 216,075 | $ 558,695 | $ 151,623 |

## CITY OF WILMINGTON, DELAWARE

## STATISTICAL SECTION
## (Unaudited)

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

**Contents** **Page**


**Financial Trends** 101

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity** 106

These schedules contain information to help the reader assess the City's most consistent year-to-year revenue source, the property tax.

**Debt Capacity** 110

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information** 114

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

**Operating Information** 116

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the services it performs.


**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The City implemented GASB 34 in in phases starting in 2002 and implemented the final provisions with regard to infrastructure in 2006; schedules presenting government-wide information include information beginning in 2002 unless otherwise explained.

SEAL OF THE CITY OF WILMINGTON
DELAWARE

Table I

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|
| **GOVERNMENTAL ACTIVITIES** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 31,108,977 | $ 29,844,049 | $ 46,418,603 | $ 29,495,222 | $ 44,920,136 | $ 72,981,412 |
| Restricted | 9,718,750 | 12,574,298 | 18,881,357 | 18,550,295 | 47,553,927 | 37,550,546 |
| Unrestricted | 13,921,976 | 10,890,569 | 19,257,293 | 47,765,158 | 37,510,699 | 43,168,659 |
| **Total Governmental Activities Net Assets** | $ 54,749,703 | $ 53,308,916 | $ 84,557,253 | $ 95,810,675 | $ 129,984,762 | $ 153,700,617 |
| **BUSINESS-TYPE ACTIVITIES** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 64,050,844 | $ 71,695,507 | $ 81,489,353 | $ 83,342,256 | $ 82,303,094 | $ 99,552,941 |
| Restricted | - | - | - | - | 13,216,350 | 13,216,350 |
| Unrestricted | 16,996,490 | 7,139,685 | 177,269 | (8,916,359) | (22,727,559) | (29,954,329) |
| **Total Business-type Activities Net Assets** | $ 81,047,334 | $ 78,835,192 | $ 81,666,622 | $ 74,425,897 | $ 72,791,885 | $ 82,814,962 |
| **PRIMARY GOVERNMENT** | | | | | | |
| Invested in Capital Assets, Net of Related Debt | $ 95,159,821 | $ 101,539,556 | $ 127,907,956 | $ 112,837,478 | $ 127,223,230 | $ 172,534,353 |
| Restricted | 9,718,750 | 12,574,298 | 18,881,357 | 18,550,295 | 60,770,277 | 50,766,896 |
| Unrestricted | 30,918,466 | 18,030,254 | 19,434,562 | 38,848,799 | 14,783,140 | 13,214,330 |
| **Total Primary Government Net Assets** | $ 135,797,037 | $ 132,144,108 | $ 166,223,875 | $ 170,236,572 | $ 202,776,647 | $ 236,515,579 |

