



**Comprehensive
Annual Financial
Report**

For the Year ended
June 30, 2012

City of Wilmington, Delaware
James M. Baker, Mayor

CITY OF WILMINGTON, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by the Department of Finance
Laura L. Papas, Director of Finance



**CITY OF WILMINGTON, DELAWARE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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City of Wilmington

James M. Baker, Mayor

Louis L. Redding City/County Building
800 N. French Street
Wilmington, Delaware 19801-3537

www.WilmingtonDE.gov

December 28, 2012

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, 2012.

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

The City of Wilmington's financial statements have been audited by BDO USA, LLP, a firm of licensed, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wilmington for the fiscal year ended June 30, 2012, 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, 2012, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.



Printed on 100% recycled paper.

The independent audit of the financial statements of the City of Wilmington was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Wilmington’s separately issued Single Audit Report.

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

Profile of the Government

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

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

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

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

Economic Condition and Outlook

Looking Forward in City Government. The Fiscal Year 2013 operating budget represents a 2.6% increase over the fiscal year 2012 budget. The FY 2013 budget continues to focus on the direct City services most important to the citizens such as public safety, public works, code enforcement, and parks and recreation.

The fiscal year 2013 budget reflects the following:

- The FY 2013 operating budget expenditures total \$142,928,023 – up \$3,590,937, or 2.6% from FY 2012. This increase is almost entirely the result of three largely uncontrollable factors. Actuarially required pension contributions rose sharply by \$2,316,010, or 18.6%. Debt Service increased \$1,184,463, reflecting a full year of principal and interest payments on the City’s November 2011 capital bond issuance. Lastly, the General Fund will have to absorb the \$329,000 cost of 15 police officers during the last 4 months of FY 2013, as the federal COPS grant now covering the costs of these officers ends on March 1, 2013.
- Staffing decreased by a net total of 6.5 Full-Time Equivalent (FTE) positions. Absorbing the COPS grant patrol officers resulted in 4.7 FTEs transferred in. Also transferred in was 0.2 FTE resulting from a decline in federal housing grant funds available to the Real Estate & Housing Department. More than offsetting these FTE transfers into the General Fund were the elimination of seven vacant Patrol Officer positions in the Police Department, the vacant Assistant Communications Director position in the Mayor’s Office, a vacant Producer/Director position in City Council, and two vacant positions in the Finance Department: a Scofflaw Enforcer (1.0 FTE) and an Account Entry Supervisor (0.8 FTE). Lastly, there was the transfer out to the Water/Sewer Fund of a net 0.6 FTE resulting from the reallocation of Public Works personnel duties and costs.
- As part of the actions necessary to avoid a larger budget deficit, there is no allowance for a general Cost of Living Adjustment (COLA) for employees. A 2.5% COLA would cost about \$1.75 million. This will be the fourth year in a row that the harsh economic conditions have dictated that there be no provision for employee COLAs. However, anniversary-based salary step increases for all eligible employees will continue.
- The City continues to consolidate and streamline the management and costs of technology, especially in the area of Public Safety. A total of \$277,000 in mobile airtime costs from Police, Fire, and Emergency Management was transferred to the Division of Integrated Technology to support T1 lines, Homeland Security cameras, mobile data terminals, mobile command satellite access, and EV-DO technology in firefighting apparatus.
- All Police and Fire handheld radios will be replaced in FY 2013 with the latest Motorola technology. The present radio equipment is over seven years old, and is no longer supported by the manufacturer. This makes repairs expensive and difficult, if not impossible. The \$913,000 cost of the new radios will be spread out over seven years by financing the purchase through a capital lease. This will result in an affordable annual cost of less than \$150,000, charged back through the Police and Fire internal service radio accounts.
- Green initiatives have reduced electricity costs by over 16%, or almost \$294,000, largely offsetting contractual increases in landfill fees (up \$186,000) and maintenance costs for buildings, property, and equipment (up \$168,000).

- City Council increased the funding of the Summer Youth Employment program in the Parks & Recreation Department by \$100,000. This is in addition to a \$100,000 set-aside for youth initiatives budgeted in the Mayor's Office Contingency Fund.
- Due to the fiscal crisis, the City's 4th of July festival was eliminated last year. Public demand for the return of the festival has been so great that the City has restored \$45,000 of the \$90,000 in funding eliminated from last year's budget. The Cultural Affairs Office will continue with its expanded efforts to obtain the remaining \$45,000 needed to fund the festival from corporate and private donations.
- The Finance Department's Plan for Change revenue collection initiatives continue to evolve and mature. For FY 2013, the Department has been able to reduce its total net commission-related expenses by almost \$126,000.
- The FY 2013 Budget does not include any tax or fee increases. As a result, in addition to a \$100,000 transfer from the Economic Strategic Fund, nearly \$2 million in Unassigned Fund Balance (prior years' surplus) was used to bridge the remaining budget deficit.

Factors Affecting Financial Condition

Jobs. The City of Wilmington's business incentive program supported by a Strategic Fund continues to develop new strategies to attract and retain businesses within City limits. The City is working to revitalize the processes and provide incentives to new and existing business. The Riverfront Development District has played a very strategic role in maintaining the City's tax base and attracting new businesses to relocate into Wilmington.

The City's substantial reduction in spending has yielded \$10 million in expenditure reductions over the last three fiscal years. Unfortunately, these substantial reductions in spending are being negated by unavoidable multi-million dollar annual increases in employee pension and healthcare costs, and new debt service to fund critical infrastructure needs. And while the City has seen revenue projections improve slightly this year, we are still on a roller coaster when it comes to local companies adding and subtracting jobs. Industries located in and around the City of Wilmington promote economic development and job creation, as well as form the basis of the City's largest revenue source, Wage & Net Profits taxes. As such, the fiscal health of the City is closely connected to the health and stability of its employment base.

Recent Strategic Fund highlights include the opening of Citibank's Wilmington office in early 2012. Citibank consolidated its suburban Delaware offices, relocating and increasing its workforce in Wilmington, bringing 255 new jobs to the downtown area. Capital One Bank, following its recent merger with Wilmington-based ING Direct, agreed to establish its presence in Wilmington's central business district and has leased space to accommodate 500 new employees beginning late 2012. The Office of Economic Development also utilized job creation incentives to attract the administrative offices of Mid Coast Bank, a new regional community bank involving 25 new jobs. Also in 2012, Wilmington welcomed two technology firms, Welldoc.com and Diamond Technologies, both establishing offices and new jobs within the City. These achievements represent the continued success of the Business Incentive Program and Wilmington's ability to remain competitive and attractive to private sector investors, even in challenging times.

In September 2012, the City of Wilmington and Honeywell entered into a \$35 million renewable energy project which features a first of its kind facility that converts two sources of biogas into power and heat for the City's wastewater treatment plant. The project is part of a city-wide initiative to decrease energy costs and greenhouse gas emissions, a program that has also included Honeywell-led solar installations and energy-efficient building improvements. Combined, the upgrades will help the city trim its carbon

footprint by approximately 35% and meet nearly 50% of its electricity needs with renewable energy. The efforts are also helping produce and sustain local jobs. Honeywell plans to use Wilmington-area contractors and union labor to support the latest work, providing more than 100 jobs during construction and creating up to five permanent positions.

Citigroup's plans to cut 11,000 jobs worldwide are not expected to affect Delaware. The job cuts announced by Citigroup in December 2012 amount to about 4% of Citigroup's workforce of 262,000. The company says most of the cuts will come from Citigroup's consumer banking unit, which handles everyday functions like branches and checking accounts. The Delaware Economic Development Office last year awarded Citigroup a \$3 million grant to outfit a new card and retail services facility in the Brandywine Building in Wilmington. As of February of this year, Citigroup had a total of about 1,800 employees in New Castle County.

Local Economy. The City of Wilmington is the largest city in the State of Delaware. The City is the headquarters of many major corporations such as Bank of America a leading financial service company and Chase & Co., ING Direct USA, the nation's largest Internet bank and AAA Mid-Atlantic are located within the City's Riverfront District. The Office of Economic Development's main focus is to provide support to the residents thru job creation. This directive is achievable thru the City's emphasis on business attraction and retention, site selection and development assistance, inter-departmental and multi-agency project management, economic research and development, and small and minority business development. The City maintains strong relationships with the Riverfront Development Corporation, Department of the Environment, Department of Transportation, and the Delaware Small Business Association.

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

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

- New retail establishments have almost completely occupied the 150,000 square feet of available retail space at the Christina Crossing Shopping Center. This was made possible, in part, by the City's \$2.5 million relocation and installation of new storm water management facilities. Providing capacity for over 100 acres of land on the south and eastern sides of the Christina River, these improvements supported the redevelopment of the 10 acres of brownfields between South Market and South Walnut Streets that was to become the 13 Christina Crossing Shopping Center. The anchor tenant, a new 80,000 square foot Shop Rite supermarket, has proven to be a great asset to the Wilmington community, providing the first newly constructed supermarket in over 20 years, and creating over 50 full-time and 100 part-time jobs.
- In May of 2011, the City of Wilmington contracted with MetalCraft Marine of Cape Vincent, New York to build a new multi-mission fireboat; this new boat replaces the 35-year-old 65' foot boat which was sold in June 2012. The boat was constructed in Kingston, Ontario and was delivered to Wilmington on July 12, 2012. The \$3.5 million fireboat was primarily funded by a Federal Emergency Management Administration (FEMA) Port Security Grant awarded to the Wilmington Fire Department. Additional funding was provided by Public Service Electric and

Gas Company (PSE&G), Midstream Magellan Partners located in the Port of Wilmington, and the City of Wilmington.



- The City of Wilmington's largest success of the 2008 establishment of the Upstairs Fund is the \$25 million renovation of the 45,000 square-foot Queen Theatre on the corner of 5th and Market Streets. Vacant for over 50 years, the Queen is now home to World Café Live at the Queen and WXPN, a live music venue and radio station that opened April 1, 2011. The City's \$3 million investment in the project and the venue's anticipated role as a catalyst for future economic development was covered by the New York Times. In its first year, the World Café Live at the Queen hosted 700 performances in its two performance spaces, sold over 50,000 tickets, booked 170 special events, and welcomed 120,000 guests. The World Café Live at the Queen is a major success in the revitalization effort to make downtown Wilmington a cultural, dining, and entertainment destination.



- Adding to the entertainment and cultural offerings at the Wilmington Riverfront, Penn Cinema has begun construction of a \$25 million, 14-screen movie theater complex, featuring a four-story IMAX theater. Scheduled to open in December of 2012, the theater will have 3-D digital screens and high-definition feeds for live broadcasts of events, such as professional sports, plays, and concerts. The theater is expected to create five full-time and 145 part-time jobs, and is estimated to draw 700,000 people a year.



- Adjacent to the Riverfront, the Wilmington Train Station underwent a \$37.7 million renovation that was completed in 2011. The station was built in 1907, and was designed by renowned American architect, Frank Furness. Recently rededicated as the Joseph R. Biden Jr. Railroad Station, the station renovation was funded in part by the federal stimulus package. With an annual rider-ship of almost 700,000, the station is one of the busiest in Amtrak's national system.



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 were designed to increase the City’s revenue base and stabilize areas of the City:

- The 2008 establishment of the Upstairs Fund was a targeted effort by the City to improve the under-utilized building infrastructure along Market Street, the historical center of retail and commerce in Wilmington. After previous investments to upgrade utilities and convert the pedestrian mall back to vehicular traffic, this gap-financing program was the next step in a long-term plan to revive retail activity and residential living on Market Street. Utilizing the Upstairs Fund to encourage the development of market-rate rental units above renovated first floor retail spaces, the City sought to reduce ubiquitous second and third-story vacancies, while attracting the retail, food & beverage, and entertainment industries. An initial investment of \$15.5 million of General Obligation Bond proceeds leveraged over \$60 million in private sector investment. Between 2009 and 2011, the Upstairs Fund produced 35 new residential units, eight new retail stores, and seven new office spaces within six renovated buildings. In 2012, another 13 buildings containing 17 residential units and nine retail/office units were completed and are available for leasing. Several new restaurants now occupy the once vacant storefronts and retail spaces, with about a half-dozen new establishments opening in the past year alone. New retail stores have also opened, and have expanded shopping opportunities, contributing to the revival of downtown Wilmington.
- To support the future growth of the Delaware College of Art and Design’s curriculum and student population, the school purchased the former Brandywine Suites Hotel in the 700 block of Market Street and is undertaking a \$3 million dollar renovation to convert the former hotel into a campus residential facility providing 98 beds. The project also includes new office and meeting spaces, a student cafeteria and dining space, and 5,000 square feet of retail space for which the College is negotiating the location of a national art supply retailer. The completion of the new dormitory project in fall of 2012 will increase the number of students living in downtown college-sponsored housing to 190.
- In the Delaware Ave neighborhood is a \$30.6 million project to replace the 120-unit Lincoln Towers residential high-rise building. The City made a \$20 million issuance of conduit revenue bonds for the project, which is targeted for completion in the fall of 2012. The new building will feature underground parking, and the ground floor will be the new home for Fire Station No. 5, replacing the 118-year-old station that is presently on Gilpin Avenue.



- In its third year of construction, the expansion of the 10-acre Wilmington Campus of the Christiana Care Health System is on schedule to be completed in 2014. First announced in 2009, the \$205 million project received an additional \$5 million contribution from the DuPont Company, bringing the total project cost to \$210 million. This major expansion doubles the size of the emergency room, creates 30 new single-occupancy patient rooms, and provides the capacity for another 90 beds. In addition, 51,000 square feet of professional office space for private medical practices will be provided. This project continues to generate a significant number of construction jobs and will result in 594 additional new permanent jobs.



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

The Mayor's main objective in managing this crisis was to ensure that everyone had a role in balancing the budget. This burden would be shared and the following issues would be addressed:

- Everyone had to have a role in balancing the budget, including every City employee and administrator, every community group or individual receiving some type of government funding, and every citizen. This had to be a shared burden.
- The City wanted to avoid laying off more City employees to balance the budget. When layoffs are proposed, they inevitably lead to calls for across-the-board cuts that unnecessarily disrupt the levels of service provided to the citizens.
- Finally, it was necessary that we strive to preserve the progress and prosperity experienced by the City prior to the economic downturn. As best it could, the FY 2013 Budget was to continue to promote business and residential growth because these actions help sustain government services and strengthen the City's financial base. The City did not want to abandon the people and programs that helped create or retain thousands of new jobs and new homeownership opportunities over the last 12 years.

Major Initiatives. Wilmington Mayor James M. Baker wants to update Wilmington's City Code to ensure that businesses operating in the City are properly licensed, and that their employees are held accountable for tax obligations by paying taxes on a timely and consistent basis. The Mayor is asking City Council to review ordinances that will strengthen the City's tax code, resulting in better enforcement of tax collection rules and procedures and will produce millions more tax dollars each year. The ordinances would support the following efforts:

- The City of Wilmington is moving forward with a combined law enforcement and social services model to reduce crime and increase citizens' sense of safety and security. The Wilmington Police Department, in partnership with State and Federal law enforcement agencies, has been monitoring and arresting high-risk violent criminals to make Wilmington communities safe and secure through a partnership of the people and those responsible for their public safety. The Department continues to focus significant resources toward this area which has resulted in non-dispatched arrests and proactive policing by officers.
- Continue to support the redevelopment and upgrade of affordable rental housing in the City and continue to work with the Wilmington Housing Partnership (WHP) on housing projects in targeted neighborhood revitalization areas. Despite reduced funding from Washington, the Real Estate and Housing Department is working hard to minimize the threat of foreclosure and has helped more people get into affordable housing or into housing counseling so they can avoid this problem.
- The City of Wilmington has demonstrated its commitment to the environment by introducing the state's first single-stream, curbside recycling program. The City was also among the first cities in the United States to join as a Founding Reporter of The Climate Registry, a nonprofit organization established to measure and publicly report greenhouse gas emissions in a common, accurate, and transparent manner that is consistent across industry sectors and borders. Mayor Baker issued an executive order in August of 2008 outlining steps the City government is taking to lessen the impact of global warming on Wilmington and help preserve a respectable quality of life for City residents.
- The Public Works Department is in the process of finalizing the Guaranteed Energy Performance Contract for Wilmington Co-Generation and Sludge Processing Facilities. The City is moving forward with the second phase of a groundbreaking, sustainable energy initiative that further illustrates the City's commitment to finding sustainable solutions to environmental challenges while at the same time creating new jobs and saving over \$1 million per year in energy costs. The City is working with Honeywell to design a new \$35-million renewable energy project that will feature a first-of-its-kind facility that converts two sources of biogas into power and heat for the city's wastewater treatment plant. Honeywell will get a 20-year agreement to construct and operate the plant, and has guaranteed the city \$16.7 million in savings over current electricity and sludge disposal costs over 20 years. The project is part of a city-wide initiative to decrease energy costs and greenhouse gas emissions, a program that has also included Honeywell-led solar installations and energy-efficient building improvements. Combined, the upgrades will help the City trim its carbon footprint by approximately 35% and meet nearly 50% of its electricity needs with renewable energy.

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, 2011. This was the 26th consecutive year that the City of Wilmington has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

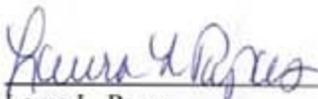
In addition, the City of Wilmington received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated for the fiscal year beginning July 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget documentation was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications medium.

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

Acknowledgements

The preparation of this report would not have been accomplished without the efficient and dedicated services of the staff of the Department of Finance, Office of Management and Budget, City Treasurer, Audit, Law, other City departments, various elected and appointed officials, and the efforts of our independent auditors, BDO USA, LLP. We would like to express our sincere appreciation to everyone who assisted and contributed to the preparation of this report; we especially want to thank the City's new Accounting Manager, Shaina Cooper, for her essential contributions. 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,



Laura L. Papas
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, 2011

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.



Linda C. Davison

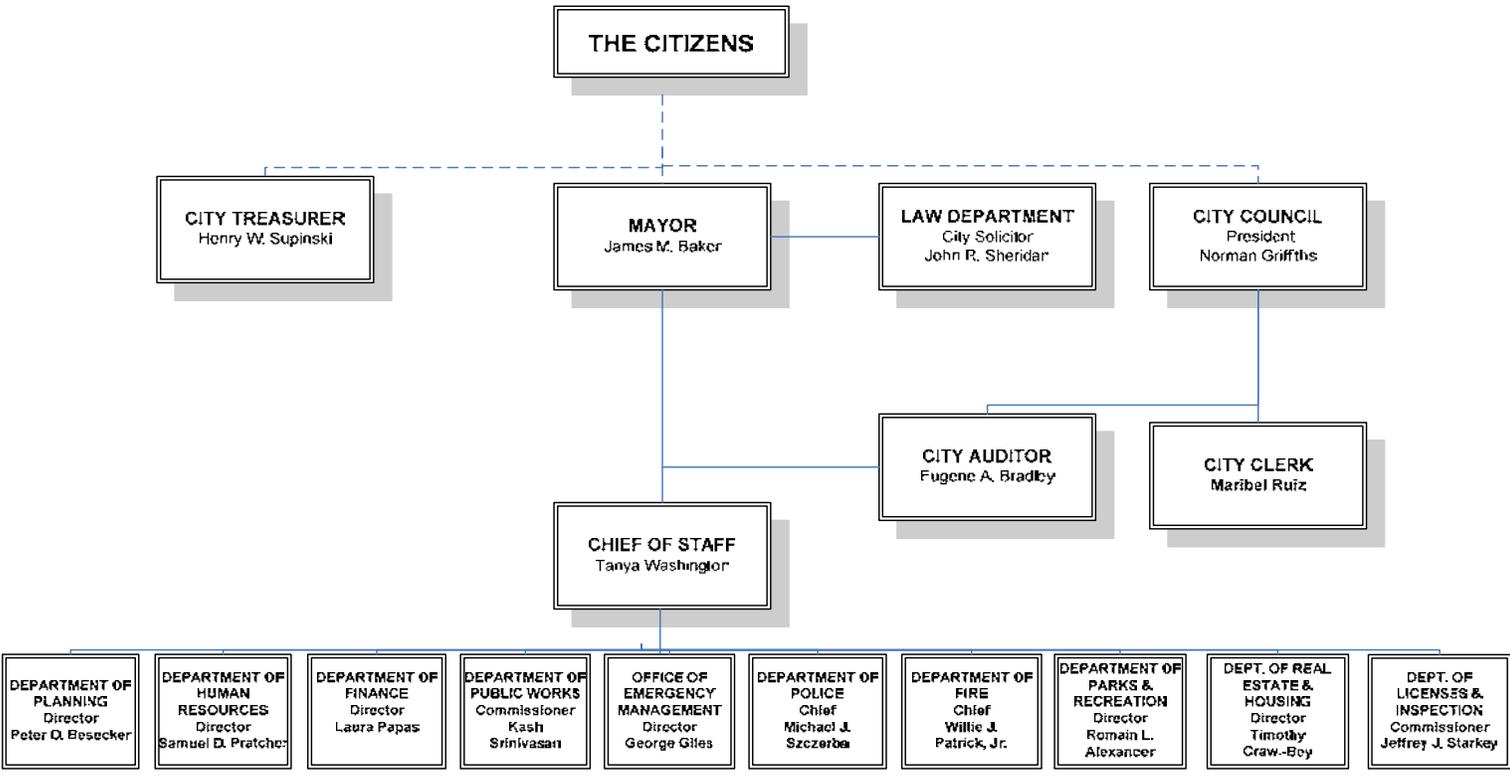
President

Jeffrey R. Emery

Executive Director



CITY OF WILMINGTON ORGANIZATION CHART



City of Wilmington
Listing of Principal Officials
June 30, 2012

Executive

Mayor
City Treasurer

James M. Baker
Henry W. Supinski

City Council

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

Norman D. Griffiths
Charles Potter, Jr.
Ernest Congo, II
Eric D. Robinson
Hanifa G.N. Shabazz
Samuel Prado
Kevin F. Kelley, Sr.
Paul F. Ignudo, Jr.
Tracey Thomson Schofield
Michael A. Brown, Sr.
Charles M. Freel
Loretta Walsh
Justen A. Wright

Department Heads

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

Tanya Washington
John R. Sheridan, Esquire
Eugene A. Bradley, CPA
Maribel Ruiz
Peter D. Besecker
Samuel D. Pratcher
Laura L. Papas
Kash Srinivasan
Romain L. Alexander
Timothy Crawl-Bey
Jeffrey J. Starkey
Michael J. Szczerba
Willie J. Patrick, Jr.
George B. Giles

Wilmington City Council Members 105th Session



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

**Council President Norman D.
Griffiths**



**District 1
Charles Potter, Jr.**



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



**District 3
Eric D. Robinson**



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



**District 5
Samuel Prado**



**District 6
Kevin F. Kelley, Sr.**



**District 7
Paul F. Ignudo, Jr.**



**District 8
Tracey T. Schofield**



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



**At-Large
Charles "Bud" Freel**



**At-Large
Loretta Walsh**



**At-Large
Justen A. Wright**



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Wilmington, DE 19807

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilmington, Delaware (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units: Christina Gateway Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District, and Riverfront Wilmington Business Improvement District which represent 90.2% and 97.2% of assets and revenues respectively, of the aggregate discretely presented component units. We also 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 represent 2.3% and 0.1% of assets and revenues respectively, of the aggregate remaining fund information. The financial statements of the Christina Gateway Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District, Riverfront Wilmington Business Improvement District, and Wilmington Park Trust Commission 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 Christina Gateway Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District, Riverfront Wilmington Business Improvement District, and Wilmington Park Trust Commission is based upon 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Wilmington, Delaware, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund 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 a report dated December 28, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Pension Funding Status and Progress on pages 3-15 and page 82, respectively, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

Wilmington, Delaware
December 28, 2012

CITY OF WILMINGTON, DELAWARE

Management's Discussion and Analysis

June 30, 2012

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, 2012. We encourage readers to consider the information presented in conjunction with the additional information furnished in the letter of transmittal.

Financial Highlights

Government-wide

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$213,213,828 (net assets), an increase of \$4,499,116 from the restated previous year (see Note 16 for inclusion of a new blended component unit). The net assets of governmental activities increased \$26,640 from the restated prior year, while the net assets from business activities increased \$4,472,476.
- Discretely presented component units reported net assets of \$47,246,239, an increase of \$275,938 from the restated previous year (see Note 16 for the removal of two component units).

Fund Level

- As of the close of the current fiscal year, the City of Wilmington's governmental funds reported combined ending fund balances of \$80,956,943 an increase of \$18,105,402 from the restated previous year (see Note 16 for the inclusion of a new blended component unit). The Fund Balance reported is: Nonspendable Fund Balance of \$10,788,096; Restricted Fund Balance of \$27,167,964; Committed Fund Balance of \$22,036,510; and an Unassigned Fund Balance totaling \$20,964,373 (see page 20 for detail breakdown).
- The Housing Strategic Fund had a committed fund balance in the amount of \$1,329,261 to fund affordable housing in the City.
- The Economic Strategic Fund had a combined fund balance of \$6,106,615 consisting of \$467,372 of restricted fund balance and \$5,639,243 of committed fund balance for current and future economic development activities.
- The Capital Projects Fund had a restricted fund balance in the amount of \$21,566,056 to fund current and future City capital improvements.
- The Other Governmental Funds have a combined fund balance of \$6,709,543 consisting of \$799,803 in nonspendable, \$5,134,536 of restricted fund balance and \$775,204 of committed fund balance.

Long-Term Debt

- The City's total net general obligation debt increased to \$286,970,796 at June 30, 2012, an increase of \$29,680,029. After the issuance of bonds in FY2012, water and sewer projects had a net increase in debt of \$12,668,331 and governmental capital projects had a net increase in debt of \$14,952,455.

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, Real Estate and Housing, Public Works, Parks and Recreation, and Public Safety. Also included is the Wilmington Park Trust Commission (The Trust) and Rock Manor Golf Corporation (Rock Manor) which are presented as 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 and Rock Manor manages golf courses on behalf of the park system.
- *Business-type Activities* – The City charges fees to customers to help cover all or most of the cost of certain services provided. The City provides water, wastewater, and stormwater treatment services.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the City is financially accountable. The City includes the following component units in this report: Christina Gateway Corporation, Wilmington UDAG Corporation, Wilmington Parking Authority, Wilmington Downtown Business Improvement District (Downtown Visions), and the Riverfront Wilmington Business Improvement District.

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

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

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

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

Other Information. Other information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and presented in a single column in the basic financial statements, but they are not reported individually, as with major funds, on the governmental fund financial statements. Detailed General Fund budget information as well as combining and individual fund statements begin on page 86.

Statistical Section. The City provides certain unaudited informational and statistical schedules that begin on page 105.

Financial Analysis of the Government as a Whole

Net Assets. A year-to-year comparison of net assets as restated (see Note 16 referring to a new blended component) is as follows:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other Assets	\$ 128,482,925	\$ 108,209,951	\$ 19,090,857	\$ 5,538,301	\$ 147,573,782	\$ 113,748,252
Capital Assets	186,197,256	186,731,577	257,424,518	250,305,136	443,621,774	437,036,713
Total Assets	314,680,181	294,941,528	276,515,375	255,843,437	591,195,556	550,784,965
Long Term Liabilities	185,745,274	164,395,813	155,309,512	142,534,069	341,054,786	306,929,882
Other Liabilities	17,818,440	19,455,888	19,108,502	15,684,483	36,926,942	35,140,371
Total Liabilities	203,563,714	183,851,701	174,418,014	158,218,552	377,981,728	342,070,253
Net Assets:						
Invest in Capital Assets,						
Net of Related Debt	79,317,727	82,216,326	118,391,959	112,071,075	197,709,686	194,287,401
Restricted	5,934,339	5,470,837	-	-	5,934,339	5,470,837
Unrestricted	25,864,401	23,402,664	(16,294,598)	(14,446,190)	9,569,803	8,956,474
Total Net Assets	\$ 111,116,467	\$ 111,089,827	\$ 102,097,361	\$ 97,624,885	\$ 213,213,828	\$ 208,714,712

The largest component of City's net assets, \$197,709,686, 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) as restated of \$3,422,285 is caused primarily by the acquisition of capital assets being greater than the depreciation in net capital assets as the City continues to invest in its infrastructure. The unrestricted net assets of governmental activities increased by \$2,461,737 after the restatement due primarily to earned income and transfer tax increases during the year. Unrestricted net assets of business-type activities decreased by \$1,848,408 due primarily to operating cash changes resulting in an increased liability to the governmental activity.

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 \$4,499,116, over the course of this year's operations. The net assets of governmental activities increased \$26,640, and the net assets of business-type activities increased by \$4,472,476.

**City of Wilmington's Changes in Net Assets
Year Ended June 30, 2012**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues:						
Charges for Services	\$ 27,828,550	\$ 23,909,670	\$ 64,744,275	\$ 58,346,241	\$ 92,572,825	\$ 82,255,911
Operating Grants & Contributions	19,362,707	20,569,251	-	-	19,362,707	20,569,251
Capital Grants & Contributions	1,311,524	1,908,256	574,876	9,092,105	1,886,400	11,000,361
General Revenues:						
Total Taxes	106,932,316	98,193,036	-	-	106,932,316	98,193,036
Investment Earnings	494,437	1,287,448	37,969	15,000	532,406	1,302,448
Other Revenues	12,437,046	11,897,908	-	-	12,437,046	11,897,908
Total Revenues	168,366,580	157,765,569	65,357,120	67,453,346	233,723,700	225,218,915
EXPENSES						
General Government	35,708,148	29,488,557	-	-	35,708,148	29,488,557
Real Estate and Housing	10,276,370	9,558,053	-	-	10,276,370	9,558,053
Public Works	23,177,193	23,033,197	-	-	23,177,193	23,033,197
Parks and Recreation	9,632,204	9,423,690	-	-	9,632,204	9,423,690
Public Safety	84,777,539	82,913,341	-	-	84,777,539	82,913,341
Interest on Long Term Debt	4,768,486	5,616,097	6,324,914	4,423,310	11,093,400	10,039,407
Water/Sewer	-	-	54,559,730	50,300,309	54,559,730	50,300,309
Total Expenses	168,339,940	160,032,935	60,884,644	54,723,619	229,224,584	214,756,554
Change in Net Assets	\$ 26,640	\$ (2,267,366)	\$ 4,472,476	\$ 12,729,727	\$ 4,499,116	\$ 10,462,361

Governmental Activities

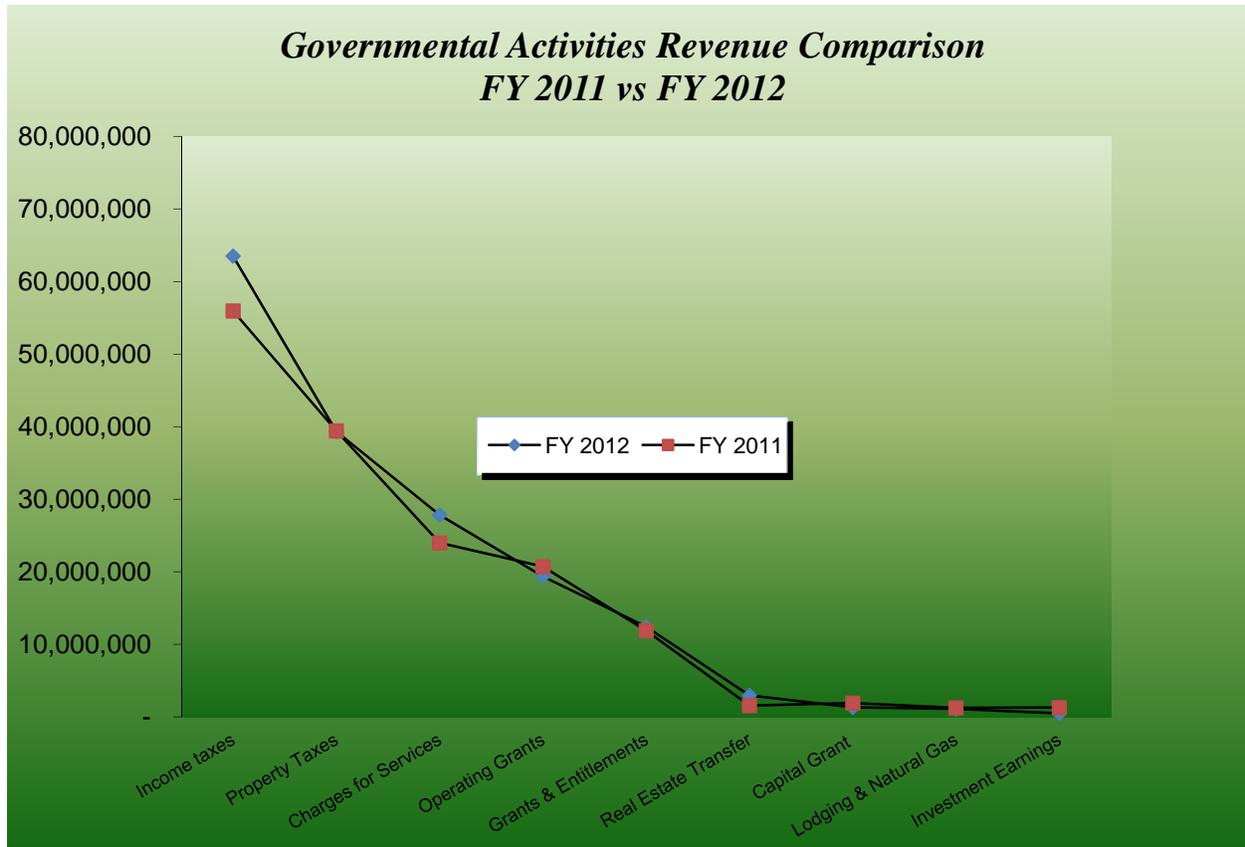
Revenues of governmental activities for fiscal year 2012 increased from 2011 by \$10,601,011. The primary reason for this net increase was increased revenues from earned income taxes, real estate transfer taxes, and construction permits compared to the prior year. The key revenue elements are discussed later in the fund statement comparisons.

Expenses and transfers of governmental activities for fiscal year 2012 increased by \$8,307,005 compared to 2011 primarily due to economic development grants made by the City and housing expenditures related to federal and state grants. Key cost elements are discussed later in the fund statement comparison.

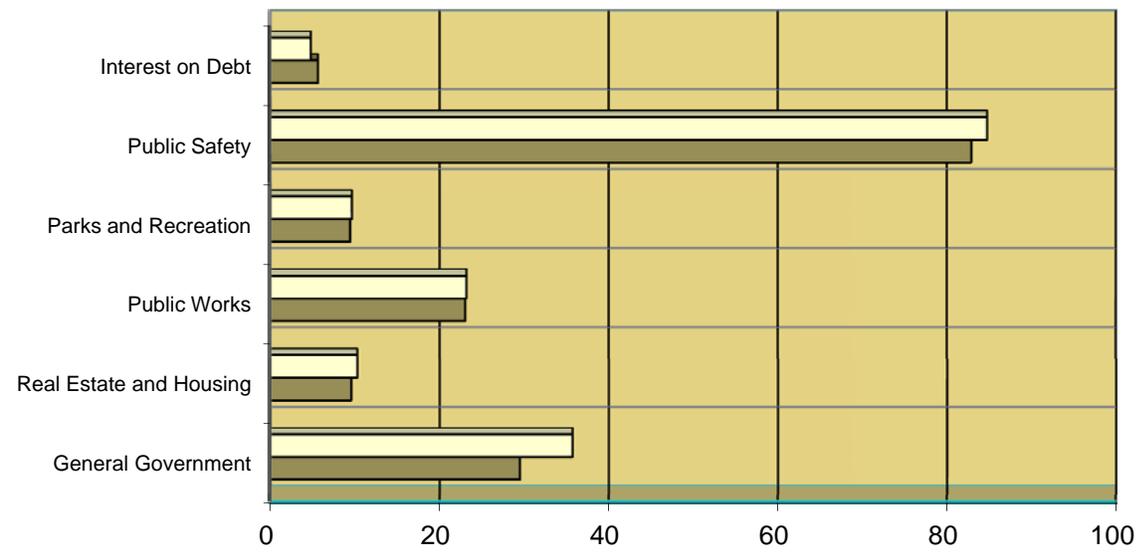
The charts on the following page depict a comparative view of the revenues and expenses of the governmental activities for fiscal year 2012 as compared to fiscal year 2011.

Business-type Activities

Net assets of business-type activities increased by \$4,472,476 for the current fiscal year primarily as the margin of operating revenue over expenses remained relatively constant compared to 2011. Detail explanations of the variance are contained in the financial analysis of the City's Funds - Proprietary Funds section on page 12.



Governmental Activities Expenditure Comparison FY 2011 to FY 2012



	General Government	Real Estate and Housing	Public Works	Parks and Recreation	Public Safety	Interest on Debt
□ 2012 Actual	35,708,148	10,276,370	23,177,193	9,632,204	84,777,539	4,768,486
■ 2011 Actual	29,488,557	9,558,053	23,033,197	9,423,690	82,913,341	5,616,097

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported fund balances of \$80,956,943. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with GASB 54:

- \$10,788,096 is recorded as Nonspendable due to a \$3,000,000 advance to the Motor Vehicle Fund, a \$6,988,293 advance to the Water/Sewer Fund, and \$799,803 in Wilmington Park Related Commissions;
- \$27,167,964 is recorded as Restricted; \$22,033,428 for capital projects, \$5,134,536 for park operations;
- \$22,036,510 is recorded as Committed; \$14,292,802 for the Budget Reserve Account, \$1,329,261 for Affordable Housing, \$5,639,243 for Economic Development, \$775,204 for other purposes; and
- \$20,964,373 is the remaining fund balance, thus this is classified as Unassigned.

Governmental Funds**General Fund – Comparison to Prior Year.**

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

- \$9,988,293 is recorded as Nonspendable due to a \$3,000,000 advance to the Motor Vehicle Fund and a \$6,988,293 advance to the Water/Sewer Fund;
- \$14,292,802 is recorded as Committed for the Budget Reserve Account. The Budget Reserve Account is held in the event of adverse economic conditions or public emergency and can be used with the approval of a majority of the thirteen members of City Council;
- \$20,964,373 is recorded as Unassigned for purposes to be identified at a later date.

The schedule on the following page presents General Fund revenues and expenditures for 2012 compared to budget and 2011.

The revenues for fiscal year 2012 increased \$7,240,092 compared to the prior fiscal year. Primary factors in these results are:

- Wage Taxes increased by \$4,082,780 and Net Profit Taxes increased by \$221,969 compared to 2011. An increase of approximately \$3,000,000 was due to audit and collection activity and the remainder from the improved economy.
- Real Estate Transfer Taxes were up \$1,409,969 related to the sale of a major building.
- Licenses and Permits increased by \$855,676 due primarily to increased construction.
- Fines and Forfeitures increased by \$785,635 compared to 2011 as red-light citations more than offset parking ticket declines caused by changes in laws and regulations related to parking and parking enforcement. The City continues its efforts to compel violators to pay parking tickets and red light violations before they can register their motor vehicles anywhere in the State; this is managed by the City of Wilmington's Department of Finance and the Division of Motor Vehicles for the State of Delaware.

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

	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>2012 Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Taxes:						
Property	\$ 39,187,019	\$ 39,013,879	\$ (173,140)	\$ 38,540,757	\$ 39,013,879	\$ 473,122
Wage	51,732,408	55,815,188	4,082,780	50,473,500	55,815,188	5,341,688
Net Profit	4,818,119	5,040,088	221,969	5,000,000	5,040,088	40,088
Franchise	1,771,473	1,716,982	(54,491)	1,748,726	1,716,982	(31,744)
Real Estate Transfer	1,561,633	2,971,602	1,409,969	1,852,313	2,971,602	1,119,289
Head	3,665,320	3,662,183	(3,137)	3,560,000	3,662,183	102,183
Lodging & Natural Gas	1,244,958	1,106,677	(138,281)	1,184,800	1,106,677	(78,123)
Intergovernmental	18,879,150	18,996,396	117,246	19,534,415	18,996,396	(538,019)
Licenses and Permits	3,987,861	4,843,537	855,676	3,740,677	4,843,537	1,102,860
Fines and Forfeitures	8,698,896	9,484,531	785,635	8,922,514	9,484,531	562,017
Charges for Services	4,775,202	4,967,893	192,691	4,319,033	4,967,893	648,860
Investment Earnings	541,633	484,808	(56,825)	162,500	484,808	322,308
Total Revenues	<u>140,863,672</u>	<u>148,103,764</u>	<u>7,240,092</u>	<u>139,039,235</u>	<u>148,103,764</u>	<u>9,064,529</u>
Expenditures:						
General Governmental Services:						
Mayor's office	8,420,466	9,478,354	(1,057,888)	9,930,823	9,478,354	452,469
City Council	2,402,626	2,560,701	(158,075)	2,484,576	2,560,701	(76,125)
Audit	708,260	701,418	6,842	660,861	701,418	(40,557)
Law	2,890,737	3,104,875	(214,138)	3,153,232	3,104,875	48,357
Finance	9,917,369	10,524,950	(607,581)	10,898,263	10,524,950	373,313
Personnel	1,767,378	1,819,672	(52,294)	1,888,186	1,819,672	68,514
Treasurer	414,476	428,675	(14,199)	414,705	428,675	(13,970)
Planning	1,470,955	1,522,602	(51,647)	1,561,941	1,522,602	39,339
Real Estate and Housing	1,212,734	1,306,714	(93,980)	1,304,286	1,306,714	(2,428)
Public Works	20,004,119	20,254,686	(250,567)	22,146,127	20,254,686	1,891,441
Parks and Recreation	7,702,527	8,058,670	(356,143)	8,375,301	8,058,670	316,631
Public Safety:						
Licenses and Inspection	4,255,229	4,121,324	133,905	4,343,653	4,121,324	222,329
Fire	23,398,577	22,664,801	733,776	23,237,608	22,664,801	572,807
Police	50,242,692	50,916,243	(673,551)	49,963,493	50,916,243	(952,750)
Total Expenditures	<u>134,808,145</u>	<u>137,463,685</u>	<u>(2,655,540)</u>	<u>140,363,055</u>	<u>137,463,685</u>	<u>2,899,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,055,527</u>	<u>10,640,079</u>	<u>4,584,552</u>	<u>(1,323,820)</u>	<u>10,640,079</u>	<u>11,963,899</u>
Other Financing Sources (Uses)						
Transfers in	1,125,422	302,160	(823,262)	302,160	302,160	-
Transfers out	(424,075)	(3,498,151)	(3,074,076)	-	(3,498,151)	(3,498,151)
Total Other Financing Sources (Uses)	<u>701,347</u>	<u>(3,195,991)</u>	<u>(3,897,338)</u>	<u>302,160</u>	<u>(3,195,991)</u>	<u>(3,498,151)</u>
Net Change in Fund Balances	<u>\$ 6,756,874</u>	<u>\$ 7,444,088</u>	<u>\$ 687,214</u>	<u>\$ (1,021,660)</u>	<u>\$ 7,444,088</u>	<u>\$ 8,465,748</u>

The current year's expenditures and transfers out increased by \$5,729,616 compared to fiscal year 2011 spending levels. The increase resulted primarily from increased pension costs due to a change in the actuarial estimate of investments returns and one-time transfers related to a major review of old grant programs. Generally, the City's cost containment efforts were successful both with personal service costs and with vendor and utility costs.

- General Governmental Services expenditures for 2012, which were 22% of General Fund expenditures, experienced an increase of \$2,148,980. A primary driver was the return to normal debt service levels from the reductions in 2010 and 2011 of the 2010 debt refunding.
- Real Estate and Housing, 1% of General Fund expenditures, incurred year-to-year expenditure increases of \$93,980 primarily due to increased debt service payments.
- Public Works, 15% of General Fund expenditures, saw expenditures increase by \$250,567 versus 2011 again primarily due to debt service payments.
- Parks and Recreation, 6% of General Fund expenditures, had increased expenditures of \$356,143 again primarily due to debt service increases.
- Fire expenditures, which represented 17% of the City's General Fund expenditures, experienced a decrease of \$733,776 primarily due to almost \$600,000 in reduced overtime.
- Police expenditures, which represented 37% of the City's General Fund expenditures, increased by \$673,551. Higher pension costs related in part to the investment rate change increased \$1,680,977. This was offset by savings in many smaller areas.
- Transfers out in FY2012 were \$3,498,151 as compared to transfers of \$424,075 in FY2011. The transfers in 2012 include \$324,848 to the cable television fund in accordance with the City Code; \$494,487 to the Neighborhood Stabilization Program to cover disallowed remediation costs, and \$2,678,816 to various special revenue funds to cover uncollectible receivable balances and costs in a broad variety of grants and differing award years (this was part of a major review of old grant programs).

Other Major Funds – Comparison to Prior Year

Housing Strategic Fund disbursements have increased slightly from \$963,098 to \$1,384,259; these costs tend to rise and fall as opportunities present themselves and as the impact of the expenditures can be enhanced through the use of grants and local partnerships.

The primary focus of the Economic Strategic Fund remained the Upstairs Fund program aimed at revitalizing the Market Street area by providing support for residential renovations on the floors above street-level businesses and employer incentive programs. The Upstairs Fund was the major force behind the expenditures rising to \$5,690,781 from \$1,955,786 in FY2011.

The level of Capital Projects Fund expenditures saw moderate change in 2012 compared to 2011 and rose to \$6,539,486 from \$5,068,710. Street projects were approximately level with 2011 while the Emergency Operation Center was expanded and parts of the City County Building were modernized.

Proprietary Funds

Water/Sewer Funds – Comparison to Prior Year

The operation of the Business-type activities increased the City's net assets by \$4,472,476 versus an increase of \$12,729,727 in 2011. The major contributor to this change was a major capital grant in 2011; capital grants and contributions declined from \$9,092,105 in 2011 to \$574,876 in 2012.

- Sewer Service Charges to New Castle County were almost unchanged from 2011 with current year charges of \$17,583,585 versus \$17,646,669 last year.
- Direct User Charges for water, sewer, and stormwater increased by \$4,319,487, primarily as the result of a 16% rate increase. Various state and federal agencies including the Port of Wilmington are not paying billed stormwater fees; these are in various stages of collection and legal recourses are being pursued. The City has fully reserved these billings until the disputes are settled.
- Capital Grant and Contribution revenue declined from \$9,092,105 in 2011 to \$574,876 in 2012.
- Compared to fiscal year 2011 results, total expenses increased by \$6,161,025 or 11%. This small increase was driven in part by increased interest costs of \$1,933,418, sewer maintenance costs were up over \$900,000, water maintenance costs were up approximately \$1,700,000 and wastewater costs were up approximately \$1,000,000. Depreciation increased \$464,774.

General Fund Budgetary Highlights

The City adopted the fiscal year 2012 budget on June 2, 2011, 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 \$139,039,235 of revenues, \$140,363,055 of expenditures before other financing uses, and \$302,160 in transfers from other funds. The original expenditures and transfers out were increased by \$1,025,969 through mid-year budget amendments addressing issues primarily to fund Finance Department collection efforts and Public Works costs. The actual results were revenues before other financing sources (uses) of \$9,064,529 over budget, expenditures of \$2,899,370 under budget, transfers in equal to budget, and transfers out of \$3,498,151 over budget.

- Property Taxes were \$473,122 above expectations mostly due to delinquency collections
- Wage Tax revenues, representing 38% of General Fund Tax revenues, were over the budget by \$5,341,688. Of the increase, \$3,000,000 came from improved audit collections as the City works through a backlog of audits, the budget was approximately \$1,300,000 lower than FY 2011 actual due to timing, and the local economy is improving and provided near normal growth often due to expanded financial industries in the riverfront business district.
- Real Estate Transfer Taxes were over the budget by \$1,119,289 primarily due to one major building sale.
- Fines and Forfeitures were over budget by \$562,017. Red-light citations continued to increase, but this increase of approximately \$1,200,000 was largely offset reduced parking citation issuance and collection due to changes in parking and collection laws and regulations.

- Investment earnings were over the budget by \$322,308 due in part to interest collected on debt payments from the State of Delaware from the sale of the Port of Wilmington and in part to interest earned on unspent capital bonds.
- Mayor's Office expenditures were under budget by \$452,469 primarily due to reduced debt service, but partly due to reduced grants and donations.
- Finance expenditures were under budget by \$373,313; collection costs were above the original budget but below the revised budget – collection efforts were able to continue into the summer undeterred.
- Public Works expenditures were under budget by \$1,891,441 due primarily to \$633,397 of reduced electricity costs (partially paid for Municipal Street Aid and part savings from new LED lights), \$315,565 of lower motor vehicle costs, and a mix of other results.
- Parks and Recreation expenditures were under budget by \$316,631. Motor vehicle costs were down \$86,000 but the majority of the savings came from the over cost containment effort.
- Fire expenditures were under budget by \$572,807. The majority of the savings came from motor vehicle costs \$392,318. The state pension pass-through payments were under budget by \$360,571.
- Police expenditures were over budget by \$952,750. Significant components include increased pension costs of \$1,254,981 offset by motor vehicle savings of \$647,682 and a state pension pass through that was low by \$560,155.
- Transfers out in 2012 include \$324,848 to the cable television fund in accordance with the City Code; \$494,487 to the Neighborhood Stabilization Program to cover disallowed remediation costs, and \$2,678,816 to various special revenue funds to cover uncollectible receivable balances and costs in broad variety of grants and differing award years (this was part of a major review of old grant programs).

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2012, the City had invested \$443,621,774, net of accumulated depreciation, in a broad range of capital assets. The table on the following page presents 2012 asset balances compared to 2011 balances (further detail in Note 6 as required by GASB 34). Major capital asset events during the current fiscal year included the following:

Governmental Activities:

- Capital Improvements were primarily focused on streets and signals (\$1,903,523 invested), renovations at the City County Building as well as an Emergency Operations Center addition were a major part of \$1,755,272 of building improvements, and in vehicle acquisitions and other equipment including a new fire boat (\$4,465,123 invested).

Business-type Activities:

- Construction to modernize the Brandywine Water Filter Plant was a major part of \$10,266,373 of the Water Filter Facilities and Improvements (amounts noted relate to assets acquired or constructed not necessarily those placed in service during the year).
- Water Lines added \$1,716,372 as the City continues its efforts to reline or replace aging water lines.
- Sewer Line construction often related to combined sewer overflow remediation efforts added \$5,555,213 during FY2012.

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

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 24,090,181	\$ 24,090,181	\$ 4,060,443	\$ 4,060,443	\$ 28,150,624	\$ 28,150,624
Art	1,506,953	1,267,924	-	-	1,506,953	1,267,924
Construction in Progress	1,795,161	1,526,476	3,657,649	7,061,283	5,452,810	8,587,759
Buildings & Improvements	54,972,916	52,600,028	22,638,327	23,064,667	77,611,243	75,664,695
Parks & Recreation Facilities	11,949,147	12,086,279	-	-	11,949,147	12,086,279
Streets & Signals	68,670,755	70,318,413	-	-	68,670,755	70,318,413
Water Reservoirs, Facilities & Water Lines	-	-	125,904,884	117,975,249	125,904,884	117,975,249
Wastewater Facilities & Sewer Lines	-	-	101,163,215	98,143,494	101,163,215	98,143,494
Vehicles, Equipment & Other	23,212,143	22,838,229	-	-	23,212,143	22,838,229
Totals	<u>\$ 186,197,256</u>	<u>\$ 184,727,530</u>	<u>\$ 257,424,518</u>	<u>\$ 250,305,136</u>	<u>\$ 443,621,774</u>	<u>\$ 435,032,666</u>

Long-Term Debt. At the end of the current fiscal year, the City had total bonded (backed by the full faith and credit of the government) debt outstanding of \$286,970,796. Of this amount, \$135,209,598 comprises debt related to Governmental activities and \$151,761,198 is supported by Business-Type activities. New bond issues authorized during the fiscal year (further detailed in Note 9) include:

- On November 22, 2011, the City issued \$46,665,000 of three series of General Obligation Bonds and paid off all outstanding bond anticipation notes.
- On March 24, 2012, the City issued a \$1,555,195 General Obligation Bond in the form of a promissory note to a state financing agency to finance water system pump upgrades.
- On February 10, 2012, the City entered into financing agreements with the Delaware Water Pollution Control Revolving Fund (DWPCRF) to finance two stormwater and wastewater treatment projects totaling \$2,700,000.
- In June 2012, the City authorized debt related to an energy cogeneration project that would take landfill gas from a state entity, combine it with wastewater treatment plant gases, and produce electricity which the treatment plant would then consume. In July, a General Obligation Bond Anticipation Note was issued to a local bank for \$39,000,000. In October, permanent financing of \$36,060,000 was arranged with the DWPCRF.

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

Additional information on the City's long-term debt can be found in Note 9 to the financial statements. June 30, 2011 is restated to include a blended component – see Note 16.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Obligation Bonds	<u>\$ 135,209,598</u>	<u>\$ 120,257,143</u>	<u>\$ 151,761,198</u>	<u>\$ 139,092,867</u>	<u>\$ 286,970,796</u>	<u>\$ 259,350,010</u>

Economic Factors and 2012 Budgets and Rates

The City of Wilmington's unemployment rate climbed from the Fall of 2008 to 2010 and saw a small reduction as calendar 2011 started. Per capita income was under pressure but appeared stable and slowly recovering as the economy comes back. The City's diversified service economy slowed, but the movement of employers to the riverfront was expected to continue. The City saw sharp decreases in building permits, real estate transfer taxes, and state revenue sharing corporate filing fees. The City projected that the economy would continue to impact employment, bonuses, and building activity; thus transaction related revenues were expected to decline approximately 5%.

As the City prepared its budget, the State of Delaware and New Castle County were also preparing budgets with stiff challenges for their citizens and employees. The City prepared its 2012 budget primarily with a mix of fiscal restraints would permit its citizens to continue to receive the services they expected and deserved from their City government. Overtime and vacant staff positions were cut and special events and certain special purpose support costs (grants, scholarships, and donations) were reduced as part of cost savings used to continue City services with little reduction apparent to the average citizen.

All of these economic factors were taken into account when adopting the General Fund budget for fiscal year 2012. The City's budget addresses economic development, public safety, and infrastructure needs.

The property tax rate was kept unchanged; the reinstatement of the State's Municipal Street Aid program that helped pay street light electricity costs generated expenditure savings that could be used elsewhere. Other taxes remained unchanged; however departments looked at charges for services to assure coverage of incurred costs. Water and sewer direct charge rates were increased by 16% and stormwater rates were also increased by 16%.

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 Laura L. Papas, Director of Finance, and City of Wilmington, Delaware 19801.

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

The City is Alive with Entertainment for All Ages

The Annual Clifford Brown Jazz Festival



Spotlight on the revitalized Queen Theatre – Downtown Wilmington



BASIC FINANCIAL STATEMENTS

City of Wilmington, Delaware

**Statement of Net Assets
June 30, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments (Note 3)	\$ 37,856,772	\$ 250	\$ 37,857,022	\$ 15,810,055
Receivables, Net (Note 4)	29,686,836	17,900,148	47,586,984	7,303,042
Internal Balances	19,270,173	(19,270,173)	-	-
Due from Other Governments	8,347,893	48,179	8,396,072	-
Deferred Charges & Other Assets	1,730,761	1,544,908	3,275,669	569,774
Restricted Assets:				
Cash and Investments (Note 3)	31,590,490	18,867,545	50,458,035	1,880,286
Capital Assets, Net (Note 6)				
Land	24,090,181	4,060,443	28,150,624	19,648,147
Art	1,506,953	-	1,506,953	-
Construction in Progress	1,795,161	3,657,649	5,452,810	785,433
Buildings & Improvements	54,972,916	22,638,327	77,611,243	28,321,800
Parks & Recreation Facilities	11,949,147	-	11,949,147	-
Streets & Street Signals	68,670,755	-	68,670,755	-
Water & Sewer Systems	-	227,068,099	227,068,099	-
Vehicles, Equipment, and Other	23,212,143	-	23,212,143	1,046,712
Total Assets	314,680,181	276,515,375	591,195,556	75,365,249
LIABILITIES				
Accounts Payable & Accrued Expenses	9,770,630	14,831,822	24,602,452	985,322
Salaries and Benefits Payable	676,456	42,729	719,185	222,787
Unearned Revenue	3,366,396	4,233,951	7,600,347	228,766
Other Liabilities	4,004,958	-	4,004,958	275,000
Long Term Liabilities				
Due Within One Year:				
Bonds Payable	7,605,911	6,888,945	14,494,856	2,330,024
Capital Leases	1,585,581	-	1,585,581	6,490
Claims Liabilities	2,810,202	-	2,810,202	-
Compensated Absences	5,612,577	561,252	6,173,829	-
Due in More Than One Year:				
Bonds Payable	130,909,555	147,859,315	278,768,870	22,207,883
Capital Leases	3,977,610	-	3,977,610	-
Claims Liabilities	11,729,069	-	11,729,069	-
Compensated Absences	3,028,292	-	3,028,292	-
Other Post Employment Benefits Payable	18,486,477	-	18,486,477	-
Minority Interest	-	-	-	1,862,738
Total Liabilities	203,563,714	174,418,014	377,981,728	28,119,010
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	79,317,727	118,391,959	197,709,686	26,419,871
Restricted for:				
Debt Service	-	-	-	1,880,286
Park Operations & Other - Expendable	5,134,536	-	5,134,536	-
Park Operations - Nonexpendable	799,803	-	799,803	-
Unrestricted	25,864,401	(16,294,598)	9,569,803	18,946,082
Total Net Assets	\$ 111,116,467	\$ 102,097,361	\$ 213,213,828	\$ 47,246,239

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, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Grants and Contributions		Primary Government			
			Operating	Capital	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Governmental Services	\$ 35,708,148	\$ 8,937,613	\$ -	\$ -	\$ (26,770,535)	\$ -	\$ (26,770,535)	\$ -
Real Estate and Housing	10,276,370	1,915,305	7,061,723	-	(1,299,342)	-	(1,299,342)	-
Public Works	23,177,193	283,289	1,095,765	1,311,524	(20,486,615)	-	(20,486,615)	-
Parks and Recreation	9,632,204	284,258	432,715	-	(8,915,231)	-	(8,915,231)	-
Public Safety	84,777,539	16,408,085	10,772,504	-	(57,596,950)	-	(57,596,950)	-
Interest on Long-term Debt	4,768,486	-	-	-	(4,768,486)	-	(4,768,486)	-
Total Governmental Activities	<u>168,339,940</u>	<u>27,828,550</u>	<u>19,362,707</u>	<u>1,311,524</u>	<u>(119,837,159)</u>	<u>-</u>	<u>(119,837,159)</u>	<u>-</u>
Business-type Activities:								
Water/Sewer	60,884,644	64,744,275	-	574,876	-	4,434,507	4,434,507	-
Total Primary Governments	<u>\$ 229,224,584</u>	<u>\$ 92,572,825</u>	<u>\$ 19,362,707</u>	<u>\$ 1,886,400</u>	<u>(119,837,159)</u>	<u>4,434,507</u>	<u>(115,402,652)</u>	<u>-</u>
Component Units:								
Christina Gateway Corporation	\$ 16,583	\$ -	\$ -	\$ -	-	-	-	(16,583)
Wilmington UDAG Corporation	207,591	285,772	-	-	-	-	-	78,181
Wilmington Parking Authority	7,105,744	6,763,747	-	-	-	-	-	(341,997)
Downtown Visions	2,308,873	2,388,567	-	-	-	-	-	79,694
Riverfront Business Improvement District	326,686	420,891	-	-	-	-	-	94,205
Total Component Units	<u>\$ 9,965,477</u>	<u>\$ 9,858,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,500)</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					39,334,457	-	39,334,457	-
Income Taxes					63,519,580	-	63,519,580	-
Real Estate Transfer					2,971,602	-	2,971,602	-
Lodging & Natural Gas Taxes					1,106,677	-	1,106,677	-
Investment Earnings					494,437	37,969	532,406	328,163
Other Revenues including Capital Asset Gains					-	-	-	54,275
Grants, Entitlements, and Contributions not Restricted to Specific Programs					12,437,046	-	12,437,046	-
Total General Revenues					<u>119,863,799</u>	<u>37,969</u>	<u>119,901,768</u>	<u>382,438</u>
Changes in Net Assets					26,640	4,472,476	4,499,116	275,938
Net Assets - Beginning as restated (Note 16)					<u>111,089,827</u>	<u>97,624,885</u>	<u>208,714,712</u>	<u>46,970,301</u>
Net Assets - Ending					<u>\$ 111,116,467</u>	<u>\$ 102,097,361</u>	<u>\$ 213,213,828</u>	<u>\$ 47,246,239</u>