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

Table II

# CHANGES IN NET ASSETS
# LAST SIX FISCAL YEARS
## (Accrual Basis of Accounting)
(Unaudited)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|
| **EXPENSES** | | | | | | |
| **Governmental Activities:** | | | | | | |
| General Government | $ 34,331,721 | $ 34,206,686 | $ 27,860,683 | $ 33,731,581 | $ 17,908,626 | $ 20,824,597 |
| Commerce | 3,482,407 | 2,722,144 | 1,906,066 | 2,112,027 | 2,541,506 | 1,678,227 |
| Real Estate and Housing | 7,870,595 | 8,080,851 | 8,108,654 | 9,058,065 | 7,178,124 | 6,554,301 |
| Public Works | 12,453,280 | 16,807,245 | 14,338,205 | 14,583,093 | 16,916,066 | 18,308,616 |
| Parks and Recreation | 5,341,614 | 6,305,699 | 8,559,178 | 7,311,483 | 7,805,055 | 9,641,670 |
| Public Safety | 46,868,653 | 47,597,878 | 48,632,268 | 65,426,116 | 65,487,887 | 74,738,935 |
| Interest on Long-Term Debt | 6,711,160 | 7,701,464 | 5,502,044 | 6,116,357 | 7,473,268 | 5,342,897 |
| Total Governmental Activities Expenses | 117,059,430 | 123,421,967 | 114,907,098 | 138,338,722 | 125,310,532 | 137,089,243 |
| **Business-type Activities:** | | | | | | |
| Water/Sewer | 34,847,458 | 39,011,421 | 35,987,710 | 38,501,176 | 42,614,504 | 46,666,607 |
| Total Business-Type Activities Expenses | 34,847,458 | 39,011,421 | 35,987,710 | 38,501,176 | 42,614,504 | 46,666,607 |
| **Total Primary Government Expenses** | $ 151,906,888 | $ 162,433,388 | $ 150,894,808 | $ 176,839,898 | $ 167,925,036 | $ 183,755,850 |
| **PROGRAM REVENUES** | | | | | | |
| **Governmental Activities:** | | | | | | |
| Charges for Services: | | | | | | |
| General Government | $ 3,719,035 | $ 8,836,198 | $ 8,929,547 | $ 9,312,768 | $ 8,304,184 | $ 7,129,053 |
| Real Estate and Housing | - | - | - | - | 735,375 | 1,000 |
| Public Works | 1,919 | 9,140 | 6,194 | 19,329 | 29,839 | 217,669 |
| Parks and Recreation | 1,010,552 | 2,509,403 | - | - | 78,494 | - |
| Public Safety | 7,202,081 | 6,964,442 | 6,516,985 | 8,034,678 | 9,209,946 | 12,085,150 |
| Operating Grants and Contributions | 9,031,393 | 9,062,321 | 11,751,700 | 24,244,134 | 26,298,656 | 20,915,294 |
| Capital Grants and Contributions | 4,674,657 | 1,986,087 | 2,300,217 | 5,211,389 | 11,066,220 | 8,135,550 |
| Total Governmental Activities Revenues | 25,639,637 | 29,367,591 | 29,504,643 | 46,822,298 | 55,722,714 | 48,483,716 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Business-type Activities:** | | | | | | |
| Charges for Services: | | | | | | |
| Water | 34,631,018 | 38,799,279 | 37,917,607 | 38,632,385 | 40,980,492 | 51,143,730 |
| Operating Grants and Contributions | - | - | 1,901,533 | 148,493 | - | - |
| Total Business-type Activities Revenues | 34,631,018 | 38,799,279 | 39,819,140 | 38,780,878 | 40,980,492 | 51,143,730 |
| **Total Primary Government Revenues** | $ 60,270,655 | $ 68,166,870 | $ 69,323,783 | $ 85,603,176 | $ 96,703,206 | $ 99,627,446 |
| **GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS** | | | | | | |
| **Governmental Activities:** | | | | | | |
| Taxes | | | | | | |
| Property Taxes | $ 26,088,116 | $ 28,598,639 | $ 29,068,010 | $ 28,417,535 | $ 30,403,939 | $ 30,323,434 |
| Income Taxes | 44,096,406 | 40,625,407 | 44,270,947 | 47,348,120 | 54,791,274 | 52,786,285 |
| Other Taxes | 8,825,894 | 3,262,024 | 8,400,361 | 9,313,482 | 6,158,544 | 5,940,697 |
| Lodging & Natural Gas Taxes | - | - | - | - | - | 1,303,322 |
| Investment Earnings | 3,430,624 | 2,649,356 | 2,857,460 | 3,113,915 | 5,268,048 | 6,523,991 |
| Payments from State Governments | - | - | - | - | 2,980,485 | - |
| Payments from Primary Government | - | - | - | - | - | (235,000) |
| Payments from Component Units | 275,000 | 275,000 | 275,000 | 275,000 | 275,000 | 275,000 |
| Other Revenues including Capital Asset Sales Gains | 2,302,762 | 3,040,798 | 1,840,997 | 1,583,993 | 11,614 | 10,002,069 |
| Grants, Entitlements, and Contributions not Restricted to Specific Programs | 11,997,471 | 14,162,365 | 10,496,006 | 11,472,394 | 3,873,001 | 10,401,584 |
| Transfers | - | - | - | - | - | (5,000,000) |
| Total Governmental Activities | 97,016,273 | 92,613,589 | 97,208,781 | 101,524,439 | 103,761,905 | 112,321,382 |
| **Business-type Activities:** | | | | | | |
| Investment Earnings | - | - | - | - | - | 500,000 |
| Transfers | - | - | - | - | - | 5,000,000 |
| Other Revenues including Capital Asset Sales Gains | (1,000,000) | (2,000,000) | (1,000,000) | - | - | 45,954 |
| Total Business-type Activities | (1,000,000) | (2,000,000) | (1,000,000) | - | - | 5,545,954 |
| **Total Primary Government** | $ 96,016,273 | $ 90,613,589 | $ 96,208,781 | $ 101,524,439 | $ 103,761,905 | $ 117,867,336 |
| **CHANGE IN NET ASSETS** | | | | | | |
| Governmental Activities | $ 5,596,480 | $ (1,440,787) | $ 11,806,326 | $ 10,008,015 | $ 34,174,087 | $ 23,715,855 |
| Business-type Activities | (1,216,440) | (2,212,142) | 2,831,430 | 279,702 | (1,634,012) | 10,023,077 |
| Total Primary Government | $ 4,380,040 | $ (3,652,929) | $ 14,637,756 | $ 10,287,717 | $ 32,540,075 | $ 33,738,932 |

**Note:** The first year available for presentations of net assets is 2002.
Governmental activities infrastructure was not fully included in net assets until June 30, 2006.
Net assets for 2004 and 2005 are as restated in 2006 to reflect additions of infrastructure and other items;
the net effect was to add $16,108,901 of net assets to 2004.