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

City of Wilmington, Delaware

**Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General</u>	<u>Housing Strategic</u>	<u>Economic Strategic</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 3)	\$ 23,129,591	\$ 1,309,261	\$ 5,688,383	\$ -	\$ 2,074,029	\$ 32,201,264
Receivables, Net (Note 4)	27,796,914	1,820,000	-	-	60,697	29,677,611
Due from Other Funds (Note 7)	7,455,291	-	-	-	25,871	7,481,162
Due from Component Unit	275,000	-	-	-	-	275,000
Due from Other Governments	2,289,673	-	-	1,064,784	4,718,436	8,072,893
Prepaid Items & Other Assets	-	-	-	-	10,150	10,150
Advances Due from Other Funds	9,988,293	-	-	-	-	9,988,293
Restricted Assets:						
Cash and Investments (Note 3)	-	-	467,372	23,597,088	5,938,362	30,002,822
TOTAL ASSETS	<u>\$ 70,934,762</u>	<u>\$ 3,129,261</u>	<u>\$ 6,155,755</u>	<u>\$ 24,661,872</u>	<u>\$ 12,827,545</u>	<u>\$ 117,709,195</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 3,910,098	\$ -	\$ 49,140	\$ 2,167,315	\$ 1,067,524	\$ 7,194,077
Salaries and Benefits Payable	632,696	-	-	-	43,760	676,456
Due to Other Funds	25,871	-	-	-	2,553,811	2,579,682
Deferred Revenue	19,046,693	-	-	928,501	2,437,895	22,413,089
Other Liabilities	<u>2,073,936</u>	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>15,012</u>	<u>3,888,948</u>
Total Liabilities	<u>25,689,294</u>	<u>1,800,000</u>	<u>49,140</u>	<u>3,095,816</u>	<u>6,118,002</u>	<u>36,752,252</u>
Fund Balances:						
Nonspendable						
Advance to Motor Vehicle Fund (Note 7)	3,000,000	-	-	-	-	3,000,000
Advance to Water/Sewer Fund (Note 7)	6,988,293	-	-	-	-	6,988,293
Trust for Park Operations	-	-	-	-	799,803	799,803
Restricted						
Capital Projects	-	-	467,372	21,566,056	-	22,033,428
Park Operations	-	-	-	-	5,134,536	5,134,536
Committed						
Budget Reserve Account	14,292,802	-	-	-	-	14,292,802
Affordable Housing	-	1,329,261	-	-	-	1,329,261
Economic Development	-	-	5,639,243	-	-	5,639,243
Other Purposes	-	-	-	-	775,204	775,204
Unassigned	<u>20,964,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,964,373</u>
Total Fund Balances	<u>45,245,468</u>	<u>1,329,261</u>	<u>6,106,615</u>	<u>21,566,056</u>	<u>6,709,543</u>	<u>80,956,943</u>
Total Liabilities and Fund Balances	<u>\$ 70,934,762</u>	<u>\$ 3,129,261</u>	<u>\$ 6,155,755</u>	<u>\$ 24,661,872</u>	<u>\$ 12,827,545</u>	<u>\$ 117,709,195</u>

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

City of Wilmington, Delaware
Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Assets
For the Year Ended June 30, 2012

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)		\$ 80,956,943
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 \$20,616,885 of internal service fund assets accounted for in the following line.		165,580,371
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.		3,709,381
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.		19,046,693
Long-term liabilities applicable to the governmental activities including bonds payable are not due and payable in the current year and, accordingly, are not reported as fund liabilities.		
Compensated Absences	\$ (8,434,636)	
Other Post Employment Benefit (OPEB) Liability	(18,486,477)	
Accrued Interest on Long Term Debt	(736,375)	
Deferred Amounts - Bond Issuance Costs	1,182,584	
Deferred Amounts - Bond Premium	(5,235,747)	
Deferred Amounts - Advance Refunding Difference	2,001,736	
Bonds and Notes Payable	(128,468,006)	(158,176,921)
Total Net Assets of Governmental Activities (Page 18)		<u>\$ 111,116,467</u>

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

City of Wilmington, Delaware

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012**

	<u>General</u>	<u>Housing Strategic</u>	<u>Economic Strategic</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$39,013,879	\$ -	\$ -	\$ -	\$ -	\$ 39,013,879
Wage	55,815,188	-	-	-	-	55,815,188
Net Profit	5,040,088	-	-	-	-	5,040,088
Franchise	1,716,982	-	-	-	-	1,716,982
Real Estate Transfer	2,971,602	-	-	-	-	2,971,602
Head	3,662,183	-	-	-	-	3,662,183
Lodging & Natural Gas	1,106,677	-	-	-	-	1,106,677
Intergovernmental	18,996,396	-	-	1,311,524	13,964,495	34,272,415
Licenses and Permits	4,843,537	-	-	-	-	4,843,537
Fines and Forfeitures	9,484,531	-	-	-	-	9,484,531
Charges for Services	4,967,893	18,049	288,000	-	2,221,090	7,495,032
Investment Earnings	484,808	-	-	-	9,629	494,437
Total Revenues	<u>148,103,764</u>	<u>18,049</u>	<u>288,000</u>	<u>1,311,524</u>	<u>16,195,214</u>	<u>165,916,551</u>
EXPENDITURES						
Current:						
General Governmental Services	26,138,812	-	5,690,781	1,453,210	754,870	34,037,673
Real Estate and Housing	477,810	1,384,259	-	-	8,391,500	10,253,569
Public Works	16,818,975	-	-	50,767	1,759,846	18,629,588
Parks and Recreation	6,190,088	-	-	506,385	1,910,569	8,607,042
Public Safety	76,906,718	-	-	-	3,324,569	80,231,287
Debt Service:						
Principal Retirement	5,615,432	-	-	-	-	5,615,432
Interest and Fiscal Charges	5,315,850	-	-	-	-	5,315,850
Capital Outlays	-	-	-	4,529,124	2,669,134	7,198,258
Total Expenditures	<u>137,463,685</u>	<u>1,384,259</u>	<u>5,690,781</u>	<u>6,539,486</u>	<u>18,810,488</u>	<u>169,888,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,640,079</u>	<u>(1,366,210)</u>	<u>(5,402,781)</u>	<u>(5,227,962)</u>	<u>(2,615,274)</u>	<u>(3,972,148)</u>
OTHER FINANCING SOURCES (USES)						
Bonds Issued	-	-	15,244,059	18,159,992	-	33,404,051
Bond Premiums	-	-	-	686,181	-	686,181
Bond Payments to Escrow Agent	-	-	(11,691,059)	(321,623)	-	(12,012,682)
Transfers In	302,160	475,857	-	297,886	5,424,453	6,500,356
Transfers Out	(3,498,151)	-	-	(2,059,243)	(942,962)	(6,500,356)
Total Other Financing Sources (Uses)	<u>(3,195,991)</u>	<u>475,857</u>	<u>3,553,000</u>	<u>16,763,193</u>	<u>4,481,491</u>	<u>22,077,550</u>
Net Change in Fund Balances	7,444,088	(890,353)	(1,849,781)	11,535,231	1,866,217	18,105,402
Fund Balance - Beginning as restated (Note 16)	<u>37,801,380</u>	<u>2,219,614</u>	<u>7,956,396</u>	<u>10,030,825</u>	<u>4,843,326</u>	<u>62,851,541</u>
Fund Balance - Ending	<u>\$ 45,245,468</u>	<u>\$ 1,329,261</u>	<u>\$ 6,106,615</u>	<u>\$ 21,566,056</u>	<u>\$ 6,709,543</u>	<u>\$ 80,956,943</u>

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, 2012

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) \$ 18,105,402

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	\$ 7,198,258	
Depreciation Expense	<u>(5,965,315)</u>	1,232,943

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

Port of Wilmington Sale Proceeds (Note 5)	\$ (1,182,665)	
Property and Other Taxes	2,984,882	
Fees and Fines	<u>647,812</u>	2,450,029

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.

	<u>Debt Issued</u>	<u>Repayments</u>	
General Obligation Bonds	\$ (33,404,051)	\$ 17,628,114	
Issuance Costs & Similar Items	<u>(358,948)</u>	<u>72,166</u>	
Net Adjustment	<u>(33,762,999)</u>	<u>17,700,280</u>	(16,062,719)

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

Compensated Absences	\$ (540,298)	
Other Post Employment Benefit (OPEB) Liability	(5,142,314)	
Accrued Interest on Long-Term Debt	<u>147,965</u>	(5,534,647)

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

Change in net assets of governmental activities (page 19) \$ 26,640

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

Cool Spring Reservoir



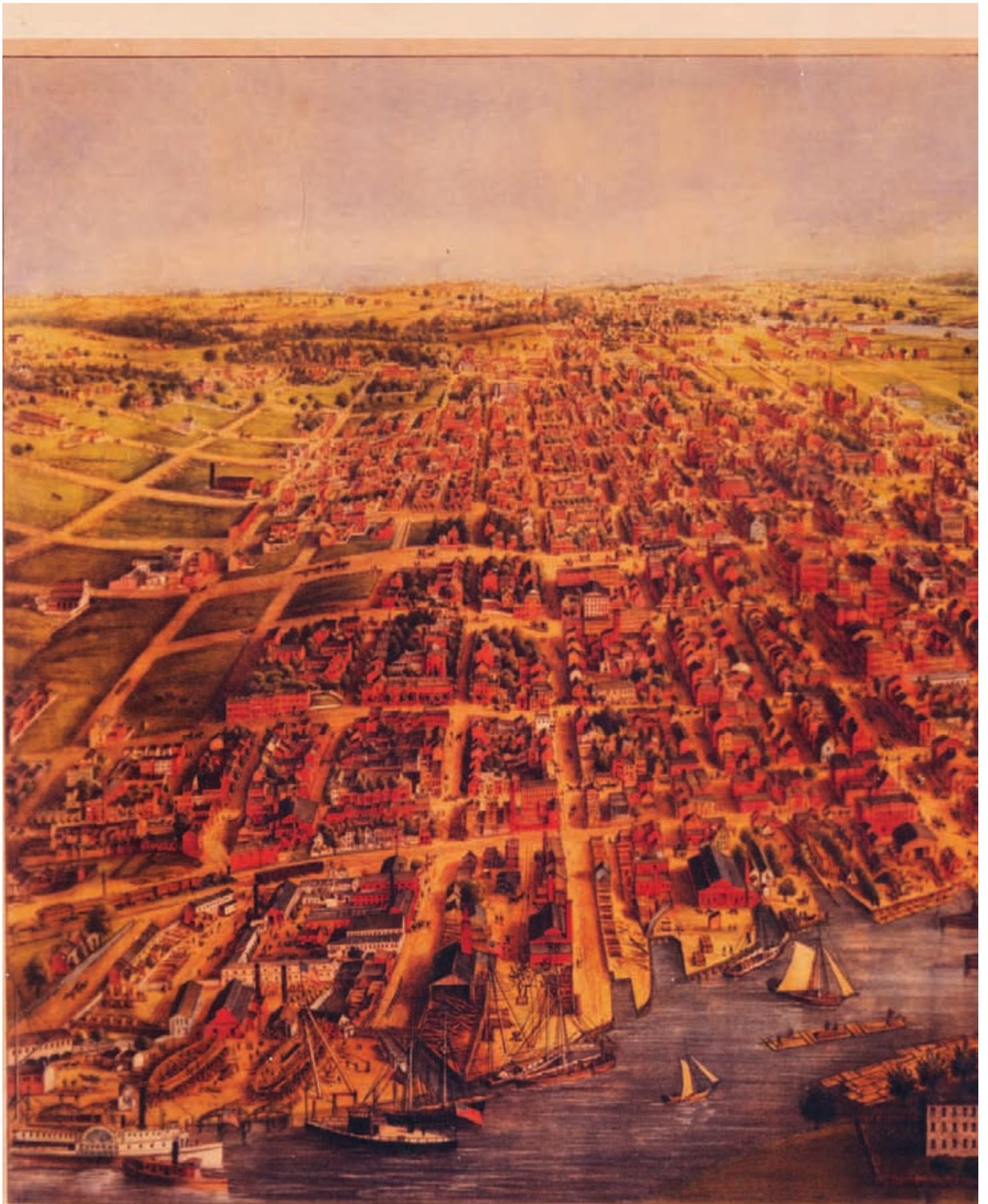
City of Wilmington, Delaware

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012**

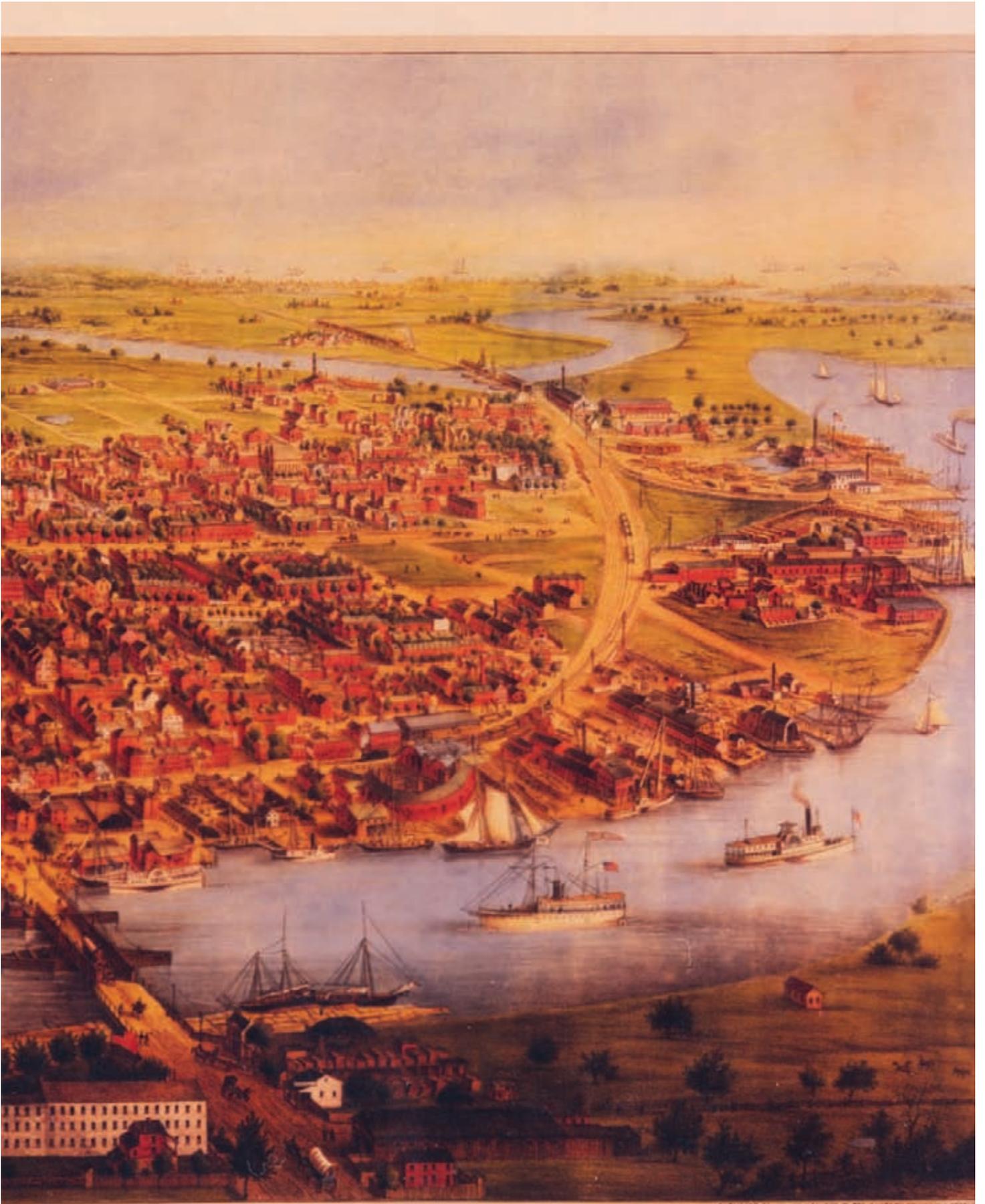
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property	\$ 38,540,757	\$ 38,540,757	\$ 39,013,879	\$ 473,122
Wage	50,473,500	50,473,500	55,815,188	5,341,688
Net Profit	5,000,000	5,000,000	5,040,088	40,088
Franchise	1,748,726	1,748,726	1,716,982	(31,744)
Real Estate Transfer	1,852,313	1,852,313	2,971,602	1,119,289
Head	3,560,000	3,560,000	3,662,183	102,183
Lodging & Natural Gas	1,184,800	1,184,800	1,106,677	(78,123)
Intergovernmental	19,534,415	19,534,415	18,996,396	(538,019)
Licenses and Permits	3,740,677	3,740,677	4,843,537	1,102,860
Fines and Forfeitures	8,922,514	8,922,514	9,484,531	562,017
Charges for Services	4,319,033	4,319,033	4,967,893	648,860
Investment Earnings	162,500	162,500	484,808	322,308
Total Revenues	<u>139,039,235</u>	<u>139,039,235</u>	<u>148,103,764</u>	<u>9,064,529</u>
Expenditures:				
General Governmental Services:				
Mayor's Office	10,205,904	9,930,823	9,478,354	452,469
City Council	2,414,576	2,484,576	2,560,701	(76,125)
Audit	660,861	660,861	701,418	(40,557)
Law	2,990,727	3,153,232	3,104,875	48,357
Finance	10,308,083	10,898,263	10,524,950	373,313
Human Resources	1,888,186	1,888,186	1,819,672	68,514
Treasurer	414,705	414,705	428,675	(13,970)
Planning	1,561,942	1,561,941	1,522,602	39,339
Real Estate and Housing	1,304,286	1,304,286	1,306,714	(2,428)
Public Works	21,893,437	22,146,127	20,254,686	1,891,441
Parks and Recreation	8,350,592	8,375,301	8,058,670	316,631
Public Safety:				
Licenses and Inspection	4,359,326	4,343,653	4,121,324	222,329
Fire	23,005,651	23,237,608	22,664,801	572,807
Police	49,978,810	49,963,493	50,916,243	(952,750)
Total Expenditures	<u>139,337,086</u>	<u>140,363,055</u>	<u>137,463,685</u>	<u>2,899,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(297,851)</u>	<u>(1,323,820)</u>	<u>10,640,079</u>	<u>11,963,899</u>
Other Financing Sources (Use)				
Transfer In	302,160	302,160	302,160	-
Transfer Out	-	-	(3,498,151)	(3,498,151)
Total Other Financing Sources (Use)	<u>302,160</u>	<u>302,160</u>	<u>(3,195,991)</u>	<u>(3,498,151)</u>
Net Change in Fund Balances	4,309	(1,021,660)	7,444,088	8,465,748
Fund Balance - Beginning	<u>37,801,380</u>	<u>37,801,380</u>	<u>37,801,380</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 37,805,689</u>	<u>\$ 36,779,720</u>	<u>\$ 45,245,468</u>	<u>\$ 8,465,748</u>

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



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BIRDS EYE VIEW OF THE C



PUBLISHED BY J. LEITCH WILSON, No. 212 SOUTH ST. WILMINGTON, DE.
Number 1200 of the Atlantic Series of the

CITY OF WILMINGTON, DEL.

City of Wilmington, Delaware
Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 250	\$ 5,655,508
Receivables, Net (Note 4)	17,900,148	9,225
Prepaid Items & Other Assets	-	368,684
Restricted Cash and Investments (Note 3)	18,867,545	1,587,668
Due from Other Governments	48,179	-
Total Current Assets	36,816,122	7,621,085
Noncurrent Assets:		
Advances Due from Other Funds (Note 7)	-	12,281,880
Deferred Charges	1,544,908	53,333
Capital Assets, Net (Note 6)		
Land	4,060,443	-
Construction in Progress	3,657,649	279,049
Buildings & Improvements	22,638,327	3,467,872
Reservoirs and Water Filter Facilities	86,836,025	-
Water Lines	39,778,857	-
Wastewater Pump and Treatment Facilities	70,525,716	-
Sewer Lines	29,927,501	-
Vehicles, Machinery & Equipment	-	16,869,964
Total Noncurrent Assets	258,969,426	32,952,098
Total Assets	295,785,548	40,573,183
LIABILITIES		
Current Liabilities:		
Accounts Payable	13,421,136	1,761,627
Salaries and Benefits Payable	42,729	-
Due to Other Funds	-	4,901,480
Deferred Revenue	4,233,951	-
Accrued Interest Payable	1,410,686	78,551
Bonds Payable	6,888,945	437,527
Capital Leases	-	1,585,581
Compensated Absences	561,252	206,233
Claims Liabilities	-	2,810,202
Total Current Liabilities	26,558,699	11,781,201
Noncurrent Liabilities:		
Advances Due to Other Funds (Note 7)	19,270,173	3,000,000
Bonds Payable	147,859,315	6,375,922
Capital Leases	-	3,977,610
Claims Liabilities	-	11,729,069
Total Noncurrent Liabilities	167,129,488	25,082,601
Total Liabilities	193,688,187	36,863,802
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	118,391,959	9,827,913
Unrestricted	(16,294,598)	(6,118,532)
Total Net Assets	\$ 102,097,361	\$ 3,709,381

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, 2012**

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
OPERATING REVENUES		
Charges for Services		
Sewer Charges to New Castle County	\$ 17,583,585	\$ -
Water & Sewer Charges to Direct Users	43,174,497	-
Other Charges for Services	600,834	35,295,120
Employee Contributions	-	410,910
Other	3,385,359	69,835
Total Operating Revenues	64,744,275	35,775,865
OPERATING EXPENSES		
Personal Services	9,921,995	2,644,936
Materials, Supplies and Contractual Services	37,276,010	8,914,017
Depreciation and Amortization	7,361,725	3,589,216
Claims Expense	-	20,579,393
Insurance Premiums	-	55,091
Total Operating Expenses	54,559,730	35,782,653
Operating Income (Loss)	10,184,545	(6,788)
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	37,969	135,338
Interest Expense	(6,201,519)	(391,451)
Bond Issuance Expense	(123,395)	(14,913)
Gain on Sale of Assets	-	113,446
Total Non-Operating Revenues (Expenses):	(6,286,945)	(157,580)
Income (Loss) Before Capital Grants and Contributions	3,897,600	(164,368)
Capital Grants and Contributions	574,876	-
Change in Net Assets	4,472,476	(164,368)
Total Net Assets - Beginning	97,624,885	3,873,749
Total Net Assets - Ending	\$ 102,097,361	\$ 3,709,381

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, 2012

	Business-type Activities	Governmental Activities
	Water and Sewer Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 63,219,687	\$ -
Receipts from Interfund Services Provided	-	35,775,865
Payments to Suppliers	(34,820,907)	(29,522,182)
Payments to Employees	(10,180,111)	(2,688,949)
	<u>18,218,669</u>	<u>3,564,734</u>
Net Cash Provided by Operating Activities		
Cash Flows from Noncapital Financing Activities		
Advances From Other Funds	-	1,320,259
Advances (To) Other Funds	1,330,312	(1,960,775)
	<u>1,330,312</u>	<u>(640,516)</u>
Net Cash Provided (Used in) by Noncapital Financing Activities		
Cash Flows From Capital and Related Financing Activities:		
Capital Grants and Contributions	574,876	-
Proceeds from Capital Debt	19,492,186	757,389
Acquisition and Construction of Capital Assets	(14,481,106)	(1,317,797)
Principal Paid on Bonds	(6,429,763)	210,943
Interest Paid on Bonds	(5,701,739)	(280,772)
Proceeds from Capital Lease	-	1,420,170
Principal Paid on Capital Leases	-	(1,479,791)
Interest Paid on Capital Leases	-	(130,908)
Bond Issuance Costs Capitalized	(393,815)	(7,389)
Proceeds from Sale of Capital Assets	-	189,575
	<u>(6,939,361)</u>	<u>(638,580)</u>
Net Cash (Used in) Capital and Related Financing Activities		
Cash Flows From Investing Activities:		
Interest Received on Unspent Bond Proceeds	37,969	-
	<u>37,969</u>	<u>-</u>
Net Cash provided by Investing Activities		
Net Increase in Cash and Cash Equivalents	12,647,589	2,285,638
Cash and Cash Equivalents - July 1, 2011 (including \$6,219,956 and \$276,674, respectively, reported in restricted accounts)	<u>6,220,206</u>	<u>4,957,538</u>
Cash and Cash Equivalents - June 30, 2012 (including \$18,867,545 and \$1,587,668, respectively, reported in restricted account)	<u>\$ 18,867,795</u>	<u>\$ 7,243,176</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	\$ 10,184,545	\$ (6,788)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	7,361,725	3,589,216
Changes in Assets and Liabilities:		
(Increase) in Receivables	(2,213,315)	-
(Increase) in Prepaid Expenses	-	(101,964)
Increase (decrease) in Accounts Payable	2,455,103	(189,844)
Increase (decrease) in Compensated Absences	(38,525)	30,965
(Decrease) in Accrued Salaries	(219,591)	(56,490)
Increase in Deferred Revenue	688,727	-
Increase in Claims Liability	-	299,639
	<u>-</u>	<u>299,639</u>
Net Cash Provided by Operating Activities	<u>\$ 18,218,669</u>	<u>\$ 3,564,734</u>

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

Events of the City of Wilmington

Wellness Spa Grand Opening



“Unwavering Courage in The Pursuit of Freedom Unveiled”

City of Wilmington
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Total Pension Funds
ASSETS	
Cash and Cash Equivalents (Note 3)	\$ 12,279,188
Receivables:	
Due from Other Pension Fund	1,148,043
Accrued Interest & Other Receivables	661,516
Total Receivables	1,809,559
Investments, at Fair Value:	
Money Market Mutual Funds	7,105,809
U.S. Government Obligations	18,583,910
U.S. Agencies	
- Government Guaranteed	1,014,986
U.S. Agencies - Other	13,268,715
Corporate Bonds	28,938,697
Stocks	97,914,097
Other Mutual Funds	312,220
Total Investments	167,138,434
Total Assets	181,227,181
LIABILITIES	
Accounts Payable	136,346
Due to Other Pension Fund	1,148,043
Due to Governments	2,284,745
Compensated Absences	36,946
Liability for Stale-dated Pension Checks	178,646
Total Liabilities	3,784,726
Net Assets	
Held in Trust for Pension Benefits	\$ 177,442,455

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, 2012

	Total Pension Funds
ADDITIONS	
Contributions:	
City	
Paid Directly by the City	\$ 13,596,554
Paid by the State	
On-Behalf of the City	6,549,346
Employees	1,570,865
Federal Drug Subsidies & Other	<u>45,923</u>
Total Contributions	<u>21,762,688</u>
Investment Income	
Interest Income	5,756
Investment Earnings	4,631,586
Net (Depreciation) in Fair Value	<u>(1,779,443)</u>
Total Investment Income	<u>2,857,899</u>
Less: Investment Expense	<u>(718,484)</u>
Net Investment Income	<u>2,139,415</u>
Total Additions	<u>23,902,103</u>
DEDUCTIONS	
Benefits Paid	22,066,576
Administrative Expenses	<u>542,332</u>
Total Deductions	<u>22,608,908</u>
Net Increase in Plans' Net Assets	1,293,195
Net Assets - Beginning	<u>176,149,260</u>
Net Assets - Ending	<u>\$ 177,442,455</u>

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

City of Wilmington, Delaware
Combining Statement of Net Assets (Deficit)
Discretely Presented Component Units
June 30, 2012

ASSETS	Christina Gateway Corporation	Wilmington UDAG Corporation	Wilmington Parking Authority	Downtown Visions	Riverfront Business Improvement District	Total
Cash and Cash Equivalents (Note 3)	\$ 237,904	\$ 1,147,625	\$ 1,616,850	\$ 480,586	\$ 86,182	\$ 3,569,147
Investments	-	-	12,240,908	-	-	12,240,908
Receivables, Net	1,950,000	4,904,322	307,999	76,716	64,005	7,303,042
Restricted Assets:						
Investments	-	-	1,880,286	-	-	1,880,286
Deferred Charges & Other Assets	-	-	525,526	44,248	-	569,774
Capital Assets, Net:						
Land	2,937,000	392,089	16,319,058	-	-	19,648,147
Construction in Progress	-	573,639	211,794	-	-	785,433
Building and Improvements	-	330,529	27,446,161	545,110	-	28,321,800
Vehicles, Machinery & Equipment	-	-	669,879	349,714	27,119	1,046,712
Total Assets	5,124,904	7,348,204	61,218,461	1,496,374	177,306	75,365,249
LIABILITIES						
Accounts Payable & Accrued Expenses	2,410	337,804	600,781	13,746	30,581	985,322
Due to Primary Government	-	-	275,000	-	-	275,000
Salaries and Benefits Payable	-	-	135,445	87,342	-	222,787
Unearned Revenue	-	-	149,901	40,865	38,000	228,766
Long-term Liabilities						
Due within One Year						
Bonds Payable	-	-	2,239,247	40,777	50,000	2,330,024
Capital Leases	-	-	-	6,490	-	6,490
Due in More than One Year						
Bonds Payable	-	-	21,142,974	675,983	388,926	22,207,883
Minority Interest	-	-	1,862,738	-	-	1,862,738
Total Liabilities	2,410	337,804	26,406,086	865,203	507,507	28,119,010
NET ASSETS (DEFICIT)						
Invested in Capital Assets Net of Related Debt	2,937,000	1,296,257	21,264,671	894,824	27,119	26,419,871
Restricted for:						
Debt Service	-	-	1,880,286	-	-	1,880,286
Unrestricted (Deficit)	2,185,494	5,714,143	11,667,418	(263,653)	(357,320)	18,946,082
Total Net Assets (Deficit)	\$ 5,122,494	\$ 7,010,400	\$ 34,812,375	\$ 631,171	\$ (330,201)	\$ 47,246,239

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, 2012

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Christina Gateway Corporation</u>	<u>Wilmington UDAG Corporation</u>	<u>Wilmington Parking Authority</u>	<u>Downtown Visions</u>	<u>Riverfront Business Improvement District</u>	<u>Total</u>
Christina Gateway Corporation	\$ 16,583	\$ -	\$ (16,583)	\$ -	\$ -	\$ -	\$ -	\$ (16,583)
Wilmington UDAG Corporation	207,591	285,772	-	78,181	-	-	-	78,181
Wilmington Parking Authority	7,105,744	6,763,747	-	-	(341,997)	-	-	(341,997)
Downtown Visions	2,308,873	2,388,567	-	-	-	79,694	-	79,694
Riverfront Business Improvement District	326,686	420,891	-	-	-	-	94,205	94,205
	<u>\$ 9,965,477</u>	<u>\$ 9,858,977</u>	<u>(16,583)</u>	<u>78,181</u>	<u>(341,997)</u>	<u>79,694</u>	<u>94,205</u>	<u>(106,500)</u>
General Revenues								
Investment Earnings			31,056	-	293,027	2,399	1,681	328,163
Other Revenues including Capital Asset Gains			-	-	54,275	-	-	54,275
Total General Revenues			<u>31,056</u>	<u>-</u>	<u>347,302</u>	<u>2,399</u>	<u>1,681</u>	<u>382,438</u>
Change in Net Assets			14,473	78,181	5,305	82,093	95,886	275,938
Net Assets (Deficit) - Beginning as restated (Note 16)			<u>5,108,021</u>	<u>6,932,219</u>	<u>34,807,070</u>	<u>549,078</u>	<u>(426,087)</u>	<u>46,970,301</u>
Net Assets (Deficit) - Ending			<u>\$ 5,122,494</u>	<u>\$ 7,010,400</u>	<u>\$ 34,812,375</u>	<u>\$ 631,171</u>	<u>\$ (330,201)</u>	<u>\$ 47,246,239</u>

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. 61 and No. 64. The significant policies of the City are described below.

A. Financial Reporting Entity

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

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

Blended Component Units

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

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

Discretely Presented Component Units

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

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

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

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

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

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

The financial information for the above component units is presented in the financial statements. Complete financial statements with accompanying notes pertaining to the individual component units can be obtained directly from their administrative offices:

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

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

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

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

Wilmington Parking Authority
625 North Orange Street
Wilmington, Delaware 19801

Related Organizations

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

Housing Authority, the Wilmington Economic Development Corporation (see Note 16), and the Hope Commission are not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes, wage taxes, parking citations, and business licenses as available if they are collected within 60 days after yearend. Revenues for 2012 include property taxes levied principally on July 1, 2011 and collected prior to September 1, 2012. Other major revenue types considered measurable and "susceptible to" accrual include expenditure-reimbursement type grants (when all applicable eligibility requirements have been met) and certain intergovernmental revenues. Governmental fund expenditures are recognized in the accounting period the liability is incurred, if measurable and payable from current available resources.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise fund:

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

The City also reports the following fund types:

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

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

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.

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

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

When an expense is incurred that can be paid using either restricted or unrestricted resources (net 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 although restricted cash and cash equivalents are included.

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

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

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

Investment Policies

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

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

The City is not authorized to invest in:

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

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

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

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

Receivables

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

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

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

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

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

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

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

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

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

Deferred Revenue

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

Compensated Absences

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

Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net 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, fund balances are classified as follows:

- Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted** – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed** – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This included the Budget Reserve Account.
- Assigned** – Amounts that are allocated for a future use by the Mayor but are not spendable until a budget ordinance is passed by City Council.
- Unassigned** – All amounts not included in other spendable classifications.

2. Stewardship, Compliance, and Accountability

A. Legally Adopted Governmental Fund Budgets

Governmental funds, for which budgets have been legally adopted for the year ended June 30, 2012, included the General Fund and non-major funds included on page 96. Special revenue funds adopt budgets equal to the expenditures available for reimbursement by grants.

All budgets for the above funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary comparison schedules for the General Fund is presented as part of the Basic Statements. Such comparison schedules for the non-major funds and more detail on General Fund expenditures are presented in the combining and individual fund financial statements and schedules section of this report. More detailed information on the budgeting process is included on pages 84 and 85.

B. Expenditures Over Appropriations

During the year ended June 30, 2012, expenditures of the City Council, City Treasurer, Real Estate & Housing, and the Police departments of the General Fund exceeded budget by \$76,125, \$ 13,970, \$2,428, and \$952,750, respectively, primarily due to pension costs being higher than budgeted due to an actuarial change in expected investment returns. There was a transfer of \$324,848 from the General Fund to the Cable TV Fund in accordance with the City Code, the General Fund transferred \$494,487 to the Neighborhood Stabilization Program to cover disallowed remediation costs, and in a major review of old grant programs resulted in the General Fund transferring \$2,678,816 to various special revenue funds to cover uncollectible receivable balances and costs. All unbudgeted expenditures and transfers are included in a Reconciliation Ordinance submitted annually to City Council for their approval at the time the audited financial statements are also submitted to Council.

3. Deposits and Investments

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

	<u>Primary Government</u>	<u>Pension Funds</u>	<u>Discretely Presented Component Units</u>
<u>Deposits</u>			
Insured Deposits (FDIC)	\$ 651,344	\$ 402,360	\$ 971,711
Uninsured Deposits - Collateral held by pledging bank's agent in the City or Unit's name	25,830,901	1,136,739	-
Certificate of Deposits due within One Year - Collateral held by pledging bank's agent in the City or Unit's name	56,538,989	10,740,089	4,121,890
Certificate of Deposits due within 2-5 Years - Collateral held by pledging bank's agent in the City or Unit's name	-	-	2,768,711
Uninsured and Uncollateralized	-	-	1,612,098
Total Deposits	<u>\$ 83,021,234</u>	<u>\$ 12,279,188</u>	<u>\$ 9,474,410</u>
<u>Investments</u>			
Repurchase Agreements	\$ -	\$ -	\$ 1,289,205
Money Market Mutual Funds	793,639	7,105,809	958,527
U.S. Government Obligations	102,552	18,583,910	3,190,033
U.S. Agencies - Government Guaranteed	-	1,014,986	-
U.S. Agencies - Other	-	13,268,715	1,212,796
Municipal Bonds	-	-	1,063,980
Corporate Bonds	-	28,938,697	501,390
Stock Equities	-	97,914,097	-
Mutual Funds	4,397,632	312,220	-
Total Investments	<u>\$ 5,293,823</u>	<u>\$ 167,138,434</u>	<u>\$ 8,215,931</u>

Custodial Credit Risk – Deposits

Primary Government and Fiduciary Funds - Custodial credit risk for deposits exists when, in the event of a failure of a depository financial institution, the City may be unable to recover deposits or recover collateral deposits that are in the possession of an outside party. All City deposits are required by law to

be federally insured or, to the extent not insured, collateralized by direct obligations of the United States of America.

Custodial Credit Risk – Investments

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

Interest Rate Risk

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

Primary Government - Park Trust (a blended component) is exposed to this risk in that it held money market mutual fund assets amounting to \$793,639 and U.S. Treasury Notes amounting to \$102,552 due within three years.

Fiduciary Funds - The Investment Policy Statement's policy with regards to interest rate risk is that the average duration of fixed income securities held shall never be more than nine months greater or less than the most recently published average duration of the Barclays Capital Intermediate Government/Credit Index. The City invests in various collateralized mortgage obligations classified as U.S. Government Agencies not explicitly guaranteed by the government; as of June 30, 2012, the portfolio included \$13,268,715 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, 2012.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>< 1 year</u>	<u>1-4.9</u>	<u>5-9.9</u>	<u>10-19.9</u>	<u>> 20</u>
U.S. Treasuries	\$ 18,583,910	\$ 603,072	\$ 8,859,416	\$ 9,121,422	\$ -	\$ -
U.S. Govt. Agencies - Guaranteed	1,014,986	-	-	990,177	24,809	-
U.S. Govt. Agencies - Other	13,268,715	211,250	8,236,403	2,263,448	1,318,189	1,239,425
Corporate Bonds	28,938,697	3,737,608	19,746,235	5,454,854	-	-
Total	<u>\$ 61,806,308</u>	<u>\$ 4,551,930</u>	<u>\$ 36,842,054</u>	<u>\$ 17,829,901</u>	<u>\$ 1,342,998</u>	<u>\$ 1,239,425</u>

Credit Risk

The Investment Policy Statement requires that the average quality of fixed income investments in any fixed income manager's portfolio shall equal or exceed Moody's Aa or equivalent rating and the minimum quality of any single fixed income investment purchased or retained shall equal Moody's Baa or equivalent rating. As of June 30, 2012, the Pension Trust Funds' fixed income and short-term investments had the following risk characteristics.

<u>Moody's Ratings or Comparable</u>	<u>Percent of Total Benefit</u>	
	<u>Trust Funds</u>	<u>Market Value</u>
Baa and higher	16.03%	\$ 28,938,697
Government	18.20%	32,867,611
	<u>34.23%</u>	<u>\$ 61,806,308</u>

Concentration of Credit Risk

When investments are concentrated in one issuer (excluding the U.S. Government), this concentration presents a heightened risk of loss. As of June 30, 2012, 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:

<u>Currency</u>	<u>Fair Value in</u>	
	<u>U.S. Dollars</u>	<u>Equities</u>
Australian Dollars	\$ 573,198	\$ 573,198
Brazilian Real	445,133	445,133
British Pounds	2,277,749	2,277,749
Danish Krone	247,378	247,378
Euros	5,401,275	5,401,275
Hong Kong Dollar	298,236	298,236
Japanese Yen	1,121,048	1,121,048
Norwegian Krone	545,226	545,226
South African Rand	58,457	58,457
Swiss Francs	<u>1,759,067</u>	<u>1,759,067</u>
Total in Foreign Denominated Investments	<u>\$ 12,726,767</u>	<u>\$ 12,726,767</u>

The Pension Funds' investment policy permits them to invest up to 10% of total benefit trust funds in foreign currency-denominated investments. The system's current position is 7.6%.

Investment Commitments at June 30, 2012

The Pension Funds had no investment commitments at June 30, 2012.

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

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$ 83,021,234	\$ 12,279,188	\$ 9,474,410
Investments	<u>5,293,823</u>	<u>167,138,434</u>	<u>8,215,931</u>
	<u>\$ 88,315,057</u>	<u>\$ 179,417,622</u>	<u>\$ 17,690,341</u>
Unrestricted	\$ 37,857,022	\$ -	\$ 15,810,055
Restricted	50,458,035	-	1,880,286
Fiduciary Funds	-	<u>179,417,622</u>	-
	<u>\$ 88,315,057</u>	<u>\$ 179,417,622</u>	<u>\$ 17,690,341</u>

Restricted Cash and Investments

At June 30, 2012, the City had \$5,938,362 of investments in a nonmajor special revenue fund. These are shown as permanently restricted assets in the Statement of Net Assets as they are in separate accounts within a blended component unit and are available only for park operations.

The City also had \$44,519,673 in temporarily restricted cash at June 30, 2012. The components were: \$3,151,844 related to Water and Sewer Fund contractual requirements, and \$41,367,829 related to unspent proceeds of bond offerings (\$15,715,701 in the Water and Sewer Fund, \$23,597,088 in the Capital Projects Fund, \$467,372 in the Economic Strategic Fund, \$837,668 in the Data Processing Fund, and \$750,000 in the Motor Vehicle Fund). The proceeds are invested primarily in certificates of deposit and are tracked and managed separately from operating cash by the City Treasurer. The funds can only be spent on capital projects. In 2010, the City started to classify these as restricted funds due to the source, the management of the funds, and the expenditure restrictions. Because the bonds do not have restricting indentures and could have been temporarily used as operating funds, the funds were previously not classified as restricted. The funds have never been used for temporary purposes and City policies prevent this from occurring. The change in presentation resulted had no effect on total net assets.

4. Receivables**Primary Government**

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

	Governmental Activities			Business-type
	General	Housing Strategic	Nonmajor Funds	Water and Sewer
Receivables:				
Property Taxes	\$ 3,797,007	\$ -	\$ -	\$ 3,797,007
Wage Taxes	11,348,725	-	-	11,348,725
Parking & Redlight Citations	19,300,021	-	-	19,300,021
Business Licenses	1,486,717	-	-	1,486,717
Signs and Licenses	4,317,941	-	-	4,317,941
Other	1,923,641	1,820,000	60,697	3,804,338
Utility Billings	-	-	-	26,360,333
Notes - Current	609,625	-	-	609,625
Notes - Noncurrent	<u>5,632,202</u>	-	-	<u>5,632,202</u>
Gross Receivables	48,415,879	1,820,000	60,697	50,296,576
Less: Allowance for Uncollectibles	<u>(20,618,965)</u>	-	-	<u>(20,618,965)</u>
Net Total Receivables	<u>\$ 27,796,914</u>	<u>\$ 1,820,000</u>	<u>\$ 60,697</u>	<u>\$ 29,677,611</u>
				<u>\$ 17,900,148</u>

Internal Service Fund receivables amounting to \$9,225 are included in Governmental Activities receivables in the Statement of Net Assets. Revenues of the Water and Sewer Fund are reported net of the change in uncollectible amounts; the change in 2012 decreased revenues by \$2,530,626.

Discretely Presented Component Units

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

	Christina Gateway Corporation	Wilmington UDAG Corporation	Wilmington Parking Authority	Other Component Units	Total
Receivables:					
Accounts	\$ -	\$ -	\$ 27,097	\$ 141,088	\$ 168,185
Mortgages and Loans	1,950,000	4,904,322	280,902	-	7,135,224
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(367)</u>	<u>(367)</u>
Net Total Receivables	<u>\$ 1,950,000</u>	<u>\$ 4,904,322</u>	<u>\$ 307,999</u>	<u>\$ 140,721</u>	<u>\$ 7,303,042</u>

5. Notes Receivable**Primary Government**

On September 1, 1995, the City entered into an agreement with the Diamond State Port Corporation (DSPC), selling the assets of the Port of Wilmington. In exchange for the assets sold (net book value of \$71.9 million), DSPC agreed to make payments to the City under deferred payment notes totaling \$115.5 million over 30 years, discounted at 7% interest rate. The note receivable at June 30, 2012, in the amount of \$6,241,827 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 General Fund.

In August 2007, the City of Wilmington provided a line of construction funding to the Wilmington Housing Partnership Corporation up to a maximum of \$2,000,000 outstanding at any one time. The funding is provided as part of the proceeds of a \$4,000,000 line of credit with JP Morgan Chase, further discussed in Note 8. The receivable at June 30, 2012, in the amount of \$1,800,000 is included in the government-wide statement of net assets and governmental funds balance sheet. The amount is considered currently due and is disclosed in the receivable schedule in Note 4 as an asset of the Housing Strategic Fund.

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

The capital asset activity for Governmental Activities for the year ended June 30, 2012 was as follows (June 30, 2011 is restated to include a new blended component unit – see Note 16):

	(Restated) June 30, 2011	Increases	Decreases	June 30, 2012
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 24,090,181	\$ -	\$ -	\$ 24,090,181
Art	1,267,924	239,029	-	1,506,953
Construction-In-Progress	<u>1,526,476</u>	<u>5,306,771</u>	<u>(5,038,086)</u>	<u>1,795,161</u>
Total Capital Assets not being Depreciated	<u>26,884,581</u>	<u>5,545,800</u>	<u>(5,038,086)</u>	<u>27,392,295</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	72,943,879	1,755,272	-	74,699,151
Parks and Recreation Facilities	27,031,845	454,091	-	27,485,936
Streets and Street Signals	113,299,913	1,903,523	(784,744)	114,418,692
Vehicles, Equipment and Other Assets	<u>50,423,206</u>	<u>4,465,123</u>	<u>(1,186,049)</u>	<u>53,702,280</u>
Total Capital Assets Being Depreciated	<u>263,698,843</u>	<u>8,578,009</u>	<u>(1,970,793)</u>	<u>270,306,059</u>
Less Accumulated Depreciation For:				
Buildings	(18,339,804)	(1,386,431)	-	(19,726,235)
Parks and Recreation Facilities	(14,945,566)	(591,223)	-	(15,536,789)
Streets and Street Signals	(42,981,500)	(3,551,181)	784,744	(45,747,937)
Vehicles, Equipment and Other Assets	<u>(27,584,977)</u>	<u>(4,025,695)</u>	<u>1,120,535</u>	<u>(30,490,137)</u>
Total Accumulated Depreciation	<u>(103,851,847)</u>	<u>(9,554,530)</u>	<u>1,905,279</u>	<u>(111,501,098)</u>
Total Capital Assets Being Depreciated, Net	<u>159,846,996</u>	<u>(976,521)</u>	<u>(65,514)</u>	<u>158,804,961</u>
Governmental Activities Capital Assets, Net	<u>\$ 186,731,577</u>	<u>\$ 4,569,279</u>	<u>\$ (5,103,600)</u>	<u>\$ 186,197,256</u>

The capital asset activity for Business-type Activities for the year ended June 30, 2012 was as follows:

	<u>June 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2012</u>
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 4,060,443	\$ -	\$ -	\$ 4,060,443
Construction-In-Progress	7,061,283	14,417,041	(17,820,675)	3,657,649
Total Capital Assets not being Depreciated	<u>11,121,726</u>	<u>14,417,041</u>	<u>(17,820,675)</u>	<u>7,718,092</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	24,256,457	164,421	-	24,420,878
Reservoirs and Water Filter Facilities	99,800,230	10,266,373	-	110,066,603
Water Lines	54,562,550	1,716,372	(304,586)	55,974,336
Wastewater Pump and Treatment Facilities	143,734,394	182,362	-	143,916,756
Sewer Lines	29,557,378	5,555,213	(3,710)	35,108,881
Total Capital Assets Being Depreciated	<u>351,911,009</u>	<u>17,884,741</u>	<u>(308,296)</u>	<u>369,487,454</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,191,790)	(590,761)	-	(1,782,551)
Reservoirs and Water Filter Facilities	(21,467,911)	(1,762,667)	-	(23,230,578)
Water Lines	(14,919,620)	(1,580,445)	304,586	(16,195,479)
Wastewater Pump and Treatment Facilities	(70,609,851)	(2,781,189)	-	(73,391,040)
Sewer Lines	(4,538,427)	(646,663)	3,710	(5,181,380)
Total Accumulated Depreciation	<u>(112,727,599)</u>	<u>(7,361,725)</u>	<u>308,296</u>	<u>(119,781,028)</u>
Total Capital Assets Being Depreciated, Net	<u>239,183,410</u>	<u>10,523,016</u>	<u>-</u>	<u>249,706,426</u>
Business-type Activities Capital Assets, Net	<u>\$ 250,305,136</u>	<u>\$ 24,940,057</u>	<u>\$ (17,820,675)</u>	<u>\$ 257,424,518</u>

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

Governmental Activities

General Government	\$ 1,455,849
Real Estate and Housing	17,895
Public Works	5,042,937
Parks and Recreation	969,702
Public Safety	<u>2,068,147</u>

Total Depreciation Expense - Governmental Activities \$ 9,554,530

Business-type Activities

Water/Sewer	<u>\$ 7,361,725</u>
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Total Depreciation Expense - Business-type Activities \$ 7,361,725

Construction Commitments

The City of Wilmington has active construction contracts as of June 30, 2012. The programs include street paving, an emergency communications system, and a reservoir and other water and wastewater facilities.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
General Capital Projects	\$ 20,659,156	\$ 7,678,243
Reservoirs & Other Water and Wastewater Projects	<u>31,218,689</u>	<u>13,699,171</u>
Total	<u>\$ 51,877,845</u>	<u>\$ 21,377,414</u>

B. Component Units

Capital asset activity for the City's component units for the year ended June 30, 2012, was as follows (June 30, 2011 is restated to reflect the change in components – see Note 16.):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 19,611,147	\$ 37,000	\$ -	\$ 19,648,147
Construction-In-Progress	<u>1,608,909</u>	<u>273,720</u>	<u>(1,097,196)</u>	<u>785,433</u>
Total Capital Assets Not Being Depreciated	<u>21,220,056</u>	<u>310,720</u>	<u>(1,097,196)</u>	<u>20,433,580</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	60,075,322	634,525	-	60,709,847
Machinery and Equipment	3,832,420	34,166	(5,036)	3,861,550
Vehicles & Other Assets	<u>228,615</u>	<u>-</u>	<u>(19,179)</u>	<u>209,436</u>
Total Capital Assets Being Depreciated	<u>64,136,357</u>	<u>668,691</u>	<u>(24,215)</u>	<u>64,780,833</u>
Less Accumulated Depreciation For:				
Buildings	(30,508,149)	(1,879,898)	-	(32,388,047)
Machinery and Equipment	(2,539,169)	(368,217)	-	(2,907,386)
Vehicles & Other Assets	<u>(96,940)</u>	<u>(28,509)</u>	<u>8,561</u>	<u>(116,888)</u>
Total Capital Assets Being Depreciated, Net	<u>30,992,099</u>	<u>(1,607,933)</u>	<u>(15,654)</u>	<u>29,368,512</u>
Capital Assets, Net	<u>\$ 52,212,155</u>	<u>\$ (1,297,213)</u>	<u>\$ (1,112,850)</u>	<u>\$ 49,802,092</u>

7. Interfund Balances and Transfers

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

The Water and Sewer Fund has entered into a transaction with the Risk Management and Workers Compensation internal service funds whereby each internal service fund advanced \$7,500,000 to the Water and Sewer Fund. The Advance totaling \$12,281,880 at June 30, 2012 financed capital construction that was previously financed from working capital. The Advances are payable in various amounts in

fiscal years 2013 through 2017 with 1% interest.

The General Fund is owed \$5,766,941 by the Motor Vehicle Fund at June 30, 2012; the liability relates to the acquisition of garage assets and motor vehicles. The full amount is shown as an Advance to Other Funds as management intends to repay this advance from internal service charges based in part on the depreciation incurred over the lives of the assets.

The General Fund is owed \$6,988,293 by the Water & Sewer Fund at June 30, 2012; the liability relates to the acquisition of water and sewer capital assets financed from working capital. The full amount is shown as an Advance to Other Funds as management intends to repay this advance from service charges determined in the rate setting process.

The composition of interfund balances as of June 30, 2012, is as follows (a blended component unit also has a \$25,871 receivable from the General Fund):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 2,553,811
	Advance to the Enterprise Fund	6,988,293
	Internal Service Funds	4,901,480
	Advance to an Internal Service Fund	3,000,000
Internal Service Funds	Advance to the Enterprise Fund	12,281,880
Total		<u>\$ 29,725,464</u>

During fiscal year 2012, the Cable Television Fund transferred a budgeted \$302,160 to the General Fund, the Prestwyck Housing Fund closed its last sale and returned \$475,857 to the Housing Strategic Fund, the Special Projects Fund transferred \$164,945 to the General Capital Fund for a state project, the General Fund transferred \$324,848 transferred to the Cable TV Fund in accordance with the City Code, the General Fund transferred \$494,487 to the Neighborhood Stabilization Program to cover disallowed remediation costs, and in a major review of old grant programs resulted in the General Fund transferring \$2,678,816 to various special revenue funds to cover uncollectible receivable balances and costs.

8. Short Term Debt

Line of Credit

On July 31, 2007, the City entered into a Line of Credit with JP Morgan Chase Bank in the amount of \$4,000,000; this was subsequently replaced on September 30, 2010, with a line on substantially the same terms. The proceeds of the line are to be used to develop housing within the City. The funds will provide a line of construction financing of up to \$2,000,000 to the Wilmington Housing Partnership (See Note 5) and will also enable housing projects managed by the City. The line supplements grants and internal funds used for land acquisition and housing construction. Draws on the line occur as construction activity occurs and repayments occur as housing is sold. The loan bears interest at various interest rates; the rate on the balance outstanding is the Adjusted London Interbank Offered Rate (LIBOR) plus 0.25%; the interest rate at June 30, 2012, was 0.95%. The line of credit is classified as an other liability in the Housing Strategic Fund. An analysis of the activity of the credit line is presented below:

	<u>Beginning Fiscal Year Liability</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Fiscal Year Liability</u>
2011 - 2012	\$ 1,300,000	\$ 1,100,000	\$ (600,000)	\$ 1,800,000

9. Long-Term Debt – Primary Government**A. Changes in Long-Term Liabilities**

The following is a summary of debt transactions of the City (primary government) for the year ended June 30, 2012. (June 30, 2011 is restated to include a new blended component – see Note 16.)

	(Restated)				
	Balance			Balance	Due Within
	June 30, 2011	Additions	Reductions	June 30, 2012	One Year
Governmental Activities:					
Bonds Payable	\$ 120,257,143	\$ 33,404,151	\$ (18,451,696)	\$ 135,209,598	\$ 7,605,911
Less: Deferred Amounts					
Premium on Debts Issued	5,306,081	746,599	(669,046)	5,383,634	653,718
Gain on Refunding	(2,477,129)	-	399,363	(2,077,766)	(343,248)
Total Bonds Payable	123,086,095	34,150,750	(18,721,379)	138,515,466	7,916,381
Capital Leases	5,622,812	1,420,170	(1,479,791)	5,563,191	1,585,581
Insurance Claims Payable	14,239,632	20,878,692	(20,579,053)	14,539,271	2,810,202
Compensated Absences	8,100,602	5,612,577	(5,072,310)	8,640,869	5,612,577
Other Post Employment Benefits Payable	13,344,163	7,196,060	(2,053,746)	18,486,477	-
Governmental Activity Long-Term Liabilities	<u>\$ 164,393,304</u>	<u>\$ 69,258,249</u>	<u>\$ (47,906,279)</u>	<u>\$ 185,745,274</u>	<u>\$ 17,924,741</u>
Business-type Activities:					
Bonds Payable	\$ 139,092,867	\$ 19,098,094	\$ (6,429,763)	\$ 151,761,198	\$ 6,888,945
Less: Deferred Amounts					
Premium on Debts Issued	4,295,624	394,092	(465,121)	4,224,595	460,833
Gain on Refunding	(1,454,199)	-	216,666	(1,237,533)	(192,239)
Total Bonds Payable	141,934,292	19,492,186	(6,678,218)	154,748,260	7,157,539
Compensated Absences	599,777	564,666	(603,191)	561,252	561,252
Business-type Activity Long-Term Liabilities	<u>\$ 142,534,069</u>	<u>\$ 20,056,852</u>	<u>\$ (7,281,409)</u>	<u>\$ 155,309,512</u>	<u>\$ 7,718,791</u>
Discretely Presented Component Units					
Wilmington Parking Authority	\$ 25,536,468	\$ -	\$ (2,154,247)	\$ 23,382,221	\$ 2,239,247
Downtown Visions	792,298	-	(69,048)	723,250	47,267
Riverfront Business Improvement District	489,765	-	(50,839)	438,926	50,000
Component Units Long-Term Liabilities	<u>\$ 26,818,531</u>	<u>\$ -</u>	<u>\$ (2,274,134)</u>	<u>\$ 24,544,397</u>	<u>\$ 2,336,514</u>

B. General Obligation Bonds

The City of Wilmington issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General Fund revenues are used to satisfy general obligation bonds payable recorded in the governmental activities section of the government-wide statement of net assets, bonds issued on behalf of the Port of Wilmington are payable from payments made to the City by the State of Delaware as part of the Sale agreement discussed in Note 5, and bonds recorded in the business-type activities section are payable from revenues of the Water & Sewer Fund. General obligation bonds are secured by the full faith and credit of the City. Bonds issued by the Wilmington Parking Authority (a discretely presented component unit) are guaranteed by the City in the event that resources of the Authority are insufficient to cover debt service on the bonds. The City is subject to the rules and

regulations established by the Internal Revenue Code and the U.S. Treasury that, under certain conditions, may create an arbitrage rebate to be paid to the federal government. The City's debt service payments of \$10,931,282 in 2012 were within the statutory debt limit of \$24,563,535.

The following is a summary of general obligation bonds outstanding as of June 30, 2012:

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2012
1993/2013	1,938,000	Series of 1993 - WPA	4.50%	\$ 258,445
1993/2016	20,000,000	Series of 1993 - DNREC	3.25%	5,529,000
2001/2012	22,165,000	Series of 2001	4.00%	595,000
2002/2025	11,000,000	Series of 2002 - DDWSRF	2.96%	8,500,301
2005/2016	18,785,000	Series of 2005	5.00%	9,110,000
2005/2028	13,700,000	Series of 2005C - DDWSRF	2.37%	13,358,319
2006/2025	46,465,000	Series of 2006A	3.5% - 5.0%	39,300,000
2006/2025	46,510,000	Series of 2007A	4.25% - 5.0%	36,050,000
2007/2028	2,548,501	Series of 2006 - DDWSRF	2.50%	2,487,888
2007/2028	1,246,499	Series of 2006B - DDWSRF	2.50%	1,216,852
2007/2028	3,185,000	Series of 2007 - DDWSRF	2.69%	3,110,498
2008/2028	75,215,000	Series of 2008A	4.0% - 5.0%	53,145,000
2009/2030	18,975,000	Series of 2008 DDWSRF (Only \$6,332,201 drawn at June 30, 2012)	2.92%	6,332,201
2009/2030	5,000,000	Series of 2008B SRF	2.92%	4,907,082
2009/2031	4,450,000	Series of 2009 ARRA/SRF	3.24%	4,308,236
2009/2031	2,800,000	Series of 2009C DDWSRF	2.00%	2,800,000
2010/2025	43,490,000	Series of 2010A	2.25% - 5.0%	43,490,000
2010/2025	3,855,000	Series of 2010B	1.77%	3,675,000
2011/2031	26,505,000	Series of 2011A	2.0% - 5.0%	26,505,000
2011/2020	17,460,000	Series of 2011B	0.888% - 3.258%	17,460,000
2011/2030	2,700,000	Series of 2011CREB	4.63%	2,700,000
2012/2023	1,555,195	Series of 2011SEU DNREC	1.99%	1,555,195
2011/2032	2,500,000	Series of 2011 DDWSRF (Only \$134,400 drawn at June 30, 2012)	2.92%	134,400
2011/2032	2,500,000	Series of 2011A DDWSRF (Only \$442,379 drawn at June 30, 2012)	2.33%	442,379
Total General Obligation Bonds Payable				<u>\$ 286,970,796</u>

Primary Government

On November 19, 2008, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$18,975,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's Brandywine Water Filter Plant. Cash draws against the loans will be made periodically; as of June 30, 2012, \$6,332,201 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.92%. Payments are due every six months, with final payments due March 1, 2030. The 2008 SRF bond is recorded in the Water and Sewer Fund.

On May 22, 2009, the City issued \$15,500,000 of General Obligation Bond Anticipation Notes, Series of 2009B. The Notes were issued to a local bank and incurred an annual interest rate equal to 0.5% higher than the bank's commercial interest rate. The notes were fully repaid in November 2011 from proceeds of the 2011 General Obligation Bonds. The bond activity is recorded in the Economic Strategic Fund.

On December 20, 2010, the City issued a \$2,700,770 of New Clean Renewable Energy General Obligation Bond Anticipation Note, Series of 2010. The Note was issued to a local bank and the interest rate was the Adjusted London Interbank Offered Rate (LIBOR) plus 2.0%. The notes were fully repaid in November 2011 from proceeds of the 2011 General Obligation Bonds. The bond activity is recorded in the Water and Sewer Fund.

On May 11, 2011, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,500,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water filter plants. Cash draws against the loans will be made periodically; as of June 30, 2012, \$134,400 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.0%. Payments are due every six months, with final payments due October 1, 2031. The 2011 SRF bond is recorded in the Water and Sewer Fund.

On May 11, 2011, the City entered into a General Obligation Financing agreement with Delaware Drinking Water State Revolving Fund (DDWSRF) acting by and through the Delaware Department of Health and Social Services, Division of Public Health for an amount not to exceed \$2,500,000. The net loan proceeds supplement other funding for the costs associated with the upgrades to the City's water main system. Cash draws against the loans will be made periodically; as of June 30, 2012, \$442,379 was outstanding. A final loan closing will occur at the end of the project. The loan bears an interest and administrative fee rate of 2.0%. Payments are due every six months, with final payments due October 1, 2031. The 2011A SRF bond is recorded in the Water and Sewer Fund.

On May 24, 2011, the City issued \$5,000,000 of General Obligation Bond Anticipation Notes, Series of 2011. The Notes were issued to a local bank and incurred an annual interest rate equal to 0.5% higher than the bank's commercial interest rate. The notes were fully repaid in November 2011 from proceeds of the 2011 General Obligation Bonds. The bond activity is recorded in the General Capital projects Fund.