Table III

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

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **GENERAL FUND** | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special Designations | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 20,378,110 | $ 5,500,000 |
| Permanent Investment Reserves | - | 880,804 | 1,498,300 | 2,835,512 | 4,281,764 | 3,283,362 | 9,434,759 | 12,440,414 | 15,661,377 | 19,880,198 |
| Budget Reserve Account for Public Emergencies | 16,964,394 | 17,093,130 | 10,838,626 | 9,706,536 | 11,152,791 | 10,154,389 | 16,305,786 | 19,311,440 | 22,004,929 | 26,223,749 |
| **Total General Fund** | $ 16,964,394 | $ 17,973,934 | $ 12,336,926 | $ 12,542,048 | $ 15,434,555 | $ 13,437,751 | $ 25,740,545 | $ 31,751,854 | $ 58,044,416 | $ 51,603,947 |
| **ALL OTHER GOVERNMENTAL FUNDS** | | | | | | | | | | |
| Reserved, reported in: | | | | | | | | | | |
| Park Operations | $ - | $ - | $ - | $ 5,375,816 | $ 5,050,276 | $ 4,884,615 | $ 5,396,359 | $ 5,396,359 | $ 5,911,539 | $ 6,429,519 |
| Public Safety | - | - | - | - | - | - | - | - | 6,275,994 | 4,655,073 |
| Unreserved, reported in: | | | | | | | | | | |
| Economic Development | - | - | - | - | 5,399,098 | 7,689,683 | 13,484,998 | 12,786,316 | 10,517,702 | 8,620,524 |
| Special Revenue Funds | - | - | - | - | - | - | - | - | 119,452 | 3,351,989 |
| Capital Projects Funds | 56,929 | 14,014,469 | 5,330,105 | (548,079) | 13,825,180 | 7,520,107 | 609,248 | (2,674,890) | 23,757,025 | 13,934,737 |
| **Total All Other Governmental Funds** | $ 56,929 | $ 14,014,469 | $ 5,330,105 | $ 4,827,737 | $ 24,274,554 | $ 20,094,405 | $ 19,490,605 | $ 15,507,785 | $ 46,581,712 | $ 36,991,842 |

Table IV

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

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | |
| Taxes, Related Penalties and Interest | | | | | | | | | | |
| Property Taxes | $ 22,531,695 | $ 23,564,697 | $ 22,744,851 | $ 22,716,220 | $ 26,088,116 | $ 28,598,639 | $ 29,068,010 | $ 28,417,535 | $ 30,289,277 | $ 30,227,452 |
| Wage Taxes | 36,689,417 | 35,184,760 | 34,649,986 | 38,557,371 | 41,225,538 | 37,369,184 | 41,030,254 | 43,801,665 | 51,536,049 | 47,836,558 |
| Net Profit | 1,933,587 | 2,088,700 | 2,608,936 | 1,288,704 | 3,014,110 | 3,256,223 | 3,240,693 | 3,546,455 | 3,541,769 | 4,093,904 |
| Franchise | 1,384,479 | 1,711,664 | 1,576,913 | 1,451,078 | 2,066,036 | 1,840,354 | 2,431,540 | 2,689,238 | 2,841,710 | 2,044,715 |
| Real Estate Transfer | 2,408,491 | 3,150,781 | 2,694,184 | 2,336,701 | 4,235,821 | 3,262,024 | 6,033,039 | 6,021,220 | 5,663,155 | 5,940,697 |
| Head Taxes | 2,221,400 | 3,353,649 | 2,634,739 | 3,299,688 | 2,524,037 | 2,573,858 | 2,500,666 | 2,433,334 | 2,239,433 | 2,154,655 |
| Lodging & Natural Gas | - | - | - | - | - | - | 2,367,322 | 3,292,262 | 495,389 | 1,303,322 |
| Intergovernmental | 14,312,849 | 16,366,478 | 13,565,758 | 14,249,138 | 20,462,343 | 20,412,105 | 16,758,565 | 25,839,008 | 52,478,305 | 40,398,789 |
| Licenses and Permits | 2,669,501 | 2,578,393 | 2,867,953 | 2,710,586 | 2,575,989 | 2,811,199 | 2,479,805 | 4,174,056 | 4,395,440 | 4,597,081 |
| Fines and Forfeitures | 2,615,780 | 2,284,145 | 2,049,087 | 1,992,739 | 4,142,057 | 3,394,601 | 2,783,406 | 2,818,007 | 3,705,122 | 4,512,276 |
| Charges for Services | 1,291,834 | 1,117,251 | 1,154,005 | 1,368,606 | 4,085,950 | 4,745,897 | 5,125,897 | 4,561,492 | 4,865,271 | 4,512,407 |
| Investment Earnings | 1,576,398 | 2,739,961 | 3,400,027 | 2,962,419 | 3,430,624 | 2,649,356 | 2,857,460 | 3,113,915 | 5,268,048 | 6,523,991 |
| Other | 3,272,167 | 3,527,436 | 3,825,361 | 3,515,498 | 719,603 | 660,709 | 1,333,567 | 1,303,121 | - | - |
| **Total Revenues** | 92,907,598 | 97,667,915 | 93,771,800 | 96,448,748 | 114,570,224 | 111,574,149 | 118,010,224 | 132,011,308 | 167,318,968 | 154,145,847 |
| **EXPENDITURES** | | | | | | | | | | |
| General Government | 12,125,912 | 17,152,463 | 15,004,184 | 15,328,398 | 15,221,564 | 14,495,849 | 13,439,612 | 14,639,238 | 18,008,485 | 20,628,512 |
| Commerce | - | - | - | - | 3,281,376 | 2,575,276 | 1,810,417 | 1,236,442 | 1,746,783 | 1,613,148 |
| Real Estate and Housing | 6,315,469 | 6,181,177 | 6,652,541 | 6,741,099 | 7,564,299 | 7,956,163 | 7,935,627 | 8,863,045 | 7,157,916 | 6,567,453 |
| Public Works | 9,468,789 | 10,975,927 | 10,160,894 | 12,229,271 | 14,092,783 | 14,583,648 | 11,570,411 | 14,065,151 | 13,380,676 | 15,202,695 |
| Parks and Recreation | 5,709,391 | 7,440,123 | 7,416,208 | 7,251,154 | 5,850,726 | 7,032,067 | 6,390,136 | 7,449,084 | 7,164,413 | 9,155,818 |
| Public Safety | 35,320,827 | 39,238,255 | 43,291,315 | 44,820,879 | 53,278,040 | 54,110,914 | 50,891,648 | 64,731,825 | 66,443,211 | 74,677,708 |
| Pensions and Retirement | 4,691,686 | 5,155,435 | 6,241,575 | 4,028,643 | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | |
| Principal | 4,949,971 | 5,336,199 | 5,320,342 | 4,730,061 | 7,963,411 | 9,156,620 | 8,660,870 | 9,574,847 | 11,490,624 | 11,649,630 |
| Interest | 2,978,152 | 3,336,915 | 3,904,631 | 3,732,657 | 4,713,784 | 5,820,204 | 5,502,554 | 4,611,213 | 4,818,692 | 6,173,566 |
| Capital Outlay - Capital Projects | 7,325,148 | 16,127,369 | 12,801,482 | 7,432,548 | 3,757,293 | 6,655,980 | 7,664,015 | 9,495,688 | 18,274,564 | 29,855,631 |
| **Total Expenditures** | 88,885,345 | 110,943,863 | 110,793,172 | 106,294,710 | 115,723,276 | 122,386,721 | 113,865,290 | 134,666,533 | 148,485,364 | 175,524,161 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 4,022,253 | (13,275,948) | (17,021,372) | (9,845,962) | (1,153,052) | (10,812,572) | 4,144,934 | (2,655,225) | 18,833,604 | (21,378,314) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | | |
| Proceeds from Sales of Capital Assets | - | - | - | - | 2,984,528 | 3,338,894 | 2,054,060 | 1,813,433 | 1,579,114 | 10,002,069 |
| Bond Anticipation Notes | - | - | - | - | - | - | 4,500,000 | 1,350,000 | - | - |
| Bond Anticipation Note Repayment | - | - | - | - | - | - | - | (4,500,000) | - | - |
| Bonds Issued | - | 31,234,543 | - | - | 18,775,000 | - | - | 21,311,195 | 34,155,000 | 27,356,540 |
| Premium on Debt Issued | - | - | - | - | 491,355 | - | - | 777,555 | 1,365,925 | 883,112 |
| Current Refunding | - | - | - | - | 16,109,522 | - | - | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | - | - | - | (16,135,121) | - | - | (17,191,175) | - | (27,893,746) |
| Transfers In | 634,226 | 2,902,852 | 6,108,857 | 4,626,243 | 1,240,187 | 2,348,388 | 3,051,615 | - | 645,992 | 8,859,255 |
| Transfers Out | (434,226) | (1,094,367) | (3,408,857) | (426,243) | (40,187) | (73,388) | (2,051,615) | - | (645,992) | (13,859,255) |
| **Total Other Financing Sources (Uses)** | 200,000 | 33,043,028 | 2,700,000 | 4,200,000 | 23,425,284 | 5,613,894 | 7,554,060 | 3,561,008 | 37,100,039 | 5,347,975 |
| **Net Change in Fund Balances** | 4,222,253 | 19,767,080 | (14,321,372) | (5,645,962) | 22,272,232 | (5,198,678) | 11,698,994 | 905,783 | 55,933,643 | (16,030,339) |
| **Prior Period Adjustments** | - | - | - | - | - | (978,275) | - | - | 2,556,183 | - |
| **Net Change in Fund Balances** | $ 4,222,253 | $ 19,767,080 | $ (14,321,372) | $ (5,645,962) | $ 22,272,232 | $ (6,176,953) | $ 11,698,994 | $ 905,783 | $ 58,489,826 | $ (16,030,339) |
| **Debt Service as a Percentage of Noncapital Expenditures** | 9.72% | 9.15% | 9.41% | 8.56% | 11.32% | 12.94% | 13.34% | 11.33% | 12.53% | 12.24% |