On November 22, 2011, the City issued \$46,665,000 of General Obligation Bonds to finance capital projects and capital grants recorded in the general, internal service, and water and sewer funds. The three issues were \$26,505,000 of General Obligation Bonds, Series 2011A, \$17,460,000 of General Obligation Bonds, Series 2011B (Federally taxable), and \$2,700,000 of General Obligation Bonds, Series 2011C (Federally Taxable – Direct Pay New Clean Renewable Energy Conservation Bonds). The proceeds were also to repay three bond anticipation notes (BANs) recorded on the City's books and one bond anticipation note recorded by a blended component unit. The bonds mature in varying amounts between December 1, 2010 and December 1, 2025, and bear interest rates for Series A between 2.0% and 5.0% , for Series B between 0.888% and 3.258%, and for the CREB bond 4.63%.

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

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

- A DWPCRF agreement dated February 10, 2012, for an amount not to exceed \$1,200,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's stormwater drainage and wastewater treatment systems.
- A DWPCRF agreement dated February 10, 2012, for an amount not to exceed \$1,500,000 at an interest rate of 3.0% is related to costs associated with upgrades to the City's wastewater treatment system.
- A DWPCRF agreement dated October 4, 2012, for an amount not to exceed \$36,060,000 at an interest rate of 3.0% is the permanent financing for the Renewable Energy Biosolids Facility BAN. This is a subsequent event referred to in Note 17.

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

Year Ending June 30	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 7,605,911	\$ 5,754,853	\$ 6,888,945	\$ 6,333,417
2014	7,970,130	5,532,849	8,584,780	6,168,960
2015	8,205,547	5,224,986	8,805,948	5,869,062
2016	8,695,770	4,882,257	8,984,531	5,545,425
2017	8,722,581	4,529,134	8,669,931	5,217,741
2018-2022	41,295,597	17,257,742	46,512,007	20,969,641
2023-2027	32,668,994	8,592,141	53,801,515	10,681,699
2028-2032	20,045,068	2,341,473	26,452,023	2,195,745
2033	-	-	137,540	1,508
	<u>135,209,598</u>	<u>\$ 54,115,435</u>	<u>168,827,220</u>	<u>\$ 62,983,198</u>
Less: Funds Not Drawn	-		(17,066,022)	
Total	<u>\$ 135,209,598</u>		<u>\$ 151,761,198</u>	

Component Units

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

Year Ending June 30	Component Units' Debt Service Schedule					
	Wilmington Parking Authority		Downtown Visions		Riverfront Business Improvement District	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,195,000	\$ 1,025,838	\$ 40,777	\$ 45,366	\$ 50,000	\$ -
2014	2,305,000	922,606	38,156	42,587	50,000	-
2015	2,420,000	802,269	30,215	39,952	50,000	-
2016	2,530,000	675,875	18,394	37,976	50,000	-
2017	485,000	598,538	17,232	35,000	50,000	-
2018-2022	2,760,000	2,659,238	571,986	73,326	188,926	-
2023-2027	3,405,000	2,034,013	-	-	-	-
2028-2032	4,220,000	1,226,531	-	-	-	-
2033-2035	3,000,000	265,781	-	-	-	-
Total	<u>\$ 23,320,000</u>	<u>\$ 10,210,689</u>	<u>\$ 716,760</u>	<u>\$ 274,207</u>	<u>\$ 438,926</u>	<u>\$ -</u>

C. Prior Year Defeasance of Debt

In prior years, the City defeased certain 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's financial statements. On June 30, 2012, \$30,865,000 of bonds outstanding are considered defeased.

D. Conduit Debt Obligations

From time to time, the City has issued revenue bonds for the express purpose of providing capital financing to third parties that are not part of the City or its component units. Although the debt bears the City's name, the City has no obligation for this debt beyond the resources of the third party or the related project as provided for in the bonds. Because the City has no liability for this debt, it is not recorded in the City's financial statements. As of June 30, 2012, eight issues with debt of \$66,007,429 remain outstanding.

E. Compensated Absences

The compensated absences liability, attributable to governmental activities will be liquidated by the City's governmental and internal service funds. In the past, approximately 92% has been paid by the General Fund and the remainder by other governmental and internal service funds.

10. Leases**A. Capital Lease – Lessee - Primary Government**

The City has a Master Equipment Lease/Purchase Agreement with PNC Bank N.A. The agreements allow the City to purchase equipment at an adjustable market rate of interest. The City records these transactions as capital leases and capital purchases of motor vehicles through its Motor Vehicle Fund (an internal service fund). As such, the present value of all future minimum lease payments has been

recorded as a capital lease obligation on the statement of net assets. At June 30, 2012, the City has \$7,993,666 of motor vehicles under lease with accumulated depreciation of \$2,111,377.

As of June 30, 2012, payments under these capital leases are as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Motor Vehicle</u>	<u>Downtown Visions</u>
2013	\$ 1,700,301	\$ 6,667
2014	1,696,772	-
2015	1,711,028	-
2016	612,387	-
2017	74,640	-
Total Minimum Lease Payments	5,795,128	6,667
Less: Amount Representing Interest	(231,937)	(177)
Present Value of Lease Payments	<u>\$ 5,563,191</u>	<u>\$ 6,490</u>

B. Capital Lease – Lessee – Component Unit

Downtown Visions has an equipment lease expiring in November 2012. 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, 2012, Downtown Visions has \$62,625 of street equipment under lease with accumulated depreciation of \$53,231.

As of June 30, 2012, payments under these capital leases are as noted in the above schedule.

C. Operating Leases - Lessor - Component Unit

The Wilmington Parking Authority leases space to commercial tenants at its Brandywine Gateway and Corporate Plaza facilities. All such leases are classified as operating leases. Rental income from these leases during fiscal year 2012 was \$160,580. The following is a schedule of minimum future rental income on non-cancelable operating leases as of June 30, 2012:

<u>Year Ending June 30</u>	<u>Wilmington Parking Authority</u>
2013	\$ 99,012
2014	101,994
2015	105,048
2016	108,189
2017	111,441
2018 and thereafter	143,697
Total Minimum Future Rental Income	<u>\$ 669,381</u>

11. Deferred Revenues

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

	<u>Governmental Fund Financial Statements</u>	<u>Government-wide Financial Statements</u>
<u>Unavailable Revenues</u>		
General Fund		
Property and Wage Taxes	\$ 6,362,519	
Permits and Other Revenues	6,442,347	
Revenue on Notes Receivable	<u>6,241,827</u>	
	\$ 19,046,693	\$ -
<u>Unearned Revenues</u>		
Capital Project Fund		
Unearned Grant Revenue	928,501	928,501
Non-Major Funds		
Unearned Grant Revenues		
Park Recreation Assistance	159,810	159,810
Wilmington Park Related Commissions	80,000	80,000
Community Development Block Grant	367,078	367,078
Section 8 Housing Assistance	16,672	16,672
Delaware Criminal Justice Planning	604,533	604,533
Special Project	<u>1,209,802</u>	<u>1,209,802</u>
	<u>2,437,895</u>	<u>2,437,895</u>
Total	<u>\$ 22,413,089</u>	<u>\$ 3,366,396</u>
Water & Sewer Fund		
Unearned Service Charges		<u>\$ 4,233,951</u>

12. Fund Balance

In 2009, the City adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the Budget Reserve Account.

Assigned – Amounts that are allocated for a future use by the Mayor but are not spendable until a budget ordinance is passed by City Council.

Unassigned – All amounts not included in other spendable classifications.

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

General Fund

The General Fund had Unassigned Fund Balance of \$20,964,373 at June 30, 2012. Of the \$5,766,941 due from the Motor Vehicle Fund, \$3,000,000 related to the acquisition of garage assets and motor vehicles is considered an Advance (discussed in Note 7) and therefore is classified as Nonspendable Fund Balance.

The General Fund has Committed Funds consisting of the Budget Reserve Account of \$14,292,802. The Budget Reserve Account was legislated to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions or public emergency. This is equal to 10% of \$142,928,023 of fiscal year 2013 expenditures budgeted as of the end of June 30, 2012.

Other Major Funds

The Housing Strategic Fund has Committed Fund Balance of \$1,329,261 to fulfill the City's affordable housing programs. The Economic Strategic Fund had Restricted Fund Balance of \$467,372 consisting of unspent bond funds used for infrastructure incentives and Committed Fund Balance of \$5,639,243 to fulfill the City's economic incentive programs. The Capital Project Fund has Restricted Fund Balance of \$21,566,056 at June 30, 2012 consisting primarily of unspent bond funds.

Other Funds

The following fund has Fund Balances designated for specific purposes: the Nonmajor Fund Wilmington Park Related Commissions (including two blended components) has Park Maintenance Nonspendable Fund Balance of \$799,803 and Restricted Fund Balance of \$5,134,536.

The Special Revenue Funds report Committed Fund Balances of \$775,204 related to cable television and internal capital and related programs.

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

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

	Beginning Liability Fiscal Year	Claims and Changes in Estimates	Claim Payments	Ending Liability Fiscal Year
2010 - 2011	\$ 6,613,896	\$ 846,079	\$ (2,114,214)	\$ 5,345,761
2011 - 2012	5,345,761	2,021,194	(1,712,256)	5,654,699

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%. An analysis of claims liabilities recorded in the Workers' Compensation Fund is presented below:

	Beginning Liability Fiscal Year	Claims and Changes in Estimates	Claim Payments	Ending Liability Fiscal Year
2010 - 2011	\$ 8,439,739	\$ 2,677,185	\$ (3,061,082)	\$ 8,055,842
2011 - 2012	8,055,842	2,846,191	(2,778,843)	8,123,190

C. Health Insurance

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

	Beginning Liability Fiscal Year	Claims and Changes in Estimates	Claim Payments	Ending Liability Fiscal Year
2010 - 2011	\$ 891,465	\$ 16,146,404	\$ (16,199,840)	\$ 838,029
2011 - 2012	838,029	16,011,307	(16,087,954)	761,382

14. Commitments and Contingencies**A. Grant Compliance**

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

B. Litigation – Primary Government

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

The City was required by the Delaware Department of Natural Resources and Environmental Control (DNREC) to be included as a co-permittee on the Post-Closure Permit for the Pigeon Point Landfill operated by the Delaware Solid Waste Authority (DSWA). In 2009, the City requested that it be removed as a co-permittee since the City has no control over the facility and DSWA is contractually and statutorily responsible for the Landfill. Management is of the opinion that the outcome of this case will not have a material adverse effect on the City's financial position.

The City was also required by Delaware Department of Natural Resources and Environmental Control (DNREC) to participate in an investigation of stabilized sewage sludge from the wastewater treatment plant while on City property. Until recently, the plant's operator (Veolia) paid a subcontractor to manage the City's biosolids and the City believes that title to the sludge passed to the subcontractor. The City has appealed to the Environmental Appeals Board as it believes the responsibility rests solely with the subcontractor. Despite the appeal, the City and the subcontractor are working together toward closing the sludge lagoons. Management is of the opinion that the outcome of this case will not have a material adverse effect on the City's financial position.

The City also is involved in numerous additional lawsuits arising in the ordinary course of business, including claims for property damage, personal injury and discriminatory personnel practices, and suits contesting the legality of certain rates and charges. Based on the advice of the City Solicitor, City management is of the opinion that the outcome of this pending litigation will not have a material adverse effect on the City's financial position at June 30, 2012.

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

General Description of the Plans

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

	<u>Firefighters</u>	<u>Police</u>	<u>Non-Uniformed Plan I</u>	<u>Non-Uniformed Plan II</u>	<u>Non-Uniformed Plan III</u>	<u>Post Retirement Healthcare Benefit</u>
Number of Retirees & Beneficiaries Receiving Benefits	303	461	184	157	187	266
Number of Terminated Employees Entitled to Benefits	0	11	0	155	57	0
Number of Fully Vested, Partially Vested, & Non-Vested Active Employees	59	86	25	50	550	1061
Current Year Annual Covered Payroll	\$ 3,368,492	\$ 6,764,132	\$ 85,639	\$ 629,301	\$ 27,617,534	\$ 63,501,676

The City's current-year total payroll for all employees was \$69,611,345.

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

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

Cash and Investments

The Board of Pension and Retirement (Trustees) of the Pension Funds receives contributions from the City and State and is responsible for the funding policy. The City Treasurer is the custodian of the Funds' investment assets, effects disbursements from the Funds, and executes other transactions therein. The City Treasurer and outside custodians, both under the direction of the Board of Trustees, manage the Funds' investments. The Trustees have authorized certain cash and investments of the Funds to be pooled for investing by outside custodians. The Funds' portion is reported on the balance sheet as "pooled investments." Funds under outside management at June 30, 2012, 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, 2012, the following individual plans had cash or investments in excess of 5% of the individual plan's net assets.

Plan	Name of Insitution	Investment Type	Amount
Fire Pension	WSFS Financial Corp.	Certificates of Deposit	\$ 2,785,023
Non-uniformed Plan III	WSFS Financial Corp.	Certificates of Deposit	\$ 6,445,053

Membership, Benefit and Contribution Provisions

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

Member pension benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Plan administrative costs are paid from plan assets as approved by the Pension Trustees. Contributions to the pension plans by the State of Delaware on-behalf of the City are recorded as intergovernmental revenue in the City's fund and government-wide statements and as a pension expense. The contributions (Fire - \$4,279,307 Police - \$2,245,457; Plan I - \$24,582 are included in the pension statements as separately presented component of City contributions to the trusts.

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



City of Wilmington, Delaware
Statement of Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012

	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Post - Retirement Healthcare Benefit</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,072	\$ 472	\$ 7,830,614	\$ -	\$ 145,153
Receivables:					
Accrued Interest & Other Receivables	22,434	45,448	161,113	-	27,649
Investments, at Fair Value:					
Money Market Mutual Funds	244,073	494,449	1,552,781	37,830	371,860
U.S. Government Obligations	629,214	1,274,715	4,003,151	-	1,320,983
U.S. Agencies - Government Guaranteed	36,996	74,948	235,368	-	-
U.S. Agencies - Other	406,754	823,969	2,587,616	-	2,110,015
Corporate Bonds	1,002,875	2,031,645	6,380,237	-	1,424,950
Stocks	3,450,537	6,990,166	21,952,124	-	3,249,090
Other Mutual Funds	4,449	9,012	28,301	190,175	-
Total Investments	<u>5,774,898</u>	<u>11,698,904</u>	<u>36,739,578</u>	<u>228,005</u>	<u>8,476,898</u>
Due from Other Pension Fund	-	-	-	-	1,148,043
Total Assets	<u>5,798,404</u>	<u>11,744,824</u>	<u>44,731,305</u>	<u>228,005</u>	<u>9,797,743</u>
LIABILITIES					
Accounts Payable	1,603	2,672	31,573	8,910	74,788
Due to Other Pension Fund	-	-	1,148,043	-	-
Due to Other Governments	-	-	2,284,745	-	-
Compensated Absences	3,595	7,398	18,765	-	-
Liability for Stale-dated Pension Checks	<u>38,911</u>	<u>8,517</u>	<u>8,453</u>	-	-
Total Liabilities	<u>44,109</u>	<u>18,587</u>	<u>3,491,579</u>	<u>8,910</u>	<u>74,788</u>
Net Assets					
Held in Trust for Pension Benefits	<u>\$ 5,754,295</u>	<u>\$ 11,726,237</u>	<u>\$ 41,239,726</u>	<u>\$ 219,095</u>	<u>\$ 9,722,955</u>

City of Wilmington, Delaware
Changes in Fiduciary Net Assets
For the Year Ended June 30, 2012

	<u>Plan I Non- Pension</u>	<u>Plan II Non- Pension</u>	<u>Plan III Non- Pension</u>	<u>Wilmington Park Pension</u>	<u>Post - Retirement Benefit</u>
ADDITIONS					
Contributions:					
Paid Directly by the City	\$ 284,027	\$ 300,353	\$ 5,326,619	\$ -	\$ 2,053,746
Paid by the State					
On-Behalf of the City	24,582	-	-	-	-
Employees	-	17,820	547,344	-	327,762
Federal Drug Subsidies & Other	-	-	210	-	45,713
Total Contributions	<u>308,609</u>	<u>318,173</u>	<u>5,874,173</u>	<u>-</u>	<u>2,427,221</u>
Investment Income					
Investment Earnings	160,997	326,022	1,044,066	5,756	188,466
Net Appreciation					
(Depreciation) in Fair Value	(73,785)	(149,416)	(468,629)	(7,198)	249,995
Total Investment Earnings	87,212	176,606	575,437	(1,442)	438,461
Less: Investment Expense	(26,215)	(53,086)	(166,500)	-	-
Net Investment Income	<u>60,997</u>	<u>123,520</u>	<u>408,937</u>	<u>(1,442)</u>	<u>438,461</u>
Total Additions	<u>369,606</u>	<u>441,693</u>	<u>6,283,110</u>	<u>(1,442)</u>	<u>2,865,682</u>
DEDUCTIONS					
Benefits Paid	829,836	924,033	2,728,883	17,820	1,456,482
Administrative Expenses	43,332	80,199	197,967	2,566	54,936
Total Deductions	<u>873,168</u>	<u>1,004,232</u>	<u>2,926,850</u>	<u>20,386</u>	<u>1,511,418</u>
Net Increase (Decrease) in Plan Net Assets	(503,562)	(562,539)	3,356,260	(21,828)	1,354,264
Net Assets - Beginning	<u>6,257,857</u>	<u>12,288,776</u>	<u>37,883,466</u>	<u>240,923</u>	<u>8,368,691</u>
Net Assets - Ending	<u>\$ 5,754,295</u>	<u>\$ 11,726,237</u>	<u>\$ 41,239,726</u>	<u>\$ 219,095</u>	<u>\$ 9,722,955</u>

Firefighters Pension Plan (Closed)

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

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

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

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

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

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

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

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

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

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$ 5,317,764	100.0%	\$ -
2008	4,962,169	100.0%	-
2009	5,023,195	100.0%	-
2010	5,040,427	100.0%	-
2011	4,796,719	100.0%	-
2012	4,589,546	100.0%	-

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
2007	\$ 7,594,204	100.0%	\$ -
2008	6,679,870	100.0%	-
2009	6,626,502	100.0%	-
2010	6,550,539	100.0%	-
2011	6,437,963	100.0%	-
2012	7,567,027	100.0%	-

Nonuniformed Employees Plan I (Closed)

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

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

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

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

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

Contributions: Employee - none.
Employer - actuarially determined.

Death Benefit: Same as Survivor Benefit.

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2007	\$ 490,662	100.0%	\$ -
2008	503,792	100.0%	-
2009	355,122	100.0%	-
2010	315,440	100.0%	-
2011	292,475	100.0%	-
2012	284,027	100.0%	-

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
2007	\$ 48,456	100.0%	\$ -
2008	-	100.0%	-
2009	-	100.0%	-
2010	189,257	100.0%	-
2011	92,757	100.0%	-
2012	300,353	100.0%	-

Nonuniformed Employees Plan III (Closed)

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

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

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

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

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 2,908,438	100.0%	\$ -
2008	2,806,748	100.0%	-
2009	2,994,895	100.0%	-
2010	3,312,623	100.0%	-
2011	3,784,889	100.0%	-
2012	5,326,619	100.0%	-

Wilmington Parks Trust Commission Pension Plan

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

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

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

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

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

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

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

Death Benefit: Same as Survivor Benefit.

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

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$ 7,462	100.0%	\$ -
2008	7,462	100.0%	-
2009	17,536	100.0%	-
2010	17,536	100.0%	-
2011	35,236	100.0%	-
2012	-	100.0%	-

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

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Trustees. The plan, which is the Delaware's County and Municipal Police and Firefighter Pension Plan, covers City police and firefighter employees hired on or after February 1, 1993. Benefit provisions of the plan are established under the provisions of the State law and may be amended by an act of the State legislature. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Ten-year historical trend and solvency test information has not been included in the City's basic financial statements. This information is included in the publically available Comprehensive Annual Financial Report of the Delaware Public Employees' Retirement System. This can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19904-2402 or website at www.delawarepensions.com.

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

Vesting: 5 years of credited service.

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

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

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

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

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

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2012 was 14.53% of covered payroll.

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

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 1,858,712	100.0%	\$ -
2008	2,005,109	100.0%	-
2009	2,372,977	100.0%	-
2010	2,396,872	100.0%	-
2011	2,621,343	100.0%	-
2012	3,039,310	100.0%	-

Delaware's County and Municipal Other Employees' Pension Plan

Plan Description and Eligibility: The City contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Delaware Public Employees' Retirement System and managed by its Board of Trustees. The plan, which is the Delaware's County and Municipal Other Employees' Pension Plan, covers all full-time non-uniformed and uniformed City employees hired on or after July 1, 2011, and all officials who are elected or appointed on or after July 1, 2011. Benefit provisions of the plan are established under the provisions of the State law and may be amended by an act of the State legislature. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Ten-year historical trend and solvency test information has not been included in the City's basic financial statements. This information is included in the publically available Comprehensive Annual Financial Report of the Delaware Public Employees' Retirement System. This can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19904-2402 or website at www.delawarepensions.com.

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

Vesting: 5 years of credited service.

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

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

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

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

The Employer contribution policy is set by State law and requires contributions by active members and by participating employers. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payrolls during the period for which the amount is determined. The employer contribution rate in fiscal year 2012 was 6.55% of covered payroll.

The plan started in fiscal year 2012. The following summarized activities for the plan during the year:

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

Component Units (Wilmington Parking Authority)

The Wilmington Parking Authority has a noncontributory single-employer defined benefit pension plan covering substantially all of its employees. The annual required contribution was \$193,458 for the year ended June 30, 2012. This contribution was computed using the aggregate cost method, assuming a 7% annual return on investments and 4.5% projected salary increases.

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

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

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

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Plan I Non-uniformed Pension</u>	<u>Plan II Non-uniformed Pension</u>	<u>Plan III Non-uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>County & Municipal Police and Firefighters</u>	<u>County & Municipal Other Employees</u>
Plan Type	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Single Employer	Multi-Employer	Multi-Employer
Annual Required (7/1/11-6/30/12) (2)									
Contribution	\$ 4,589,546	\$ 7,567,027	\$ 284,027	\$ 300,353	\$ 5,326,619	\$ -	\$ 2,053,746	\$ 3,039,310	\$ 19,328
Pension Cost (6)	\$ 4,589,546	\$ 7,567,027	\$ 284,027	\$ 300,353	\$ 5,326,619	\$ -	\$ 2,053,746 (6)	\$ 3,039,310	\$ 19,328
Actuarial Valuation Date	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012	June 30, 2012	July 1, 2010	June 30, 2012	June 30, 2012
Actuarial Cost Method	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Aggregate (7) Entry Age	Projected Unit Cost	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Closed	Level Percent Open	Level Percent Open
Remaining Amortization Period (3)	18 years	18 years	18 years	18 years	18 years	18 years	25 years	10 years	10 years
Asset Valuation Method	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market	5 Yr Smoothed Market
Actuarial Assumption:									
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%	7.50%	7.50%
Projected Salary Increases	5.50% (5)	5.50% (5)	5.50% (4)	5.00% (4)	5.50% (4)	5.00%	n/a	4.3%-11.8%	3.8%-9.6%
Includes Inflation rate of	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	n/a	n/a
Cost-of-Living Adjustments	Ad Hoc	Ad Hoc	None	None	None	None	n/a	Ad Hoc	Ad Hoc
Funded Status and Funding Progress as of July 1, 2012 (the Post-Retirement Healthcare Benefit is as of July 1, 2010)									
Actuarial Accrued Liability (AAL)	\$87,535,844	\$ 144,832,644	\$ 7,184,749	\$ 14,431,838	\$ 85,243,656	\$ 186,575	\$ 65,321,683	\$ 186,901,000 (8)	\$ 25,189,000 (8)
Actuarial Value of Plan Assets (AVPA)	\$41,628,565	\$ 70,809,332	\$ 5,914,046	\$ 12,046,867	\$ 42,316,170	\$ 219,095	\$ 7,214,969	\$ 179,816,000	\$ 23,851,000
Unfunded Actuarial Accrued Liability (UAAL)	\$45,907,279	\$ 74,023,312	\$ 1,270,703	\$ 2,384,971	\$ 42,927,486	\$ (32,520)	\$ 58,106,714	\$ 7,085,000	\$ 1,338,000
Funded Ratio (AVPA/AAL)	47.6%	48.9%	82.3%	83.5%	49.6%	117.4%	11.0%	96.2%	94.7%
Covered Payroll (Active Plan Members)	\$ 3,368,492	\$ 6,764,132	\$ 85,639	\$ 629,301	\$ 27,617,534	\$ 76,789	\$ 63,501,676	\$ 67,091,000	\$ 22,435,000
UAAL as a percentage of Covered Payroll	1362.8%	1094.4%	1483.8%	379.0%	155.4%	n/a	91.5%	10.6%	6.0%

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

- (1) Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, therefore actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.
- (2) The actuarial valuation is done every other year. The last valuation completed was the July 1, 2012 valuation for the fiscal year ended June 30, 2012. The valuation calculates an Annual Required Contribution for each of the following two years; this may be recalculated to reflect significant changes in staff levels or salary increases. Actual contributions are based on the higher of percentage of pay (actual amounts may vary based on actual payroll) or level dollar. The Park Trust Plan data is as of July 1, 2010 for the fiscal year ended June 30, 2012.
- (3) The amortization period remaining does not include amounts paid into the Fire Pension Plan and the Police Pension Fund for the Cost-of-Living Adjustment for each plan.
- (4) For employees under 30, 5.5%; 5% thereafter.
- (5) Based on a service dependent scale.
- (6) The government-wide statements include the full pension cost as required by GASB Statement 45 on Other Post-Employment Benefits. The Water & Sewer Fund (an enterprise fund) contributes and records its pro-rata share of Annual Required Contribution. The governmental funds contribute and record only an actuarially determined amount based on the explicit subsidy cost. See further comments in Note 16 on the Post-Retirement Healthcare Benefit Fund.
- (7) The aggregate entry age actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.
- (8) The multi-employer fund presents fund status and progress results for the entire fund; the City's exposure is possibly best measured by the two ratios presented. The City estimates that it contributes 32.8% of the Delaware County & Municipal Police and Firefighters' Plans' total employer contributions in fiscal year 2012. The City estimates that it contributes 1.4% of the Delaware County & Municipal Other Employees' Plans' total employer contributions in fiscal year 2012.

Pension Trust Fund - Post-Retirement Healthcare Benefit Fund (Other Post Employment Benefits – OPEB)

The City under City Code Section 39-5, provides post-retirement health care benefits (the Retired City Employees Medical Program) to all active full-time employees employed by the City as of and after January 1, 2000 and who are eligible for a City pension or retired employees receiving a pension pursuant to the State “County and Municipal Pension” subject to certain additional eligibility requirements which vary in part based on date of hire. Under certain conditions, spouses of retirees and employees receiving a disability pension are also covered. Eligibility and healthcare benefits are different based on certain criteria significantly based on an employee’s hire date.

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

Separate financial statements are not issued, but are included on pages 68 and 69 of the Notes. The funding policy, annual pension costs, and funding status and funding progress are presented in a schedule on page 78 of the Notes. Further information is discussed starting on page 65 of the Notes and further information on Funding Status and Progress is included in Required Supplementary Information on page 82. The eligible participants and membership are listed on page 65. Employer contributions recognized during 2012 were \$2,053,746 and participant contributions were \$327,762. The City implemented GASB Statement No. 43 and 45 starting with the 2008 fiscal year. The City’s funding policy is for its governmental activities to fund at least the actuarial determined Annual Required Contribution (ARC) of the explicit liability and the City’s business-activities fund its full ARC. The City recognizes the full ARC in the government-wide financial statements and recorded a liability for unfunded contributions as of June 30, 2012. (The General Fund will be the source to fund this obligation.)

Annual OPEB Cost and Net OPEB Obligations

The City’s annual OPEB cost is calculated based on the Annual Required Contribution actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period of thirty years. Amounts “required” but not actually set aside to pay for these benefits are accumulated as part of the net OPEB obligations. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the City net OPEB obligation:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net OPEB Obligation at June 30, 2011	\$ 13,344,163	\$ 13,344,163	\$ -
Annual Required Contribution	5,841,004	5,262,659	578,345
Interest on Net OPEB Obligation	910,251	910,251	-
Adjustment to Annual Required Contribution	444,805	444,805	-
Annual OPEB Cost	<u>7,196,060</u>	<u>6,617,715</u>	<u>578,345</u>
Less: Employer Contributions	<u>(2,053,746)</u>	<u>(1,475,401)</u>	<u>(578,345)</u>
Net OPEB Obligation at June 30, 2012	<u>\$ 18,486,477</u>	<u>\$ 18,486,477</u>	<u>\$ -</u>

The City has implemented GASB Statement No. 45 on Other Post-Employment Benefits (OPEB) starting with the 2008 fiscal year which is therefore considered the transition year. Required Supplementary Information on Funding Status and Progress is provided on page 82. The City's annual OPEB cost, following summarized activities for the plan for the transition year and succeeding years:

<u>Fiscal Year Ending June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 3,822,091	31.5%	\$ 4,958,871
2010	5,669,664	37.2%	8,884,630
2011	6,328,902	29.5%	13,344,163
2012	7,196,060	28.5%	18,486,477

16. Restatement of Fund Balance and Net Assets

Effective with these financial statements, the City presents Rock Manor Golf Corporation as a blended component unit; in previous years it was discretely presented. Rock Manor is now blended into Wilmington Park Related Commissions, a non-major fund. The result of this blending is to restate and decrease beginning nonmajor governmental fund balance by \$1,418,067 and restate and increase beginning net assets by \$532,182.

The City also determined that the relationship with, and activities of, Wilmington Economic Development Corporation (WEDCO) are no longer those of a component unit. WEDCO therefore has been eliminated as a discretely presented component unit. The result of removing WEDCO and Rock Manor as discretely presented component units is to restate and reduce beginning net assets by \$1,421,926.

The City has also determined that two activities previously presented as agency funds should be included in special revenue funds starting in 2012. This change had no impact on fund balance nor net assets.

17. Subsequent Events

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

In July 2012, the City negotiated a \$10,000,000 Tax and Revenue Anticipation Note, Series of 2012, with a local bank anticipating that interim funds might be required in August 2012. The funding was never required and the Note never issued.

On July 6, 2012, the City issued a General Obligation Bond Anticipation Note (Renewable Energy Biosolids Facility Project), Series of 2012, due July 6, 2014, in the amount of \$39,000,000. The funding will be drawn as needed and the interest rate is 65% of (the Adjusted London Interbank Offered Rate (LIBOR) plus 0.55) plus 0.19%, not to exceed 8%. Permanent financing has also been obtained and is explained in Note 9.

Pension Funding Status and Progress

In accordance with GASB Statements No. 27 and 45, the following required supplementary information is provided with regard to pension funding progress. The City plans have a valuation performed every two years, and the schedule presents the last three completed valuations covering six years. Information for the Pension Healthcare Fund is presented for the transition and subsequent years. The multi-year employer plan and Pension Healthcare Fund have annual valuations. Information presented for July 1, 2012 is preliminary.

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) -Entry Age (2)	Unfunded (Overfunded) AAL (2-1)	Funded Ratio (1 / 2)	Covered Payroll (5)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (2-1) / 5)
Firefighters						
7/1/2008	\$ 45,725,133	\$ 83,260,017	\$ 37,534,884	54.9%	\$ 4,838,319	775.8%
7/1/2010	43,650,025	85,157,711	41,507,686	51.3%	4,727,341	878.0%
7/1/2012	41,628,565	87,535,844	45,907,279	47.6%	3,368,492	1362.8%
Police						
7/1/2008	\$ 75,328,966	\$ 130,259,946	\$ 54,930,980	57.8%	\$ 8,385,569	655.1%
7/1/2010	71,741,304	133,269,787	61,528,483	53.8%	7,752,902	793.6%
7/1/2012	70,809,332	144,832,644	74,023,312	48.9%	6,764,132	1094.4%
Plan I Non-Uniformed						
7/1/2008	\$ 8,593,765	\$ 10,218,256	\$ 1,624,491	84.1%	\$ 154,551	1051.1%
7/1/2010	6,821,635	8,374,719	1,553,084	81.5%	85,639	1813.5%
7/1/2012	5,914,046	7,184,749	1,270,703	82.3%	85,639	1483.8%
Plan II Non-Uniformed						
7/1/2008	\$ 15,301,793	\$ 13,395,511	\$ (1,906,282)	114.2%	\$ 682,296	-279.4%
7/1/2010	13,108,281	13,597,800	489,519	96.4%	660,701	74.1%
7/1/2012	12,046,867	14,431,838	2,384,971	83.5%	629,301	379.0%
Plan III Non-Uniformed						
7/1/2008	\$ 32,645,945	\$ 61,337,975	\$ 28,692,030	53.2%	\$ 27,715,995	103.5%
7/1/2010	35,943,842	76,611,097	40,667,255	46.9%	30,143,327	134.9%
7/1/2012	42,316,170	85,243,656	42,927,486	49.6%	27,617,534	155.4%
Park Trust						
7/1/2007	\$ 237,371	\$ 183,067	\$ (54,304)	129.7%	\$ 90,763	-59.8%
7/1/2009	169,696	195,116	25,420	87.0%	115,333	22.0%
7/1/2011	219,095	186,575	(32,520)	117.4%	76,789	-42.3%
Pension Healthcare						
7/1/2007	\$ 3,223,326	\$ 36,600,382	\$ 33,377,056	8.8%	\$ 58,409,524	57.1%
7/1/2008	4,916,523	55,083,567	50,167,044	8.9%	64,850,293	77.4%
7/1/2010	7,214,969	65,321,683	58,106,714	11.0%	63,501,676	91.5%

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

CITY OF WILMINGTON, DELAWARE

MAJOR GOVERNMENTAL FUND

GENERAL FUND

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

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

Budgetary Accounting Control

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

Budgets for the other Special Revenue Funds, which are non-major funds, are appropriated based on grant agreements with various State, Federal, and private agencies. Based on the duration of these agreements, budget appropriations often overlap the City's fiscal year and remain open until completion of the grant. Therefore, the Special Revenue Funds' actual results of operations also represent the Funds' final appropriations through June 30, 2012, 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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
MAYOR'S OFFICES				
Office of the Mayor				
Personal Services	\$ 1,301,944	\$ 1,306,245	\$ 1,391,756	\$ (85,511)
Materials, Supplies and Equipment	1,027,536	1,058,035	927,557	130,478
Special Purpose	693,560	354,079	175,533	178,546
Debt Service	908,120	908,120	853,712	54,408
Office of the Mayor	<u>3,931,160</u>	<u>3,626,479</u>	<u>3,348,558</u>	<u>277,921</u>
Management and Budget				
Personal Services	505,525	505,525	495,923	9,602
Materials, Supplies and Equipment	79,678	84,278	76,080	8,198
Management and Budget	<u>585,203</u>	<u>589,803</u>	<u>572,003</u>	<u>17,800</u>
Office of Emergency Management				
Personal Services	60,073	60,073	58,776	1,297
Materials, Supplies and Equipment	321,202	321,202	447,821	(126,619)
Debt Service	46,292	46,292	49,224	(2,932)
Office of Emergency Management	<u>427,567</u>	<u>427,567</u>	<u>555,821</u>	<u>(128,254)</u>
Economic Development				
Personal Services	682,117	682,117	705,997	(23,880)
Materials, Supplies and Equipment	129,998	129,998	114,827	15,171
Special Purpose	32,000	57,000	57,000	-
Debt Service	3,164,869	3,164,869	2,896,830	268,039
Economic Development	<u>4,008,984</u>	<u>4,033,984</u>	<u>3,774,654</u>	<u>259,330</u>
Cultural Affairs				
Personal Services	300,330	300,330	308,307	(7,977)
Materials, Supplies and Equipment	415,647	415,647	419,552	(3,905)
Special Purpose	-	-	-	-
Cultural Affairs	<u>715,977</u>	<u>715,977</u>	<u>727,859</u>	<u>(11,882)</u>
Constituent Services				
Personal Services	401,179	401,179	391,530	9,649
Materials, Supplies and Equipment	135,834	135,834	107,929	27,905
Constituent Services	<u>537,013</u>	<u>537,013</u>	<u>499,459</u>	<u>37,554</u>
Mayor's Offices Total				
Personal Services	3,251,168	3,255,469	3,352,289	(96,820)
Materials, Supplies and Equipment	2,109,895	2,144,994	2,093,766	51,228
Special Purpose	725,560	411,079	232,533	178,546
Debt Service	4,119,281	4,119,281	3,799,766	319,515
Mayor's Offices Total	<u>\$ 10,205,904</u>	<u>\$ 9,930,823</u>	<u>\$ 9,478,354</u>	<u>\$ 452,469</u>
CITY COUNCIL				
City Council				
Personal Services	\$ 542,975	\$ 542,975	\$ 540,240	\$ 2,735
Materials, Supplies and Equipment	283,323	338,143	335,628	2,515
Special Purpose	187,500	220,170	214,310	5,860
Debt Service	1,938	1,938	1,938	-
City Council	<u>1,015,736</u>	<u>1,103,226</u>	<u>1,092,116</u>	<u>11,110</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
CITY COUNCIL (Continued)				
City Clerk				
Personal Services	\$ 578,068	\$ 578,068	\$ 670,629	\$ (92,561)
Materials, Supplies and Equipment	84,692	77,202	71,736	5,466
City Clerk	<u>662,760</u>	<u>655,270</u>	<u>742,365</u>	<u>(87,095)</u>
Cable and Communication				
Personal Services	639,751	639,751	647,145	(7,394)
Materials, Supplies and Equipment	72,011	62,011	54,024	7,987
Debt Service	24,318	24,318	25,051	(733)
Cable and Communication	<u>736,080</u>	<u>726,080</u>	<u>726,220</u>	<u>(140)</u>
City Council Offices Total				
Personal Services	1,760,794	1,760,794	1,858,014	(97,220)
Materials, Supplies and Equipment	440,026	477,356	461,388	15,968
Special Purpose	187,500	220,170	214,310	5,860
Debt Service	26,256	26,256	26,989	(733)
City Council Offices Total	<u>\$ 2,414,576</u>	<u>\$ 2,484,576</u>	<u>\$ 2,560,701</u>	<u>\$ (76,125)</u>
AUDIT				
Audit Department				
Personal Services	\$ 383,048	\$ 383,048	\$ 430,225	\$ (47,177)
Materials, Supplies and Equipment	277,813	277,813	271,193	6,620
Audit Department	<u>\$ 660,861</u>	<u>\$ 660,861</u>	<u>\$ 701,418</u>	<u>\$ (40,557)</u>
LAW				
Law Department				
Personal Services	\$ 2,215,131	\$ 2,215,131	\$ 2,284,667	\$ (69,536)
Materials, Supplies and Equipment	775,596	938,101	820,208	117,893
Law Department	<u>\$ 2,990,727</u>	<u>\$ 3,153,232</u>	<u>\$ 3,104,875</u>	<u>\$ 48,357</u>
FINANCE				
Finance Administrative				
Personal Services	\$ 186,564	\$ 186,564	\$ 218,629	\$ (32,065)
Materials, Supplies and Equipment	132,620	113,520	318,713	(205,193)
Debt Service	-	-	5,661	(5,661)
Finance Administrative	<u>319,184</u>	<u>300,084</u>	<u>543,003</u>	<u>(242,919)</u>
Earned Income Tax				
Personal Services	1,541,759	1,534,631	1,487,983	46,648
Materials, Supplies and Equipment	1,225,046	1,362,146	1,259,120	103,026
Debt Service	5,304	5,304	-	5,304
Earned Income Tax	<u>2,772,109</u>	<u>2,902,081</u>	<u>2,747,103</u>	<u>154,978</u>
Accounting				
Personal Services	878,455	875,354	874,881	473
Materials, Supplies and Equipment	162,003	162,003	154,111	7,892
Accounting	<u>1,040,458</u>	<u>1,037,357</u>	<u>1,028,992</u>	<u>8,365</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
FINANCE (Continued)				
Procurement and Records				
Personal Services	\$ 346,269	\$ 344,339	\$ 360,877	\$ (16,538)
Materials, Supplies and Equipment	<u>155,895</u>	<u>155,895</u>	<u>130,118</u>	<u>25,777</u>
Procurement and Records	<u>502,164</u>	<u>500,234</u>	<u>490,995</u>	<u>9,239</u>
Delinquent Accounts Division				
Personal Services	97,675	98,679	109,270	(10,591)
Materials, Supplies and Equipment	<u>442,094</u>	<u>216,094</u>	<u>193,275</u>	<u>22,819</u>
Delinquent Accounts Division	<u>539,769</u>	<u>314,773</u>	<u>302,545</u>	<u>12,228</u>
Central Cashier				
Personal Services	304,665	306,060	326,481	(20,421)
Materials, Supplies and Equipment	<u>2,763,612</u>	<u>3,396,462</u>	<u>3,183,842</u>	<u>212,620</u>
Central Cashier	<u>3,068,277</u>	<u>3,702,522</u>	<u>3,510,323</u>	<u>192,199</u>
Billing & Customer Service				
Personal Services	288,438	288,306	300,300	(11,994)
Materials, Supplies and Equipment	<u>87,032</u>	<u>87,767</u>	<u>75,064</u>	<u>12,703</u>
Billing & Customer Service	<u>375,470</u>	<u>376,073</u>	<u>375,364</u>	<u>709</u>
Finance Parking				
Personal Services	1,523,962	1,510,299	1,322,881	187,418
Materials, Supplies and Equipment	<u>166,690</u>	<u>254,840</u>	<u>203,744</u>	<u>51,096</u>
Finance Parking	<u>1,690,652</u>	<u>1,765,139</u>	<u>1,526,625</u>	<u>238,514</u>
Finance Department Total				
Personal Services	5,167,787	5,144,232	5,001,302	142,930
Materials, Supplies and Equipment	5,134,992	5,748,727	5,517,987	230,740
Debt Service	5,304	5,304	5,661	(357)
Finance Department Total	<u>\$ 10,308,083</u>	<u>\$ 10,898,263</u>	<u>\$ 10,524,950</u>	<u>\$ 373,313</u>
HUMAN RESOURCES				
Personnel - Admin				
Personal Services	\$ 224,060	\$ 224,060	\$ 217,710	\$ 6,350
Materials, Supplies and Equipment	<u>203,814</u>	<u>203,814</u>	<u>128,203</u>	<u>75,611</u>
Personnel - Admin	<u>427,874</u>	<u>427,874</u>	<u>345,913</u>	<u>81,961</u>
Human Resource and Services				
Personal Services	1,138,438	1,138,438	1,173,746	(35,308)
Materials, Supplies and Equipment	303,357	303,357	280,323	23,034
Debt Service	<u>18,517</u>	<u>18,517</u>	<u>19,690</u>	<u>(1,173)</u>
Human Resource and Services	<u>1,460,312</u>	<u>1,460,312</u>	<u>1,473,759</u>	<u>(13,447)</u>
Human Resources Department Total				
Personal Services	1,362,498	1,362,498	1,391,456	(28,958)
Materials, Supplies and Equipment	507,171	507,171	408,526	98,645
Debt Service	<u>18,517</u>	<u>18,517</u>	<u>19,690</u>	<u>(1,173)</u>
Human Resources Department Total	<u>\$ 1,888,186</u>	<u>\$ 1,888,186</u>	<u>\$ 1,819,672</u>	<u>\$ 68,514</u>
TREASURER				
Treasurer's Office				
Personal Services	\$ 275,585	\$ 275,585	\$ 300,564	\$ (24,979)
Materials, Supplies and Equipment	<u>139,120</u>	<u>139,120</u>	<u>128,111</u>	<u>11,009</u>
Treasurer's Office	<u>\$ 414,705</u>	<u>\$ 414,705</u>	<u>\$ 428,675</u>	<u>\$ (13,970)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
PLANNING				
Planning				
Personal Services	\$ 989,352	\$ 989,351	\$ 989,539	\$ (188)
Materials, Supplies and Equipment	422,078	422,078	382,735	39,343
Debt Service	150,512	150,512	150,328	184
Planning	<u>\$ 1,561,942</u>	<u>\$ 1,561,941</u>	<u>\$ 1,522,602</u>	<u>\$ 39,339</u>
REAL ESTATE & HOUSING				
Real Estate and Housing - Admin				
Personal Services	\$ 56,928	\$ 56,928	\$ 72,825	\$ (15,897)
Materials, Supplies and Equipment	137,151	137,151	125,393	11,758
Debt Service	790,036	790,036	794,917	(4,881)
Real Estate and Housing - Admin	<u>984,115</u>	<u>984,115</u>	<u>993,135</u>	<u>(9,020)</u>
Real Estate and Housing - Rehabilitation				
Personal Services	58,056	58,056	55,293	2,763
Materials, Supplies and Equipment	228,128	228,128	224,299	3,829
Debt Service	33,987	33,987	33,987	-
Real Estate and Housing - Rehabilitation	<u>320,171</u>	<u>320,171</u>	<u>313,579</u>	<u>6,592</u>
Real Estate & Housing Department Total				
Personal Services	114,984	114,984	128,118	(13,134)
Materials, Supplies and Equipment	365,279	365,279	349,692	15,587
Debt Service	824,023	824,023	828,904	(4,881)
Real Estate & Housing Department Total	<u>\$ 1,304,286</u>	<u>\$ 1,304,286</u>	<u>\$ 1,306,714</u>	<u>\$ (2,428)</u>
PUBLIC WORKS				
Public Works - Admin				
Personal Services	\$ 951,537	\$ 949,135	\$ 976,129	\$ (26,994)
Materials, Supplies and Equipment	625,629	613,291	588,729	24,562
Debt Service	492,784	492,784	492,783	1
Public Works - Admin	<u>2,069,950</u>	<u>2,055,210</u>	<u>2,057,641</u>	<u>(2,431)</u>
Street Maintenance				
Materials, Supplies and Equipment	190,611	213,695	189,217	24,478
Debt Service	1,791,252	1,791,252	1,754,890	36,362
Street Maintenance	<u>1,981,863</u>	<u>2,004,947</u>	<u>1,944,107</u>	<u>60,840</u>
Transportation/WILDOT				
Personal Services	1,189,654	1,188,296	1,164,331	23,965
Materials, Supplies and Equipment	1,429,734	1,503,526	888,835	614,691
Debt Service	792,442	792,442	732,761	59,681
Transportation/WILDOT	<u>3,411,830</u>	<u>3,484,264</u>	<u>2,785,927</u>	<u>698,337</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
PUBLIC WORKS (Continued)				
Street Cleaning				
Personal Services	\$ 2,929,885	\$ 2,928,668	\$ 2,598,683	\$ 329,985
Materials, Supplies and Equipment	<u>1,832,752</u>	<u>1,764,348</u>	<u>1,481,555</u>	<u>282,793</u>
Street Cleaning	<u>4,762,637</u>	<u>4,693,016</u>	<u>4,080,238</u>	<u>612,778</u>
Rubbish Collection				
Personal Services	3,106,158	3,103,388	2,913,503	189,885
Materials, Supplies and Equipment	<u>3,931,421</u>	<u>3,941,134</u>	<u>3,837,161</u>	<u>103,973</u>
Rubbish Collection	<u>7,037,579</u>	<u>7,044,522</u>	<u>6,750,664</u>	<u>293,858</u>
Property Maintenance				
Personal Services	306,716	306,158	326,637	(20,479)
Materials, Supplies and Equipment	1,860,239	2,095,387	1,854,195	241,192
Debt Service	<u>462,623</u>	<u>462,623</u>	<u>455,277</u>	<u>7,346</u>
Property Maintenance	<u>2,629,578</u>	<u>2,864,168</u>	<u>2,636,109</u>	<u>228,059</u>
Public Works Department Total				
Personal Services	8,483,950	8,475,645	7,979,283	496,362
Materials, Supplies and Equipment	9,870,386	10,131,381	8,839,692	1,291,689
Debt Service	<u>3,539,101</u>	<u>3,539,101</u>	<u>3,435,711</u>	<u>103,390</u>
Public Works Department Total	<u>\$ 21,893,437</u>	<u>\$ 22,146,127</u>	<u>\$ 20,254,686</u>	<u>\$ 1,891,441</u>
PARKS & RECREATION				
Parks and Recreation - Admin				
Personal Services	\$ 598,057	\$ 601,524	\$ 639,312	\$ (37,788)
Materials, Supplies and Equipment	280,999	281,030	231,096	49,934
Debt Service	<u>1,273,882</u>	<u>1,273,882</u>	<u>1,237,507</u>	<u>36,375</u>
Parks and Recreation - Admin	<u>2,152,938</u>	<u>2,156,436</u>	<u>2,107,915</u>	<u>48,521</u>
Park Maintenance				
Personal Services	1,823,789	1,820,986	1,706,895	114,091
Materials, Supplies and Equipment	1,185,898	1,185,898	992,556	193,342
Debt Service	<u>565,921</u>	<u>565,921</u>	<u>572,677</u>	<u>(6,756)</u>
Park Maintenance	<u>3,575,608</u>	<u>3,572,805</u>	<u>3,272,128</u>	<u>300,677</u>
Recreation				
Personal Services	406,416	419,486	440,562	(21,076)
Materials, Supplies and Equipment	<u>356,362</u>	<u>357,939</u>	<u>366,308</u>	<u>(8,369)</u>
Recreation	<u>762,778</u>	<u>777,425</u>	<u>806,870</u>	<u>(29,445)</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PARKS & RECREATION (Continued)				
William Hicks Anderson Center				
Personal Services	\$ 691,209	\$ 714,051	\$ 746,632	\$ (32,581)
Materials, Supplies and Equipment	341,733	340,156	311,083	29,073
Debt Service	<u>59,717</u>	<u>59,717</u>	<u>58,397</u>	<u>1,320</u>
William Hicks Anderson Center	<u>1,092,659</u>	<u>1,113,924</u>	<u>1,116,112</u>	<u>(2,188)</u>
Youth and Families				
Personal Services	558,085	546,218	544,426	1,792
Materials, Supplies and Equipment	208,524	208,493	211,219	(2,726)
Youth and Families	<u>766,609</u>	<u>754,711</u>	<u>755,645</u>	<u>(934)</u>
Parks and Recreation Department Total				
Personal Services	4,077,556	4,102,265	4,077,827	24,438
Materials, Supplies and Equipment	2,373,516	2,373,516	2,112,262	261,254
Debt Service	<u>1,899,520</u>	<u>1,899,520</u>	<u>1,868,581</u>	<u>30,939</u>
Parks and Recreation Department Total	<u>\$ 8,350,592</u>	<u>\$ 8,375,301</u>	<u>\$ 8,058,670</u>	<u>\$ 316,631</u>
LICENSE & INSPECTION				
License and Inspection				
Personal Services	\$ 3,136,849	\$ 3,121,176	\$ 3,152,561	\$ (31,385)
Materials, Supplies and Equipment	959,621	959,621	705,907	253,714
Special Purpose	251,970	251,970	251,970	-
Debt Service	<u>10,886</u>	<u>10,886</u>	<u>10,886</u>	<u>-</u>
License and Inspection	<u>\$ 4,359,326</u>	<u>\$ 4,343,653</u>	<u>\$ 4,121,324</u>	<u>\$ 222,329</u>
FIRE DEPARTMENT				
Fire - Admin				
Personal Services	\$ 5,483,118	\$ 5,482,318	\$ 5,320,811	\$ 161,507
Materials, Supplies and Equipment	940,127	941,010	736,571	204,439
Debt Service	<u>527,997</u>	<u>527,997</u>	<u>434,901</u>	<u>93,096</u>
Fire - Admin	<u>6,951,242</u>	<u>6,951,325</u>	<u>6,492,283</u>	<u>459,042</u>
Fire - Suppression				
Personal Services	12,751,345	12,976,167	13,170,065	(193,898)
Materials, Supplies and Equipment	<u>2,162,020</u>	<u>2,169,872</u>	<u>1,833,953</u>	<u>335,919</u>
Fire - Suppression	<u>14,913,365</u>	<u>15,146,039</u>	<u>15,004,018</u>	<u>142,021</u>
Fire - Prevention				
Personal Services	846,778	845,978	866,087	(20,109)
Materials, Supplies and Equipment	<u>294,266</u>	<u>294,266</u>	<u>302,413</u>	<u>(8,147)</u>
Fire - Prevention	<u>1,141,044</u>	<u>1,140,244</u>	<u>1,168,500</u>	<u>(28,256)</u>
Fire Department Total				
Personal Services	19,081,241	19,304,463	19,356,963	(52,500)
Materials, Supplies and Equipment	3,396,413	3,405,148	2,872,937	532,211
Debt Service	<u>527,997</u>	<u>527,997</u>	<u>434,901</u>	<u>93,096</u>
Fire Department Total	<u>\$ 23,005,651</u>	<u>\$ 23,237,608</u>	<u>\$ 22,664,801</u>	<u>\$ 572,807</u>

City of Wilmington, Delaware
General Fund
Schedule of Departmental Expenditures - Budget and Actual (Continued)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance from Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
POLICE DEPARTMENT				
Police - Admin				
Personal Services	\$ 5,884,823	\$ 5,884,265	\$ 5,713,776	\$ 170,489
Materials, Supplies and Equipment	814,920	843,956	1,136,645	(292,689)
Debt Service	<u>15,271</u>	<u>15,271</u>	<u>-</u>	<u>15,271</u>
Police - Admin	<u>6,715,014</u>	<u>6,743,492</u>	<u>6,850,421</u>	<u>(106,929)</u>
Police - Patrol				
Personal Services	19,755,730	19,755,400	20,164,364	(408,964)
Materials, Supplies and Equipment	2,209,267	2,207,267	2,406,752	(199,485)
Debt Service	<u>343,500</u>	<u>343,500</u>	<u>346,308</u>	<u>(2,808)</u>
Police - Patrol	<u>22,308,497</u>	<u>22,306,167</u>	<u>22,917,424</u>	<u>(611,257)</u>
Police - Special Operations				
Personal Services	2,051,633	2,051,633	2,216,735	(165,102)
Materials, Supplies and Equipment	<u>537,254</u>	<u>531,254</u>	<u>307,509</u>	<u>223,745</u>
Police - Special Operations	<u>2,588,887</u>	<u>2,582,887</u>	<u>2,524,244</u>	<u>58,643</u>
Police - Support Services				
Personal Services	1,203,733	1,198,443	1,030,195	168,248
Materials, Supplies and Equipment	<u>817,319</u>	<u>821,559</u>	<u>698,335</u>	<u>123,224</u>
Police - Support Services	<u>2,021,052</u>	<u>2,020,002</u>	<u>1,728,530</u>	<u>291,472</u>
Police - Investigations				
Personal Services	10,467,087	10,467,087	10,684,802	(217,715)
Materials, Supplies and Equipment	<u>818,504</u>	<u>818,004</u>	<u>902,780</u>	<u>(84,776)</u>
Police - Investigations	<u>11,285,591</u>	<u>11,285,091</u>	<u>11,587,582</u>	<u>(302,491)</u>
Police - Communications				
Personal Services	3,416,416	3,398,777	3,615,656	(216,879)
Materials, Supplies and Equipment	963,332	955,192	883,485	71,707
Debt Service	<u>73,021</u>	<u>73,021</u>	<u>73,020</u>	<u>1</u>
Police - Communications	<u>4,452,769</u>	<u>4,426,990</u>	<u>4,572,161</u>	<u>(145,171)</u>
Police Operations				
Materials, Supplies and Equipment	<u>607,000</u>	<u>598,864</u>	<u>735,881</u>	<u>(137,017)</u>
Police Operations	<u>607,000</u>	<u>598,864</u>	<u>735,881</u>	<u>(137,017)</u>
Police Department Total				
Personal Services	42,779,422	42,755,605	43,425,528	(669,923)
Materials, Supplies and Equipment	6,767,596	6,776,096	7,071,387	(295,291)
Debt Service	<u>431,792</u>	<u>431,792</u>	<u>419,328</u>	<u>12,464</u>
Police Department Total	<u>\$ 49,978,810</u>	<u>\$ 49,963,493</u>	<u>\$ 50,916,243</u>	<u>\$ (952,750)</u>
Total Expenditures	<u>\$ 139,337,086</u>	<u>\$ 140,363,055</u>	<u>\$ 137,463,685</u>	<u>\$ 2,899,370</u>

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

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

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

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

The **Homeless Prevention Rapid Re-Housing Program Fund** accounts for the HPRP grant as authorized under Title XII of the American Recovery and Reinvestment Act of 2009 to provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized.

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

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

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

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

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

The **Community Oriented Policing Fund** accounts for grants from the United States Department of Justice. The grants supplement police manpower by paying part of the cost of additional officers for enhanced community policing efforts.

The **Cable Television Fund** accounts for cable television franchise revenues in excess of operating expenses designated by City Code to support equipment and capital needs of the cable and television division of City Council.

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

City of Wilmington, Delaware
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue Funds
June 30, 2012

ASSETS	Park Recreation Assistance	Wilmington Park Related Commissions	Homeless Prevention Rapid Re-Housing Program	Community Development & Recovery Block Grants	Home Partnership Program	Home for People with AIDS Grant	Delaware Neighborhood Stablization Program	Delaware Criminal Justice Planning	Community Oriented Policing Program	Cable Television	Special Projects	Total Nonmajor Governmental Funds
Cash and Cash Equivalents (Note 3)	\$ -	\$ 16	\$ 1,000	\$ 91,960	\$ -	\$ -	\$ -	\$ 309,977	\$ -	\$ 779,704	\$ 891,372	\$ 2,074,029
Restricted Assets:												
Cash and Investments (Note 3)	-	5,938,362	-	-	-	-	-	-	-	-	-	5,938,362
Receivables, Net (Note 4)	-	30,000	-	30,697	-	-	-	-	-	-	-	60,697
Due from Other Governments	293,238	37,691	1,110	497,381	205,207	225,206	1,013,551	319,670	499,539	-	1,625,843	4,718,436
Prepaid Items & Other Assets	4,039	6,111	-	-	-	-	-	-	-	-	-	10,150
Due from Other Funds	-	25,871	-	-	-	-	-	-	-	-	-	25,871
Total Assets	\$ 297,277	\$ 6,038,051	\$ 2,110	\$ 620,038	\$ 205,207	\$ 225,206	\$ 1,013,551	\$ 629,647	\$ 499,539	\$ 779,704	\$ 2,517,215	\$ 12,827,545
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts Payable	-	3,156	2,110	152,336	-	138,541	26,550	25,114	-	4,500	715,217	1,067,524
Salaries and Benefits Payable	38,446	-	-	702	-	-	1,259	-	-	-	3,353	43,760
Due to Other Funds	99,021	5,544	-	99,922	205,207	86,665	985,742	-	499,539	-	572,171	2,553,811
Deferred Revenue	159,810	80,000	-	367,078	-	-	-	604,533	-	-	1,226,474	2,437,895
Other Liabilities	-	15,012	-	-	-	-	-	-	-	-	-	15,012
Total Liabilities	297,277	103,712	2,110	620,038	205,207	225,206	1,013,551	629,647	499,539	4,500	2,517,215	6,118,002
Fund Balances, Unreserved:												
Nonspendable	-	799,803	-	-	-	-	-	-	-	-	-	799,803
Restricted	-	5,134,536	-	-	-	-	-	-	-	-	-	5,134,536
Committed	-	-	-	-	-	-	-	-	-	775,204	-	775,204
Total Fund Balances	-	5,934,339	-	-	-	-	-	-	-	775,204	-	6,709,543
Total Liabilities and Fund Balances	\$ 297,277	\$ 6,038,051	\$ 2,110	\$ 620,038	\$ 205,207	\$ 225,206	\$ 1,013,551	\$ 629,647	\$ 499,539	\$ 779,704	\$ 2,517,215	\$ 12,827,545

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, 2012

	Park Recreation Assistance	Wilmington Park Related Commissions	Homeless Prevention Rapid Re-Housing Program	Community Development & Recovery Block Grants	Home Partnership Program	Home for People with AIDS Grant	Delaware Neighborhood Stabilization Program	Delaware Criminal Justice Planning	Community Oriented Policing Program	Cable Television	Special Projects	Total Nonmajor Governmental Funds
REVENUES												
Intergovernmental	\$ 239,178	\$ 141,940	\$ 31,010	\$ 2,453,720	\$ 713,873	\$ 517,456	\$ 2,314,458	\$ 474,743	\$ 1,031,508	\$ -	\$ 6,046,609	\$ 13,964,495
Program Revenue	129,940	154,318	-	74,325	-	-	683,707	-	-	-	1,157,273	2,199,563
Investment Earnings	-	9,629	-	-	-	-	-	-	-	-	-	9,629
Other/Private Contributions	21,527	-	-	-	-	-	-	-	-	-	-	21,527
Total Revenues	<u>390,645</u>	<u>305,887</u>	<u>31,010</u>	<u>2,528,045</u>	<u>713,873</u>	<u>517,456</u>	<u>2,998,165</u>	<u>474,743</u>	<u>1,031,508</u>	<u>-</u>	<u>7,203,882</u>	<u>16,195,214</u>
EXPENDITURES												
Current:												
General Governmental Services	-	71,014	-	-	-	-	-	-	-	38,040	645,816	754,870
Real Estate and Housing	-	-	31,010	2,623,269	752,738	678,776	3,492,653	-	-	-	813,054	8,391,500
Public Works	-	-	-	-	-	-	-	-	-	-	1,759,846	1,759,846
Parks and Recreation	1,429,452	409,029	-	-	-	-	-	-	-	-	72,088	1,910,569
Public Safety	-	-	-	-	-	-	-	1,018,947	1,031,508	-	1,274,114	3,324,569
Capital Outlays	-	3,518	-	-	-	-	-	-	-	-	2,665,616	2,669,134
Total Expenditures	<u>1,429,452</u>	<u>483,561</u>	<u>31,010</u>	<u>2,623,269</u>	<u>752,738</u>	<u>678,776</u>	<u>3,492,653</u>	<u>1,018,947</u>	<u>1,031,508</u>	<u>38,040</u>	<u>7,230,534</u>	<u>18,810,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,038,807)</u>	<u>(177,674)</u>	<u>-</u>	<u>(95,224)</u>	<u>(38,865)</u>	<u>(161,320)</u>	<u>(494,488)</u>	<u>(544,204)</u>	<u>-</u>	<u>(38,040)</u>	<u>(26,652)</u>	<u>(2,615,274)</u>
Other Financing Sources												
Transfers in	1,038,807	2,059,243	-	95,224	38,865	161,320	494,488	544,204	-	324,848	667,454	5,424,453
Transfers out	-	-	-	-	-	-	-	-	-	(302,160)	(640,802)	(942,962)
Total Other Financing Sources	<u>-</u>	<u>2,059,243</u>	<u>-</u>	<u>95,224</u>	<u>38,865</u>	<u>161,320</u>	<u>494,488</u>	<u>544,204</u>	<u>-</u>	<u>22,688</u>	<u>26,652</u>	<u>4,481,491</u>
Net change in Fund Balances	<u>-</u>	<u>1,881,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,352)</u>	<u>-</u>	<u>1,866,217</u>
Fund Balance - Beginning as restated (Note 16)	<u>-</u>	<u>4,052,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,556</u>	<u>-</u>	<u>4,843,326</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 5,934,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775,204</u>	<u>\$ -</u>	<u>\$ 6,709,543</u>