**Note:** Within expenditures of 1998 to 2007, departments have been reclassified to their current categories for comparative purposes.

Table V

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

| Fiscal Year Ended June 30 | Real Property | | Personal Property | | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate[1] |
|---|---|---|---|---|---|---|---|
| | Residential Property | Commercial / Industrial | Public Utilities | Other | | | |
| 2007 | $ 989,302,000 | $ 2,389,389,310 | $ 125,594,500 | $ 59,932,800 | $ 1,414,647,350 | $ 2,149,571,260 | $1.3969 |
| 2006 | 913,295,497 | 2,594,877,523 | 136,572,501 | 61,976,300 | 1,230,455,950 | 2,476,265,871 | 1.3969 |
| 2005 | 973,867,407 | 2,352,111,257 | 123,635,038 | 58,997,759 | 1,319,807,937 | 2,188,803,524 | 1.3067 |
| 2004 | 691,630,876 | 1,670,445,852 | 87,804,365 | 41,899,617 | 1,309,442,737 | 1,182,337,973 | 1.3067 |
| 2003 | 969,837,789 | 2,342,378,814 | 123,123,467 | 58,753,641 | 1,294,837,900 | 2,199,255,811 | 1.3067 |
| 2002 | 880,928,289 | 2,127,642,153 | 111,836,171 | 53,367,424 | 1,296,014,160 | 1,877,759,877 | 1.3067 |
| 2001 | 702,638,222 | 1,697,031,095 | 89,201,777 | 42,566,452 | n/a | 2,531,437,546 | 1.3067 |
| 2000 | 585,693,367 | 1,414,582,677 | 74,355,319 | 35,481,828 | n/a | 2,110,113,191 | 1.0819 |
| 1999 | 583,621,605 | 1,409,578,899 | 74,092,303 | 35,356,319 | n/a | 2,102,649,126 | 1.0819 |
| 1998 | 578,804,070 | 1,397,943,457 | 73,480,704 | 35,064,468 | n/a | 2,085,292,699 | 1.0819 |