City of Wilmington, Delaware
Schedule of Revenues, Expenditures
Changes in Fund Balances - Budget and Actual
Non-Major Funds - Special Revenue Funds
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Park Recreation Assistance				
Revenues	\$ 390,645	\$ 390,645	\$ 390,645	\$ -
Expenditures	<u>390,645</u>	<u>390,645</u>	<u>1,429,452</u>	<u>1,038,807</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,038,807)</u>	<u>\$ (1,038,807)</u>
Homeless Prevention Rapid Re-Housing Program				
Revenues	\$ 31,010	\$ 31,010	\$ 31,010	\$ -
Expenditures	<u>31,010</u>	<u>31,010</u>	<u>31,010</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community Development Block Grant				
Revenues	\$ 2,528,045	\$ 2,623,269	\$ 2,528,045	\$ (95,224)
Expenditures	<u>2,528,045</u>	<u>2,623,269</u>	<u>2,623,269</u>	<u>-</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,224)</u>	<u>\$ (95,224)</u>
Home Partnership Program				
Revenues	\$ 713,873	\$ 713,873	\$ 713,873	\$ -
Expenditures	<u>713,873</u>	<u>713,873</u>	<u>752,738</u>	<u>38,865</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,865)</u>	<u>\$ (38,865)</u>
Home for People With AIDS				
Revenues	\$ 517,456	\$ 517,456	517,456	\$ -
Expenditures	<u>517,456</u>	<u>517,456</u>	<u>678,776</u>	<u>161,320</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (161,320)</u>	<u>\$ (161,320)</u>
Delaware Neighborhood Stabilization Program				
Revenues	\$ 2,998,165	\$ 2,998,165	\$ 2,998,165	\$ -
Expenditures	<u>2,998,165</u>	<u>2,998,165</u>	<u>3,492,653</u>	<u>494,488</u>
Deficiency of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (494,488)</u>	<u>\$ (494,488)</u>
Community Oriented Policing Program				
Revenues	\$ 1,031,508	\$ 1,031,508	\$ 1,031,508	\$ -
Expenditures	<u>1,031,508</u>	<u>1,031,508</u>	<u>1,031,508</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WILMINGTON, DELAWARE

INTERNAL SERVICE FUNDS

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

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

Additional internal service funds are as follows:

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

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

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

City of Wilmington, Delaware
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2012

	<u>Data Processing</u>	<u>Document Management</u>	<u>Mail Service</u>	<u>Duplication and Reproduction</u>	<u>Mapping and Graphics</u>	<u>Motor Vehicle</u>	<u>Communications</u>	<u>Risk Management</u>	<u>Workers' Compensation</u>	<u>Health and Welfare</u>	<u>Total Internal Service Funds</u>
ASSETS											
Current Assets:											
Cash and Cash Equivalents (Note 3)	\$ -	\$ 58,847	\$ 18,852	\$ 5,991	\$ 19,967	\$ 150	\$ 300	\$ 2,300,689	\$ 1,951,965	\$ 1,298,747	\$ 5,655,508
Restricted Assets:											
Cash and Investments (Note 3)	837,668	-	-	-	-	750,000	-	-	-	-	1,587,668
Receivables, Net (Note 4)	-	-	-	-	-	9,225	-	-	-	-	9,225
Prepaid Items and Other Assets	-	-	-	2,986	-	-	-	-	255,000	110,698	368,684
Total Current assets	<u>837,668</u>	<u>58,847</u>	<u>18,852</u>	<u>8,977</u>	<u>19,967</u>	<u>759,375</u>	<u>300</u>	<u>2,300,689</u>	<u>2,206,965</u>	<u>1,409,445</u>	<u>7,621,085</u>
Noncurrent Assets:											
Advances to Other Funds (Note 7)	-	-	-	-	-	-	-	6,140,940	6,140,940	-	12,281,880
Deferred Charges	23,985	-	-	-	-	27,011	2,337	-	-	-	53,333
Capital Assets, Net:											
Construction In Progress	279,049	-	-	-	-	-	-	-	-	-	279,049
Buildings and Improvements	22,611	-	-	-	-	3,436,961	8,300	-	-	-	3,467,872
Machinery and Equipment	3,386,567	-	-	-	-	734,411	1,275,498	18,830	-	-	5,415,306
Vehicles	-	-	-	-	-	11,454,658	-	-	-	-	11,454,658
Total Noncurrent Assets	<u>3,712,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,653,041</u>	<u>1,286,135</u>	<u>6,159,770</u>	<u>6,140,940</u>	<u>-</u>	<u>32,952,098</u>
Total Assets	<u>4,549,880</u>	<u>58,847</u>	<u>18,852</u>	<u>8,977</u>	<u>19,967</u>	<u>16,412,416</u>	<u>1,286,435</u>	<u>8,460,459</u>	<u>8,347,905</u>	<u>1,409,445</u>	<u>40,573,183</u>
LIABILITIES											
Current Liabilities:											
Accounts Payable	235,900	11,020	9,875	-	9,109	241,207	122,487	283,449	204,448	644,132	1,761,627
Accrued Interest Payable	17,539	-	-	-	-	57,676	3,336	-	-	-	78,551
Due to Other Funds	1,409,154	-	-	-	-	2,766,941	725,385	-	-	-	4,901,480
Bonds Payable	253,463	-	-	-	-	103,615	80,449	-	-	-	437,527
Capital Lease	-	-	-	-	-	1,585,581	-	-	-	-	1,585,581
Claims Liability	-	-	-	-	-	-	-	634,221	1,414,599	761,382	2,810,202
Compensated Absences	62,405	47,827	8,977	8,977	10,858	-	24,184	18,807	20,267	3,931	206,233
Total Current Liabilities	<u>1,978,461</u>	<u>58,847</u>	<u>18,852</u>	<u>8,977</u>	<u>19,967</u>	<u>4,755,020</u>	<u>955,841</u>	<u>936,477</u>	<u>1,639,314</u>	<u>1,409,445</u>	<u>11,781,201</u>
Noncurrent Liabilities:											
Advances Due to Other Funds (Note 7)	-	-	-	-	-	3,000,000	-	-	-	-	3,000,000
Bonds Payable	2,571,419	-	-	-	-	3,473,909	330,594	-	-	-	6,375,922
Capital Lease	-	-	-	-	-	3,977,610	-	-	-	-	3,977,610
Claims Liability	-	-	-	-	-	-	-	5,020,478	6,708,591	-	11,729,069
Total Noncurrent Liabilities	<u>2,571,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,451,519</u>	<u>330,594</u>	<u>5,020,478</u>	<u>6,708,591</u>	<u>-</u>	<u>25,082,601</u>
Total Liabilities	<u>4,549,880</u>	<u>58,847</u>	<u>18,852</u>	<u>8,977</u>	<u>19,967</u>	<u>15,206,539</u>	<u>1,286,435</u>	<u>5,956,955</u>	<u>8,347,905</u>	<u>1,409,445</u>	<u>36,863,802</u>
NET ASSETS											
Invested in Capital Assets,											
Net of Related Debt	1,701,013	-	-	-	-	7,235,315	872,755	18,830	-	-	9,827,913
Unassigned	(1,701,013)	-	-	-	-	(6,029,438)	(872,755)	2,484,674	-	-	(6,118,532)
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,877</u>	<u>\$ -</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,709,381</u>

City of Wilmington, Delaware
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
OPERATING REVENUES											
Charges for Services	\$ 4,205,833	\$ 497,024	\$ 291,518	\$ 235,917	\$ 363,991	\$ 6,945,842	\$ 1,419,706	\$ 1,986,185	\$ 3,545,361	\$ 15,803,743	\$ 35,295,120
Employee Contributions	-	-	-	-	-	-	-	-	-	410,910	410,910
Other	-	-	246	-	-	-	-	69,589	-	-	69,835
Total Operating Revenues	<u>4,205,833</u>	<u>497,024</u>	<u>291,764</u>	<u>235,917</u>	<u>363,991</u>	<u>6,945,842</u>	<u>1,419,706</u>	<u>2,055,774</u>	<u>3,545,361</u>	<u>16,214,653</u>	<u>35,775,865</u>
OPERATING EXPENSES											
Personal Services	1,017,998	339,840	45,850	55,420	211,117	-	303,141	141,852	423,838	105,880	2,644,936
Materials, Supplies, Equipment and Contractual Services	2,637,388	157,184	241,850	180,497	152,874	4,045,906	865,800	190,135	344,917	97,466	8,914,017
Depreciation and Amortization	445,116	-	4,064	-	-	2,893,828	233,654	12,554	-	-	3,589,216
Claims Expense	-	-	-	-	-	-	-	1,721,894	2,846,192	16,011,307	20,579,393
Insurance Premiums	-	-	-	-	-	-	-	55,091	-	-	55,091
Total Operating Expenses	<u>4,100,502</u>	<u>497,024</u>	<u>291,764</u>	<u>235,917</u>	<u>363,991</u>	<u>6,939,734</u>	<u>1,402,595</u>	<u>2,121,526</u>	<u>3,614,947</u>	<u>16,214,653</u>	<u>35,782,653</u>
Operating Income (Loss)	<u>105,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,108</u>	<u>17,111</u>	<u>(65,752)</u>	<u>(69,586)</u>	<u>-</u>	<u>(6,788)</u>
NON-OPERATING REVENUES (EXPENSES)											
Investment Earnings	-	-	-	-	-	-	-	65,752	69,586	-	135,338
Interest Expense	(100,344)	-	-	-	-	(274,962)	(16,145)	-	-	-	(391,451)
Bond Issuance Costs	(4,987)	-	-	-	-	(8,960)	(966)	-	-	-	(14,913)
Gain on Sale of Assets	-	-	-	-	-	113,446	-	-	-	-	113,446
Total Non-Operating Revenues (Expenses)	<u>(105,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,476)</u>	<u>(17,111)</u>	<u>65,752</u>	<u>69,586</u>	<u>-</u>	<u>(157,580)</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,368)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,368)</u>
Total Net Assets - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,370,245</u>	<u>-</u>	<u>2,503,504</u>	<u>-</u>	<u>-</u>	<u>3,873,749</u>
Total Net Assets - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205,877</u>	<u>\$ -</u>	<u>\$ 2,503,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,709,381</u>

City of Wilmington, Delaware
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2012

	Data Processing	Document Management	Mail Service	Duplication and Reproduction	Mapping and Graphics	Motor Vehicle	Communications	Risk Management	Workers' Compensation	Health and Welfare	Total Internal Service Funds
Cash Flows From Operating Activities:											
Receipts from Customers and Users	\$ 4,205,833	\$ 497,024	\$ 291,764	\$ 235,917	\$ 363,991	\$ 6,945,842	\$ 1,419,706	\$ 2,055,774	\$ 3,545,361	\$ 16,214,653	\$ 35,775,865
Payments to Suppliers	(2,654,681)	(150,945)	(237,987)	(190,094)	(147,269)	(4,228,020)	(762,188)	(1,464,385)	(3,027,508)	(16,659,105)	(29,522,182)
Payments to Employees	(1,021,701)	(345,822)	(54,036)	(45,316)	(214,939)	-	(310,867)	(141,364)	(440,326)	(114,578)	(2,688,949)
Net Cash Provided by (Used in) Operating Activities	529,451	257	(259)	507	1,783	2,717,822	346,651	450,025	77,527	(559,030)	3,564,734
Cash Flows from Noncapital Financing Activities											
Advances From Other Funds	316,425	-	-	-	-	-	-	500,000	503,834	-	1,320,259
Advances (To) Other Funds	-	-	-	-	-	(1,707,324)	(253,451)	-	-	-	(1,960,775)
Net Cash Provided by (Used in) Noncapital Financing Activities	316,425	-	-	-	-	(1,707,324)	(253,451)	500,000	503,834	-	(640,516)
Cash Flows from Capital and Related Financing Activities:											
Proceeds from Bonds	-	-	-	-	-	757,389	-	-	-	-	757,389
Acquisition and Construction of Capital Assets	(596,125)	-	-	-	-	(721,672)	-	-	-	-	(1,317,797)
Principal Paid on Bonds	419,618	-	-	-	-	(132,288)	(76,387)	-	-	-	210,943
Interest Paid on Bonds	(108,375)	-	-	-	-	(155,584)	(16,813)	-	-	-	(280,772)
Proceeds from Capital Lease	-	-	-	-	-	1,420,170	-	-	-	-	1,420,170
Principal Paid on Capital Leases	-	-	-	-	-	(1,479,791)	-	-	-	-	(1,479,791)
Interest Paid on Capital Leases	-	-	-	-	-	(130,908)	-	-	-	-	(130,908)
Bond Issuance Costs Capitalized	-	-	-	-	-	(7,389)	-	-	-	-	(7,389)
Proceeds from Sale of Capital Assets	-	-	-	-	-	189,575	-	-	-	-	189,575
Net Cash Used in Capital and Related Financing Activities	(284,882)	-	-	-	-	(260,498)	(93,200)	-	-	-	(638,580)
Net Increase (Decrease) in Cash and Cash Equivalents	560,994	257	(259)	507	1,783	750,000	-	950,025	581,361	(559,030)	2,285,638
Cash and Cash Equivalents - July 1, 2011 (including \$276,674 for the Data Processing Fund reported in restricted accounts)											
	<u>276,674</u>	<u>58,590</u>	<u>19,111</u>	<u>5,484</u>	<u>18,184</u>	<u>150</u>	<u>300</u>	<u>1,350,664</u>	<u>1,370,604</u>	<u>1,857,777</u>	<u>4,957,538</u>
Cash and Cash Equivalents - June 30, 2012 (including \$855,368 for the Data Processing Fund reported in restricted accounts)											
	<u>\$ 837,668</u>	<u>\$ 58,847</u>	<u>\$ 18,852</u>	<u>\$ 5,991</u>	<u>\$ 19,967</u>	<u>\$ 750,150</u>	<u>\$ 300</u>	<u>\$ 2,300,689</u>	<u>\$ 1,951,965</u>	<u>\$ 1,298,747</u>	<u>\$ 7,243,176</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:											
Operating Income (Loss)	\$ 105,331	\$ -	\$ -	\$ -	\$ -	\$ 6,108	\$ 17,111	\$ (65,752)	\$ (69,586)	\$ -	(6,788)
Adjustments to Reconcile Operating Income to Cash Provided by (Used in) Operating Activities:											
Depreciation and Amortization	445,116	-	4,064	-	-	2,893,828	233,654	12,554	-	-	3,589,216
Changes in Assets and Liabilities:											
(Decrease) in Prepaid Expenses	11,720	-	-	(2,986)	-	-	-	-	-	(110,698)	(101,964)
Increase (Decrease) in Accounts Payable	(29,013)	3,248	(230)	(1,559)	5,605	(182,114)	99,749	193,797	88,009	(367,336)	(189,844)
Increase (Decrease) in Compensated Absences	15,299	4,274	(3,528)	7,088	1,107	-	1,846	3,626	1,538	(285)	30,965
(Decrease) in Accrued Salaries	(19,002)	(7,265)	(565)	(2,036)	(4,929)	-	(5,709)	(3,138)	(9,782)	(4,064)	(56,490)
Increase (Decrease) in Claims Liability	-	-	-	-	-	-	-	308,938	67,348	(76,647)	299,639
Net Cash Provided by (Used In) Operating Activities	\$ 529,451	\$ 257	\$ (259)	\$ 507	\$ 1,783	\$ 2,717,822	\$ 346,651	\$ 450,025	\$ 77,527	\$ (559,030)	\$ 3,564,734

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

Fire Pension
Police Pension

Non-Uniformed Plans

Plan I
Plan II
Plan III
Park Trust

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

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

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

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

Post Retirement Benefit Fund

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

City of Wilmington
Combining Statement of Fiduciary Net Asset
Pension Trust Funds
June 30, 2012

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Total Retirement Funds</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>Total Pension Funds</u>
ASSETS									
Cash and Cash Equivalents (Note 3)	\$ 2,790,170	\$ 1,511,707	\$ 1,072	\$ 472	\$ 7,830,614	\$ -	\$ 12,134,035	\$ 145,153	\$ 12,279,188
Receivables:									
Accrued Interest & Other Receivables	144,445	260,427	22,434	45,448	161,113	-	633,867	27,649	661,516
Total Receivables	144,445	260,427	22,434	45,448	161,113	-	633,867	27,649	661,516
Investments, at Fair Value:									
Money Market Mutual Funds	1,571,488	2,833,328	244,073	494,449	1,552,781	37,830	6,733,949	371,860	7,105,809
U.S. Government Obligations	4,051,378	7,304,469	629,214	1,274,715	4,003,151	-	17,262,927	1,320,983	18,583,910
U.S. Agencies									
- Government Guaranteed	238,203	429,471	36,996	74,948	235,368	-	1,014,986	-	1,014,986
U.S. Agencies - Other	2,618,790	4,721,571	406,754	823,969	2,587,616	-	11,158,700	2,110,015	13,268,715
Corporate Bonds	6,457,101	11,641,889	1,002,875	2,031,645	6,380,237	-	27,513,747	1,424,950	28,938,697
Stocks	22,216,585	40,055,595	3,450,537	6,990,166	21,952,124	-	94,665,007	3,249,090	97,914,097
Other Mutual Funds	28,642	51,641	4,449	9,012	28,301	190,175	312,220	-	312,220
Total Investments	37,182,187	67,037,964	5,774,898	11,698,904	36,739,578	228,005	158,661,536	8,476,898	167,138,434
Due from Other Pension Fund	-	-	-	-	-	-	-	1,148,043	1,148,043
Total Assets	40,116,802	68,810,098	5,798,404	11,744,824	44,731,305	228,005	171,429,438	9,797,743	181,227,181
LIABILITIES									
Accounts Payable	6,269	10,531	1,603	2,672	31,573	8,910	61,558	74,788	136,346
Due to Other Pension Fund	-	-	-	-	1,148,043	-	1,148,043	-	1,148,043
Due to Governments	-	-	-	-	2,284,745	-	2,284,745	-	2,284,745
Compensated Absences	3,594	3,594	3,595	7,398	18,765	-	36,946	-	36,946
Liability for Stale-dated Pension Checks	45,426	77,339	38,911	8,517	8,453	-	178,646	-	178,646
Total Liabilities	55,289	91,464	44,109	18,587	3,491,579	8,910	3,709,938	74,788	3,784,726
Net Assets									
Held in Trust for Pension & OPEB Benefits	\$ 40,061,513	\$ 68,718,634	\$ 5,754,295	\$ 11,726,237	\$ 41,239,726	\$ 219,095	\$ 167,719,500	\$ 9,722,955	\$ 177,442,455

City of Wilmington, Delaware
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2012

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Plan I Non- uniformed Pension</u>	<u>Plan II Non- uniformed Pension</u>	<u>Plan III Non- uniformed Pension</u>	<u>Wilmington Park Trust Pension</u>	<u>Total Retirement Funds</u>	<u>Post - Retirement Healthcare Benefit</u>	<u>Total Pension Funds</u>
ADDITIONS									
Contributions:									
City									
Paid Directly by the City	\$ 310,239	\$ 5,321,570	\$ 284,027	\$ 300,353	\$ 5,326,619	\$ -	\$ 11,542,808	\$ 2,053,746	\$ 13,596,554
Paid by the State									
On-Behalf of the City	4,279,307	2,245,457	24,582	-	-	-	6,549,346	-	6,549,346
Employees	228,592	449,347	-	17,820	547,344	-	1,243,103	327,762	1,570,865
Federal Drug Subsidies & Other	-	-	-	-	210	-	210	45,713	45,923
Total Contributions	<u>4,818,138</u>	<u>8,016,374</u>	<u>308,609</u>	<u>318,173</u>	<u>5,874,173</u>	<u>-</u>	<u>19,335,467</u>	<u>2,427,221</u>	<u>21,762,688</u>
Investment Income									
Interest Income	-	-	-	-	-	5,756	5,756	-	5,756
Investment Earnings	1,042,650	1,869,385	160,997	326,022	1,044,066	-	4,443,120	188,466	4,631,586
Net Appreciation									
(Depreciation) in Fair Value	(474,615)	(855,795)	(73,785)	(149,416)	(468,629)	(7,198)	(2,029,438)	249,995	(1,779,443)
Total Investment Earnings	568,035	1,013,590	87,212	176,606	575,437	(1,442)	2,419,438	438,461	2,857,899
Less: Investment Expense	(168,626)	(304,057)	(26,215)	(53,086)	(166,500)	-	(718,484)	-	(718,484)
Net Investment Income	<u>399,409</u>	<u>709,533</u>	<u>60,997</u>	<u>123,520</u>	<u>408,937</u>	<u>(1,442)</u>	<u>1,700,954</u>	<u>438,461</u>	<u>2,139,415</u>
Total Additions	<u>5,217,547</u>	<u>8,725,907</u>	<u>369,606</u>	<u>441,693</u>	<u>6,283,110</u>	<u>(1,442)</u>	<u>21,036,421</u>	<u>2,865,682</u>	<u>23,902,103</u>
DEDUCTIONS									
Benefits Paid	6,749,773	9,359,749	829,836	924,033	2,728,883	17,820	20,610,094	1,456,482	22,066,576
Administrative Expense:	76,717	86,615	43,332	80,199	197,967	2,566	487,396	54,936	542,332
Total Deductions	<u>6,826,490</u>	<u>9,446,364</u>	<u>873,168</u>	<u>1,004,232</u>	<u>2,926,850</u>	<u>20,386</u>	<u>21,097,490</u>	<u>1,511,418</u>	<u>22,608,908</u>
Net Increase (Decrease) in Plan Net Assets	(1,608,943)	(720,457)	(503,562)	(562,539)	3,356,260	(21,828)	(61,069)	1,354,264	1,293,195
Net Assets - Beginning	<u>41,670,456</u>	<u>69,439,091</u>	<u>6,257,857</u>	<u>12,288,776</u>	<u>37,883,466</u>	<u>240,923</u>	<u>167,780,569</u>	<u>8,368,691</u>	<u>176,149,260</u>
Net Assets - Ending	<u>\$ 40,061,513</u>	<u>\$ 68,718,634</u>	<u>\$ 5,754,295</u>	<u>\$ 11,726,237</u>	<u>\$ 41,239,726</u>	<u>\$ 219,095</u>	<u>\$ 167,719,500</u>	<u>\$ 9,722,955</u>	<u>\$ 177,442,455</u>



CITY OF WILMINGTON, DELAWARE

STATISTICAL SECTION (Unaudited)

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

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	107
Revenue Capacity These schedules contain information to help the reader assess the City’s most consistent year-to-year revenue source, the property tax.	112
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	116
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	120
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the services it performs.	122

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The City implemented GASB Statement No. 34 in phases starting in 2002 and implemented the final provisions with regard to infrastructure in 2006; schedules presenting government-wide information include information beginning in 2002 unless otherwise explained.



Table I

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES										
Invested in Capital Assets, Net of Related Debt	\$ 29,844,049	\$ 46,418,603	\$ 29,495,222	\$ 44,920,136	\$ 72,981,412	\$ 77,387,019	\$ 75,133,657	\$ 81,867,549	\$ 82,216,326	\$ 79,317,727
Restricted	12,574,298	18,881,357	18,550,295	47,553,927	37,550,546	32,130,891	21,463,882	4,970,647	5,470,837	5,934,339
Unrestricted	10,890,569	19,257,293	47,765,158	37,510,699	42,222,663	39,978,018	31,145,169	25,986,816	23,402,664	25,864,401
Total Governmental Activities Net Assets	\$ 53,308,916	\$ 84,557,253	\$ 95,810,675	\$ 129,984,762	\$ 152,754,621	\$ 149,495,928	\$ 127,742,708	\$ 112,825,012	\$ 111,089,827	\$ 111,116,467
BUSINESS-TYPE ACTIVITIES										
Invested in Capital Assets, Net of Related Debt	\$ 71,695,507	\$ 81,489,353	\$ 83,342,256	\$ 82,303,094	\$ 99,552,941	\$ 102,115,411	\$ 109,256,602	\$ 110,672,786	\$ 112,071,075	\$ 118,391,959
Restricted	-	-	-	13,216,350	13,216,350	35,632,265	19,441,751	-	-	-
Unassigned	7,139,685	177,269	(8,916,359)	(22,727,559)	(29,954,329)	(50,893,003)	(41,690,813)	(25,777,628)	(14,446,190)	(16,294,598)
Total Business-type Activities Net Assets	\$ 78,835,192	\$ 81,666,622	\$ 74,425,897	\$ 72,791,885	\$ 82,814,962	\$ 86,854,673	\$ 87,007,540	\$ 84,895,158	\$ 97,624,885	\$ 102,097,361
PRIMARY GOVERNMENT										
Invested in Capital Assets, Net of Related Debt	\$ 101,539,556	\$ 127,907,956	\$ 112,837,478	\$ 127,223,230	\$ 172,534,353	\$ 179,502,430	\$ 184,390,259	\$ 192,540,335	\$ 194,287,401	\$ 197,709,686
Restricted	12,574,298	18,881,357	18,550,295	60,770,277	50,766,896	67,763,156	40,905,633	4,970,647	5,470,837	5,934,339
Unassigned	18,030,254	19,434,562	38,848,799	14,783,140	12,268,334	(10,914,985)	(10,545,644)	209,188	8,956,474	9,569,803
Total Primary Government Net Assets	\$ 132,144,108	\$ 166,223,875	\$ 170,236,572	\$ 202,776,647	\$ 235,569,583	\$ 236,350,601	\$ 214,750,248	\$ 197,720,170	\$ 208,714,712	\$ 213,213,828

Note: 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.
 Net assets for 2007 are as restated in 2008 to record less revenue than anticipated when a grant ended.
 Net assets for 2011 are restated due to an inclusion of a new blended component unit.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES										
Governmental Activities:										
General Government	\$ 34,206,686	\$ 27,860,683	\$ 33,731,581	\$ 17,908,626	\$ 21,059,597	\$ 22,779,627	\$ 26,059,767	\$ 26,393,092	\$ 29,488,557	\$ 35,708,148
Commerce	2,722,144	1,906,066	2,112,027	2,541,506	1,678,227	7,022,739	9,454,881	7,711,248	-	-
Real Estate and Housing	8,080,851	8,108,654	9,058,065	7,178,124	6,554,301	7,427,235	8,156,663	11,672,335	9,558,053	10,276,370
Public Works	16,807,245	14,338,205	14,583,093	16,916,066	18,308,616	21,562,949	22,601,418	23,110,033	23,033,197	23,177,193
Parks and Recreation	6,305,699	8,559,178	7,311,483	7,805,055	9,641,670	11,460,259	10,027,975	10,605,259	9,423,690	9,632,204
Public Safety	47,597,878	48,632,268	65,426,116	65,487,887	74,738,935	74,915,049	86,901,639	86,039,994	82,913,341	84,777,539
Interest on Long-Term Debt	7,701,464	5,502,044	6,116,357	7,473,268	5,342,897	4,569,496	5,352,455	4,519,308	5,616,097	4,768,486
Total Governmental Activities Expenses	<u>123,421,967</u>	<u>114,907,098</u>	<u>138,338,722</u>	<u>125,310,532</u>	<u>137,324,243</u>	<u>149,737,354</u>	<u>168,554,798</u>	<u>170,051,269</u>	<u>160,032,935</u>	<u>168,339,940</u>
Business-type Activities:										
Water/Sewer	39,011,421	35,987,710	38,501,176	42,614,504	46,666,607	48,562,013	53,181,200	55,033,937	54,723,619	60,884,644
Total Business-Type Activities Expenses	<u>39,011,421</u>	<u>35,987,710</u>	<u>38,501,176</u>	<u>42,614,504</u>	<u>46,666,607</u>	<u>48,562,013</u>	<u>53,181,200</u>	<u>55,033,937</u>	<u>54,723,619</u>	<u>60,884,644</u>
Total Primary Government Expenses	<u>\$ 162,433,388</u>	<u>\$ 150,894,808</u>	<u>\$ 176,839,898</u>	<u>\$ 167,925,036</u>	<u>\$ 183,990,850</u>	<u>\$ 198,299,367</u>	<u>\$ 221,735,998</u>	<u>\$ 225,085,206</u>	<u>\$ 214,756,554</u>	<u>\$ 229,224,584</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 8,836,198	\$ 8,929,547	\$ 9,312,768	\$ 8,304,184	\$ 7,129,053	\$ 7,137,885	\$ 7,438,126	\$ 7,619,652	\$ 8,906,826	\$ 8,937,613
Commerce	-	-	-	-	-	1,360	30,893	161,203	-	-
Real Estate and Housing	-	-	-	735,375	1,000	527,971	39,798	541,183	795,318	1,915,305
Public Works	9,140	6,194	19,329	29,839	217,669	263,071	254,077	273,147	374,128	283,289
Parks and Recreation	2,509,403	-	-	78,494	-	85,311	-	22,964	59,026	284,258
Public Safety	6,964,442	6,516,985	8,034,678	9,209,946	12,085,150	11,609,610	12,854,296	15,433,702	13,774,372	16,408,085
Operating Grants and Contributions	9,062,321	11,751,700	24,244,134	26,298,656	19,969,298	18,322,960	17,706,081	19,236,629	20,569,251	19,362,707
Capital Grants and Contributions	1,986,087	2,300,217	5,211,389	11,066,220	8,135,550	1,639,225	1,841,887	1,103,155	1,908,256	1,311,524
Total Governmental Activities Revenues	<u>29,367,591</u>	<u>29,504,643</u>	<u>46,822,298</u>	<u>55,722,714</u>	<u>47,537,720</u>	<u>39,587,393</u>	<u>40,165,158</u>	<u>44,391,635</u>	<u>46,387,177</u>	<u>48,502,781</u>
Business-type Activities:										
Charges for Services:										
Water	38,799,279	37,917,607	38,632,385	40,980,492	51,143,730	52,221,925	53,020,756	52,217,917	58,346,241	64,744,275
Operating Grants and Contributions	-	1,901,533	148,493	-	-	-	-	572,410	9,092,105	574,876
Total Business-type Activities Revenues	<u>38,799,279</u>	<u>39,819,140</u>	<u>38,780,878</u>	<u>40,980,492</u>	<u>51,143,730</u>	<u>52,221,925</u>	<u>53,020,756</u>	<u>52,790,327</u>	<u>67,438,346</u>	<u>65,319,151</u>
Total Primary Government Revenues	<u>\$ 68,166,870</u>	<u>\$ 69,323,783</u>	<u>\$ 85,603,176</u>	<u>\$ 96,703,206</u>	<u>\$ 98,681,450</u>	<u>\$ 91,809,318</u>	<u>\$ 93,185,914</u>	<u>\$ 97,181,962</u>	<u>\$ 113,825,523</u>	<u>\$ 113,821,932</u>