**Source:** New Castle County Board of Taxable Assessment

**Notes:** Property in the city is assessed at ESTIMATED actual value; therefore, the assessed values are equal to actual value.
[1] Tax rate per $100 of assessed value.

Table VI

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

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **City of Wilmington Direct Rates** | | | | | | | | | | |
| City | $ 1.0819 | $1.0819 | $ 1.0819 | $ 1.0819 | $1.3067 | $ 1.3067 | $1.3067 | $1.3067 | $1.3969 | $1.3969 |
| School District | 1.0253 | 1.0253 | 1.0253 | 1.0253 | 1.0870 | 1.0870 | 1.0870 | 1.0870 | 1.0870 | 1.0870 |
| New Castle County | 0.1580 | 0.1580 | 0.1580 | 0.1580 | 0.1580 | 0.1580 | 0.1580 | 0.1580 | 0.1580 | 0.1580 |
| Total Direct Tax Rate | $ 2.2652 | $2.2652 | $ 2.2652 | $ 2.2652 | $ 2.5517 | $ 2.5517 | $ 2.5517 | $2.5517 | $2.6419 | $2.6419 |

**Sources:** City of Wilmington, Revenue Division

**Notes:** The city's basic property tax rate may be increased by majority vote of the thirteen City Council members.
Real property was taxed at 100% of the assessed value of the property.
Overlapping rates are those of State, Local and County governments that apply to property owners within the City of Wilmington.

Table VII

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

| | 1998 | | | 2007 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Assessed Value |
| BPG Office Partners VIII. LLC | $ - | | - | $ 99,034,600 | 1 | 2.78% |
| Bank of America (formerly MBNA) and Related Entities | 50,051,980 | 5 | 2.30% | 90,931,000 | 2 | 2.55% |
| Delmarva Power & Light | 91,870,245 | 2 | 4.20% | 82,030,600 | 3 | 2.30% |
| MacQuarie BDN Christina | - | | - | 63,704,500 | 4 | 1.79% |
| Hercules Incorporated | 63,241,471 | 3 | 2.90% | 58,084,300 | 5 | 1.63% |
| 1201 Market Street LLC | - | | - | 51,775,000 | 6 | 1.45% |
| E.I. Du Pont Nemours & Company | 124,032,108 | 1 | 5.70% | 50,967,800 | 7 | 1.43% |
| Verizon | 51,595,873 | 4 | 2.40% | 37,054,400 | 8 | 1.04% |
| Hub Properties Trust | - | | - | 31,119,900 | 9 | 0.87% |
| 222 Delaware Partners, LP | 27,639,207 | 10 | 1.30% | 27,608,600 | 10 | 0.77% |
| Rodney Square Investors, L.P. | 29,217,520 | 9 | 1.30% | 27,054,360 | 11 | 0.76% |
| 100 West Tenth Street Corp | - | | - | 25,747,100 | 12 | 0.72% |
| Bassett Partners L.P. | 43,509,972 | 6 | 2.00% | - | | - |
| Eugene A. Della Donne & Son | 42,944,023 | 7 | 2.00% | - | | - |
| Didimoi Property Holdings | 38,802,842 | 8 | 1.80% | - | | - |
| EML Associates | 26,933,711 | 11 | 1.20% | - | | - |
| Challenge Property Holdings | 20,374,770 | 12 | 0.90% | - | | - |
| Wilmington Saving Fund Society | 16,750,228 | 13 | 0.80% | - | | - |
| Totals | $ 626,963,950 | | 28.80% | $ 645,112,160 | | 18.09% |

**Source:** City of Wilmington's Revenue Division

Table VIII

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

| Fiscal Year | Total Tax Levy[1] for Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2007 | $ 29,760,304 | $ 28,873,327 | 97.0% | n/a | $ 28,873,327 | 97.0% |
| 2006 | 29,408,355 | 28,611,393 | 97.3% | $ 486,848 | 29,098,241 | 98.9% |
| 2005 | 28,718,484 | 26,965,293 | 93.9% | 1,583,907 | 28,549,200 | 99.4% |
| 2004 | 28,086,411 | 23,480,668 | 83.6% | 4,497,293 | 27,977,961 | 99.6% |
| 2003 | 28,737,675 | 27,107,949 | 94.3% | 1,534,398 | 28,642,347 | 99.7% |
| 2002 | 28,247,996 | 24,596,758 | 87.1% | 3,575,744 | 28,172,502 | 99.7% |
| 2001 | 22,571,945 | 22,099,308 | 97.9% | 411,082 | 22,510,390 | 99.7% |
| 2000 | 22,744,851 | 21,377,849 | 94.0% | 1,306,515 | 22,684,364 | 99.7% |
| 1999 | 23,564,697 | 22,599,984 | 95.9% | 900,045 | 23,500,029 | 99.7% |
| 1998 | 22,531,695 | 21,585,785 | 95.8% | 878,428 | 22,464,213 | 99.7% |