Table II

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental Activities:										
Taxes										
Property Taxes	\$ 28,598,639	\$ 29,068,010	\$ 28,417,535	\$ 30,403,939	\$ 30,323,434	\$ 30,268,835	\$ 32,690,788	\$ 35,207,881	\$ 39,428,237	\$ 39,334,457
Income Taxes	40,625,407	44,270,947	47,348,120	54,791,274	52,786,285	54,438,848	57,543,505	57,426,347	55,958,208	63,519,580
Other Taxes	3,262,024	8,400,361	9,313,482	6,158,544	5,940,697	4,978,122	2,668,996	1,883,389	1,561,633	2,971,602
Lodging & Natural Gas Taxes	-	-	-	-	1,303,322	1,227,140	1,306,744	1,161,077	1,244,958	1,106,677
Investment Earnings	2,649,356	2,857,460	3,113,915	5,268,048	6,523,991	3,471,478	1,168,607	1,708,886	1,287,448	494,437
Payments from Component Units	275,000	275,000	275,000	275,000	275,000	500,000	500,000	-	-	-
Other Revenues including Capital Asset								110,976	-	-
Sales Gains	3,040,798	1,840,997	1,583,993	11,614	10,002,069	-	-	-	-	-
Grants, Entitlements, and Contributions not Restricted to Specific Programs	14,162,365	10,496,006	11,472,394	6,853,486	10,401,584	12,006,845	10,757,780	13,243,382	11,897,908	12,437,046
Transfers	-	-	-	-	(5,000,000)	-	-	-	-	-
Total Governmental Activities	<u>92,613,589</u>	<u>97,208,781</u>	<u>101,524,439</u>	<u>103,761,905</u>	<u>112,556,382</u>	<u>106,891,268</u>	<u>106,636,420</u>	<u>110,741,938</u>	<u>111,378,392</u>	<u>119,863,799</u>
Business-type Activities:										
Investment Earnings	-	-	-	-	500,000	379,799	313,311	131,228	15,000	37,969
Transfers	-	-	-	-	5,000,000	-	-	-	-	-
Other Revenues including Capital Asset										
Sales Gains	(2,000,000)	(1,000,000)	-	-	45,954	-	-	-	-	-
Total Business-type Activities	<u>(2,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>5,545,954</u>	<u>379,799</u>	<u>313,311</u>	<u>131,228</u>	<u>15,000</u>	<u>37,969</u>
Total Primary Government	<u>\$ 90,613,589</u>	<u>\$ 96,208,781</u>	<u>\$ 101,524,439</u>	<u>\$ 103,761,905</u>	<u>\$ 118,102,336</u>	<u>\$ 107,271,067</u>	<u>\$ 106,949,731</u>	<u>\$ 110,873,166</u>	<u>\$ 111,393,392</u>	<u>\$ 119,901,768</u>
CHANGE IN NET ASSETS										
Governmental Activities	\$ (1,440,787)	\$ 11,806,326	\$ 10,008,015	\$ 34,174,087	\$ 22,769,859	\$ (3,258,693)	\$ (21,753,220)	\$ (14,917,696)	\$ (2,267,366)	\$ 26,640
Business-type Activities	(2,212,142)	2,831,430	279,702	(1,634,012)	10,023,077	4,039,711	152,867	(2,112,382)	12,729,727	4,472,476
Total Primary Government	<u>\$ (3,652,929)</u>	<u>\$ 14,637,756</u>	<u>\$ 10,287,717</u>	<u>\$ 32,540,075</u>	<u>\$ 32,792,936</u>	<u>\$ 781,018</u>	<u>\$ (21,600,353)</u>	<u>\$ (17,030,078)</u>	<u>\$ 10,462,361</u>	<u>\$ 4,499,116</u>

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

Table III

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL FUND										
Nonspendable										
Long-term Note Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,987,648	\$ 7,962,476	\$ 10,508,968	\$ 6,500,000	\$ 9,988,293
Committed										
Special Designations	-	-	-	20,378,110	5,500,000	18,562,766	-	-	-	-
Budget Reserve Account	13,436,793	25,547,644	31,437,057	37,466,306	46,352,802	15,200,256	14,560,571	14,761,419	13,933,709	14,292,802
Other Purposes	958	192,901	314,797	200,000	250,000	1,633	294,828	-	430,000	-
Uassigned										
Other Purposes	-	-	-	-	-	15,282,782	9,912,050	5,774,119	16,937,671	20,964,373
Total General Fund	\$ 13,437,751	\$ 25,740,545	\$ 31,751,854	\$ 58,044,416	\$ 52,102,802	\$ 60,035,085	\$ 32,729,925	\$ 31,044,506	\$ 37,801,380	\$ 45,245,468
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Park Operations	-	-	-	-	-	-	-	-	820,344	799,803
Restricted										
Capital Projects Funds	7,520,107	609,248	(2,674,890)	23,757,025	13,934,737	25,490,794	16,820,184	10,756,912	11,301,494	22,033,428
Park Operations	4,884,615	5,396,359	5,763,979	5,911,539	6,429,519	5,865,380	4,554,207	4,970,647	4,650,493	5,134,536
Other Purposes	7,689,683	13,484,998	12,418,696	6,395,446	5,208,207	447,309	89,491	-	-	-
Committed										
Affordable Housing	-	-	-	-	2,300,000	1,880,167	5,378,951	3,603,392	2,219,614	1,329,261
Economic Development	-	-	-	10,517,702	8,620,524	178,878	8,793,057	8,124,949	6,685,727	5,639,243
Other Purposes	-	-	-	-	-	407,628	608,060	874,627	790,556	775,204
Total All Other Governmental Funds	\$ 20,094,405	\$ 19,490,605	\$ 15,507,785	\$ 46,581,712	\$ 36,492,987	\$ 34,270,156	\$ 36,243,950	\$ 28,330,527	\$ 26,468,228	\$ 35,711,475

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

Table IV

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes, Related Penalties and Interest										
Property Taxes	\$ 28,598,639	\$ 29,068,010	\$ 28,417,535	\$ 30,289,277	\$ 30,227,452	\$ 30,503,671	\$ 31,911,858	\$ 35,398,064	\$ 39,187,019	\$ 39,013,879
Wage Taxes	37,369,184	41,030,254	43,801,665	51,536,049	47,836,558	49,791,625	51,845,669	54,146,338	51,732,408	55,815,188
Net Profit	3,256,223	3,240,693	3,546,455	3,541,769	4,093,904	4,599,819	4,059,847	4,693,460	4,818,119	5,040,088
Franchise	1,840,354	2,431,540	2,689,238	2,841,710	2,044,715	1,814,216	2,006,557	1,775,266	1,771,473	1,716,982
Real Estate Transfer	3,262,024	6,033,039	6,021,220	5,663,155	5,940,697	4,978,122	2,668,996	1,883,389	1,561,633	2,971,602
Head Taxes	2,573,858	2,500,666	2,433,334	2,239,433	2,154,655	2,420,998	2,787,027	3,178,931	3,665,320	3,662,183
Lodging & Natural Gas	-	2,367,322	3,292,262	495,389	1,303,322	1,227,140	1,306,744	1,161,077	1,244,958	1,106,677
Intergovernmental	20,412,105	16,758,565	25,839,008	52,478,305	40,398,789	31,908,829	31,977,973	35,914,336	34,753,438	34,272,415
Licenses and Permits	2,811,199	2,479,805	4,174,056	4,395,440	4,597,081	4,380,848	4,382,137	4,489,246	3,987,861	4,843,537
Fines and Forfeitures	3,394,601	2,783,406	2,818,007	3,705,122	4,512,276	5,422,146	6,395,262	7,583,731	8,698,896	9,484,531
Charges for Services	4,745,897	5,125,897	4,561,492	4,865,271	4,512,407	6,241,932	4,610,583	5,035,301	5,958,581	7,495,032
Investment Earnings	2,649,356	2,857,460	3,113,915	5,268,048	6,523,991	3,471,478	1,162,296	1,708,886	1,287,448	494,437
Other	660,709	1,333,567	1,303,121	-	-	-	-	-	-	-
Total Revenues	111,574,149	118,010,224	132,011,308	167,318,968	154,145,847	146,760,824	145,114,949	156,968,025	158,667,154	165,916,551
EXPENDITURES										
General Government	14,495,849	13,439,612	14,639,238	18,009,115	20,628,512	21,429,638	25,436,843	25,033,199	31,650,965	34,037,673
Commerce	2,575,276	1,810,417	1,236,442	1,746,783	1,613,148	6,892,580	9,324,722	7,711,248	-	-
Real Estate and Housing	7,956,163	7,935,627	8,863,045	7,157,916	6,567,453	7,356,072	8,137,793	11,099,966	9,543,270	10,253,569
Public Works	14,583,648	11,570,411	14,065,151	12,490,776	15,202,695	17,531,847	18,488,759	18,883,832	18,619,338	18,629,588
Parks and Recreation	7,032,067	6,390,136	7,449,084	7,164,413	9,228,449	10,113,079	9,133,636	9,636,781	8,452,461	8,607,042
Public Safety	54,110,914	50,891,648	64,731,825	65,640,898	74,677,708	74,091,861	84,168,848	82,336,748	79,671,627	80,231,287
Debt Service:										
Principal	9,156,620	8,660,870	9,574,847	11,490,624	11,649,630	12,490,844	10,134,948	6,477,638	2,775,559	5,615,432
Interest	5,820,204	5,502,554	4,611,213	4,818,692	6,173,566	5,059,028	5,352,913	5,002,246	5,403,006	5,315,850
Capital Outlay - Capital Projects	6,655,980	7,664,015	9,495,688	19,966,777	29,783,000	7,110,040	4,649,853	7,607,704	2,021,953	7,198,258
Total Expenditures	122,386,721	113,865,290	134,666,533	148,485,994	175,524,161	162,074,989	174,828,315	173,789,362	158,138,179	169,888,699
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,812,572)	4,144,934	(2,655,225)	18,832,974	(21,378,314)	(15,314,165)	(29,713,366)	(16,821,337)	528,975	(3,972,148)
OTHER FINANCING SOURCES (USES)										
Proceeds from Sales of Capital Assets	3,338,894	2,054,060	1,813,433	1,579,114	10,002,069	500,000	500,000	110,976	3,566,586	-
Bond Anticipation Notes	-	4,500,000	1,350,000	-	-	-	-	-	-	-
Bond Anticipation Note Repayment	-	-	(4,500,000)	-	-	-	-	-	-	-
Bonds Issued	-	-	21,311,195	34,155,000	27,356,540	34,100,000	3,882,000	35,598,915	799,014	33,404,051
Premium on Debt Issued	-	-	777,555	1,365,925	883,112	1,061,991	-	3,042,569	-	686,181
Payment to Refunded Bond Escrow Agent	-	-	(17,191,175)	-	(27,893,746)	(13,692,378)	-	(31,529,965)	-	(12,012,682)
Transfers In	2,348,388	3,051,615	-	645,992	8,859,255	1,666,236	21,795,110	1,497,943	1,549,497	6,500,356
Transfers Out	(73,388)	(2,051,615)	-	(645,992)	(13,859,255)	(1,666,236)	(21,795,110)	(1,497,943)	(1,549,497)	(6,500,356)
Total Other Financing Sources (Uses)	5,613,894	7,554,060	3,561,008	37,100,039	5,347,975	21,969,613	4,382,000	7,222,495	4,365,600	22,077,550
Net Change in Fund Balances	(5,198,678)	11,698,994	905,783	55,933,013	(16,030,339)	6,655,448	(25,331,366)	(9,598,842)	4,894,575	18,105,402
Prior Period Adjustments	(978,275)	-	-	2,556,183	-	-	-	-	-	-
Net Change in Fund Balances	\$ (6,176,953)	\$ 11,698,994	\$ 905,783	\$ 58,489,196	\$ (16,030,339)	\$ 6,655,448	\$ (25,331,366)	\$ (9,598,842)	\$ 4,894,575	\$ 18,105,402
Debt Service as a Percentage of Noncapital Expenditures	12.94%	13.34%	11.33%	12.69%	12.23%	11.33%	9.10%	6.91%	5.24%	6.72%

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

Table V

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

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate ¹
	Residential Property	Commercial / Industrial	Public Utilities	Other			
2012	\$ 1,023,791,286	\$ 2,469,541,410	\$ 118,312,800	\$ 263,908,000	\$ 1,405,372,460	\$ 2,470,181,036	\$ 1.7670
2011	1,026,246,536	2,400,906,910	118,312,800	227,704,830	1,472,485,271	2,300,685,805	1.7670
2010	1,062,971,861	2,285,784,000	112,165,100	227,199,700	1,478,226,550	2,209,894,111	1.6064
2009	1,065,908,110	2,394,501,500	110,443,800	227,199,692	1,422,057,150	2,375,995,952	1.3969
2008	997,955,800	2,406,394,910	123,900,000	236,342,000	1,403,978,865	2,360,613,845	1.3969
2007	985,955,800	2,390,860,410	125,594,500	237,787,300	1,414,647,350	2,325,550,660	1.3969
2006	986,012,500	2,336,804,824	137,639,800	239,301,300	1,406,173,892	2,293,584,532	1.3969
2005	966,441,600	2,336,804,824	137,516,600	272,381,300	1,409,994,116	2,303,150,208	1.3067
2004	963,910,000	2,351,743,885	137,476,200	55,157,325	1,408,520,233	2,099,767,177	1.3067
2003	960,662,500	2,302,888,985	143,009,600	55,052,025	1,391,041,380	2,070,571,730	1.3067

Source: New Castle County Board of Taxable Assessment

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

¹ Tax rate per \$100 of assessed value.

Table VI

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

Fiscal Year	City of Wilmington			New Castle County			School Districts		Total School District	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Millage	
2012	\$1.6470	\$ 0.1200	\$ 1.7670	\$ 0.0219	\$ 0.0024	\$ 0.0244	\$ 1.6620	\$ -	\$ 1.6620	\$ 3.4534
2011	1.6470	0.1200	1.7670	0.2192	0.0244	0.2436	1.6870	-	1.6870	3.6976
2010	1.4964	0.1100	1.6064	0.1754	0.0195	0.1949	1.6740	-	1.6740	2.8883
2009	1.2969	0.1000	1.3969	0.1754	0.0195	0.1949	1.0870	-	1.6240	3.2158
2008	1.2969	0.1000	1.3969	0.1793	0.0156	0.1949	1.0870	-	1.4830	3.0748
2007	1.2969	0.1000	1.3969	0.1559	0.0100	0.1659	1.0870	-	1.3310	2.8938
2006	1.2267	0.0800	1.3067	0.1485	0.0095	0.1580	1.0870	-	1.2270	2.6917
2005	1.2267	0.0800	1.3067	0.1501	0.0079	0.1580	1.0870	-	1.1360	2.6007
2004	1.2167	0.0900	1.3067	0.1501	0.0079	0.1580	1.0870	-	1.0820	2.5467
2003	1.2067	0.1000	1.3067	0.1485	0.0095	0.1580	1.0870	-	0.9470	2.4117

Sources: City of Wilmington, Revenue Division

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

Table VII

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

Taxpayer	2003			2012		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
BPG Office Partners and and Related Entities	\$ -	-	-	\$ 100,000,000	1	2.58%
Delmarva Power & Light	75,571,700	2	2.16%	76,500,000	2	1.97%
MacQuarie BDN Christina	-	-	-	63,704,500	3	1.64%
Bank of America (formerly MBNA)	91,247,900	1	2.61%	63,700,000	4	1.64%
D C L Leasing Partners LPL	-	-	-	58,084,300	5	1.50%
E.I. Du Pont Nemours & Company	61,411,800	4	1.76%	52,839,800	6	1.36%
1201 Market Street LLC	51,775,000	6	1.48%	51,775,000	7	1.34%
HUB Properties Trust	36,039,800	8	1.03%	31,152,500	8	0.80%
222 Delaware Partners	-	-	0.00%	27,600,000	9	0.71%
Rodney Square Investors, L.P.	27,054,360	10	-	27,000,000	10	0.70%
Tatten Partners	27,608,600	9	0.79%	-	-	-
Barrow Street Hen Partnerships	-	-	0.00%	-	-	-
Verizon	49,610,500	7	1.42%	-	-	-
Hercules Inc	58,084,300	5	1.66%	-	-	-
Brandywine Partners and Related Entities	<u>63,707,500</u>	3	<u>1.82%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 542,111,460</u>		<u>14.73%</u>	<u>\$ 552,356,100</u>		<u>14.24%</u>

Source: City of Wilmington, Revenue Division

Table VIII

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

Fiscal Year	Total Tax Levy ¹	Collected within the Fiscal Year of Levy		Collections in	Total Collections to Date	
	for Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2012	\$ 39,745,263	\$ 38,702,002	97.4%	n/a	\$ 38,702,002	97.4%
2011	38,895,688	38,125,142	98.0%	197,494	38,322,636	98.5%
2010	35,194,544	34,274,358	97.4%	735,955	35,010,313	99.5%
2009	30,584,384	29,860,037	97.6%	612,904	30,472,941	99.6%
2008	30,655,108	29,066,946	94.8%	1,491,236	30,558,182	99.7%
2007	30,077,143	28,873,327	96.0%	1,173,881	30,047,208	99.9%
2006	29,795,315	28,611,393	96.0%	1,172,459	29,783,852	100.0%
2005	29,766,510	26,965,293	90.6%	862,418	27,827,711	93.5%
2004	28,086,411	27,480,668	97.8%	311,805	27,792,473	99.0%
2003	28,737,675	27,107,949	94.3%	475,120	27,583,069	96.0%

Source: City of Wilmington, Finance Department

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

Table IX

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income Per Capita ¹	
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases		Personal Income	Per Capita ¹
2012	\$ 135,209,598	\$ 5,563,191	\$ 151,761,198	\$ -	\$ 292,533,987	16.03%	4,103
2011	120,257,143	5,622,812	139,092,867	-	264,972,822	15.27%	3,740
2010	120,263,940	4,617,605	132,061,815	351,043	257,294,403	14.61%	3,632
2009	120,712,681	1,203,743	126,216,257	1,470,789	249,603,470	15.46%	3,515
2008	127,382,153	2,067,918	128,266,404	2,893,623	260,610,098	14.97%	3,661
2007	119,120,746	2,897,922	92,472,693	4,247,003	218,738,364	11.78%	3,064
2006	130,717,406	3,930,893	87,509,007	5,549,470	227,706,776	12.49%	3,181
2005	105,855,333	2,408,836	65,564,656	4,977,886	178,806,711	10.84%	2,491
2004	109,638,038	2,777,856	69,938,279	2,195,627	184,549,800	8.49%	2,564
2003	118,395,331	3,071,784	72,192,162	159,122	193,818,399	9.22%	2,686

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

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

¹ See Table XIII on page 118 for population data.

This ratio uses population data from the prior calendar year.

² Numbers for prior years revised due to releases of updated data by the United States Census Bureau. 2011 general obligation bonds restated due to an inclusion of a new blended component unit.

Table X

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property¹	Per Capita²
2012	\$ 286,970,796	11.62%	\$ 4,025
2011	259,350,010	11.27%	3,661
2010	252,325,755	11.42%	3,562
2009	246,928,938	10.39%	3,477
2008	255,648,557	10.83%	3,591
2007	211,593,439	9.10%	2,964
2006	218,226,413	9.51%	3,048
2005	171,419,989	7.44%	2,388
2004	179,576,317	8.55%	2,495
2003	190,587,493	9.20%	2,642

Source: City of Wilmington, Treasurer's Office

Note: ¹ See Table V on page 112 for Actual Taxable Value of Property data.
² See Table XIII on page 120 for population data.
³ Numbers for prior years revised due to releases of the updated data by the United States Census Bureau.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012
(Unaudited)**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
New Castle County Debt	\$ 369,060,000	15%	\$ 56,466,180
Various School Districts	<u>345,192,131</u>	16%	<u>53,849,972</u>
Subtotal - Overlapping Debt			110,316,152
City of Wilmington Direct Debt	286,970,796	100%	<u>286,970,796</u>
Totals			<u>\$ 397,286,948</u>

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

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

Table XII

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating Budget	\$ 87,421,961	\$ 88,029,760	\$ 92,182,803	\$ 104,480,969	\$ 120,349,099	\$ 132,211,249	\$ 157,594,361	\$ 147,521,170	\$ 143,952,638	\$ 140,363,055
Debt Service Limit	15,298,843	15,405,208	16,131,991	18,284,170	21,061,092	23,136,969	27,579,013	25,816,205	25,191,712	24,563,535
Total Net Debt Service Applicable to Limit	<u>9,238,483</u>	<u>8,310,947</u>	<u>8,720,315</u>	<u>9,076,566</u>	<u>11,921,182</u>	<u>11,772,993</u>	<u>11,713,497</u>	<u>11,479,884</u>	<u>8,178,565</u>	<u>10,931,282</u>
Legal Debt Service Margin	<u>\$ 6,060,360</u>	<u>\$ 7,094,261</u>	<u>\$ 7,411,676</u>	<u>\$ 9,207,604</u>	<u>\$ 9,139,910</u>	<u>\$ 11,363,976</u>	<u>\$ 15,865,516</u>	<u>\$ 14,336,321</u>	<u>\$ 17,013,147</u>	<u>\$ 13,632,253</u>
Total Net Debt Service Applicable to the Limit as a Percentage of Debt Limit	60.00%	54.00%	54.00%	50.00%	57.00%	51.00%	42.00%	44.00%	32.00%	45.00%

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

Table XIII

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

Calendar Year	Population	Personal Income	Per Capita Income	Employment	Unemployment Rate	Median Age	Median Household Effective Buying Income
2012	71,305	\$ 1,824,694,950	\$ 25,590	27,718	10.3%	34.40	\$ 37,352
2011	70,851	1,734,928,437	24,487	27,418	12.1%	34.90	38,325
2010	70,839	1,761,128,379	24,861	26,990	11.7%	34.00	32,884
2009	71,014	1,614,290,248	22,732	28,562	12.1%	35.60	34,381
2008	71,182	1,740,471,082	24,451	30,233	7.7%	37.80	39,154
2007	71,394	1,857,100,728	26,012	30,403	6.5%	37.90	37,149
2006	71,588	1,822,558,892	25,459	30,345	5.2%	37.70	36,069
2005	71,772	1,649,392,332	22,981	30,050	5.8%	31.90	35,116
2004	71,969	2,173,535,769	30,201	30,019	6.5%	33.70	31,499
2003	72,147	2,103,085,050	29,150	30,295	5.8%	36.90	36,064

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

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

Table XIV

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

<u>Taxpayer</u>	<u>Calendar Year 2003</u>			<u>Calendar Year 2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total ² Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total ² Employment</u>
State of Delaware	17,200	1	6.77%	13,000	1	4.62%
Christiana Care Health Services	5,600	4	2.20%	10,400	2	3.69%
E.I. Du Pont Nemours & Company	12,900	2	5.08%	8,100	3	2.88%
Bank of America (MBNA)	10,400	3	4.09%	7,100	4	2.52%
Wal-mart Stores, Inc.	1,500	21	0.59%	4,700	5	1.67%
AstraZeneca, Inc.	2,800	9	1.10%	4,500	6	1.60%
University of Delaware	5,100	5	2.01%	4,000	7	1.42%
A. I. Dupont Institute	1,900	14	0.75%	2,821	8	1.00%
Christina School District	2,800	10	1.10%	2,300	9	0.82%
The Y of Delaware	1,700	18	0.67%	2,300	10	0.82%
Citibank Delaware	-		0.00%	2,000	11	0.71%
Red Clay School District	2,000	13	0.79%	1,750	12	0.62%
M&T Bank (Wilmington Trust Corp.)	2,500	11	0.98%	1,700	13	0.60%
Walgreen's, Inc	-		0.00%	1,700	14	0.60%
Siemens	-		0.00%	1,630	15	0.58%
Delaware Park	-		0.00%	1,550	16	0.55%
Brandywine School District	1,700	19	0.67%	1,450	17	0.52%
Comcast	-		0.00%	1,450	18	0.52%
Delmarva Power/Pepeco. (Connectiv)	2,100	12	0.83%	1,438	19	0.51%
Amtrak	-		0.00%	1,400	20	0.50%
Colonial School District	1,400	24	0.55%	1,271	21	0.45%
New Castle County Government	-		0.00%	1,250	22	0.44%
St. Francis Hospital	1,500	22	0.59%	1,200	23	0.43%
ING Direct	-		0.00%	1,122	24	0.40%
PNC Financial Services Group	-		0.00%	1,100	25	0.39%
Bank One Card Services	3,200	6	1.26%	-		0.00%
DiamlerChrysler Corp.	3,100	7	1.22%	-		0.00%
General Motors Corp.	2,900	8	1.14%	-		0.00%
DuPont Merck Pharmaceuticals	1,900	15	0.75%	-		0.00%
Greenwood Trust Company	1,900	16	0.75%	-		0.00%
J.P. Morgan Bank	1,800	17	0.71%	-		0.00%
Acme Markets	1,700	20	0.67%	-		0.00%
Sears, Roebuck & Co.	1,500	23	0.59%	-		0.00%
Bank of New York	1,400	25	0.55%	-		0.00%
Totals	<u>92,500</u>		<u>36.41%</u>	<u>81,232</u>		<u>28.86%</u>

Sources: City of Wilmington Department of Economic Development
City of Wilmington Annual Budget FY2013

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)**

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Mayor's Office	33.00	45.00	45.00	46.00	61.00	60.00	60.00	60.00	59.00	57.00
City Council	26.00	25.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	27.00
Audit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Law	18.00	19.00	20.00	20.00	21.00	23.00	23.00	23.00	23.00	21.00
Finance	101.00	68.00	69.00	67.00	60.00	68.00	70.00	75.00	97.00	90.00
Human Resources	21.00	21.00	21.00	21.00	22.00	22.00	23.00	23.00	23.00	22.00
Treasurer	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00
Planning	10.00	10.00	10.00	11.00	11.00	12.00	12.00	12.00	12.00	11.00
Real Estate and Housing	24.00	21.00	21.00	20.00	16.00	17.00	17.00	17.00	17.00	15.00
Parks and Recreation	52.00	52.00	52.00	52.00	53.00	54.00	58.00	53.00	50.00	44.00
Public Safety										
Police	344.00	368.00	377.00	386.00	407.00	429.00	431.00	416.00	402.00	382.00
Fire	176.00	176.00	176.00	176.00	177.00	177.00	180.00	172.00	172.00	177.00
License and Inspection	35.00	36.00	37.00	39.00	44.00	45.00	46.00	44.00	42.00	38.00
Public Works	<u>212.00</u>	<u>212.00</u>	<u>212.00</u>	<u>212.00</u>	<u>228.00</u>	<u>231.00</u>	<u>235.00</u>	<u>229.00</u>	<u>229.00</u>	<u>226.00</u>
Totals	<u>1,063.00</u>	<u>1,064.00</u>	<u>1,080.00</u>	<u>1,091.00</u>	<u>1,141.00</u>	<u>1,179.00</u>	<u>1,196.00</u>	<u>1,165.00</u>	<u>1,167.00</u>	<u>1,120.00</u>

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Physical Arrests/Charges	13,567	12,473	13,456	10,230	9,534	6,155	n/a	11,737	n/a	16,051
Police Calls - Incident	133,124	127,417	125,665	n/a	126,614	110,177	n/a	119,412	n/a	183,041
Police Calls - Administrative	n/a	n/a	n/a	n/a	114,000	261,462	n/a	56,072	n/a	28,449
Fire/EMS Calls	15,807	15,301	15,902	15,124	16,596	15,584	16,976	17,659	18,448	18,932
Inspections	505	710	1,121	778	1,710	614	1,802	1,862	1,589	1,677
Parking Violations Issued	62,959	54,081	52,708	68,719	72,990	87,327	79,262	70,030	83,149	71,229
Redlight Tickets Issued	n/a	32,948	25,318	58,708						
Building Permits Issued	n/a	n/a	n/a	n/a	4,250	2,848	4,330	4,225	4,077	3,419
Health and Welfare										
Meals served-Summer	206,610	215,180	207,599	231,189	252,706	294,708	325,381	192,159	235,608	211,263
Meals served-Evening	272,840	185,109	332,509	n/a	77,092	71,928	120,631	229,590	112,850	114,201
Emergency Shelter	1,059	326	268	329	911	443	354	469	438	230
HOPWA (Housing) *	765	595	1,075	352	474	126	169	141	230	177
HPRP	n/a	726	726	24						
Water										
Water Production (millions of gallons)	7,776	7,983	7,918	7,201	6,877	6,830	6,720	6,154	6,541	6,541
Water Sold (millions of gallons)	5,228	7,222	6,925	6,032	5,933	5,419	5,069	4,705	6,690	6,690
Wastewater										
Average Daily Sewage Treatment (Millions of gallons)	67.96	87.95	81.56	78.48	82.43	71.60	69.32	85.03	72.35	72.35
Landfill										
Annual Tons of Refuse	43,613	43,376	42,897	41,689	42,500	37,837	29,727	29,527	30,331	20,904

Sources: Various City of Wilmington Departments

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

Table XVII

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police Patrol Units	n/a	n/a	n/a	n/a	n/a	251	239	267	247	241
Paramedic Units	3	3	3	3	3	3	3	3	3	3
Fire Units	n/a	n/a	n/a	n/a	n/a	47	45	42	44	41
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)	40	40	40	40	40	40	40	40	40	40
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	105	105	105	105	105	105	105	105	105	105

Sources: Various City of Wilmington departments.

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



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