**Source:** City of Wilmington, Finance Department

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

Table IX

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

| | Governmental Activities | | | Business-Type Activities | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Capital Leases | Bonds Anticipation Notes | General Obligation Bonds | Capital Leases | Total Primary Government | Percentage of Personal Income | Per Capita[1] |
| 2007 | $ 119,120,746 | $ 2,897,922 | $ - | $ 92,472,693 | $ 4,247,003 | $ 218,738,364 | 8.55% | $ 3,002 |
| 2006 | 130,717,406 | 3,930,893 | - | 87,509,007 | 5,549,470 | 227,706,776 | 8.90% | 3,125 |
| 2005 | 105,855,333 | 2,408,836 | - | 65,564,656 | 4,977,886 | 178,806,711 | 8.15% | 2,461 |
| 2004 | 109,638,038 | 2,777,856 | - | 69,938,279 | 2,195,627 | 184,549,800 | 8.43% | 2,545 |
| 2003 | 118,395,331 | 3,071,784 | - | 72,192,162 | 159,122 | 193,818,399 | 9.05% | 2,637 |
| 2002 | 127,607,476 | 4,872,516 | - | 77,626,099 | 296,309 | 210,402,400 | 10.09% | 2,867 |
| 2001 | 114,702,493 | 5,415,912 | 5,294,094 | 67,303,058 | 485,846 | 193,201,403 | 9.37% | 2,647 |
| 2000 | 121,203,954 | 5,377,286 | 2,017,333 | 72,608,006 | 643,627 | 201,850,206 | 10.40% | 2,781 |
| 1999 | 129,939,128 | 3,983,184 | - | 78,277,775 | 444,617 | 212,644,704 | 11.43% | 2,930 |
| 1998 | 107,067,861 | 2,853,705 | 3,364,682 | 68,919,891 | 498,601 | 182,704,740 | 10.26% | 2,517 |

**Source:** City of Wilmington's Treasurer's Office

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

[1] See Schedule XIII on page 114 for population data.

This ratio uses population data from the prior calendar year.

Table X

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

| Fiscal Year | General Bonded Debt Outstanding General Obligation Bonds | Percentage of Actual Taxable Value of Property[1] | Per Capita[2] |
|---|---|---|---|
| 2007 | $ 119,120,746 | 5.54% | $1,634.57 |
| 2006 | 130,717,406 | 5.28% | 1,793.70 |
| 2005 | 105,855,333 | 4.84% | 1,457.18 |
| 2004 | 109,638,038 | 9.27% | 1,512.19 |
| 2003 | 118,395,331 | 5.38% | 1,610.76 |
| 2002 | 127,607,476 | 6.80% | 1,738.52 |
| 2001 | 114,702,493 | 4.53% | 1,571.27 |
| 2000 | 121,203,954 | 5.74% | 1,669.89 |
| 1999 | 129,939,128 | 6.18% | 1,790.24 |
| 1998 | 107,067,861 | 5.13% | 1,474.76 |

**Source:** City of Wilmington's Treasurer's Office

**Note:**
[1] See Schedule V on page 106 for Actual Taxable Value of Property data.
[2] See Schedule XIII on page 114 for population data.
This ratio uses population data from the prior calendar year.

**Table XI**

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
## AS OF JUNE 30, 2007
**(Unaudited)**

| Government Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| New Castle County debt | $ 224,995,000 | 15% | $ 34,424,235 |
| Various School Districts | 264,658,047 | 16% | 41,286,655 |
| Subtotal - Overlapping Debt | | | 75,710,890 |
| City of Wilmington Direct Debt | 119,120,746 | 100% | 119,120,746 |
| Totals | | | $ 194,831,636 |

**Source:** City of Wilmington Treasurer's Office

Table XII

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

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Budget | $ 71,882,554 | $ 77,440,937 | $ 79,330,994 | $ 83,597,208 | $ 79,979,957 | $ 87,421,961 | $ 88,029,760 | $ 92,182,803 | $ 104,480,969 | $ 120,349,099 |
| Debt Limit | 12,579,447 | 13,552,164 | 13,882,924 | 14,629,511 | 13,996,492 | 15,298,843 | 15,405,208 | 16,131,991 | 18,284,170 | 21,061,092 |
| Total Net Debt Applicable to Limit | 7,928,123 | 8,673,114 | 9,224,973 | 8,462,718 | 12,677,195 | 9,238,483 | 8,310,947 | 8,720,315 | 9,076,566 | 11,921,182 |
| Legal Debt Margin | $ 4,651,324 | $ 4,879,050 | $ 4,657,951 | $ 6,166,793 | $ 1,319,297 | $ 6,060,360 | $ 7,094,261 | $ 7,411,676 | $ 9,207,604 | $ 9,139,910 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 63.00% | 64.00% | 66.00% | 58.00% | 91.00% | 60.00% | 54.00% | 54.00% | 50.00% | 57.00% |

**Note**: The City is limited to the issuance of general obligation debt provided that the payments of principal and interest in the fiscal year do not exceed 17.5% of the annual operating budget of that fiscal year. The limitation excludes amounts issued for Water and Sewer purposes.

Table XIII

## DEMOGRAPHIC AND ECONOMIC STATISTICS
## LAST TEN CALENDAR YEARS
(Unaudited)

| Calendar Year | Population | Personal Income | Per Capita Income | Employment | Unemployment Rate | Median Age | Median Household Effective Buying Income |
|---|---|---|---|---|---|---|---|
| 2007 | 72,876 | $ 2,200,928,076 | $ 30,201 | 31,112 | 3.5% | 33.7 | $40,778 |
| 2006 | 72,876 | 2,200,928,076 | 30,201 | 33,371 | 4.6% | 33.7 | 40,778 |
| 2005 | 72,644 | 2,193,921,444 | 30,201 | 31,843 | 6.3% | 34.1 | 35,116 |
| 2004 | 72,503 | 2,189,663,103 | 30,201 | 32,748 | 6.4% | 33.7 | 31,499 |
| 2003 | 73,503 | 2,142,612,450 | 29,150 | 32,165 | 5.3% | 36.9 | 36,064 |
| 2002 | 73,400 | 2,085,954,600 | 28,419 | 32,667 | 5.9% | 36.3 | 36,084 |
| 2001 | 73,000 | 2,061,520,000 | 28,240 | 35,517 | 5.0% | 35.5 | 37,489 |
| 2000 | 72,582 | 1,940,407,188 | 26,734 | 34,291 | 4.4% | 35.3 | 35,037 |
| 1999 | 72,582 | 1,860,784,734 | 25,637 | 32,733 | 4.5% | 35.1 | 32,092 |
| 1998 | 72,600 | 1,781,168,400 | 24,534 | 33,286 | 4.6% | 34.2 | 31,002 |

**Sources:** Population, medial age and median household effective buying income provided by Delaware Online. The employment and unemployed data provided by the City of Wilmington, Department of Management and Budget.

**Note:** The unemployment rate is an adjusted annual average.

Table XIV

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

| | Calendar Year 1998 | | | Calendar Year 2007 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Employees | Rank | Percentage of Total [2] Employment | Employees | Rank | Percentage of Total [2] Employment |
| State of Delaware | 17,200 | 1 | 6.77% | 14,573 | 1 | 5.18% |
| Bank of America | 10,721 | 3 | 4.22% | 10,326 | 2 | 3.67% |
| E.I. Du Pont Nemours & Company | 12,455 | 2 | 4.90% | 9,900 | 3 | 3.52% |
| Christiana Care Health Services | 5,476 | 5 | 2.15% | 7,300 | 4 | 2.59% |
| Total County/Municipal Government | 1,342 | 16 | 0.53% | 6,800 | 5 | 2.42% |
| AstraZeneca Inc. | 2,782 | 8 | 1.09% | 4,500 | 6 | 1.60% |
| University of Delaware | 5,138 | 6 | 2.02% | 3,860 | 7 | 1.37% |
| J.P. Morgan Bank | - | - | 0.00% | 3,500 | 8 | 1.24% |
| Bank One Card Services | 1,372 | 15 | 0.54% | 2,800 | 9 | 0.99% |
| Christina School District | 2,857 | 7 | 1.12% | 2,789 | 10 | 0.99% |
| U.S. Government | 5,600 | 4 | 2.20% | 2,709 | 11 | 0.96% |
| Nemours | - | - | 0.00% | 2,566 | 12 | 0.91% |
| Wilmington Trust Corp | 2,508 | 9 | 0.99% | 2,289 | 13 | 0.81% |
| Red Clay School District | 1,996 | 11 | 0.79% | 1,862 | 14 | 0.66% |
| PNC Financial Services Group | - | - | 0.00% | 1,705 | 15 | 0.61% |
| Sears, Roebuck & Co. | 1,501 | 13 | 0.59% | 1,557 | 16 | 0.55% |
| Delmarva Power | 2,189 | 10 | 0.86% | 1,482 | 17 | 0.53% |
| Colonial School District | 1,383 | 14 | 0.54% | 1,400 | 18 | 0.50% |
| Happy Harry's Inc. | - | - | 0.00% | 1,397 | 19 | 0.50% |
| Brandywine School District | 1,700 | 12 | 0.67% | 1,355 | 20 | 0.48% |
| Totals | 76,220 | | 29.98% | 84,670 | | 30.08% |

**Sources:** City of Wilmington Department of Economic Development

**Note:** [1] Employment in the Wilmington Metropolitan area.
[2] Total employment in New Castle County.

Table XV

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

| Function | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Government** | | | | | | | | | | |
| Mayor's Office | 24.50 | 42.50 | 40.50 | 43.00 | 33.00 | 45.00 | 45.00 | 45.00 | 46.00 | 61.00 |
| City Council | 26.00 | 26.00 | 27.00 | 27.00 | 26.00 | 25.00 | 25.00 | 29.00 | 29.00 | 28.00 |
| Audit | 5.00 | 6.00 | 6.00 | 6.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Law | 18.00 | 18.00 | 18.00 | 19.00 | 18.00 | 19.00 | 19.00 | 20.00 | 20.00 | 21.00 |
| Finance | 96.00 | 100.00 | 100.00 | 101.00 | 122.00 | 86.19 | 68.00 | 69.00 | 67.00 | 60.00 |
| Personnel | 19.00 | 19.00 | 20.00 | 20.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 22.00 |
| Treasurer | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 |
| Planning | 14.00 | 12.00 | 14.00 | 14.00 | 10.00 | 10.00 | 10.00 | 10.00 | 11.00 | 11.00 |
| **Real Estate and Housing** | 21.00 | 23.00 | 24.00 | 24.00 | 24.00 | 24.00 | 21.00 | 21.00 | 20.00 | 16.00 |
| **Parks and Recreation** | 56.50 | 50.50 | 50.50 | 47.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 53.00 |
| **Public Safety** | | | | | | | | | | |
| Police | 350.00 | 347.00 | 348.00 | 344.00 | 344.00 | 368.00 | 377.00 | 368.00 | 386.00 | 407.00 |
| Fire | 175.00 | 175.00 | 176.00 | 176.00 | 176.00 | 176.00 | 176.00 | 176.00 | 176.00 | 177.00 |
| Municipal Court | - | - | - | - | - | - | - | - | - | - |
| License and Inspection | 24.00 | 29.00 | 33.00 | 31.00 | 35.00 | 36.00 | 36.00 | 37.00 | 39.00 | 44.00 |
| **Public Works** | 204.00 | 206.00 | 209.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 228.00 |
| Totals | **1,039.00** | **1,060.00** | **1,072.00** | **1,070.00** | **1,084.00** | **1,085.19** | **1,073.00** | **1,071.00** | **1,091.00** | **1,140.00** |

**Sources:** City of Wilmington Office of Management and Budget

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

Table XVI

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

| Function | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety** | | | | | | | | | | |
| Physical Arrests/Charges | n/a | n/a | n/a | n/a | n/a | 13,567 | 12,473 | 13,456 | 10,230 | 9,534 |
| Police Calls - Incident | 131,873 | 129,331 | 120,886 | 131,344 | 132,614 | 133,124 | 127,417 | 125,665 | n/a | 126,614 |
| Police Calls - Administrative | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 114,000 |
| Fire/EMS Calls | 13,938 | 14,880 | 15,271 | 15,112 | 15,466 | 15,807 | 15,301 | 15,902 | 15,124 | 15,584 |
| Inspections | 939 | 221 | 353 | 636 | 363 | 505 | 710 | 1,121 | 778 | 614 |
| Parking Violations Issued | 98,734 | 100,435 | 79,356 | 102,684 | 88,559 | 62,959 | 54,081 | 52,708 | 68,719 | 72,990 |
| Building Permits Issued | 75 | 75 | 49 | 49 | 95 | 55 | 58 | 58 | 46 | 4,250 |
| **Health and Welfare** | | | | | | | | | | |
| Meals served-Summer | n/a | n/a | n/a | n/a | 454,392 | 206,610 | 215,180 | 207,599 | 231,189 | 252,706 |
| Meals served-Evening | n/a | n/a | n/a | n/a | 40,372 | 272,840 | 185,109 | 332,509 | n/a | 77,092 |
| Emergency Shelter | 548 | 757 | 992 | 1,173 | 938 | 1,059 | 326 | 268 | 329 | 911 |
| HOPWA (Housing) * | n/a | n/a | 290 | 939 | 225 | 765 | 595 | 1,075 | 352 | 474 |
| **Water** | | | | | | | | | | |
| Water Production (millions of gallons) | 8,337 | 8,406 | 7,577 | 8,101 | 8,033 | 7,776 | 7,983 | 7,918 | 7,201 | 6,877 |
| Water Sold (millions of gallons) | 7,275 | 6,192 | 7,074 | 4,780 | n/a | 5,228 | 7,222 | 6,925 | 6,032 | 5,933 |
| **Wastewater** | | | | | | | | | | |
| Average Daily Sewage Treatment (Millions of gallons) | n/a | n/a | n/a | n/a | 74.83 | 67.96 | 87.95 | 81.56 | 78.48 | 82.43 |
| **Landfill** | | | | | | | | | | |
| Annual Tons of Refuse | n/a | n/a | n/a | 33,505 | 43,137 | 43,613 | 43,376 | 42,897 | 41,689 | 42,500 |

**Sources:** Various City of Wilmington Departments.

**Notes:** Quantifiable and meaningful operating indicators are not available for all functions.
n/a = Not available
* = Housing for Persons with AIDS

Table XVII

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

| Function | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety** | | | | | | | | | | |
| Police Patrol Units | 309 | 306 | 304 | 302 | 300 | 298 | 306 | 309 | 320 | 320 |
| Paramedic Units | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| **Highways, Streets, and Bridges** | | | | | | | | | | |
| Roads & Streets (miles) | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 |
| **Health and Welfare** | | | | | | | | | | |
| Buses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **Water** | | | | | | | | | | |
| Production Capacity (millions of gallons per day) | 8.33 | 8.40 | 7.58 | 8.10 | 8.03 | 7.83 | 8.13 | 7.88 | 6.49 | 6.49 |
| **Wastewater** | | | | | | | | | | |
| Watewater Treatment Capacity (millions of gallons per day) | 95 | 95 | 95 | 100 | 100 | 105 | 105 | 105 | 105 | 105 |

**Sources:** Various City of Wilmington departments.

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